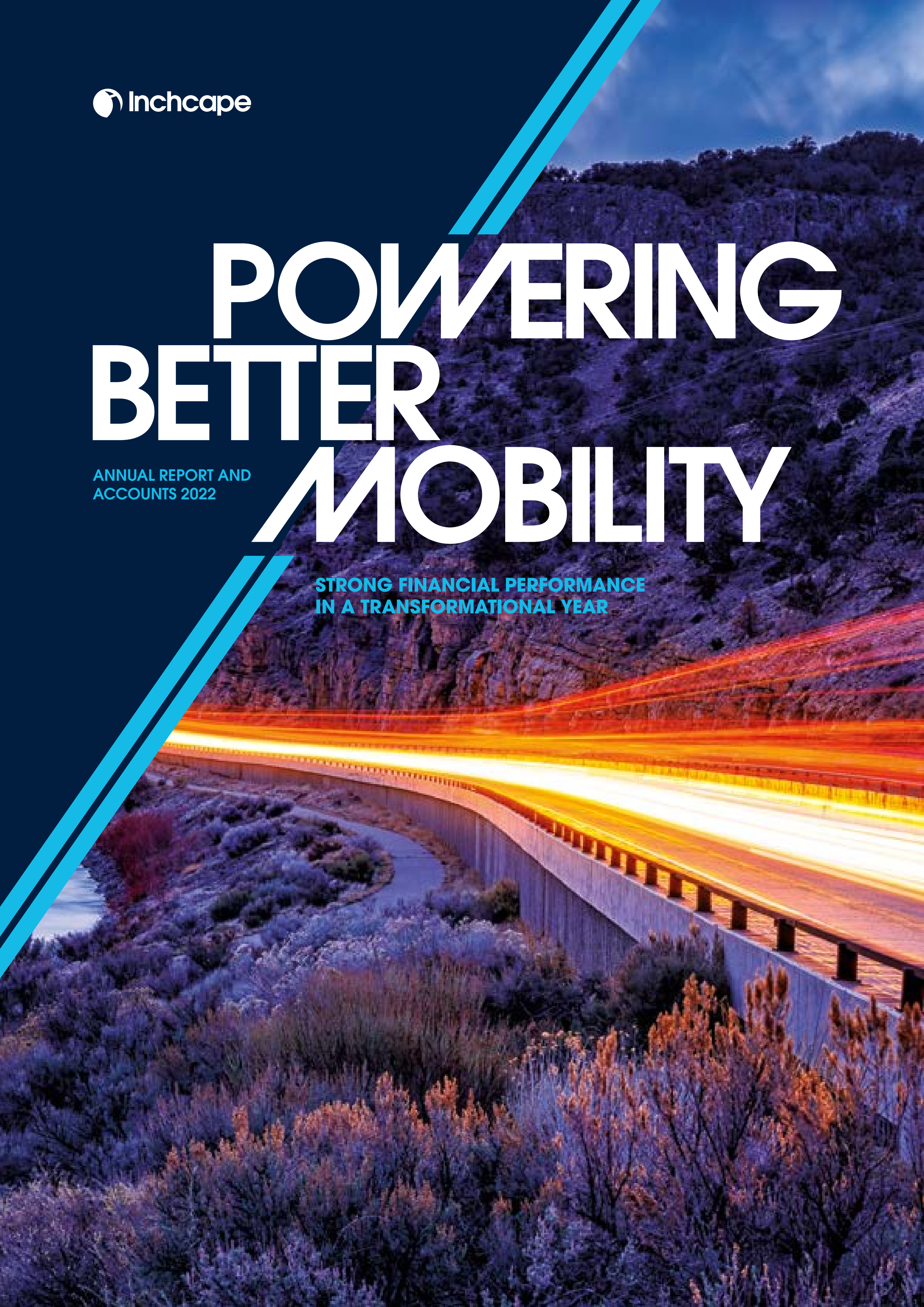
Inchcape

POWERING BETTER MOBILITY

ANNUAL REPORT AND ACCOUNTS 2022

STRONG FINANCIAL PERFORMANCE IN A TRANSFORMATIONAL YEAR



POWERING BETTER MOBILITY

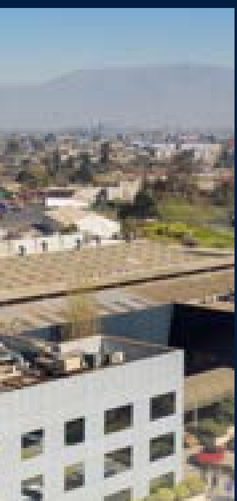
INCHCAPE BRINGS TOGETHER ITS PEOPLE AND TECHNOLOGY TO ACCELERATE THE AMBITIONS OF MOBILITY COMPANIES

Through our unique expertise, our technology, our data and our advanced analytics, we provide the platform to help the world's leading mobility companies grow.

Our plug-and-play distribution platform connect the products of mobility brands with end-consumers. Our capabilities span product planning and pricing, import and logistics, brand and marketing to operating digital sales and aftermarket channels.

12
Chief Executive's review

18
Acquisition and disposals



HIGHLIGHTS

Financial KPIs

Revenue
£8.1bn
2021: £6.9bn[2]

Adjusted operating margin[1]
5.1%
2021: 4.1%[2]

Profit before tax and adjusting items[1]
£373m
2021: £249m[2]

Free cash flow[1]
£380m
2021: £274m[2]

Return on capital employed[1]
41%
2021: 28%[2]

Non-financial KPIs

BEVs sold
1.8%
2021: 1.2%

Reduction in Scope 1 and Scope 2 GHG emissions
24%

Reputation.com score
671
2021: 642

Women in Senior Leadership positions[3]
22%
2021: 18%

Our financial metrics

Metric	£m	Use of metric
Gross Profit	**1,325.3**	Direct profit contribution from Value Drivers (e.g. Vehicles and Aftersales)
Less: Segment operating expenses	(914.5)	
Adjusted operating profit[1]	**410.8**	Profit generated by the Group
Less: adjusting items in net operating expenses	(10.5)	
Operating Profit	**400.3**	Statutory measure of Operating Profit
Less: Net Finance Costs and JV losses	(67.2)	
Profit before tax	**333.1**	Statutory measure of profit after the costs of financing the Group
Add back: adjusting items in net operating expenses	10.5	
Add back: adjusting items in net finance costs	29.6	
Adjusted profit Before Tax[1]	**373.2**	

1. APM (alternative performance measure), see page 206.
2. Restated, see page 142.
3. Includes the Group Executive Team and its direct reports, see page 121.

"BRINGING MOBILITY TO THE WORLD'S COMMUNITIES – FOR TODAY, FOR TOMORROW AND FOR THE BETTER"

Inchcape is the world's leading independent automotive distributor, operating in over 40 markets and geographies across Asia, Australasia and the Pacific; the Americas; Africa; Europe and the UK

AT A GLANCE

£8.1bn
Revenue

175+
Years of successful international trade

50+
Brand partners

19,000[1]
Employees

OUR DISTRIBUTION VALUE CHAIN

Inchcape's value chain comprises six key elements which provide full spectrum 'Differentiated Distribution' services for our original equipment manufacturer (OEM) partners.

Our value chain is differentiated from others by our investments in digital customer experience, in data analytics, our global connected platform – which enables us to deploy our processes consistently worldwide – and deep local market expertise.

1. Product planning
Using our local market expertise to inform certification and vehicle ordering decisions (model types and specifications).

2. Logistics
Operating comprehensive post-factory connections to deliver vehicles and parts in our markets.

3. Brand and marketing
Proposition development, brand positioning (including price setting) and national marketing, aimed at maximising market share for our partners.

4. Channel management
Defining and building the optimal channels to reach consumers and businesses covering network management, digital, and omni-channel. This also includes selection and training of independent dealers, and ongoing performance management.

5. Retail services
Bringing our omni-channel platform to customers to deliver world-class, digital-first experiences across our OEM and market portfolio.

6. Aftermarket services
Distribution of parts, and customer and vehicle lifecycle management including aftersales services via the omni-channel retail network.

1. Total as at 31 December 2022, including ~4,500 Derco employees

OUR GLOBAL REACH

6
Continents

40+
Countries and geographies worldwide

REVENUE SPLIT BY REGION

RETAIL £2.3bn

Australia
Poland
UK

3
markets

EUROPE & AFRICA £2.0bn

Belgium
Bulgaria
Estonia
Finland
Greece
Latvia
Lithuania
Luxembourg
North Macedonia
Poland
Romania
Djibouti
Ethiopia
Kenya

14
markets

AMERICAS £1.5bn

Argentina
Barbados
Bolivia
Chile
Colombia
Costa Rica
Ecuador
El Salvador
Guatemala
Panama
Peru
Uruguay

12
markets

ASIA PACIFIC (APAC) £2.3bn

Brunei
Guam
Hong Kong
Indonesia
Macau
Saipan
Singapore
Thailand
Australia
New Zealand

10
markets

OUR LONG-STANDING PARTNER RELATIONSHIPS

Among Inchcape's competitive advantages are the duration and strength of our relationships with mobility companies.

We can trace our involvement with the automotive industry almost as far back as its inception, but our direct OEM partnerships began in the 1960s when we started working with Toyota. Since then we have fostered and maintained close relationships with some of the world's leading automotive manufacturers, adding new brands as we have expanded, and bringing further long-standing relationships into our portfolio through acquisitions. A recent example of this is the acquisition of Ditec in Chile in 2022 which brought with it a partnership with Volvo extending to over 60 years.

Brand partnerships page online: www.inchcape.com/our-approach/brand-partners/

OUR BRAND RELATIONSHIPS:

Seven automotive groups and brands comprise our longest-standing partnerships*, in years of relationship:

55 Toyota

52 Jaguar Land Rover

46 Suzuki

35 Mercedes-Benz

34 Volkswagen Group

33 BMW Group

30 Subaru Corporation

*You can read more about these brand relationships in highlight pages throughout this report

ACCELERATING OUR AMBITION

Transforming Inchcape to accelerate our growth through Distribution Excellence and Vehicle Lifecycle Services.

Inchcape **Accelerate**

OUR GROWTH DRIVERS:

DISTRIBUTION EXCELLENCE

VEHICLE LIFECYCLE SERVICES

OUR ENABLERS:

Culture and Capabilities

Digital, Data & Analytics

Efficient Scale Operations

Responsible Business

Our world, our industry and our business are experiencing unprecedented change. This change represents a **significant opportunity for Inchcape to grow in three ways**.

1. **Generating more value from existing markets and customers through route to market transformation**. Success in providing OEMs with an omni-channel route to market will mean we sell more goods and services to consumers while reducing the cost of taking a vehicle to market for our partners.
2. **Using our core capabilities and market presence to expand and grow in new markets and with new partners**. Manufacturers are now looking for partners in the markets they choose not to serve themselves, who have the scale to be able to exploit technology and data to deliver the omni-channel solution consumers are demanding.
3. **Expanding into new and adjacent areas, capturing more value from our vehicles** as well as others'. This provides opportunities for Inchcape to create new solutions or take proven solutions from other markets to capture a greater part of the vehicle value chain.

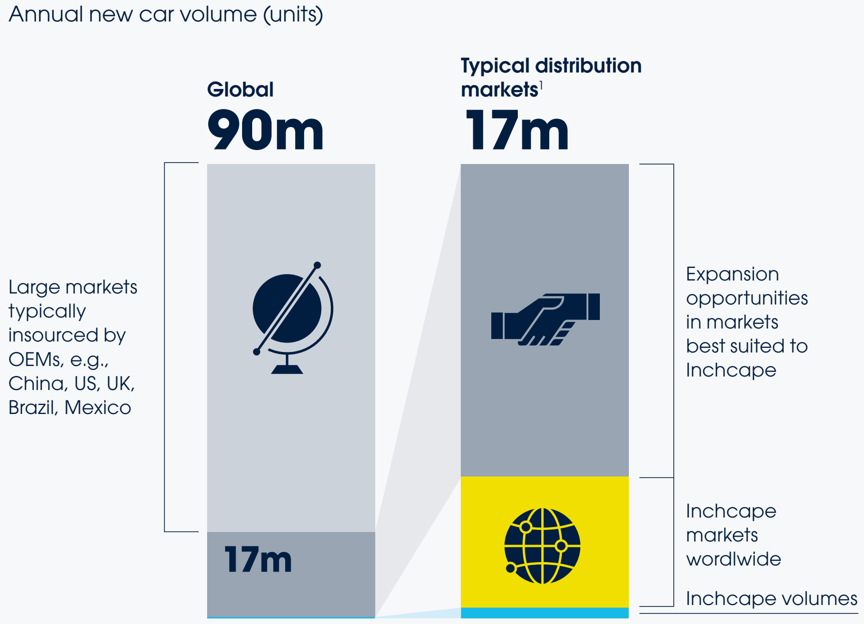
To realise these opportunities, we have identified two strategic growth drivers, **Distribution Excellence** and **Vehicle Lifecycle Services** (see next page) supported by three critical enablers:

1. Develop the **Culture and Capabilities** we need to build on our core strengths of executional excellence and automotive knowledge, blending these with the digital, technological and process capabilities needed to succeed in the future.
2. Use **Digital, Data and Analytics** to: create the consumer experience relevant to each market based on data driven insights; make the business critical decisions that support efficient and effective execution using data; and ensure all of this data is totally secure.
3. Develop **Efficient Scale Operations** to standardise our back office and core processes, and apply 'one best way' to make us more efficient and more successful.

This is underpinned by our **Responsible Business** plan, 'Driving What Matters' which you can read about in detail on pages 37 to 42.

OUR STRATEGIC GROWTH OPPORTUNITIES

DISTRIBUTION EXCELLENCE:



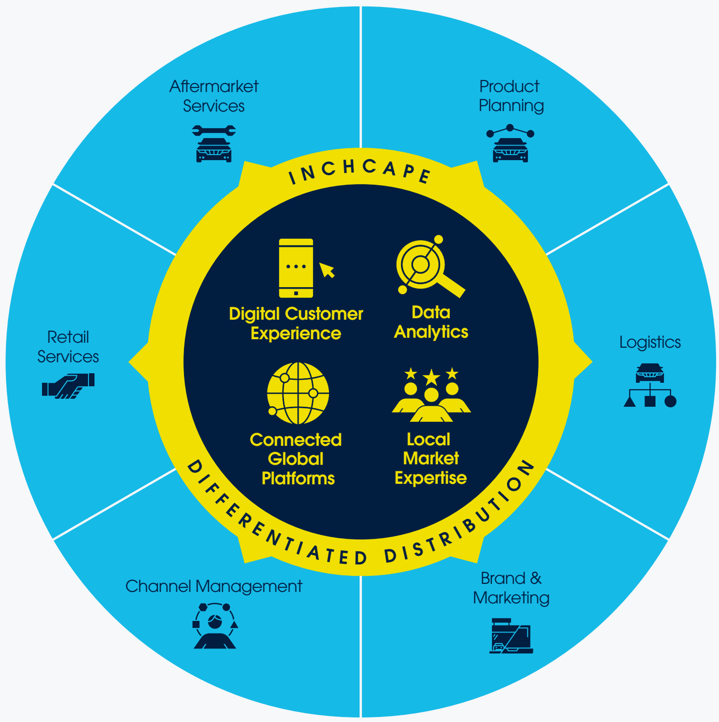
1. Defined as those markets with annual new car volumes of less than 1m units

Global Distribution Opportunity: 17 million vehicles are sold in markets best suited to Inchcape – often smaller, more complex and harder to reach. Whilst Inchcape is the global leader, it only has a 2% share of the global distribution market[1]. Inchcape has significantly expanded its footprint in recent years, but there is still a huge opportunity to capture a greater share of the industry.

Organic growth: Inchcape is exposed to higher growth markets with low motorisation rates[2]. Inchcape has a strong record of driving market share gains for automotive brands, and is expected to continue following its investment in digital and data capabilities.

Inorganic growth: The combination of Inchcape's strong financial position, extensive OEM relationships and broad geographic footprint makes it the obvious distribution partner for ambitious automotive brands, with significant opportunities to drive further industry consolidation.

2. Number of vehicles per capita



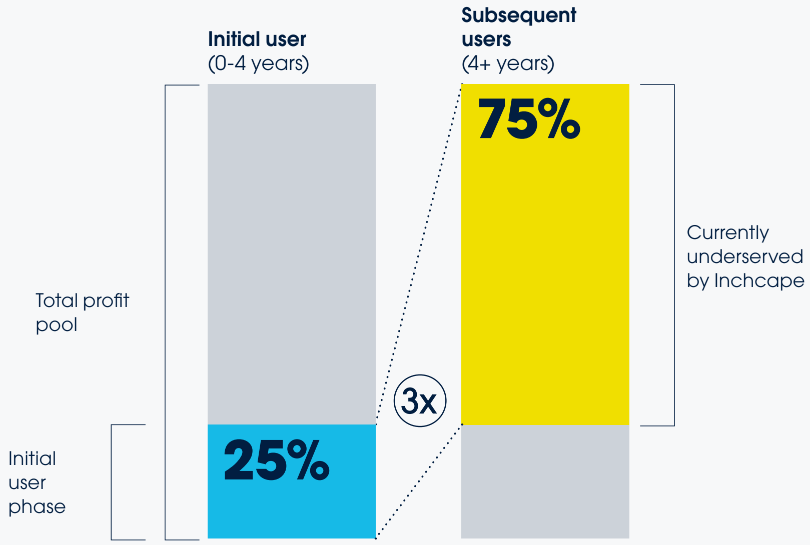
Inchcape has long been a leading automotive distribution partner to many of the world's best known and most trusted automotive manufacturers. The traditional routes to market, however, have seen significant disruption in recent years with far more of the customer journey and experience moving online. Additionally, the sector's supporting functions and capabilities are becoming digitalised at pace. However, far from seeing this evolution as a threat, we see it as being in line with our ambition.

To realise the scale of our ambition we have accelerated the speed of our transformation. We have developed a global platform of connected systems and capabilities combined with the exceptional talent of our people worldwide that together comprise our proposition of **Distribution Excellence.**

The key to this lies in our globally connected platform of digitalised processes and capability, combining the strength and resilience of a global business with tailored local market offering and expertise. DXP (Digital eXperience Platform) is now active in 36 OEM markets (including multiple OEM partners in single markets), with more in the pipeline. DAP (Digital Analytics Platform) provides advanced analytics and machine learning, leveraging our data and driving smarter, faster and better business decisions. You can read more on page 17.

VEHICLE LIFECYCLE SERVICES:

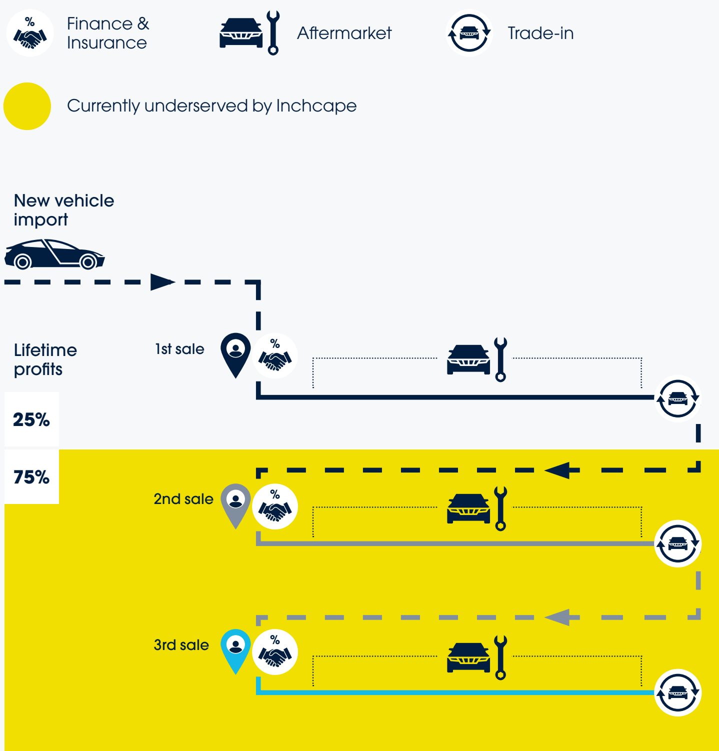
Vehicle lifecycle value profit split[3]



3: Analysis shows the split of profit attainable over an average vehicle's life, and assumes four different owners during that period. The analysis captures the vehicle sales, finance & insurance commission and the aftersales services (including independent aftermarket)

New Opportunities

The initial user phase, where Inchcape has strong presence, accounts for 25% of the total profit pool for each vehicle's life. 75% of the profit turns up from year 4 onwards, and this segment is currently underserved by Inchcape. This is the focus of the Vehicle Lifecycle Services growth driver.



Our second growth driver is **Vehicle Lifecycle Services (VLS)** which focuses on how we expand the role we play in the value chain through new and complementary products and services. We see significantly more value to be unlocked from the second and third phase of a vehicle's lifecycle as from the first, and our existing assets, relationships and expertise provide us the platform to capture more of this value.

The most significant near-term opportunity comes from the creation of a new global model for stand-alone omni-channel used car retail. Including our branded used concept, **bravoauto**, the global used car excellence platform (UCX) is now live and rolled out in 30 locations in eight markets worldwide.

bravoauto uses proprietary best practices and standardised technology, which plugs into our advanced data analytics platform to deliver an industry-leading customer experience.

There is further value to be created and captured from the total Car Parc aftermarket by leveraging our distribution and technological expertise in the parts segment. The opportunity we have identified is to modernise the distribution of parts by creating a Digital Parts Platform to connect parts distributors with workshops, which is planned for launch in 2023.

SUSTAINABLE GROWTH AND RETURNS

We have set ambitious targets to grow our business, responsibly, seeking to create significant value for all of our stakeholders.

INVESTMENT PROPOSITION:
DELIVERING SUSTAINABLE GROWTH AND CASH RETURNS

STRONG ORGANIC GROWTH

- Exposure to high-growth markets
- History of market outperformance

MARGIN EXPANSION

- Leverage our global scale to improve profitability
- Actively pursuing higher margin activities

CONSOLIDATION OPPORTUNITIES

- We are a leader with a c.2% share of global distribution
- Market consolidation expected to accelerate

ATTRACTIVE SHAREHOLDER RETURNS

- Dividend payout: 40%
- Track record of share buybacks

MEDIUM TERM FINANCIAL OUTLOOK[1]	Distribution Excellence: Mid-to-high single digit profit CAGR *plus* M&A	Vehicle Lifecycle Services: >£50m incremental profit contribution[2]

1. Based on constant exchange rates as at November 2021 (>90% profits derived outside of the UK).
2. Per annum, within five years.

WHY INVEST?
INCHCAPE IS THE GLOBAL LEADER, WITH AN AMBITION TO CONTINUOUSLY GROW

GLOBAL MARKET LEADER

>40

markets covering six continents

The leading automotive distributor in a highly fragmented global market

- Presence across >40 markets; covering six continents
- We are the leader with c.2% share of the global distribution market
- Market consolidation is expected to accelerate

A RESPONSIBLE BUSINESS

50.3%

sites switched to renewable energy supply

Growth ambition underpinned by our ESG strategy: Responsible Business

- Responsible Business is integral to our Accelerate strategy
- Established four priority areas: Planet, People, Places, Practices
- Due consideration for all stakeholders

DIGITAL & DATA LEADER

36

markets now live with DXP (Digital eXperience Platform)

Our digital and data capability is a significant competitive advantage

- Created a leading digital and analytical platform
- Global scale, and internal capability a key differentiator
- Our technological progress is impressing OEM brands

In addition to our growth ambitions, the business is asset-light with a long history of disciplined capital allocation and delivering highly attractive returns to shareholders.

CAPITAL ALLOCATION POLICY:
HIGHLY ATTRACTIVE AND DISCIPLINED

1 INVEST IN THE BUSINESS	2 DIVIDENDS	3 VALUE ACCRETIVE M&A	4 SHARE BUYBACKS
Capex for organic growth and technological investment	Policy: 40% annual payout of basic adjusted EPS (pre adjusted)	Disciplined approach to valuation	Consider appropriateness of share buybacks
£450m capex spend (<1% of sales)	£560m of dividends	£1.9bn of distribution acquisitions	£440m of share buybacks

Cumulative 2016 to 2022

STRONG BALANCE SHEET NET DEBT TO EBITDA OF MAX 1x (PRE IFRS16)

ATTRACTIVE FINANCIALS

c.25%

ROCE

Deliver value through organic growth, consolidation and cash returns

- Distribution markets have higher growth prospects than average
- Leveraging our global scale to improve profitability
- Highly attractive returns (c.25% ROCE) and capital allocation

GROWING BRAND PRESENCE

>50

OEM brands in our portfolio

Expanding the reach of our plug-and-play global distribution platform

- Well invested operating model a catalyst for further expansion
- Existing portfolio of >40 OEM brands; continuing to add new partners
- Constantly sharing expertise across the Group

NEW OPPORTUNITIES

75%

of a vehicle's lifetime value in higher margin activities

Uniquely positioned to capture more of a vehicle's lifetime value

- Higher margin activities; accounts for 75% of the profit-pool of a vehicle's life
- Currently significantly underserved by Inchcape
- Clear opportunity to leverage our existing footprint

NIGEL STEIN
CHAIRMAN

A YEAR OF IMPRESSIVE STRATEGIC PROGRESS

DEAR SHAREHOLDERS AND STAKEHOLDERS

This has been another good year for Inchcape. Not only reporting a strong financial performance, but making impressive progress against the Company's Accelerate strategy. On Shareholders' behalf I would like to thank all Inchcape colleagues around the world for their hard work in achieving this. We are building an even stronger Inchcape for the future.

Performance
The impressive financial performance, which exceeded the level expected at the start of the year, was achieved without the contribution of our business in Russia, previously a sizeable part of the Group. Following the invasion of Ukraine in February 2022, management took decisive action to exit the Russian market, selling our business to the local Inchcape management team in April.

Performance across most of the Groups' markets was strong, with the business in the Americas particularly so. Due to good margin management significantly increased profits were achieved in spite of strong inflationary headwinds, particularly in Europe.

Acquisitions
As the year ended, we completed the acquisition of Derco, the largest independent automotive distributor in Latin America which will significantly enhance our presence in the region. It also brings additional fast growing Chinese brands into the Inchcape portfolio. This has long been a key strategic goal as we expect to see Chinese OEMs increasing their market share globally.

Our expansion in Latin America, which as a region is expected to show above average future growth in vehicle sales, also achieves a long-term goal of rebalancing our historic profit reliance on Asia, in particular Singapore and Hong Kong. That said, Asia remains a very important market and we were pleased to announce the acquisition of CATS in the Philippines in early January 2023.

Distribution Excellence
Distribution Excellence is another key pillar of the Accelerate strategy. The progress on improving our digital offering to give customers the best possible experience has been truly remarkable, with our two digital delivery centres in Colombia and the Philippines contributing strongly. We are rapidly deploying these systems across our major markets and expect to see the benefits flowing in the near future.

Vehicle Lifecycle Services
We are also increasing our business in Vehicle Lifecycle Services, retaining vehicles and owners in our network after the typical historic period of three years from sale. During the year, the Group has seen significant expansion in used vehicle sales under the new bravoauto brand, with a number of branches opened in selected Inchcape markets using Group best-in-class systems, processes and skills.

Automotive trends
The automotive market globally is recovering, with 2023 expected to show increased supply from most OEMs. In many markets, electric vehicles, both battery electric and hybrid, are in strong demand and we expect to see growth accelerate. In choosing our partners and acquisition targets, Inchcape looks to represent winning OEMs in the new "electrified" world as well as aligning our customer and service offerings around digital and connected vehicles.

ESG and Responsible Business
Electrification is particularly important in enabling the automotive industry to achieve its carbon neutral goals. Under the Planet pillar of our Responsible Business agenda, Inchcape has been working hard to define our plans for achieving this to offer our OEM partners the lowest carbon route to market.

Our own Scope 1 and 2 goals have been set, which include substantial short- and long-term reductions. Scope 3, which relates almost entirely to the vehicles we sell, is taking time to pin down as several OEMs have yet to publish substantive information on their own plans. We continue to keep this under close review.

Board changes
The Board had increased engagement throughout 2022, with eight additional meetings held to consider the Derco acquisition and the disposal of the Group's operations in Russia. I am grateful to my colleagues for their contribution of additional time and for their expertise generally.

We are delighted that Byron Grote joined the Board from 3 January 2023 bringing a wealth of experience gained at several major international businesses. We are also very pleased that, as part of the Derco transaction, Juan Pablo Del Río joined the Board bringing his substantial experience of both the Latin American automotive market and business generally in the region. These are two areas of expertise we had previously identified as desirable when planning our future Board membership.

Gijsbert de Zoeten resigned from the Board in November 2022. We thank him for the contribution he has made over the last three years. Adrian Lewis, Group Financial Controller, was appointed as Acting Chief Financial Officer following Gijsbert's departure.

John Langston, who has served on the Board for nine years will step down at the 2023 Annual General Meeting (AGM). We are most grateful to John for his enormous contribution to the Board over those years, including acting as a very effective Audit Chair and providing wise counsel generally to both Executives and Non-Executive Directors. Sarah Kuijlaars will assume the role of Audit Chair from the end of the May AGM.

Dividend
Based on the strong performance in the year, the Board is recommending that the Company maintains its policy of paying a dividend of 40% of annual basic adjusted EPS. This would result in a overall dividend payment for the year of 21.3p.

In light of the Derco acquisition, the Board has no short term plans to restart its share buyback programme, instead concentrating on paying down debt and freeing capacity for further expansion.

Looking forward
Inchcape looks very well positioned to continue its success. We are confident that whilst the economic environment in some markets remains uncertain, the strength of our business model, the geographic spread of global operations, combined with the hard work of Inchcape colleagues across the Group, and some added momentum from acquisitions will support the Group's future progress.

NIGEL STEIN
CHAIRMAN

DUNCAN TAIT
GROUP CEO

STRONG FINANCIAL PERFORMANCE IN A TRANSFORMATIONAL YEAR

I'm pleased to report the Group delivered a strong performance during 2022 and made substantial progress with our two strategic growth priorities: Distribution Excellence and Vehicle Lifecycle Services. In 2022 we completed the transformational acquisition of Derco, extending our leadership in automotive distribution in the highly attractive and fast-growing Americas region, and providing a platform for us to capture more of a vehicle's lifetime value.

We also saw developments during the year that contributed to a challenging environment – the war in Ukraine, a return to inflation, rising interest rates, and continuing supply constraints across the globe.

Set against this backdrop, I'm delighted at how the Group maintained the momentum we gained in 2021, with our teams delivering both our commercial objectives and our purpose of bringing mobility to the world's communities – for today, for tomorrow and for the better.

Performance

Inchcape delivered another strong set of results in 2022, with double-digit growth across all regions. Continued strong consumer demand, following a prolonged period of supply shortages, and fantastic operational execution from our teams has driven growth in revenue, profit and cash.

Group revenue for the year was £8.1bn, an increase of 18% on 2021. We delivered adjusted profit before tax of £373m, an increase of 50% on 2021 driven by top line growth and improved operating margins. We also reported free cash flow of £380m, up 39% on last year, further strengthening our cash position.

I believe our success over the past year demonstrates the strength of our strategy and platform which is powered by the unique expertise of our people, our suite of cutting-edge technology products, and our advanced data analytics approach.

Strategic development

In last year's report, I described how we had been rolling out our Accelerate strategy across the Group.

At the time of our last capital markets day in November 2021 we had just over a one per cent share of our target market of 17 million vehicles. As we set out to be the undisputed number one distribution company in our industry, we have, through organic growth, the addition of new OEM partners, and market consolidation, positioned ourselves to achieve market share of two per cent.

We've continued to develop and roll out our omni-channel platform (known as DXP for Digital eXperience Platform). This provides customers with a seamless customer experience however they choose to interact with us, and is rolling out to more markets, with more mobility company partners all the time.

Our Digital Analytics Platform (DAP) provides advanced analytics and machine learning, leveraging our data and driving smarter, faster and better business decisions. DAP is now capable of optimising 70% of our revenue streams around the world, contributing to a better experience for our customers and improved financial performance for the Group and our OEM partners.

Another important part of our technological transformation is our digital delivery centres (DDCs). Over the year, we've doubled the number of 'Inchcapers' working in our DDCs in Colombia and the Philippines. Now, some 1,000 people are providing 24/7 services and solutions, further enhancing our digital delivery capability.

Vehicle Lifecycle Services is about maximising the profitability of a vehicle in the stages of its life after its first sale, through used resale, servicing, parts and finance and insurance products. During 2022, we've taken some big strides towards our VLS ambitions, especially in used vehicles through our global Used Car Excellence (UCX) programme and in building our bravoauto brand. I'm pleased with the progress we're making with bravoauto, which is now live in nine markets across Europe, APAC and the Americas. It's a digital-first proposition in which we are building momentum in volumes adding great value for our customers and revenues for the Group.

We've also made good progress with our digital parts platform, which is planned for launch in 2023.

The Group's digital transformation is fundamental to our future success, given the changing nature of our industry – not only in the rise of electric vehicles (EVs), but in the changing expectations of customers.

People want more of a digital experience, both in terms of buying and ownership of vehicles. We see this wherever we deploy DXP, for example, resulting in a rise in customer satisfaction scores. Similarly, OEMs know digital is vital for the future of our industry and want to partner with businesses that are making the right investments.

Equally, I believe there's nobody better placed than Inchcape to help OEMs introduce new technology to our markets. We're helping brands to operate in new markets where there's very little public charging infrastructure, such as in Chile with Porsche and Volvo. With others we are helping accelerate their EV ambitions through investing in servicing capacity and supporting customers to install home-charging facilities.

Business development

We continue to focus on markets that have high growth potential; and during 2022 we further expanded our distribution footprint. We agreed deals that increase our existing geographic and brand footprint, while giving us access to new markets and brand partners.

At the end of 2022, we completed our transformational acquisition of Derco. The combination of our two businesses has created the number one independent distributor in the Americas, bringing together two companies with complementary portfolios of OEM partners and aligned cultures.

It's an important step in our ambitious growth journey. The enlarged business will provide exciting opportunities for our colleagues, OEM partners, dealers and customers. You can read about the acquisition in detail on pages 24 to 25.

We also acquired a 70% stake in Ditec, the distributor of Porsche, Volvo and Jaguar Land Rover in Chile. This has broadened our growing footprint in the Americas and added Porsche and Volvo – two leading premium brands – to our list of OEM partners.

During the year we acquired the ITC Group, owner of Interamericana Trading Corporation (ITC) and Simpson Motors from the Simpson Group. The acquisition gives us entry into the Caribbean, further building on our presence in the Americas. It also strengthens our geographic reach with Suzuki, Mercedes-Benz and Subaru, while broadening our OEM relationships, with the addition of Chrysler and other Stellantis brands.

We have further pursued growth with EV-first brands, enhancing our offering in established markets. In Hong Kong and Macau, we have partnered with Great Wall Motor's ORA brand of EV-only cars and in Belgium and Luxembourg we were awarded the exclusive sales contract for BYD.

In February 2022 we announced the disposal of our remaining retail-only business in Russia, selling to our management team in the market.

Responsible business

In last year's report, I described how we had developed our Responsible Business plan. It focuses on our '4Ps' of responsible business – Planet, People, Places and Practices – and reaches into those areas of our operations where we can make a positive difference for our stakeholders.

Over the past year, we've focused on bedding in our plan. Much to my delight, it's been embraced positively by our people and our partners, which has been evident wherever I've travelled to meet our teams.

Our work to make a difference for the planet includes reducing our Scope 1 and 2 CO_2 emissions. I'm pleased to report that we're ahead of our targets, and you can read more about this in our TCFD report on pages 44 to 54.

If we're going to fully realise our Accelerate ambitions, we need brilliant people inside our company – and we know that brilliant people want to work for leading responsible businesses. This is why the People aspect of our Responsible Business plan is an important factor in how successful we are in attracting and retaining talent at Inchcape. We have continued our Women into Leadership programme with further cohorts in 2022 and ran Inclusive Leadership for all our senior leadership population (the Group Executive Team and its direct reports). We will have completed this for the next level of management by the end of Q1 this year.

Our Places agenda is all about being a good company where we operate. It's been hugely rewarding to see what we're doing – for example, in some of the markets we operate in we're working with local communities to provide disabled people with prosthetic limbs. Our safe driving programme is another example of how we're contributing to communities around the world.

The Practices aspect of our Responsible Business Plan is critical for us in topics such as our Codes of Conduct, bribery and corruption, and money laundering, all of which enables us to protect our people, our business and our partners' brand equity. Equally, I believe OEMs want to know they're working with partners who are committed to their own responsibility agenda, such as having health and safety programmes that look after both employees and customers. We continue to perform well in this regard; for example, by achieving ISO 45001 at the end of 2022 for our own global health and safety systems.

Overall, I'm pleased at the progress we're making as a responsible business. As ever though, it's work in progress – there's much more for us to do, so we can make even more of a positive difference within the markets in which we operate. You can read more about our progress in these areas in our Responsible Business report on pages 37 to 42.

Our people

As I described earlier, having brilliant people inside our company is fundamental to making Accelerate a success. There's absolutely no doubt the Inchcape team has delivered for our OEM partners, shareholders and other stakeholders during 2022.

I would like to thank all our colleagues for the contributions they've made during the year, both as individuals and within the teams that have collectively helped us achieve another strong performance.

I would also like to thank my colleagues on the Executive team for their leadership and teamwork during the last year. I am delighted to welcome Liz Brown to the Group Executive Team in the new position of Chief Strategy Officer. Liz joined us in February 2023 with a remit to lead the future development of our strategy, as well as leading our strategic OEM relationships. You can read more about Liz on page 81.

Looking ahead

Inchcape has a diverse portfolio and revenue streams, strong balance sheet and disciplined approach to investment; in the face of a global cost-of-living crisis and rising interest rates, these provide the foundation of our resilience and long-term sustainability.

In this context, and that of a transitioning mobility industry, I'm more certain than ever that Accelerate is the right strategy for the Group. It's evident in how our OEM partners are supportive of our consolidation activities. It's evident in how consumers are responding to what we're doing with DXP and bravoauto.

The year ahead will see us working hard on integrating Derco into Inchcape in the Americas. We've made a strong start, but we must make sure we deliver on our commitments to Derco, our partners, our people and our shareholders.

Another important task for 2023 will be to further bring our VLS initiatives to life. This will include operational improvements and growth in bravoauto, for example, and focusing on the continued development and launch of our digital parts platform. We continue to focus on the medium-term outlook outlined at our capital markets day:

- Distribution Excellence: mid-to-high single digit profit CAGR plus M&A
- Vehicle Lifecycle Services: >£50m of incremental profit

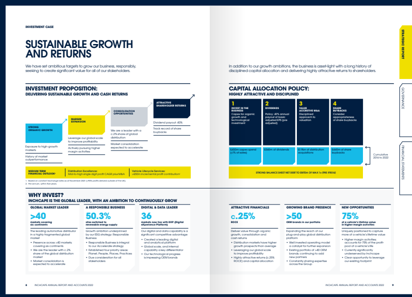
Inchcape is a business with great momentum and an exciting future. With a clear strategy, we are well-positioned to capitalise on further opportunities for organic growth and market consolidation, and I am confident we will continue to deliver sustainable long-term value for all our stakeholders.

Directors' approval of the Strategic Report
The 2022 Strategic Report, from pages 2 to 67, were reviewed and approved by the Board of Directors on 22 March 2023

DUNCAN TAIT
GROUP CEO

KEY READING

Investment case
P8



Derco acquisition
P24

Operating and financial review
P28

Responsible Business
P37

EMBRACING CHANGES TO OUR INDUSTRY

CHANGING MACRO TRENDS

Geopolitical uncertainties
Supporting regulatory changes; managing through varying economic conditions

Supply chain disruption
Shortages of products due to geopolitical tensions, different restrictions, or other reasons

Risk of inflation and/ or recession
Consumer spending erosion, interest rates changes, increasing cost of goods

CHANGING AUTOMOTIVE INDUSTRY

CASE trends
Growing EV penetration; rise of mobility as a service

Supply shortages
Semi-conductors, battery raw materials, and other shortages differentiating between OEMs

Route to market
Helping OEMs get even closer to customers and new markets

CHANGING CONSUMER DYNAMICS

Consumer habits
Catering to different vehicle ownership models and buying decision criteria

Retail trends
Expectations for a personalised digitally integrated experience through omni-channel platforms

Consumer confidence
Higher interest rates and lower disposal income impacts discretionary spend

FOCUS ON ENVIRONMENT & SOCIETY

Emissions
Low emission vehicles and corporate greenhouse gas reductions expected

Circular economy
Resource scarcity and waste prevention key considerations

Employee expectations
Workforce looking for purpose-driven employers

How is Inchcape responding?

Strong business model and a diversified OEM portfolio has proven resilient in turbulent times

Geographically diverse footprint means we are well placed to navigate the current macroeconomic climate

Our purpose is to bring mobility to the world's communities…

We **provide OEMs with a solution** in lower volume and high growth potential emerging markets

We continue to **manage our inventory** through planning processes, leveraging data analytics

for today…

Our **digital and data capabilities** allow us to better understand consumers and cater to their needs, optimising their experience

Our **expertise supports customers** throughout the buying journey and their ownership lifecycle

for tomorrow…

Solid **Responsible Business** agenda implemented across our markets

We are a **forward-thinking purpose-driven employer**, leveraging our global scale develop talent

and for the better.

DIGITAL AND DATA: INTEGRAL TO INCHCAPE'S GROWTH AMBITIONS

Inchcape's proposition, both for mobility company partners and customers, is underpinned by our suite of cutting-edge technology solutions and our advanced data analytics approach. These are the building blocks from which we design customer experiences for the markets in which we and our partners want to succeed. The bespoke solutions on our platform seamlessly connect the products of mobility companies to digital and physical sales channels, service specialists and very importantly, customers.

DXP – DIGITAL EXPERIENCE PLATFORM

OMNI-CHANNEL

- Providing consumers with a fully functioning digital showroom
- Built on a platform with the ability to scale, quickly, to new markets
- Enables the capture of significant customer and vehicle data

Digital Experience Platform (DXP) is our digital touchpoint with customers. It provides a fully functional digital showroom and links with dealerships to deliver a seamless omni-channel experience, which customers tell us is a priority for them. It has been built on a platform that has the ability to scale quickly into new markets and add new OEM brands.

MORE CUSTOMERS
+24% marketable customers
Marketable customers: Digital customers opting into marketing comms

+

IMPROVED EFFICIENCIES
+15% sales conversion
Sales conversion: Proportion of marketable customers translating into a vehicle order

+

HIGHER GROWTH
>1% outperformance
Outperformance: New vehicle volume growth versus the market

DAP – DATA ANALYTICS PLATFORM

DATA ANALYTICS

- Central capability to drive better local and global decisions
- Using predictive analytics to facilitate business intelligence
- Globally integrated data repository, addressing the entire value chain

Data Analytics Platform (DAP) is all about predictive analytics and business intelligence – combining this with DXP gives us significant advantages over our distribution competitors. The team has now built algorithms and analytics tools to support both vehicle and parts sales and operational planning (S&OP), aftersales churn prediction and lead scoring to focus sales teams on genuine 'hot' leads.

MORE CUSTOMERS
+26% service bookings
Aftersales churn-prediction algorithm

+

IMPROVED EFFICIENCIES
+30% time spent on genuine hot leads
Lead scoring algorithm

+

HIGHER GROWTH
+10% parts revenue
Parts S&OP predictive analytics

Data and digital are integral to Inchcape's growth ambitions and a key enabler of the Accelerate strategy.

FIND OUT MORE
Scan to view the Spotlight on Digital & Data webinar

MORE CUSTOMERS
+
IMPROVED EFFICIENCIES
+
HIGHER GROWTH
→

DISTRIBUTION EXCELLENCE
- 1%+ outperformance of new car volumes
- Mid to high single digit profit CAGR
- Further consolidation and expansion

VEHICLE LIFECYCLE SERVICES
- At least double used car volumes
- Digital Parts Platform: operational and profitable
- >£50m incremental profit contribution

OPTIMISING OUR PORTFOLIO

Inchcape's focus on building and maintaining close and long-standing OEM partnerships provides the foundation for our ability to execute strategic and accretive growth through acquisition.

Inchcape has accelerated industry consolidation since focusing on distribution expansion in 2016. Since then we have developed a 'plug and play' distribution platform which has resulted both in scale acquisitions and important bolt-on deals, adding new OEM partnerships, markets and significant revenue to the business, while optimising our retail footprint through select disposals. Our ambition is for Inchcape to become the undisputed number one distribution partner of choice for automotive manufacturers, many of which are looking for consolidation and proven integration capabilities in their partnerships. Key factors in achieving this include: our track record of successful integration; investment in technology and digital capabilities that can be deployed at scale; our people's capabilities and approach to retaining key management; and the firepower we have available to execute deals through a strong balance sheet and disciplined approach to capital allocation.

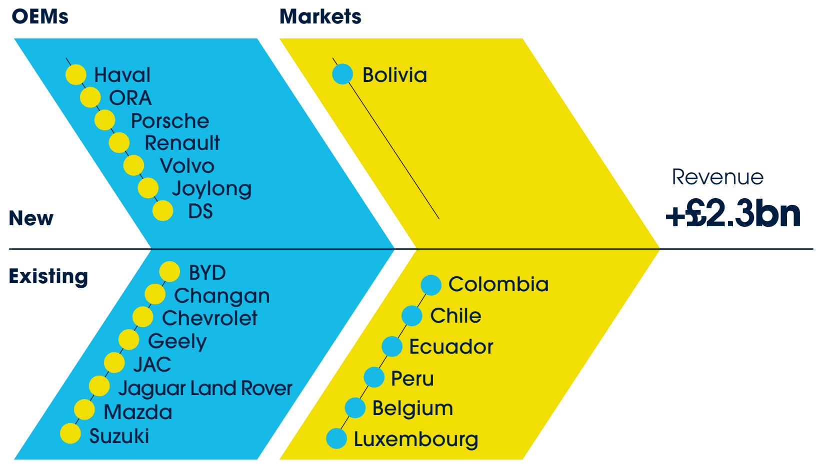
OUR M&A FRAMEWORK:

Strategic
- Additive to existing brand footprint
- Broadens geographic reach
- Enhanced by Inchcape's distribution platform

Financial
- Focus on markets with higher growth prospects
- Take a considered approach to valuing targets
- ROIC > project WACC targeted in years 2-4

Organisational
- Focus on retaining and nurturing talent
- 'Responsible Business' programme
- Opportunity to professionalise processes

A NUMBER OF EXCITING CONTRACT ADDITIONS IN 2022



REBALANCING OUR PORTFOLIO IN FAVOUR OF DISTRIBUTION SINCE 2016

	2016	2017	2018	2019	2020	2021	2022	Today	Total
Number of distribution deals	2	2	3	3	5	5	5		25
Distribution revenue added[1]	£400m	£100m	£250m	£150m	£200m	£200m	£2.3bn		£3.6bn
Retail revenue disposed	(£70m)	(£80m)	(£90m)	(£600m)	(£570m)	(£300m)	(£730m)		(£2.4bn)

1. Shows revenue reported in the last full financial year prior to Inchcape's ownership (e.g. Derco acquired on 31 December 2022, and 'revenue added' is the £2.2bn generated in the year ending December 2022)

TOYOTA MOTOR CORPORATION (TMC)

Locations
Distribution:
Belgium, Brunei, Bulgaria, Djibouti, Ethiopia, Greece, Guam, Hong Kong, Luxembourg, Macau, North Macedonia, Saipan, Romania, Singapore, Chile and Colombia

Retail:
UK

Our partnership with Toyota is the longest in our portfolio, with 55 years of representation as a distributor in geographies that reach from South East Asia to East Africa and from Europe to the Americas. This long-standing partnership extends to both passenger and commercial vehicles, a segment that we have expanded more recently in South America.

TOYOTA LEXUS HINO DAIHATSU

FORGING STRONG RELATIONSHIPS

STAKEHOLDER	**ORIGINAL EQUIPMENT MANUFACTURERS (OEMS)** 	**CUSTOMERS** 
HOW WE CREATE VALUE	We provide our OEM brand partners with professional and efficient routes to market for the post-factory automotive chain.	We provide access to automotive ownership and support services throughout the customer journey and aim to deliver the best experiences for customers in our industry globally.
INTERESTS	• Strategy • Long-term commercial sustainability and business viability • Trusted partnerships • Brand protection • Health and safety • Environment, social, and governance (ESG).	• Access to vehicle products and services • World renowned automotive brands • Specialist product and service knowledge • Customer service • Aftersales • Safe facilities • Tailored experiences, both on- and offline • Business viability (for long-term contracts, e.g. fleet management).
HOW WE ENGAGE	**Management** • Regular top-to-top executive management meetings • Market level operational meetings • Pan-market brand development. **Board** • Major brand partner deep dive review annually • Regular feedback from Group CEO.	**Management** • Daily reporting of customer feedback on reputation.com • Analysis of sales force customer journey management platform • Ongoing surveys at market level • Provide advice and knowledge on a day to day basis. **Board** • Update on the customer satisfaction analytics from reputation.com at each meeting.
OUTCOMES AND PROGRESS	• New strategic partnership with Great Wall Motor Company Limited, and BYD, a leading EV manufacturer • Expansion of distribution network in the Americas, adding Porsche, Volvo and Jaguar Land Rover.	• Customer omni-channel platform rolled out to 36 markets with 13 OEMs • Reputation.com: Total reviews in 2022: 85,200 up 22% on 2021. Average rating was 4.8/5 up from 4.7/5 in 2021.

Inchcape's success is dependent on the continued trust and support of all its stakeholders; strong relationships that allow us to work with our key stakeholders are therefore fundamental to the long-term success of the Group.

READ MORE by visiting www.inchcape.com

EMPLOYEES

We aim to enable every colleague to achieve their personal goals at each stage of the employee journey; to recognise and develop talent; and to foster a socially conscious culture based on inclusion, empowerment and optimised potential through learning.

- Strategy
- Reward, training and development, diversity and inclusion
- Strong approach to health and safety – duty of care
- Company purpose and values
- Long-term commercial sustainability
- Security of employment stemming from business viability
- Responsible employer

Management

- Launch of new Codes of Conduct
- Employee engagement survey
- One Inchcape performance management framework
- Employee intranet
- Employee engagement forums

Board

- Employee engagement surveys and action plans
- Designated Non-Executive Director
- Annual Board visit

- Consultation with employees on the 2022 Remuneration Policy
- Held four employee forums in 2022
- Employee engagement event in Santiago facilitated by the designated Non-Executive Director
- Three day leadership strategy event held in November in Austin, Texas

SHAREHOLDERS

Our objective is to deliver outstanding returns on long-term investment based on a sustainable platform for growth, disciplined approach to capital allocation and cash returns through dividends and share buyback.

- Strategy
- Company purpose and values
- Financial performance and strength of balance sheet
- Capital allocation
- Responsible Business/ESG
- Long-term commercial sustainability and business viability
- Key developments in the business and issues we are facing

Management

- Regular dialogue with institutional investors (roadshows and conferences)
- Capital Markets Day, investor webinars, and financial results
- Annual Report and plc website

Board

- AGM and Derco acquisition EGM
- Chairman's periodic one-to-one meetings
- Committee member interaction

- Held over 200 investor meetings during 2022
- Consultation with shareholders on the 2022 Remuneration Policy
- 99.9% votes in favour for Derco acquisition at EGM
- Launched the 'In the Driving Seat' investor webinar series

COMMUNITIES

We have a balanced approach to engagement with the communities in which we operate, empowering ownership at local level with structural support from Group.

- Local employment
- Health and safety, including local environmental concerns, e.g. waste disposal
- Community activities, e.g. support of local charities
- Road safety campaigns in some markets
- Responsible approach to local law and regulations

Management

- Market-specific activity co-ordinated at local level
- Group-level support for extraordinary events affecting our market communities

Board

- Updates on community activities included in regional market updates from CEOs

- Around 19,000 people employed in over 40 countries and geographies
- Strong levels of local community involvement including road safety campaigns and inclusive mobility

SHAREHOLDER ENGAGEMENT CYCLE

	Area	Shareholder engagement cycle 2022	Matters raised	Subsequent feedback/engagement
Q1	**Trading**	• FY21 results presentation with Q&A and Annual Report & Accounts • FY21 investor roadshow • Investor conferences	• 2021 performance and 2021 final dividend • Further insight into key areas of our business that form part of our "Accelerate" strategy	• Key areas of focus: Russia exposure, strategic progress including Digital and Data, OEM relationships, inflation and M&A
	Russia	• Intention to exit from Russia announced on 15 March 2022	• Impact of the disposal of Russian operations	• Pleased to see the Board act decisively with consideration for various stakeholders
Q2	**Trading**	• Q1 trading update with Q&A • Investor conferences	• Performance during the first quarter of 2022 and completion of exit from Russia	• Appreciation for swift and clean exit from Russia
	AGM	• 2022 AGM held on 19 May 2022	• No issues were raised by shareholders	• All resolutions passed with over 90% of votes in favour
	Webinar	• Launched first webinar for our "In the Driving Seat" series with a "Spotlight on the Americas"	• Focus on the Group's fastest growing region, and the growth prospects going forward within Distribution Excellence and Vehicle Lifecycle Services.	• Positive engagement from investors and analysts; appreciated the deep-dive on the region showing its evolution/growth
Q3	**Trading**	• Interim results and presentation with Q&A • Investor roadshow and conferences	• 2022 interim performance and dividend	• Key area of focus was the Derco acquisition which was well received
	Remuneration	• Consultation with shareholders on proposed 2023 Remuneration Policy	• ESG metrics, pension alignment and continued use of two long term incentive plans	• Positive feedback that policy is working well. Caution advised on the use of ESG metrics. Further information on page 99
	Derco	• Derco acquisition announced on 28 July 2022	• Proposal of the Derco acquisition	• Further information on page 21
Q4	**Trading**	• Q3 trading update with Q&A • Investor roadshow	• Performance during the third quarter of 2022 • Update to our FY22 outlook	• Key areas of focus were inflationary headwinds, vehicle supply, interest rates, and demand trends across our markets
	Webinar	• Hosted our second webinar for our "In the Driving Seat" series with a "Spotlight on Digital & Data"	• Progress the Group has made on its digital and data journey and how it is integral to the Group's growth ambitions	• Positive engagement from investors and analysts; appreciated insights on how integral digital and data is to the business
	Derco	• Derco acquisition circular sent to shareholders. EGM held on 16 December 2022	• No matters were raised by shareholders	• The resolution passed with 99.99% of votes in favour. Transaction completed on 31 December 2023

• In response to investor feedback on understanding further key areas of our business, we launched our "In the Driving Seat" series. We hosted our first webinar in Q2 on "Spotlight on Americas", and in Q4 our second one in the series "Spotlight on Digital & Data".

INCHCAPE AMERICAS HAS GROWN SIGNIFICANTLY SINCE 2016

Revenue 2021[1] (pre-Derco)

£1.2bn

2016: £160m

OEM brands			
	BMW*	Fuso	Mini
	BMW Motorrad*	Geely	Porsche
	BYD	Hino	Rolls Royce
	Changan	Jac Motors	Subaru
	Chrysler	Jaguar	Suzuki
	Diechi	Jeep	Volvo
	DFSK	Land Rover	Western Star
	Doosan	Mack	
	Freightliner	Mercedes-Benz	

Markets			
	Argentina	Costa Rica	Panama
	Barbados (+)*	Ecuador	Peru*
	Chile*	El Salvador	Uruguay
	Colombia	Guatemala	

FIND OUT MORE
Scan to view the Inchcape Americas webinar

A GLOBAL DIGITAL INFRASTRUCTURE, DRIVING SMARTER DECISIONS

DXP

Digital experience platform

Omni-channel

- Providing consumers with a fully functioning digital showroom
- Built on a platform with the ability to scale, quickly, to new markets
- Enables the capture of significant customer and vehicle data

DAP

Data analytics platform

Predictive analytics and business intelligence

- Central capability to drive better local and global decision
- Using predictive analytics to facilitate business intelligence
- Globally integrated data repository, addressing the entire value chain

Our global tech capability

Inchcape Digital Architecture: a single common global technology stack

Digital Delivery Centres: our internal digital delivery capability

FIND OUT MORE
Scan to view the Spotlight on Digital & Data webinar

1. 2021 revenue pro forma for acquisitions announced up until 30 June 2022 pre-Derco
+ Indicates the base of the core distribution operations which also serves as other neighbouring islands
* part of the Inchcape business in 2016

S172 STATEMENT

The Directors have exercised their duties under the Companies Act 2006 throughout the year, including under Section 172, the duty to promote the success of the Company while having regard for the factors under Sections 172(1)(a) to (f). These and other factors are taken into consideration by the Directors when making decisions in their role as the Board of Inchcape plc.

Consequences of long-term decisions

Many of the decisions the Board makes today will affect the success of the Group in the longer term. When making such decisions, the Board considers what value will be created for shareholders, if the appropriate resources are available, how current and future employees will be affected and what impacts these decisions will have on communities and the environment in which Inchcape operates. Consideration is also given to the 'what ifs' as long-term decisions, by their nature, contain a degree of uncertainty about what may happen in the future.

The Board's risk management procedures identify the potential consequences of decisions in the short, medium and long term so that mitigation plans can be put in place to prevent, reduce or eliminate risks to the business and wider stakeholders. Please see pages 59 to 66 for further details.

Further information on the significant decisions taken by the Board during the year are given in the Corporate Governance Report on page 82.

The Responsible Business framework: Driving What Matters, which is owned and delivered by our colleagues around the Group, sets out what responsible business means for Inchcape under four pillars, **People, Places, Practices** and **Planet**. Please see pages 37 to 42 for further information.

The pillars focus on the issues that are important to our employees, our communities, ensuring ethical business conduct, and the environment. The data points give the Board context for what the potential consequences of long-term decisions will be.

Interests of employees

A major transaction such as the Derco acquisition will bring uncertainty for employees in both businesses, as there is a likelihood that some roles are duplicated and/or become redundant. The Board took these impacts into consideration during the decision making process and, while it is always a difficult decision to remove roles, the Board agreed becoming part of a larger global organisation will also offer career development opportunities for Derco employees. A comprehensive change management and communications plan was put in place including a series of townhalls to explain the acquisition process, start the on-boarding programme, and to provide an opportunity for employees to express their views.

Further information on engagement with employees, any outcomes where applicable, and decisions which have affected employees, are given throughout this report.

Fostering business relationships

Our OEM relationships are of paramount importance to the achievement of the Accelerate strategy and the length of these relationships is testament to their strength. When considering acquisitions and new partnerships which are fundamental to achieve the Group's purpose of **bringing mobility to the world's communities – for today, for tomorrow and for the better** the Board considers whether the combination of Inchcape and the OEM will be a good strategic and cultural fit.

The Derco acquisition brought five new OEM brands to the Inchcape Group. When reaching its decision on the acquisition, the Board considered the OEM brand portfolio as a whole, agreeing a programme of engagement with both current and new OEM brand partners to ensure strategies and expectations are aligned.

Impact of communities and the environment

The Planet pillar assesses the impact the automotive industry has on the environment and the impact of climate change upon our business by focusing on understanding the Group's climate related risks and opportunities and Scope 1,2 and 3 emissions. During the year, the Board considered whether it was appropriate to set emissions reduction targets for Scope 3, which account for 99.97% of the Groups' total footprint. Ultimately the Board decided not to set science-based Scope 3 targets due to the complexities of achieving targets where we have limited control. However, this will be reviewed on a regular basis by the Board who are committed to tackling the impacts of climate change. Please see pages 44 to 54 for further information.

High standards of business conduct

It is important to the Board to maintain a reputation for high standards of business conduct. This is taken into account by the Board when making material decisions, i.e. acquisitions, joint ventures and remuneration outcomes.

During the decision-making process for the Derco acquisition the Board reviewed the due diligence findings, management and external advisor reports, and its reputation locally. The Derco business is well respected, with a strong culture that is similar to Inchcape's. However, there are always integration and business plan risks associated with acquisitions. Therefore, the Board approved a set of 11 key controls which can be implemented from day one to mitigate those risks.

Shareholders

Engagement is a key tool for taking into account the views of shareholders. During 2022, the Remuneration Committee Chair and the Chairman carried out a shareholder consultation on the proposed remuneration policy which will be put to shareholder vote at the Annual General Meeting in May 2023. The feedback received from investors provided valuable input for the Committee, especially around introducing a carbon reduction related ESG target into the long-term incentive plans. Further details are given on page 99.

The Board approved a range of activities designed to enhance shareholder value, including dividend policy, share buyback programme and the acquisition of Derco, which was overwhelmingly approved by shareholders at the EGM in December 2022 with 99.99% of votes in favour. Further information on how the Derco acquisition will create shareholder value is given on pages 24 to 25.

All shareholders are invited to attend the Annual General Meeting and have the opportunity to speak or ask questions to the Board members.

DERCO

DERCO ACQUISITION

Extending Inchcape's global leadership in automotive distribution

As outlined in our Accelerate strategy (see pages 5 to 7), the global automotive market presents significant opportunities for Inchcape to consolidate in the distribution market. Despite being the biggest independent automotive distributor, we had been tracking at around 1% of the 17 million vehicle volume addressable market. Accelerating acquisitions in this fragmented market is a key part of our growth strategy.

The Group announced its proposed acquisition of Derco in July 2022. Prior to Inchcape`s acquisition, Derco, a family-founded and privately owned company, was the largest independent automotive distributor in Latin America with revenue in 2022 of £2.2bn. Following shareholder and market regulatory approval, the deal completed on 31 December 2022, and the core focus for 2023 is on integrating our operations in the Americas.

EXISTING PORTFOLIO: KEY FACTS

£2.2bn revenue (2022)	**~4,500** colleagues
4 markets[1]	**11** OEM brands
150k new vehicles distributed	**329** locations ~30% operated by Derco

1. Bolivia, Chile, Colombia and Peru

FIND OUT MORE
Scan to view the 2022 Interim Results webcast and presentation

A STRATEGIC AND ACCRETIVE ACQUISITION

Strong topline growth prospects
- Increases exposure to higher growth markets
- Leverage combined scale to capture more vehicle lifetime value

Margin upside
- Derco is margin accretive for the Group
- Significant opportunity for synergies

Distribution consolidation
- Significantly increases Inchcape's distribution scale
- Global automotive distribution remains highly fragmented

SIGNIFICANT SHAREHOLDER VALUE CREATION

Financial profile
- The transaction is expected to accelerate growth and be margin accretive

Earnings impact
- 15%+ EPS accretion in 2023; 20%+ accretive in 2024
- Up to £60m of one-off cash cost of delivering synergies (over two years)

Value creation
- ROIC expected to exceed project cost of capital in third full year following completion

New opportunities
- Leverage broader network
- Leverage partnerships with financers and GFV[1] product knowledge
- Leverage Inchcape's Digital and Data capabilities

1. GFV = guaranteed future value (also commonly referred to as "PCP")

"We are delighted to welcome the Derco team to Inchcape. The combination with Derco is a transformative and unique opportunity to accelerate our global distribution business. In addition to delivering substantial shareholder value, the acquisition will provide exciting opportunities for our colleagues, OEM partners, dealers and consumers, and is another great example of Inchcape's Accelerate strategy in action."

DUNCAN TAIT
Group CEO

OUR LOCATIONS

Inchcape
Argentina
Barbados
Chile (headquarters)
Colombia
Costa Rica
Ecuador
El Salvador
Guatemala
Panama
Peru
Uruguay

Derco
Bolivia
Chile (headquarters)
Colombia
Peru

The acquisition of Derco extends our global leadership in auto distribution and makes Inchcape the largest independent distributor in Latin America. It also almost doubles Inchcape's share of the 17 million addressable market to around 2%.

Derco brands
- Changan
- Chevrolet
- Citroen
- DS Automobiles
- Great Wall
- Haval
- Jac Motors
- Joylong
- Mazda
- Renault
- Suzuki

Link to Strategy
Remuneration – see pages 69 to 116 for performance measures

MEASURING PROGRESS

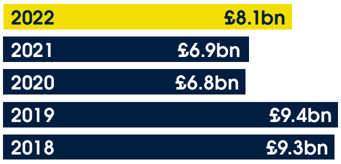
Key performance indicators (KPIs) provide insight into how the Board and Group Executive Team monitor the Group's strategic and financial performance, as well as directly linking to the key measures for Executive remuneration. KPIs are stated in actual rates of exchange and pages 206 to 207 provides definitions of KPIs and other alternative performance measures.

FINANCIAL KPIs

Revenue

£8.1bn

2021: £6.9bn[2]



Definition
Consideration receivable from the sale of goods and services. It is stated net of rebates and any discounts, and excludes sales related taxes.

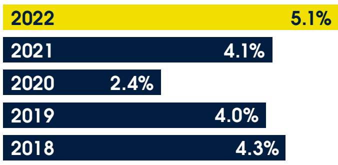
Why we measure
Top-line growth is a key financial measure of success.

2022 performance
The Group has delivered £8.1bn, up 15% organically (excluding currency effects and net M&A) and up 18% reported versus prior year. This has been driven by robust consumer demand following a prolonged period of supply shortages.

Adjusted operating margin[1]

5.1%

2021: 4.1%[2]



Definition
Operating profit from continuing operations (before adjusting items) divided by sales.

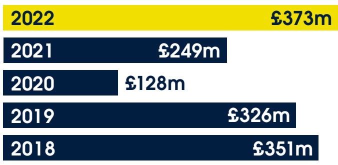
Why we measure
A key metric of operational efficiency, ensuring we are leveraging our scale to translate sales growth into profit.

2022 performance
Operating margin is 5.1%, up 100bps versus 2021. This is owing to a combination of higher vehicle gross margins, driven largely by the combination of robust consumer demand and supply shortages.

Profit before tax and adjusting items[1]

£373m

2021: £249m[2]



Definition
Represents the profit made after operating and interest expense excluding the impact of adjusting items and before tax is charged.

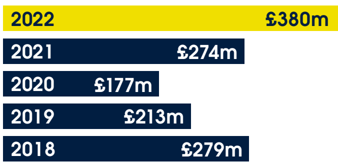
Why we measure
A key driver of delivering sustainable growth and growing earnings to shareholders.

2022 performance
In 2022 this increased 50% to £373m, reflecting the strong improvement in revenue and operating profit.

Free cash flow[1]

£380m

2021: £274m[2]



Definition
Net cash flows from operating activities, before adjusting cash flows, less net capital expenditure and dividends paid to non-controlling interests.

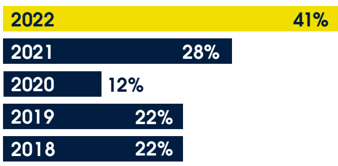
Why we measure
A key driver of the Group's ability to fund inorganic growth and to make distributions to shareholders.

2022 performance
The Group delivered free cash flow (FCF) of £380m, an increase of 39% on 2021 and representing a conversion of operating profit of 92%, exceeding the long-term average of 60-70%.

Return on capital employed[1]

41%

2021: 28%[2]



Definition
Operating profit (before adjusting items) divided by the average of opening and closing capital employed where capital employed is defined as net assets add net debt/less net funds.

Why we measure
ROCE is a measure of the Group's ability to drive better returns for investors on the capital we invest.

2022 performance
ROCE for the period was 41%, compared to 28%[2] for the equivalent period last year. This increase was primarily driven by the recovery in Group profits.

1. Alternative performance measure, see page 206.
2. Restated, page 142.

Link to Strategy
- Distribution
- People
- Planet

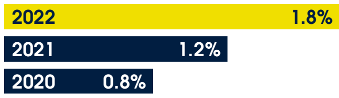
Over the year we have introduced a number of new Non-financial KPIs which align to our business model as part of our **Accelerate** strategy and "**Driving What Matters**" plan. Our focus on the customer whilst operating responsibly is at the heart of our business model. This is a fundamental to our strategy, and maps the way Inchcape creates sustainable value for all our stakeholders.

NON-FINANCIAL KPIs

BEV's sold

1.8%

2021: 1.2%



Definition
% of battery electric vehicles (BEV) sold. BEV's are fully battery powered and run on electric power.

Why we measure
This is a new KPI in 2022. A core element of our strategy is the deployment of Battery Electric Vehicles (BEV's), which underpins our core business model and is fundamental to the long-term sustainability of the business.

2022 performance
We continue to make progress on increasing the number of BEV's sold. As part of our Responsible Business Plan we will continue to see growth in this trend, particularly in our developed markets.

Reduction in Scope 1 and Scope 2 GHG emissions

24%

Definition
Aggregate Scope 1 and Scope 2 GHG emissions in 2022 vs 2019 base.*

For further information on TCFD see pages 44 to 54

* 2019 figures have been restated to reflect relevant disposals, acquisitions and data rectification

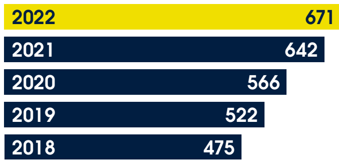
Why we measure
This is a new KPI in 2022. Reducing the emissions over which we have the greatest degree of control is a key sustainability priority for the Group. We have set targets for Scopes 1 and 2 using Science Based Targets Methodology with the aim of reducing our emissions by 46% by 2030 and achieving net zero by 2040.

2022 Performance
Scope 1 and 2 emissions were reduced by 9,800 tonnes measured on a market basis and by 8,700 tonnes on a location basis against the 2019 revised baseline. This is included in the strategic element of the CEO bonus – please see pages 96 to 116 for further details.

Reputation.com Score

671

2021: 642



Definition
A measure of the end customer experience in our dealerships (both distribution and retail), using Google Business Profiles star ratings among other metrics. Score up to 1000.

Why we measure
Customer reputation score is a measure we introduced in 2018 which provides a commercially relevant customer experience measure using Google Business Profiles and monitors customer sentiment.

2022 Performance
Adoption of Reputation.com is at an all-time high and we see this through our strong increase in 2022. We have been focusing on improving the things within our control, ensuring data accuracy, and helpful, timely responses to customer input, whilst offering a high level of service in our dealerships around the world.

Women in Senior Leadership positions

22%

2021: 18%

Definition
Percentage of women in top three bands, which includes the Group Executive Team and its direct reports.

Please see page 121 for more information, including a complete breakdown of the gender diversity within the Group.

Why we measure
This is a new KPI in 2022. The Women into Leadership programme aims to target no less than 90% progression to a new role (at the same level or promoted) within 24 months of programme completion and to increase the proportion of women in senior positions from 18% to 30% by the end of 2025.

2022 Performance
Since the programme inception, six cohorts have launched covering all geographic regions, with 45 women completing the pilot programme in 2021 and a further 45 women completing the 2022 programme. Mentoring was also added to the 2022 programme.

ADRIAN LEWIS
ACTING CHIEF FINANCIAL OFFICER

GREAT STRATEGIC, FINANCIAL AND OPERATIONAL PROGRESS

I am pleased to present the Operating and Financial Review for 2022, a year in which the Group has continued to make substantial strategic, operational and financial progress.

2022 was a transformational year for the Group as we made great strides with our strategy, further shifting our portfolio towards distribution and developing our vehicle lifecycle services offering.

Fantastic operational execution from all our teams drove growth in revenue and profit, and another year of excellent cash flow.

The Group delivered a great set of results in 2022, with all regions contributing positively and driving growth across our key financial and non-financial metrics.

During the year, consumer demand remained robust against the backdrop of vehicle supply constraints, which supported our performance during the year. We saw a gradual improvement in supply through the year, which helped an acceleration of our revenue growth. During the period of supply-demand imbalance, we experienced elevated levels of vehicle profitability (new and used), although this normalised during the second half of the year.

Underpinning this is the quality of our people and the strength of our business model. This enabled the Group to accelerate performance together with increased geographic diversification, which will continue to drive resilience amid economic uncertainties.

The combination of the Group's distribution expertise, digital and data capabilities, and strong financial position makes us the consolidator of choice in the highly fragmented automotive distribution industry. In 2022 we continued to expand our distribution business through bolt-on acquisitions in the Americas, further contract wins and the exciting acquisition of Derco, an important milestone in the execution of our Accelerate strategy. The pipeline for future M&A remains healthy.

In addition to a strong revenue and profit outturn, the Group's resolute focus on cash resulted in a record level of free cash flow of £380m, versus the previous record of £314m in 2017. As we look ahead, the acquisition of Derco will provide opportunities for us to deploy our own practices and processes to drive working capital efficiencies and additional cash-flow generation.

Following the completion of the acquisition of Derco in December 2022, the Group's net debt position was £378m. Given the pipeline of M&A opportunities and our current leverage position, we have paused share buybacks, but will continue to review the appropriateness in line with our capital allocation policy. The Group's proposed dividend in relation to 2022 is 28.8p, up from 22.5p in 2021.

The Group launched Accelerate in 2021, and we have made fantastic progress against our ambitions to extend our leadership in automotive distribution, and to capture more of a vehicle's lifetime value. While we are excited about our progress so far, we will maintain our capital allocation discipline, and remain focused on delivering benefits to all stakeholders.

ADRIAN LEWIS
ACTING CHIEF FINANCIAL OFFICER

HIGHLIGHTS

Revenue

£8.1bn

2021: £6.9bn[1]

Adjusted operating margin[2]

£5.1%

2021: 4.1%[1]

Profit before tax and adjusting items[1]

£373m

2021: £249m[1]

Free cash flow[2]

£380m

2021: £274m[1]

Return on capital employed[1]

41%

2021: 28%[1]

Dividend per share

28.8p

2021: 22.5p

KEY PERFORMANCE INDICATORS

Our results are stated at actual exchange rates. However, to enhance comparability we also present year-on-year changes in sales and adjusted operating profit in constant currency, thereby isolating the impact of translational exchange rate effects. Unless otherwise stated, changes are expressed in constant currency and figures are stated before adjusting items.

	2022	2021[1]	% change reported	**% change constant FX[2]**	**% change organic[3]**
Key financials (continuing operations)					
Revenue	**£8,133m**	£6,901m	+18%	**+16%**	**+15%**
Adjusted Operating Profit[1]	**£411m**	£281m	+46%	**+41%**	
Adjusted Operating Margin[1]	**5.1%**	4.1%	+100bps	**+90bps**	
Adjusted Profit Before Tax[1]	**£373m**	£249m	+50%		
Adjusted Basic EPS[1]	**72.0p**	46.3p	+56%		
Dividend Per Share	**28.8p**	22.5p	+28%		
Free Cash Flow[1]	**£380m**	£274m	+39%		
Statutory financials					
Operating Profit (continuing operations)	**£400m**	£181m			
Profit Before Tax (continuing operations)	**£333m**	£149m			
Total (loss)/profit for the year	**£(6)m**	£122m			
Basic EPS (continuing operations)	**61.1p**	20.3p			

1. Restated to adjust for the disposal of the remaining business in Russia which has been reported as a discontinued operation, see page 142
2. These measures are Alternative Performance Measures, see pages 206 to 207
3. Organic growth is defined as revenue growth in operations that have been open for at least a year at constant foreign exchange rates

PERFORMANCE REVIEW

Performance review: full year 2022

The Group delivered another great set of results in 2022, driven by growth across both Distribution and Retail segments. Our performance was driven by growth of new vehicles, underpinned by robust consumer demand and price-mix tailwinds against a backdrop of supply shortages, and a solid contribution from used vehicles, which benefited from unprecedented pricing-levels and our roll-out of *bravoauto*. While revenue growth was skewed towards the second-half, as we lapped the trough for supply, profit was split more evenly due to a combination of margin normalisation, with improving vehicle supply, set-up costs related to new OEM relationships and an increase in investment in VLS in the second-half.

Over the course of the year, the Group generated revenue of £8.1bn, adjusted operating profit of £411m and free cash flow of £380m.

Group revenue of £8.1bn rose 18% year-on-year reported and 16% in constant currency. The growth rate is supported by the addition of new distribution businesses in the Americas and in APAC. There was no contribution from Derco to our FY22 financial performance. It is worth noting that the comparative period includes the results of our St. Petersburg operation which was disposed towards the end of 1H21.

On an **organic basis**, excluding currency effects and net M&A, revenue increased by 15%, driven by a combination of continued volume recovery and price-mix tailwinds.

The Group delivered an **adjusted operating profit** of £411m, up 46% year-on-year reported and 41% in constant currency. The profit growth reflects the topline increase and the year-on-year operating margin improvement.

Adjusted profit before tax (PBT) of £373m (2021: £249m) reflects the improvement in revenue and operating profit. The net interest expense of £37m (2021: £33m) rose versus the prior year due to higher cost of financing.

During the reporting period **adjusting items** amounted to an expense of £40m (2021: £100m). This was primarily driven by one-off costs related to acquisitions and the disposal of Russia (£28m) and non-cash, non-operational losses arising from the adoption of hyperinflation accounting (Ethiopia; £30m), partially offset by other operating items (£18m).

The highly cash-generative nature of our business model was evident with record **free cash flow** generation of £380m (2021: £274m) – this represents a conversion of adjusted operating profit of 92% (2021: 97%), exceeding the long-term average of 60-70%. In 2022 we saw a net working capital inflow of £75m primarily as a result of a rebound in the level of inventory financing, which more than offset the rise in inventory levels (following last year's trough reached in Q4) and an expected increase in receivables. As we look ahead the Group's free cash flow conversion is expected to normalise towards its historic range of 60-70%.

Other notable elements of the cash flow bridge include: net acquisitions and disposals, which amounted to an outflow of £412m (primarily relating to the acquisition of **Derco**, as well as other acquisitions in the Americas: **Ditec** and **Simpson Motors**, and includes the first tranche of cash received in relation to our Russia disposal), dividend payments of £89m and an outflow of £70m related to our share buyback programmes.

The Group closed the reporting period in an adjusted net debt position of £378m (excluding lease liabilities), which compares to adjusted net cash of £379m at the end of December 2021, and £439m as at 30 June 2022.

The movement primarily relates to the acquisition of Derco (cash-out and net debt acquired). On an IFRS 16 basis (including lease liabilities), we ended the period with net debt of £877m (December 2021: net funds of £55m). Adjusted **Return on capital employed** over the period was 41%, compared to 28% for the equivalent period last year. The increase was driven by the growth in Group profits on stable capital employed. Following the dilutionary effect of acquisitions we expect this will normalise to c.25%.

Fourth quarter 2022

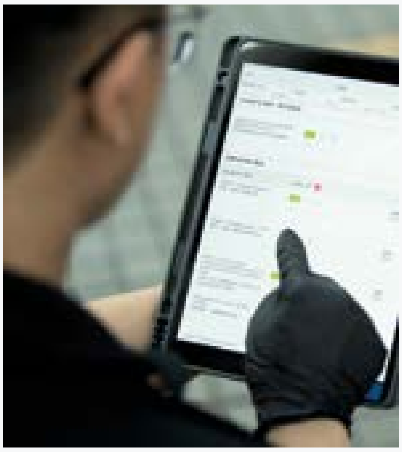
Group revenue for the fourth quarter was £2.1bn, up 32% reported. On an **organic basis** revenue increased 22%, compared to +16% in Q3 – the step-up in growth was primarily owing to lapping the trough for supply which impacted the fourth quarter of 2021.
In **Distribution**, the fourth quarter was the strongest quarter of the year, underpinned by organic growth and some contribution from M&A (Americas and Asia). On an organic basis revenue increased 25%, following an 18% increase in Q3. The sequential step-up in organic growth was driven by the improvement in vehicle supply that was most prominent in Australasia.
In **Retail**, revenue increased 14% organically, following a 11% increase in Q3. The improvement in revenue growth was owing to a higher volume of new (due to better vehicle supply) and used vehicles (*bravoauto*), while Aftersales performance continued to be solid.

Derco acquisition

The Group completed the £1.3bn acquisition of Derco on 31 December 2022, funded by £400m cash and £600m of new debt. The transaction increased Group leverage 0.6x Net Debt/EBITDA[1] (pre IFRS 16), with deleveraging supported by the highly cash generative nature of the business. Derco did not contribute to the Groups financial performance in 2022. Revenue was £2.2bn (2021: £1.9bn) with an adjusted operating profit of £192m (2021: £237m). We expect Derco will generate an operating margin towards the top-end of the range of a typical automotive distribution business (5-7%), before recurring synergies. The transaction is expected to deliver annualised recurring synergies of at least £40m, with the significant majority delivered by the end of 2024. There are opportunities to drive significant revenue synergies, which are as yet unquantified. These will require one-off cash costs of up to £60m over two years.

DISTRIBUTION

The Distribution segment reported revenue of £5.9bn increasing 26% year-on-year, with **all regions growing versus the prior year.**



The combination of an excellent topline performance and higher margins drove adjusted **operating profit**[1] of £363m (2021: £246m). Adjusted operating margin[1] rose 90bps to 6.2%.

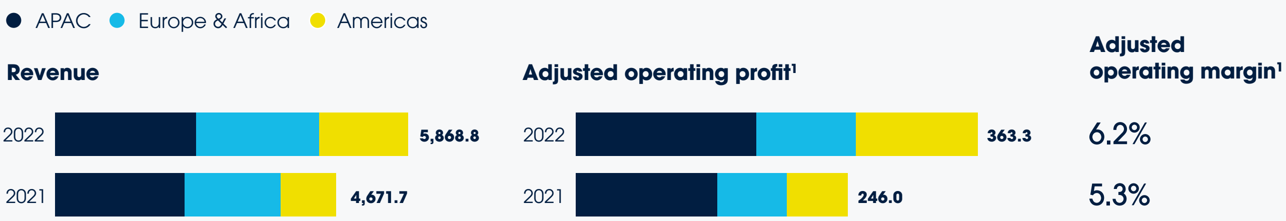
Our regional disclosure has been aligned with the Group's Management responsibilities and reporting structure. In the second half of 2022, in preparation for our acquisition of Derco, the Americas moved to be managed as a single region (under Romeo Lacerda), and Africa was combined with the Europe region (under Glafkos Persianis). APAC, which includes both Asia and Australasia, continues to be managed by Ruslan Kinebas.

APAC revenue was up 9% year-on-year with adjusted operating profit[1] rising 28%. In Asia, the improvement versus the prior year was due to the positive contribution from our smaller, newer and more developing markets (e.g. Guam, Saipan, Brunei, Indonesia). In the case of **Hong Kong**, pandemic related restrictions weighed on our first-half results, but performance in the second-half improved markedly and at the beginning of 2023 the border with China was reopened, which may signal the trough of the market. In **Singapore** our performance continues to be impacted by lower availability of vehicle licences (with volumes 70% below the peak in 2017). Our current expectation is that licence availability will begin to improve in late-2023. The trends across the **rest of Asia** continued be solid, with revenue and profit above both the prior year and the first-half of 2022. In terms of our newest distribution businesses (JLR in Indonesia, and commercial vehicles and machinery in Micronesia), the performance of both has exceeded our expectations. In **Australasia**, our performance was helped by a gradually improving supply situation (vehicle supply was at its highest in Q4) and favourable price-mix. Volumes, revenue and profit reached a three year high in the fourth quarter, supported by broad-based performance (across New, Used and Aftermarket) and the benefits of our cost-restructuring.

Europe & Africa revenue was up 28% year-on-year with adjusted operating profit[1] rising 44%. In **Europe**, growth was driven by the improvement in vehicle supply (>20% increase in new vehicle volume) coupled with robust demand. This resulted in us gaining share in each of our largest markets (i.e. Belgium, Greece, Romania). While vehicle supply continued to improve towards the end of the year, order banks remain at record levels and will provide an underpin in 2023 as we navigate a changeable economic backdrop. Performance across the halves was broadly consistent in terms of revenue, although some strategic investments (e.g. *bravoauto*) in the second-half resulted in slightly lower margins. In **Africa**, revenue and profit improved in the second-half, supported by higher vehicle volumes and Aftermarket resilience.

Americas revenue grew 60% year-on-year (with new businesses contributing more than 20% to growth), driving adjusted operating profit[1] up 98%. The Americas delivered excellent performance across all major markets, notably in Chile, Columbia and Peru. This was driven by a combination of robust consumer demand and a shortage of vehicle supply which supported pricing and margins, particularly in the first-half. In the second-half, we saw a step-up in revenue owing to higher new and used vehicle volumes. While margins returned to a more normal level (6-6.5%), in line with the improvement in vehicle volumes, overall profitability was broadly evenly split. During the first-half we acquired two distribution businesses (Simpson Motors and Ditec), which we indicated would add an aggregate c.£250m of annualised revenue, and both businesses have contributed meaningfully in 2022. At the end of the fourth quarter we purchased Derco, the largest distributor in Latam, which will provide a step-change to our presence in the region. For more information on the region please visit our website where you can watch a replay of our webinar: *'In the driving seat: Spotlight on Americas'*, outlining our growth to date, strategic priorities and our confidence in the region's growth prospects over the medium and long term.

REGIONAL BREAKDOWN



1. Operating profit and operating margin stated pre adjusting items.

RETAIL

Following a proactive disposal programme, the Retail segment only includes the results of the UK and Poland franchise dealerships and our *bravoauto* business in these markets.

Retail delivered organic revenue growth of 10% and adjusted operating profit[1] rose 34%, resulting in an operating margin of 2.1%. While vehicle supply improved gradually throughout the year (we saw sequentially higher new vehicle volumes every quarter) this lagged demand, which remained solid. We continued to invest in and expand our *bravoauto* business, which is performing as per our plan. As anticipated, our Used car business has started to see profitability normalise, consistent with the reduction in used car prices. We reported an operating margin of 1.5% in the second-half, with the reduction owing to normalising vehicle profitability and our investment in *bravoauto*.

From the start of 2023, in the UK certain manufacturers will change the way they sell new vehicles (choosing to sell directly to consumers via dealer groups), and as such Inchcape will only recognise a handling-fee (not the selling price of the vehicle). The estimated impact of this change on Inchcape's reported Retail revenue is a c.£200m reduction. The impact on operating profit is expected to be negligible.

1. Operating profit and operating margin stated pre adjusting items

REGIONAL BREAKDOWN

● Total Retail (UK & Poland)

Revenue

Adjusted operating profit[1]

Adjusted operating margin[1]

2022: 2.1%
2021: 1.6%

1. Operating profit and operating margin stated pre adjusting items.

Other financial items

Adjusting items: In 2022, we have reported a pre-tax charge of £40m (2021: charge of £100m) in respect of adjusting items. This includes benefits of £20m, following the change from RPI to CPI for pension increases, and £13m in respect of disposal proceeds from Russia. This was offset by £42m relating to acquisition related costs, primarily in relation to the acquisition of the Derco group and a net monetary loss of £30m upon application of hyperinflationary accounting in Ethiopia. Further details can be found in note 2 of the financial statements.

Net financing costs: Reported net finance costs were £67m (2021: £33m). This includes the net monetary loss on adoption of hyperinflationary accounting in Ethiopia of £30m, noted above as an adjusting item. Adjusted net finance costs were £37m (2021: £33m) with the increase versus the prior year due to higher cost of financing. The interest charge is stated on an IFRS 16 basis and excluding interest relating to leases our Reported net finance costs were £57m (2021: £23m). In 2023 the Group anticipates net finance costs of c.£110m, based on prevailing interest rates, with the step-up versus 2022 reflecting higher rates and financing of Derco.

Tax: The effective tax rate for the year is 29.5% (2021: 43.4%), and the underlying effective tax rate on adjusted profit before tax is 26.1% (2021: 25.4%). The increase in the underlying effective tax rate includes the impact of a change in the Group's profit mix resulting in more profit arising in markets with higher corporate tax rates. Following the acquisition of Derco, and reflecting the greater profit contribution from markets with higher corporate tax rates, the Group's underlying effective tax rate is expected to be between 27% and 28%.

Non-controlling interests: Profits attributable to our non-controlling interests were £5m (2021: £5m). The Group's non-controlling interests comprise a 40% holding in PT JLM Auto Indonesia, a 33% share in UAB Vitvela in Lithuania, a 30% share in NBT Brunei, a 30% share in Inchcape JLR Europe, a 30% share in Ditec in Chile, a 10% share of Subaru Australia and 6% of the Motor Engineering Company of Ethiopia.

Dividend: The Board has declared a final ordinary dividend of 21.3p per ordinary share which is subject to the approval of shareholders at the 2023 Annual General Meeting, and if approved will be paid in June 2023. This follows an interim dividend of 7.5p, and takes the total dividend in respect of FY22 to 28.8p. The Dividend Reinvestment Plan is available to ordinary shareholders and the final date for receipt of elections to participate is 26 May 2023.

Capital expenditure: During 2022, the Group incurred net capital expenditure of £59m (2021: £40m), consisting of £69m of capital expenditure (2021: £65m) and £10m of proceeds from the sale of property (2021: £25m). 2022 net capital expenditure includes £2m related to Russia, incurred prior to its disposal. In 2023, we continue to expect net capital expenditure of less than 1% of Group sales.

Financing: As at 31 December 2022, the committed funding facilities of the Group comprised a syndicated revolving credit facility of £700m (2021: £700m), sterling Private Placement loan notes totalling £210m (2021: £210m), a bridge facility of £350m (2021: £nil) and a term facility of £250m (2021: £nil). As at 31 December 2022, the bridge and term facilities were fully drawn and the syndicated revolving credit facility was undrawn (2021: undrawn).

Pensions: As at 31 December 2022, the IAS 19 net post-retirement surplus was £93m (2021: £82m), with the increase driven largely by movements in corporate bond yields over the period affecting the discount rate assumption used to determine the value of scheme liabilities and the pension indexation gain treated as an adjusting item, partially offset by lower than expected returns on scheme assets. In line with the funding programme agreed with the Trustees, the Group made additional cash contributions to the UK pension schemes amounting to £2m (2021: £6m).

Acquisitions: In 2022 the Group continued to further expand its distribution footprint, completing six deals during the year. This includes the acquisitions of Ditec and Simpson Motors in the Americas region during the second quarter, and several new contract wins over the course of the year (Geely in Ecuador, ORA in Hong Kong and Macau, BYD in BeLux). The Group completed its acquisition of Derco on 31 December 2022, resulting in a cash-outflow of £407m and the assumption of Derco's closing net debt (£522m) – which reflects the closing position of the balance sheet upon completion. The purchase price included the issuance of 39 million new Inchcape shares (valued at c.£280m in July 2022 when the transaction terms were agreed). In light of the deal-timing, it was agreed that the pre-completion dividend owed to the Del Río family and the acquisition of minority shareholdings (£270m in total) would occur during 2023.

Discontinued operations: During the year, the Group agreed the sale of its remaining retail-only operations in Russia. In 2022, the operations generated revenue of £237m and operating profit of £21m. This has been classified within discontinued operations. The total loss reported was £241m, where we realised £99m of accumulated foreign exchange losses upon disposal.

VALUE DRIVERS

We provide disclosure on the value drivers behind the Groups gross profit. This includes:

- Gross profit attributable to Vehicles: New Vehicles, Used Vehicles and the associated income from finance and insurance products; and
- Gross profit attributable to Aftersales: Service and Parts

Vehicles

Aftersales

We operate across the automotive value chain, and during the year we generated 33% of gross profit through Aftersales (2021: 35%). In 2019 Aftersales accounted for 39% of Group gross profit. The reduction since 2019 reflects the greater gross profit contribution from vehicles as volumes improved and the benefit from higher vehicle gross margins.

REGIONAL BUSINESS MODELS

DISTRIBUTION

Americas

Country	Brands
Argentina	Subaru, Suzuki
Barbados[1]	Chrysler, Daimler Trucks, Dodge, Freightliner, Fuso, Isuzu, JCB, Jeep, John Deere, Mercedes-Benz, Mitsubishi, Subaru, Suzuki, Western Star
Bolivia	Changan, Chevrolet, JAC Motors, Joylong, Renault, Mazda, Suzuki
Chile	BMW, BMW Motorrad, DFSK, Changan, Geely, Great Wall, Haval, Hino, JAC Motors, Jaguar, Land Rover, Mazda, MINI, Porsche, Renault, Rolls Royce, Subaru, Suzuki, Volvo
Colombia	Citroen, DFSK, Dieci, Doosan, DS Automobiles, Hino, Jaguar, Land Rover, Mack, Mercedes-Benz, Subaru, Suzuki
Costa Rica	Changan, JAC Motors, Suzuki
Ecuador	Freightliner, Geely, Mercedes-Benz, Western Star
El Salvador	Freightliner, Mercedes-Benz, Western Star
Guatemala	Freightliner, Geely, Mercedes-Benz, Western Star
Panama	Suzuki
Peru	BMW, BMW Motorrad, BYD, Changan, Citroen, DFSK, Great Wall, Haval, Hino, Mazda, MINI, Renault, Subaru, Suzuki
Uruguay	Freightliner, Fuso, Mercedes-Benz

1. Distribution agreements for these brands across a range of Caribbean islands, centred on Barbados

APAC

Country	Brands
Brunei	Lexus, Toyota
Guam[2]	BMW, Chevrolet, Freightliner, Hyundai Construction, Kohler, Lexus, New Holland, Toyota, Western Star
Hong Kong	Daihatsu, Hino, Jaguar, Land Rover, Lexus, Maxus, ORA, Toyota
Indonesia	Jaguar, Land Rover
Macau	Daihatsu, Hino, Jaguar, Land Rover, Lexus, ORA, Toyota
Saipan	Toyota
Singapore	Hino, Lexus, Suzuki, Toyota
Thailand	Jaguar, Land Rover
Australia	Citroen, Peugeot, Subaru
New Zealand	Subaru

2. Distribution agreements for these brands across a range of Pacific islands, centred on Guam

Europe & Africa

Country	Brands
Belgium	BYD, Lexus, Toyota
Bulgaria	Lexus, Toyota
Estonia	BMW, BMW Motorrad, Ford, Jaguar, Land Rover, Mazda, MINI
Finland	Jaguar, Land Rover, Mazda
Greece	Lexus, Toyota
Latvia	BMW, BMW Motorrad, Ford, Jaguar, Land Rover, Mazda, MINI
Lithuania	BMW, BMW Motorrad, Ford, Jaguar, Land Rover, Mazda, MINI, Rolls Royce
Luxembourg	BYD, Lexus, Toyota
North Macedonia	Lexus, Toyota
Poland	Jaguar, Land Rover
Romania	Lexus, Toyota
Djibouti	BMW, Komatsu, Toyota
Ethiopia	BMW, Hino, Komatsu, New Holland, Suzuki, Toyota
Kenya	BMW, BMW Motorrad, Jaguar, Land Rover

RETAIL

Country	Brands
Australia[3]	Isuzu Ute, Jeep, Kia, Mitsubishi, Volkswagen
Poland	BMW, BMW Motorrad, MINI
UK	Audi, BMW, Jaguar, Land Rover, Lexus, Mercedes-Benz, MINI, Porsche, Smart, Toyota, Volkswagen

3. Following scale disposal of retail businesses in Australia, retail is no longer reported as a separate segment in APAC.

JAGUAR LAND ROVER

Inchcape and Jaguar Land Rover's partnership is one of long standing, reaching back over 50 years in total. We have continued our JLR growth story right up to the present day, with distribution contracts awarded for Thailand, Colombia, Kenya and Poland in recent years, with the addition of Indonesia in 2021. We now represent Jaguar and Land Rover in 12 markets on four continents.

Locations

Distribution:
Colombia, Estonia, Finland, Hong Kong, Indonesia, Latvia, Lithuania, Kenya, Macau, Poland, Thailand

Retail:
UK

SUZUKI

We have a partnership with Suzuki now extending to 46 years, significantly expanding this relationship in 2018, and adding to our established South America platform with our first move into Central America and then the Caribbean. In 2022 we completed the acquisition of Derco, adding Suzuki to our operations in Chile, Colombia and Peru, and adding Boliva to the portfolio.

Locations
Distribution:
Argentina, Barbados+, Bolivia, Chile, Colombia, Costa Rica, Panama, Peru, Singapore

DRIVING WHAT MATTERS

Being a responsible business is reflective of our purpose and a fundamental part of our strategy, mapping the way Inchcape creates sustainable value for all our stakeholders.

Developing our approach to responsible business is central to our future plans at Inchcape. We know it will provide measurable benefits to Inchcape, bringing us closer to our customers and partners: it will make Inchcape a more rewarding and safer place to work; it will help us recruit, engage and retain the best talent; and it will ensure we remain a trusted partner to the OEMs with whom we work. These elements are fundamental to the successful delivery of our **Accelerate** strategy and to ensuring Inchcape's sustainability for the long-term.

We are united with the interests of all our stakeholders in the need to play our role in making a positive contribution to the communities in which we operate, for our people, for society and for the planet. For Inchcape though, being a responsible business extends into other key areas of our operations where we can make a positive difference to our stakeholders: by improving inclusion and diversity in our organisation, as well as full accessibility for our customers; by ensuring the safety and supporting the health and wellbeing of our employees; and in supporting mobility and economic development in the communities in which we operate.

To deliver this requires us to have a plan that is supported with a robust framework. Our '**Driving What Matters**' plan has been designed collaboratively with our markets, for ownership and delivery by our teams, locally. The plan concentrates on our 4Ps (or pillars) of Responsible Business – **Planet, People, Places**, and **Practices**.

Mindful of the need to reflect the different laws, regulations, and cultures where we operate, we have designed a global framework with workstream charters that local markets use to respond to what is important to meet the needs of their local stakeholders.

PEOPLE

- Inclusion and Diversity
- Safety and Wellbeing
- Talent and Skills

PRACTICES

- Strengthening our governance policies
- Reflecting our position as an international plc

PLACES

- Safe mobility
- Inclusive mobility
- Social mobility

PLANET

- Mapping the risks and opportunities of climate change
- Setting GHG targets
- Reducing waste

People pillar: R U OK Day, September 2022
Inchcape Australia

Places pillar: Movilizando Corazones prosthetics donation programme, Inchcape Colombia

PEOPLE

Our colleagues are at the heart of the People pillar of our 'Driving What Matters' plan, which aims to ensure we have a safe operating environment with an inclusive and diverse culture as well as the best talent and skills to deliver our future success.

Progress highlights in our People pillar during 2022

1. Inclusion & Diversity

- Defined and executed our Global Inclusion & Diversity Framework
- Delivery of our bespoke Inclusive Leadership Programme to all senior leaders globally
- Implemented a global senior recruitment supplier reset on inclusion and diversity
- Provided opportunities for colleagues to share their experiences and learn through our global Inclusion & Diversity awareness days

READ MORE see page 121 for a breakdown of the Group's gender diversity.

2. Safety and Wellbeing

- Launched, promoted and embedded Lifeworks EAP Programme
- Progressed our approach to flexible working across our regions

3. Talent and Skills

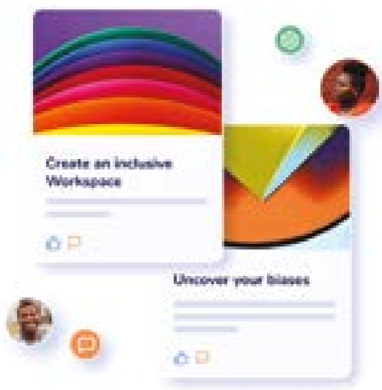
- Launched and embedded our Global Women into Leadership Programme
- All regions provided opportunities for early careers, including graduate, internship, apprenticeship and work experience programmes

"Over the past year we have built the foundations we need to create a culture where people of all backgrounds and experiences can be themselves in a safe environment and become equipped with the skills for today and tomorrow. To do this, we've rolled out programmes, built communities and created opportunities for our colleagues to come together to learn, progress and feel a sense of belonging at Inchcape. Every action that has been taken is linked to a key milestone for our business to ensure our pillar has a meaningful impact for our people.

Colin Christie
MD Australasia and People pillar leader

SPOTLIGHT FOR 2023

INCLUSIVE LEADERSHIP



At the start of 2022 we began our global Inclusive Leadership Programme for all our leadership populations.

The programme has been delivered to our Global Executive Team and top 600 leaders across the business. The programme is designed to enable our leaders to learn more about inclusion and diversity, build trust and psychological safety, involve and integrate diverse perspectives and make demonstrable commitments to grow an inclusive culture within their teams and beyond.

The programme consists of a series of workshops and coaching pods which are supplemented with pre and post session learning and actions. Learning was measured before and after the programme to evaluate its impact and found:

- 76% of leaders reported they now have the tools to check bias and ensure it does not play a role in the decisions they make (increase from 52% pre-programme)
- 92% of leaders reported they now have the skills to encourage team members to discuss inclusion and exclusion experiences (increase from 70% pre-programme)

LIFEWORKS

Over the past year we have embedded our employee assistance programme, LifeWorks, across all our markets to ensure our colleagues have access to support for mental, physical, social and financial wellbeing. Our global celebration of World Mental Health Day 2022 provided an opportunity to further promote LifeWorks and raise awareness, advocate against stigma and take steps to support better mental health for everyone.

All colleagues were invited to a series of LifeWorks webinars showcasing how colleagues and their families can use the platform to better support their lives.

The webinars were hosted by senior leaders who openly shared their experience of mental health and wellbeing and engaged over 1,150 colleagues across all regions.

Team leaders were provided with toolkits to share more about LifeWorks and an opportunity to check-in and talk with their teams about overall wellbeing. A total of 360 talks took place involving approximately 12,000 colleagues.

WOMEN INTO LEADERSHIP

The Women into Leadership Programme was developed in 2021 to provide continuous opportunity for professional and personal growth of Inchcape's female talent. This global programme is sponsored at an executive level by Ruslan Kinebas (CEO, APAC). Since the programme inception, six cohorts have launched covering all geographic regions, with 45 women completing the pilot programme in 2021 and a further 45 women completing the 2022 programme. **20% of our 2021 Women into Leadership cohorts have been promoted since their programme completion in March 2022.**

Guest speakers are a key feature of the programme and include women from our two most senior leadership levels. Also incorporated into the 2022 Programme is an introduction to Inchcape's female Plc Board Non-Executive Directors who share their life and career experiences and top tips.

Mentoring was also added to the 2022 programme, following feedback from the previous cohorts about the desire to 'pay it forward' and the value that mentoring can bring. The 2021 pilot cohorts have now become mentors to current programme participants.

PRACTICES

As a global business we have huge opportunities, but also a great sense of our responsibilities. Being an ethical organisation depends on everyone and at Inchcape we will continue to update and strengthen our practices to ensure our colleagues always do what is right.

Progress highlights in our Practices pillar during 2022

1. Codes of Conduct

- We have refreshed and translated the employee Code of Conduct, and retrained all our people
- A Supplier Code of Conduct was introduced, communicated internally and to our suppliers, and hosted on inchcape.com

2. Framework for Reporting

- We have updated external reporting statements on Anti-Money Laundering, Anti-Bribery & Corruption and Anti-Trust/ Competition policies on inchcape.com, in the Annual Report and on our employee intranet

3. Whistleblowing

- We refreshed the communication of our whistleblowing contact channel, Speak Up!
- We are committed to completing all investigations and communicate the results within three months, reporting the number of cases quarterly to our regional leadership

4. Policies

- Group policies have been translated into local languages and made available on the intranet
- Policy Principles established to support consistency in creation of both global and local policies

"We operate in over 40 markets worldwide, most of which have their own regulations, different tax regimes and varying levels of corporate governance. Our aim is to respect all the national jurisdictions in which we operate while, of course, applying our own controls and the rules that govern Inchcape globally as a UK-based multi-national plc. The Practices pillar seeks to strengthen our policies and codes of conduct so they reflect our position as an organisation with world-class standards. At the same time, we seek to guide and protect our people to ensure they know how to do business ethically and responsibly, whatever role they play in Inchcape's success.

Rodrigo Schmidt
Legal & Regulatory Compliance Director, Inchcape Americas and Practices pillar leader

PLACES

At Inchcape we want to make a positive contribution to the communities in which we operate, and the Places pillar focuses on improving mobility and quality of life in the communities in which we operate by working in three areas.

Progress highlights in our Places pillar during 2022

1. Safe Mobility

Group-wide safe driving awareness and training initiatives have been introduced for employees, alongside market-level road safety agency partnerships targeting employees, customers and public on safe use of roads. These include

- BMW Driving Academy in Europe and the Americas
- Primary student education on road safety in Greece
- Partnerships with government institutions to deliver driver training in Colombia
- Partnerships with Singapore Road Safety Council and Australian Road Safety Foundation

2. Inclusive Mobility

We are supporting and sponsoring initiatives in several markets to enable physical mobility and better access for people living with disabilities, including

- Partnerships with prosthetic limb solutions for amputees in Europe with Prosfit, and the Americas with the Fundafe Foundation
- In Australia, sponsors of the Lifeline Mobile Cafe for mental health services and crisis support
- Supply of retrofitted transport solution for the disabled with TOUCH Community Services

3. Social Mobility

We provide local NGOs with sponsorship of transport for families and communities in need, and build partnerships with educational institutions to support underprivileged and underrepresented groups

- Focus on women technician training programme in Colombia
- UK and Hong Kong programmes to support food banks and 'meals on wheels' for underprivileged families during cost of living crisis

“In Safe Mobility, Inchcape promotes the safe use of roads with the objective of becoming a strong and visible advocate for reduced road accidents and deaths across all markets in which we operate. In inclusive mobility, we support people with disabilities to access appropriate mobility solutions to improve their quality of life. And, in social mobility, we develop local projects and initiatives that support and enable equality of opportunity for young people; for example through internship, apprenticeship, technical education and female education. Our responsible business plan would not be complete without considering our contribution to our communities.

Julian Martini
Head of Group HR and
Places pillar leader

INCHCAPE TALENT HOTBED

Colombia's Digital Delivery Center's Outreach Initiative

Inchcape's Digital Delivery Center Colombia established a programme to provide opportunities for women and people with disabilities, as under-represented groups in digital and tech roles, to access technological training. The six week programme is dedicated to providing free software development training, financial aid and the opportunity to join the business after completion. The aim of the programme is to contribute to the academic and professional development in Colombia, partner with foundations focused on women and people with disabilities and create a sustainable approach to attracting diverse communities into the business.

Throughout 2022, 27 people have graduated from the programme, 22 of which were women (with one cohort solely focused on female talent). 22 participants have been recruited back into the business full-time and 16 of these people are women.

PLANET

As a company, we are aware both of the impact our industry has upon the environment and also the likely impact of climate change upon our business. Within the planet pillar, we are working on both of those areas.

Progress highlights in our Planet pillar during 2022

1. Understanding, reporting and acting upon climate change risks and opportunities

- We have undertaken a Group-wide exercise to understand our climate change risks and opportunities
- We quantified the potential impacts of our most important risks to incorporate into our financial planning
- We are now reporting in line with requirements of the Task Force on Climate Related Financial Disclosure (TCFD) in our Annual Report (see pages 44 to 54)

2. Scope 1 and 2 greenhouse gas emissions

- We have set science-based targets for scopes one and two with the aim of halving emissions by 2030 and achieving net zero by 2040
- We have switched to renewable sources of electricity in UK, Australia and most of Europe
- We have reduced our scope one and two emissions by 19,996 tCO_2e against our 2019 baseline (unrevised)

3. Addressing our value chain GHG emissions

- We have completed mapping our value chain emissions which provides the baseline for us to address our scope three emissions and use our influence, where we can, to help to reduce them

"When we think about the Planet pillar, we are mostly thinking about climate change. This is by far the most urgent and important environmental challenge that we face both as a business and as a society. Understanding climate change risks and opportunities means that we can be well prepared for them and this gives confidence to our stakeholders that we can rise to the challenges presented by climate change. Our journey to become a Responsible Business is well underway, and the Planet pillar is key to our strategy.

Mike Bowers
Group General Counsel and Chief Sustainability Officer

MERCEDES-BENZ

Since signing our first distribution contracts with Mercedes-Benz in 2019 in Uruguay and Ecuador, in January 2020 we became the distributor for Mercedes-Benz passenger vehicles in Colombia. We have since continued our consolidation and are now Mercedes' number one distribution partner in Latin America.

Locations
Distribution:
Barbados+, Colombia, Ecuador, El Salvador, Guam+, Guatemala, Uruguay

Retail:
UK

MOBILISING OUR BUSINESS IN RESPONSE TO CLIMATE CHANGE

We recognise that climate change is seriously affecting our planet. As the planet continues to warm it will have consequences for how, and where, we do business. As we take actions to combat the most serious effects of climate change, we will encounter new risks and opportunities as a result. In this section, we set out how we are responding to the urgent and important issue of climate change.

Our response to climate change comprises three pillars:

- understanding, reporting and acting upon our climate change risks and opportunities (CROs);
- reducing our Scope 1 and Scope 2 greenhouse gas emissions; and
- addressing our value chain (Scope 3) greenhouse gas emissions.

Understanding, reporting and acting upon our CROs

Our stakeholders depend upon us to understand how man-made climate change, and the efforts of society to limit the effects of that climate change, will affect our business. In 2021, we undertook a comprehensive exercise to identify our most important CROs under a range of different scenarios. This year, we have built upon that work and sought to quantify the potential impacts of our five most significant CROs under a 1.5°C warming and 4°C warming scenario. The results of that analysis are set out on pages 50 to 51. We have embedded the outputs from that analysis into our strategic planning and financial forecasting and identified a series of mitigation and adaptation measures to address each CRO.

Reducing our Scope 1 and Scope 2 greenhouse gas emissions

We have set a target to reduce our Scope 1 and Scope 2 emissions by 46% by 2030 with 2019 as the baseline year. This is consistent with a 1.5°C warming world under the Science Based Targets initiative. Our aim, consistent with our Accelerate strategy, is to be the lowest carbon route to market for our OEM partners.

During the year, we have made good progress in reducing our Scope 1 and Scope 2 emissions by switching to renewable sources of electricity, investing in on-site renewables and reducing our energy usage. We provide more details on page 53.

Addressing our value chain (Scope 3) greenhouse gas emissions

In 2022, we established our Scope 3 GHG footprint. This has enabled us to understand the principal sources of our Scope 3 emissions and, therefore, what we can do to reduce those emissions. We believe that no-one is better placed than Inchcape to help our OEM partners make the transition to a low carbon future and we will take three sets of actions:

- reduce those emissions within our direct control as quickly as possible;
- seize opportunities to partner with OEMs that are able to offer our customers lower emissions vehicles; and
- support our customers, teams and OEM partners in making the transition.

In line with the UK Listing Rules, we confirm that the disclosures included in the 2022 Annual Report and Accounts are consistent with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). This section contains the relevant disclosures or otherwise provides cross-references where the disclosures are located elsewhere in the report.

This year, our disclosure is consistent with the TCFD recommendations except for the disclosure of an Internal Carbon Price (ICP), which we explain in the metrics and targets section on page 54. We have also not quantified the potential financial impact for Risk 4 and Opportunities 1 & 2 in this disclosure because the data is not yet sufficiently robust enough. We have therefore concluded that such analysis would not lead to better informed decision making at this stage, but we expect to build on these strong foundations in future disclosures

GOVERNANCE

Board's oversight of climate related risks and opportunities

This year, the Board has specifically considered two areas of focus. First, it has considered the work undertaken to quantify the Group's principal CROs. The Board will further consider this analysis in the context of its strategy discussions in 2023. Second, the Board has reviewed the assessment of the Group's Scope 3 footprint and the actions that we can take to reduce that footprint. In each case, the Board has been supported by external specialists with appropriate levels of experience and expertise. Further, as climate change becomes ever more relevant, it permeates an increasing number of Board conversations. For example, when considering a new OEM partnership, or an acquisition opportunity, the Board will consider how the OEM or business in question is equipped to manage the transition to a low carbon economy.

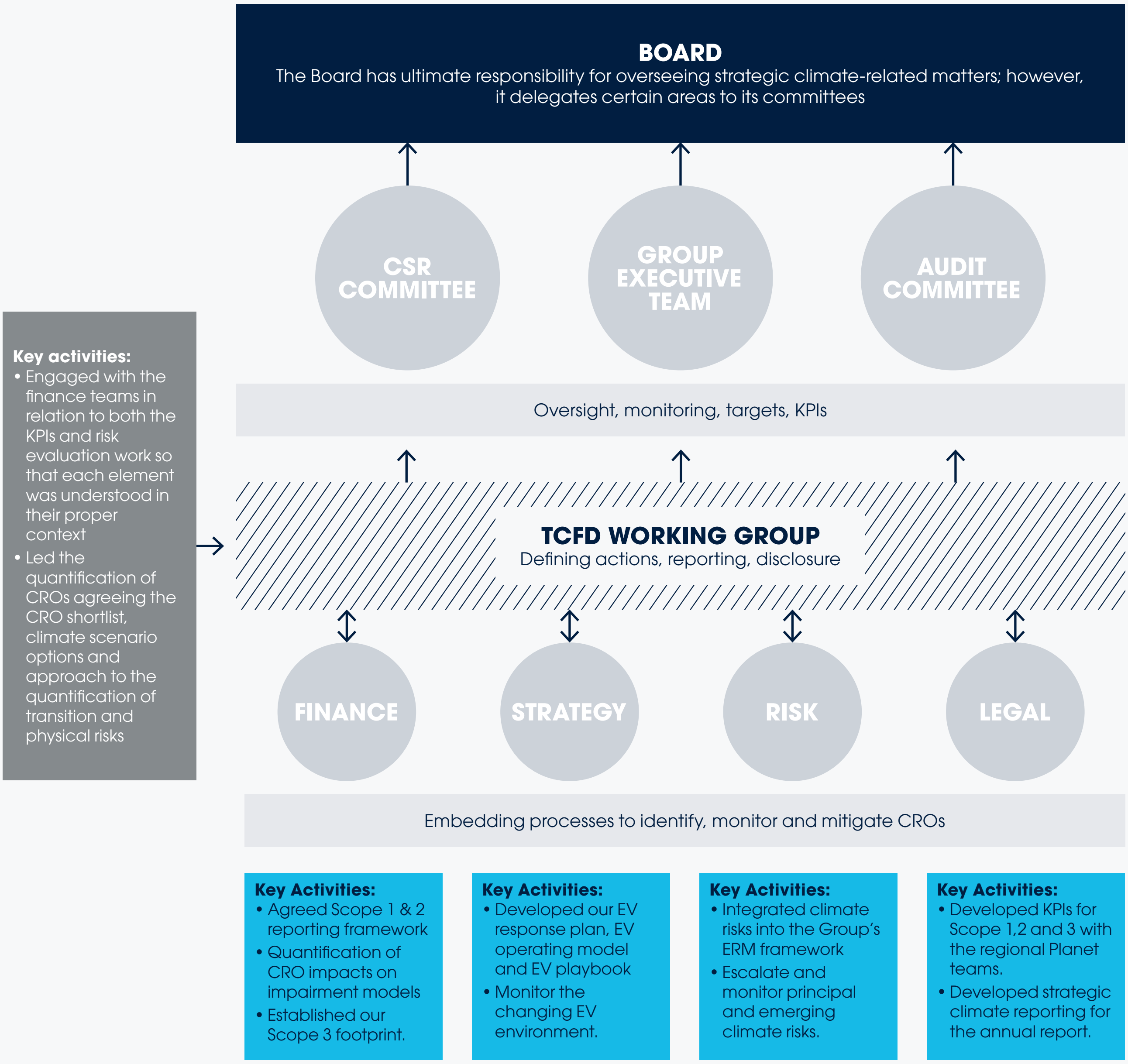
Other climate-related issues considered by the Board during the year include the:

- EV response strategy which has been developed for the APAC region. This will inform the development of a Group-wide EV response strategy;
- EV safety impact requirements which have been developed to build on industry and OEM advice; and
- material climate-related risks and opportunities which are incorporated into the list of principal risks and the emerging climate related risks.

Role of the Committees in assessing climate change impacts

The Board delegates the oversight of certain aspects of climate change to its Committees. Where climate-related issues have been considered at Committee level, updates are given to the full Board following each meeting.

GOVERNANCE FRAMEWORK



The CSR Committee considers climate change at each meeting, usually three each year, as part of its oversight of the Planet workstream. Please see pages 94 to 95 for further details.

The Audit Committee reviews the impact of climate change when considering significant accounting judgements, the viability of the Group, and during its assessment of the Group's significant and emerging risks. Please see pages 88 to 93 for further details. The Board and the Committees delegate responsibility for assessing and monitoring climate-related risks to the Group Executive Team (GET), which is chaired by the Group CEO.

Management's role in assessing and managing risks and opportunities

The GET analysed the CRO quantification and Scope 3 footprint prior to the findings being presented to the CSR Committee and Board, in addition, the GET also considered climate-related issues as part of the following discussions:

- design of strategy – considering our strategic choices through a climate change lens;
- implementation of Risk Management framework – related oversight of how climate-related risks are being continually assessed at regional level;
- financial planning – impact of climate on future cash flows and impairment;
- business development – assessment of current and future OEM partners' new energy vehicle line up and market infrastructure;
- customers – considering the changing consumers preferences and needs both for product and purchasing process;

- legal/regulatory framework – assessment of governments making commitments to reduce carbon emissions in markets where we operate; and
- investor relations – consideration of climate change impacts on access to capital.

The GET monitors the Group's approach to climate through each of these areas and reviews progress against any targets set such as carbon emissions reduction. All updates are discussed and considered by the GET to enable them to develop understanding of the issues and provide input before papers are submitted to the Board and its committees for their review.

Duncan Tait, Group Chief Executive, is the Board Director with ultimate responsibility for climate change related issues, with support from the GET. Mike Bowers, Group General Counsel and Planet Workstream lead has been appointed Chief Sustainability Officer and is the GET member responsible for climate change related issues.

The TCFD Working Group (TCFD Group) meets on a quarterly basis and comprises the Group General Counsel, Group Company Secretary, Group Financial Controller, Head of Internal Audit and Risk Manager. Its remit is to monitor governance around CROs, continuing identification and verification of CROs, and ensuring the CROs are considered in context of strategy and financial performance. The TCFD Group agrees action plans to improve disclosure under each of the recommended areas with progress tracked at each meeting.

STRATEGY AND RISK MANAGEMENT

Strategy introduction

Climate-related risks and opportunities are an integral consideration when developing and setting our strategic direction. We recognise that there are risks and opportunities from a low carbon transition that feed into our strategic planning and understand that climate change has a very real impact on the communities and livelihoods of our customers. Therefore, we are using our position to enable and deliver on a low carbon transition, which will build resilience in our business and protect our planet. A core element of our strategy is the deployment of Electric Vehicles (EVs), which underpins our core business model and is fundamental to the long-term sustainability of the business.

Identification of CROs affecting the Accelerate strategy

In 2021 we undertook a full value chain analysis at a business unit level and in 2022 our markets completed a risk questionnaire every six months, which considers new legislation, OEM ambitions, competitor capabilities and the market EV status. Key exposures are reviewed by conducting workshops and interviews with a range of stakeholders across strategy, finance and risk management.

IDENTIFICATION AND ASSESSMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

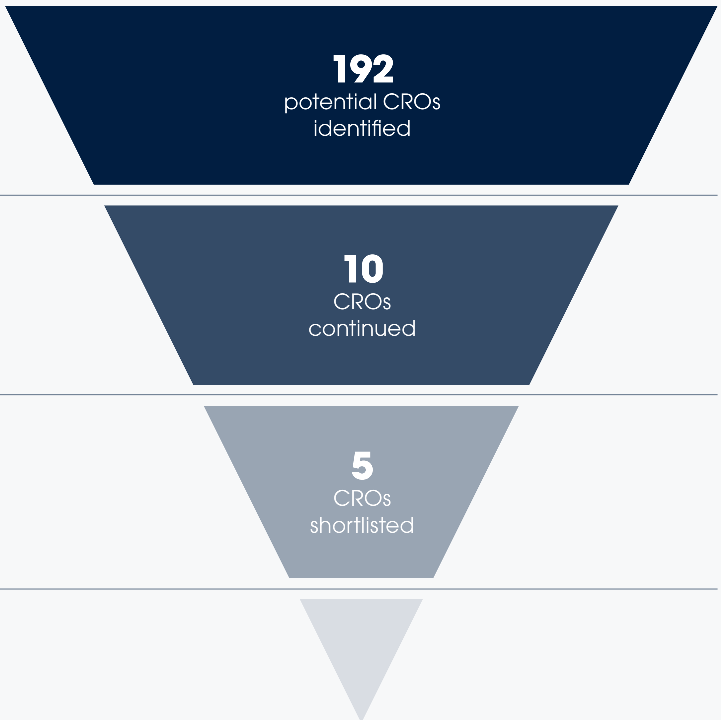
1 Identification
In 2021 we undertook a CRO exercise consisting of a top-down by group,and bottom-up by each business unit, exercise to identify potential climate risks in our business and value chain.

2 Assessment
We assessed our long list of CROs to develop a shortlist to focus on and explore through scenario analysis. Each risk and opportunity is qualitatively rated for likelihood, velocity and potential impact.

3 Prioritisation
Using the outputs of our assessment we shortlisted our CROs for quantified scenario analysis. This process concluded that some CROs have a low financial impact and other can be combined with adjacent risks.

4 Quantified financial impact
Explored through scenario analysis.

Find out more
on page 50



We have evaluated the implications of climate risks and opportunities across the following time periods:

- Short term (up to 2025): a three-year period aligns with our viability assessment and incorporates the actions needed to achieve our short-term targets.
- Medium-term (up to 2030): up to 2030 is chosen to align with our interim climate-related targets.
- Long term (2030-2050): aligns with our long-term climate-related targets.

Transition risks are viewed as risks associated with changes to the way markets operate that may result from regulation or consumer habits as we transition to a low carbon economy.

Physical risks are the exposure of our assets or value chain to physical hazards caused by the effects of climate change.

Transition risks are the most material climate-related issue to our business. We identify these risks and opportunities through:

- regulatory horizon scanning, senior leadership and their teams are accountable for identifying regulatory risk and incorporating these into the existing risk register; and
- assessment of key external forces such as market, technology, and political and social trends that could affect the business or our reputation. Our strategy team specifically recognises climate change as an external force linked to market and technology risks.

Our exposure to physical risk is identified and monitored through our scenario analysis. We assess the impact of six different acute hazards against our assets out to 2050. We screened our site for insured value, stock value and exposure to physical hazards using climate models.

Summary of Inchcape's CROs
The table on pages 50 to 51 sets out the five prioritised CROs affecting the Accelerate strategy.

We have disclosed the financial impact, up to 2030, of our CROs as low, medium and high impact, which is aligned to our risk rating criteria as defined by our risk management framework.

We have not specifically quantified the long-term impacts of EV transition due to the inherent uncertainty of the extent of the CRO.

In comparison, data sets and assumptions for carbon taxes and physical risks are more readily available so have been disclosed to 2050.

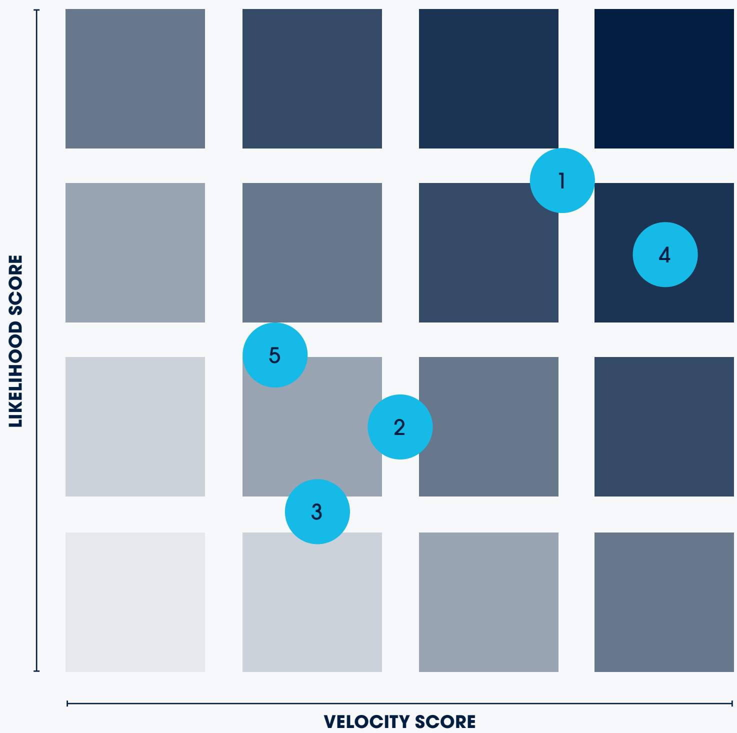
COMPARATIVE IMPORTANCE OF RISKS

Likelihood
To assess the likelihood of a CRO, we considered the alignment between the outcome under a 1.5°C scenario, 4°C scenario and current policies. Each risk is then categorised as very high, high, medium or low.

Velocity
Our assessment at the time in which the exposure to each CRO is expected. The purpose of this measure is to assess how fast external pressures are changing. Velocity was assessed across the defined short, medium and long-term horizons

Potential impact
The potential impact was determined which qualitatively categorised CROs and considered technology trends, supply/demand projections, impact to revenue and impact to our cost base.

Risks
1. Misalignment
2. Aftersales
3. Carbon tax
4. Margin pressure
5. Physical risks



Risk management process
Our organisation manages and monitors CROs through both a top-down and bottom-up process. For each risk our markets consider the impact and risk appetite to determine the target risk level. To achieve this, they provide their strategic response for mitigation and adaptation to each risk. On a quarterly basis our risk management team holds a risk review with each market to understand their risks, monitor movements and determine if risks are pervasive across markets, which may require aggregation of risk impacts. We then overlay how climate change will affect the risk. Our risk thresholds are defined by geography (market, region and Group) or strategic importance (project, programme and portfolio). Risks are categorised dependent on their impact, considering more than just financial risk and each criteria overlaps so risks are escalated/ demoted accordingly.

The Group defines our risk appetites as risk-averse, risk tolerant and risk seeking. The appetite for each specific risk is decided by the Group. For more detail see page 61.

To monitor and manage risks, each risk is assigned a risk owner and action owners. The risk owner is accountable for the risk and holds action owners to account for progressing actions that move the risk to its target level. For further information please see the Risk Management report on pages 59 to 66.

SCENARIO ANALYSIS
We employ climate scenario analysis to help understand the potential financial impacts to our business, in its current state, from our short-listed CROs under two scenarios. Our 1.5°C scenario is characterised by accelerated intervention and is used to assess our exposure to higher impacts from a transition to a low carbon economy. Our 4°C scenario assumes greater impacts from physical risks. Combining the outputs of both will inform the key areas where our response must focus. Please see the below table which outlines our scenario assumptions.

SCENARIOS			
IPCC RCP 2.6	IEA NZE	NGFS Net Zero	IPCC RCP 8.5
1.5°C aligned • Higher transition risk • Lower physical risks • Strong government intervention.	**1.5°C aligned** • Additionally to RCP 2.6, includes a granular accelerated EV transition.	**1.5°C aligned** • Additionally to RCP 2.6, includes a disorderly and orderly carbon price assumptions.	**4°C aligned** • Low government intervention • BAU emission increases • Lower transition risks • Higher physical risks.

Key: IEA NZE: International Energy Agency Net Zero, NGFS Net Zero: Network for greening the financial system, IPCC: Intergovernmental Panel on Climate Change RPC: Representative Concentration Pathway

The IEA NZE scenario was selected due to the additional detail specific to the transport sector. This granularity is critical because the transition from ICE to EVs is significant to our business. The NGFS Net Zero scenario was used to assess our exposure to carbon taxes because it includes regional carbon prices which vary significantly across our markets. It enables comparison between orderly and disorderly scenarios using the same sources, and there is transparency over the key policy changes that drive modelling assumptions. Further details of the NGFS Net Zero scenarios are publicly available.

Scope of analysis
Transition risks
To scope markets for our analysis we set a financial threshold for coverage. We included the markets with a significant contribution to our operating profit until we had coverage which was >70% of overall operating profit. This helped us filter markets and compare the relativity of these financial impacts.

CROs were assessed at either:

- a market-level and aggregated up to determine the financial exposure; or
- due to data constraints, we assessed the risk exposure at a global level.

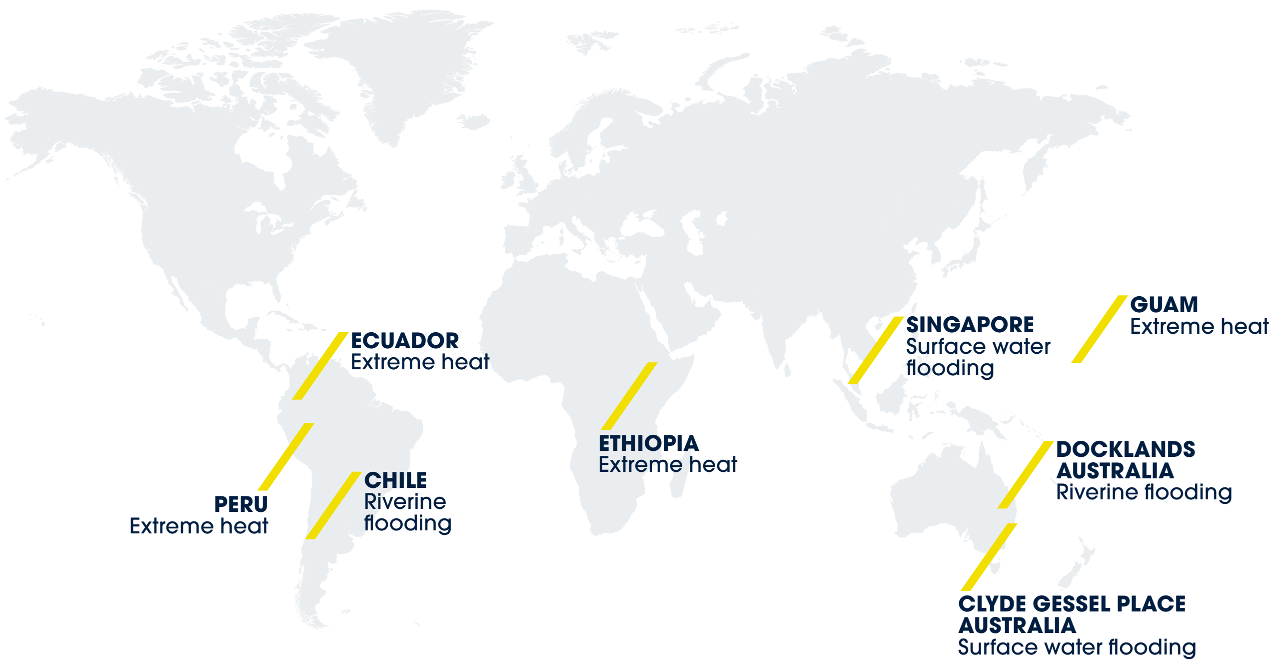
We are taking steps to enable detailed quantification in future reporting.

Climate risk	Level of granularity	Markets included
Misalignment	Market-level (>10% of operating profit by market coverage in scope)	Australia, Belgium, Chile, Hong Kong, Luxembourg, Singapore, and UK
Aftersales	Global-level	A shift from conventional ICE to BEV could potentially develop new aftersales services specifically targeted for BEV. Despite uncertainty over how new revenue streams could evolve over time, our analysis showed potential cashflows are expected to be more significant for BEV than for ICE vehicles due to additional weight and cost of electric components, albeit less regular in occurrence.
Carbon tax	Market-level	All markets
Margin pressure		

BEV (Battery Electric Vehicles)
ICE (Internal Combustion Engine)

Physical risks
Physical risk analysis considered the impact of six key acute hazards, including coastal inundation, surface water flooding, riverine flooding, extreme wind, forest fire and extreme heat. A screening of 590 sites by hazard type, insured value, stock value and gross profit was completed to determine those sites that are financially significant. The screening filtered the sites down to 23. For these sites we investigated the likelihood and severity of each hazard to provide an overview of the potential asset and stock value at risk, and the impact to operations.

The map below identifies the most material sites and the relative exposure under the RCP 8.5 pathway, which represents a high emissions scenario, exceeding 4°C.



RISKS

Risk Description	Summary	Scenario	Financial impact Short	Med	Long	Strategic response and resiliency	Measurement
1 Misalignment between OEM and markets on BEVs leads to market share decline	Misalignment between the speed at which our OEM partners transition their model line-up to BEVs and the pace of adoption in the markets in which we operate. This misalignment may mean that we lose market share. Analysis showed the risk of misalignment is greatest in the short to medium term in the APAC region but is expected to disappear by 2050.	IEA NZE 1.5°C	Med	High	N/A	As part of our broader strategy, our ambition is to form new partnerships with pure EV entrants to expand our OEM portfolio. We have taken proactive steps in 2022 to achieve this by partnering with OEMs such as BYD and Ora. This will help offset any potential misalignment identified with our current portfolio. We are actively taking measures to facilitate the EV transition through: • providing consumers with the option of a BEV alternative for every ICE model; • facilitating EV charging through product packages to enable customers to switch to EVs; • providing consumers knowledge of quantified carbon footprint savings for choosing BEV.	Metric: NEV sales as a % of new vehicle sales Sensitivity: % Revenue CAGR % Gross margin % Long-term growth rate
		4°C	Low	Low			
2 Reduction in aftersales revenue for BEVs	Due to a reduced number of moving parts in a BEV compared to an ICE vehicle we may experience a reduction in revenue generated from the existing aftersales services we offer around repair, maintenance and replacement of parts. Our analysis indicated this may affect our retail businesses more than our distribution businesses.	IEA NZE 1.5°C	Low	Low	N/A	The low-impact outcome from this risk is largely driven by the relatively low global BEV volume in comparison to ICE in 2030 in a 1.5°C scenario. However, this exposure may affect us in the long term as global BEV volumes increase. Therefore, we are considering an expansion of our proposition for aftersales services to include new BEV-specific services. Potential services could include battery diagnostics and transportation for end-of-life (EoL) batteries. These additional services could help offset any potential impact to revenue reduction from aftersales services.	Metric: % of AFS revenue attributable to NEV Sensitivity: % Revenue CAGR % Gross margin % Long-term growth rate
		4°C	Low	Low			
3 Carbon tax costs	Governments are likely to use carbon taxation as a mechanism to decarbonise the economy. Despite expected variation in carbon tax policy across countries we anticipate carbon taxation will affect all markets. We analysed this risk across our Scope 1 and 2 emissions.	NGFS 1.5°C orderly	Low	Med	High	Our analysis considers our targets and presents reduced impact if we take action. Based on these findings we are actively implementing decarbonisation levers across Scope 1 and 2 to ensure we meet our interim target of 46% reduction by 2030 and net zero by 2040. This includes switching to renewable electricity supply and installation of solar panels at our larger sites. Our strategy acknowledges a faster decarbonisation can help avoid the risk of high carbon tax costs.	Metric: Scope 1 & 2 absolute Sensitivity: % Revenue CAGR % Gross margin
		NGFS 1.5°C dis-orderly	Med	High	High		
		4°C	Low	Low	Low		
4 Transition to BEVs leads to pressure on distributor margins	An accelerated EV transition could affect certain cost drivers for our OEM partners until cost parity is reached between BEVs and ICE vehicles, which in turn could lead to potential downwards pressure. on distributor margins. However, where there is the potential for current prices to be maintained for BEV vehicles, the impact on gross margins can be mitigated or maintained	IEA NZE 1.5°C	N/A	N/A	N/A	Our analysis indicates that the impacts of margin pressure may be offset due to the disparity of price between BEVs and ICE vehicles. We actively monitor margins at the market level and our Accelerate Strategy is designed to address this risk by providing a compelling offering to our OEM partners (Distribution Excellence), capturing additional vehicle profit pools (Vehicle Lifecycle Services) and enabling expansion into new, margin-accretive markets through M&A. We have not quantified the potential impact as the data is not sufficiently robust, and therefore we concluded that such analysis would not lead to better informed decision making.	Metric: Gross margin Sensitivity: % Average gross margin
		4°C	N/A	N/A	N/A		
5 Physical risk – direct impact to property and inventories from extreme weather events	Exposure to climate-related physical risks can expose our property and inventory to potential damage. It can also lead to business interruption at our sites causing lost revenue. Our 590 sites were screened against six acute physical hazards. We then calculated our exposure for our 23 most material sites.	RCP 2.6 1.5°C	Low	Low	Low	Our analysis showed low impacts across our physical assets with the highest risk exposure from surface water floods in Singapore. However, this resulted in low impact due to the low financial significance and existing insurance policies in place to mitigate the risk. To mitigate risk for future sites from new acquisitions. We will include physical risk assessments in our consideration of organic and inorganic growth opportunities	Metric: % sites at risk from physical hazards Sensitivity: % Revenue CAGR
		4°C	Low	Low	Low		

OPPORTUNITIES

Opportunity Description	Summary	Scenario	Financial impact Short	Med	Long	Strategic response and resiliency	Measurements
1 Alignment between OEM and markets on EVs leads to market share increase	In markets where there is a rapid shift towards EVs, there is potential to capture market share where supply of EVs from our OEM partners keeps pace with BEV adoption rates. In a 1.5°C scenario, the accelerated EV transition increases this potential opportunity, with our analysis showing this opportunity is most significant in the near-term where the disparity between different levels of EV supply from OEMs is greatest.	IEA NZE 1.5°C	N/A	N/A	N/A	As part of our broader strategy, our ambition is to consider forming new partnerships with pure EV entrants to add to our OEM portfolio. We have not quantified the overall opportunity from alignment due to a lack of robust data, however we assess the financial opportunity presented from new OEM partnerships within specific markets on a case by case basis.	Metric: NEV sales as a % of new vehicle sales Sensitivity: % Revenue CAGR % Gross margin % Long-term growth rate
		4°C	N/A	N/A			
2 Increase in aftersales revenue for BEV	A shift from conventional ICE to BEV could potentially develop new aftersales services specifically targeted for BEV. Despite uncertainty over how new revenue streams could evolve over time, our analysis showed potential cash flows are expected to be more significant for BEV than for ICE vehicles due to additional weight and cost of electric components, albeit less regular in occurrence.	IEA NZE 1.5°C	N/A	N/A	N/A	We are facilitating the choice of a BEV among consumers in our retail business by increasing consumer knowledge of the benefits of BEVs and expanding our aftersales services to facilitate BEV adoption for the customer. The potential size of opportunity has not been quantified due to a lack of robust data and significant uncertainties in how the aftersales market could evolve. However work is ongoing to consider how we can expand our aftersales proposition with new BEV-specific services and we will continue to monitor changes to aftersales market dynamics.	Metric: % of AFS revenue attributable to NEV Sensitivity: % Revenue CAGR % Gross margin % Long-term growth rate
		4°C	N/A	N/A			

The sensitivities applicable to each of the risks and opportunities can be found on page 169 (note 11) of this report

Key:

Distribution Excellence

Vehicle Lifecycle Services

Financial impact key:

Low impact: impact to revenue <£100m

Medium impact: impact to revenue £100m – £200m

High impact: impact to revenue >£200m

Estimates for the potential financial impact of climate risks are indicative at this stage, with significant uncertainties in their underlying assumptions. We aim to build on this analysis going forwards, improving on the robustness of data and assumptions where available. The likelihood of all risks manifesting concurrently is very low, so the aggregation of potential impacts would represent an extremely unlikely scenario

ACCELERATING CHANGE: OUR PLAN TO TRANSITION

The TCFD recommends that companies design and disclose a transition plan that sets out the key steps to deliver on their targets. Throughout the year we have deepened our understanding of the climate risks and opportunities that affect our business and we recognise the need to act now. During 2022, we have built a plan to reduce GHG emissions supported by short, medium, and long-term actions.

Our transition plan is commensurate with our Accelerate Strategy and describes how we will transition and continue to grow a sustainable and climate resilient business. Our Accelerate strategy relies upon two strategic growth drivers; Distribution Excellence, and Vehicle Lifecycle Services. Within Distribution Excellence, our OEM partners recognise the need to transition and are looking for partners to support them on their journey. Our plan:

- targets decarbonisation of our operations to become our OEM partners' lowest carbon route to market; and
- looks for ways to help our OEM partners achieve a faster and more robust transition to lower emission vehicles.

Our approach to our different sources of emissions

Our emissions are split across Scopes 1, 2 and 3, which can be further divided into direct (within our control) or indirect (limited control). Initially, we are prioritising those areas over which we have direct control, and those areas in which we can partner with our industry to drive decarbonisation.

Direct control over Inchcape's emissions

We have direct control across our Scope 1, 2 and a small portion of our Scope 3 emission categories, e.g. waste and business travel. For these areas we are taking direct action to reduce our emissions so that we can facilitate a faster transition and be our OEMs' lowest carbon route to market. We have set targets across our Scope 1 and 2 GHG emissions using the SBTi methodology. We are committed to a 46% reduction in absolute scope one and two emissions from our 2019 footprint (adjusted for disposals) by 2030 and to achieve Net Zero by 2040. This is aligned with a 1.5° C temperature pathway scenario.

We are going to achieve these targets through meeting recently developed executive level objectives related to our climate strategy. For example, our regional CEOs have been assigned energy intensity reduction targets of 5% year on year. We have taken steps to reduce our Scope 1 and 2 emissions footprint which has decreased by 24% from the 2019 revised baseline. Our case studies and Planet section outline a selection of our emission reduction initiatives, such as **producing our own power** and **switching to renewable energy sources**. In 2023, in the Americas, we are rolling out 15 projects related to Scope 1 and 2 emissions including solar panel installations, replacement of vehicle fleets to PHEVs/BEVs, and controlling our fossil fuel consumption. For Scope 3, the Americas are also initiating three projects related to waste, recycling, and water reduction consumption.

Indirect control – transitioning with partners

A significant portion of our emissions come from the use of the products we sell and the goods and services we purchase – these emissions require collaboration with our OEM partners. This year we mapped our indicative emissions trajectory to 2030 using OEM partner targets (based on currently published OEM plans) to understand expected changes in our emissions profile over time. We have considered this trajectory in the context of science-based target requirements. The results suggested that OEM decarbonisation activities are not expected to yield the necessary emissions reductions required to meet our potential science-based targets on either an absolute or intensity basis. The key challenges identified in our emissions profile to 2030 can be summarised as follows:

- absolute emissions for passenger vehicles are expected to remain relatively stable post 2023, with organic vehicle volumes growth largely offsetting emissions intensity improvements from BEV uptake and grid decarbonisation;
- our HGV sales are a significant driver of emissions, and of growth in emissions; and
- the methodology used by the Science Based Targets initiative to set targets for our OEM partners, who are categorised as part of the transport category, differs from that applied to Inchcape which falls under the consumer-retail category.

We plan to further our work with various stakeholders to develop potential frameworks for target setting and will review our plans on an ongoing basis. However the Board has agreed on the following actions for 2023:

- **Develop and grow our BEV vehicle offerings within our portfolio**: ICE vehicles have been central to road transport for many years. However, new technology is needed to decarbonise the sector. BEVs provide an alternative means of power that is not contingent on burning fossil fuels, but dependent on the supply of electricity. The emissions intensity of BEV vehicles will also fall as economies and power grids decarbonise. So, while BEVs are not a perfect solution for low carbon transport today, they do offer an alternative form of transport that can be decarbonised in line with national energy supply. By embracing the BEV transition, and increasing our revenue from BEVs, we also reduce our portfolio average emissions intensity per unit sold – as compared with our portfolio today. We will also continue to monitor our OEM targets and achievements of those targets over time. We will measure progress of our BEV transition by tracking the percentage of NEVs sold (refer to the table on page 54).
- **Support our customers, teams and OEM partners on the transition**: As our sector undergoes unprecedented disruption from the EV transition, we are developing new solutions for our customers. One of our short-term objectives is to support customers and our sales teams to overcome obstacles in BEV adoption, such as charging solutions, range anxiety, affordability and lack of familiarity with the product. We are educating our sales teams and customers so that we can offer a BEV product when it is right for the customer. When our local sales teams engage with customers, we are seeing positive outcomes for the customer and our business – see educating customers about electric vehicle alternatives on page 53. To address short-term affordability concerns, we will seek to develop financing solutions for customers purchasing BEVs that are competitive with the purchase of ICE vehicles.
- **Understand what would be required for us to set an SBT:** Investigate the identified methodology disparities to setting Scope 3 science based targets.

HOW WE ARE DRIVING ACTION TO REDUCE EMISSIONS

EDUCATING CUSTOMERS ABOUT ELECTRIC VEHICLE ALTERNATIVES

At the beginning of 2021 our BMW Poland stores launched an initiative to offer an EV alternative to each customer who comes to the dealership to view new vehicles. The initiative was instigated to access new profit pools in line with OEM priorities and to reduce the impact on the planet. Upskilling and educating our teams has been advantageous in positioning our brand and helping employees understand the benefits of EVs. Customers to whom we show a new perspective appreciate one key thing: they see that we are looking for solutions and offer products that they have not thought about before.

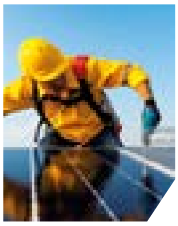
A SWITCH TO RENEWABLE ENERGY SOURCES

50.3%
sites switched to renewable suppliers

As of 2022, our electricity supply has been sourced through 100% renewable contracts for our sites across Australia and the UK, and most of Europe, saving as much as 9,000 tonnes of CO_2e emissions each year. We have switched 50.3% of our sites to renewable suppliers; our long-term goal is to switch to renewable energy in as many regions where options allow. In regions where switching to renewable energy is limited we are investing in increasing energy efficiency through installation of LED lighting and switching company fleets to low emission vehicles.

PRODUCING OUR OWN POWER

24
sites across the UK with rooftop solar PV systems



We are actively investing to reduce our Scope 2 emissions through on-site renewable generation and have begun to roll out solar photovoltaic (PV) systems across our sites. We trialled the installation of PV systems across three of our UK sites and experienced significant savings in grid energy usage. We now have 24 sites across the UK with rooftop solar PV systems that have the ability to generate 4.5 MWh of power and save around 35% off our energy bills. We anticipate higher cost savings because of higher energy prices. A small example to show how we are building a resilient business for the future while doing some good for the planet.

PARTNERSHIPS TO DRIVE E-MOBILITY

10%
of all parking spaces to have charging points

Borneo Motors Singapore (BMS) has announced a partnership with Singapore Power Group (SP) to develop an electric vehicle (EV) sharing programme in the upcoming Tengah New Town. The programme is expected to begin in July 2023. BMS will supply vehicles to the scheme while SP plans to install charging points in 10% of all parking spaces. Both BMS and SP will use the programme to collect and analyse data on a range of factors such as driving patterns, electrified vehicle consumption patterns and electrified vehicle preferences. This will enable us to better understand user behaviour and anticipate evolving demands to optimise future e-mobility programmes.

METRICS AND TARGETS

In 2021 we established our GHG reduction target, to reduce our Scope 1 and 2 emissions by 46% by 2030. This year we have made substantial progress to improve the maturity of our climate data and have undertaken detailed analysis to understand our exposure to CROs, which informed the development of our strategic response. When developing our response, we have identified the metrics to measure our progress; with these metrics we can determine the time frames that are achievable for our business and then identify appropriate targets. Improving the quality of our data and quantifying our CROs has enabled us to assess possible transition pathways that will support us to set targets and outline the time frame to deliver on our response. We aim to disclose this in our next reporting year.

Our direction of travel is clear in our strategy and the Group uses a variety of metrics to measure the current and potential impact of our climate related risks and opportunities, including GHG emissions and business specific metrics. Our metrics are laid out across the seven cross-industry metric categories defined by the TCFD and 2022 is the first year of reporting. During 2023 we will be exploring options for a physical risk metric and internal carbon pricing.

Table identifying key metrics, targets and dates used to measure progress against the transition plan

Metric category	Status	Metric	FY22 actual	Objective
GHG emissions	Metric in place	Total emissions (tCO_2e)	218,517	To track the reduction in our emissions, improvements in our energy efficiency and generation of our own renewable power
	Metric in place	% of sites at 100% renewable electricity	50.3%	
	Metric in place	Energy intensity by revenue (tCO_2e/£m)	26.9	
Physical risk	No metric in place	We do not have physical risk metric in place		
Capital deployment	Metric in place	% of capex towards climate initiatives	10.8%	To demonstrate the level of investment we are committing towards climate to achieve our strategy
Remuneration	Metric in place	Scope 1 and 2 emissions (tCO_2e)	30,805	Incentivising leadership to deliver emissions reductions
Transition risk	Metric in place	% of NEV sold	1.8%	-% of NEV sold
Opportunities	Metric in place	% of NEV sold	1.8%	-% of NEV sold
Internal carbon pricing	No metric in place	We do not have an internal carbon pricing in place		

Key ■ Metric in place ■ No metric in place

All data is market-based.

GHG emissions

Direct GHG emissions are from our operations through combustion of fuels (Scope 1). We also purchase energy from the grid (Scope 2) and have indirect GHG emissions throughout the value chain mainly because of our purchase of goods, consumer use of vehicles and transportation, which together make up more than 95% of our total Scope 3 emissions.

We are acting across all three Scopes and working closely with our partners to reduce GHG emissions for our business, our customers and our value chain. Please see pages 119 to 120 for our Streamline Energy and Carbon Emission reporting (SECR). We report our GHG emissions according to the Greenhouse Gas Protocol, published by the WBCSD and the WRI.

We also disclose our energy intensity per square foot. This metric measures our energy efficiency and will track the impact of our energy saving initiatives. We chose to do this as we recognise that until the grid consists of 100% low carbon energy supply, the renewable energy we purchase reduces the renewable energy remaining on the grid for other users and may not have the decarbonisation effect at an economy level.

REDUCTION TARGETS FOR SCOPE 1 AND 2

Year	Scope 1 and 2 emissions (tCO_2e)
2019 (baseline)	50,801
2019 (revised baseline*)	40,598
2021	32,949
2022	30,805
Target	27,331

* reflects relevant disposals and data rectification

All data is market-based.

SCOPE 3 FOOTPRINT

We have calculated the Group's Scope 3 emissions profile for the 2019 baseline, the vast majority of which are directly related to our OEM partners activities and account for 99.97% of our total emissions footprint at a total of 18.7m tCO_2e.

BMW GROUP

Our partnership with BMW Group is over 30 years strong and has been a key focus for consolidated growth, especially in the Baltic region where we now represent the brand in all three countries: Estonia, Latvia and Lithuania. In 2020 we were awarded the Distribution contracts for MINI in Chile and for MINI and BMW Motorrad (the brand's motorcycle division) in Peru, consolidating our position in those markets. As well as holding Distribution contracts in South America, we also have significant retail operations of BMW Group's brands in UK and Poland.

Locations
Distribution:
Chile, Estonia, Guam, Kenya, Latvia, Lithuania, Peru

Retail:
Poland, UK

NON-FINANCIAL INFORMATION STATEMENT

ENVIRONMENTAL MATTERS

Environmental matters are considered as part of the Planet pillar of the Driving What Matters plan.

- Our Health and Safety (H&S) framework is designed to ensure employees comply with relevant environmental legislation.
- The Group has set science based targets for Scope 1 and 2 emissions. Each region has developed its own policies in order to achieve these targets.
- Energy efficiency policies are also implemented at local level.

The Planet Charter is set out on page 42 and manages climate-related issues, carbon performance metrics and responsible resource use. Our policies are designed to help us pursue activities that influence us and our suppliers to reduce their carbon footprints.

EMPLOYEES

We aim to ensure we have a safe operating environment with an inclusive and diverse culture and the best talent and skills for our future success.

- Our I&D framework demonstrates our commitment to helping address the barriers preventing full participation for marginalised groups.
- Our H&S framework is designed to protect the health and safety of employees.
- Our Code of Conduct provides guidance on the ethical behaviour we expect from all employees.
- Our Whistleblowing Policy provides guidance to employees to raise concerns without fear of reprisal.

Our People Charter is stated on page 38 focusing on health and safety, training, culture, reward, and I&D. All employee related policies were reviewed and updated where necessary during 2022.

HUMAN RIGHTS

We embrace, support and respect the human rights of everyone we work with and we comply with appropriate human rights legislation in the countries in which we operate.

- Employment policies are implemented at local level and are designed to protect employees' human rights.
- Our Modern Slavery statement describes the actions taken in respect of our supply chain.

Our policies set out our commitment to human rights and the steps taken to assess the risk of slavery.

Modern slavery training is rolled out to those employees whose roles and remit require additional focus in this area.

Our Modern Slavery statement is available at www.inchcape.com reinforcing an ethical business culture.

Policy implementation

To ensure effective implementation of our policies we communicate clearly through employee induction, the Group-wide intranet, updates and briefings and via the Practices pillar of our Driving What Matters plan.

The Board and Group Executive Team review certain policies on an annual basis, such as our Tax Strategy Policy, Risk Policy, and Delegated Authorities Policy. Other polices are overseen at regional and local level by the subsidiary management teams.

Non-financial information

People	Practices	Places	Planet
Where to find more information			
Responsible Business framework – pages 38 to 39 **CSR Committee Report** – pages 94 to 95 **Directors' Report** – pages 118 to 121	**Responsible Business framework** – page 40 **Risk Management Report** – pages 59 to 67 **Audit Committee Report** – pages 88 to 93	**Responsible Business framework**– page 41	**Responsible Business framework**– page 42 **TCFD** – pages 44 to 54 **Risk Management Report** – pages 59 to 66 **Directors' Report** – pages 119 to 120

The non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 are addressed in this section and by means of cross reference. The Group's business model is given on pages 2 to 4. The Group's KPIs are stated on pages 26 and 27. Principal risks are given on pages 61 to 66.

SOCIAL MATTERS

Social matters cover a vast range of potential issues including responsible business policies. Our policies set out our commitment to high social standards and the requirements for our supply chain. We have in place the following Group-wide policies:

- Tax strategy.
- Data protection/data privacy.
- Competition/anti-trust.
- Privacy policy.
- Conflicts of interest policy.

The Group's tax strategy is available at www.inchcape.com

We do not have a global policy covering community matters as any initiatives are championed at local level. Social matters form part of the Places pillar of our Driving What Matters plan.

Our Places Charter is set out on page 41 outlining sustainable procurement, responsible approach to tax, and supporting vulnerable customers.

ANTI-BRIBERY AND CORRUPTION

It is important that the Group operates to high ethical standards and complies with all applicable laws. Employees and supply chain partners are made aware of the Group's strategy and how their behaviours affect delivery and they are expected to work in line with the Group's values.

To support this the Group has in place the following policy statements which detail the expected conduct of our employees and supply chain:

- Anti-bribery and corruption.
- Anti-money laundering.

The policy statements are available at www.inchcape.com and set out the risk assessment, procedures, due diligence, communications, and monitoring involved from any instances of bribery, corruption, or fraud being reported. The findings of any investigations are then reported to the Audit Committee.

Code of Conduct training is rolled out to all employees, and bespoke training, such as anti-bribery and corruption, anti-tax evasion facilitation, and modern slavery is delivered to those employees whose roles and remit require additional focus and expertise in these areas.

The Internal Audit function monitors policy implementation. Our whistleblowing helpline, Speak Up!, enables employees to raise concerns confidentially and without fear of reprisal, including non-compliance with policies and procedures.

Code of Conduct

The Group's Code of Conduct reflects our Accelerate strategy and Driving What Matters plan by setting out the behaviours and conduct expected from all employees and contains ethical decision-making guidance highlighted through 'Live It' examples.

It is available in 18 languages and is accompanied by an online training module. All employees are expected to complete the training every two years, in addition to an annual re-attestation confirming they are aware of and fully understand the Code. New joiners are expected to complete the Code of Conduct training within four weeks of joining the business. Where employees do not have access to a computer, they are made aware of the Code through various non-digital means.

It is important to the Board to maintain a reputation for high standards of business conduct and a separate Supplier Code of Conduct sets out the behaviours we expect from our suppliers. The Supplier Code of Conduct aligns with the Group's policy statements on anti-bribery and corruption and modern slavery, providing a strong governance framework in which to do business.

READ MORE Both Codes of Conduct are available at www.inchcape.com.

SUBARU

Inchcape's distribution partnership with Subaru is one of the most important in our portfolio and an example of the close collaboration between the Group and our brand partners. We distribute and operate the brand in Australia, maintaining Subaru's highest share globally in that market. Subaru was the OEM brand central to our first significant expansion in South America in 2016 which has helped to create a platform for further growth in the region.

Locations
Distribution:
Argentina, Australia, Chile, Colombia, New Zealand, Peru

SUBARU

ACCELERATING RISK MANAGEMENT

Well-managed risk-taking lies at the heart of our ambition to be the undisputed number one distribution partner for automotive manufacturers, the employer of choice for current and future employees and the stock of choice for our investors.

In the last year, the Group's risk landscape has continued to be challenged by a number of issues including declining macro-economic conditions, geo-political unrest, continued supply chain disruption and electric vehicle (EV) supply and demand issues. Throughout these challenges, we remained focused on the delivery of our business transformation agenda and managing the associated risks while continuing to successfully embed, enhance and mature the overall risk management framework into the wider business.

In delivering our Accelerate strategy we have made several significant investments in new businesses during 2022, our most recent and significant to date being the acquisition of Derco. The combination of our two businesses brings the opportunity to create better value and more efficient routes to market within the Americas for our OEM partners and drive revenue and customer satisfaction. The enlarged business will also expose the Group to new risk factors. 2023 will see harmonisation of risk management practices for the expanded Americas region to ensure we remain focused on the risks that matter in delivering our integration plans and synergies while ensuring a fit-for-future operational framework to deliver the priorities for the region.

APPROACH TO RISK MANAGEMENT AND INTERNAL CONTROL

Our approach to risk management is clearly integrated within our decision making. It has been designed to ensure we assess the risks we need to take in order to remain successful and to grow, and we use the available evidence to manage those risks as effectively as possible. Effective risk management is therefore essential to executing our Accelerate strategy and achieving sustainable shareholder value.

We believe that effective risk management starts with the right conversations to drive better business decisions. Our primary focus is to identify and embed mitigating actions for significant risks that could affect our current or future performance, and/or our reputation. Our risk management efforts aim to be holistic and integrated, bringing together risk management, internal controls, and responsible business, ensuring that our activities across this agenda focus on the risks that could have the greatest impact.

Inchcape deploys three lines of defence to manage risk which is overseen by the Board and its Committees. Accountability for managing risk is, however, fully embedded across our business. Each region and function undertakes quarterly risk assessments, establishes mitigation plans and monitors risk on a continual basis. These risks are consolidated into our Group's principal risks, emerging risks and risk appetite and are reviewed by the Group Executive Team and Board twice per year. The effectiveness of the risk management and internal control systems are reviewed at least annually by the Audit Committee.

CLIMATE CHANGE RISKS AND OPPORTUNITIES

Critical success factors for our business are becoming the lowest carbon route to market for our OEM partners and for our stakeholders to have confidence we are here for the long term. Understanding, reporting, and acting responsibly upon our climate related risks and opportunities is our goal to ensuring the environmental sustainability of our operations and to manage any potential climate change impacts on our business and performance.

The Group's responsible business agenda is fully aligned to the above and requires the effective identification and management of our climate related risks and opportunities (CROs). 2022 saw our CRO management strengthen, and we have integrated the identification of CROs into our risk management programme and will continue to embed and mature the methodology going forward. Through this process we have affirmed that our key CROs are appropriately linked to several of our principal risks.

'EV transition' (see Risk L) remains a moderate risk to the Group as we continue to seek alignment between the supply of electric vehicles and changing market conditions. The changing market conditions combined with our OEMs' transition to electrified drivetrains are putting pressure on margins. This 'margin pressure' (see Risk G) could lead to new routes to market or new business models with lower margins.

The Group's Accelerate strategy has been designed to address these issues. However, potential new and external emerging risk factors relating to the availability, sustainability and ethical sourcing of rare earth materials used in the production of EV batteries remain and, in some cases, have been exacerbated by the macro events of 2022. High energy costs, the ability for electrical grids to answer spikes in demand, and the high costs at charging points might make other powertrains more cost-effective. These emerging risks form part of our 'watch list'.

Climate change is also increasing potential physical risks, such as intense flooding, severe storms and heat stress. A Group-wide business continuity strategy has been designed to address these should they eventuate.

RISK MANAGEMENT FRAMEWORK

BOARD, AUDIT COMMITTEE AND GROUP EXECUTIVE TEAM

Sets strategy; sets risk appetite; reviews principal and emerging risks twice per year; reviews system of risk management and internal control.

RISK, CONTROL AND ASSURANCE DATA

1ST LINE

- Front line business operations.
- Implements strategy, policies, procedures and controls.
- Primary responsibility for risk identification and assessment.
- Manages risks on a day-to-day basis.

2ND LINE

- Corporate functions.
- Sets policies and procedures.
- Monitors risks and controls.
- Oversees risk improvement programmes.

3RD LINE

- Independent assurance.
- Tests the design and effectiveness of policies, procedures and controls implemented by the 1st and 2nd lines.

During 2022, the Board, Audit Committee and Group Executive Team reviewed the following topics relating to the Group's principal risks:

	Board	**Audit Committee**	**Group Executive Team**
Q1	Cyber; Legal and regulatory risks; and Viability: financial impacts of distribution agreements	Internal controls (financial reporting, fraud, technology systems risks)	M&A integration; People (talent review) and culture; Principal and emerging risks; and Strategy: M&A, Distribution Excellence, Vehicle Lifecycle Services
Q2	Strategy: disruptive trends and EV transition	Cyber security; and Internal controls (financial reporting, fraud, technology systems risks)	Digital and Global Business Services programme; Finance and insurance; People (talent review) and culture; Planet; Principal and emerging risks; and Regulatory compliance
Q3	Financial forecasts: supply chain disruption; and Health, safety and environment	Internal controls (financial reporting, fraud, technology systems risks)	Cyber security; Health, safety and environment; People (talent review) and culture; Principal and emerging risks; and Strategy: agency, EV, OEMs, and route to market
Q4	CROs quantification and Scope 3 footprint; Principal and emerging risks; Risk appetite; and Strategy: M&A programme delivery	Cyber security; Internal controls (financial reporting, fraud, technology systems risks); and Risk management effectiveness	CRO quantification and Scope 3 footprint; Principal and emerging risks; and Risk appetite

PRINCIPAL RISKS

The Group's principal risks are summarised in the heatmap below. Increases or decreases are based on business assessments of risk trends, rather than direct comparisons to previous risk scores. Risks are shown on a 'net' basis, taking into account existing mitigation measures. No risks were removed from the list of principal risks during 2022. One new risk was added during 2022 relating to macro-economic conditions (cost inflation and economic slowdown).

Risk appetite

Risk appetite is the level of risk Inchcape is willing to accept in pursuit of achieving its objectives. It is a cornerstone of the Group's approach to risk management and is determined by the Board. This definition provides direction to all areas of the Group on acceptable levels of risk and where further remediation is required to reduce the risk to acceptable levels. The Board has considered its risk appetite in relation to the Group's principal risks in July and November 2022. Risks were allocated to one of three acceptable levels of exposure (aligned to the risk heatmap), indicating tolerable levels of risk:

Higher appetite for risk

We are prepared to (or may have to) accept elevated levels of risk exposure (even after mitigation is applied). We will tolerate these risks being in the upper dark blue area of the heatmap.

A – Cyber security incident
B – Supply chain disruption
C – Covid-19
M – Acquisition ROI

Medium appetite for risk

We are prepared to accept moderate levels of risk in this area (after mitigation is applied). We aim to keep these risks in the mid-blue area of the heatmap. We will take action to reduce risk levels if they are above the mid-grey area of the heatmap.

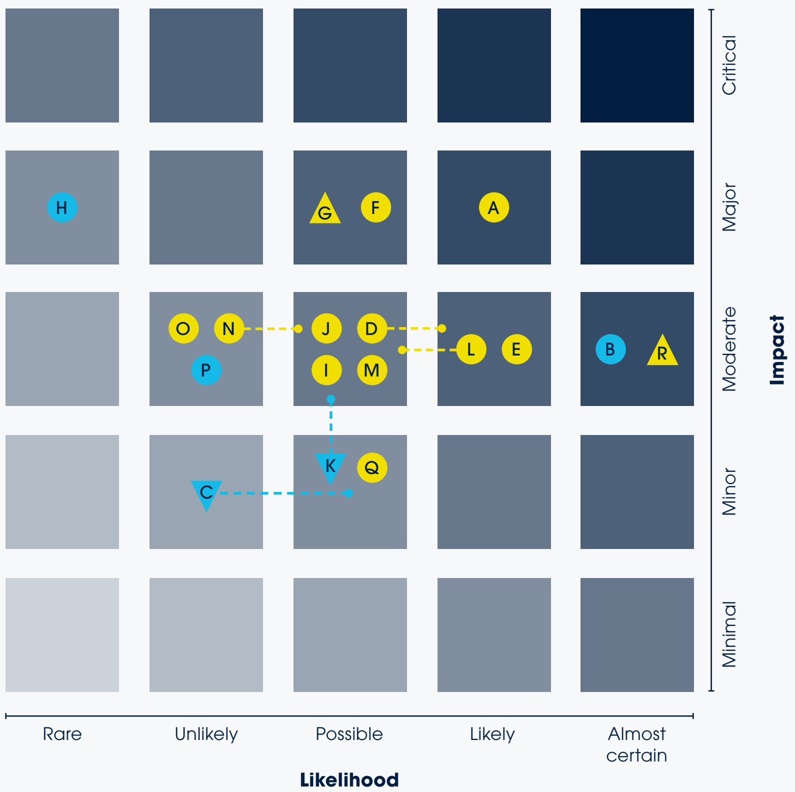
D – People: engagement, retention
E – Political risk/social unrest
G – Margin pressure
H – OEM: loss of distribution contract
I – Change delivery
J – People: future skills
K – New market entrants: new business models or technology
L – EV transition risks
N – Loss of technology systems
P – Foreign exchange volatility
R – Macro-economic conditions

Low appetite for risk

We have little appetite for risk exposure in these areas. We aim to keep these risks no higher that the lower light-grey area of the heatmap. We will take action to reduce risk levels if they are above the light-grey area.

F – HSE: health, safety or environmental incident
O – Financial reporting, fraud
Q – Legal and regulatory compliance

HEATMAP OF PRINCIPAL RISKS



RISKS TO OPERATIONAL EXCELLENCE

A	Cyber security incident
B	Supply chain disruption
C	Covid-19
E	Political risk/social unrest
F	HSE: health, safety or environmental incident
O	Financial reporting, fraud
N	Loss of technology systems
Q	Legal and regulatory compliance
P	Foreign exchange volatility
R	Macro-economic conditions: (cost inflation, economic slowdown)

RISKS TO STRATEGIC GROWTH

D	People: engagement, retention
G	Margin pressure (changing route to market, incentives)
H	OEM: loss of distribution contract
I	Change delivery (benefits on time, to budget)
J	People: future skills
K	New market entrants: new business models or technology
L	EV transition risks
M	Acquisition ROI

Key: No new or additional action; risk accepted at current level — New or additional action required and started — Increasing — Decreasing — Movement to next category — Climate

PRINCIPAL RISKS

Of the principal risks assessed, the following have the highest relative impact or likelihood scores and are assessed as the most significant 'net' risks, after mitigation has been applied.

A) CYBER SECURITY INCIDENT

Development of new technology platforms and digital capabilities form an integral part of our Accelerate strategy. These initiatives continue to be delivered at pace and benefits are already being realised by the business. However, the continued digitalisation of our business also increases the likelihood of cyber attacks, which, if successful, could result in confidential data being compromised, significant business disruption, reputational damage and/or financial loss.

Mitigating actions

- Multi-year security improvement programme underway as an integral component of Accelerate.
- Existing cyber security measures, including policy, asset management, risk assessment, access control, protective technologies, DR plans.

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Major	**Likely**	↔

B) SUPPLY CHAIN DISRUPTION

Disruption to product availability has continued across the business throughout 2022 and has primarily been driven by the lack of timely, cost effective, sustainable and successful procurement of essential components and rare earth minerals required in the vehicle manufacturing process. The impacts of these shortages include reduction in distribution volumes, a shortage of vehicles for sale as well as delays or cancellations of customer orders. This risk is expected to continue well into 2023 and beyond and is being mitigated by sales and operations planning, inventory optimisation and effective margin management.

Mitigating actions

- Close management and monitoring of margins.
- OEM portfolio management and close liaison with our OEM partners.
- Sales and operation planning procedures.
- Inventory management and planning processes.

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Moderate	**Almost certain**	↔

F) HSE: HEALTH, SAFETY OR ENVIRONMENTAL INCIDENT

The business includes the operation of vehicles, machinery and other manual activities, resulting in a risk of serious injury or fatality to our colleagues. Additionally, the use and disposal of harmful substances and chemicals poses a risk to the environment and colleagues. The Group is aware of the impacts that remote working, transformation project pressures and organisational restructuring could have on the mental and physical wellbeing of our colleagues. The Group has implemented a wide variety of mitigations to reduce harm to our colleagues and the environment through initiatives that provide appropriate support and training to colleagues.

Mitigating actions

- Ongoing implementation of HSE programmes.
- Monitoring of HSE function, including tracking of KPIs and action plans
- Roll-out of executive due diligence programme.
- Mandatory Annual HSE training.
- Regular review of performance by GET and Board.
- Evaluation and remediation of risks related to EVs underway.

Overall HSE business performance is on track with a variety of Group-wide and regional specific action plans in place to further enhance the procedures and culture throughout Inchcape.

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Major	**Possible**	↔

G) MARGIN PRESSURE

Our OEM partners continue to innovate and develop new ranges of EVs in response to climate change. Currently, EVs carry increased R&D and production costs and thus may offer decreased margins comparative to internal combustion engines (ICE). However, the Group's view is that over time, as the technology and production capability and capacity relating to EVs matures, margins in the medium-term will normalise.

Mitigating actions

The Group's refreshed strategy, Accelerate, is designed to address this risk in three ways:

- through a compelling offering to our OEM partners known as Distribution Excellence by transforming the route to market via the development of a consistent, technologically advanced, low-cost, low-carbon distribution and retail offering;
- through Vehicle Lifecycle Services – enabling the Group to capture new sources of value throughout the vehicle and customer lifetime, as well as exploring new EV-related profit pools; and
- through expanded M&A, enabling our growth into new, margin-accretive markets and with potentially new OEM partners.

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Major	**Possible**	↑

R) MACRO-ECONOMIC CONDITIONS

Geopolitical uncertainties, supply chain disruption, risk of high inflation, and risk of recession, are likely to lead to a global economic slowdown and reduced consumer confidence and demand. Additionally, increasing interest rates might make financing for new cars less affordable and slow down sales.

Mitigating actions

- Management and monitoring of cost base.
- Financial budgeting and forecasting.
- Cash flow and margin management.
- Review potential cost base efficiencies.
- Maintaining and increasing our geographic diversification as well as our diversified OEM portfolio (OEM origin, segments, positioning and more).

Risk level with current mitigation

Impact:	Likelihood:	Trend:
Moderate	**Almost certain**	↑

OTHER PRINCIPAL RISKS

The following principal risks were also identified:

Ref #	Risk title		Description and impact	Trend	Key mitigating actions
C	**Covid-19 pandemic**	DRE, VLS, M&A	The materiality of this risk has reduced significantly as markets continue to lift restrictions. The risk remains on the profile due to China's recent rapid lifting of its restrictions which have resulted in a surge of infections that could affect global supply chains. The re-emergence of the new variants in markets is unpredictable, and may lead to a subsequent delayed economic recovery. Although restrictions are being lifted across the globe, a worsening situation may again affect the Group's global trading performance and cash flows. It may lead to increased pressure on margins; reduced capital availability for both the Company and for our customers; and supply chain interruptions.	↓	The range of local market measures that were introduced at the start of the pandemic remain ready and available for use in the event of changing levels of infection and trading restrictions. This includes but is not limited to: • The formation of dedicated pandemic response teams; • Measures at all sites to reduce infection risk; • Working from home rules; • A wellbeing programme to support colleagues through the pandemic and increased frequency of employee surveys and customer communications; • Enhanced monitoring of working capital; • Delayed discretionary spend where needed to reflect market conditions; and • Accelerated roll out of digital trading capabilities.
D	**People: engagement and retention**	DRE, VLS, M&A	Following the global pandemic and the business transformation underway, there is a risk of increased wellbeing issues (driven by workload and working arrangements) and of 'change fatigue'. As economies return to growth, there will be increased competition for key skills. Key skills are increasingly in demand as economies return to growth.	↓	• Employee experience surveys followed by analysis and action planning at senior management level. • Employee wellbeing frameworks, programmes and support. • Enhanced career development programmes and talent reviews. • Reformed change management and retention initiatives. • Pay and reward reviews and benchmarking.
E	**Political risk/ social unrest**	DRE, VLS, M&A	The Group operates in markets where there may be greater volatility in the political, economic and social environment, for example in, and adjacent, to: Ethiopia, Hong Kong, and Latin America. This may threaten the safety of our employees and disrupt business operations.	↔	• Close monitoring of political situation in higher-risk markets. • Business continuity planning. • Collaboration with OEM partners on stock allocation flexibility. • Expansion of digital trading capabilities.
H	**Loss of Distribution Contract**		The Group has individual distribution contracts, several of which have been in place for many years. The loss of such contracts would have a significant impact on revenue and profit, as well as future growth opportunities. The cancellation of a number of smaller contracts at the same time could have a similar impact.	↔	The Group's current strategy, Accelerate, is designed to mitigate this risk in the following ways: • through a compelling offering to our OEM partners known as Distribution Excellence; • through Vehicle Lifecycle Services which enables us to capture more value from the vehicle lifecycle while reducing dependency on specific contracts; and • maintaining and increasing (through M&A) our geographic diversification as well as our diversified OEM portfolio (OEM origin, segments, positioning).
I	**Change delivery**	DRE, VLS, M&A	Success of the Group's strategic transformation priorities are dependent on the delivery of a number of key enabling programmes. There is a risk that we lack the capacity and risk mitigation to deliver on these key enabling programmes on time, with quality, within budget while realising the expected benefits.	↔	• Oversight by the Group's Transformation Committee, supported by Portfolio Management tool to track status. • Ongoing reviews and reprioritisation of initiatives to ensure focus on strategic imperatives. • Risk and issue management. • Oversight by Steering Committees and reporting to senior management.
J	**People: future skills**	DRE, VLS, M&A	As we continue our business transformation journey, we will require appropriate new skills and capabilities. These new skills and capabilities relate particularly to change management, leadership skills, used car retailing, digital marketing, M&A and data analytics. The demand for these skills is high across many industries thus impacting our ability recruit and retain talent.	↔	• Development of in-house capability (Digital Delivery Centres). • Strategic resource planning and recruitment. • Training and development programmes, e.g. digital academies. • Salary benchmarking. • Company profile and branding.

Ref #	Risk title		Description and impact	Trend	Key mitigating actions
K	**New market entrants**	DRE	There is a risk that new or existing competitors may enter our markets with new business models and/or new technology which could result in a decline in revenue or a gradual reduction of margins. Examples include the growth of direct online retail, subscription/rental models, mobility solutions or combined EV and charging packages.	↓	• Existing value proposition: digitilisation and enhanced omni-channel offering. • Monitoring of competitor activity. • Brand profile and service levels. • Diversification of brand relationships, geographies and revenue streams.
L	**EV transition**	DRE	There is a risk of lost market share due to misalignment between market uptake of EVs driven by new or changing legislation or tax incentives and OEM EV supply. Risk that we do not develop optimum operating models relating to EV demand and supply in various markets as not achieving optimum ROI on EV related investments.	↑	• Monitoring of emerging EV-related legislation in each market. • Close liaison with OEMs to understand their ambitions and feedback on the EV readiness of individual markets. • Brand diversification – contracts with new OEM partners. • Market-level risk assessment of EV infrastructure, legislative plans; OEM partner and competitive capability. • Strong relationship and regular communication to ensure optimal EV allocation from our OEM partners. • Reposition the brand in the market to mitigate risk.
M	**Acquisition ROI**	M&A	Inorganic growth continues to underpin the significant role in growing the Group's profit before tax. As we continue to accelerate M&A activity, we recognise the risk of failure to optimise value creation and ROI targets through effective integration of new acquisitions into the Group.	↔	• Pipeline of opportunities. • Experienced M&A teams at Group and in Regions. • M&A playbook. • Integration playbook. • Post-merger reviews and audits. • Board review of larger transactions.
N	**Loss of technology systems (non-cyber)**	DRE, VLS, M&A	The Group is dependent on a range of complex and diverse technology systems. There is a risk that we do not have timely or reliable access to such business-critical information or information systems. This could be due to issues such as systems outages, software glitches, hardware failure, system complexity and capacity or ineffective change management.	↓	• Consolidation of existing systems into SaaS with availability service level agreements continues. • Cloud-hosting, physical and technical security in place with active system monitoring. • Incident management, disaster recovery and continuity plans. • Back-up and restoration procedures in place. • IT general controls in place and audited. • Crisis management training and simulations undertaken.
O	**Financial reporting and fraud**	DRE, VLS, M&A	The Group may be subjected to the risk of inaccurate or delayed financial reporting, or fraud. This risk may be exacerbated through new ways of working following the reorganisation of some aspects and functions as the transition completes and matures.	↔	• Group Code of Conduct and relevant training. • Established financial control framework. • Defined programme of work to document controls and owners through the transition. • Monthly monitoring of control performance. • Change management and staff retention arrangements to enable a smooth transition. • Established Group and regional shared service governance including stage gate sign off; Internal Audit assurance reviews; Group and regional controls oversight.
P	**Foreign exchange**	DRE, VLS, M&A	The Group operates a geographically diverse structure with transactions occurring in multiple currencies, therefore the Group is exposed to the risk of adverse currency fluctuations which can impact financial results. The Group's results and asset values are translated back to GBP from local market currencies for reporting consolidation, which can result in year-on-year fluctuations in asset values.	↔	• Treasury policy and hedging strategies. • Central treasury function and regional treasury centres (in relevant regions). • Monthly monitoring of foreign exchange impacts and hedging positions.

OTHER PRINCIPAL RISKS CONTINUED

Ref #	Risk title		Description and impact	Trend	Key mitigating actions
Q	**Legal, regulatory compliance**	DRE, VLS, M&A	The Group operates in diverse markets across the globe. This risk relates to our ability to meet the requirements of local laws and regulations and contracts in those diverse markets. Anti-bribery and corruption, data protection, competition, anti-money laundering and the distribution and sale of finance and insurance remain key legal and regulatory obligations for the Group. Other areas of risk pertain to the terms of our distribution and retail contracts and contractual risks assumed during acquisitions.	↔	• Group-wide Code of Conduct, with associated training. • Market-level policies and procedures, supported by Group-wide policies for higher risk areas. • Nominated legal representative and/or retained counsel in major markets to monitor existing and emerging legislation. • Online training for specific regulations.

Emerging risks

The identification of emerging risks is achieved through several ways which include: the strategic replanning process; external publication analysis (including peer reviews and OEM risk disclosures); review of risk studies and publications; the regular cadence of risk committees and Board meetings and risk-related discussions and analysis (which all form part of the revised risk management framework implemented last year). Through regular consideration and monitoring of these emerging risks early on, we can effectively respond to potential threats by preparing contingency plans, implementing mitigants or adjusting our operations and Group strategy as required.

Climate change-related	Macro-economic	Technological	Other
Reporting regulation compliance	Liquidity of smaller OEMs – post Covid-19	Growth of connected/autonomous vehicles and risk of cyber attacks	Developing and growing new OEM relationships
Vehicle-related legislation	European energy crisis	Growth of shared mobility	New pandemic
Rare-earth materials and battery supply shortages	Potential increases in labour costs may impact profitability	Changing technology vendor landscape	Regional conflicts disrupt semiconductor supply
Government car restrictions	Retrenchment of consumer credit	Growth and volatility of Bitcoin and market uptake	Ukraine conflict expands into Inchcape markets
Extreme weather patterns	International tax reforms		Hybrid and remote working impacting company culture
	Changing consumer trends relating to vehicle purchase		

VIABILITY STATEMENT

The Directors have assessed the viability of the Group by reference to the Group's current financial position, its recent performance and forecasts of future performance, its business model (pages 2 to 4), strategy (pages 5 to 7) and the principal risks and mitigating factors (pages 61 to 66). The Group's continued viability is dependent upon the continuation of its relationships with OEMs with many OEM contracts having terms of less than three years; three years is a key timeline for new car changeover in mature retail markets with good personal finance penetration; and the number of Units in Operation (UIO) up to three years old is a key driver of our aftersales business. However, as illustrated in the diagram below, a variety of other time horizons is also relevant to the management of the business.

The Directors have determined three years to be the most appropriate period for the viability assessment as they believe it strikes a balance between the different time horizons which are used to manage the business and is a reasonable period for a shareholder to expect a distribution business to be assessed over.

Process and scenarios considered

Our financial planning process incorporates an Annual Operating Plan (AOP) for the next financial year (2023), together with financial forecasts/models for the remaining years covered by the Viability Assessment. These financial forecasts consider the Group's profitability, gearing, cash flows and other key financial metrics over the period to December 2025. These metrics are subjected to sensitivity analysis, in which a number of the main underlying assumptions are adjusted and tested to consider alternative risk-based scenarios. Using the Group's most significant risks, including TCFD risk considerations, unlikely but realistic worse-case scenarios are created and their impact projected onto the three-year projections. These risks are (i) loss of a material Distribution contract, (ii) a major cyber incident, (ii) digital disruption to our markets and pricing, (iv) supply chain disruption and (v) further Covid-19 restrictions. These risks have been modelled individually and concurrently, i.e. assuming all five materialise during the three-year period. Modelling these risks tests the Group's ability to withstand a material reduction in revenue (Distribution contract, supply chain risks and Covid-19 restrictions); a material degradation in margins (digital disruption) and the impact of an unexpected operational expense (cyber attack).

The models assume that a portion of uncommitted inventory financing facilities is also withdrawn. The testing recognises that some mitigating actions would remain available to management to partially mitigate the impact of these risks, including reductions in operational and capital expenditure.

In the most severe scenario modelled, the test indicates that the Company would not breach the single financial (interest) covenant on its committed facilities. Details of the Company's financing arrangements can be found in note 23 to the financial statements on pages 185 to 186.

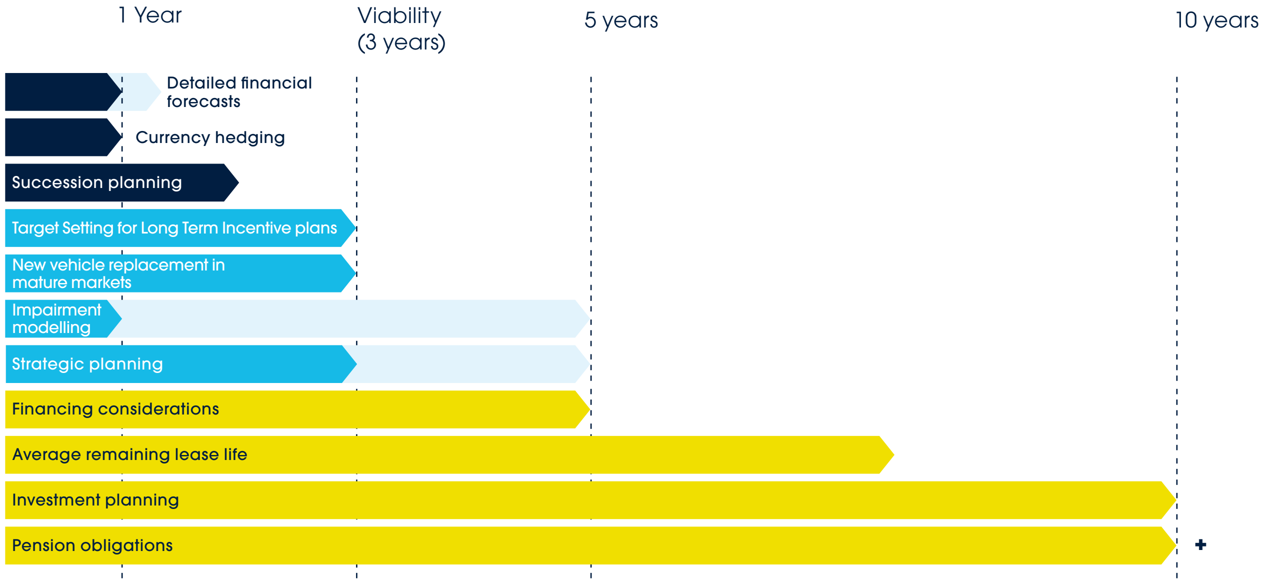
Longer-term prospects

The following factors are considered both in the formulation of the Group's strategic plan, and in the longer-term assessment of the Group's prospects:

- the principal risks and uncertainties faced by the Group, as well as emerging risks as they are identified, including any supply chain shortages, and the Group's response to these;
- the prevailing economic climate and global economy, and changing customer behaviours;
- the inclusion of known acquisitions; and
- any opportunities through operational simplification and leveraging technology.

Viability statement

Based on the outcomes of the scenarios and considering the Group's financial position, and principal risks, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. The Directors' statement regarding the adoption of the going concern basis for the preparation of the financial statements can be found on page 122.



VOLKSWAGEN GROUP

Inchcape has had a 30+ year partnership with VW Group, representing the core VW brands as well as the performance marque Porsche in the UK. In 2022 we secured our first distribution market with Porsche in Chile.

Locations
Distribution: Chile
Retail: **UK**

GOVERNANCE

CHAIRMAN'S STATEMENT

NIGEL STEIN
CHAIR

DEAR SHAREHOLDERS AND STAKEHOLDERS

I am pleased to present the Corporate Governance Report for the year ended 31 December 2022. The next few sections explain how the Board and its Committees have discharged their duties throughout the year and I hope you find it informative.

Board changes

As noted last year, Till Vestring left the Board in May 2022 after 10 years' service. John Langston, who has been with the Board since July 2013, will retire from the Board ahead of the Annual General Meeting in May 2023. I would like to thank Till and John for their strong contribution and the sound advice provided to the Board over the years and I wish John a long and happy retirement. As announced in January 2023, Sarah Kuijlaars will assume the role of Audit Committee Chair in May 2023.

I am delighted that Byron Grote and Juan Pablo Del Río joined the Board as Non-Executive Directors at the start of 2023. Byron has extensive corporate experience across a range of leading international businesses. Having previously been Chief Financial Officer at BP plc between 2002 to 2011, Byron is currently Senior Independent Director at Tesco plc, Non-Executive Director at InterContinental Hotels Group plc, and Deputy Chairman of the Supervisory Board at Akzo Nobel N.V.

Juan Pablo has been appointed to the Board as part of the Derco acquisition. Juan Pablo is currently a member of the board of directors of Cruzados S.A.D.P. (a company with shares listed on the Santiago Stock Exchange) and is chairman of Sodimac S.A., a position he has held since 1986.

Gijsbert de Zoeten resigned from the Board in November 2022. Adrian Lewis, Group Financial Controller, has been appointed as Acting Chief Financial Officer and the recruitment process has commenced.

Derco acquisition

The Board spent a significant amount of time discussing the Derco acquisition during the year. Details of the acquisition are given throughout this report and the Board believes the acquisition presents a unique opportunity to accelerate our global distribution business and deliver substantial shareholder value.

Climate change

The impact of climate change continues to dominate the agenda for both businesses and governments around the world. We are continuing on our journey to reduce our impact and during the year the focus was on performing quantified scenario analysis for the most material climate related risks and opportunities.

Progress has been made on the Scope 1 and 2 emissions targets set last year, with a reduction of over 19,000 tonnes through a variety of initiatives. At the beginning of this year, the Board reviewed the Group's Scope 3 footprint which has enabled us to understand the principal source of our Scope 3 emissions. To reduce these emissions the Board agreed to the actions detailed below but concluded that it was not appropriate to set reduction targets for Scope 3 emissions at the current time. This position will be reviewed annually.

- Reduce those emissions within our direct control as quickly as possible;
- Seize opportunities to partner with OEMs that are able to offer customers lower emissions vehicles; and
- Support our customers, colleagues and OEM partners in making the transition to a low carbon future.

Employee engagement

I am delighted that the Board was able to visit our business in Chile in October 2022. The event gave my fellow Directors the opportunity to see our operations first hand and to meet our overseas colleagues face to face. An excellent employee engagement session was held by Alex Jensen, Chair of the CSR Committee, further details of which can be found on page 95.

Jane Kingston, Chair of the Remuneration Committee, also held two employee forums during the year, one covering reward principles and one to consult on our proposed remuneration policy. Further details are given on page 97.

Governance landscape

The Board, and the Audit Committee, will keep updated of the developments expected under the proposed audit and governance reforms and will report as appropriate in next years' Annual Report and Accounts.

Looking forward

I would like to take this opportunity to thank all our Inchcape colleagues for their hard work during the year which has contributed to our great performance against the backdrop of continued uncertainty. I thank you for your support in 2022 and look forward to the coming year.

NIGEL STEIN
CHAIRMAN

Compliance with the UK Corporate Governance Code

The 2022 Annual Report and Accounts is prepared with reference to the 2018 UK Corporate Governance Code (Code) which is published by the Financial Reporting Council (FRC) and available at www.frc.org.uk. The Corporate Governance Report on pages 70 to 122, describes how we applied the principles of the Code throughout the year and gives references where key content can be found elsewhere in the Annual Report and Accounts.

We have complied with all Code provisions throughout the year ended 31 December 2022 except for Code provision 38, where the pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. Since the last Remuneration Policy was introduced in 2020, the UK pension offering has been simplified in a standardised defined contribution plan (from a mix of defined benefit and defined contribution arrangements). As such the contribution rate is now estimated to be approx. 7% to 7.5%. Our Group Chief Executive (CEO) received a pension allowance of 10% of salary which was set at his appointment in 2020 and was in line with the blended rate applicable to other UK employees at the time.

Under the proposed Remuneration Policy, to be put to shareholders at the AGM in May, newly appointed Executive Directors will receive a pension contribution rate of 7% of salary, in line with UK employees. For the incumbent CEO, his pension allowance will be frozen at the current value, as an interim step, and reduce to 7% after 31 December 2023.

Board leadership and Company purpose

Board's role

The Board is collectively responsible for defining, approving, and monitoring the Accelerate strategy to ensure it delivers long-term sustainable success within a fast-changing environment.

The Directors use their judgement and objectivity, supported by a structured governance framework, which enables the Board to operate effectively, generating value for shareholders, and contributing to wider society.

If a Director has a concern about the running of the Company which cannot be resolved, it would be recorded in the Board minutes. No such concerns arose during 2022.

FURTHER READING

Strategy
– pages 5 to 7

Director biographies
– pages 78 to 79

Matters reserved for the Board
– www.inchcape.com

Purpose, values and culture

The Group's purpose is underpinned by the Accelerate strategy and Responsible Business Plan. In order to operate effectively, it is important that the appropriate culture is embedded throughout the business, and this is approached in several ways:

- Code of Conduct;
- A designated Non-Executive Director responsible for workforce engagement;
- Whistleblowing hotline;
- Remuneration policies and practices;
- Setting appropriate financial targets and monitoring performance against targets throughout the year;
- Employee engagement survey; and
- Delegated authorities.

THE ONE INCHCAPE VALUES & BEHAVIOURS

We deliver

Great experiences

Fresh thinking

Better together

We deliver great experiences through fresh thinking and working better together

FURTHER READING

Strategy
– pages 5 to 7

Employee engagement
– page 21

Responsible Business
– pages 37 to 42

Board leadership and Company purpose continued

Resources and controls

The Board reviews performance against strategic targets throughout the year and reviews certain key performance indicators to ascertain whether the necessary resources are in place to achieve the Group's strategic aims. Through its governance structure, the Board also ensures that the necessary controls, processes and procedures are in place to drive a strong ethical culture to facilitate the delivery of the strategy.

FURTHER READING
Principal risks
– pages 62 to 66
Internal controls
– pages 91 to 92

Engagement

The Company has a broad group of clearly defined stakeholders and engages with them via a variety of channels allowing the Board to understand what issues are important to stakeholders. The Chair of the CSR Committee is the designated Non-Executive Director responsible for engagement with the workforce.

FURTHER READING
Stakeholder engagement
– pages 20 to 22

Workforce policies

The Code of Conduct, among other policies, sets out the behaviours expected of our employees and ensures policies remain aligned to culture and support long-term success. Other policies include health and safety, anti-bribery and corruption, inclusion and diversity, and whistleblowing, which are all available in multiple languages. The Board recognises the importance of a two-way flow of communication and the importance of employees having the facilities to raise matters of concern, via the whistleblowing hotline. Any whistleblowing claims are integrated with case management software to support efficient and effective investigation, remediation and reporting.

FURTHER READING
Responsible Business
– pages 37 to 42
Non-financial information statement
– pages 56 to 57

Division of responsibilities

The role of the Chairman

The Chairman is responsible for the leadership of the Board and is separate from the role of Group Chief Executive. He sets meeting agendas designed to encourage constructive debate and promote a culture of openness and inclusion. He oversees that all Directors receive accurate, timely, and clear information. The Chairman is considered independent.

FURTHER READING
Board evaluation
– page 83

Composition of the Board

As at 31 December 2022, the Board comprised of the Chairman, one Executive Director, and six Non-Executive Directors. The Group Chief Executive is responsible for developing the Group's strategy, running the day-to-day operations, reporting to the Board on performance, implementing strategy, managing risk and internal control, and engaging with shareholders. The Senior Independent Director acts as a sounding board for the Chairman, serving as an intermediary to other Board members. The Senior Independent Director leads the annual appraisal of the Chairman's performance with the other Non-Executive Directors.

FURTHER READING
Director biographies
– pages 78 to 79
Committee terms of reference
– www.inchcape.com

Role of the Non-Executive Directors

The Non-Executive Directors are appointed to provide a wide range of skills, knowledge, and experience to supply context to the matters being debated, and the decisions needed to achieve the Accelerate strategic goals.

The Non-Executive Directors are required to allocate sufficient time to the Company to discharge their responsibilities. Board dates are agreed two years in advance and time commitment expected is reviewed annually to ensure Directors are able to plan their time accordingly. Directors must obtain prior approval from the Board before taking on another directorship to avoid over-boarding.

FURTHER READING
Board skills
– page 77
Director biographies
– pages 78 to 79

Company Secretary

The Group Company Secretary supports the Board by providing advice on the governance framework and ensuring that the appropriate policies and procedures are in place to allow it to function effectively.

FURTHER READING
Matters reserved for the Board
– www.inchcape.com

Composition, succession and evaluation

Appointments to the Board and succession planning

Ensuring there is the right mix of Board Directors is a key element of the succession planning process. The Nomination Committee reviews the skills matrix and tenure of Directors on a regular basis to ensure its succession plan remains aligned with the natural rotation of Directors off the Board, and the strategic objectives of the Group in the longer term.

The Nomination Committee engages external search consultancies when searching for Board position candidates.

FURTHER READING
Board skills
– page 77
Nomination Committee
– pages 85 to 87

Skills, experience and knowledge of the Board

The Directors must possess the skills, experience and knowledge to support and challenge management in the execution of the Accelerate strategy and to provide sound advice and insight on material issues.

The Committee considers breadth of perspective on the Board can only be achieved by appointing Directors from a diverse range of backgrounds and takes into account gender, ethnicity and professional experience when considering suitable candidates.

FURTHER READING
Board skills
– page 77
Nomination Committee
– pages 85 to 87

Board evaluation

The Directors provide feedback on how the Board operates, its culture and effectiveness during the evaluation process. During 2022, the Board carried out an internal evaluation. The specific reasons why the Board considers that each Director's contribution is, and continues to be, important to the Company's long-term sustainable success may be found in the Notice of Annual General Meeting.

FURTHER READING
Board evaluation
– page 83
Notice of Meeting
– www.inchcape.com

Audit, risk and internal control

Internal and external audit

The Chair of the Audit Committee reports to the Board on the independence and effectiveness of internal and external audit functions and the integrity of the financial statements throughout the year.

The Audit Committee regularly meets with the auditor without the presence of management to discuss any areas of concern they might have. John Langston, Chair of the Audit Committee, also meets with the Chief Financial Officer and Head of Internal Audit in one-to-one meetings which enable him to fully understand the key issues ahead of Committee meetings.

FURTHER READING
Audit Committee Report – pages 88 to 93
Non-Audit Services – pages 93

Fair, balanced and understandable

The Board reviews the Annual Report and Accounts, the interim financial statements, and the trading updates prior to publication to ensure that they provide a fair, balanced and understandable assessment of the Group's position and prospects. The Board considers the weight given to published information to ensure that it is objective and there are no omissions. The Board also ensures that the narrative reporting is consistent with the financial statements.

FURTHER READING
Audit Committee Report – pages 88 to 93

Risk management and internal controls

The Group has a system of risk management and internal control which is designed around an established three lines of defence model. This model engages management teams, corporate functions and independent assurance to manage risk, which is overseen by the Board and its Committees.

The risk management and internal control processes are designed to manage rather than eliminate the risk of failure to achieve business strategic objectives. In establishing and reviewing the system of internal control, the Directors have regard for the nature and extent of relevant risks, the likelihood of loss being incurred, and the costs of control. The system can only provide reasonable but not absolute assurance against material misstatement or loss and cannot eliminate business risk.

On behalf of the Board, the Audit Committee carries out a review of the effectiveness of internal control. Any significant control failings or weaknesses are reported to the Board, along with a detailed review of the findings and mitigation plans being put in place. The Board will monitor progress against plans until it is satisfied that the matter has been resolved appropriately.

The Directors are satisfied that the Group's risk management and internal control systems accord with the FRC's guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

FURTHER READING
Risk Management – pages 59 to 67
Audit Committee Report – pages 88 to 93

Remuneration

Policies and practices

The Chair of the Remuneration Committee reports to the Board on its oversight of the remuneration policy, practices and processes throughout the year. The Remuneration Committee ensures the remuneration policy is designed to support the successful delivery of the Accelerate strategy, and is aligned to the Group's purpose and values.

The Committee believes that the disclosure of the remuneration arrangements is transparent with clear rationale provided on implementation and changes to policy. The Committee remains committed to consulting with shareholders and other key stakeholders on the policy and its application.

The Committee believes the performance measures used in the long-term incentive plans, along with those in the bonus scheme, also aid simplicity due to the clear alignment to Inchcape's strategy, and are familiar to all stakeholders.

The Committee has ensured that remuneration arrangements do not encourage and reward excessive risk taking by setting targets which are stretching yet realistic, with discretion to adjust formulaic bonus and PSP outcomes and expanding the circumstances in which malus and clawback can be applied.

Linking strategy to the performance measures used balances predictability and proportionality by ensuring outcomes do not reward poor performance in the short and long-term. The Directors' Remuneration Policy is consistent with Inchcape's culture therefore driving behaviours which promote the long-term success of Inchcape.

FURTHER READING
Directors' Report on Remuneration
– pages 96 to 116

Procedure for developing remuneration

The Remuneration Committee has delegated responsibility for setting the Executive Directors' remuneration under the shareholder-approved Directors' Remuneration Policy. This policy is reviewed every three years to ensure it remains fit for purpose, aligns with stakeholder expectations, and promotes appropriate behaviours. The Committee is supported by external advisors to provide guidance on best practice. The Committee consults with shareholders prior to the policy being put to shareholder vote to ensure their interests are supported.

FURTHER READING
Directors' Report on Remuneration
– pages 96 to 116

Exercising independent judgement

The Remuneration Committee is made up of independent Non-Executive Directors. When agreeing Executive remuneration outcomes, the Committee uses its independent judgement to reach decisions taking into account financial performance, personal objectives, wider business context, and the longer term impacts.

No Executive Director is involved in deciding their own remuneration or in determining remuneration outcomes.

FURTHER READING
Directors' Report on Remuneration
pages 96 to 116

GOVERNANCE AT A GLANCE

GOVERNANCE STRUCTURE

The Board of Inchcape plc

Collectively responsible for the long-term success of the Company

Audit Committee

- Financial Reporting
- Risk Management
- Internal Control

COMMITTEE REPORT on pages 88 to 93

Remuneration Committee

- Remuneration Policy
- Incentive Plans
- Performance Targets

COMMITTEE REPORT on pages 96 to 116

Group Executive Team

Delegated authorities:

- Group Strategy
- Operational Management

Nomination Committee

- Board Composition
- Diversity
- Succession Planning

COMMITTEE REPORT on pages 85 to 87

CSR Committee

- Responsible Business
- Engagement
- Climate Oversight

COMMITTEE REPORT on pages 94 to 95

Group Risk Committee

Delegated authorities:
Risk oversight
InControl Standards

Investment Committee

Delegated authorities:
Oversight of Group capital expenditure

BOARD ATTENDANCE

The table below shows the Board and Committee meetings held during the year.

	Board		Audit Committee		CSR Committee	Nomination Committee		Remuneration Committee	
	Scheduled	Ad hoc	Scheduled	Ad hoc	Scheduled	Scheduled	Ad hoc	Scheduled	Ad hoc
Nayantara Bali*	7/7	7/8			3/3	2/2	2/2		
Jerry Buhlmann	7/7	8/8	4/4	0/2	3/3	2/2	2/2	3/3	2/2
Gijsbert de Zoeten*	6/6	7/7							
Alex Jensen	7/7	8/8			3/3	2/2	2/2	1/1	2/2
Jane Kingston	7/7	8/8	2/2			2/2	2/2	3/3	2/2
Sarah Kuijlaars*	6/6	8/8	4/4	2/2		2/2	1/1		
John Langston	7/7	8/8	4/4	2/2		2/2	2/2		
Nigel Stein	7/7	8/8			3/3	2/2	2/2	3/3	2/2
Duncan Tait	7/7	8/8			3/3				
Till Vestring*	3/3	4/4			1/2	1/1	1/1	2/2	

* Sarah Kuijlaars joined the Board on 21 January 2022, Till Vestring left the Board on 19 May 2022, and Gijsbert de Zoeten resigned from the Board in November 2022. Nayantara Bali was unable to join one additional Board meeting due to a prior engagement.

KEY ACTIVITIES AND DECISIONS OF THE BOARD

Ad hoc meetings were held in March, April, and June to discuss the Derco acquisition and the disposal of the Group's operations in Russia, and in November to consider the resignation of the Chief Financial Officer.

January
- 2022 Annual Operating Plan
- M&A strategy
- Regional update: Americas & Africa
- Board evaluation feedback

February
- Investor Relations
- Final dividend and Annual Report
- Insurance review
- Tax strategy
- Risk Policy
- NED remuneration
- Derco acquisition

Strategy Day
- Global economic review
- Strategic progress
- Distribution Excellence
- EV Response Plan
- OEM route to market
- M&A pipeline

May
- Annual General Meeting
- 3 + 9 forecast
- Treasury Policy review
- Pension update

July
- Investor Relations
- Propose interim dividend
- Half year risk review
- Regional update: UK
- Conflict of interest
- Derco acquisition announcement

September
- Environment, Health, and Safety
- Regional update: APAC
- Digital strategy

October
- Overseas Board visit To Chile
- M&A pipeline
- Regional update: Americas

November
- Investor Relations
- 3 + 9 forecast, 2023 Operating Plan
- Regional update: Europe & Africa
- Strategy review
- Succession planning
- Full year risk review
- Derco acquisition documents

BOARD SKILLS

The Board recognises the importance of the right mix of skills, experience and diversity to deliver the Group's strategic objectives and contribute towards long-term success. These skills will be enhanced in 2023 following the appointments of Byron Grote and Juan Pablo Del Río to the Board.

What we bring
- Automotive
- Digital
- Emerging markets
- Finance
- Remuneration
- Retail
- Technology

Skills being enhanced in 2023
- Automotive
- Diversity
- Emerging markets
- Multinational business
- Regulatory
- Sustainability

Future succession priorities
- Automotive
- Finance
- Environmental, social, and corporate governance
- Technology

BOARD OF DIRECTORS

The Board is collectively responsible for agreeing and continually reviewing the Accelerate strategy to ensure it delivers long-term sustainable success. The Board is also responsible for ensuring the appropriate resources are in place to deliver the strategic objectives.

Nigel Stein
CHAIRMAN

Appointed – October 2015

Skills and experience – Nigel was Chief Executive of GKN plc until his retirement in December 2017. He has a wide range of international, general management, and finance experience gained in various roles at GKN plc and also has experience in the automotive and manufacturing sectors. Nigel is also a Non-Executive Director of James Hardie Industries plc and is a chartered accountant.

Committee membership – Chair of the Nomination Committee and member of the CSR and Remuneration Committees.

Duncan Tait
GROUP CHIEF EXECUTIVE

Appointed – July 2020

Skills and experience – Duncan was on the Board of Fujitsu Ltd, a global technology services company with responsibility for EMEIA & Americas, a business with $10bn turnover and 35,000 people. He has significant international experience, holding senior roles at Unisys, Hewlett Packard, and Compaq in a technology focused career of over 30 years. Duncan is also a Non-Executive Director at Agilisys.

Committee membership – CSR Committee.

Nayantara Bali
NON-EXECUTIVE DIRECTOR

Appointed – May 2021

Skills and experience – Nayantara is director and co-owner of ANV Consulting Pte. She previously held several senior management positions in Procter & Gamble. Nayantara holds a Bachelor of Arts in Economics and a Post Graduate Diploma in Business Management from the Indian Institute of Management (Ahmedabad). Nayantara is also an independent director of Torrent Pharma, and a Non-Executive Director of Starhub.

Committee membership – CSR and Nomination Committees.

Jerry Buhlmann
SENIOR INDEPENDENT DIRECTOR

Appointed – March 2017

Skills and experience – Jerry has over 40 years' experience in the media and advertising industries. He was formerly CEO of Dentsu Aegis Network and Aegis Group plc. Jerry is currently Chairman of Dept, Croud Limited, and Hybrid. Jerry is also a member of the Supervisory Board of ServicePlan GmBH, and a Senior Advisor to management consultants OC&C.

Committee membership – Audit, CSR, Nomination, and Remuneration Committees.

Alex Jensen
NON-EXECUTIVE DIRECTOR

Appointed – January 2020

Skills and experience – Alex was regional CEO Mobility and Convenience at bp plc. She led the region's fleet, retail and convenience food business across 14 countries. Alex joined bp plc in 1991 and held roles based in the UK and China. She graduated from Oxford University with a degree in Chinese, holds a Masters from Stanford and is on the Board of the charity Mind.

Committee membership – Chair of the CSR Committee and member of the Nomination and Remuneration Committees.

Jane Kingston
NON-EXECUTIVE DIRECTOR

Appointed – July 2018

Skills and experience – Jane served as Group Human Resources Director for Compass Group plc from 2006 until her retirement in 2016. Jane also held senior positions at Enodis plc, Blue Circle plc (now Lafarge SA) and Coats Viyella plc. Jane has significant remuneration experience and is Remuneration Committee Chair of Spirax-Sarco Engineering plc.

Committee membership – Chair of Remuneration Committee and member of the Nomination Committee.

Sarah Kuijlaars
NON-EXECUTIVE DIRECTOR

Appointed – January 2022

Skills and experience – Sarah is currently Chief Financial Officer of De Beers plc. Sarah was previously CFO of Arcadis NV and prior to this, she was Deputy CFO at Rolls Royce Holdings plc, and has held a number of senior financial leadership roles during a 25-year career at Royal Dutch Shell plc. Sarah was previously a Non-Executive Director at Aggreko plc.

Sarah has a Mathematics degree from Oxford University and is a Fellow of the Chartered Institute of Management Accountants.

Committee membership – Audit and Nomination Committees.

Juan Pablo Del Río Goudie
NON-EXECUTIVE DIRECTOR

Appointed – January 2023

Skills and experience – Juan Pablo served on the board of the Derco group until its acquisition by Inchcape in 2022. He is currently on the board of Cruzados S.A.D.P. (a company with shares listed on the Santiago Stock Exchange) and is chairman of Sodimac S.A, a position he has held since 1986. He was a member of the board of directors of Falabella S.A., a company with shares listed on the Santiago Stock Exchange, between 2015 and 2020 and has held a number of senior leadership roles across a range of companies within the automotive, retail and real estate sectors in Latin America.

Committee membership – Nomination Committee.

John Langston
NON-EXECUTIVE DIRECTOR

Appointed – August 2013

Skills and experience – John has corporate finance, accounting and international experience acquired in senior financial roles in the engineering sector. John is a chartered accountant and is an experienced Non-Executive Director who has a strong governance background and was the Audit Committee Chair of Rexam plc until its sale to Ball Group in 2016.

Committee membership – Chair of Audit Committee and member of the Nomination Committee.

Byron Grote
NON-EXECUTIVE DIRECTOR

Appointed – January 2023

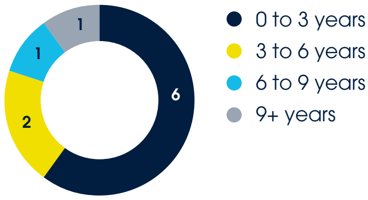
Skills and experience – Byron has extensive experience across a range of leading international businesses at Board level. Having previously been Chief Financial Officer at BP plc between 2002 to 2011, Byron is currently Senior Independent Director at Tesco plc, Non-Executive Director at InterContinental Hotels Group plc, and Deputy Chairman of the Supervisory Board at Akzo Nobel N.V. Byron has previously served on the Boards of Anglo-American plc, Standard Chartered plc, and Unilever plc.

Committee membership – Audit, CSR, Nomination, and Remuneration Committees.

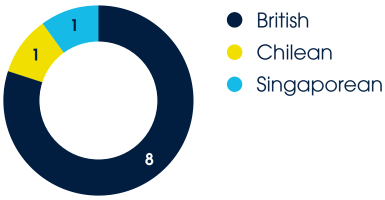
BOARD MEMBERS

The Directors recognise the benefits of diversity and the value that this brings to the organisation in terms of skills, knowledge, and experience.

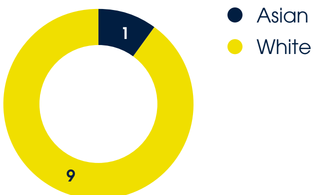
LENGTH OF SERVICE



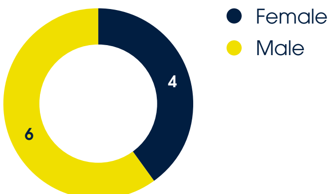
NATIONALITY



ETHNICITY



GENDER



GROUP EXECUTIVE TEAM

The Group Executive Team (GET) drives the Accelerate strategy and is responsible for the day-to-day operations of the Group. It is a global team of business leaders that combines a strong focus on operational excellence with a wealth of experience in a wide range of industries, including automotive, fast-moving consumer goods, management services, utilities and finance.

Duncan Tait
GROUP CHIEF EXECUTIVE

Appointed – July 2020

Duncan joined the Group in 2020, bringing with him a wealth of digital and data experience which is a key enabler of the Accelerate strategy. Duncan has overseen the implementation of DXP, the omni-channel customer and dealer platform, which provides access to a full range of products and services, from first search and comparison through to aftersales care, and DAP, a range of data analytics designed to deliver competitive advantage.

Since his appointment, the Group has also entered into strategic partnerships with Great Wall Motors, BYD and Geely, manufacturers which will bring exciting EV ranges, aligning with the Group's Responsible Business agenda.

George Ashford
CEO UK

Appointed – October 2006

George joined the Group in 2006 and since that time has held several senior positions including CEO Toyota Belgium and CEO APAC. In 2021 George was also appointed Chief Transformation Officer with responsibility for overseeing the implementation of the Accelerate strategy and business transformation. George left the Asia region in 2021 and was appointed as CEO UK. His extensive distribution and retail experience is beneficial in leading this crucial business. He also continues to lead both the global Used Car strategy and the OEM relationship strategy. George is the executive lead for Inchcape Enabled, which focuses on building a disability confident business by removing barriers and increasing accessibility.

Mike Bowers
GROUP GENERAL COUNSEL AND CHIEF SUSTAINABILITY OFFICER

Appointed – October 2015

Mike joined the Group in 2015 as Group General Counsel. He is a leading contributor to the Group's M&A strategy playing a significant role in the acquisitions of Derco, Grupo Rudleman, Indumotora, ITC, and Simpsons Motors, which significantly reshaped the business over the last seven years. Mike is also instrumental in reinforcing and strengthening legal and regulatory compliance across the Group. Mike was appointed Chief Sustainability Officer in 2023 and leads the Group's response to climate change, helping us to deliver on our aim to be the lowest carbon route to market for our OEM partners.

Helen Cunningham
CHIEF HUMAN RESOURCES OFFICER

Appointed – September 2020

Helen joined the Group in 2016 and has held various positions as HR Director in the UK, Emerging Markets, and Americas & Africa. Helen was appointed as Chief HR Officer in 2020 bringing a combination of deep functional expertise and strong operational leadership to this key central role. She has developed significant M&A capability within the business over several step-change acquisitions, working directly with our OEM partners, effectively onboarding new teams and leaders, and integrating businesses. She is also the Executive leader for the People workstream of the Driving What Matters plan with responsibility for inclusion and diversity, safety and wellbeing, and talent.

Mark Dearnley
CHIEF DIGITAL OFFICER

Appointed – October 2020

Mark Dearnley joined Inchcape as Chief Digital Officer in 2020 with responsibility for digital transformation which is critical to the success of the Accelerate strategy. To support the digital strategy, Mark has been instrumental in establishing Inchcape Digital, which focuses to deliver the Distribution Excellence and VLS programmes supported by the newly formed Digital Delivery Centres based in Colombia and the Philippines. Inchcape Digital rolled out DXP and DAP globally, supports GBS and SAP, and is introducing new solutions including Digital Parts Platform and bravoauto.

Ruslan Kinebas
CEO APAC

Appointed – October 2015

Ruslan Kinebas joined Inchcape in 2015 as CEO Emerging Markets before becoming CEO Americas & Africa in 2019. During his tenure, Ruslan oversaw the acquisition of multiple distribution businesses including Mercedes-Benz distribution in Uruguay, Ecuador and Colombia. Ruslan also oversaw expansion in the African region with the addition of Jaguar Land Rover distribution in Kenya. In 2021, Ruslan was appointed CEO APAC, where he also has responsibilty for the Digital Parts Strategy under Distribution Excellence. Ruslan is Executive sponsor for the Women into Leadership programme, which develops female colleagues throughout the organisation and into leadership roles.

Romeo Lacerda
CEO AMERICAS

Appointed – September 2021

Romeo joined Inchcape in 2021 as CEO Americas & Africa. Since joining the Group, Romeo has overseen the acquisition of Ditec, ITC, and Simpson Motors which have strengthened the Group's geographic reach and broadens its OEM relationships, with the addition of Chrysler to its list of brand partners. In addition, the Group has acquired Derco, the largest automotive distributor in Latin America, increasing scale in the Americas with a footprint on over 30 OEM brands in 12 markets creating a significant region in one geography.

Adrian Lewis
ACTING CHIEF FINANCIAL OFFICER

Appointed – November 2022

Adrian joined Inchcape in 2015, initially as CFO for the Emerging Markets region where he played a leading role, with the Indumotora acquisition and integration, at the time Inchcape's most significant acquisition for many years. Adrian subsequently moved to Singapore as CFO for Asia Pacific, Inchcape's most profitable region. In October 2020, Adrian returned to the UK to lead the finance function as Group Financial Controller. Prior to Inchcape Adrian held various senior finance roles at Tesco.

Adrian is a CIMA qualified chartered accountant.

Glafkos Persianis
CEO EUROPE & AFRICA

Appointed – April 2020

Glafkos joined Inchcape in 2020 as CEO Europe with responsibility for Continental and Northern Europe and Russia (prior to Inchcape exiting the region in 2022). Glafkos was instrumental in the appointment of Inchcape as BYD's sales and aftersales partner in Belgium and Luxembourg. BYD is the world's leading manufacturer of New Energy Vehicles (NEVs) and power batteries and will provide an online and offline network for both sales and aftersales services. Also in 2022, Glafkos assumed responsibility for operations in Africa, a strategically important region for the Group offering long-term sustainable growth in the markets of Ethiopia, Djibouti and Kenya.

Liz Brown
CHIEF STRATEGY OFFICER

Appointed – February 2023

Liz has over twenty years' experience in consulting, investment, telecoms and FMCG and joined Inchcape from Diageo, the global drinks manufacturer and distributor, where she held the role of Group Strategy Director and Global Head of Business Development. Liz also had overall responsibility for Diageo's start-up acceleration business, Distill Ventures, developing a portfolio of successful new businesses which resulted in several successful acquisitions into Diageo. Prior to Diageo, Liz held strategic and senior roles at Currys plc, Royal Bank of Scotland Group plc and LEK Consulting LLC.

GENDER BALANCE IN SENIOR MANAGEMENT

Improving Inclusion and Diversity (I&D) at senior leadership level is a key focus of the GET and the Board, with a target to increase the proportion of women leaders to at least 30% by the end of 2025. To help achieve this target, the Women into Leadership Programme was developed in 2021 to provide professional and personal growth for Inchcape's female high potential talent and to strengthen our succession pipelines. Please see page 39 for further details.

In 2022, an external recruitment supplier reset took place for Executive hires, to identify the best-fit providers and solutions who could contribute actively to our I&D agenda and our continued drive for a broader diverse mix of colleagues. During this process, providers were asked to provide:

- Their company policy and approach on commitment to I&D.
- Details of the I&D training that their teams have gone through.
- What diversity information is collected from candidates.
- Demonstrable evidence of the method and process of sourcing a diverse range of candidates.

In 2023, we will follow-up with an annual review to measure the impact of our decisions and the supplier's contribution to our I&D goals.

The appointment of Liz Brown as Chief Strategy Officer in February 2023 is a key senior appointment for the Group and demonstrates the ongoing commitment to improving diversity. Liz joined the GET on appointment.

PRINCIPAL DECISIONS IN 2022

Derco acquisition

In addition to the scheduled Board meetings, eight ad hoc Board meetings were held during the year to consider the acquisition of Derco. The meetings were structured to allow the Board members to consider all aspects of the transaction covering:

- Introduction and overview of the Derco business and its shareholders.
- Valuation, transaction terms and structure: investor perspectives, business plan review, synergy analysis, valuation, impact on leverage.
- Geopolitical analysis, industry and OEM brand portfolio.
- Class 1 transaction: general duties of Directors, obligations for Directors of a listed company, UK Corporate Governance Code 2018 and risk mitigation.
- Transaction process, financial projections, synergy assessment.
- Valuation/financing and impact on the Group and key transaction terms.
- Board approval of the transaction.

The meetings were attended by the Group's external advisors who provided guidance and independent advice throughout the process. After announcing the intention to acquire Derco, members of the Board held meetings with shareholders accounting for 60% of our share register. Investor reaction to the deal has been very supportive, with Derco viewed as a good strategic fit. Further details of the Derco business can be found in the Strategic Report on pages 24 and 25.

Russia disposal

As announced in 2022, the Group decided to exit its Russian operations due to the conflict with Ukraine. Working in conjunction with our OEM partners the Board agreed to transition our Russian business in full compliance with international and local regulations and with the aim of safeguarding the continuing employment of our colleagues. The Company's operations in Russia was a Retail-only operation, and during 2021 it disposed of its St. Petersburg operations.

The GET engaged with both Toyota and BMW, the largest OEM partners in the region, before agreeing to the transaction. Following the start of the conflict, all OEMs eventually ceased production and shipments to Russia, and the lack of new vehicles entering the country would lead to a gradual unwinding of the business as supply diminishes. The management team in Russia remained extremely professional during the transaction which also affected our other Northern European regions such as Poland, the Baltics and Romania. The Group Chief Executive held townhall meetings with our European markets on the decision to make the sale.

The Board discussed the situation in detail noting the need to have regard for employees in both the Russian business and neighbouring countries and how the decisions made will affect them, the expectation of investors and OEM brands partners, and the risk of setting a precedent as historically the Group operates in markets with potential political uncertainty. The Board also discussed the sale of the St. Petersburg business in 2021, noting the strategic intent had been to sell the entire Russian operations if an appropriate buyer had been identified. The Board considered the financial impact noting early 2022 trading was strong; however, with no new inventory the business would likely be sustainable for three to six months without any cash injection or working capital facilities. There were inevitably losses with selling the Russian operation due to FX and impairment. The exit scenarios were considered in detail with an exit from Russia ultimately resulting in transferring ownership or ceasing to trade. The Board agreed that whatever the outcome the fair treatment of employees remains paramount, taking into account the investor and market view, and guidance from the UK Government.

Pension

In May 2022, the Board approved a package of measures to be made to a UK subsidiary pension scheme. Historically this scheme was made up of four sections which were operated on an individual sectionalised basis, was a mixture of final salary and cash balance schemes and was aligned with a mixture of RPI and CPI. It was agreed to:

- Merge three of the individual sections of the scheme.
- Align the inflation index used in the scheme to be CPI across all inflation-linked benefits.
- Enhance the security provided to scheme members by giving access to the covenant of the subsidiary in the form of a guarantee.

This package of measures was to the benefit of both the scheme members and the Company as it improves the funding position of the scheme overall, reduces investment risk, enhances scheme members' security, and reduces the time period within which the scheme will become fully funded on a solvency basis.

In order to formalise the Company's approach to pensions decision-making, in line with the requirements of the Pension Schemes Act 2021, terms of reference were incorporated for the Group's Pension Committee along with a Governance manual to document day-to-day operational responsibilities. A DC Governance Committee was also set up to ensure the DC Schemes are appropriately governed, including a focus on matters such as delivering best member outcomes and ESG matters.

Culture and engagement

The Board monitors and assesses the indicators of culture throughout the Group by:

- Regular meetings with management as part of the Board's annual agenda and one-to-ones with key senior leaders;
- Reviewing the outcomes of the employee engagement survey;
- Reviewing People and Capability metrics including voluntary turnover, leadership development programmes, employee assistance programmes, Code of Conduct compliance, and health and safety statistics;
- Whistleblowing reports and follow up actions; and
- Independent assurance via external advisors.

A broad range of workforce engagement mechanisms are in place with a feedback loop to ensure the Board is able to assess the culture of the organisation. The Chair of the CSR Committee is the designated Non-Executive Director with responsibility for workforce engagement and further details of the engagement session carried out in 2022 is given on page 95.

The Board has delegated oversight of the Company's whistleblowing arrangements to the Audit Committee but retains overall responsibility and receives updates on cases as appropriate.

The Company has a framework of values and behaviours that underpin the Group's purpose to ensure that the strategy and culture of the Company are aligned. The new One Inchcape Values and Behaviours Framework was rolled out across the Group in January 2022. The framework supports the successful delivery of the Accelerate strategy by improving the way we do things to drive business performance.

BOARD EVALUATION

2021 Board Evaluation outcomes

Board	All Board members received training on TCFD, response to electric vehicle developments, market supply shortages and global inflation affecting pricing. This has helped enhance the Board's knowledge on recent industry and regulatory movements.
CSR Committee	The Board enhanced its understanding of ESG issues during the year through external updates on where ESG is heading, why it matters and key trends. From 2023, all Committee Chairs will attend one CSR Committee annually to improve ESG synergy and transparency when making decisions at Board level.
Nomination Committee	The Nomination Committee reviewed its succession criteria to enable more focused assessment of candidates. Sarah Kuijlaars and Byron Grote, come from financial positions at public companies to help steer the Audit Committee when John Langston retires in May 2023. The Board acquired further representation of global operations and regional markets through the appointment of Juan Pablo Del Río, whose first-hand knowledge of the automotive industry and South American markets strengthens the Board's understanding of operations.

2022 Board Evaluation

An internal evaluation of the Board was conducted by the Chairman in 2022 which involved all Board members completing an anonymous questionnaire covering areas such as strategy, knowledge, succession, risk, culture, and effectiveness. The results of the questionnaire were considered by the Board to agree actions for 2023.

The evaluation showed that Board members feel their experiences and contributions are valued, and any challenges made are constructive. Communication between Board members and senior management is open with strong working relationships resulting in an optimal collaborative environment enabling timely resolution of issues.

When considering the knowledge, skills and experience of the Board, the appointments of Byron Grote and Juan Pablo Del Río in 2023 will add new perspectives which will enhance the Board's expertise and knowledge of finance and Latin American markets however with the departure of John Langston in May 2023, automotive experience will be a key area for future appointments. In addition, given the Company's focus on digital and technology, the primary expertise in this area is seen at GET level rather than on the Board itself, which will also be a consideration for Board appointees.

The Board believes there is the right level of focus on succession and diversity, with good progress made on identifying and developing future talent overall however continued focus on improving representation of minority groups on the Board and at executive level will be key in 2023.

The assessment shows that the Board continues to operate effectively; however, there is still a strive for continuous improvement.

Areas of improvement for 2023 include:

- Improved Board training on industry and regulatory environments;
- Increased ESG knowledge and considerations when making decisions;
- More representation of automotive experience; and
- Continue focus on succession planning for Board, GET and senior leaders to meet diversity requirements.

The 2023 Board review process will be externally facilitated, with details of the evaluation being reported in next year's annual report and accounts.

WOMEN INTO LEADERSHIP

Jane Kingston
NON-EXECUTIVE DIRECTOR

"If our people feel they are valued for who they are, they are more likely to feel at home and will stay with us and make great contributions."

Q. Why did you want to speak at the Women into Leadership programme?

JK. It was a great opportunity to connect with colleagues across all parts of the Group. Having learnt and seen a lot of change over a long career, I wanted to share my thoughts and insights with colleagues as they develop their own careers. I am always pleased to talk about the transition into NED roles and explain how the Board works and the role it fulfils.

Q. What role does Women into Leadership play in Inchcape?

JK. I am delighted to observe the way Inclusion and Diversity is really valued as of core importance to how we operate and what we do. I think we are going the extra mile to make this a core living value and that all comes down to leadership.

Q. What advice did you give the participants of the programme?

JK. Be brave and build yourself a broad platform to have choices in the long-term. When you need it, ask for support – that is a strength.

Nayantara Bali
NON-EXECUTIVE DIRECTOR

"To transform the future of mobility we need to have the best of all genders working with us."

Q. Why did you want to speak at the Women into Leadership programme?

NB. It is always useful to hear from people who have shared challenges and opportunities. Listening to other women talk about how they navigated these can inspire new possibilities.

Q. What role does Women into Leadership play in Inchcape?

NB. All leadership programmes are important within businesses – and when there are emerging diversity groups looking to forge their own path which may be different from previously established leadership models, it is important to give women the tools and encouragement to develop their own path.

Q. What advice did you give the participants of the programme?

NB. To be ambitious and not be shy to express that ambition. Also to never stop learning.

Q. How will greater gender diversity benefit Inchcape?

NB. If we are to access the best talent available then to transform the future of mobility we need to have the best of all genders working with us.

Alex Jensen
NON-EXECUTIVE DIRECTOR

"I advised women to build the confidence to move out of their comfort zone and to do so deliberately in order to create broader opportunities."

Q. How will greater gender diversity benefit Inchcape?

AJ. You get better outcomes with more diverse teams, because you recruited from 100% of the talent pool to find the best candidate and because team decisions are tested with a wider range of views. Leaders that are willing to slow down to challenge biases, are willing to listen to different views that might challenge their own, willing to work hard to align the team. By focusing on diversity, Inchcape will emerge stronger and better.

Q. What role does the Women into Leadership programme have within Inchcape?

AJ. Women can be under-represented at certain levels and job types. This may be because of biases in ourselves, in others, in processes and structures, and in society. I think programmes like this create awareness of these hidden biases and empower women to take charge of their own careers, build confidence and networks. It is about ensuring that individuals can flourish so that Inchcape can flourish.

Q. Why did you want to speak at the programme?

AJ. I wanted to play a part in sharing my own experiences and insights about how to navigate some of the trickier career moments.

NOMINATION COMMITTEE REPORT

NIGEL STEIN
CHAIR

Membership

	Number of meetings held/ attendance	Ad hoc meetings held/ attendance
Nigel Stein (Chair)	2/2	2/2
Nayantara Bali	2/2	2/2
Jerry Buhlmann	2/2	2/2
Alex Jensen	2/2	2/2
Jane Kingston	2/2	2/2
Sarah Kuijlaars*	2/2	1/1
John Langston	2/2	2/2
Till Vestring**	1/1	1/1

* Sarah Kuijlaars joined the Committee on 21 January 2022.
** Till Vestring left the Board on 19 May 2022.

The Committee's terms of reference can be found at www.inchcape.com/responsibility/governance.

DEAR SHAREHOLDER

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2022. The aim of this report is to provide an overview of how the Committee has discharged its responsibilities during the year.

Board composition and succession planning continues to be the main focus of the Committee with two new Directors recruited during 2022. Sarah Kuijlaars joined in January 2022 and Byron Grote who joined in January 2023. In addition, Juan Pablo Del Río joined the Board following the successful acquisition of Derco. John Langston will retire from the Board in May 2023 and I would like to thank John for his contribution and wise counsel during his time with Inchcape and to welcome our new Board members.

In recruiting Sarah and Byron, the Committee reviewed the mix of skills and experience of the current Board members taking into account any gaps which would arise following the departure of John. As such, the Committee agreed that strong financial and UK listed company experience was essential.

Sarah is currently Chief Financial Officer and Executive Director of De Beers plc and was previously a Non-Executive Director at Aggreko plc. Sarah was also previously CFO of Arcadis NV, deputy CFO at Rolls-Royce Holdings plc, and has held a number of senior financial leadership roles during a 25-year career at Royal Dutch Shell plc. Sarah will assume the role of Audit Committee Chair following John Langston's retirement.

Byron was previously Chief Financial Officer at BP plc between 2002 to 2011 and is currently Audit Committee Chair at Tesco PLC and Akzo Nobel N.V. and a Non-Executive Director at InterContinental Hotels Group plc. He has also served as Non-Executive Director of Standard Chartered plc, Anglo American plc and Unilever plc. Sarah and Byron's extensive financial and international experience have strengthened the existing Board's skill set as well as providing experienced voices as part of the Audit Committee.

Juan Pablo Del Río was appointed to the Board in January 2023 following the successful acquisition of Derco. Prior to this Juan Pablo served on the Board of Derco and brings a wealth of knowledge and experience of the business and Latin American markets to the Board.

Following Sarah, Byron and Juan Pablo's appointments, the Nomination Committee believes the current composition is a good fit for the Board to optimally perform for the benefit of its members and ensures that the Board and its Committees remain well equipped with the skills and capabilities needed to drive the future success at Inchcape. The Nomination Committee continues to consider suitable candidates should any vacancies arise unexpectedly or where it could be deemed that another Non-Executive Director would enhance the performance and experience of the Board.

Gijsbert de Zoeten resigned from the Board in November 2022. The recruitment process for a new Chief Financial Officer has commenced.

Looking ahead, the Committee is focused on the long-term succession of the Board and the need to integrate more diversity at executive level.

The recruitment consultants used for Board appointments are aware that gender and ethnic diversity are key factors when recruiting Board members and the Group is putting in place various initiatives and programmes to reach the leadership goals.

This includes programmes such as the Women into Leadership programme and the graduate programme. Further information can be found in the Responsible Business Report on pages 37 to 42.

NIGEL STEIN
CHAIR OF THE NOMINATION COMMITTEE

PRINCIPAL DECISIONS IN 2022

Skills, experience, and diversity	The Committee reviews the Board Skills Matrix throughout the year. The matrix sets out the skills and experience of each Board member which the Committee reviews in the context of the Accelerate strategic aims in the medium and longer term. The Committee has discussed gender diversity at the Board and Group Executive Team level, noting diversity is an increasingly important area of focus for investors and a clear plan is needed to address this area. Several initiatives are in place for the Company to work towards improving gender diversity in leadership roles, including the Women into Leadership programme which has a target of no less than 90% progression to a new role (at the same level or promoted) with 24 months of programme completion, and to increase the proportion of women in senior positions from 18% to 30% by the end of 2025.
Succession planning	The Committee reviews length of service and recommends to the Board the appointment of Non-Executive Directors (NEDs) for a further three-year term as and when they arise. It is usual for Board members to serve nine years on the Board and length of service is a key factor when looking at succession planning. However, a Director may resign before they have completed nine years' service. In these circumstances, a longlist of potential candidates is continually kept up to date so the appointment process can begin immediately to fill vacancies as they arise. The performance of the Group Executive Team is considered by the Board as a whole during the annual organisational health check and the Non-Executive Directors discuss succession planning for senior leadership during the year without the presence of executive management.
Independence	The Committee assesses the Non-Executive Directors' independence on appointment and throughout the year. Non-Executive Directors are required to inform the Committee of any situation which could impair their independence and report on any potential conflicts of interest at each meeting. Over half of the Board, excluding the Chairman, are Non-Executive Directors who are considered to be independent under the Code. Under Code provision 10, the criteria for Director independence states a tenure over nine years could impair a Director's independence. During 2022, John Langston served his tenth year with Inchcape; however, the Board is satisfied that despite having over nine years' service, John continues to demonstrate independent character, judgement and objectivity, and this continued service has not impaired his independence. John will step down from the Board prior to the AGM in May 2023. Juan Pablo Del Río is not considered independent due to his close family relationship with the Derco business and the family shareholding. Please see page 87 for further details.
Election or re-election by shareholders at the AGM	In line with the UK Corporate Governance Code, all Board Directors will be subject to election or re-election annually at the Company's Annual General Meeting. The Company has agreed, subject to certain terms and conditions including the family owners maintaining at least a 7% shareholding in the Company, that a Derco family Director will continue to be nominated for reappointment until and including at the Company's Annual General Meeting in 2026.
Time commitment and policy on multiple Board appointments	Non-Executive Directors must have the time necessary to devote to the role. The Committee reviews the expected time commitment on a regular basis and also implements a policy on multiple Board appointments to limit the possibility of a Director being 'over-boarded'.

Director independence

The Board includes an appropriate combination of Executive Directors and Non-Executive Directors, with over half the Board considered independent. No one individual or small group of individuals dominates the Board's decision making.

Provision 10 of the Code sets outs circumstances "which are likely to impair, or could appear to impair" a Director's independence. We set out in the 2021 Annual Report and Accounts, the Board's view as to why it considered Till Vestring to be independent prior to his departure in May 2022.

John Langston completed nine years' service in August 2022 and will step down from the Board prior to the AGM in 2023. John agreed to stay on the Board while we recruited two new Non-Executive Directors, Sarah and Byron, who both joined the Audit Committee upon appointment. John has been instrumental in their induction to the Audit Committee and the Board felt that his continued service allowed a smooth transition for these important roles.

Juan Pablo Del Río is not considered independent as he has a significant shareholding in the Company, and has close family ties with some of the Company's senior employees. The Company acknowledges that Juan Pablo Del Río is not independent but the rationale behind the Derco acquisition, as stated in pages 24 and 25, are of tremendous benefit to the Company with the acquisition dramatically increasing our scale in the fast growth Americas region, bolstering our presence in several existing markets, and will secure Bolivia as a new Inchcape distribution market. Derco also brings a fantastic set of highly complementary OEM relationships, including deepening our decades-long relationship with Suzuki, and broadens our brand footprint in the markets, with Mazda, Changan, JAC, Renault, Great Wall, and Haval. As a result of this Juan Pablo will have no voting authority when it comes to making decisions about the Derco subsidiaries.

Appointment process

An external recruitment consultant is appointed to assist with the recruitment of Directors. The Chairman will develop an appropriate job specification, and set out any other desirable attributes, and agree a longlist of potential candidates with the consultant. From this, a shortlist is agreed, and the interview process begins. Potential candidates meet with the Chairman, Senior Independent Director and other Board members. Once a preferred candidate has been identified, the Committee makes its recommendation to the Board for approval. During the recruitment process a comprehensive assessment is carried out to evaluate each candidate's capability, strengths and personal attributes needed to complement and enhance the skills, experience and knowledge of the Board members.

Odgers Berndtson were appointed to assist with the recruitment of Sarah Kuijlaars and Lygon Group were appointed to assist with the recruitment of Byron Grote. Odgers Berndtson and Lygon Group are signatories of the Voluntary Code of Conduct for Executive Search Firms and neither firm has any other connection to the Company or any individual Director.

Diversity policy statement

We value diversity in the broadest sense including, but not limited to, age, gender, ethnicity, sexual orientation, disability, or educational, professional and socio-economic backgrounds. The objective of ensuring a diverse board is to provide fresh perspectives which enrich our decision making and the aim of the policy statement is to reflect this ethos.

The Board's policy on diversity is a verbally agreed principles-based policy and applies to the Board and its committees. The policy is implemented during the nomination process where all aspects of diversity are valued along with the range of skills, experience and knowledge needed to enable the Board to make the right decisions to achieve the objectives of the Accelerate strategy and to create long-term sustainable success.

The importance of Board diversity is clearly understood by our recruitment consultants and is built into the process of succession planning and recruiting Executive and Non-Executive Directors. The Board remains dedicated to achieving gender parity and greater representation of diverse ethnic backgrounds and considers all aspects of diversity to be relevant when considering appointments to the Board or its committees.

The Board's philosophy on diversity is also reflected throughout Inchcape and the business has continued to strive for increased diversity of all identities, backgrounds and experiences across its workforce and is building a more inclusive environment where everyone believes they can belong, be themselves and succeed.

As at 31 December 2022, at least 40% of the Board are female and at least one member of the Board is from a minority ethnic background. However, the target to have a female Chair, CEO, SID or CFO by the end of 2025 as recommended under LR.9.8.6 (ii) has not yet been met. This requirement is and will be factored into any Board recruitment process.

The data on Board and Executive diversity is given in the Directors' Report on page 121.

AUDIT COMMITTEE REPORT

JOHN LANGSTON
CHAIR

Membership

	Number of meetings held/ attendance	Ad hoc meetings held/ attendance
John Langston (Chair)	4/4	2/2
Jerry Buhlmann*	4/4	0/2
Jane Kingston*	2/2	
Sarah Kuijlaars	4/4	2/2

* Jane Kingston left the Committee in May 2022. Jerry Buhlmann was unable to join the additional meetings due to prior engagements.

The Committee's terms of reference can be found at www.inchcape.com/responsibility/governance.

DEAR SHAREHOLDER

I am pleased to present the Audit Committee Report for the year ended 31 December 2022. The aim of this report is to provide an overview of how the Committee has discharged its responsibilities during the year and to highlight the significant issues considered by the Committee.

Mergers and acquisitions (M&A)

M&A continues to be a cornerstone of the Group's Accelerate strategy with the Group acquiring the ITC Group and Ditec in the Americas and Morrico in Guam, in addition to several distribution wins. Such expansion has led the Committee to review procedures over the initial IFRS 3 provisional accounting for new acquisitions, challenging management where appropriate and seeking the opinion of the auditor on the accounting judgements.

The acquisition of Derco is a transformative and unique opportunity to accelerate our global distribution business and deliver shareholder value. As such the Committee considered the financial information contained in the circular to shareholders in detail, including the historical financial information, principal accounting judgements and synergies prior to the General Meeting. Commencing with Derco, integration of new businesses to the InControl Standards Framework (ICS) will be a key focus for 2023 and the Committee will monitor the implementation of the control environment.

Exit of Russian operations

Exiting the Group's Russian operations was also a key consideration for the Committee during the year. The Committee considered this a significant issue and further information on the Committee's judgements in relation to this matter is given on page 90.

Global Business Solutions

The implementation of the Global Business Services organisation (GBS), which began in 2021, continued during the year. Following a GBS Programme Assurance review carried out by the Internal Audit team, the Committee spent time assessing the action plans developed to address control gaps and continue to monitor progress against plans to ensure that appropriate resources and governance processes are in place to manage the risks.

Climate change

As part of our TCFD work and general planning work, climate change considerations have been factored into financial forecasting and the associated impairment assessment. Climate change will manifest in many ways and we have considered the key risks, such as: misalignment (EV demand vs EV availability in the relevant markets), carbon tax, physical risks and margin pressures. Further details are given in the TCFD Report on pages 44 to 54 and in the Financial Statements on page 143.

Financial Reporting Council (FRC) letter

A letter was received from the FRC, following a review of the 2021 Annual Report and Accounts, where a specific question was raised in relation to the accounting treatment of share buybacks, alongside a number of additional points noted in an appendix. The FRC review is based on our Annual Report and Accounts and does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. However, it is conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework.

The FRC supports continuous improvement in the quality of corporate reporting and recognises that those with more detailed knowledge of our business, including the Audit Committee and auditors, may have recommendations for future improvement, consideration of which we would encourage.

The Company responded to explain the accounting treatment used and to confirm the points raised would be addressed in the 2022 Annual Report and Accounts. The FRC noted the repurchase agreement and closed the enquiry after we explained that, as of 31 December 2021, we had a contractual right to terminate the arrangement without giving notice and without any penalty.

Cyber security

The current cyber threat landscape increased significantly during the year, influenced by political turmoil and the conflict in Ukraine. The Committee spent time reviewing the Group's response plan to tighten global cyber security controls in order to protect the business from these risks.

I am also pleased to report that following the approval of a three-year cyber security plan last year to improve the Group's National Institute of Standards and Technology (NIST) cyber security benchmarking assessment, Inchcape reached the proposed 2.2 NIST target, globally and in all regions.

JOHN LANGSTON
CHAIR OF THE AUDIT COMMITTEE

PRINCIPAL DECISIONS IN 2022

Financial reporting	The Committee's work focused on checking the appropriate accounting treatment for, and disclosures of, the issues considered. The Committee carried out its work using information supplied by management, the external auditor and other advisors as appropriate. The Committee members bring their experience and knowledge to the deliberations which results in the collective view being expressed to the Board. The Committee approved the move away from the columnar format of presentation to a simple two column approach that presents the income statement on an IFRS basis with a reconciliation between IFRS and non-GAAP measures of performance shown below the income statement.
Fair, balanced, and understandable	The Committee considered key audit issues, accounting treatment and judgements in relation to the financial statements. Management was challenged on the assumptions used and the judgements that have been applied, with assurances given from both external and internal sources. The Committee assessed whether this Annual Report and Accounts was fair, balanced and understandable.
Risk management	The Committee reviewed the principal and emerging risks, assessing the appropriateness of the risk management framework and carrying out a robust assessment of principal risks. Emerging risks and the process used to identify them were monitored. The Committee reviewed the risk profile, any changes to the risks, major whistleblowing reports, and any mitigating plans implemented by management. Further details of the Group's approach to risk management and its Principal Risks is given on pages 59 to 67.
Internal controls	The Committee undertook a deep dive into the Group's reconciliation processes to ensure expected controls had been designed and were operating effectively. Where required, management worked with the GBS team to provide further analysis on transactions to ensure processes were strengthened across the Group and management aligned to the control standards. The new platform to host the InControl Standards was rolled out enabling the ICS entity hierarchies and structures to be refreshed to fully align with local structures, business types, systems and locations following completion of recent M&A activities. Markets refreshed their ICS compliance self-assessment and the Committee monitored compliance rates. The Committee reviewed the progress of the roll out throughout the year and self-assessed compliance scores. The Committee received regular reports from the Group Internal Controls (GIC) on the process for mapping the Groups IT General Controls (ITGCs) to our new global digital platforms which commenced in the second half of the year. GIC is working with the Cyber Security Team to ensure the new ITGC accountability structure rollout also aligns with NIST standards and requirements adopted by the Group.
Whistleblowing	The Committee received updates on cases reported during the year, reviewing themes and trends of reported cases. 127 whistleblowing reports were received from the Speak Up! hotline, in addition to 175 separate cases being reported to regional HR teams, which shows that there is awareness of the process. Most cases are originating from Latin America, and are employee related. Material cases were reviewed in detail with the Committee monitoring follow-up action plans and resolution.
Internal audit	The Committee reviewed, approved and monitored: • the 2022 Internal Audit plan; • progress against the plan; • the status of open audit issues; and • mitigation plans for any internal control failings.
Auditor effectiveness	The Committee reviewed the report from the external auditors, assessing the auditor's approach to, and findings in relation to, the audit to assess independence and objectivity. Materiality, scope and fees for the annual audit plan were agreed. Updates on upcoming corporate reform and other regulatory topics were regularly received throughout the year.

Significant issues considered by the Committee during the year

Impairment – see notes 11 to 13 on pages 169 to 176

Impairment reviews are carried out annually in respect of goodwill and indefinite life assets, and if there is an indicator of impairment, reviews are implemented more frequently. In addition, other intangible assets, property, plant and equipment and right-of-use assets are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. This is a judgemental process which requires estimating future cash flows based on future business prospects, determining long-term growth rates and discount rates. It is the Committee's view that management's approach to impairment is robust, based on reliable supporting data supplied by external sources, and with appropriate challenge from the external auditor. The Committee focused on the following aspects of the impairment:

- The Committee debated the cash flow projections used to calculate the value in use, considering whether these reflect a reasonable expectation of future performance;
- The Committee considered how management had determined the discount rates and long-term growth rates;
- The Committee discussed the impact of climate change, including electrification on impairment and the impact of electric vehicles on aftersales;
- The Committee assessed the reliability of data provided by external advisors and independent specialists used in key assumptions; and
- The Committee also discussed the appropriateness of the disclosures to be made in the Annual Report to satisfy itself that they provided users of the financial statements with sufficient information to understand the judgements made by the Group.

After considering all available information and reviewing the findings, the Audit Committee concluded that management's impairment reviews of non-financial assets were appropriate and that a net reversal impairment of £7.2m relating to property, plant and equipment, and right-of-use assets, in Australia and the UK should be recognised for the financial year ending 31 December 2022.

Disposal of Russian operations – see note 29 on pages 202 to 203

As a consequence of the Ukraine conflict, the Group agreed to dispose of its operations in Russia to the local management team. The sale price of c£63m has been deferred over five years and certain rights have been put in place designed to protect the Group's ability to receive the deferred consideration. Four key judgements were required in relation to the accounting and reporting of the disposal relating to: the recognition of the transaction as a disposal; reporting of the business disposed of as a discontinued operation; the date on which the Russian Group was deconsolidated; and the amount recognised in relation to the disposal proceeds.

The Committee focused on the following issues:

- whether the Group had control over the operations and the date in which control had passed to the local management team;
- whether the business was considered to be a discontinued operation; and
- the significant estimation uncertainty in relation to the valuation of the deferred consideration given the ability to receive funds from Russia.

To determine the amount to be recognised the Committee took into consideration:

- application of discounting to provide present value at the date of disposal;
- the ability of the local management team to meet the payments which is dependent on the future performance of the Russian Group; and
- the Group's ability to receive the proceeds due to restrictions in place.

The Committee concluded that the disposal constituted a transfer of control under IFRS10 and the disposal represented a discontinued operation. The Committee also concluded that the fair value of the deferred consideration to be nil given the uncertainty.

Adjusting items – see note 2 on pages 155 and 156

In response to guidance issued by the FRC, and following challenge from the external auditor, management undertook a review of items referred to as exceptional items in the financial statements. The Group has historically presented separately certain items of profit or loss and other comprehensive income, which it considers relevant to understanding the Group financial performance, as additional lines to the minimum lines required to be set out in the income statement. These have been referred to as 'exceptional items' and measures of profit before exceptional items are considered to be key measures of reported performance and disclosed as Alternative Performance Measures (APMs) in the Annual Report and Accounts.

The Committee reviewed various options in relation to future reporting of items which are excluded from the Group's APM, debating the advantages and disadvantages of each consideration. The Committee concluded that it would be appropriate to amend the description applied to such items and that they be amended. The Committee believes a description such as 'adjusting items' had the ability to provide a broader measure of alternative performance over time, where items may be excluded across multiple periods in order to provide investors with a more meaningful measure of the underlying performance of the Group. The Committee also approved the Group's policy on adjusting items to reflect the changes in terminology.

Structure of the Committee

John Langston is a qualified chartered accountant and Sarah Kuijlaars is a Fellow of the Chartered Institute of Management Accountants. Both are considered to have recent and relevant financial experience. In addition, the Committee as a whole has competence in the sector in which the Company operates.

Jane Kingston stepped down from the Committee in May 2022 following the successful appointment of Sarah Kuijlaars to the Board.

Only members of the Committee are entitled to attend Committee meetings. Other regular attendees at the invitation of the Committee include the Chairman, Group Chief Executive, Chief Financial Officer, Group Financial Controller, Group Head of Internal Audit, Group General Counsel, Group Tax Director, and representatives from the external auditor.

Financial reporting

The Committee reviews with both management and the external auditor the appropriateness of the half year and annual financial statements, taking into account:

- The quality and acceptability of accounting policies and practices;
- Material areas in which significant judgements have been applied or discussed with the external auditor;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements including the Code;
- Any correspondence from regulators in relation to the Group's financial reporting; and
- Reviewing assumptions and providing assurance to support the long-term viability statement.

Fair, balanced and understandable

The Audit Committee also carries out its own assessment of the financial statements, and the Annual Report as a whole, and is satisfied that it provides the necessary information for shareholders. The Committee considered whether the information given in the financial statements is a true reflection of the narrative reporting throughout the Annual Report and Accounts, whether the key performance indicators give a true indication of the health of the business and if the issues considered of significant risk by both the external auditor and the Committee are aligned.

The processes and procedures in place to satisfy the Board of the integrity of the financial and narrative statements include a robust disclosure verification process, monthly financial performance updates, and meetings with the internal and external audit functions without the presence of management.

The Company's business model and strategy are set out on pages 2 to 7, a statement of the Directors' responsibilities is set out on pages 121 to 122 which includes the going concern statement.

Risk management

The Audit Committee has delegated responsibility for ensuring that:

- there is an appropriate mechanism in place to identify the risks the Group faces;
- management teams have the correct focus on those risks and the action plans in place to mitigate or respond to those risks;
- a compliance programme is in place in all markets that meets or exceeds external benchmarks and is appropriate in terms of legal requirements, content, sector, cost and resources;
- internal controls are appropriate, well designed and operating consistently across the Group to manage risk effectively; and
- the Group's whistleblowing programme is appropriately managed to reduce the risk of fraud or respond quickly and decisively in the event the Group falls victim to fraud.

Reports are provided at each meeting, detailing the risk environment to allow the Committee to monitor and assess the effectiveness of the Group's risk management approach.

Internal control

The Internal Control framework encompasses controls relating to financial reporting processes, preparation of consolidated Group accounts, operational and compliance controls and risk management processes.

InControl Standards

InControl Standards (ICS), are designed to enable management to establish, assess and enhance strong and consistent risk and control governance. The framework is regularly reviewed and updated in line with emerging Group risks, in response to emerging internal audit issues, and following any investigation activity.

The standards form part of the broader control environment consisting of:

- culture and behaviours;
- Code of Conduct;
- Group, regional and local policies and procedures, including legal and regulatory compliance;
- delegation of authorities;
- risk management process; and
- roles and responsibilities.

The ICS has been designed to mitigate the most significant risks across the Group providing robust governance and a sound controls framework to ensure:

- reliability of financial reporting;
- effectiveness and efficiency of operations; and
- compliance with applicable laws and regulations.

They are also there to help protect us from:

- fraud and misappropriation of cash and assets; and
- material error in the financial statements.

The central and regional Internal Controls teams support the business by providing the framework, tools and training, and ongoing support to embed the ICS across the business which in turn enables management to monitor the effectiveness of controls in the business and to implement actions plans where improvement is required. The Internal Control function is separate from the Internal Audit function and works with management teams to design controls that are proportionate to the level of risk, supported by systems and easy to follow.

Monitoring the effectiveness of the risk management and internal control systems

The Audit Committee considers reports from the Group Head of Internal Audit at each meeting covering Internal Audit, Internal Controls and Risk Management functions. The reports provide:

- update on the control framework;
- management's self assessment of controls and risk management;
- self-assessment compliance scores;
- identified control gaps and status of management actions;
- assurance from management on the effectiveness of the risk management and internal control system and compliance with policies; and
- whistleblowing and other incidents

A report on open ICS actions is provided in addition to the status of actions arising from the External Auditors Management Letter which are monitored to closure by the regional controls teams.

There was a significant increase in self assessed controls compliance across all regions over the last year with ICS being implemented for new businesses and functions – Indonesia, Inchcape Digital and the Digital Delivery Centres. Over 1,200 control gaps were closed by the business with the majority of reported outstanding ICS gaps in newer markets within Europe and the Americas. Overall ICS compliance scores remain consistent at 88%, with good progress being made across most regions.

This information enables the Committee to assess the effectiveness of internal controls on an ongoing basis. The external auditor also provides an annual report on control improvement recommendations and other observations which allows the Committee to assess effectiveness annually.

The reports are available to all Board members to ensure they are aware of the risk management and control environment. Board members are also able to attend Committee meetings should they wish and the Audit Committee Chair also provides an update on the control and risk environment to the full Board following each Committee meeting.

Any significant control failings or weaknesses are reported to the Board, with a detailed review of the findings and mitigation plans being put in place. The Board monitors progress against plans until it is satisfied that such matters are resolved appropriately. The Board has determined that there were no significant failings or weaknesses identified during the review of risk management and internal control processes during the year and further confirms that these systems were in place during 2022 and to the date of this report. The Board is satisfied that the control environment was materially effective during the course of the year.

Whistleblowing

The Group Head of Internal Audit reports to the Committee at each meeting on fraud and whistleblowing claims that have been received since the last Audit Committee meeting, and significant currently open issues. The new and open cases which are reported to the Committee are those of sufficient significance to warrant attention; however, a list of all reports is also provided to the Committee along with a breakdown by market, report type and source.

The Audit Committee Chair reports to the Board on any significant issues or resolutions made by the Committee following each meeting. All Directors have full access to the whistleblowing reports and other Audit Committee papers.

Management responded positively creating additional governance and oversight however a proactive review of all operational and financial areas by the regional internal controls team, recommunication of the code of conduct and additional deep dives by the compliance officer into themes arising is required. The Group's whistleblowing process aligns with the EU Whistleblowing Directive.

Internal Audit

The aim of the Internal Audit function is to provide independent and objective risk-based assurance for the Group by bringing a systematic and disciplined approach to evaluate the effectiveness of risk management, governance and control. An annual programme of audit activity is approved by the Audit Committee; this is flexed if required throughout the year in accordance with the risk profile of the organisation and any subsequent amendments are discussed in detail and agreed by the Committee.

The function carries out audits across a selection of Group businesses, functions and programmes which include the management of risks and controls over financial, operational, IT and other compliance areas, such as GDPR and anti-bribery and corruption.

The Internal Audit function, led by the Group Head of Internal Audit, consists of appropriately qualified and experienced employees with an in-depth understanding of the business culture, systems, and processes. The Group Head of Internal Audit reports to the Audit Committee and has direct access to, and has regular meetings with, the Audit Committee Chair, prepares formal reports for Audit Committee meetings on the activities and key findings of the function and reports on progress against mitigation plans. The purpose, authority and responsibility of Internal Audit are defined in the Internal Audit Charter, which the Committee reviews annually.

The Audit Committee and a selection of senior employees carried out an effectiveness review on the internal audit function in 2022 through an anonymous questionnaire. The feedback had been broadly positive with no overarching issues to report. Areas of focus for improvement were relayed to the Head of Internal Audit and an appropriate action plan has been agreed to implement these.

External audit

Following an audit tender process during 2017, Deloitte LLP was appointed as the Group's auditor with shareholder support for the appointment given at the 2018 Annual General Meeting. Anna Marks was the lead audit partner for this year's audit and will now rotate after serving five years. Dave Griffin will become the lead audit partner for 2023.

The Company confirms that it complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

Auditor effectiveness, independence and objectivity
Ensuring that the external audit process provides a high quality audit is a key activity of the Audit Committee as a high quality audit provides stakeholders with assurance that the financial statements give a true and fair view. The Committee carries out its assessment on an ongoing basis by considering its interactions with the auditor, its observations of the auditor and the relationship between the Audit Committee, the auditor and management. The Committee encourages a culture of open communication and debate and the Committee believes that it is able to ask questions on key issues and to challenge when it feels more information is needed. The Committee also looks at

how management responds to requests from the auditor and carefully reviews the auditor's findings and recommendations.

When the auditor supports management's approach, the Committee considers the evidence supplied by the auditor to support its decision to ensure that the auditor is not compromised and remains objective.

The auditor also meets with the Committee without the presence of management on a regular basis, usually following each meeting. This gives the auditor an opportunity to confirm its view that management are addressing any issues raised appropriately or to raise any concerns they may have.

External evidence of the quality of the audit is also vital in assisting the Committee in its review of the effectiveness of the audit.

Factors considered to assess quality of the external audit

Mindset and culture
The ethical and professional principles adhered to by the auditor; whether the auditor has any personal or commercial interests in the Group; and how they have demonstrated high standards of independence, integrity, objectivity and challenge throughout the year.

Skills, character and knowledge
The auditing skills of the audit team; level of knowledge of the automotive distribution and retail industry possessed by the audit team; the auditor's understanding of its obligations to users of the financial statements; and ability to challenge where appropriate whilst maintaining strong relationships.

Quality control
The processes the auditor has in place to identify and address risks to the audit and assessing the steps taken to complete the annual audit plan.

Feedback from business
The Committee receives feedback from management on the quality of the auditor's delivery, communication and interaction with the various finance teams across the Group, which is communicated back to the external auditor.

The auditor's report to the Committee sets out the audit plan, materiality, scoping, the risk assessment process, significant risks, other areas of focus, the purpose of the report and responsibility statement. The Committee reviews at each stage of the audit to ensure whether it is satisfied that the audit plan is appropriate, if the auditor is meeting its obligations, and to agree any changes to the audit if they arise.

Deloitte continually monitors its independence and ensures that appropriate safeguards are in place including but not limited to the rotation of senior partners and staff and the involvement of other partners and staff to carry out reviews of the work performed and to otherwise advise if necessary.

After considering all of the above elements, the conclusion of the Committee is that the auditor carried out its audit effectively and that the auditor is independent and objective.

Non-audit services

Implementing a Non-Audit Services Policy (Policy) is also key to ensuring the independence of the external auditor. The Policy for non-audit services sets out the permitted and non-permitted non-audit services as well as the approval levels required by the Audit Committee and is designed to ensure that the external auditor's objectivity is not compromised by earning a disproportionate level of fees for non-audit services or by performing work that, by its nature, may compromise the auditor's independence. However, using advisors who have an understanding of the Group's business can be a benefit and the Committee will consider non-audit services supplied on an ongoing basis.

The Group's Policy on non-audit services to be provided by the Group's auditor defines two types of non-audit services that may be performed:

- regulatory services, which are services undertaken as auditor or reporting accountant which are outside the scope of the statutory audit but which are consistent with the role of statutory auditor; and
- permitted non-audit services, which are services that the auditor may be permitted to undertake subject to the appropriate level of approval.

The aggregate fees incurred for permitted non-audit services relative to the audit fee should not exceed 70% of the average audit fee over the previous three years, with such cap applicable to both Group and UK audit fees.

The provision of permitted non-audit services will only be approved by the Audit Committee if:

- engagement of the auditor to provide the services does not impair the independence or objectivity of the external auditor;
- the skills and experience of the external auditor make it the most suitable supplier of the non-audit service;
- the auditor does not have a conflict of interest due to a relationship with another entity; and
- the aggregate fees incurred for permitted non-audit services relative to the audit fee do not exceed 70% of the average audit fee over the previous three years.

Permitted non-audit services above a certain level are approved on a case-by-case basis by the Audit Committee. The following non-audit fees incurred with Deloitte were:

	2022 £'000	2021 £'000
Regulatory services	**5,421**	–
Permitted non-audit services	**819**	123

The Group incurred fees of £5.4m relating to the audit of the historical financial information for the acquisition of Derco, with the associated public opinion that was included in the circular to shareholders.

There were total costs of £0.8m in respect of permitted non-audit services, which included £0.6m in connection with Derco, namely the provision of a private comfort package to the Board and sponsors in relation to profit forecasts. This increased the ratio of permitted non-audit services to audit fees to 0.23:1 for the Group and 0.59:1 for the UK for 31 December 2022. Full details are shown in Note 3d of the notes to the financial statements on page 157. The Group remained within the Audit Committee approved ratio of audit to non-audit fees throughout 2022.

Audit fees paid to the auditor

Fees paid for services provided by Deloitte (three-year average) were:

	2022 £'000	2021 £'000
Audit fees	**3,524**	3,365

CSR COMMITTEE REPORT

ALEX JENSEN
CHAIR

Membership

	Number of meetings held/ attendance
Alex Jensen (Chair)	3/3
Nayantara Bali	3/3
Jerry Buhlmann	3/3
Nigel Stein	3/3
Duncan Tait	3/3
Till Vestring*	1/2

* Till Vestring left the Board on 19 May 2022. Till missed one CSR Committee meeting due to illness.

The Committee's terms of reference can be found at www.inchcape.com/responsibility/governance.

DEAR SHAREHOLDER

I am pleased to present the report of the CSR Committee for the year ended 31 December 2022. The aim of this report is to provide an overview of how the Committee has discharged its responsibilities and should be read in conjunction with the Responsible Business Report on pages 37 to 42 and the TCFD Report on pages 44 to 54.

Driving What Matters plan (Plan)
2022 has been another busy year for the Group as it continues to embed the Plan which underpins the Accelerate strategy. The Plan tackles the ESG risks and opportunities facing the Group and was developed alongside the Accelerate strategy. It underpins the Group's purpose under four pillars: People, Places, Planet, and Practices. The focus of each strategic pillar creates a stronger Company, supporting sustainable growth and performance in the future. Further information on each pillar is given in the Responsible Business Report.

ESG landscape
The Committee took steps to increase its knowledge of the ESG landscape during the year with a detailed session from external advisors, which was also attended by the Audit Committee and Remuneration Committee chairs. This included a review of the ESG landscape and where it is heading, the impact of ESG on key stakeholders, legal and regulatory trends, an overview of a transition strategy, and ESG and executive remuneration.

Planet pillar and the Group's approach to climate change
As with most businesses, climate continues to be an important area of focus and the Group set ambitious Scope 1 and 2 targets in 2021 of 46% reduction in emissions by 2030. The Committee reviewed the initiatives being carried out globally noting that any measures put in place will take time to show in GHG emissions figures; however, measuring inputs will give confidence that the right actions are being taken by the Group.

In addition, a Group-wide project to ascertain total Scope 3 emissions was completed during the year in conjunction with the Carbon Trust. The project team consisted of employees from across the Group who provided data on the Group's upstream and downstream activities to ascertain the size of the Group's overall emissions landscape. The Board as a whole reviewed the findings and agreed the following actions:

- reduce those emissions within our direct control as quickly as possible;
- seize opportunities to partner with OEMs that are able to offer our customers lower emissions vehicles; and
- support our customers, colleagues and OEM partners in making the transition to a low carbon future.

People pillar and the Group's approach to Inclusion & Diversity (I&D)
I am also pleased to report that good progress has been made on I&D with programmes and initiatives on Inclusive Leadership, Women into Leadership and the Employee Assistance Programme. Further details are given in the Responsible Business Report.

Health, safety, and the environment (HSE) is also of paramount importance to the Group and the Committee reviews management's progress against agreed HSE priorities during the year. The Committee also reviewed the processes in place in the event of a serious incident to ensure that HSE culture and practices are cascaded through the organisation as appropriate and that the HSE culture and practices are well understood.

Workforce engagement

We have built upon our first employee forum on culture from 2021 and I was delighted to be able to hold an in-person employee session in Santiago during the Board's overseas board visit.

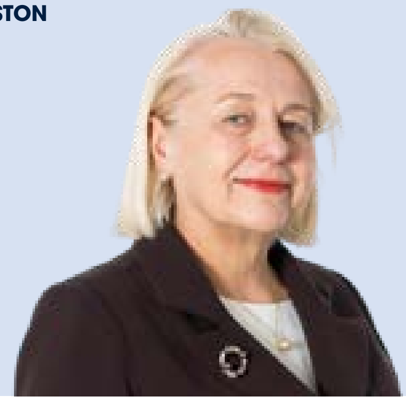
The level of openness and engagement from the attendees and the continued passion and motivation demonstrated is a testament to the healthy corporate culture within the organisation. Feedback from the forum was provided to the Board so they could hear the views of the Group's employees.

ALEX JENSEN
CHAIR OF THE CSR COMMITTEE

PRINCIPAL ACTIVITIES IN 2022

Driving What Matters plan	The Committee reviewed the global framework and priorities, and assessed performance against targets for each of the key pillars: People, Planet, Places and Practices. In addition, the Committee also considered the global communications plan for 2022 designed to foster employee engagement on a wide range of key issues via global and regional townhalls, leadership meetings, colleague events and regular mailings. The Committee reviewed the initiatives, and achievement of key performance indicators, under each of the Responsible Business pillars:
People	• Percentage of employees participating in the Inclusive Leadership Programme. • Action plans in place to increase colleague experience scores of a positive work environment, wellbeing and ways of working. • Percentage of diverse shortlists submitted for senior recruitment. • Percentage of progression into new roles (sideways or promotion) with 24 months of completion of Women into Leadership programme. • Percentage of interns benefitting from Early Careers programme.
Places	• Number of partnerships with local road safety agencies to reduce employee accidents. • Sponsorship of one programme to advance mobility for those living with disability per market. • Engagement with local non-governmental organisations to provide transport for underprivileged families and communities.
Practices	• Percentage of employees completing Code of Conduct training. • Publication of external policy statements for anti-bribery and corruption, anti-money laundering and counter terrorist financing, anti-trust, and data privacy.
Planet	• Monitor reduction in Scope 1 and Scope 2 emissions. • Review and assess Scope 3 footprint. • Assess the climate change risks and opportunities and approve the TCFD disclosures. Further information on the initiatives rolled out during the year, and the achievement of targets, can be found in the Responsible Business Report on pages 37 to 42.
Workforce engagement	An employee engagement session was attended by colleagues from a wide range of roles within the business, including several employees who joined the Group via the Ditec acquisition. The session began with an overview of the regional pulse survey results which showed that career development and support received high scores, whereas pay and skills scored lower. A general discussion followed and several key themes emerged including evolution of strategy, data & digital and diversity. There was a detailed discussion on the Derco integration plan which will impact many employees in the region during 2023. Feedback to the Board included: • improvement in the cascading of important messages from the top down; • greater clarity of the Group's digital strategy; and • keep up the momentum of the I&D initiatives. In addition, the Remuneration Committee Chair, Jane Kingston held two remuneration-focused forums for employees including a consultation on the proposed remuneration policy. Further details can be found on page 97.
Health, Safety, and Environment (HSE)	The Committee reviews progress against six HSE priorities at each meeting covering: • HSE risk profile reviews; • EV safety procedures; • cultural HSE survey; • HSE due diligence programme; • HSE contract management system; and • mandatory HSE training.

DIRECTORS' REPORT ON REMUNERATION



JANE KINGSTON
CHAIR

Membership

	Number of meetings held/ attendance	Ad hoc meetings held/ attendance
Jane Kingston (Chair)	3/3	2/2
Jerry Buhlmann	3/3	2/2
Alex Jensen*	1/1	2/2
Nigel Stein	3/3	2/2
Till Vestring*	2/2	n/a

*Alex Jensen joined the Committee in May 2022, following Till Vestring's retirement from the Board.

The Group Chief Executive Officer, Chief Financial Officer, Chief HR Officer, Group Reward and Pensions Director, and the remuneration advisors, Ellason LLP, also attend the Remuneration Committee meetings as required.

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the Directors' Report on Remuneration (DRR) for the year ended 31 December 2022. The aim of this report is to demonstrate how the Committee has discharged its duties during the year and I hope you find it informative.

I would like to welcome Alex Jensen who joined the Committee in May and to thank Till Vestring for his valued contribution over the years. Alex is also Chair of the CSR Committee and her knowledge and guidance will be of particular importance as we begin to consider the introduction of stretching ESG targets into our reward structure.

PROPOSED REMUNERATION POLICY (POLICY)

The Committee undertook a review of the current remuneration policy, and its implementation, to ensure that it continues to support the business, the Accelerate strategy, and meets the expectations of shareholders and other stakeholders. During the review, the Committee also considered recent developments in market practice, the applicability of alternative long-term incentive arrangements, and the range of performance measures available to Inchcape.

Our current policy has operated broadly unchanged since 2011. The policy has received strong support from shareholders over this period, reinforced the evolution of our Ignite and Accelerate strategies and has delivered reward outcomes aligned with the performance of the business and the returns received by shareholders. We believe that the current policy continues to meet these objectives; as such we are proposing only minor changes to the policy and its implementation at this time.

The main components of the policy are base salary, pension and benefits, annual bonus, Performance Share Plan (PSP), Co-Investment Plan (CIP), and Save As You Earn (SAYE), and in-post and post-exit shareholding requirements.

Shareholder consultation

During the course of the remuneration policy review we consulted with 20 of our largest shareholders, representing over two-thirds of our issued share capital, as well as proxy advisors. We met with or received feedback from 13 investors representing c.48% of our issued share capital as well as the proxy advisors. We also consulted with employees to explain the remuneration policy and input their views into this process. Please see page 99 for further information.

In general, shareholders gave us positive feedback that our remuneration policy is fit for purpose and pay is well aligned with performance. Reviewing the overall remuneration structure, including the continued use of both PSP and CIP; the Committee continues to believe it supports the Accelerate strategy, encouraging senior leaders to buy the Group's shares, demonstrating their long-term confidence (nearly two thirds of variable pay opportunity is based on long-term performance). The aggregate long-term opportunity (CIP and PSP) of 280% is within market range for comparable-sized companies and is supported by the setting of stretching targets which have demonstrated a good track record of aligning pay with performance.

We were also able to take feedback on our evolving approach to ESG metrics in our incentive framework, together with an emerging nuance to pensions alignment both of which are detailed in this report.

I would like to thank all our shareholders who responded for their constructive advice and suggestions, and support for the Group and its management.

Alignment of pension rates

Since the policy was last approved in 2020, the UK pension offering has been simplified and is now a standardised defined contribution plan (from a mix of defined benefit and defined contribution arrangements). As such, the contribution rate for UK employees is now estimated to be approx. 7% – 7.5% of salary. Our Group Chief Executive (CEO) receives a cash allowance in lieu of pension of 10% of salary. This was set on appointment in 2020 and was in line with the blended rate applicable to other UK employees at the time.

As part of the policy review we explained the position above to our shareholders and asked for their feedback. Those shareholders we spoke to appreciated our situation, and our desire not to reduce the CEO's contribution rate before the UK average has been determined. However, they indicated that they would like a plan to achieve alignment over time. Consequently, the Committee agreed that under the new remuneration policy, new Executive Directors will be offered a maximum pension contribution rate of 7% of salary. Our incumbent CEO, Duncan Tait volunteered to freeze his allowance at the current £ value as an interim step, and bring the pension contribution rate down to 7% of salary after 31 December 2023.

Reflecting our ESG priorities in our incentive framework

Our current remuneration policy provides flexibility (within certain bounds) around the choice of performance measures to be used for our incentive arrangements. In flight PSP/CIP awards are currently based 40% on ROCE; 40% on cumulative EPS and 20% on cash conversion.

A core part of our Accelerate strategy is our Responsible Business framework; "Driving What Matters", which focuses on four key pillars of Planet, People, Places and Practices. Under the Planet pillar we set science-based targets to reduce Scope 1 and 2 emissions last year, and this year we have been embedding these targets within the business. Accountability for delivering on this is currently reflected in the strategic objective element of the annual bonus. See page 110.

As part of its review of ESG metrics, the Committee considered whether carbon reduction targets should be introduced into the PSP and CIP in 2023, given the Group's focus on reducing its Scope 1 and 2 emissions, and we spoke with shareholders about this during the policy review. Whilst shareholders were broadly supportive of carbon reduction metrics, they cautioned the need to ensure that any targets set are stretching, robust and reliable. Reflecting on this feedback, and mindful that our approach and ambition on carbon reduction is likely to evolve further, we have decided to keep the carbon reduction target within the annual bonus for 2023. This will enable us to set robust carbon reduction targets at a later date based on the latest available data, to continue to drive performance improvements in this area, which we see as a key area of value for the business and a differentiator in our proposition to the OEMs. However, as with the current policy, we will retain flexibility to allow us to use ESG metrics for future PSP and CIP cycles.

ENGAGEMENT WITH THE WORKFORCE

In 2022, I chaired an employee forum focusing on Executive and employee reward at Inchcape. The APAC forum consisted of a range of employees from the business and focused on the reward principles, incentive schemes measures, reward structures for Executive Directors, senior leaders, management, and employees, and why these differ.

Alongside shareholder consultation, I also consulted on the proposed remuneration policy with colleagues from across the Group, as many features of the short and long term arrangements for Executive Directors flow down the organisation. Our colleagues gave us helpful feedback particularly on the implementation of our long term incentives, including the need for improved communications on progress vs three year PSP targets, and expressed interest in the development of a relevant carbon metric (and whether this should be relative to the market/competitors or absolute), and in our shareholders views on the proposed policy.

WIDER WORKFORCE REMUNERATION

The Group continues to strengthen its processes to provide internal governance and support to our businesses to ensure a fair and consistent approach to pay and rewards. The Committee received regular updates and is pleased to support management on the approach being taken to workforce reward in a challenging economic environment. We operate in many countries where inflation has been high during 2022 and careful consideration has been given to inflationary forecasts and local market conditions when conducting the annual salary review process. In addition, the UK recognised that the current inflationary environment has had a greater impact on certain colleagues so a one-off payment of £300 was paid in August 2022 to all UK colleagues below a certain band or with a salary below £50,000.

BUSINESS PERFORMANCE AND REMUNERATION OUTCOMES FOR 2022

As detailed in the Strategic Report and Operating and Financial Review on pages 2 to 34, The Group delivered revenue of £8.1bn, adjusted profit before tax of £373m, EPS of 72p (basic adjusted), and adjusted ROCE of 41%.

M&A adjustments to performance targets

Following the disposal of the Russian business and the acquisition of Derco in 2022, performance targets were adjusted for the 2022 bonus and 2020 PSP/CIP as well as the 2021 and 2022 PSP/CIP. This is consistent with the approach the Committee has used previously for M&A activity. The adjusted targets can be found on pages 111 to 112.

2022 bonus

The 2022 bonus was based on a matrix of PBT and revenue, with outcomes exceeding the stretch targets resulting in a payout at the maximum level for the financial elements of the bonus. Strong progress was also made on the strategic objectives which account for 20% of the annual bonus opportunity. As a result, Duncan Tait received a bonus of 150% of salary. Please see pages 109 and 110 for further details.

2020 PSP/CIP

Due to the volatility in the share price in early 2020, the Committee reviewed the number of shares to be awarded at the time of grant to ensure it would not result in a considerably higher number of shares being granted compared to the previous year (which would potentially result in windfall gains on vesting). To mitigate this, a 10% reduction was applied to the number of shares granted to Executive Directors, Group Executive Team (GET), and other senior managers to ensure that the awards better reflected the shareholder experience.

The Committee also considered whether the outcome at vesting was appropriate in the context of underlying business performance, including the amount attributable to share price appreciation over the period. The Committee concluded that share price performance has been supported by strong absolute and relative financial performance and is satisfied that given the upfront reduction to the number of shares at the time of grant, the Executive Directors will not benefit from windfall gains on vesting.

The 2020 awards will vest based on EPS, ROCE and cash performance over the three years ending 31 December 2022. The three-year cumulative EPS (40% of award) was 150p, the three year average ROCE (40% of award) was 26% and the three year average cash conversion (20% of award) was 97%, resulting in the 2020 LTIPs vesting at 60% of maximum.

2023 salary increases

The Committee reviewed the CEO's salary in early 2023 and approved an increase of 5%, consistent with that approved for other members of the senior leadership team and below the 6% increase offered to the UK workforce. The Chairman and the non-executive directors received a fee increase of 4% per annum.

DEPARTURE OF CHIEF FINANCIAL OFFICER

Gijsbert de Zoeten resigned from the Group in November 2022. He will not receive a bonus for 2022 and all long-term incentive awards granted to him will lapse in accordance with the plan rules. The Chief Financial Officer role is currently being filled on an interim basis by a member of our Group Executive Team who is not a main Board Director. Further details are given on page 116.

OVERALL REMUNERATION

The Committee is satisfied that the total remuneration received by the Executive Directors in 2022 appropriately reflects the Company's performance over the year and, as such, no discretion was exercised by the Committee to adjust the bonus or long-term incentive outcomes.

LOOKING FORWARD

The Committee is committed to ensuring remuneration arrangements continue to support the Accelerate strategy, and align pay with performance and the interests of stakeholders. Our priorities in 2023 will be to:

- further evolve ESG priorities in the incentive framework;
- implement CEO pension alignment;
- agree new CFO remuneration package; and
- support as necessary the successful integration of Derco into the Group.

We hope to have your support at the upcoming AGM.

JANE KINGSTON
CHAIR OF THE REMUNERATION COMMITTEE

REMUNERATION AT A GLANCE

SUMMARY OF GROUP FINANCIAL PERFORMANCE IN 2022

£8.1bn
Revenue

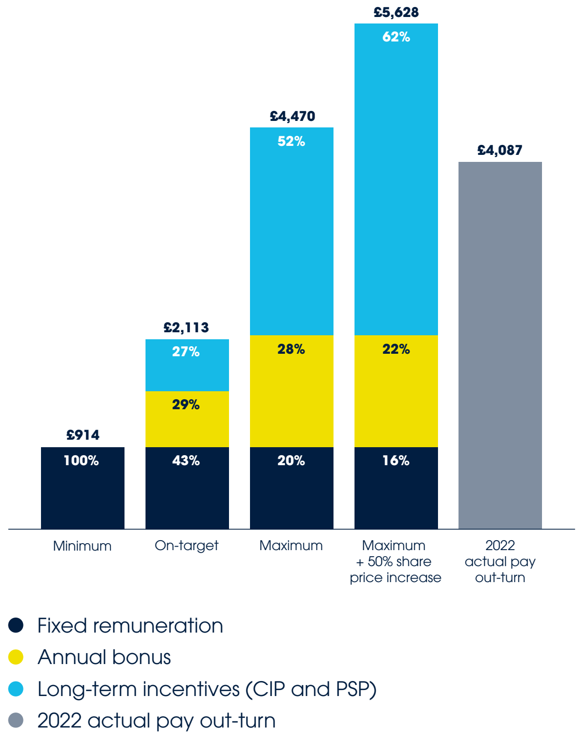
41%
Adjusted ROCE

£373m
Adjusted Profit Before Tax

72p
EPS (basic adjusted)

PAY SCENARIOS AND OUT-TURN FOR 2022

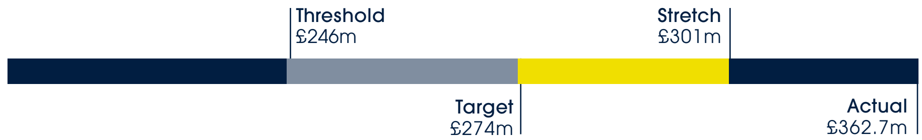
CEO total remuneration (£'000s)



2022 BONUS

Revenue*

Adjusted PBT*



* Targets and performance shown at constant currency rates during the year

REMUNERATION POLICY SNAPSHOT

Base salary
– attract, retain and motivate talent

Bonus
– reward achievement of strategic goals

Pension
– to help plan for the future

PSP
– provide reward for long-term success

CIP
– reinforce long-term success and facilitate share ownership

SAYE
– encourage share ownership

In-post shareholding
– align executive and shareholder experience

Post-exit shareholding
– reinforce long-term alignment of executive and shareholder experience

SHAREHOLDER CONSULTATION

The views of our shareholders are very important to us and feedback and guidance are key inputs in formulating the remuneration policy.

At the start of the policy review process interviews were held with Board members and senior executives to get their views on the current structure. This feedback was reported to the Committee who formulated the revised remuneration policy. A summary of the policy changes was sent to our largest shareholders who were invited to meet with the Chair of the Remuneration Committee to give their views.
Responses were received from investors who were generally supportive of the proposed policy and meetings were held with several shareholders to discuss their views.

Outcomes from investor feedback included:

- comfort with both the PSP and CIP as it was felt that they align with strategy and appropriately reward Executive Directors for performance;
- acknowledgement of the pension misalignment which has arisen since pensions were aligned at the last policy review, with a preference that a clear plan to align with the workforce be put in place; and
- caution recommended when setting carbon reduction targets to ensure they are robust, meaningful and appropriately stretching.

These comments were considered by the Committee and incorporated into the final remuneration policy as described in this report.

PART 1 — DIRECTORS' REMUNERATION POLICY

This section of the report sets out the remuneration policy that the Committee will put to shareholders for approval at the Annual General Meeting to be held on 18 May 2023 and, if approved, will be effective from that date.

The policy is fundamentally the same as the existing policy approved by shareholders at the 2020 AGM, with only minor changes to the wording used to describe the policy to provide greater clarity around its implementation. This includes the revised approach on executive pensions and clarity on the approach to benefit provision. In considering the shape of the policy, the Committee considered how remuneration can best be structured to reinforce the Company's short- and long-term goals, consulted major shareholders and took into account developments in market practices and investor guidance since the last policy was adopted in 2020.

Alignment of the remuneration policy

This Committee has considered the remuneration policy in the context of provision 40 of the UK Corporate Governance Code. See page 75 for further details.

- Clarity – The Committee regularly engages with shareholders, Executives, governance advisors and employees, to explain the approach to remuneration
- Simplicity – The objective of the remuneration elements, and link to strategy, are laid out in the table below
- Risk – There is a mix of fixed and variable pay, and long and short term measures to mitigate risk. Incentive awards are also subject to malus and clawback provisions.
- Predictability – The vesting of bonus and long-term incentives is based on targets linked to the business strategy. The possible pay outcomes under various scenarios are given on page 104.
- Proportionality – The Committee assesses performance at the end of each period taking into account internal and external context to ensure payouts are appropriate and to help avoid payment for poor performance
- Alignment to culture – There is an appropriate mix of financial and non-financial measures to reinforce the Company's purpose and values.

Remuneration policy for Executive Directors

Element	Objective and link to strategy	Operation and performance metrics	Opportunity
Base Salary	To pay a competitive salary which attracts, retains and motivates talent to make decisions which drive the Company's strategy and create value for stakeholders.	Salaries are normally reviewed annually and any increases typically take effect from 1 April of each year. Adjustments to salary will take account of: • increases awarded across the Group as a whole, and conditions elsewhere in the Group; • experience and performance of the individual; • pay levels at organisations of a similar size, complexity and type; and • changes in responsibilities or scope of the role.	There is no prescribed maximum salary level or salary increase. Salary increases are not expected to exceed the average increase for colleagues in the country in which the Executive is based, unless: • a change in scope or complexity of role applies • or in other exceptional circumstances.
Annual Bonus	To motivate and reward for the achievement of the Company's strategic annual objectives.	Based at least 70% on annual financial performance. Financial measures may include (but are not limited to) revenue and profit. Non-financial measures may include strategic measures directly linked to the Company's priorities. Any annual bonus earned above 100% of salary is paid in shares which are automatically invested in the CIP. Bonus payouts are subject to malus and clawback provisions.	150% of salary maximum payable for achieving stretch performance against all measures. 50% of maximum payable for target performance. 10% of maximum payable for entry level performance.
Performance Share Plan (PSP)	To provide a meaningful reward to senior executives linked to the long-term success of the business.	PSP awards normally vest after three years subject to meeting performance measures linked to the Group's strategic priorities, which may vary year on year and continued employment. Vested awards will be subject to an additional two-year holding period. Any dividends paid would accrue over the vesting period and would be paid only on those shares that vest. Dividends can be paid in cash or shares. Current practice is for dividends to be paid as shares. PSP awards are subject to malus and clawback provisions.	Normal PSP opportunities will be 180% of salary. Award levels are subject to a maximum individual limit of 300% of salary. Threshold level performance will result in 25% vesting of the PSP award.

Element	Objective and link to strategy	Operation and performance metrics	Opportunity
Co-investment Plan (CIP)	To encourage Executive share ownership and reinforce long-term success.	Any bonus earned over 100% of salary will be paid in shares which will be automatically invested in the CIP. These shares can be withdrawn before the end of the three-year holding period only in very limited circumstances at the discretion of the Remuneration Committee. Further voluntary investments may be made up to the investment limit. Matching shares are granted for each invested share whether automatic or voluntary, voluntary investment shares can be withdrawn at any time but the entitlement to a match would be lost if the invested shares are withdrawn before the end of the relevant three-year vesting period. CIP awards normally vest after three years subject to meeting performance measures linked to the Group's strategic priorities, which may vary year on year, and continued employment. For awards granted to the Executive Directors, vested awards will be subject to an additional two-year holding period. Any dividends paid would accrue over the vesting period and would be paid only on those shares that vest. Dividends can be paid in cash or shares. Current practice is for dividends to be paid as shares. CIP awards granted are subject to malus and clawback provisions.	Executive Directors may invest up to an overall maximum of 50% of salary. Maximum match of 2:1, threshold of 0.5:1. Maximum matching award is therefore 100% of salary in any year, and threshold matching award is 25% of salary.
Save As You Earn (SAYE)	To encourage share ownership.	UK employees are able to make monthly savings, in accordance with the terms of the HMRC approved plan. At the end of the savings period, the funds are used to purchase shares under option. As this is an all-employee scheme and Executive Directors participate on the same terms as other employees, the acquisition of shares is not subject to the satisfaction of a performance target.	Participation limits are those set by the UK tax authorities from time to time.
Pension	To provide market competitive pension benefits where it is cost-effective and tax-efficient to do so.	Executive Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or allowance in lieu of pension benefits. The policy is for the Executive Directors' pensions on appointment to be aligned with that of the workforce.	Executive Directors are entitled to an employer contribution or allowance aligned to the rate applicable to employees in the country in which they are based. For UK based Executive Directors, this is currently 7% of salary. The incumbent CEO's pension will be capped at £82,748, until 31 December 2023 after which his rate will be 7% of salary.
Other benefits	To provide market competitive benefits where it is cost-effective and tax-efficient to do so.	Benefits currently include (but are not limited to): • company cars; • medical care; and • life assurance premiums. Executive Directors may become eligible for other benefits in the future where the Committee deems it appropriate. Where additional benefits are introduced for the wider workforce the Executive Director may participate on broadly similar terms. Executive Directors may be reimbursed for all reasonable expenses and the Company may settle any tax incurred in relation to these. Where an Executive Director is required to relocate to perform their role, they may be provided with reasonable benefits as determined by the Committee in connection with this relocation.	There is no formal maximum prescribed value for benefits. It is anticipated that the cost of benefits will not normally exceed 5% of salary. However, the Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation)
In-post shareholding guidelines	To encourage share ownership and alignment of executive interest with those of shareholders.	Executive Directors are required to accumulate shares equivalent to a shareholding worth 200% of base salary. This is expected to be normally achieved within five years from the date of appointment.	n/a
Post-exit shareholding guidelines	To reinforce long-term alignment of executive interests with those of shareholders post-termination.	A departing Executive Director is required to maintain a shareholding for two years post-termination, set at the lower of the actual shareholding on exit and the in-post shareholding guideline. The post exit holding requirement applies to share-based incentive awards granted to the Executive Directors (shares purchased through own funds are excluded). Enforcement is facilitated through the vesting of share-based incentive awards into nominee accounts.	n/a

Notes to the policy

Payments from existing awards

Executive Directors are eligible to receive payment from any award made prior to appointment to the Board or the approval and implementation of the remuneration policy detailed in this report.

Selection of performance measures and target setting

The annual bonus measures have been selected to incentivise sustainable growth in profits. The matrix structure continues to provide a balanced focus between commercial and financial objectives. A mix of strategic measures will continue to be selected each year to reinforce the Group's strategic objectives.

The Committee believes that EPS and ROCE continue to be suitable measures of long-term performance for the Group. EPS is consistent with the Group's long-term strategy focusing on sustainable growth while ROCE supports the control of working capital and capital expenditure. When ROCE is used in combination with EPS, it ensures there is a balance between growth and returns. The cash conversion measure reflects the criticality of cash generation for Inchcape, which is required to support its continued evolution.

Targets are set taking into account a range of reference points including the strategy and broker forecasts for the Group. The Committee believes that the performance targets set are appropriately stretching, set to reward for outperformance of the market and that the maximum will be achievable only for truly outstanding performance. Please see pages 111 to 112 for further details on the target ranges.

The Committee has considered the use of other performance measures to reinforce the Company's long-term objectives, including relative TSR. However, given the diversity of the Group's operations, it would be difficult to set a relevant and robust comparator group for assessing relative TSR performance and there would be some difficulty in cascading appropriately down the organisation. Furthermore, TSR is considered too sensitive to external market factors when measured over only a three-year performance period, which would reduce its efficacy as an LTIP measure; the use of internal financial and non-financial metrics is preferred, given their more direct reinforcement of Inchcape's strategy and culture. However, flexibility is provided in the policy to enable the Committee to review annually the performance metrics used for the annual bonus and PSP/CIP to ensure they remain fit for purpose and continue to support the strategy and meet the expectations of shareholders. Different performance measures may apply for future award cycles

Malus and clawback

These provisions allow the Committee in certain circumstances (such as gross misconduct or a material misstatement of the Group financial statements, reputational damage or corporate failure) the discretion to:

- reduce bonus, PSP and/or CIP;
- cancel entitlement of bonus;
- prevent vesting of the PSP and/or CIP; or
- allow the Company within two years of payment/vesting of award to claim back up to 100% of the award.

Participants are informed about the malus and clawback conditions on their bonus at the start of each year and are required to confirm acceptance of malus and clawback provisions on their PSP and CIP awards upon grant.

Committee discretions

The Committee operates the Group's various incentive plans in accordance with the relevant plan rules, the Listing Rules and applicable legislation where relevant. To ensure effective operation of the plans, the Committee retains a number of discretions which are consistent with standard market practice, and include (but are not limited to) the following:

- selecting the participants in the incentive plans;
- determining the timing of grant of incentives;
- determining the size of grants and/or payments of incentives (within the limits set out in the Policy and rules of each plan);
- selecting performance measures and their weightings, and setting of targets for the discretionary incentive plans from year to year;
- determining the extent of incentive vesting based on the assessment of performance;
- overriding formulaic annual bonus outcomes, and PSP/CIP vesting outcomes, taking account of overall or underlying Company performance;
- determining the 'good leaver' status for leavers and where relevant, the extent of vesting in the case of share-based plans and the application of any post-vesting holding period;
- determining whether malus and clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which they shall be applied;
- determining the treatment of incentives in exceptional circumstances such as a change of control, in which the Committee would act in the best interests of the Group and its shareholders;
- making appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends); and
- application and enforcement of the in-post and post-exit shareholding guidelines.

The Committee also has the discretion to adjust the performance conditions in exceptional circumstances, provided the new conditions are no tougher or easier than the original conditions. Any discretion exercised by the Committee in the adjustment of performance conditions would be fully explained to shareholders in the relevant Annual Report on Remuneration. If the discretion is material and upwards, the Committee would consult with major shareholders in advance.

Remuneration policy for other employees

Our approach to salary reviews is consistent across the Group, with consideration given to the level of responsibility, experience, individual performance, salary levels in comparable companies (using remuneration surveys, where appropriate) and the Company's ability to pay.

Senior employees participate in an annual bonus scheme which has similar performance targets to those of the Executive Directors. Below this level, local incentive schemes are in place for management and non-management employees. Opportunities and performance conditions vary by country and organisational level, with business unit-specific metrics incorporated where appropriate. Commission-based arrangements are also operated for certain roles.

Senior managers also receive PSP awards while participation in the CIP is limited to Executive Directors, Group Executive Team members and the next level of Executives (c. 20 individuals). Performance conditions are consistent for all participants while award sizes vary by organisational level. Explicit in-post and post-employment shareholding guidelines apply to Executive Directors only, although share ownership is encouraged at lower levels.

All UK employees are eligible to participate in the SAYE scheme on the same terms.

Pension and benefits arrangements are tailored to local market conditions, and so various arrangements are in place for different populations within the Group. The Group has calculated the average equivalent pension contribution across UK employees currently to be 7% to 7.5% of salary. At the time of appointment of the current CEO the workforce pension was assessed to be 10% of salary. As set out on page 101, future executive appointments to the Board will be provided with a pension allowance in line with the workforce rate and transitional arrangements are in place to align the CEO to the current rate available UK employees after 31 December 2023.

Remuneration policy for Non-Executive Directors

Objective and link to strategy	Operation and performance metrics	Opportunity
To provide fair remuneration, reflecting the time commitment and responsibilities of the role.	Non-Executive Directors receive a fixed fee and do not participate in any incentive schemes or receive any other benefits, except the Chairman who receives medical cover. Non-Executive Directors may be reimbursed for all reasonable business-related expenses and the Company may settle any tax incurred in relation to these. Fee levels are normally reviewed annually, with any adjustments typically effective from 1 April each year. Additional fees are payable for acting as Senior Independent Director and as Chair of any of the Board's Committees (excluding the Nomination Committee), or similar, or where a material additional time commitment is required. The Chairman's fee is determined by the Remuneration Committee and the fees for other Non-Executive Directors are determined by the Chairman and the Executive Directors. Non-Executive Directors may elect to receive up to 20% of their net fees as Company shares.	Appropriate adjustments may be made to fee levels, taking account of: • increases awarded across the Group as a whole and conditions elsewhere in the Group; • fee levels within organisations of a similar size, complexity and type; and • changes in complexity, responsibility or time commitment required for the role.

Fees paid to Non-Executive Directors are within the limits approved by shareholders. This limit, currently at an aggregate of £1,200,000, was last approved by shareholders at the 2021 AGM.

Non-Executive Directors' term of appointment

The Non-Executive Directors are appointed for an initial three-year term which can be terminated by either party on one month's notice (six months for the Chairman).

Nayantara Bali	27 May 2021	One month
Jerry Buhlmann	1 March 2017	One month
Alex Jensen	29 January 2020	One month
Jane Kingston	25 July 2018	One month
Sarah Kuijlaars	21 January 2022	One month
John Langston	1 August 2013	One month
Nigel Stein	8 October 2015	Six months

Consideration of conditions elsewhere in the Group

The Committee reviews and approves all remuneration arrangements for the Group Executive Team and the Group Company Secretary. The Committee also reviews the pay budgets and benefit structures across the general population which are considered when determining remuneration for Executive Directors and the Group Executive Team.

The Company has a diverse, international spread of businesses as well as a wide variety of roles, from petrol pump attendants and valeters through to Chief Executives of our individual businesses. Pay levels and structures therefore vary to reflect local market conditions. The Chair of the Remuneration Committee facilitated an employee forum on Executive remuneration, and a consultation on the revised remuneration policy during 2022. Further details are given on page 97.

The remuneration policy is published in the Annual Report and Accounts and is available to all employees to review. The Remuneration Committee is available to answer any questions employees may have about the policy or to provide clarification on any remuneration matters via the employee forum, HR team or Company Secretary. Elements of the policy such as bonus and long-term incentive plans are cascaded as appropriate through the organisation.

Consideration of shareholder views

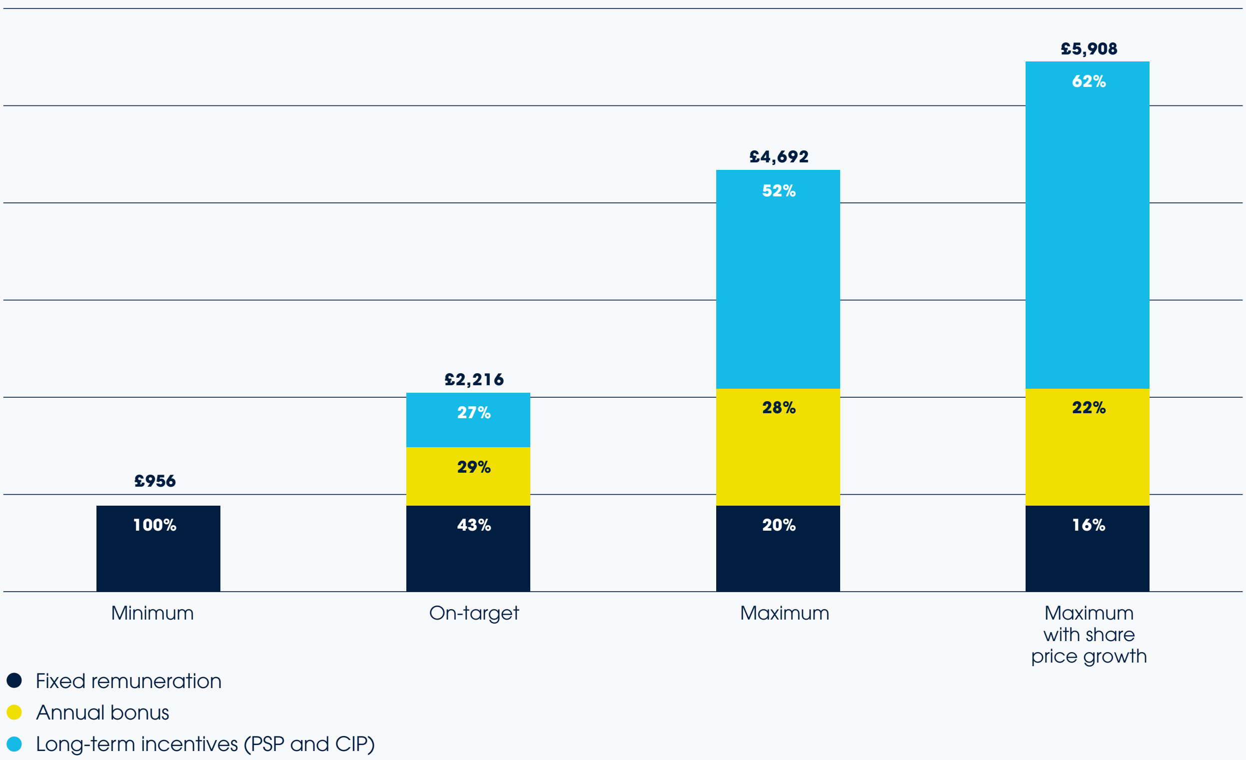
When determining remuneration, the Committee takes into account the guidelines of representative investor bodies and proxy advisors and shareholder views. The Committee is always open to feedback from shareholders on remuneration policy and arrangements. During 2022, the Company carried out a shareholder consultation in respect of the revised remuneration policy. Further information is given on page 99.

The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate.

Performance scenarios

The chart below shows the remuneration that the CEO could expect to obtain based on varying performance scenarios. These illustrations are intended to provide further information to shareholders regarding the pay-for-performance relationship. However, actual pay delivered will be influenced by actual changes in share price and the vesting periods of awards. The CFO resigned in November 2022, and the recruitment process for a new executive is underway. Therefore performance scenarios for this role are not given.

Duncan Tait – Group Chief Executive
Total remuneration (£'000s)



Notes on the performance scenarios:

Element	Assumptions
Fixed remuneration	• Total remuneration comprises base salary, benefits and pensions • Base salary – effective from 1 April 2023 • Benefits– as provided in the single figure table on page 108 • Pension– £82,748 in lieu of pension

		Minimum	On-target	Maximum	Maximum with share price growth
Variable pay	Annual bonus	No payout	Target payout (50% of maximum)	Maximum payout	
	CIP	No vesting	Assumes full voluntary investment		
			Threshold match of 0.5:1	Maximum vesting	Maximum vesting + 50% share price growth
	PSP	No vesting	Threshold vesting (25% of maximum)	Maximum vesting	Maximum vesting + 50% share price growth

Approach to recruitment remuneration

External appointments

When appointing a new Executive Director, the Committee may make use of any of the existing components of remuneration, as follows:

Component	Approach	Maximum annual grant value	
Base salary	The base salaries of new appointees will be determined by reference to the scope of the role, experience of the individual, pay levels at organisations of a similar size, complexity and type, pay and conditions elsewhere in the Group, implications for total remuneration, internal relativities and the candidate's current base salary.	n/a	
Pension	New appointees will be eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a cash allowance in lieu of pension benefits; contribution rates (as a % of salary) to be aligned to those available at the time of appointment to the majority of colleagues in the country in which the Executive Director is based.	n/a	
Benefits	New appointees will be eligible to receive normal benefits available to senior management, including (but not limited to) company cars, medical care, life assurance and relocation allowance.	n/a	
Annual bonus	The annual bonus described in the policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of employment over the year. In the year of appointment, the Committee retains the discretion to set different performance measures, taking into account the responsibilities of the individual, and the point in the financial year that they joined the Company.	150% of salary	
PSP	New appointees will be granted awards on the same terms as other Executive Directors as described in the policy table.	up to 300% of salary	The combined maximum is intended not to exceed 400% of salary
CIP	New appointees will be granted awards on the same terms as other Executive Directors as described in the policy table.	100% of salary	
Other	The Committee will consider on a case by case basis if all or some of the variable remuneration forfeited on leaving a previous employer will be 'bought out'. If the Committee decides to provide a 'buyout', the award will be structured on a comparable basis, taking into account the method of payment, any performance conditions attached, time to vesting and, if applicable, the share price at the time of buyout. The Committee retains the discretion to make use of the relevant Listing Rule to facilitate the use of a share-based award.	n/a	

Notes to recruitment remuneration policy

In determining the appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of the Group and its shareholders.

Internal appointments

In cases of internal promotions to the Board, the Committee will determine remuneration in line with the policy for external appointees as detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements. Incentive opportunities for employees below Board level are typically no higher than for Executive Directors.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Committee will use the policy as set out in the table on page 103. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director or as Chair of the Audit, Remuneration and CSR Committees as appropriate.

Exit payment policy, service contracts and change of control

The Company's policy is to limit severance payments on termination to pre-established contractual arrangements. However, the Company retains discretion to make other reasonable payments. For example, to settle reasonable legal fees incurred by the Executive Director in connection with the termination of employment (where the Company wishes to enter into a settlement agreement and the individual must seek independent legal advice), to provide outplacement services or, in the case of departure due to ill health, to extend medical benefits for a period post employment.

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee as well as the rules of any incentive plans. When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants.

The table on page 106 summarises how the awards under the annual bonus, PSP and CIP are typically treated in specific circumstances, with the final treatment remaining subject to the rules of the relevant plans.

Component	Circumstance	Treatment	Payment/vesting date (if relevant)
Annual bonus	Resignation.	Bonus will lapse.	Not applicable.
	Death, ill-health, redundancy, sale of the employer or business out of the group or any other reason which the Committee may, in its absolute discretion permit (e.g. retirement).	The bonus will only be paid to the extent the targets set at the beginning of the year have been achieved. Unless the Committee determines otherwise, any bonus payment will be pro-rated for time served during the year. At the discretion of the Committee, payments may be made in cash only with no deferral.	At the normal time unless the Committee determines otherwise.
	Change of control.	The bonus will be paid only to the extent the targets set at the beginning of the year have been achieved. Any bonus payment will be pro-rated for time served during the year. Payment will usually be made in cash only with no deferral.	At the normal time unless the Committee determines otherwise.
PSP and CIP	Resignation.	Unvested awards will lapse on date of leaving or such earlier date as the Committee may determine following the giving of notice. Any vested awards can be exercised.	Not applicable.
	Death, ill-health, redundancy, sale of the employer or business out of the group or any other reason which the Committee may, in its absolute discretion permit (e.g. retirement).	Any unvested awards will be assessed for performance, and unless the Committee determines otherwise, time pro-rated.	At the normal release date (save where the Committee has discretion to determine otherwise or the rules provide otherwise). The two-year holding period will remain in force, unless the Committee in its absolute discretion, determines otherwise.
	Change of control.	Any unvested awards will be assessed for performance, and unless the Committee determines otherwise, time pro-rated.	At the time of change of control.

In relation to the Save As You Earn (SAYE) plan, as a UK tax-advantaged plan, where an Executive Director leaves or a change of control occurs, the treatment of any outstanding options will be in line with the plan rules and HMRC guidance.

Service contracts

The Company's policy is for Executive Directors' service contract notice periods to be no longer than 12 months, except in exceptional circumstances. All current contracts contain notice periods of 12 months.

Name	Date of contract	Notice period	Unexpired term
Duncan Tait	1 June 2020	12 months	To retirement

The Company may at its discretion, and in certain circumstances, pay a sum equal to the outstanding notice period. Service contracts are available to view at the Company's registered office.

PART 2 — ANNUAL REPORT ON REMUNERATION

The following section provides details of how the Company's remuneration policy was implemented during the financial year to 31 December 2022 and how it will be implemented in the financial year to 31 December 2023.

PRINCIPAL DECISIONS MADE BY THE COMMITTEE

Proposed remuneration policy	The Committee agreed the new remuneration policy to be put to shareholders at the 2023 AGM taking into account the views of shareholders, governance advisors, senior executives and employees. The Committee gave careful consideration to the continued use of the CIP, agreeing to retain the plan alongside the PSP as it believes the plans are well understood in the business. The aggregate award opportunity is unchanged, is within market range and is supported by stretching performance targets, and the purchase of shares by executives under the CIP demonstrates confidence in our long-term strategy and aligns their interests with those of shareholders.
Long-term incentive targets	The Committee considered the performance targets of the PSP and CIP, agreeing the same targets should be used for both the PSP and CIP as this aligns participants around the core strategic objectives, ensures consistent behaviours and avoids unnecessary complexity. During the year, the Committee: • agreed the performance targets for the 2022 PSP/CIP; • assessed and approved the achievement of performance targets for the 2020 PSP/CIP; taking into account whether there were any windfall gains; • monitored the targets for the in-flight PSP/CIP; and • agreed the performance targets for the 2023 PSP/CIP. Please see pages 111 to 112 for details.
M&A adjustments	Following the disposal of the Russian business and the acquisition of Derco in 2022, performance targets were adjusted for the 2022 bonus, 2020 PSP/CIP as well as the 2021 and 2022 PSP/CIP. This is consistent with the approach the Committee has used previously for M&A activity. The adjusted targets can be found on pages 111 to 112.
2022 bonus	The Committee approved the achievement of the performance targets for the 2022 bonus plan not only against the formulaic outcome but taking into account the wider business context. Please see pages 109 to 110 for details of the performance achieved in 2022 and the resulting bonus outcomes.
2023 salary review	The Committee took into consideration inflationary forecasts and local market conditions when assessing the annual salary review process, noting that the current inflationary environment has more impact on lower paid employees. After assessing the relative impacts carefully, and taking into account the additional payment being given to UK employees, the Committee agreed a 5% increase for the CEO, with the average UK increase being 6%, in addition to a one-off cost of living payment.
GET Remuneration	The Committee reviewed, and approved, the remuneration packages for members of the GET taking into account pay for employees across the Group and in the relevant regional markets, and benchmarking carried out by its remuneration advisors.
Pension	Following a review of the UK pension offering, the Committee assessed the pension contributions for Executive Directors. Please see page 97 for further details of alignment of pension rates.
Wider workforce remuneration	The Committee considered the reward landscape for the wider workforce including total bonus outcomes, the achievement of regional financial targets, and the distribution of performance outcomes for personal objectives.
Chairman's fees	The Committee approved a 4% fee increase for the Chairman.

Single total figure of remuneration (audited)

The table below sets out the total remuneration received by the Directors for the year ended 31 December 2022:

	Base salary/ fees[a] £'000		Taxable benefits[b] £'000		Single-year variable[c] £'000		Multiple-year variable[d] £'000		Pension[e] £'000		Total £'000		Total Fixed[a+b+e] £'000		Total variable[c+d] £'000	
Name	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Current Executive Directors																
Duncan Tait	**820**	795	**4**	4	**1,241**	1,176	**1,940**	–	**82**	79	**4,087**	2,054	**906**	878	**3,181**	1,176
Current Non-Executive Directors*																
Nigel Stein	**343**	333	**4**	3	**-**	–	**-**	–	**-**	–	**347**	336	**347**	336	**-**	–
Nayantara Bali	**65**	38	**-**	–	**-**	–	**-**	–	**-**	–	**65**	38	**65**	38	**-**	–
Jerry Buhlmann	**85**	83	**-**	–	**-**	–	**-**	–	**-**	–	**85**	83	**85**	83	**-**	–
Alex Jensen	**79**	75	**-**	–	**-**	–	**-**	–	**-**	–	**79**	75	**79**	75	**-**	–
Jane Kingston	**82**	78	**-**	–	**-**	–	**-**	–	**-**	–	**82**	78	**82**	78	**-**	–
Sarah Kuijlaars	**62**	–	**-**	–	**-**	–	**-**	–	**-**	–	**62**	–	**62**	–	**-**	–
John Langston	**82**	78	**-**	–	**-**	–	**-**	–	**-**	–	**82**	78	**82**	78	**-**	–
Former Directors**																
Gijsbert de Zoeten	**487**	514	**21**	21	**-**	778	**-**	–	**49**	51	**557**	1,364	**557**	586		778
Till Vestring	**25**	63	**-**	–	**-**	–	**-**	–	**-**	–	**25**	63	**25**	63	**-**	–
Total	**2,130**	2,057	**29**	28	**1,241**	1,954	**1,940**	–	**131**	130	**5,471**	4,169	**2,290**	2,215	**3,181**	1,954

* Sarah Kuijlaars joined in January 2022.
** Till Vestring left in May 2022 and Gijsbert de Zoeten resigned in November 2022.

a. Base salary/fees.
b. Taxable benefits comprise car allowance, medical cover and mileage allowance.
c. Payment for performance under the annual bonus, including amounts paid in shares.
d. The 2022 figure for the CEO includes the 2020 PSP and CIP which will vest in June 2023 based on performance over a three-year period from 1 January 2020 to 31 December 2022. These awards are subject to an additional two-year holding period and therefore will be released in 2025. The figures have been valued using the three-month average share price from 1 October 2022 to 31 December 2022 of 789p. Actual performance against targets is given on page 111. The value includes a movement of £665,321, which was due to an increase in share price over the period, and £88,712 in respect of dividend shares accrued over the performance period. The figure will be revised in next year's DRR to reflect the share price on the date of vesting.
e. Duncan Tait and Gijsbert de Zoeten received a pension allowance of 10% of salary. See page 112 for further details.

The Committee is mindful that the CEO's single figure emoluments for FY22 is high relative to the prior two years, but this reflects the first vesting under the PSP and CIP since his appointment three years ago, combined with strong underlying performance warranting a maximum bonus payout.

Base salary

Salaries are reviewed annually and typically take effect from 1 April each year. The quantum of total Executive remuneration was reviewed against relevant size and sector peers. In considering the level of increase to be awarded, the Committee also took into account the remuneration arrangements for the wider workforce and, in particular, the salary increases for other UK employees. Given the current inflationary environment and the increased variable opportunity available to the senior executives, the Committee felt that it was appropriate to award a lower level of increase to the Chief Executive Officer for 2023 than the average UK workforce rate.

The salaries for 2021, 2022 and 2023 are set out below:

Name	01-Apr-21 (or date of appointment if later)	01-Apr-22	01-Apr-23	% increase in 2023
Duncan Tait	£799,500	£827,483	£868,900	5%
UK average workforce increase	–	–	–	6%

Chairman and Non-Executive Directors' fees

Role	01-Apr-21	01-Apr-22	01-Apr-23	% increase
Chairman	£334,560	£346,270	£360,120	4%
Senior Independent Director	£83,025	£85,930	£89,367	4%
Non-Executive Director	£63,550	£65,774	£68,405	4%

The Chairman and the Non-Executive Directors received a fee increase of 4% per annum. When considering the fee increase, benchmarking and the current inflationary environment were taken into account. There is no change to the additional fees for chairing a committee, which are £17,000 for the Chair of the Audit and Remuneration Committees and £14,000 for the Chair of the CSR Committee.

Annual bonus

The annual bonus is based on annual financial measures and strategic objectives. The measures are selected to incentivise sustainable growth and the financial measures, based on a matrix of revenue and profit before tax, are designed to provide a balanced approach. The strategic objectives are selected each year to reinforce the Group's strategic priorities and include personal objectives linked to the delivery of the strategy.

The principles for setting the bonus framework are such that it:

- drives the desired behaviours underpinned by our performance drivers;
- may be easily cascaded through the organisation to reinforce alignment of our collective goals; and
- has clear measures and targets.

2022 bonus

For 2022, 80% of the bonus was based on financial performance via a matrix of revenue and profit before tax with the remaining 20% of the bonus based on strategic objectives, therefore linking an individual's bonus outcome to their contribution to the Accelerate strategy. The maximum opportunity for the Executive Directors was 150% of salary, which is payable for achieving stretch performance against all measures. Any bonus earned above 100% of salary is deferred and invested into the CIP.

Financials (80% of total bonus)

Revenue and profit before tax are structured as a matrix such that failure to deliver threshold in either metric leads to no bonus being achievable in the other.

- 10% of maximum for this element is payable for threshold performance.
- 50% of maximum is payable where both metrics achieve target performance.
- To achieve the maximum award, stretch performance would be required against both metrics.
- Intervening points are calculated using the matrix anchor points shown below.

Revenue

Stretch	£7.7bn	20%	60%	100%
Target	£7.1bn	13%	50%	80%
Threshold	£6.7bn	10%	30%	60%
		£246m	£274m	£301m
		Threshold	Target	Stretch

Profit before tax

Achievement of financial targets (80% of total bonus or 120% of salary)

In 2022, revenue performance was £8bn and adjusted profit before tax was £362.7m. Actual performance for determining bonus outcomes has been calculated using constant currency rates during the year, the same that are used to set the bonus targets. This approach helps ensure that the bonus is linked to underlying financial performance.

	Targets					
Measure	Threshold	Target	Stretch	Actual performance	Matrix outcome % of maximum	Matrix outcome % of total bonus
Revenue	£6.7bn	£7.1bn	£7.7bn	£8.0bn	100%	80%
Adjusted profit before tax	£246m	£274m	£301m	£362.7m		

Adjustments made during the year

The revenue and profit before tax targets for 2022 were adjusted to take into account strategic acquisitions and disposals during the year, to ensure target and performance outcomes were assessed on a like-for-like basis. Following the disposal of the Russian business in 2022, which affected both revenue and PBT, the performance targets were adjusted to remove the contribution from the Russian operations to allow like for like comparison. This is consistent with the approach the Committee has used previously for M&A activity.

Achievement of strategic targets (20% of total bonus, or 30% of salary)

We provide as much detail below as commercially appropriate on the objectives linked to the strategic element of the 2022 bonus and the resulting outcomes, which have been independently verified by the Head of Internal Audit.

Duncan Tait

Strategic objective and % weighting of bonus	Objective details	Outcome	Outcome % of salary
Digital Leadership 10%	**Successfully deploy Digital Dealer software to 50 independent dealers across three OEMs**	Digital Dealer Software was deployed to 56 Independent dealers in 2022. Six OEMs were covered.	15%
	Develop and deploy DXP direct to one market.	The Digital Direct (DXP) Solution was deployed to one major market in December 2022. Test scripts were validated and aligned to the intended solution.	
Build Vehicle Lifecycle strategy 5%	**Open 15 new bravoauto stores in five markets**	22 bravoauto stores were opened in 2022 taking the cumulative total to 30 stores as of 31 December 2022. Of the 22 stores – five were opened in H1 and 17 in H2. The stores were opened in eight markets – Australia, Belgium, Colombia, Estonia, Poland, Romania, Thailand, and the UK.	7.5%
Bring Planet commitments to life 5%	**Scope 1 and 2 reduced by at least 9,000 tonnes**	A formal GHG Climate Reporting Process and Methodology is used to calculate annual carbon savings based on an agreed model including various data sources including emissions, energy, natural gas, company vehicles, purchased electricity and travel indicators. The data confirmed the Group's 2022 carbon saving ambition had been met with a 9,800-tonne adjusted outturn.	7.5%
	Agree plan for Scope 3 with Board	The Group Scope 3 footprint was calculated during the year and the findings used by the Board to develop its approach to setting Scope 3 reduction targets.	

Overall 2022 bonus outcome

The Committee concluded that the overall bonus outcome was reflective of the Company's strong financial and operational performance and therefore did not make any discretionary adjustments. As a result the Committee approved the overall 2022 bonus as follows:

	Financial targets outcome (% of salary)	Strategic targets outcome (% of salary)	Total outcome (% of salary)	Total bonus £
Duncan Tait	120%	30%	150%	£1,241,224

Any bonus earned above 100% of salary is deferred and invested into the CIP, and as a result one third of the total 2022 bonus for Duncan Tait will be subject to mandatory deferral into the CIP.

Annual bonus for 2023

The maximum annual bonus opportunity in 2023 will remain unchanged from previous years at 150% of salary.
For the Executive Directors, 80% of the bonus will be based on a financial performance matrix, linked to revenue and profit before tax, and 20% of the bonus will be based on specific, measurable objectives that relate to the Group's strategy, including a stretching carbon reduction target linked to the Group's responsible business framework. For target performance, the payout will be 50% of the maximum bonus opportunity.

Given the close link between performance targets, the longer-term strategy, and the advantage this may give competitors, the 2023 targets are not disclosed in this report because of their commercial sensitivity. The Committee intends to publish the financial targets and provide more details of the strategic measures in next year's Directors' Remuneration Report.

PSP and CIP awards vesting in respect of the year

In 2020, awards were granted under the PSP and CIP schemes which vested dependent on certain performance targets measured over three years to 31 December 2022. These awards are also subject to an additional post-vest two-year holding period. The performance targets were set prior to the outbreak of the Covid-19 pandemic and no adjustments were made for this. Consistent with the Committee's previous approach for material M&A activity, the EPS targets were adjusted for the disposal of the Russian business in 2022. No adjustment was made for the ROCE or cash conversion targets as the impact was immaterial.

2020 PSP/CIP performance targets

Three-year EPS cumulative growth p.a. (40% weighting)*	Vesting %
Less than 162p	0%
162p	25%
184p	100%
Between 162p and 184p	Straight line basis

Three-year average ROCE (40% weighting)	Unexpired term
Less than 16.5%	0%
16.5%	25%
20.5%	100%
Between 16.5% and 20.5%	Straight line basis

Cash conversion (20% weighting)	Vesting %
Less than 55%	0%
55% to 70%	25%
70%	100%
Between 55% and 70%	Straight line basis

* the pre-adjusted EPS targets were 169p – 191p.

Vesting of 2020 PSP/CIP awards

Over the 2020-2022 performance period, cumulative EPS of 150p, three-year average ROCE of 26% and cash conversation of 97% were achieved, which resulted in the following vesting outcomes:

Award	Performance measure	Wtg.	Vesting outcome (% of element)
PSP	EPS	40%	0%
	ROCE	40%	100%
	Cash conversion	20%	100%
Total (overall vesting outcome of PSP)			60%

Award	Performance measure	Wtg.	Vesting outcome (% of element)
CIP	EPS	40%	0%
	ROCE	40%	100%
	Cash conversion	20%	100%
Total (overall vesting outcome of CIP)			60% vesting

The Remuneration Committee considered the outcome in the context overall business performance. The Committee did not exercise any discretion. As a result, the following awards will vest:

	Grant date	Number of shares/options under award	Number of shares/options vesting	Number of shares/options lapsing	Vesting date	Estimated value of awards vesting*
Duncan Tait						
PSP	2 June 2020	251,342	150,805	100,537	2 June 2023	£1,189,853
CIP	26 June 2020	139,682	83,809	55,873	26 June 2023	£661,254

*Estimated value calculated using the three-month share price average from 1 October 2022 to 31 December 2022 of 789p.

As noted on page 97, the number of shares under award was reduced by 10% at the time of grant to reflect the volatility in the share price at the time. The Committee reviewed the vesting outcome, taking into account the financial and share price performance of the business over the period and was satisfied that given the upfront reduction in the award level, no further adjustment was required at vesting.

PSP and CIP awards granted during the year

During 2022, PSP awards were granted at 180% of salary and under the CIP, the Executive Directors invested 50% of salary (including mandatory bonus deferral) and were granted a matching award of 100% of salary respectively. All awards granted to Gijsbert de Zoeten during the year lapsed on his date of resignation. The performance targets for the PSP/CIP are detailed below. The targets have been adjusted to reflect the impact of the acquisition of Derco and the disposal of the Russian business.

2022 PSP/CIP*

Three-year cumulative EPS (40% weighting)	Vesting %
Less than 197p	0%
197p	25%
217p	100%
Between 197p and 217p	Straight line basis

Three-year average ROCE (40% weighting)	Unexpired term
Less than 21%	0%
21%	25%
26%	100%
Between 21% and 26%	Straight line basis

Cash conversion (20% vesting)	Vesting %
Less than 50%	0%
50%	25%
65%	100%
Between 50% and 65%	Straight line basis

* The pre-adjusted targets were EPS 184p – 208p and ROCE 23% – 28%.

Threshold level performance will result in 25% of the 2022 PSP and CIP awards vesting.

	Date of grant	Share price (p)[1]	Number of shares/options awarded	Face value at grant[2]	Performance period	Exercise period[3]
Duncan Tait						
PSP	8 April 2022	650.00p	222,342	£1,445,223	Jan 2022 – Dec 2024	Apr 2025 – Apr 2026
CIP	6 May 2022	706.00p	116,711	£823,980	Jan 2022 – Dec 2024	May 2025 – Nov 2025

1. Mid-market share price on date of grant.
2. Face value has been calculated using the share price at date of grant.
3. The awards are structured as a nil-cost option. Any shares vesting and exercised under the PSP and CIP (net of tax) are required to be held (until the fifth anniversary of grant).

Long-term incentives for 2023

The Committee reviewed the performance measures for PSP and CIP agreeing that targets will be based on EPS (40%), ROCE (40%) and cash conversion (20%). The ranges reflect current performance expectations over the next three years.

Three-year cumulative EPS (40% weighting)	Vesting %
Less than 250p	0%
250p	25%
290p	100%
Between 250p and 290p	Straight line basis

Three-year average ROCE (40% weighting)	Unexpired term
Less than 21%	0%
21%	25%
26%	100%
Between 21% and 26%	Straight line basis

Cash conversion (20% vesting)	Vesting %
Less than 60%	0%
60%	25%
70%	100%
Between 60% and 70%	Straight line basis

Pension

Duncan Tait received a pension contribution of 10% of salary during 2022. Since the policy was last approved in 2020, the UK pension offering has been simplified and is now a standardised defined contribution plan (from a mix of defined benefit and defined contribution arrangements). As such the contribution rate for UK employees is now estimated to be approx. 7% - 7.5% of salary. Consequently, the Committee agreed that under the new remuneration policy, new Executive Directors will be offered a maximum pension contribution rate of 7% of salary. Duncan Tait volunteered to freeze his allowance at the current £ value as an interim step, and bring the pension contribution rate down to 7% after 31 December 2023.

Executive share ownership and Directors' interests (audited)

The table below shows the total number of shares, options and awards held by each Director at 31 December 2022 or at the date of leaving if earlier.

	Shares held at 31 December 2022	Share awards held: Subject to performance conditions	Share awards held: Subject to deferral	Options held: Subject to performance targets	Options held: Subject to deferral	Vested but not yet exercised	Guideline met
Duncan Tait	114,845	1,013,515	0	0	4,774	0	No
Gijsbert de Zoeten*	106,934	0	0	0	0	0	n/a
Nigel Stein	66,834	n/a	n/a	n/a	n/a	n/a	n/a
Jerry Buhlmann	15,233	n/a	n/a	n/a	n/a	n/a	n/a
Nayantara Bali	0	n/a	n/a	n/a	n/a	n/a	n/a
Alex Jensen	1,034	n/a	n/a	n/a	n/a	n/a	n/a
Jane Kingston	3,500	n/a	n/a	n/a	n/a	n/a	n/a
Sarah Kuijlaars*	8,000	n/a	n/a	n/a	n/a	n/a	n/a
John Langston	10,397	n/a	n/a	n/a	n/a	n/a	n/a
Till Vestring*	48,480	n/a	n/a	n/a	n/a	n/a	n/a

* Sarah Kuijlaars joined on 20 January 2022, Till Vestring left on 19 May 2022, Gijsbert de Zoeten resigned on 27 November 2022 and all unvested awards lapsed at that date.

There have been no changes to the number of shares held by the Directors between 31 December 2022 and 22 March 2023.

Share ownership policies

The Executive Directors are required to hold a fixed number of shares equivalent to 200% of base salary. They have five years from the date of appointment to reach this shareholding. Duncan Tait held 114% of salary as at 31 December 2022, using the average share price from 1 October 2022 to 31 December 2022 of 789p. His date of appointment was June 2020.

A departing Executive Director is required to maintain a shareholding for two years post-termination, set at the lower of the actual shareholding on exit and the in-post shareholding guideline. Enforcement of this is facilitated through a holding requirement for Executive Directors applied to share-based incentives awards. The application of this requirement will be at the Committee's discretion (which will be waived only in exceptional circumstances). Gijsbert de Zoeten is required to hold 19,493 shares for two years from 27 November 2022, his date of resignation. These shares were subject to mandatory deferral into the CIP from his 2021 bonus.

Percentage change in Board remuneration

The table shows the percentage change in Board remuneration, compared with the average percentage change in remuneration for senior management. For the purposes of this disclosure, remuneration comprises salary, benefits (excluding pension) and annual bonus only.

	% change for 2020			% change for 2021			**% change for 2022**		
	Salary	Benefits	Bonus	Salary	Benefits	Bonus	**Salary**	**Benefits**	**Bonus**
Executive Directors									
Duncan Tait	n/a	n/a	n/a	2.5%	0%	100%	**3.5%**	**0%**	**5.5%**
Gijsbert de Zoeten	3%	0%	-100%	3.8%	-90%	100%	**3.5%**	**0%**	**-100%**
Non-Executive Directors									
Nigel Stein	2%	0%	n/a	2.5%	0%	n/a	**3.5%**	**0%**	**n/a**
Jerry Buhlmann	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Alex Jensen	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Jane Kingston	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
John Langston	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Till Vestring	0%	n/a	n/a	2.5%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Nayantara Bali	n/a	n/a	n/a	0%	n/a	n/a	**3.5%**	**n/a**	**n/a**
Sarah Kuijlaars	n/a	n/a	n/a	n/a	n/a	n/a	**3.5%**	**n/a**	**n/a**
Average pay based on senior management	3.16%	0%	-82.91%	3.28%	0%	73.2%	**5.78%**	**0%**	**9.5%**

As Inchcape plc has no direct employees, employees representing the most senior Executives have been selected as this group is large enough to provide a robust comparison, while also providing data that is readily available on a matched sample basis. These employees also participate in bonus schemes of a similar nature to the Executive Directors and therefore remuneration will be similarly influenced by Company performance.

CEO pay ratio

The CEO pay ratio is based on comparing the CEO's pay to that of Inchcape's UK-based employee population, a large proportion of whom are in customer-facing roles in retail outlets with remuneration which is commission-driven. The Committee anticipates that the ratios are likely to be volatile over time, largely driven by the CEO's incentive outcomes which are dependent on Group-wide results whereas employee pay variability will be primarily driven by UK market conditions.

The ratios have increased year-on-year due to the increase in the reportable remuneration for the CEO. Strong business performance in 2022 is reflected in the pay-out under the annual bonus. The reportable remuneration also includes the vesting of PSP and CIP awards at 60% of maximum, which are the first awards capable of vesting to the CEO since he joined in 2020.

Financial year	Calculation methodology	P25 (Lower quartile)	P50 (median)	P75 (Upper quartile)
2022	C	154:1	109:1	74:1
2021	C	75:1	55:1	38:1
2020	C	40:1	28:1	19:1
2019	C	67:1	48:1	32:1

Consistent with previous years, calculation methodology C was used.

Full-time equivalent remuneration was calculated for all UK employees as at 31 December 2022 using the single total figure valuation methodology, with two amendments: using 2021 bonus outcomes as a proxy for 2022 bonus outcomes and excluding SAYE grants. The employees at the 25th, 50th and 75th percentile (P25, P50, P75) were identified. The total remuneration for 2022 of the three employees identified was updated after the year-end to include any annual bonus and SAYE values (if applicable).

This method was chosen as it is in line as much as possible with methodology A which is the Government's preferred approach while taking account of operational constraints. The Committee is satisfied that the selected employees are representative.

The table below sets out the remuneration details for the individuals identified:

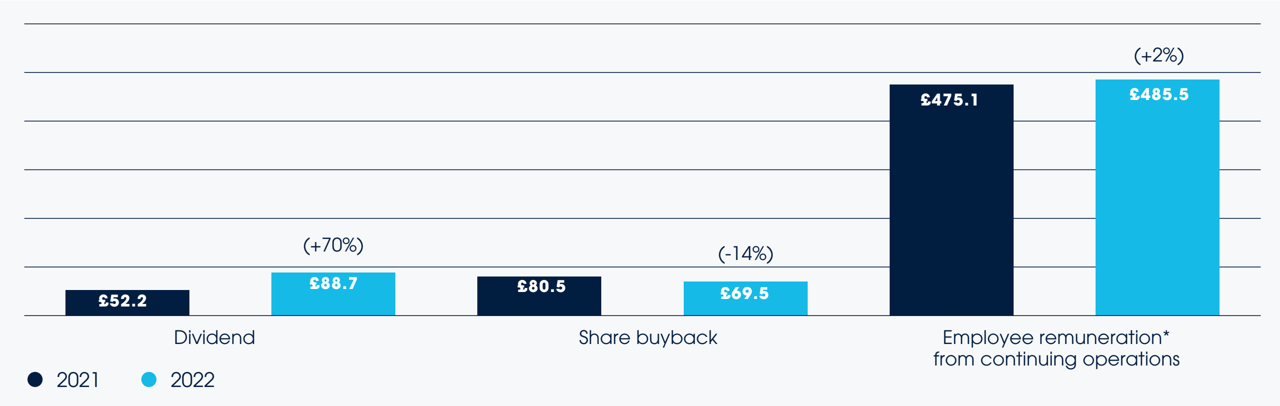
Year	Salary	CEO	P25	P50	P75
2022	Basic salary (£'000)	£820	£23	£16	£41
	Total remuneration (£'000)	£4,087	£26	£38	£55
2021	Basic salary (£'000)	£799	£22	£26	£21
	Total remuneration (£'000)	£2,054	£28	£37	£54
2020	Basic salary (£'000)	£759	£23	£32	£34
	Total remuneration (£'000)	£939	£24	£33	£49
2019	Basic salary (£'000)	£757	£15	£28	£28
	Total remuneration (£'000)	£1,639	£24	£34	£52

For 2022, the employee at P50 is a Sales Representative who has a high variable pay mix. During the year, the pay mix for Sales Representatives was reviewed with pay in 2023 rebalanced towards fixed pay. The Committee is satisfied that the overall picture presented by the 2022 pay ratios is consistent with the reward policies for Inchcape's UK employees. The Committee takes into account these ratios when making decisions around the Executive Director pay packages, and Inchcape takes seriously the need to ensure competitive pay packages across the organisation.

Relative importance of spend on pay

The chart shows the percentage change in total employee pay expenditure and shareholder distributions (i.e. dividends and share buybacks) from 2021 to 2022.

Relative importance of spend on pay (£m)



* The 2021 comparative figure has been restated due to an error in classification.

The Directors are proposing a final dividend for 2022 of 21.3p per share (2021: 22.5p).

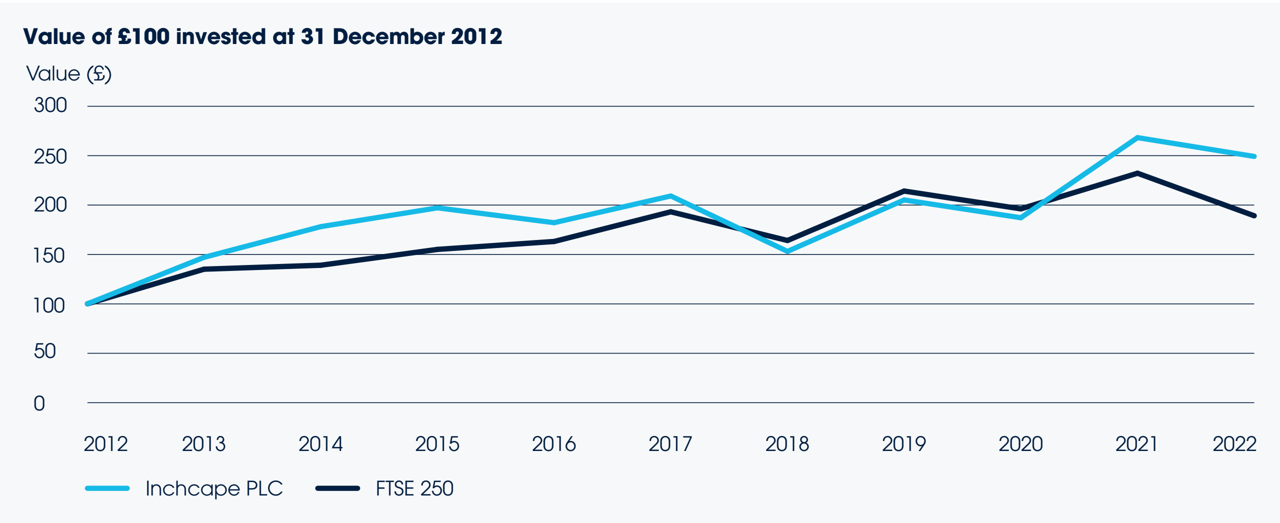
Pay for performance

The graph below shows the Total Shareholder Return (TSR) of the Company over the 10-year period to 31 December 2022.

The FTSE 250 Excluding Investment Trust Index has been chosen as the most suitable comparator group as it is the general market index in which the Company appears. The table below details the Group Chief Executive's single figure remuneration and actual variable pay outcomes over the same period.

Historical TSR performance

Growth in the value of a hypothetical £100 holding over the 10 years to 31 December 2022.



	Group Chief Executive	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CEO single figure of remuneration (£'000)	André Lacroix	4,400	5,265	294[1]	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Stefan Bomhard	n/a	n/a	2,906	1,403	3,006	2,430	1,522	471[2]	n/a	n/a
	Duncan Tait	n/a	n/a	n/a	n/a	n/a	n/a	n/a	468	2,054	4,087
Annual bonus outcome (% of maximum)		48%	100%	56.8%	40.3%	67.6%	38.5%	n/a[6]	0%	100%	100%
LTI vesting[3] outcome (% of maximum)		66%	68%	n/a[4]	n/a[5]	79.6%	58%	40%	n/a[7]	n/a[8]	60 %

1. The amount for André Lacroix reflects remuneration received until he left the Group in March 2015.
2. The amount for Stefan Bomhard reflects remuneration received until he left the Group in June 2020.
3. LTI includes CIP, 'normal' PSP and 'enhanced' PSP.
4. Neither André Lacroix nor Stefan Bomhard received a vested award under the 2013 PSP or CIP. However, for those participants who did receive an award, 65.5% of the 2013 normal PSP vested and there was a 1.31 match for each share invested into the 2013 CIP.
5. Stefan Bomhard did not receive an award under the 2014 PSP or CIP. However, for those participants who did receive an award, 86.5% of the normal PSP vested and there was a 1.73:1 match for each share invested into the CIP.
6. Stefan Bomhard did not receive a bonus in 2019.
7. Neither Stefan Bomhard nor Duncan Tait received a vested award under the 2018 PSP or CIP. However, for those participants who did receive an award, 28.5% of the 2018 PSP vested and there was a 0.57:1 match for each share invested into the 2018 CIP.
8. Duncan Tait did not receive an award under the 2019 PSP or CIP. However for those participants who did receive an award, 40% of the PSP vested and there was a 0.8:1 match for each share invested into the 2019 CIP.

Shareholder context

The table below shows the advisory vote on the Remuneration Report at the 2022 AGM:

	Total number of votes	% of votes cast
For (including discretionary)	330,127,731	98.71%
Against	4,322,329	1.29%
Total votes cast (excluding votes withheld)	334,450,060	100%
Votes withheld	10,553	
(Total votes cast including votes withheld)	334,460,613	

The table below shows the binding vote on the remuneration policy at the 2020 AGM:

	Total of votes	% of votes cast
For (including discretionary)	323,620,872	94.50%
Against	18,822,513	5.50%
Total votes cast (excluding votes withheld)	342,443,385	100%
Votes withheld	4,359,434	
(Total votes cast including votes withheld)	346,802,819	

Withheld votes are not included in the final proxy figures as they are not recognised as a vote in law.

Exit payments during the year

Gijsbert de Zoeten resigned on 27 November 2022. In line with policy he did not receive a bonus for 2022 and all unvested CIP and PSP awards lapsed. He will receive payment of salary and benefits in accordance with the terms of his contract of employment, this being 12 months salary with the amount payable based on an annual salary of £536,682, an annual private medical contribution of £2,012, an annual car allowance of £14,520 (plus annual petrol allowance of £1,500), and an annual pension contribution of £53,668. These payments are made on a monthly basis.

Payments to past Directors

No payments were made to past Directors in 2022.

Other directorships

The Executive Directors are generally permitted to take one non-executive directorship as long as it does not lead to conflicts of interest or undue time commitment and is approved in advance by the Nomination Committee and the Board.

Duncan Tait currently serves as a non-executive director on the board of Agilisys Ltd for which he received a fee of £25,000 during 2022.

Advisors to the Committee

Ellason LLP was appointed as the independent remuneration advisor to the Committee effective 1 January 2021 following a tender process. Ellason LLP was paid a fee of £99,080 for its services relating to directors' remuneration during 2022. Ellason LLP did not provide advice or services to the Company on any others matters.

Ellason LLP is a signatory to the Remuneration Consultant Group's Code of Conduct which sets out guidelines to ensure that any advice is independent and free of undue influence (this can be found at www.remunerationconsultantsgroup.com).

None of the individual Directors has a personal connection with Ellason LLP.

The Committee is satisfied that the advice it receives is objective and independent and confirms that Ellason LLP does not have any connection with the Company that may impair their independence. The Committee's advisors attend Committee meetings as required and provide advice on remuneration for Executives, analysis of the remuneration policy and regular market and best practice updates. The advisors report directly to the Committee Chair. Fees are charged at an hourly rate in accordance with the terms and conditions set out in the relevant engagement letter.

The Directors' Report on Remuneration was approved by the Board and has been signed by Jane Kingston on its behalf.

JANE KINGSTON
CHAIR OF THE REMUNERATION COMMITTEE

DIRECTORS' REPORT

The Directors' Report for the year ended 31 December 2022 comprises pages 117 to 122 of this report (together with sections incorporated by reference).

Information required in the Management Report under DTR 4.1.8R can be found in the following sections: a review of the business and future developments on pages 2 to 57; principal risks and uncertainties on pages 59 to 67; a description of the Board's activities and the structure of its Committees is given on page 76; and, a description of the Group's internal control framework is given on pages 91 to 93;

Corporate governance statement

The statement of compliance with the UK Corporate Governance Code 2018 (Code) is given on page 71. The Code is published on the Financial Reporting Council's website www.frc.org.uk. Information required under DTR 7 is given in the Corporate Governance Report on pages 70 to 116.

Board of Directors

The Directors of the Company below were in office during the year and up to the date of signing the financial statements:

Nayantara Bali	Byron Grote (joined January 2023)	John Langston
Jerry Buhlmann	Alexandra Jensen	NIgel Stein
Juan Pablo Del Río (joined January 2023)	Jane Kingston	Duncan Tait
Gijsbert de Zoeten (resigned November 2022)	Sarah Kuijlaars (joined January 2022)	Till Vestring (left May 2022)

In accordance with the Code, all current Directors except for John Langston will stand for election or re-election at the Annual General Meeting (AGM) on 18 May 2023. The Chairman has reviewed the performance of each Director and is satisfied that each continues to be effective and demonstrates commitment to the role. The appointment and replacement of Directors is governed by the Company's Articles of Association (Articles), the Code, the Companies Act 2006 and related legislation. The Articles are available on the Company's website. The Articles were not amended during the year.

Subject to the Articles, the Code and relevant legislation, the business of the Company is managed by the Board which may exercise all the powers of the Company.

Shareholders

Engagement with shareholders is important to the Company so that we are able to understand the key issues of importance to them and get their views on the business. Any updates regarding the business, including presentations by the Group Chief Executive, are available on the Group's website so that all shareholders have access to the same Company information at the same time. Further information on stakeholder engagement can be found on pages 20 to 22.

As our 20 largest shareholders own over 65% of the business, shareholder consultations, such as the remuneration policy, are carried out with this group. Extending the consultation to all shareholders would not be cost effective, and shareholders not involved in the consultation process are encouraged to use the AGM forum to express their views either by asking questions or voting on the relevant resolutions.

Conflicts of interest

The Articles permit the Board to authorise any matter which would otherwise involve a Director breaching their duty under the Companies Act 2006 to avoid conflicts of interest. When authorising a conflict of interest, the Board must do so without the conflicted Director counting as part of the quorum. In the event that the Board considers it appropriate, the conflicted Director may be permitted to participate in the debate but will be permitted neither to vote nor count in the quorum when the decision is being agreed. The Directors are aware that it is their responsibility to inform the Board of any potential conflicts as soon as possible and procedures are in place to facilitate disclosure.

Directors' indemnity

A qualifying third-party indemnity (QTPI), as permitted by the Articles and sections 232 and 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company.

Under the provisions of the QTPI, the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgment is given against the Director. The indemnity has been in force for the year ended 31 December 2022 and until the date of approval of this report.

Results and dividends

The Group's audited consolidated financial statements for the year ended 31 December 2022 are shown on pages 124 to 228. The level of distributable reserves is sufficient to pay a dividend.

The Board recommends a final ordinary dividend of 21.3p per ordinary share. If approved at the 2023 AGM, the final ordinary dividend will be paid on 19 June 2023 to shareholders registered in the books of the Company at the close of business on 12 May 2023.

The Company may, by ordinary resolution, declare a dividend not exceeding the amount recommended by the Board. Subject to the Companies Act 2006, the Board may pay interim dividends when the financial position of the Company, in the opinion of the Board, justifies its payment.

Share capital

As at 31 December 2022, the Company's issued share capital of £37,449,403 comprised 374,494,030 ordinary shares of 10p. On 4 January 2023, 38,513,102 ordinary shares of 10p each in the capital of the Company were issued in connection with the acquisition of the Derco group. Following the allotment of these shares, the issued share capital of the Company stood at 413,007,132 ordinary shares.

Holders of ordinary shares are entitled to receive the Company's Report and Accounts, to attend and speak at General Meetings and to appoint proxies and exercise voting rights. The shares do not carry any special rights with regard to control of the Company. The rights are set out in the Articles.

Restrictions on transfer of securities

There are no restrictions or limitations on the holding of ordinary shares and no requirements for prior approval of any transfers. There are no known arrangements under which financial rights are held by a person other than the holder of the shares. Shares acquired through the Company share schemes rank pari passu with the shares in issue and have no special rights.

Authority to purchase shares

At the Company's AGM on 19 May 2022, the Company was authorised to make market purchases of up to 38,166,226 ordinary shares (representing approximately 10% of its issued share capital).

In the year ended 31 December 2022, the Company purchased for cancellation, 9,357,908 ordinary shares of 10p each at a cost of £69.5m, representing 2.5% of the issued share capital as at that date.

The Directors have authority to issue and allot ordinary shares pursuant to article 9 of the Articles and shareholder authority is requested at each AGM. The Directors have authority to make market purchases for ordinary shares and this authority is also renewed annually at the AGM.

Interests in voting rights

Notifications received by the Company in accordance with DTR 5 are published on a Regulatory Information Service and are available on the Company's website. During the year, the Company had been notified of the following interests amounting to more than 3% of the Company's issued share capital pursuant to the Financial Conduct Authority's Disclosure and Transparency Rules.

	As at 31 December 2022		As at 22 March 2023	
Shareholder	Number of voting rights held	Percentage of voting rights held	Number of voting rights held	Percentage of voting rights held
abrdn plc	Not disclosable	<5%	Not disclosable	<5%
Cerro Mayo SpA*	0	0%	12,837,700	3.11%
DT Huillinco SpA*	0	0%	12,837,700	3.11%
Peñuelas Corp SpA*	0	0%	12,837,702	3.11%
JPMorgan Asset Management Holdings Inc	16,563,569	4.42%	Not disclosable	<5%
Polaris Capital Management LLC	15,693,793	4.02%	15,762,376	3.82%
BlackRock Inc	18,780,708	5.01%	Not disclosable	<5%
The Capital Group Companies Inc	19,200,206	5.03%	20,597,812	4.99%

* Under the Derco acquisition, the Derco family owners received newly issued ordinary shares, resulting in them owning over 9.3% of the Company's share capital.

Restrictions on voting rights

There are no restrictions on voting rights.

Employee benefit trust

The Executive Directors of the Company, together with other employees of the Group, are potential beneficiaries of the Inchcape Employee Trust (Trust) and, as such, are deemed to be interested in any ordinary shares held by the Trust. At 31 December 2022, the Trust's shareholding totalled 344,009 ordinary shares.

In respect of LR 9.8.4R(12) and (13), the trustee of the Trust agrees to waive dividends payable on the shares it holds for satisfying awards under the various share plans.

Directors' interests

The table showing the beneficial interests, including family interests, in the ordinary shares of the Company of the persons who were Directors at 31 December 2022 is shown in the Directors' Report on Remuneration on page 113. There have been no changes to the interests or number of shares held by each Director between 31 December 2022 and 22 March 2023.

Change of control

The Company is not party to any significant agreements that would take effect, alter or terminate upon a change of control of the Company following a takeover bid apart from certain of the Group's third-party funding arrangements which would terminate upon a change of control of the Company, such as the Group's revolving credit facility agreement. Further details are given in note 23 to the financial statements on page 185.

The Group's relationships with its OEM brand partners are managed at Group level, but the relevant contracts are entered into at a local level with day-to-day management being led by each operating business. Certain of the contracts may terminate on a change of control of the local contracting company.

The Company does not have agreements with any Director or employee providing compensation for loss of office or employment that occurs because of a takeover bid, except for provisions in the rules of the Company's share schemes which may result in options or awards granted to employees to vest on a takeover.

Transactions with Directors

No transaction, arrangement or agreement, other than remuneration, required to be disclosed in terms of the Companies Act 2006 and IAS 24, 'Related Parties' was outstanding at 31 December 2022, or was entered into during the year for any Director and/or connected person (2021: none).

Other information – Listing Rules

The information required to be disclosed by LR 9.8.4R can be found on the pages set out below:

Section	Information	Page
1	Interest capitalised	Not material to the Group
2	Publication of unaudited financial information	115 (Historical TSR performance)
4	Details of long-term incentive schemes	112
5	Waiver of emoluments by a director	Not applicable
6	Waiver of future emoluments by a director	Not applicable
7	Non pre-emptive issues of equity for cash	Not applicable
8	Non pre-emptive issue by a major subsidiary undertaking	Not applicable
9	Parent participation in a placing by a listed subsidiary	Not applicable
10	Contracts of significance	Not applicable
11	Provision of services by a controlling shareholder	Not applicable
12	Shareholder waiver of dividends	118
13	Shareholder waiver of future dividends	118
14	Agreements with controlling shareholders	Not applicable

Business relationships

Having positive relationships with our OEM brand partners, our main suppliers, and our customers is imperative for the long-term success of the Company. Our OEM brand partner relationships are key to every part of our value chain and the length of these relationships, which are given on page 4, is testament to this strength.

We provide access to automotive ownership and support services throughout the customer journey and aim to deliver the best experiences for customers in our industry globally. The Board and management engage with customers through:

- receiving daily reporting of customer feedback on www.reputation.com;
- analysing sales force customer journey management platform; and
- ongoing surveys at market level.

Principal financial risk factors

These risks are shown on pages 61 to 66.

Financial instruments

The information required under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of financial instruments is given in note 24 to the financial statements on pages 187 to 195.

Branches outside the UK

The Company does not have any branches outside the UK.

Events after the reporting period

None.

Political donations

The Company did not make any political donations in 2022 and does not intend to make any political donations in 2023.

Streamlined Energy and Carbon Reporting Regulations (SECR)

We collect data for all material emissions for which we deem ourselves to be responsible and look for ways in which to minimise our footprint. Data is collected for three key performance indicators – Scope 1 – our use of gas and fuel in vehicles we own, Scope 2 – our global energy usage, and Scope 3 – other indirect emissions.

Data collection and reporting period

Data has been collected for all markets from 1 January 2022 to 31 December 2022. The level at which we report is by business unit for each market. This covers our retail operations, distribution operations and business service operations, which fall within our operational control boundary.

Intensity ratio

The Group's intensity ratio is revenue per tonne of CO_2e. This allows for a fair comparison over time of CO_2e emissions given the growth trajectory envisaged for the Group and cyclical variations in business activity. As required under the SECR regulations the following information relates to the energy consumed in our operations. The list of UK entities is given on pages 219 to 228.

	2022		2021	
	UK & Offshore	**Global**	UK & Offshore	Global
Total Energy Consumption (Scope 1 and 2 emissions, and Scope 3 vehicle combustion, kWh)	**31,548,424**	**263,707,725**	42,956,543	115,639,761
Scope 1 Emissions (tCO_2e)	**3,617**	**17,002**	2,486	9,752
Scope 1 Emissions (Fugitive, tCO_2e)	**216**	**2,791**	–	–
Scope 2 Emissions (Location-based, tCO_2e)	**2,886**	**22,223**	3,689	27,277
Scope 3 Emissions (Business Travel & Upstream Transport, tCO_2e)	**2,975**	**187,713**	9,221	82,068
Total Scope 1 & 2 Emissions (Location-based, tCO_2e)	**6,503**	**39,225**	6,175	37,028
Total Scope 1 & 2 Emissions (Market-based, tCO_2e)	**3,624**	**30,805**	2,486	32,949
Total Scope 1, 2 & 3 Emissions (Location-based, tCO_2e)	**9,477**	**226,937**	15,395	119,097
Total Scope 1, 2 & 3 Emissions (Market-based, tCO_2e)	**6,599**	**218,517**	11,706	115,018
Revenue (£m)	**2,029**	**8,133**	1,894	6,787
Intensity ratio: Scope 1 and 2 Emissions (Location-based, tCO_2e/£m)	**3.2**	**4.8**	3.3	7.0
Intensity ratio: Scope 1 and 2 Emissions (Market-based, tCO_2e/£m)	**1.8**	**3.8**	1.3	6.4
Intensity ratio: Scope 1,2, and 3 Emissions (Location-based, tCO_2e/£m)	**4.7**	**27.9**	8.1	19.1
Intensity ratio: Scope 1,2, and 3 Emissions (Market-based, tCO_2e/£m)	**3.3**	**26.9**	6.2	18.5
Methodologies used in calculation of disclosures	GHG Protocol Corporate Accounting and Reporting Standard GHG Protocol Corporate Value Chain Accounting and Reporting Standard GHG Protocol Scope 2 Guidance			

Energy efficiency measures

The Group's energy management programme involves monitoring and targeted reporting of energy consumption on a daily basis. All of our markets set action plans at the start of the year to identify and address any consumption issues as and when they arise, allowing opportunities to eliminate unnecessary energy waste. All markets have energy saving measures implemented which cover the installation of LED lighting where available, HVAC efficiency and thermostatic regulation.

Energy efficiency measures introduced in 2021 included:

- The installation of solar panels at three UK sites, saving around 160 tonnes in CO2 per year.
- Feasibility study and lighting plan to identify opportunities for the roll-out of LED lighting to all UK sites.
- Three UK sites became 'gas free' with alternatives to heating, such as air and ground source heat pumps.
- Replacing older heating, ventilation, and air conditioning control units with newer programmable controls to allow reduction of temperature swings and to set auto-off times to avoid units running out of hours. This included PIR and LUX sensors on lighting so they only turn on as and when someone is present, and light is needed.

These energy efficiency measures were developed further in 2022, which involved:

- Australia and all but one of our European markets have now switched to renewable electricity tariffs.
- The installation of solar panels and LED lightning across all of our UK sites.
- Installation of solar panels has started across Australia, Singapore and Thailand.
- Colombia and Peru have increased the number of electric and hybrid vehicles available in their fleets.
- Our markets in Greater China and Singapore have converted their fleets to include 70% and 30% low emission vehicles respectively, and will continue this until the fleet only contains low emission vehicles.

Emissions reductions targets

During 2022, the Group set emissions reduction targets for Scope 1 and Scope 2. Further details are given in the Responsible Business Report on page 42.

Employees and employee involvement

The Company is committed to a policy of treating all its colleagues and job applicants equally. We are committed to the employment of people with disabilities and will interview those candidates who meet the minimum selection criteria.

We provide training and career development for our employees, tailored where appropriate to their specific needs, to ensure they achieve their potential. If an individual becomes disabled while in our employment, we will do our best to ensure continued development in their role, including consulting them about their requirements, making appropriate adjustments and providing suitable alternative positions if required.

Successfully delivering the Accelerate strategy requires us to evolve both what we do and how we do things. This includes continuing to build the winning culture we need to help deliver on our ambitions, a culture that is built through effective teamwork, fresh thinking, a focus on delivery, and putting our customers at the centre of everything we do.

In support of this, our performance framework, called One Inchcape Values & Behaviours, sets out the values and behaviours we all need to live by at Inchcape. The Company also has various employee policies in place covering a wide range of issues, such as family friendly policies, employment rights and equal opportunities. Policies are implemented at a local level and comply with any relevant legislation in that market. All policies are available on the Group's intranet and compliance is monitored at local level.

The Group's bonus and long-term incentive schemes are designed to encourage involvement in the Company's performance. UK employees are eligible to join the SAYE scheme, which is offered annually. Further details can be found in the Directors' Report on Remuneration on pages 96 to 116.

Employee communication

Townhall meetings are held in each region on a regular basis and also following the release of any financial updates by the Company. The townhall meetings provide employees with information on the Group's performance and an opportunity for consulting employees on new initiatives or other matters that concern them. The Group's global intranet, iConnect, also provides a means of communicating important issues to employees.

The employee experience survey is the primary tool for obtaining the views of employees and the results of the survey are reported to the CSR Committee on an annual basis. The Chair of the CSR Committee is the designated Director for communicating the views of employees to the Board and she reports the findings to the Board following each meeting.

The consultation enables the Board to gain an understanding of how the employee experience is perceived and what actions can be taken to enhance this experience so employees feel challenged, excited, engaged and supported in their roles. Further details can be found in the CSR Committee Report on page 95.

Diversity

As required under LR9.8.6, the breakdown of the gender identity and ethnic background of those who were Directors of the Company and executive management, as well as the gender identity of employees of the Company, as at 31 December 2022 is as follows:

Gender identity or sex as at 31 December 2022	Number of Board members	Percentage of the Board	Number of senior positions on the Board*	Number in executive management	Percentage of executive management	Number of all employees	Percentage of all employees
Men	4	50%	4	62	78%	10,675	73%
Women	4	50%	0	17	22%	3,932	27%
Not specified/prefer not to say	0	0%	0	0	0%	3	<1%

Ethnic background as at 31 December 2022	Number of Board members	Percentage of the Board	Number of senior positions on the Board*	Number in executive management	Percentage of executive management
White British or other White	7	87.5%	4	34	43%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	1	12.5%	0	7	9%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	3	4%
Not specified/prefer not to say	0	0%	0	35	44%

* includes CEO, CFO, SID and Chair

The Board did not have at least one woman in the position of Chair, Chief Executive, Chief Financial Officer or Senior Independent Director as at that date. The Nomination Committee is responsible for succession planning on the Board and as such considers these targets during the recruitment process.

In 2022, we launched our first global HR system enabling our colleagues to self-identify their diversity information. This involved a global review to assess what diversity questions are legally possible, culturally sensitive, and safe to include. The review found that 24% of our markets can ask and collect ethnicity information from employees. The system was launched in November 2022 with a series of communications encouraging colleagues to check and complete their profiles (including ethnicity information) and each year we will roll-out communications and campaigns to encourage full disclosure in markets where we can ask and collect ethnicity data.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and accounting estimates that are reasonable and prudent; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions. The Directors are also responsible for disclosing with reasonable accuracy at any time the financial position of the Group and parent company, and enabling them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. The Directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy. Each of the Directors, whose names and functions are listed in the Board of Directors, confirm that, to the best of their knowledge:

- the parent company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 `Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

The Directors considered the key messages contained in the Strategic Report along with the disclosures made throughout to ensure that they are consistent, transparent and a true reflection of the business. The Directors also reviewed supporting documentation which addresses specific statements made in the report and the evidence to support those statements. Following this review, the Directors consider, when taken as a whole, that the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Going concern

Having assessed the principal risks and the other matters discussed in connection with the viability statement on page 67, the Directors consider it appropriate to adopt the going concern basis of accounting in the financial statements for the next 12 months.

Auditor and disclosure of information to the auditor

The auditor, Deloitte LLP, has indicated its willingness to continue in office. A resolution to reappoint Deloitte as auditor will be proposed at the AGM. So far as the Directors are aware there is no relevant audit information of which the Company's auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Annual General Meeting

The AGM will be held at 11.00 a.m. on Thursday 18 May 2023 at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED. The notice convening the meeting and the resolutions to be put to the meeting, together with the explanatory notes, are given in the Circular to all shareholders.

The Directors' Report was approved by the Board and has been signed by the Group Company Secretary of the Company.

TAMSIN WATERHOUSE
GROUP COMPANY SECRETARY

FINANCIAL STATEMENTS

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCHCAPE PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the financial statements of Inchcape plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Parent Company statements of financial position;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated statement of cash flows;
- the accounting policies; and
- the related Notes 1 to 34 to the consolidated financial statements and the related notes 1 to 14 to the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in Note 3 (Revenue and Expenses) to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: • Central America indefinite-life intangible asset impairment; • Acquisition accounting in respect of the Derco group; and • Disposal of the Group's operations in Russia. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £26.8 million which was determined on the basis of 1.7% of net assets and equates to 5.3% of pro forma adjusted profit before tax from continuing operations of the enlarged Group incorporating Derco as outlined in Note 29 (Acquisition and Disposals) to the financial statements. We changed the benchmark used in determining materiality in the current year to net assets from statutory profit before tax and adjusting items including net acquisition costs, which was used in the prior year. The Group completed its acquisition of the Derco Group on 31 December 2022, resulting in an increase to the consolidated statement of financial position of the enlarged Group with no corresponding increase to the consolidated income statement for the year then ended. Therefore we have concluded the use of a profit based benchmark to be inappropriate in the current year.
Scoping	The components which were either full or specified account balance scope in the current year contributed 76% (2021: 76%) of the Group's revenue, 76% (2021: 78%) of the Group's adjusted profit before tax from continuing operations and 80% (2021: 80%) of the Group's net assets.
Significant changes in our approach	The most significant changes in our approach relate to the acquisition of the Derco Group and the disposal of the Group's operations in Russia, which have been identified as new key audit matters. We have removed UK Site impairment as a key audit matter due to the return to profitability of the UK retail business.

4. CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the Group's processes and related controls over the assumptions in the going concern assessment;
- Assessing the Group's available committed borrowing facilities, including repayment terms and covenants for new facilities drawn down during the year to fund the acquisition of Derco;
- Evaluating the reasonableness of the projections and the appropriateness of the sensitivities performed by management;
- Assessing the impact of global supply chain constraints due to semi-conductor shortages, Covid-19, inflation and political uncertainties on the forecast cashflows;
- Engaging our modelling specialists to perform consistency checks and integrity checks over the going concern model, including checking for mathematical and clerical accuracy;
- Evaluating the accuracy and completeness of the covenant calculation within the model;
- Testing the consistency of the forecast cash flows with the forecasts prepared for the impairment models;
- Performing additional sensitivity scenario analysis; and
- Assessing the disclosures relating to going concern in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Central America indefinite-life intangible asset impairment

Key audit matter description	**Account balances: Intangible assets. Refer to the Critical Accounting judgements and sources of estimation uncertainty in the Accounting Policies section on page 150 and Note 11 (Intangible Assets) on page 172.** In addition to goodwill of £270.3 million (2021: £116.3 million) the Group has distribution agreements of £857.7 million (2021: £239.0 million) which are classified as indefinite-life intangible assets. £27.7 million (2021: £24.8 million) of the goodwill is allocated to the Central America group of cash generating units ("CGU's") and £73.7 million (2021: £65.8 million) of the carrying value of the distribution agreements relates to the exclusive right to distribute Suzuki vehicles in Costa Rica and Panama. These goodwill and distribution agreement assets were recognised following the acquisition of the Grupo Rudelman business in 2018. Since acquisition, political instability, in Costa Rica in particular, has impacted demand for vehicles in that market. In the prior year, the annual impairment review resulted in an impairment of £12.9 million against the goodwill and a £12.9 million reversal of impairment against the distribution agreement. In the current year, management performed annual impairment reviews on the Suzuki CGU and then the Central America group of CGUs, which resulted in no further impairment or reversals. Current year performance was better than budget resulting in a slight increase in forecast outlook, which was offset by an increase in the discount rate in the current year, therefore headroom remained tight. As noted on page 67, management's financial planning process incorporates an Annual Operating Plan ("AOP") for the next financial year (2023), together with financial forecasts/models for the remaining years based on external market benchmarks. When determining recoverable amount, cash flows are discounted using a discount rate and long-term growth rate advised by management's external expert. There continues to be uncertainty over market level performance in the short term given the ongoing supplier constraints as a result of semi-conductor shortages and there is continuing uncertainty over the strength and timing of the recovery of the market. Furthermore, there is ongoing uncertainty over wider macro-economic factors, including rising interest rates and inflation which impact future forecasts. Management's forecast is reliant upon the continued supply of vehicles into the market. As noted within Note 11 (Intangible Assets), the cash flows used within the impairment models are based on assumptions which are key sources of estimation uncertainty and small movements in these assumptions could lead to a further impairment or reversal. Although the penetration of electric vehicles in each market is currently low, in Costa Rica as part of its 'National Decarbonization Plan' there are commitments to move to full electrification of the transport network by 2050. Management consider that the impact of electrification within the forecast period has been factored within the underlying market forecasts.
How the scope of our audit responded to the key audit matter	Our procedures in response to the key audit matter identified included: • Obtaining an understanding of relevant controls, including Group oversight and management review controls, over the preparation and use of cash flow forecasts in the impairment reviews; • Assessing the integrity of the models used by management including reviewing their mechanical accuracy; • Assessing management's historical forecasting accuracy by comparing budgets to actuals; • Benchmarking management's assumptions against reputable third-party industry growth forecasts, publications, news articles, government legislation and economic data; • Challenging management's analysis of the impact of climate change through the use of our own climate change specialists including challenge of the reasonableness of the assumptions applied within the forecast period; • Evaluating the competence, capabilities and objectivity of management's expert who were engaged to advise on the discount rate and long-term growth rate used; • Engaging with our valuation specialists to independently evaluate the appropriateness of inputs and the methodology used in determining the discount rates used; • Assessing the impact of global supply chain constraints due to semi-conductor shortages on the forecast cashflows; • Performing sensitivities in order to challenge the reasonableness of management's assumptions; and • Assessing the appropriateness of disclosures in Note 11 (Intangible Assets) and the associated sensitivities applied.
Key observations	Based on our audit procedures we are satisfied that the assumptions in the impairment models are within an acceptable range. We also consider the disclosures in the Critical accounting judgements and key sources of estimation uncertainty within the Accounting Policies section and Note 11 (Intangible Assets) are appropriate.

5.2. Acquisition accounting in respect of the Derco group (!)

Key audit matter description	**Account balances: Various across the balance sheet. Refer to the Audit Committee report on page 88, Note 2 (Adjusting Items) on page 156 and Note 29a (Acquisitions and Disposals) on page 198.** As described in Note 29a (Acquisitions and disposals), the Group completed the acquisition of the Derco Group on 31 December 2022 for a total initial consideration of £723.1 million, which consisted of cash and equity shares. The transaction has been accounted for in accordance with IFRS 3 'Business Combinations'. £130.6 million of goodwill and £592.5 million of other assets and liabilities have been recognised, including £559.1 million of acquired intangible assets. We have identified a key audit matter in relation to the completeness and valuation of separately identifiable assets and liabilities recognised on acquisition, and the key assumptions underpinning the provisional fair valuation assumptions such as the discount rate and longevity of asset life, which are subject to change. The identified assets and liabilities that have been recognised are provisional, and there is a measurement period of one year from the date of acquisition to adjust the provisional values recognised from the business combination. The Audit Committee's discussion of this key audit matter is set out on page 88.
How the scope of our audit responded to the key audit matter	Our procedures in response to the key audit matter identified included: • Obtaining an understanding of relevant controls, including management review controls, over the determination of valuation assumptions used in the provisional fair value calculations; • Engaging our valuation specialists to assess the completeness of identified assets and liabilities; • Involving our valuation specialists to assess the valuation methodologies used to determine the provisional value of identified assets; • Challenging the recognition of acquired Original Equipment Manufacturer ("OEM") agreements as a single asset through the use of external market data; • Engaging our valuation specialists in assessing key valuation assumptions; • Challenging management's key cash flow assumptions with reference to industry benchmarks and historical performance; and • Evaluating the relevant disclosures regarding the acquisition of Derco within Note 29a (Acquisitions and Disposals).
Key observations	Based on our audit procedures, we concluded that the key estimates underpinning the acquisition accounting exercise in relation to the completeness and provisional valuation of separately identifiable assets and liabilities recognised on acquisition, and the key assumptions underpinning the provisional fair valuation assumptions, were reasonable.

5.3. Disposal of the Group's operations in Russia (!)

Key audit matter description	**Account balances: Loss from discontinued operations. Refer to the Audit Committee report on page 88 and Note 29b (Acquisitions and Disposals) on page 202.** As noted in Note 29b (Acquisitions and Disposals), in the first half of the year, the Group agreed the sale of its remaining retail operations in Russia. The business represented the Group's remaining operation in Russia following the disposal of its St Petersburg business during 2021. The Russian business has been reported in the current period as a discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". A loss on disposal of £256.5m has been recorded, as disclosed within Note 29b (Acquisitions and Disposals). Net assets disposed of totalled £154.6m, with disposal costs of £2.9m and a loss of £99.0m arising from the recycling of the foreign currency translation reserve being recognised. The sale consideration consisted of €75m, receivable over 5 years, with a call option to reacquire the business in the future. There is judgement applied in: assessing the date on which control has transferred and the measurement of the deferred consideration, which includes the credit risk associated with the purchasers and the market risk of receiving cash from Russia given the sanctions regimes in place. Reflecting the inherent uncertainty, no value has been ascribed to the deferred consideration and call option on initial recognition. In September 2022, the Group received the first instalment of €15m, and has been recorded within Note 3b (Other operating income). There are uncertainties which remain on the ability to receive the remaining €60m, and therefore the deferred consideration remains valued at £nil on the balance sheet date.
How the scope of our audit responded to the key audit matter	Our procedures in response to the key audit matter identified included: • Obtaining an understanding of relevant controls, including management review controls, over the initial valuation of the deferred consideration and call option; • Challenging the assumptions over the deferred consideration, which included assessing the likelihood of expected cash flows and ability of the buyer to remit the proceeds and the discount rate applied by comparison to independent, external market data; • Assessing that the Russian business had been deconsolidated from the date control passed by evaluating the relevant sale and purchase agreement (SPA); • Considering contradictory evidence, including review of board minutes, to assess whether there are any indicators that the Group had control over the Russian operations after 31 May 2022; • Obtaining evidence to support the initial instalment received of €15m; • Assessing the disposal against the criteria of IFRS 5 to evaluate whether it is appropriately classified as a discontinued operation; and • Evaluating the relevant disclosures regarding the disposal of the Russian business within Note 29b (Acquisitions and Disposals).
Key observations	Based on our audit procedures, we are satisfied that the Group's disclosures in Note 29b (Acquisitions and Disposals) in relation to the disposal of Russia operations were appropriate, including the disclosure of uncertainties relating to the valuation of the deferred consideration. We concluded that the judgements made were reasonable and supportable.

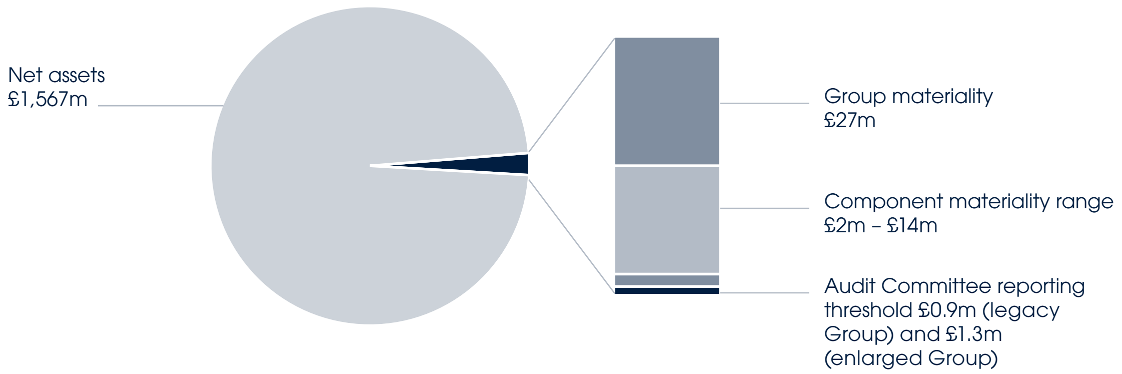
6. OUR APPLICATION OF MATERIALITY

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£26.8 million (2021: £14.6 million)	£11.9 million (2021: £6.0 million)
Basis for determining materiality	Our materiality was determined on the basis of 1.7% of net assets and equates to 5.3% of pro forma adjusted profit before tax from continuing operations of the enlarged Group incorporating Derco as outlined in Note 29 (Acquisitions and Disposals) to the financial statements. In the prior year, materiality was determined on the basis of 5% of adjusted profit before tax including net acquisition costs which equated to 1.3% of net assets. In making our judgement, we considered the focus of the users of the financial statements as well as a range of benchmark metrics such as adjusted profit before tax from continuing operations and revenue, before selecting 1.7% of net assets as the benchmark for determining materiality. As discussed in Section 3 "Materiality" on page 125, we changed the benchmark used in determining materiality in the current year to net assets due to the enlarged balance sheet of the Group from the Derco group acquisition.	Parent Company materiality equates to 1.0% of net assets (2021: 1.0% of net assets).
Rationale for the benchmark applied	Net assets in the current year are £1,567.0 million, which have increased from the 2021 position £1,130.5 million due to the acquisition of the Derco group on 31 December 2022. Given the acquisition completed on 31 December, there was an increase to the consolidated statement of financial position but with no corresponding increase to the consolidated income statement. We consider it appropriate to change the benchmark used in determining materiality in the current year to net assets.	As the Parent Company is non-trading, operates primarily as a holding company for the Group's trading entities, and is not profit orientated, we consider the net asset position to be the most appropriate benchmark to use.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2021: 70%) of Group materiality	70% (2021: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our cumulative experience from prior year audits, including the low value of misstatements identified in prior periods and management's willingness to correct any misstatements identified; • our risk assessment, including our understanding of the entity, its environment; • our risk assessment arising from the consolidation of the newly acquired Derco group for the Group financial statements; and • our assessment of the Group and Parent Company's overall control environments.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.3 million (2021: £0.7 million), with a lower threshold of £0.9 million used for the legacy Inchcape group, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Identification and scoping of components

In selecting the components which are in scope for audit procedures to be performed as part of the Group audit, we consider:

- the inherent risk in each of the markets that the Group operates;
- the Group's control environment;
- the significance of identified risks in each of the components;
- the financial significance of the component to the Group's revenue, profit/loss and net assets; and
- the nature of any acquisitions and disposals within the year.

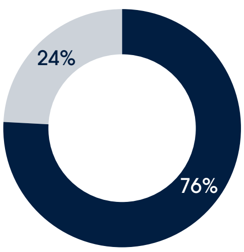
The significant components which were subject to full audit procedures were in Australia, Chile, Colombia, Ethiopia, Hong Kong, Singapore and the UK. Russia was no longer a significant component due to the Group disposing of its operations in Russia during the year.

Our components performed audits of specific account balances in Belgium, Bolivia, Costa Rica, Greece, Peru, Poland and Romania. Due to the acquisition of the Derco group, our component scope increased to include the audit of specified balance sheet items within the acquired Derco group, which covered Bolivia, Chile, Colombia and Peru.

In addition to the work performed at a component level, the Group audit team also performed audit procedures on the Parent Company and consolidated financial statements, corporate activities such as treasury and pensions, goodwill and indefinite-life intangible asset impairments, litigation provisions, the Group consolidation, going concern assessment and financial statement disclosures. The Group audit team also performed analytical reviews on out-of-scope components.

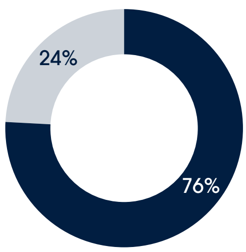
The range of component materialities applied was £2.1 million to £13.5 million (2021: £2.3 million to £6.0 million). The reporting units where we conducted our audit work accounted for 76% (2021: 76%) of the Group's revenue, 76% (2021: 78%) of the Group's profit before taxation from continuing operations and 80% (2021: 80%) of the Group's net assets.

REVENUE



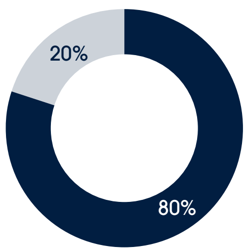
- Full audit scope and specified audit procedures
- Review at group level

PROFIT BEFORE TAX



- Full audit scope and specified audit procedures
- Review at group level

NET ASSETS



- Full audit scope and specified audit procedures
- Review at group level

7.2. Our consideration of the control environment

We have considered the control environment of the Group, which is also discussed within the Audit Committee Report on page 91, and encompasses controls relating to the financial reporting process, preparation of consolidated Group accounts, operational and compliance controls and risk management processes.

We have also considered the key Information Technology (IT) controls in place designed to address the IT risks faced by the Group and how these relate to the entity's financial reporting processes. A number of steps have been taken by management to consolidate and centralise key IT systems and support functions across the Group. Given this, we have sought to mirror the consolidation and centralisation of the IT infrastructure in our testing of IT controls where applicable. Whilst our IT audit work continued to be co-ordinated by our UK Group team, we have reduced the number of Deloitte teams testing locally operated IT controls where common IT systems are now utilised.

This year represented the second year of the Group's transition to the Global Business Services organisation ("GBS"). We considered the ongoing impact of this on our audit, with our Group and component teams assessing the impact on the control environment.

Whilst components had planned to take a control reliance approach for revenue, a SAP transition programme implemented during the year limited the ability for certain components to do so and a fully substantive approach was adopted in those locations.

7.3. Our consideration of climate-related risks

The Group is exposed to the impacts of climate change on its business and operations as highlighted in the Task Force on Climate-Related Financial Disclosures (TCFD) report on page 50, viability statement on page 67, the principal risks on page 61, and in Accounting Policies (climate change) on page 143.

We have obtained management's climate-related risk assessment and held discussions with management and their external advisors to understand the process of identifying and quantifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We have engaged our climate specialists in our assessment to consider broader industry and market-wide practice.

We completed an independent climate-based risk assessment in order to consider the potential impact of climate change on the Group's financial statements, incorporating both business specific knowledge and wider industry awareness, including the extent to which they have been included in the Group's forecast financial information. We used this to assess the completeness of the Group's identified risks and to develop audit procedures to respond to these risks, in particular as part of our work in relation to store impairment and long-term viability, as well as considering climate-related risks throughout our risk assessments on each financial statement account balance. Further details of our work in relation to Central America indefinite-life intangible asset impairment are set out in our key audit matter in section 5.1 above.

In considering the disclosures presented as part of the Strategic Report, we engaged our climate specialists to assess compliance with the TCFD requirements and the recommendations made by both the Task Force and FRC as set out in their thematic reviews. We have also assessed whether these disclosures reflect our understanding of the Group's approach to climate.

7.4. Working with other auditors

We engaged component auditors from Deloitte member firms to perform procedures at the components under our direction and supervision. This approach also allows us to engage local auditors who have appropriate knowledge of local regulations to perform the audit work. We issued detailed instructions to the component auditors and held planning meetings, interim update meetings and year end close meetings with each component team.

The Group audit team issued detailed instructions to the component auditors and, as a result of Covid-19 restrictions easing across many parts of the world, we have resumed our component visits on a risk focused and rotational basis to oversee the work performed by our component auditors.

In conjunction with the on-site visits, frequent calls were held between the Group and component teams throughout the year and remote access to relevant documents was provided. A dedicated senior member of the Group audit team was focused on overseeing the role of the component audit teams, so that a consistent audit approach is applied to the operations in the Group's UK and international businesses.

The audit visits and other communications by the Group audit team were timed to enable us to be involved during the planning and risk assessment process in addition to the execution of detailed audit procedures. During our visits we attended key meetings with component management and auditors, reviewed and challenged component auditor working papers in the underlying audit files and component reporting. In addition, we attended component audit closing calls and other key meetings with management throughout the audit process.

We held virtual planning meetings with our component teams on a regional basis, led by the Group audit team, and held prior to commencement of our detailed audit work. The purpose of these planning meetings was to ensure a good level of understanding of the Group's businesses, its core strategy and a discussion of the significant risks and workshops on our planned audit approach.

The Parent Company is located in the United Kingdom and audited directly by the Group audit team.

8. OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, in-house legal counsel and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the judgements related to Central America indefinite-life intangible asset impairment and UK site impairment. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included environmental regulations.

11.2. Audit response to risks identified
As a result of performing the above, we identified the Central America indefinite-life intangible asset impairment as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to the key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC;
- in relation to judgement in the UK site impairment, challenging management's analysis and assumptions with the support of our real estate and valuation specialists through comparison to external market data and considering contradictory evidence; and performing sensitivities to challenge the reasonableness of management's assumptions; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the directors' report.

13. CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 122;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 67;
- the directors' statement on fair, balanced and understandable set out on page 91;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 89;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 91; and
- the section describing the work of the Audit Committee set out on page 89.

14. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the members on 25 May 2018 to audit the financial statements for the year ended 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the years ended 31 December 2018 to 31 December 2022.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements will form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

ANNA MARKS FCA
SENIOR STATUTORY AUDITOR

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

22 March 2023

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

Continuing operations	Notes	2022 £m	2021[1] £m
Revenue	1,3	**8,132.7**	6,900.9
Cost of sales		**(6,807.4)**	(5,842.9)
Gross profit		**1,325.3**	1,058.0
Net operating expenses	3	**(925.0)**	(876.7)
Operating profit		**400.3**	181.3
Share of loss after tax of joint ventures and associates	14	**(0.6)**	–
Profit before finance and tax		**399.7**	181.3
Finance income	6	**21.6**	11.2
Finance costs	7	**(88.2)**	(43.7)
Profit before tax from continuing operations		**333.1**	148.8
Tax	8	**(98.2)**	(64.6)
Profit for the year from continuing operations		**234.9**	84.2
(Loss)/profit from discontinued operations	29(b)	**(241.1)**	37.7
Total (loss)/profit for the year		**(6.2)**	121.9
(Loss)/profit attributable to:			
Owners of the parent		**(11.2)**	117.0
Non-controlling interests		**5.0**	4.9
		(6.2)	121.9
Earnings per share from continuing operations attributable to the owners of the parent	9		
Basic earnings per share (pence)		**61.1p**	20.3p
Diluted earnings per share (pence)		**54.6p**	20.1p
(Loss)/earnings per share attributable to the owners of the parent	9		
Basic (loss)/earnings per share (pence)		**(3.0)p**	30.0p
Diluted (loss)/earnings per share (pence)		**(2.6)p**	29.6p
Alternative performance measures:			
Operating profit from continuing operations		**400.3**	181.3
Adjusting items within net operating expenses:	2	**10.5**	100.1
Restructuring costs		**–**	12.2
Acquisition and integration costs		**41.7**	3.4
Disposal of businesses		**(14.2)**	67.3
Accelerated amortisation and net impairment reversals		**2.7**	17.2
Gain on pension indexation		**(19.7)**	–
Adjusted operating profit from continuing operations		**410.8**	281.4
Share of loss after tax of joint ventures and associates		**(0.6)**	–
Adjusted profit before finance costs and tax from continuing operations		**410.2**	281.4
Net finance costs		**(66.6)**	(32.5)
Adjusting items within net finance costs:	2	**29.6**	–
Net monetary loss on hyperinflation		**29.6**	–
Adjusted profit before tax from continuing operations		**373.2**	248.9
Tax on adjusted profit		**(97.3)**	(63.1)
Adjusted profit after tax from continuing operations		**275.9**	185.8
Adjusted earnings per share from continuing operations	9		
Basic adjusted earnings per share		**72.0p**	46.3p
Diluted adjusted earnings per share		**64.3p**	45.8p

1. Comparative amounts have been adjusted to reflect the classification of the remaining business in Russia as a discontinued operation.

The notes on pages 141 to 205 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**2022 £m**	2021[1] £m
(Loss)/profit for the year		**(6.2)**	121.9
Other comprehensive income/(loss):			
Items that will not be reclassified to the consolidated income statement			
Retirement benefit schemes			
– net actuarial (losses)/gains	5	**(12.1)**	58.2
– deferred tax on actuarial losses/(gains)	17	**0.4**	(0.4)
		(11.7)	57.8
Items that may be or have been reclassified subsequently to the consolidated income statement			
Cash flow hedges			
– net fair value gains	26	**8.7**	18.5
– tax on cash flow hedges[2]	17	**(6.6)**	(2.8)
Investments held at fair value			
– net fair value (losses)/gains	15	**(1.5)**	1.6
Deferred tax on taxation losses	17	**0.4**	–
Foreign currency translation			
Exchange differences on translation of foreign operations	26	**132.4**	(104.2)
Exchange differences on translation of discontinued operations	26,29(b)	**18.7**	(0.1)
Recycling of foreign currency reserve	26	**99.0**	108.2
Adjustments for hyperinflation	26	**48.6**	–
		299.7	21.2
Other comprehensive income for the year		**288.0**	79.0
Total comprehensive income for the year		**281.8**	200.9
Total comprehensive income attributable to:			
– Owners of the parent		**270.7**	196.8
– Non-controlling interests		**11.1**	4.1
		281.8	200.9
Total comprehensive income/(loss) attributable to owners of Inchcape plc arising from			
– Continuing operations		**405.2**	163.3
– Discontinued operations		**(123.4)**	37.6

1. Comparative amounts have been adjusted to reflect the classification of the remaining business in Russia as a discontinued operation.
2. Taxation in other comprehensive income in respect of cashflow hedges is comprised of a deferred tax charge of £9.3m (2021: charge of £0.5m) offset by a current tax credit of £2.7m (2021: charge of £2.3m).

The notes on pages 141 to 205 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Intangible assets	11	**1,174.0**	394.1
Property, plant and equipment	12	**736.8**	548.0
Right-of-use assets	13	**419.2**	261.4
Investments in joint ventures and associates	14	**22.2**	4.9
Financial assets at fair value through other comprehensive income	15	**3.3**	4.8
Derivative financial instruments	24	**17.3**	3.0
Trade and other receivables	16	**53.4**	45.4
Deferred tax assets	17	**80.0**	67.4
Retirement benefit asset	5	**103.8**	135.3
		2,610.0	1,464.3
Current assets			
Inventories	18	**2,375.8**	1,134.7
Trade and other receivables	16	**816.8**	324.1
Financial assets at fair value through other comprehensive income	15	**0.2**	0.2
Derivative financial instruments	24	**36.9**	24.6
Current tax assets		**40.8**	9.0
Cash and cash equivalents	19	**1,064.2**	596.4
Assets held for sale and disposal group	20	**19.0**	4.8
		4,353.7	2,093.8
Total assets		**6,963.7**	3,558.1
Current liabilities			
Trade and other payables	21	**(2,898.0)**	(1,548.3)
Derivative financial instruments	24	**(38.1)**	(31.9)
Current tax liabilities		**(88.2)**	(63.0)
Provisions	22	**(56.6)**	(34.9)
Lease liabilities	13	**(83.4)**	(56.5)
Borrowings	23	**(546.3)**	(7.6)
		(3,710.6)	(1,742.2)
Non-current liabilities			
Trade and other payables	21	**(60.4)**	(63.2)
Provisions	22	**(46.7)**	(23.4)
Derivative financial instruments	24	**(1.4)**	–
Deferred tax liabilities	17	**(255.3)**	(68.1)
Lease liabilities	13	**(416.0)**	(267.6)
Borrowings	23	**(895.6)**	(210.0)
Retirement benefit liability	5	**(10.7)**	(53.1)
		(1,686.1)	(685.4)
Total liabilities		**(5,396.7)**	(2,427.6)
Net assets		**1,567.0**	1,130.5
Equity			
Share capital	25	**37.6**	38.5
Share premium		**146.7**	146.7
Capital redemption reserve		**143.0**	142.1
Merger reserve	26	**315.8**	–
Other reserves	26	**69.3**	(227.1)
Retained earnings	27	**820.4**	1,008.7
Equity attributable to owners of the parent		**1,532.8**	1,108.9
Non-controlling interests		**34.2**	21.6
Total equity		**1,567.0**	1,130.5

The notes on pages 141 to 205 are an integral part of these consolidated financial statements. The consolidated financial statements on pages 136 to 140 were approved by the Board of Directors on 22 March 2023 and were signed on its behalf by:

DUNCAN TAIT
GROUP CHIEF EXECUTIVE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £m	Share Premium £m	Capital redemption reserve £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity attributable to owners of the parent £m	Non-controlling interests £m	Total shareholders' equity £m
At 1 January 2021		39.4	146.7	141.2	–	(248.2)	962.8	1,041.9	19.3	1,061.2
Profit for the year		–	–	–	–	–	117.0	117.0	4.9	121.9
Other comprehensive income/(loss) for the year		–	–	–	–	22.0	57.8	79.8	(0.8)	79.0
Total comprehensive income for the year		–	–	–	–	22.0	174.8	196.8	4.1	200.9
Hedging gains and losses transferred to inventory		–	–	–	–	(0.9)	–	(0.9)	–	(0.9)
Share-based payments, net of tax	4,17	–	–	–	–	–	10.0	10.0	–	10.0
Share buyback programme	25	(0.9)	–	0.9	–	–	(80.5)	(80.5)	–	(80.5)
Purchase of own shares by the Inchcape Employee Trust		–	–	–	–	–	(6.2)	(6.2)	–	(6.2)
Transactions with non-controlling interests		–	–	–	–	–	–	–	1.2	1.2
Dividends:										
– Owners of the parent	10	–	–	–	–	–	(52.2)	(52.2)	–	(52.2)
– Non-controlling interests		–	–	–	–	–	–	–	(3.0)	(3.0)
At 1 January 2022		**38.5**	**146.7**	**142.1**	**-**	**(227.1)**	**1,008.7**	**1,108.9**	**21.6**	**1,130.5**
(Loss)/profit for the year		**-**	**-**	**-**	**-**	**-**	**(11.2)**	**(11.2)**	**5.0**	**(6.2)**
Other comprehensive income/(loss) for the year		**-**	**-**	**-**	**-**	**293.6**	**(11.7)**	**281.9**	**6.1**	**288.0**
Total comprehensive income/(loss) for the year		**-**	**-**	**-**	**-**	**293.6**	**(22.9)**	**270.7**	**11.1**	**281.8**
Hedging gains and losses transferred to inventory		**-**	**-**	**-**	**-**	**2.8**	**-**	**2.8**	**-**	**2.8**
Written put option	29	**-**	**-**	**-**	**-**	**-**	**(13.6)**	**(13.6)**	**-**	**(13.6)**
Shares to be issued	29	**-**	**-**	**-**	**315.8**	**-**	**-**	**315.8**	**-**	**315.8**
Non-controlling interests on acquisition of subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5.3**	**5.3**
Share-based payments, net of tax	4,17	**-**	**-**	**-**	**-**	**-**	**10.2**	**10.2**	**-**	**10.2**
Share buyback programme	25	**(0.9)**	**-**	**0.9**	**-**	**-**	**(69.5)**	**(69.5)**	**-**	**(69.5)**
Purchase of own shares by the Inchcape Employee Trust		**-**	**-**	**-**	**-**	**-**	**(3.8)**	**(3.8)**	**-**	**(3.8)**
Dividends:										
– Owners of the parent	10	**-**	**-**	**-**	**-**	**-**	**(88.7)**	**(88.7)**	**-**	**(88.7)**
– Non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.8)**	**(3.8)**
At 31 December 2022		**37.6**	**146.7**	**143.0**	**315.8**	**69.3**	**820.4**	**1,532.8**	**34.2**	**1,567.0**

The notes on pages 141 to 205 are an integral part of these consolidated financial statements. Share-based payments include a net tax credit of £nil (2021: net tax credit of £1.6m (current tax charge of £nil and a deferred tax credit of £1.6m)).

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £m	2021 £m
Cash generated from operating activities			
Cash generated from operations	28(a)	**618.8**	469.2
Tax paid		**(94.9)**	(63.8)
Interest received		**17.0**	12.2
Interest paid		**(47.4)**	(40.6)
Net cash generated from operating activities		**493.5**	377.0
Cash flows from investing activities			
Acquisition of businesses, net of cash and overdrafts acquired	29(a)	**(395.2)**	(20.2)
Net cash (outflow)/inflow from sale of businesses	29(b)	**(17.0)**	76.2
Purchase of investment in joint ventures and associates		**(6.2)**	(2.6)
Purchase of property, plant and equipment		**(64.2)**	(48.5)
Purchase of intangible assets		**(4.3)**	(16.1)
Proceeds from disposal of property, plant and equipment		**10.0**	24.6
Payments made before the commencement date of a lease		**(0.2)**	(2.5)
Receipt from finance sub-lease receivables		**1.7**	2.3
Net cash (used in)/generated from investing activities		**(475.4)**	13.2
Cash flows from financing activities			
Share buyback programme	25(b)	**(69.5)**	(80.5)
Purchase of own shares by the Inchcape Employee Trust		**(3.8)**	(6.2)
Cash inflow from acquisition financing facility	23	**600.0**	–
Cash outflow from other borrowings		**(3.7)**	(12.7)
Payment of capital element of lease liabilities		**(64.0)**	(59.3)
Transactions with non-controlling interests		**-**	1.2
Equity dividends paid	10	**(88.7)**	(52.2)
Dividends paid to non-controlling interests		**(3.8)**	(3.0)
Net cash generated from/(used in) financing activities		**366.5**	(212.7)
Net increase in cash and cash equivalents	28(b)	**384.6**	177.5
Cash and cash equivalents at beginning of the period		**588.8**	476.3
Effect of foreign exchange rate changes		**76.7**	(65.0)
Cash and cash equivalents at the end of the year		**1,050.1**	588.8
Cash and cash equivalents consist of:			
– Cash at bank and cash equivalents	19	**640.7**	501.8
– Short-term deposits	19	**423.5**	94.6
– Bank overdrafts	23	**(14.1)**	(7.6)
		1,050.1	588.8

The notes on pages 141 to 205 are an integral part of these consolidated financial statements.

ACCOUNTING POLICIES

GENERAL INFORMATION

Inchcape plc is a public company limited by shares, domiciled and incorporated in the UK, and registered in England and Wales. The address of the registered office is 22a St James's Square, London, SW1Y 5LP. The nature of the Group's operations and principal activities are set out in note 1 and on pages 1 to 68.

The Group consolidated financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and the Companies Act 2006 applicable to companies reporting under IFRS.

Accounting convention

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, and those financial assets and financial liabilities (including derivative instruments) held at fair value through profit or loss, which are measured at fair value.

Going concern

Based on the Group's cash flow forecasts and projections, the Board is satisfied that the Group will operate within the level of its committed facilities for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing its financial statements. In assessing whether the Group is a going concern, the ongoing implications of COVID-19 and the shortage of semi-conductor chips have been considered. In making this assessment, the Group has considered available liquidity in relation to net debt and committed facilities, the Group's latest forecasts for 2023 and 2024 cash flows, together with adjusted scenarios. The forecasts used reflect the latest view on the economic impact of COVID-19 on the markets in which the Group operates, with a key emphasis on the latest Group forecasts including the newly acquired Derco business, for 2023 and 2024.

Committed bank facilities, Private Placement borrowings amounting to £910m, of which £210m was drawn at 31 December 2022, and a new debt facility of £600m, comprised of a £250m term loan, and a £350m bridge facility, are subject to the same interest cover covenant based on an adjusted EBITA measure to interest on consolidated borrowings measured on a trailing 12-month basis at June and December.

The latest Group forecasts for 2023 and 2024 indicate that the Group is expected to be compliant with this covenant throughout the forecast period and have sufficient liquidity to continue operating throughout that period.

A range of sensitivities has been applied to the forecasts to assess the Group's compliance with its covenant requirements over the forecast period. These sensitivities included:

- a one-month period of Covid-19 restrictions in 2023, similar in nature and impact to those seen in the first half of 2021, impacting all of the Group's markets simultaneously;
- a reduction in New and Used vehicle revenue due to a shortage of semi-conductor chips, reducing gross profit from May 2023 to April 2024;
- a general liquidity reduction impacting working capital from December 2022;
- with no mitigating actions applied in relation to the sensitivities described above.

In a scenario where all of the above sensitivities occur at the same time, the Group has modelled the possibility of the interest cover covenant being breached in 2023 and 2024. With the interest cover covenant measured on a trailing 12-month basis, the sensitised forecasts indicate that the Group is not expected to breach any covenants and would be compliant with the interest cover requirements throughout the forecast period. Additionally, under these circumstances, the Group expects to have sufficient funds to meet cash flow requirements.

Therefore, the board concluded that the Group will be able to operate within the level of its committed facilities for the foreseeable future. The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements for the year ending 31 December 2022.

NEWLY ADOPTED ACCOUNTING STANDARDS

From 1 January 2022, the following standards become effective in the Group's consolidated financial statements:

- Amendments to IFRS 3 Business Combinations, reference to conceptual framework;
- Amendments to IAS 16 Property Plant & Equipment, proceeds before intended use;
- Amendments to IAS 37 Onerous Contracts, cost of fulfilling a contract; and
- Annual Improvements to IFRS Standards 2018-2020.

The adoption of the standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group, except for the adoption of IAS 29 Financial Reporting in Hyperinflationary Economies, which is discussed in further detail below.

The Group has not early adopted other standards, amendments to standards or interpretations that have been issued but are not yet effective.

STANDARDS NOT EFFECTIVE AT THE BALANCE SHEET DATE

The following standards were in issue but were not yet effective at the balance sheet date. These standards have not yet been early adopted by the Group, and will be applied for the Group's financial years commencing on or after 1 January 2023:

- IFRS 17 Insurance Contracts;
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Comparative Information;
- Amendments to IAS 12 Income Taxes relating to Deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IFRS 4 Insurance Contracts when applying IFRS 9 Financial Instruments;
- Amendments to IAS 1 Presentation of Financial Instruments, classification of liabilities as current or non-current; and
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

Management are currently reviewing the new standards to assess the impact that they may have on the Group's reported position and performance. Management do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the parent company (Inchcape plc) and all of its subsidiary undertakings (defined as those where the Group has control), together with the Group's share of the results of its joint ventures (defined as those where the Group has joint control) and associates (defined as those where the Group has significant influence but not control). The results of subsidiaries are consolidated and the Group's share of results of its joint ventures and associates is equity accounted for as of the same reporting date as the parent company, using consistent accounting policies.

The results of newly acquired subsidiaries are consolidated using the acquisition method of accounting from the date on which control of the net assets and operations of the acquired company are effectively transferred to the Group. Similarly, the results of subsidiaries disposed of cease to be consolidated from the date on which control of the net assets and operations is transferred out of the Group.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Investments in joint ventures and associates are accounted for using the equity method, whereby the Group's share of post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in shareholders' equity is recognised in shareholders' equity. If the Group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the Group does not recognise further losses, unless it has contractual obligations or made payments on behalf of the joint venture or associate.

Intercompany balances and transactions and any unrealised profits arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

In accordance with IAS 1 Presentation of Financial Statements, the Group Consolidated Income Statement for the year ended 31 December 2022 has been changed to present the results of the Group on a continuing operations basis, with a single amount reported for the total results for discontinued operations. The total for discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax loss on disposal (see note 29).

FOREIGN CURRENCY TRANSLATION

Transactions included in the results of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in sterling, which is the functional currency of the parent company, Inchcape plc, and the presentation currency of the Group.

In the individual entities, transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the dates of the individual transactions. Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the consolidated income statement, except those exchange differences arising on long-term foreign currency borrowings that form part of a net investment in a foreign investment, which on consolidation are taken directly to other comprehensive income.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the end of the reporting period. The income statements and cash flows of foreign operations are translated into sterling at the average rates of exchange for the period, except for subsidiaries in hyperinflationary economies that are translated at the closing rate of exchange at the end of the period. Exchange differences arising from 1 January 2004 are recognised as a separate component of shareholders' equity. On disposal of a foreign operation, any cumulative exchange differences held in shareholders' equity are transferred to the consolidated income statement.

PRESENTATION OF COMPARATIVE AMOUNTS

Comparative amounts presented in the consolidated income statement, the consolidated statement of comprehensive income and relevant notes have been adjusted to reflect the classification of the remaining business in Russia as a discontinued operation.

DESIGNATION OF ETHIOPIA AS A HYPERINFLATIONARY ECONOMY

The Group financial statements include adjustments for hyperinflation, following the application of IAS 29 Financial Reporting in Hyperinflationary Economies in relation to the Group's operations with a functional currency of Ethiopian Birr.

The Group's consolidated financial statements include the results and financial position of its Ethiopian operations restated to the purchasing power or inflationary measuring unit current at the end of the year, leading to a hyperinflationary loss in respect of monetary items being reported in finance costs, and treated as an adjusting item. The results of the Group's Ethiopian operations have been translated at the closing exchange rate, as required by IAS 21 The Effects of Changes in Foreign Exchange Rates for hyperinflationary foreign operations.

Whilst IAS 29 Financial Reporting in Hyperinflationary Economies is applied in individual financial statements as though the relevant economy was always hyperinflationary, comparative amounts are not restated in consolidated amounts already presented in a stable currency. The resulting difference in the opening Ethiopian net assets has been presented as a translation adjustment in other comprehensive income.

The inflationary factors used by the Group are the official price indices published by the Central Statistical Agency of Ethiopia. Hyperinflationary adjustments have been calculated using the price index prevailing at 31 December 2022, which was a CPI index of 328.9 (31 December 2021: CPI index 245.8). The adjusted results and financial position of Ethiopia were translated at the year-end closing rate before being included in the Group's consolidated financial statements.

CLIMATE CHANGE

In preparing the Group's financial statements consideration has been given to the impact of both physical and transition climate related risks, as described in the Task Force on Climate-Related Financial Disclosures (TCFD) section on page 44. Based on the TCFD recommendations, in 2022, the Group performed an assessment of the five most critical climate related risks and opportunities that were considered to have a potential financial impact on the financial statements.

Climate scenario analysis was used as a tool to identify and assess a potential range of future outcomes, by capturing different assumptions about policies and physical climate conditions. Scenario analysis was applied to the five most material risks and opportunities, being the transition risk of misalignment, increased carbon tax, aftersales revenues, margin pressure risk, and physical risks (due to the direct impacts to property and inventories from extreme weather conditions). There is inherent uncertainty over the assumptions used within these scenarios and how they will impact the Group's operations, cash flows and profit projections.

The policy, technology and market changes in response to climate change are still developing, and consequently the financial statements cannot capture all possible future outcomes as these are not yet known.

The climate-related estimates and assumptions were applied primarily to going concern, impairment of non-financial assets, property plant and equipment, indefinite life intangible assets and provisions.

REVENUE AND OTHER INCOME

Revenue is measured at the fair value of consideration receivable, net of any discounts, rebates, trade allowances, incentives, or amounts collected on behalf of third parties. It is recognised to the extent that the transfer of promised goods or services to a customer has been satisfied and the revenue can be reliably measured. Revenue excludes sales-related taxes and intra-group transactions. In practice this means that:

Revenue from sale of goods

Revenue from the sale of goods is recognised when the obligation to transfer the goods to the customer has been satisfied and the revenue can reliably be measured. The obligation to transfer goods to the customer is considered to have been satisfied when the vehicles or parts are invoiced and physically dispatched or collected. Consideration received in advance of transfer of goods is recognised as deferred revenue on the balance sheet and is subsequently recognised as revenue when the transfer of goods occurs.

Revenue from rendering of services

Revenue from the rendering of services to the customer is considered to have been satisfied when the service has been undertaken.

Group acts as an agent

Where the Group acts as an agent on behalf of a principal in relation to finance, insurance and similar products, the associated commission income is recognised within revenue in the period in which the related finance or insurance product is sold and receipt of payment can be assured.

Sales with a repurchase commitment

Where a vehicle is sold to a customer subject to a repurchase commitment and the possibility of the buyback being exercised by the customer is highly likely, the transaction is recognised as a lease transaction with the Group acting as a lessor. Consequently, such vehicles are recognised within 'property, plant and equipment' in the consolidated statement of financial position at cost and are depreciated to their residual value over the period of the repurchase commitment. The difference between the initial amounts received from the customer and the repurchase commitment is recognised as deferred income in the consolidated statement of financial position and is released to the consolidated income statement on a straight-line basis over the life of the arrangement. The repurchase commitment, which reflects the price at which the vehicle will be bought back, is held within 'trade and other payables', according to the date of the commitment.

Where a vehicle is sold to a customer subject to a repurchase commitment and the possibility of the buyback being exercised by the customer is not highly likely, revenue is recognised in full when the vehicle is sold, less the expected value of the buyback payments to be made which is recorded as a liability in the consolidated statement of financial position. Similarly, an estimate of the value of the vehicles to be returned is deducted from cost of sales and recognised as an asset in the consolidated statement of financial position.

Sale of additional services
Where additional services are included in the sale of a vehicle to a customer as part of the total vehicle package (e.g. extended warranty, free servicing, roadside assistance, fuel coupons etc) and the Group is acting as a principal in the fulfilment of the service, the value of the additional services is separately identified, deducted from consideration receivable, recognised as deferred revenue on the balance sheet and subsequently recognised as revenue when the service is provided, or recognised on an input basis with reference to the amount of time elapsed under the contract to which the service relates. These balances are considered to be contract liabilities. The consideration allocated to additional services is based on the relative stand-alone selling price of the additional services within the contract. The value assigned to the additional service is set equal to the value of the additional service being provided, being the expected cost to the entity plus an appropriate profit margin.

Accrued income
Amounts relating to accrued income are balances primarily due from manufacturers in relation to volume/target related bonuses or commissions or warranty related where the work has been completed prior to being invoiced. Any amount previously recognised as accrued income is reclassified to trade receivables.

Dividend income
Dividend income is recognised when the right to receive payment is established.

COST OF SALES
Cost of sales includes the expense relating to the estimated cost of self-insured product warranties offered to customers. These warranties form part of the package of goods and services provided to the customer when purchasing a vehicle and are not a separable product.

The Group receives income in the form of various incentives which are determined by our brand partners. The amount we receive is generally based on achieving specific objectives, such as a specified sales volume, as well as other objectives including maintaining brand partner standards which may include, but are not limited to, retail centre image and design requirements, customer satisfaction survey results and training standards. Where incentives are based on a specific sales volume or number of registrations, the related income is recognised as a reduction in cost of sales when it is reasonably certain that the income has been earned. This is generally the later of the date the related vehicles are sold or registered or when it is reasonably certain that the related target will be met. Where incentives are linked to retail centre image and design requirements, customer satisfaction survey results or training standards, they are recognised as a reduction in cost of sales when it is reasonably certain that the incentive will be received for the relevant period.

GOVERNMENT GRANTS AND ASSISTANCE
Grants received from governments are recognised when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants for the reimbursement of operating expenditure are deducted from the related category of costs in the income statement. Once a government grant is recognised, any related deferred income is treated in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

SHARE-BASED PAYMENTS
The Group operates various share-based award schemes. The fair value at the date at which the share-based awards are granted is recognised in the consolidated income statement (together with a corresponding credit in shareholders' equity) on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. At the end of each reporting period, the Group revises its estimates of the number of awards that are expected to vest. The impact of any revision is recognised in the consolidated income statement with a corresponding adjustment to equity.

For equity-settled share-based awards, the services received from employees are measured by reference to the fair value of the awards granted. With the exception of the Group Save As You Earn scheme, the vesting of all share-based awards under all schemes is solely reliant upon non-market conditions, therefore no expense is recognised for awards that do not ultimately vest. Where an employee or the Company cancels an award, the charge for that award is recognised as an expense immediately, even though the award does not vest.

FINANCE INCOME
Finance income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. It is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

FINANCE COSTS
Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset from the first date on which the expenditure is incurred for the asset and until such time as the asset is ready for its intended use. A Group capitalisation rate is used to determine the magnitude of borrowing costs capitalised on each qualifying asset. This rate is the weighted average of Group borrowing costs, excluding those borrowings made specifically for the purpose of obtaining a qualifying asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

INCOME TAX
The charge for current income tax is based on the results for the period as adjusted for items which are not taxed or are disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The accounting standard covering uncertain tax positions, IFRIC 23 Uncertainty over Income Tax Treatments, was adopted by the Group from 1 January 2019. The Group recognises provisions for uncertain tax positions when it is not probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, in its income tax filings. Uncertain tax positions are assessed and measured using management's estimate of the most likely outcome including an assessment of whether uncertain tax positions should be considered separately or as a group. The Group recognises interest on late paid taxes as part of financing costs, and recognises any penalties within income tax expense or other operating expenses depending on whether the penalty is considered an income tax or not.

Deferred income tax is accounted for using the liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference is due to goodwill arising on a business combination, or to an asset or liability, the initial recognition of which does not affect either taxable or accounting income.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled using rates enacted or substantively enacted at the end of the reporting period. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items credited or charged directly to shareholders' equity, in which case the deferred tax is also dealt with in shareholders' equity.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle balances net.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

ADJUSTING ITEMS

The Group makes certain adjustments to the statutory profit measures in order to derive certain alternative performance measures. Certain items which are material are presented as adjusting items within their relevant consolidated income statement category. The separate reporting of adjusting items helps provide additional useful information regarding the Group's business performance and is used by management to facilitate internal performance analysis.

Management applies an adjusting items policy that is regularly discussed and approved by the Audit Committee. The policy applied in identifying adjusting items is balanced when assessing gains and losses, clearly disclosed and applied consistently from one year to the next.

Adjusting items are deemed to be those items that, in the judgement of the Group, need to be disclosed separately by virtue of their nature, size or incidence. In determining the facts and circumstances, management considers key factors such as:

- where the same category of items recurs each year and in similar amounts (for example, restructuring costs), consideration is given as to whether such amounts should be included as part of underlying profit:
- where significant items are likely to be finalised over more than one year, the effect of such items is applied uniformly; and
- ensuring the treatment of favourable and unfavourable transactions are treated consistently.

Items that may be considered adjusting in nature include gains or losses on the disposal of businesses, restructuring of businesses, acquisition costs, asset impairments, recognition of monetary gains or losses on hyperinflation and the tax effects of these items. Any reversal of an amount previously recognised as an adjusting item would also be recognised as an adjusting item in a subsequent period.

BUSINESS COMBINATIONS AND GOODWILL

The acquisition of subsidiaries is accounted for using the acquisition method (at the point the Group gains control over a business as defined by IFRS 3 Business Combinations). The cost of the acquisition is measured as the cash paid and the aggregate of the fair values, at the date of exchange, of other assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date.

Acquisition-related costs are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill represents the excess of the cost of acquisition of a business combination over the Group's share of the fair value of identifiable net assets of the business acquired at the date of acquisition. Goodwill is initially recognised at cost and is held in the functional currency of the acquired entity and revalued at the closing exchange rate at the end of each reporting period.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units for the purpose of impairment testing and is tested at least annually for impairment.

Gains and losses on disposal of a business include the carrying amount of goodwill relating to the business sold except for goodwill arising on business combinations on or before 31 December 1997 which has been deducted from shareholders' equity and remains indefinitely in shareholders' equity.

OTHER INTANGIBLE ASSETS

Intangible assets, when acquired separately from a business (including computer software), are carried at cost less accumulated amortisation and impairment losses. Cost comprises the purchase price from third parties as well as internally generated development costs where relevant. Amortisation is provided on a straight-line basis to allocate the cost of the asset over its estimated useful life, which in the case of computer software is three to eight years. Amortisation is recognised in the consolidated income statement within 'net operating expenses'. Software customisation and configuration costs relating to software not controlled by the Group are expensed over the period such services are received.

Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the benefit of the intangible asset is obtained through contractual or other legal rights and the fair value can be measured reliably on initial recognition. The principal intangible assets are agreements with manufacturers for the distribution of new vehicles and parts, which represent the estimated value of distribution rights acquired in business combinations. Such agreements have varying terms and periods of renewal and have historically been renewed without substantial cost. The Group therefore expects these agreements to be renewed on a regular basis and accordingly no amortisation is charged on these assets. The Group assesses these distribution rights for impairment on an annual basis.

Other intangible assets acquired in a business combination may include order books and customer contracts. These intangible assets are amortised on a straight-line basis over their estimated useful life, which is between one and ten years.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and directly attributable costs of the asset and includes, where relevant, capitalised borrowing costs. Depreciation is based on cost less estimated residual value and is included within 'net operating expenses' in the consolidated income statement, with the exception of depreciation on 'leased vehicles, rental machinery and equipment' which is charged to 'cost of sales'. It is provided on a straight-line basis over the estimated useful life of the asset, except for freehold land which is not depreciated. For the following categories, the annual rates used are:

Freehold buildings and long leasehold buildings	2.0%
Short leasehold buildings	shorter of lease term or useful life
Plant, machinery and equipment	5.0% – 33.3%
Leased vehicles, rental machinery and equipment	over the lease term

The residual values and useful lives of all assets are reviewed at least at the end of each reporting period and adjusted if necessary.

LEASES

The Group assesses whether a contract is, or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

THE GROUP AS A LESSEE

Lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate by market and currency;
- applies a credit risk, based on yields of comparable entities, to the determined risk-free interest rate by market; and
- where applicable, makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease liabilities are remeasured when there is a change in future lease payments as a result of a index or rate change, or if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether a purchase, lease-term extension or termination option will be exercised. Additional liability is also recognised where there a potential change in variable payment during term of the lease and lastly, where new leases have been committed to but not yet commenced. When lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets comprising mainly land and buildings are measured at cost less accumulated depreciation and impairment losses. The costs include the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less lease incentives received, any direct costs and an estimate of dismantling costs. The carrying amount is further adjusted for any remeasurement of the lease liability. Depreciation is expensed to the income statement on a straight-line basis over the lease term. The lease term includes the noncancellable period of lease together with any extension or termination options that are reasonably certain to be exercised.

Payments associated with short-term leases and all leases of low-value assets (under £5,000) are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise largely small items of office equipment.

THE GROUP AS A LESSOR

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor, the sublease classification is assessed with reference to the head lease right-of-use asset. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the lease term.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Any impairment losses are included within 'net operating expenses' in the consolidated income statement.

In addition, goodwill is not subject to amortisation but is tested at least annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to sell and value in use. Value in use calculations are performed using cash flow projections, discounted at a pre-tax rate which reflects the asset specific risks and the time value of money. Impairment losses are recognised on goodwill within the cash generating unit.

Non-financial assets, other than goodwill, which have previously been impaired, are reviewed for possible reversal of the impairment at each reporting date. Impairment of inventories are considered separately. Impairment losses are recognised against goodwill within the cash generating units before non-financial assets are impaired.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in bringing inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Used vehicles are carried at the lower of cost or fair value less costs to sell, generally based on external market data available for used vehicles.

Vehicles held on consignment are included within inventories as the Group is considered to have the risks and rewards of ownership. The corresponding liability is included within 'trade and other payables'.

Inventory can be held on deferred payment terms. All costs associated with this deferral are expensed in the period in which they are incurred.

An inventory provision is recognised in situations where net realisable value is likely to be less than cost (such as obsolescence, deterioration, fall in selling price). When calculating the provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability, determined on conditions that exist at the end of the reporting period. With the exception of parts, generally net realisable value adjustments are applied on an item-by-item basis.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. These are recognised as current assets if collection is due in one year or less. If collection is due in over a year, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established based on an expected credit loss model under IFRS 9 Financial Instruments. The amount of the provision is the difference between the asset's carrying amount and the expected value of the amounts to be received.

The provision for impairment of receivables is based on lifetime expected credit losses. Lifetime expected credit losses are calculated by assessing historic credit loss experience, adjusted for factors specific to the receivable and company. The amount of the loss is recognised in the consolidated income statement within 'net operating expenses'. When a trade receivable is not collectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'net operating expenses' in the consolidated income statement.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. These are classified as current liabilities if payment is due in one year or less. If payment is due at a later date, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables include the liability for vehicles held on consignment, with the corresponding asset included within inventories.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings, using the effective interest method.

PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The Group operates a number of retirement benefit schemes.

The major schemes are defined benefit pension funds with assets held separately from the Group. The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method.

The current service cost and gains and losses on settlements and curtailments are included in 'cost of sales' or 'net operating expenses' in the consolidated income statement. Past service costs are similarly recognised in the consolidated income statement. Administrative scheme expenses associated with the plans are recorded within 'net operating expenses' when incurred, in line with IAS 19 Employee Benefits (revised). Net interest income or interest cost relating to the funded defined benefit pension plans is included within 'finance income' or 'finance costs', as relevant, in the consolidated income statement.

Changes in the retirement benefit obligation or asset due to experience and changes in actuarial assumptions are included in the consolidated statement of comprehensive income, as actuarial gains and losses, in full in the period in which they arise.

Where scheme assets exceed the defined benefit obligation, a net asset is only recognised to the extent that an economic benefit is available to the Group, in accordance with the terms of the scheme and, where relevant, statutory requirements.

The Group's contributions to defined contribution plans are charged to the consolidated income statement in the period to which the contributions relate.

The Group also has a liability in respect of past employees under post-retirement healthcare schemes which have been closed to new entrants. These schemes are accounted for on a similar basis to that for defined benefit pension plans in accordance with the advice of independent qualified actuaries.

Following the scheme merger which is now referred to as the 'Combined section', and sits alongside the Group section, a change was made to the trustees deeds whereby it was stipulated, in the event of a wind any pension surplus belonging to the group section would be returned to the Combined section in the first instance instead of being directly returned to the principal employer. The group takes the view any surplus in the Combined section ultimately belongs to the Principal employer, therefore judgement has been taken to recognise the pension surplus for the scheme in full.

PROVISIONS

Provisions are recognised when the Group has a present obligation in respect of a past event, when it is more likely than not that an outflow of resources will be required to settle the obligation and where the amount can be reliably estimated. Provisions are discounted when the time value of money is considered to be material, using an appropriate risk-free rate on government bonds.

PRODUCT WARRANTY PROVISION

A product warranty provision corresponds to warranties provided as part of the sale of a vehicle and provide assurance to the customer that the product will work as sold. Provision is made for the expected cost of labour and parts based on historical claims experience and expected future trends.

LEASEHOLD PROPERTY PROVISION

A leasehold property provision is recognised when the Group is committed to certain leasehold premises for which it no longer has a commercial use. It is made to the extent of the estimated future net cost, excluding the lease liability already recognised under IFRS 16 Leases. A leasehold property provision is also recognised when there is future obligation relating to the maintenance of leasehold properties. The provision is based on management's best estimate of the obligation which forms part of the Group's unavoidable cost of meeting its obligations under the lease contracts.

LITIGATION PROVISION

A litigation provision is recognised when a litigation case is outstanding at the end of the reporting period and there is a likelihood that the legal claim will be settled.

RESTRUCTURING PROVISION

A restructuring provision is recognised when a detailed formal plan for the restructuring has been developed and a valid expectation has been raised in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the Group.

DISPOSAL GROUP AND ASSETS HELD FOR SALE

Where the Group is committed to a plan to sell and is actively marketing a business and disposal is expected within one year of the date of classification as held for sale, the assets and liabilities of the associated businesses are separately disclosed in the consolidated statement of financial position as a disposal group. Assets and liabilities are classified as assets held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Both disposal groups and assets and liabilities held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

SEGMENTAL REPORTING

Segment information is reported in accordance with IFRS 8 Operating Segments, which requires segmental reporting to be presented on the same basis as the internal management reporting. The Group's operating segments are countries or groups of countries and the market channels, Distribution and Retail. These operating segments are then aggregated into reporting segments to combine those with similar characteristics. The accounting policies of the reportable segments are the same as the Group's accounting policies described in this note. Comparative amounts have been reclassified as explained in note 1.

FINANCIAL INSTRUMENTS

The Group classifies its financial assets in the following categories: measured at amortised cost; measured at fair value through profit and loss; and measured at fair value through other comprehensive income. Classification and subsequent remeasurement depends on the Group's business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Measured at amortised cost includes non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Financial assets are included in current assets, except where the maturity date is more than 12 months after the end of the reporting period. They are initially recorded at fair value and subsequently recorded at amortised cost. Financial liabilities are included in current liabilities, except where the maturity date is more than 12 months after the end of the reporting period.

Measured at fair value through profit and loss includes derivative financial assets and liabilities, which are further explained below. They are classified according to maturity date, within current and non-current assets and liabilities respectively.

Measured at fair value through other comprehensive income includes certain financial assets at fair value such as bonds and equity investments. These financial assets are included in current assets and liabilities, except where the maturity date is more than 12 months after the end of the reporting period. Financial assets at fair value through other comprehensive income are classified as non-current assets unless management intends to dispose of them within 12 months of the end of the reporting period and are held at fair value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand, short-term bank deposits and cash and cash equivalents included in disposal groups held for sale.

Short-term bank deposits have a maturity of less than three months from the date at which the investment is acquired.

In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.

OFFSETTING

Netting in the consolidated statement of financial position only occurs to the extent that there is the legal ability and intention to settle net. As such, bank overdrafts are presented in current liabilities to the extent that there is no intention to offset with the cash balance.

NOTES TO THE FINANCIAL STATEMENTS

DERIVATIVE FINANCIAL INSTRUMENTS

An outline of the objectives, policies and strategies pursued by the Group in relation to its financial instruments is set out in note 24 to the consolidated financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

FAIR VALUE HEDGE

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings and future fixed amount currency liabilities (on its cross-currency interest rate swaps). The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings and changes in the fair value of those borrowings is recognised in the consolidated income statement within 'finance costs'. The gain or loss relating to the ineffective portion is also recognised in the consolidated income statement within 'finance costs'.

CASH FLOW HEDGE

For cash flow hedges that meet the conditions for hedge accounting, the portion of the gains or losses on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised within 'net operating expenses' in the consolidated income statement. When the hedged forecast transaction results in the recognition of a non-financial asset or liability then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in other comprehensive income are transferred to the consolidated income statement in the same period in which the hedged forecast transaction affects the consolidated income statement.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income are primarily equity instruments that the Group has elected to recognise the changes in fair value of in other comprehensive income. They are recognised initially at fair value and are re-measured subsequently at fair value with gains and losses arising from changes in fair value recognised directly in equity and presented in the Group statement of comprehensive income. Cumulative gains and losses on equity instruments at fair value through other comprehensive income are not recycled to the Group income statement.

SHARE CAPITAL

Ordinary shares are classified as equity. Where the Group purchases the Group's equity share capital (treasury shares), the consideration paid is deducted from shareholders' equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

DIVIDENDS

Final dividends proposed by the Board of Directors and unpaid at the year-end are not recognised in the consolidated financial statements until they have been approved by the shareholders at the Annual General Meeting. Interim dividends are recognised when they are paid.

CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with generally accepted accounting principles 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 management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The Directors have made a number of estimates and assumptions regarding the future, and made some significant judgements in applying the Group's accounting policies. These are discussed below:

SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions about the future, and other key sources of estimation uncertainties at the reporting period end that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within in the next period are discussed below:

IMPAIRMENT OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

Goodwill and other indefinite life intangible assets are tested at least annually for impairment. When an impairment review is carried out, the recoverable value is determined based on value in use calculations which require the use of estimates, including projected future cash flows (see note 11).

The value in use calculations mainly use cash flow projections based on five-year financial forecasts prepared by management. The key assumptions for these forecasts are those relating to volumes, revenue, gross margins, the level of working capital required to support trading, discount rates, long-term growth rate and capital expenditure. For all CGU groups, cash flows after the five-year period are extrapolated for a further five years using declining growth rates which reduces the year five growth rate down to the long-term growth rate appropriate for each CGU or CGU group, to better reflect the medium-term growth expectations for those markets. A terminal value calculation is used to estimate the cash flows after year 10 using these long-term growth rates.

The assumptions used in the value in use calculations are based on past experience, recent trading and forecasts of operational performance in the relevant markets. They also reflect expectations about continuing relationships with key brand partners and the impact climate change may have on its operations. Whilst at this stage there is significant uncertainty regarding what the long-term impact of climate change initiatives may be on the markets in which we operate, the forecasts reflect our best estimate. Key assumptions and sensitivities are disclosed in note 11.

PENSIONS AND OTHER POST-RETIREMENT BENEFITS – ASSUMPTIONS

Pension and other post-retirement benefit liabilities are determined based on the actuarial assumptions detailed in note 5. A number of these assumptions require estimates to be made, including the rate of inflation and expected mortality rates. These assumptions are subject to a review on an annual basis and are determined in conjunction with an external actuary. The use of different assumptions could have a material effect on the value of the relevant liabilities and could result in a material change to amounts recognised in the income statement over time. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in note 5.

PENSIONS – DISCOUNT RATE

The Group's defined benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in note 5.

CRITICAL ACCOUNTING JUDGEMENTS

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES – EXTENSION AND TERMINATION OPTIONS

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group has several retail, distribution and office property lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. All relevant factors are considered that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the Group's operations; and the costs and business disruption required to replace the leased asset.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Refer to note 13 for additional disclosures relating to leases.

ADJUSTING ITEMS

The Directors believe that adjusted profit and earnings per share measures provide additional useful information to shareholders on the performance of the business. These measures are consistent with how business performance is measured internally by the Board and Executive Committee. The operating profit before adjusting items and profit before tax and adjusting items measures are not recognised profit measures under IFRS and may not be directly comparable with such profit measures used by other companies. The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. The Group's definitions of adjusting items are outlined within the Group accounting policies and note 2 provides further details on current year adjusting items and their adherence to Group policy.

CLASSIFICATION OF VEHICLE FUNDING ARRANGEMENTS

The Group finances the purchase of vehicles using vehicle funding facilities provided by various lenders including the captive finance companies associated with brand partners. In assessing whether the liabilities arising under these arrangements should be classified within trade and other payables rather than as an additional component of the Group's net debt within borrowings, the Group considers a number of factors including whether the arrangement is a requirement of the relationship with the OEM, in relation to specific, separately identifiable vehicles held as inventory and whether payment terms are the shorter of the agreed terms of the arrangement or until the specific vehicle being funded is sold to the end customer. Each agreement entered into has its own terms and conditions and determining whether a new or renewed arrangement should be classified within trade and other payables requires significant management judgement. See also note 21.

ASSIGNMENT OF AN INDEFINITE USEFUL LIFE TO DISTRIBUTION AGREEMENTS

The Group's principal intangible assets relate to agreements with manufacturers for the distribution of new vehicles and parts. These distribution agreements are assigned an indefinite useful life as though these agreements have limited terms, they have historically been renewed by the Group without substantial cost and the Group's history shows that OEMs have not terminated our distribution agreements. Additionally, there are no known changes or events that would impact the vehicle distribution environments in which the Group has such assets recognised. The Group therefore expects these agreements to be renewed indefinitely and accordingly no amortisation is charged on these assets.

1 SEGMENTAL ANALYSIS

The Group has four reportable segments which have been identified based on the operating segments of the Group that are regularly reviewed by the chief operating decision-maker, which has been determined to be the Executive Committee, in order to assess performance and allocate resources. Operating segments are then aggregated into reporting segments to combine those with similar economic characteristics.

In 2022, following the acquisition of the Derco Group based in the Americas region, the distribution business based in Africa is now reported and reviewed alongside existing distribution businesses in Europe, forming a combined segment of Europe & Africa.

The Group reports the performance of its reporting segments after the allocation of central costs. These represent costs of Group functions.

The following summary describes the operations of each of the Group's reportable segments:

Distribution	APAC Europe & Africa Americas	Exclusive distribution, sales and marketing activities of New Vehicles and Parts. Sale of New and Used Vehicles together with logistics services where the Group may also be the exclusive distributor, alongside associated Aftersales activities of service, body shop repairs and parts sales.
Retail		Sale of New and Used Vehicles, together with associated Aftersales activities of service, body shop repairs and parts sales in the UK and Europe.

	Distribution					
2022	**APAC £m**	**Europe & Africa £m**	**Americas £m**	**Total Distribution £m**	**Retail £m**	**Total £m**
Revenue						
Total revenue	**2,341.5**	**2,047.5**	**1,479.8**	**5,868.8**	**2,263.9**	**8,132.7**
Results						
Adjusted operating profit	**163.1**	**90.0**	**110.2**	**363.3**	**47.5**	**410.8**
Operating adjusting items						**(10.5)**
Operating profit from continuing operations						**400.3**
Share of loss after tax of joint ventures and associates						**(0.6)**
Profit before finance and tax						**399.7**
Finance income						**21.6**
Finance costs						**(88.2)**
Profit before tax from continuing operations						**333.1**
Tax						**(98.2)**
Profit for the year from continuing operations						**234.9**

The Group's reported segments are based on the location of the Group's assets. Revenue earned from sales is disclosed by origin and is not materially different from revenue by destination. Revenue is further analysed as follows:

2022	**£m**
UK	**2,029.1**
Australia	**1,136.4**
Rest of the world	**4,967.2**
Group	**8,132.7**

The Group's non-current assets by location comprise intangible assets, property, plant and equipment, right-of-use assets, joint ventures and associates, and are analysed as follows:

2022	**£m**
UK	**298.9**
Rest of the world	**2,053.3**
Group	**2,352.2**

1 SEGMENTAL ANALYSIS CONTINUED

2022	Distribution APAC £m	Distribution Europe & Africa £m	Distribution Americas £m	Total Distribution £m	Retail £m	Total £m
Segment assets and liabilities						
Segment assets	**619.6**	**477.4**	**1,945.3**	**3,042.3**	**440.0**	**3,482.3**
Other current assets						**917.0**
Other non-current assets						**2,564.4**
Segment liabilities	**(921.3)**	**(482.8)**	**(1,344.9)**	**(2,749.0)**	**(452.8)**	**(3,201.8)**
Other liabilities						**(2,194.9)**
Total net assets						**1,567.0**

Segment assets include net inventory, receivables and derivative assets. Segment liabilities include payables, provisions and derivative liabilities.

2022 from continuing operations	Distribution APAC £m	Distribution Europe & Africa £m	Distribution Americas £m	Total Distribution £m	Retail £m	Total £m
Other segment items						
Capital expenditure:						
– Property, plant and equipment	**14.4**	**13.4**	**11.7**	**39.5**	**21.9**	**61.4**
– Leased vehicles, rental machinery and equipment	**9.3**	**3.5**	**0.1**	**12.9**	**–**	**12.9**
– Right-of-use assets	**10.3**	**7.8**	**9.0**	**27.1**	**6.7**	**33.8**
– Intangible assets	**1.3**	**1.2**	**1.1**	**3.6**	**0.7**	**4.3**
Depreciation:						
– Property, plant and equipment	**8.0**	**6.7**	**7.9**	**22.6**	**9.9**	**32.5**
– Leased vehicles, rental machinery and equipment	**4.2**	**3.5**	**0.2**	**7.9**	**–**	**7.9**
– Right-of-use assets	**28.7**	**6.3**	**13.0**	**48.0**	**7.1**	**55.1**
Amortisation of intangible assets	**8.4**	**6.0**	**6.6**	**21.0**	**2.1**	**23.1**
(Reversal of impairment)/impairment of property, plant and equipment	**(0.5)**	**–**	**0.4**	**(0.1)**	**(9.0)**	**(9.1)**
Impairment of right-of-use assets	**0.9**	**0.2**	**–**	**1.1**	**0.8**	**1.9**
Net provisions charged to the consolidated income statement	**21.9**	**20.3**	**10.3**	**52.5**	**6.4**	**58.9**

Net provisions include inventory, trade receivables impairment and other liability provisions.

1 **SEGMENTAL ANALYSIS** CONTINUED

2021	Distribution APAC £m	 Europe & Africa £m	 Americas £m	 Total Distribution £m	Retail £m	Total £m
Revenue						
Total revenue	2,146.9	1,598.6	926.2	4,671.7	2,229.2	6,900.9
Results						
Adjusted operating profit	127.8	62.6	55.6	246.0	35.4	281.4
Operating adjusting items						(100.1)
Operating profit from continuing operations						181.3
Share of profit after tax of joint ventures and associates						–
Profit before finance and tax						181.3
Finance income						11.2
Finance costs						(43.7)
Profit before tax from continuing operations						148.8
Tax						(64.6)
Profit for the year from continuing operations						84.2

The Group's reported segments are based on the location of the Group's assets. Revenue earned from sales is disclosed by origin and is not materially different from revenue by destination. Revenue is further analysed as follows:

2021	£m
UK	1,894.3
Australia	1,003.6
Rest of the world	4,003.0
Group	6,900.9

The Group's non-current assets by location comprise intangible assets, property, plant and equipment, right-of-use assets, joint ventures and associates, and are analysed as follows:

2021	£m
UK	275.1
Rest of the world	933.3
Group	1,208.4

2021	Distribution APAC £m	 Europe & Africa £m	 Americas £m	 Total Distribution £m	Retail £m	Total £m
Segment assets and liabilities						
Segment assets	428.9	299.3	293.2	1,021.4	384.1	1,405.5
Other current assets						621.4
Other non-current assets						1,352.8
Segment liabilities	(633.9)	(283.3)	(296.4)	(1,213.6)	(354.1)	(1,567.7)
Other liabilities						(790.4)
Net assets from continuing operations						1,021.6
Net assets from discontinued operations						108.9
Total net assets						1,130.5

Segment assets include net inventory, receivables and derivative assets. Segment liabilities include payables, provisions and derivative liabilities.

1 SEGMENTAL ANALYSIS CONTINUED

2021 from continuing operations	Distribution APAC £m	Distribution Europe & Africa £m	Distribution Americas £m	Total Distribution £m	Retail £m	Total £m
Other segment items						
Capital expenditure:						
– Property, plant and equipment	10.7	10.7	6.8	28.2	15.9	44.1
– Leased vehicles, rental machinery and equipment	1.8	2.0	0.1	3.9	–	3.9
– Right-of-use assets	29.1	2.0	7.4	38.5	6.1	44.6
– Intangible assets	4.1	4.6	2.8	11.5	4.1	15.6
Depreciation:						
– Property, plant and equipment	7.7	5.3	5.5	18.5	8.7	27.2
– Leased vehicles, rental machinery and equipment	2.0	0.2	0.3	2.5	–	2.5
– Right-of-use assets	25.3	5.6	8.3	39.2	8.1	47.3
Amortisation of intangible assets	11.5	13.2	3.3	28.0	4.0	32.0
Impairment of goodwill	–	–	12.9	12.9	–	12.9
Reversal of impairment of distribution agreements	–	–	(12.9)	(12.9)	–	(12.9)
Impairment of other intangible assets	0.1	–	0.1	0.2	–	0.2
Impairment/(reversal of impairment) of property, plant and equipment	–	0.4	0.3	0.7	(2.6)	(1.9)
Impairment of right-of-use assets	0.3	0.6	–	0.9	0.2	1.1
Impairment of assets held for sale	–	–	1.5	1.5	–	1.5
Net provisions charged to the consolidated income statement	10.7	4.7	6.3	21.7	3.4	25.1

Net provisions include inventory, trade receivables impairment and other liability provisions.

2 ADJUSTING ITEMS

From continuing operations	**2022 £m**	2021 £m
Other asset impairment reversals (see notes 12 and 13)	**9.9**	2.9
Disposal of businesses (see note 29)	**1.4**	(67.3)
Restructuring costs	–	(12.2)
Acquisition and integration costs	**(41.7)**	(3.4)
Accelerated amortisation (SaaS)	**(12.6)**	(20.1)
Other income	**12.8**	–
Gain on pension indexation	**19.7**	–
Total adjusting items in operating profit	**(10.5)**	(100.1)
Adjusting items in finance costs:		
Net monetary loss on hyperinflation	**(29.6)**	–
Total adjusting items before tax	**(40.1)**	(100.1)
Tax on adjusting items (see note 8)	**(0.9)**	(1.5)
Total adjusting items	**(41.0)**	(101.6)

Other asset impairment reversals of £9.9m primarily relate to property, plant & equipment and right-of-use assets in the UK and Australia. They have been reported as an adjusting item which is consistent with the reporting of the original impairment charge.

During the year operating costs of £41.7m have been incurred in connection with the acquisition and integration of businesses. These costs have been reported as adjusting items to better reflect the underlying performance of the business. These primarily relate to the acquisitions of the Derco group and ITC/Simpson Motors in the Caribbean. For more details on acquisitions made during the year, please refer to note 29.

In 2021, the Group started to migrate the Group's existing ERP applications to a cloud-based solution. This was a strategic decision to consolidate and upgrade the systems, improve speed and performance and facilitate centralised support following the transformation of the Information Technology organisational structure. The new solution was determined to be Software as a Service (SaaS) and therefore the existing software assets no longer fall to be treated as an asset under IAS 38 Intangible Assets, once the migration to the new solution has occurred. Consequently, the useful life of the existing assets was reassessed and the impact accounted for prospectively as a change in an estimate. This change resulted in a significant increase in the amortisation recognised for software costs. Accordingly, the incremental amortisation of £12.6m (2021: £20.1m) has been disclosed as an adjusting item.

2 ADJUSTING ITEMS CONTINUED

In the first half of the year, the Group disposed of its remaining operations in Russia and, at the time, management concluded that the value of the expected proceeds from disposal was £nil. In the second half of the year, the Group received proceeds of £12.8m which has been reported as other income within continuing operations as the subsequent receipt does not alter the initial (and reassessed) conclusion that no consideration was expected.

With effect from 1 April 2022, the Trustee of the Inchcape Motors Pension Scheme now uses the Consumer Prices Index (CPI) instead of Retail Prices Index (RPI) for those elements of pensions from the Group, Motors and Normand sections that are increased in line with RPI. We have concluded that the change in indexation represents a plan amendment and the impact of the change in benefits payable of £19.7m should be recognised in the income statement as a past service cost. Considering the magnitude and nature of the item, the impact on the income statement has been reported as an adjusting item.

During the year, Ethiopia was designated as a hyperinflationary economy as its three-year cumulative inflation rate exceeded 100%. As a result, IAS 29 Financial Reporting for Hyperinflationary Economies, became effective for the year ended 31 December 2022. The results and financial position of Ethiopia have therefore been restated to include the effect of indexation and the resulting £29.6m net monetary loss on hyperinflation has been recognised within net finance costs and reported as an adjusting item.

In the year to 31 December 2021, the Group:

- disposed of businesses in the UK, Belgium & Luxembourg and Russia. The loss on disposal in Russia related to the sale of Toyota and Audi retail operations in St. Petersburg. The reported loss included a loss of £108.0m relating to the recycling of cumulative exchange differences previously recognised in other comprehensive income, as required under IFRS;
- incurred adjusting operating costs of £3.4m in connection with the acquisition and integration of businesses. These primarily related to the Daimler business acquired in Guatemala; and
- due to the impact of COVID-19 on the Group's operations, a review of the Group's cost base was initiated to identify savings and plan longer-term changes to the way in which the Group operates. A proposal was approved by the Board for a planned restructuring activity under which the Group incurred restructuring costs of £28.4m during 2020. These costs were principally in relation to redundancy, consultancy and occupancy costs. In 2021, a further £12.2m of restructuring costs were recognised, mainly in relation to Group-wide transformation projects impacting both Finance and IT, encompassing the potential for sharing back-office services and review of organisational structures and costs.

3 REVENUE AND EXPENSES

a. Revenue

An analysis of the Group's revenue for the year is as follows:

From continuing operations	**2022 £m**	2021 £m
Sale of goods	**7,576.3**	6,456.2
Provision of services	**556.4**	444.7
	8,132.7	6,900.9

Sale of goods includes the sale of new and used vehicles and the sale of parts where they are sold directly to the customer. Provision of services includes financial services, as well as labour and parts provided in servicing vehicles.

b. Analysis of net operating expenses

From continuing operations	**Net operating expenses before adjusting items 2022 £m**	**Adjusting items 2022 £m**	**Net operating expenses 2022 £m**	Net operating expenses before adjusting items 2021 (restated)[1] £m	Adjusting items 2021 £m	Net operating expenses 2021 (restated)[1] £m
Distribution costs	**385.1**	**–**	**385.1**	354.4	–	354.4
Administrative expenses	**512.4**	**43.0**	**555.4**	418.1	32.8	450.9
Other operating expenses/(income)	**17.0**	**(32.5)**	**(15.5)**	4.1	67.3	71.4
	914.5	**10.5**	**925.0**	776.6	100.1	876.7

1. The 2021 comparative figures above for distribution costs and administrative expenses contains a reclassification restatement of £29.5m between the line items resulting from a prior year error.

3 REVENUE AND EXPENSES CONTINUED

c. Profit/(loss) before tax is stated after the following charges/(credits):

From continuing operations	2022 £m	2021 £m
Depreciation of tangible fixed assets:		
– Property, plant and equipment	**32.5**	27.2
– Leased vehicles, rental machinery and equipment	**7.9**	2.5
– Right-of-use assets	**55.1**	47.3
Amortisation of intangible assets	**23.1**	32.0
Impairment of goodwill	–	12.9
Reversal of impairment of distribution agreements	–	(12.9)
Impairment of other intangible assets	–	0.2
Reversal of impairment of property, plant and equipment	**(9.1)**	(1.9)
Impairment of right-of-use assets	**1.9**	1.1
Impairment of assets held for sale	–	1.5
Impairment of trade receivables	**6.1**	2.6
Profit on sale of property, plant and equipment and intangibles	**(2.1)**	(5.0)

Profit on the sale of property, plant and equipment in 2022 mainly relates to the sale of surplus assets in APAC (2021: profit on sale of property, plant and equipment of surplus assets in the UK and APAC).

d. Auditor's remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor at costs as detailed below:

	2022 £m	2021 £m
Fees payable to the Company's auditor and its associates for the audit of the parent company and the consolidated financial statements	**2.7**	0.6
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries	**4.6**	2.9
– Audit related assurance services	**5.4**	0.1
– All other services	**0.8**	0.1
Total fees payable to the Company's auditor	**13.5**	3.7
Audit fees – firms other than the Company's auditor	**0.1**	0.1

e. Staff costs

From continuing operations	2022 £m	2021 (restated)[1] £m
Wages and salaries	**445.4**	419.4
Social security costs	**34.7**	33.9
Other pension costs (see note 5)	**(4.8)**	13.4
Share-based payment charge (see note 4)	**10.2**	8.4
	485.5	475.1

1. The 2021 comparative figures above have been restated due to an error in classification.

Other pension costs correspond to the current and past service cost and contributions to the defined contribution schemes (see note 5). Included in other pension costs is a £19.7m past service credit as a result of changing the basis of indexation for the Inchcape Motors Pension Scheme from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI).

Information on Directors' emoluments and interests which forms part of these audited consolidated financial statements is given in the Directors' Report on Remuneration which can be found on pages 96 to 116 of this document. Information on compensation of key management personnel is set out in note 32b.

3 REVENUE AND EXPENSES CONTINUED

f. Average monthly number of employees

	Total	
	2022 Number	2021 Number
APAC	**3,402**	3,343
Europe & Africa	**1,566**	1,480
Americas	**3,972**	3,691
Total Distribution	**8,940**	8,514
Retail	**3,662**	4,245
Central & Digital	**896**	290
	13,498	13,049

Following the acquisition of the Derco group, total employees of the Group have increased by approximately 4,800 employees.

4 SHARE-BASED PAYMENTS

The terms and conditions of the Group's share-based payment plans are detailed in the Directors' Report on Remuneration.

The charge arising from awards granted under share-based payment plans was £10.2m (2021: £8.4m), all of which was equity-settled.

The Other Share Plan's disclosures below include other share-based incentive plans for senior executives and employees.

The following table sets out the movements in the number of share options and awards during the year:

2022	**Weighted average exercise price***	**Performance Share Plan**	**Save As You Earn Plan**	**Other Share Plans**
Outstanding at 1 January	**£4.53**	**4,967,050**	**2,068,892**	**1,130,883**
Granted	**£6.00**	**1,975,716**	**685,472**	**766,006**
Exercised	**£4.62**	**(473,051)**	**(435,285)**	**(198,516)**
Lapsed	**£5.17**	**(1,361,774)**	**(262,301)**	**(327,664)**
Outstanding at 31 December	**£4.92**	**5,107,941**	**2,056,778**	**1,370,709**
Exercisable at 31 December	**£4.59**	**166,168**	**45,291**	**11,895**

2021	Weighted average exercise price*	Performance Share Plan	Save As You Earn Plan	Other Share Plans
Outstanding at 1 January	£4.31	5,384,155	2,784,768	977,123
Granted	£7.31	1,656,719	346,367	459,655
Exercised	£5.38	(522,594)	(349,320)	(145,891)
Lapsed	£4.58	(1,551,230)	(712,923)	(160,004)
Outstanding at 31 December	£4.53	4,967,050	2,068,892	1,130,883
Exercisable at 31 December	£5.52	76,405	38,901	4,221

* The weighted average exercise price excludes nil cost awards made under the Performance Share Plan and Other Share Plans.

The weighted average remaining contractual life for the awards outstanding at 31 December 2022 is 1.4 years (2021: 2.3 years).

The range of exercise prices for options outstanding at the end of the year was £3.77 to £7.31 (2021: £3.77 to £7.31). See note 25 for further details.

The fair value of options granted under the Save As You Earn Plan and Other Share Plans is estimated as at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of nil cost awards granted under the Performance Share Plan and Other Share Plans is the market value of the related shares at the time of grant. The following table lists the main inputs to the model for awards granted during the years ended 31 December 2022 and 31 December 2021:

	Performance Share Plan		Save As You Earn Plan		Other Share Plans	
	2022	2021	**2022**	2021	**2022**	2021
Weighted average share price at grant date	**£6.52**	£7.93	**£7.06**	£8.35	**£6.13**	£8.24
Weighted average share price at date of exercise	**£7.13**	£7.78	**£7.28**	£8.18	**£7.42**	£8.53
Weighted average exercise price*	**n/a**	n/a	**£6.00**	£7.31	**n/a**	n/a
Vesting period	**3.0 years**	3.0 years	**3.0 years**	3.0 years	**2.7 years**	2.5 years
Expected volatility	**n/a**	n/a	**33.9%**	31.4%	**n/a**	n/a
Expected life of award	**3.0 years**	3.0 years	**3.2 years**	3.2 years	**2.7 years**	2.5 years
Weighted average risk-free rate	**n/a**	n/a	**4.4%**	1.0%	**n/a**	n/a
Expected dividend yield	**n/a**	n/a	**3.5%**	3.8%	**n/a**	n/a
Weighted average fair value per option	**£6.52**	£7.93	**£1.78**	£2.15	**£6.13**	£8.24

* The weighted average exercise price excludes nil cost awards made under the Performance Share Plan and Other Share Plans.

No options were granted under the Executive Share Option Plan in 2022 or 2021.

The expected life and volatility of the options are based upon historical data.

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The Group operates a number of pension and post-retirement benefit schemes for its employees in a number of its businesses, primarily in the UK.

a. UK schemes: benefits, governance, cash flow obligations and investments

The Inchcape Motors Pension Scheme (IMPS) in the UK is the Group's main defined benefit pension scheme. It is comprised of the Group and Combined sections. In the first half of 2022, IMPS completed a partial scheme merger and implemented a change to the indexation of benefits. Following the partial scheme merger, the assets and liabilities of the Motors, Normand and Cash+ sections are now pooled (referred to as the Combined Section). It is expected that this pooling of risks will reduce volatility.

With effect from 1 April 2022, the Trustee of IMPS now uses the Consumer Prices Index (CPI) instead of Retail Prices Index (RPI) for those elements of pensions from the Group, Motors and Normand sections that are increased in line with RPI. We have determined that the change in indexation represents a plan amendment and the impact of the change in benefits payable of £19.7m should be recognised in the income statement as a past service cost. Considering the magnitude and nature of the item, the impact on the income statement has been reported as an adjusting item.

The Group also operates the Inchcape Overseas Pension Scheme which is non-UK registered.

Benefit structure

The Group, Motors and Normand sections, which provide benefits linked to the final salary of members, are closed to new members and closed to future benefit accrual. Final salary schemes provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on final salary at retirement (or leaving date, if earlier) and length of service. The Group bears risks in relation to its final salary schemes, notably relating to investment performance, interest rates, inflation and members' life expectancies. There is potential for these risks to harm the funding position of the schemes. If the schemes were to be in deficit, then additional contributions may be required from the Group. A number of exercises have been undertaken to mitigate these key funding risks.

The Cash+ section is a defined benefit cash balance scheme. Cash balance schemes like Cash+ allow members to accrue a percentage of their earnings each year which then grows to provide a lump sum payment on retirement. Members have accrued benefits under this scheme with effect from 1 January 2013 up to 31 December 2020. The Group underwrites the investment and interest rate risk to normal retirement age (65). Inflation and mortality risks associated with benefits are borne solely by the members. Following a consultation process with relevant employees this section closed to future benefit accrual on 31 December 2020. From 1 January 2021, UK employees were offered membership of the Inchcape Retirement Savings Plan, a defined contribution workplace personal pension scheme, which is designed to comply with auto enrolment legislation.

Defined contribution schemes like the Inchcape Retirement Savings Plan, which commenced on 1 January 2021, see members' individual accounts credited with employee and employer contributions which are then invested to provide a pension pot on retirement. The Group does not underwrite investment, or other risks for this plan.

Governance

Our UK schemes are registered with HM Revenue and Customs (HMRC) and comply fully with the regulatory framework published by the UK Pensions Regulator.

IMPS is established under trust law and has a trustee board that runs the scheme in accordance with the Trust Deed and Rules and relevant legislation. The trustee board comprises an independent sole trustee company appointed by the Group. As part of good governance, the Group reviewed the provision of trustee services to IMPS and after a formal tender process it was decided to move to a Sole Trustee model from June 2021. The Trustee is required to act in the best interest of the members and have responsibility for the scheme's governance. The Trustee consults with the Group over decisions relating to matters such as funding and investments.

The Inchcape Retirement Savings Plan (a workplace personal pension scheme) has an external pension provider with its own governance committee.

The Group also has some minor unfunded arrangements relating to post-retirement health and medical plans in respect of past employees.

Scheme specific cash obligation/investment detail

Inchcape Motors Pension Scheme

Group, Motors, Normand and Cash+ sections (closed sections)

The Group considers two measures of the pension deficit. The accounting position is shown on the Group's balance sheet. The funding position, calculated at the triennial actuarial valuation, is used to agree contributions made to IMPS. The last completed actuarial valuations for the Group, Motors, Normand and Cash+ sections were carried out as at 5 April 2019 on a market-related basis. As part of the valuation process the Trustee and Group agreed future levels of contributions required to be made by the Group to IMPS.

For the Group, Motors and Normand sections the valuations were determined in accordance with the advice of the Scheme Actuary based on the defined accrued benefit method. The actuarial valuation determined that the duration of the liabilities was approximately 17 years and that an aggregate deficit of £18.3m existed.

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

For the Cash+ section, the valuation was determined in accordance with the advice of the Scheme Actuary based on the projected unit method. The valuation showed a funding deficit of £17.6m, with the Trustee expecting the shortfall to be removed by deficit recovery contributions and returns on the assets held.

Following the partial scheme merger and change in indexation, IMPS was no longer in a shortfall position, and the Group and Trustee agreed that Group contributions to IMPS could cease with effect from April 2022.

Along with many other UK pension schemes, the sharp increase in UK government bond yields in September 2022 created operational and liquidity challenges for IMPS. These challenges were successfully managed and the Scheme's asset strategy held up robustly during this volatile period and, as a result, its funding position remained strong. IMPS has met all collateral requirements throughout 2022 and has maintained its current level of protection to movements in interest rates and inflation, without the need for any additional support (e.g. cash loan for collateral purposes) from the Company.

Inchcape Overseas Pension Scheme (closed section)

This scheme is managed from Guernsey and is subject to regulations similar to the UK. It is therefore reported under the United Kingdom in this note. The latest triennial actuarial valuation for this scheme was carried out at 31 March 2018 and determined in accordance with the advice of the Scheme Actuary based on the projected unit credit method. The actuarial valuation determined that the duration of the liabilities was approximately 12 years and that the scheme was approximately 77% funded on a prudent funding basis. To make good the funding deficit of £16.2m, it has been agreed that deficit contributions of £1.5m p.a. would be paid by means of an annual lump sum for 10 years, ending with the payment due in July 2029. The first payment at this new level was paid on 1 July 2020. Additional contributions in respect of expenses of £0.2m per annum will also be made. The 31 March 2021 triennial actuarial valuation is currently ongoing.

b. Overseas schemes

There are a number of smaller defined benefit schemes overseas, the most significant being the Inchcape Motors Limited Retirement Scheme in Hong Kong. In general, these schemes offer a lump sum on retirement with no further obligation to the employee and assets are held in trust in separately administered funds. These schemes are typically subject to triennial valuations. The overseas defined contribution schemes are principally linked to local statutory arrangements.

c. Defined contribution plans

The total expense recognised in the consolidated income statement is £13.2m (2021: £11.3m). There are no outstanding contributions at 31 December 2022 (2021: nil).

d. Defined benefit plans

As the Group's principal defined benefit schemes are in the UK, these have been reported separately from the overseas schemes. For the purposes of reporting, actuarial updates have been obtained for the Group's material schemes and these updates are reflected in the amounts reported in the following tables.

e. Recognition of Pension Surplus 'IFRIC 14'

The Group is not required to recognise any additional liabilities in relation to funding plans, or limit the recognition of any surpluses, as the Group retains an unconditional right to any future economic benefits available by way of future refunds or reduction in contributions.

The principal weighted average assumptions used by the actuaries were:

	United Kingdom		Overseas	
	2022 %	2021 %	**2022 %**	2021 %
Rate of increase in salaries	**n/a**	n/a	**3.4**	3.5
Rate of increase in pensions	**2.5**	3.2	**3.6**	1.8
Discount rate	**4.8**	1.8	**1.8**	1.3
Rate of inflation:				
– Retail price index	**3.3**	3.4	**2.4**	1.6
– Consumer price index	**2.6**	2.5	**n/a**	n/a

Assumptions regarding future mortality experience are set based on published statistics and experience. For the UK schemes, the average life expectancy of a pensioner retiring at age 65 is 22.7 years (2021: 22.6 years) for current pensioners and 24.0 years (2021: 23.9 years) for current non pensioners. Most of the overseas schemes only offer a lump sum on retirement and therefore mortality assumptions are not applicable.

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

The asset/(liability) recognised in the consolidated statement of financial position is determined as follows:

	United Kingdom		Overseas		Total	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Present value of funded obligations	**(571.5)**	(898.0)	**(35.0)**	(37.1)	**(606.5)**	(935.1)
Fair value of plan assets	**667.6**	980.5	**33.3**	38.1	**700.9**	1,018.6
Net surplus/(deficit) in funded obligations	**96.1**	82.5	**(1.7)**	1.0	**94.4**	83.5
Present value of unfunded obligations	**(0.4)**	(0.5)	**(0.9)**	(0.8)	**(1.3)**	(1.3)
	95.7	82.0	**(2.6)**	0.2	**93.1**	82.2
The net pension asset is analysed as follows:						
Schemes in surplus	**103.8**	133.1	**–**	2.2	**103.8**	135.3
Schemes in deficit	**(8.1)**	(51.1)	**(2.6)**	(2.0)	**(10.7)**	(53.1)
	95.7	82.0	**(2.6)**	0.2	**93.1**	82.2

The amounts recognised in the consolidated income statement are as follows:

	United Kingdom		Overseas		Total	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Current service cost	**–**	–	**(1.7)**	(2.1)	**(1.7)**	(2.1)
Past service cost	**19.7**	–	**–**	–	**19.7**	–
Scheme expenses	**(1.8)**	(1.5)	**–**	–	**(1.8)**	(1.5)
Interest expense on plan liabilities	**(18.5)**	(12.2)	**(0.5)**	(0.2)	**(19.0)**	(12.4)
Interest income on plan assets	**21.7**	12.5	**0.5**	0.2	**22.2**	12.7
	21.1	(1.2)	**(1.7)**	(2.1)	**19.4**	(3.3)

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	United Kingdom		Overseas		Total	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Actuarial (losses)/gains on liabilities:						
– Experience (losses)/gains	**(19.9)**	(3.7)	**1.7**	0.7	**(18.2)**	(3.0)
– Changes in demographic assumptions	**0.2**	(6.5)	**–**	–	**0.2**	(6.5)
– Changes in financial assumptions	**312.3**	38.6	**1.7**	1.7	**314.0**	40.3
Actuarial (losses)/gains on assets:						
– Experience (losses)/gains	**(302.4)**	26.7	**(5.7)**	0.7	**(308.1)**	27.4
	(9.8)	55.1	**(2.3)**	3.1	**(12.1)**	58.2

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

Analysis of the movement in the net asset/(liability):

	United Kingdom		Overseas		Total	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
At 1 January	**82.0**	21.6	**0.2**	(2.0)	**82.2**	19.6
Amount recognised in the consolidated income statement	**21.1**	(1.2)	**(1.7)**	(2.1)	**19.4**	(3.3)
Contributions by employer	**2.4**	6.5	**1.0**	1.1	**3.4**	7.6
Actuarial (losses)/gains recognised in the year	**(9.8)**	55.1	**(2.3)**	3.1	**(12.1)**	58.2
Effect of foreign exchange rates	**–**	–	**0.2**	0.1	**0.2**	0.1
At 31 December	**95.7**	82.0	**(2.6)**	0.2	**93.1**	82.2

Changes in the present value of the defined benefit obligation are as follows:

	United Kingdom		Overseas		Total	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
At 1 January	**(898.5)**	(950.2)	**(37.9)**	(43.2)	**(936.4)**	(993.4)
Current service cost	**–**	–	**(1.7)**	(2.1)	**(1.7)**	(2.1)
Past service cost	**19.7**	–	**–**	–	**19.7**	–
Interest expense on plan liabilities	**(18.5)**	(12.2)	**(0.5)**	(0.2)	**(19.0)**	(12.4)
Actuarial (losses)/gains:						
– Experience (losses)/gains	**(19.9)**	(3.7)	**1.7**	0.7	**(18.2)**	(3.0)
– Changes in demographic assumptions	**0.2**	(6.5)	**–**	–	**0.2**	(6.5)
– Changes in financial assumptions	**312.3**	38.6	**1.7**	1.7	**314.0**	40.3
Benefits paid	**32.8**	35.5	**4.9**	4.8	**37.7**	40.3
Plan settlements	**–**	–	**–**	0.3	**–**	0.3
Effect of foreign exchange rate changes	**–**	–	**(4.1)**	0.1	**(4.1)**	0.1
At 31 December	**(571.9)**	(898.5)	**(35.9)**	(37.9)	**(607.8)**	(936.4)

Changes in the fair value of the defined benefit asset are as follows:

	United Kingdom		Overseas		Total	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
At 1 January	**980.5**	971.8	**38.1**	41.2	**1,018.6**	1,013.0
Interest income on plan assets	**21.7**	12.5	**0.5**	0.2	**22.2**	12.7
Scheme expenses	**(1.8)**	(1.5)	**–**	–	**(1.8)**	(1.5)
Actuarial (losses)/gains:						
– Experience (losses)/gains	**(302.4)**	26.7	**(5.7)**	0.7	**(308.1)**	27.4
Contributions by employer	**2.4**	6.5	**1.0**	1.1	**3.4**	7.6
Benefits paid	**(32.8)**	(35.5)	**(4.9)**	(4.8)	**(37.7)**	(40.3)
Plan settlements	**–**	–	**–**	(0.3)	**–**	(0.3)
Effect of foreign exchange rate changes	**–**	–	**4.3**	–	**4.3**	–
At 31 December	**667.6**	980.5	**33.3**	38.1	**700.9**	1,018.6

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

At the end of the reporting period, the percentages of the plan assets by category were as follows:

	United Kingdom		Overseas		Total	
	2022	2021	**2022**	2021	**2022**	2021
Equities (quoted)	**4.0%**	1.9%	**50.2%**	52.5%	**6.2%**	3.8%
Corporate bonds (quoted)	**-**	–	**42.0%**	39.6%	**2.0%**	1.5%
Government bonds	**-**	–	**0.6%**	0.3%	**-**	–
Investment funds (unquoted)	**74.6%**	63.1%	**-**	–	**71.0%**	60.8%
Other (quoted)	**-**	–	**7.2%**	6.0%	**0.3%**	0.2%
Other (unquoted)	**21.4%**	35.0%	**-**	1.6%	**20.5%**	33.7%
	100%	100%	**100%**	100%	**100%**	100%

The investments shown as quoted equities and bonds are held through funds where the underlying investments of the fund are quoted. Investment funds and other assets include equities, bonds, property, derivatives and liability driven investments. Virtually all the equities and bonds held within the investment funds have prices in active markets. Derivatives, property and liability driven investments can be classified as level 2 instruments.

The schemes had no directly held employer related investment during the reporting period. The schemes' investment managers may potentially hold a small investment in Inchcape plc either through index weightings or stock selection (less than 0.5% of their respective fund values).

The following disclosures relate to the Group's defined benefit plans only.

f. Risk management

Asset volatility

Scheme liabilities are calculated on a discounted basis using a discount rate which is set with reference to corporate bond yields. If scheme assets underperform this yield, then this will create a deficit. The combined schemes hold assets as defensive assets (liability driven investment solutions, absolute return bonds and annuity policies) which mitigate significant changes in yields, and active monitoring plans are in place to identify opportunities to increase the proportion of such assets further when economically possible.

As the schemes mature, the Trustee reduces investment risk by increasing the allocation to defensive assets, which are designed to better match scheme liabilities. However, the Trustee believes that due to the long-term nature of the scheme liabilities, a level of continuing growth asset investment is an appropriate element of the long-term investment strategy.

Inflation risk

The majority of the Group's defined benefit obligations are linked to inflation. Higher inflation will lead to higher liabilities, although in the majority of cases there are caps on the level of inflationary increases to be applied to pension obligations. The Group's investment strategy across the schemes is to mitigate inflation risk through holding inflation-linked assets.

Life expectancy

Where relevant, the plans' obligations are to provide a pension for the life of the member, so realised increases in life expectancy will result in an increase in the plans' benefit payments. Future mortality rates cannot be predicted with certainty. All of the schemes conduct scheme-specific mortality investigations annually, to ensure the Group has a clear understanding of any potential increase in liability due to pensioners living for longer than assumed.

g. Sensitivity analysis

The disclosures above are dependent on the assumptions used. The table below demonstrates the sensitivity of the defined benefit obligation to changes in the assumptions used for the UK schemes. Changes in assumptions have an immaterial effect on the overseas schemes.

Impact on the defined benefit obligation

	United Kingdom	
	2022 £m	2021 £m
Discount rate -1% (2021: -0.25%)	**+80.9**	+38.5
Discount rate +1% (2021: +0.25%)	**-65.9**	-35.9
CPI Inflation -0.25%	**-9.1**	-10.5
CPI Inflation +0.25%	**+10.3**	+10.3
Life expectancy +1 year	**+24.7**	+46.9

The above analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The above variances have been used as they are believed to be reasonably possible fluctuations.

5 PENSIONS AND OTHER POST-RETIREMENT BENEFITS CONTINUED

h. Expected future cash flows

The Group paid approximately £2.4m to its UK defined benefit plans in 2022 under the prevailing Schedules of Contributions (following the 5 April 2019 actuarial valuations for the Motors, Group, Cash+ and Normand sections of the Inchcape Motors Pension Scheme and 31 March 2018 valuation for the Inchcape Overseas Pension Scheme). Following the partial scheme merger and change in indexation, IMPS was no longer in a shortfall position, and the Group and Trustee agreed that Group contributions to IMPS could cease with effect from April 2022.

From 1 January 2021 (following the closure of the Cash+ section to future benefit accrual on 31 December 2021) the Group pays ongoing employer pension contributions into the Inchcape Retirement Savings Plan (a defined contribution plan).

The defined benefit obligations are based on the current value of expected benefit payment cash flows to members over the next several decades. The average duration of the liabilities is approximately 17 years for the UK schemes.

6 FINANCE INCOME

From continuing operations	2022 £m	2021 £m
Bank and other interest receivable	**17.1**	10.2
Net interest income on post-retirement plan assets and liabilities	**3.2**	0.3
Sub-lease finance income (see note 13(b))	**0.6**	0.6
Other finance income	**0.7**	0.1
Total finance income	**21.6**	11.2

7 FINANCE COSTS

From continuing operations	2022 £m	2021 £m
Interest payable on bank borrowings	**12.1**	7.8
Interest payable on Private Placement	**6.3**	6.3
Finance costs on lease liabilities (see note 13(b))	**9.9**	9.7
Stock holding interest (see note 21)	**18.8**	14.1
Net monetary loss on hyperinflation	**29.6**	–
Other finance costs	**11.5**	5.8
Total finance costs	**88.2**	43.7

Total finance costs are analysed as follows:

From continuing operations	2022 £m	2021 £m
Finance costs excluding adjusting finance costs	**58.6**	43.7
Finance costs reported as adjusting items	**29.6**	–
Total finance costs	**88.2**	43.7

In 2022, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, the results and financial position of the Group's operations in Ethiopia have been restated to the purchasing power or inflationary measuring unit current at 31 December 2022. Therefore, finance costs include the loss on hyperinflation in respect of monetary items, which is also treated as an adjusting item.

8 TAX

This note only provides information about corporate income taxes under IFRS. The Group operates in over 40 markets and territories across the world. The Group pays and collects many different taxes in addition to corporate income taxes including: payroll taxes, value added and sales taxes, property taxes, product-specific taxes and environmental taxes. Such taxes borne by the Group are included in profit before tax.

From continuing operations	2022 £m	2021 £m
Current tax:		
– UK corporation tax	**–**	0.1
– Overseas tax	**110.5**	74.5
	110.5	74.6
Adjustments to prior year liabilities:		
– UK	**–**	–
– Overseas	**(5.5)**	(6.1)
Current tax	**105.0**	68.5
Deferred tax (see note 17)	**(6.8)**	(3.9)
Total tax charge	**98.2**	64.6

The total tax charge is analysed as follows:		
– Tax charge on adjusted profit before tax	**97.3**	63.1
– Tax charge on adjusting items	**0.9**	1.5
Total tax charge	**98.2**	64.6

Details of the adjusting items for the year can be found in note 2. Not all of the adjusting items will be taxable or deductible for tax purposes. Therefore, the tax charge on adjusting items represents the total of the current and deferred tax on only those elements that are assessed as taxable or deductible.

a. Factors affecting the tax expense for the year

The effective tax rate for the year is 29.5% (2021: 43.4%). The effective tax rate on adjusted profit before tax is 26.1% (2021: 25.4%). The weighted average tax rate is 22.7% (2021: 27.1%). The weighted average tax rate comprises the average statutory rates across the Group, weighted in proportion to accounting profits and losses before tax. The weighted average tax rate is higher than the UK corporation tax rate primarily due to the geographic profile of the Group.

During the year, there was a net profit generated by the legal entities within the UK group and thus brought forward losses were utilised. However, given current forecasts, no net deferred tax asset is recognised for the remaining losses and other temporary differences within the UK.

The total tax charge in the current year also includes the impact of IAS 29 Financial Reporting for Hyperinflationary Economies in relation to the financial position of Ethiopia (see note 2).

The table below explains the differences between the expected tax charge at the weighted average tax rate and the Group's total tax charge.

From continuing operations	2022 £m	2021 £m
Profit before tax	**333.1**	148.8
Profit before tax multiplied by the weighted average tax rate of 22.7% (2021: 27.1%)	**75.6**	40.3
– Permanent differences	**13.7**	8.9
– Non-taxable income	**(3.5)**	(3.0)
– Prior year items	**(1.3)**	(0.1)
– (Recognition)/derecognition of deferred tax assets	**(2.4)**	9.1
– Tax audits and settlements	**1.7**	(4.5)
– Taxes on undistributed earnings	**1.6**	1.6
– Other items (including tax rate differentials and changes)	**(2.3)**	(0.3)
– Goodwill impairment charge/(reversal) for the year (see note 11)	**–**	3.8
– Acquisition and disposals of businesses	**3.9**	8.9
– Other asset impairment charge/(reversal) for the year (see notes 11, 12 and 13)	**(1.0)**	(0.1)
– Adjustments for hyperinflation	**12.2**	–
Total tax charge	**98.2**	64.6

8 TAX CONTINUED

b. Factors affecting the tax expense of future years
The Group's future tax charge, and effective tax rate, could be affected by several factors including; the resolution of audits and disputes, changes in tax laws or tax rates, repatriation of cash from overseas markets to the UK, the ability to utilise brought forward losses and business acquisitions and disposals. In addition, a change in profit mix between low and high taxed jurisdictions will impact the Group's future tax charge.

The utilisation of brought forward tax losses or the recognition of deferred tax assets associated with such losses may also give rise to tax charges or credits. The recognition of deferred tax assets, particularly in respect of tax losses, is based upon an assessment of whether it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. Judgement is required when determining probable future taxable profits. In the event that actual taxable profits are different to those forecast, the Group's future tax expense and effective tax rate could be affected. Information about the Group's tax losses and deferred tax assets can be found in note 17.

In December 2021, the Organisation for Economic Co-operation and Development ('OECD') published its Pillar Two Model Rules relating to global minimum taxation, expected to apply from 2024, which will impact the future taxation of large multinationals such as Inchcape. The Group will continue to monitor the development and future implementation of these rules. However, at this time and as currently drafted, they are not expected to have a material impact on the Group.

The Group has published its approach to tax on www.inchcape.com covering its tax strategy and governance framework in accordance with Schedule 19 Finance Act 2016.

9 EARNINGS PER SHARE

	2022 £m	2021 £m
(Loss)/profit for the year	**(6.2)**	121.9
Non-controlling interests	**(5.0)**	(4.9)
Basic earnings	**(11.2)**	117.0
Loss/(profit) for the year from discontinued operations	**241.1**	(37.7)
Basic earnings from continuing operations attributable to owners of the parent	**229.9**	79.3
Adjusting items	**41.0**	101.6
Adjusted earnings from continuing operations	**270.9**	180.9
Basic earnings/(loss) per share:		
Basic earnings per share from continuing operations	**61.1p**	20.3p
Basic (loss)/earnings per share from discontinued operations	**(64.1)p**	9.7p
Total basic (loss)/earnings per share	**(3.0)p**	30.0p
Diluted earnings/(loss) per share:		
Diluted earnings per share from continuing operations	**54.6p**	20.1p
Diluted (loss)/earnings per share from discontinued operations	**(57.2)p**	9.5p
Total diluted (loss)/earnings per share	**(2.6)p**	29.6p
Adjusted earnings per share from continuing operations:		
Basic Adjusted earnings per share from continuing operations	**72.0p**	46.3p
Diluted Adjusted earnings per share from continuing operations	**64.3p**	45.8p

	2022 number	2021 number
Weighted average number of fully paid ordinary shares in issue during the year	**377,146,960**	391,136,363
Weighted average number of fully paid ordinary shares in issue during the year:		
– Held by the Inchcape Employee Trust	**(749,751)**	(553,006)
Weighted average number of fully paid ordinary shares for the purposes of basic EPS	**376,397,209**	390,583,357
Dilutive effect of potential ordinary shares	**44,733,701**	4,506,362
Adjusted weighted average number of fully paid ordinary shares in issue during the year for the purposes of diluted EPS	**421,130,910**	395,089,719

Basic earnings/(loss) per share is calculated by dividing the Basic earnings/(loss) for the year by the weighted average number of fully paid ordinary shares in issue during the year, less those shares held by the Inchcape Employee Trust and repurchased as part of the share buyback programme.

9 EARNINGS PER SHARE CONTINUED

Diluted earnings/(loss) per share is calculated on the same basis as Basic earnings/(loss) per share with a further adjustment to the weighted average number of fully paid ordinary shares to reflect the effect of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise share options and other share-based awards. In 2022, dilutive potential ordinary shares also include the shares to be issued in connection with the acquisition of the Derco group (see notes 25 and 29).

Basic Adjusted earnings (which excludes adjusting items) is adopted to assist the reader in providing an additional performance measure of the Group. Basic Adjusted earnings per share is calculated by dividing the Adjusted earnings for the year by the weighted average number of fully paid ordinary shares in issue during the year, less those shares held by the Inchcape Employee Trust and repurchased as part of the share buyback programme.

Diluted Adjusted earnings per share is calculated on the same basis as the Basic Adjusted earnings per share with a further adjustment to the weighted average number of fully paid ordinary shares to reflect the effect of all dilutive potential ordinary shares.

Information presented for diluted and diluted adjusted earnings per ordinary share uses the weighted average number of shares as adjusted for potentially dilutive ordinary shares as the denominator.

10 DIVIDENDS

The following dividends were paid by the Group:

	2022 £m	2021 £m
Interim dividend for the six months ended 30 June 2022 of 7.5p per share (30 June 2021: 6.4p per share)	**28.0**	25.1
Final dividend for the year ended 31 December 2021 of 16.1p per share (31 December 2020: 6.9p per share)	**60.7**	27.1
	88.7	52.2

A final proposed dividend for the year ended 31 December 2022 of 21.3p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability as at 31 December 2022.

The Group has sufficient distributable reserves to pay dividends to its ultimate shareholders. Distributable reserves are calculated on an individual legal entity basis and the ultimate parent company, Inchcape plc, currently has adequate levels of realised profits within its retained earnings to support dividend payments. At 31 December 2022, Inchcape plc's company-only distributable reserves were £520.9m. On an annual basis, the distributable reserve levels of the Group's subsidiary undertakings are reviewed and dividends paid up to Inchcape plc where it is appropriate to do so.

11 INTANGIBLE ASSETS

Cost	Goodwill £m	Indefinite-life intangible assets[1] £m	Computer software & Other[2] £m	Total £m
At 1 January 2021	577.5	277.4	216.9	1,071.8
Businesses acquired	17.7	3.8	–	21.5
Business sold	(30.6)	–	(4.1)	(34.7)
Additions	–	–	15.8	15.8
Disposals	–	–	(2.5)	(2.5)
Reclassifications	–	–	(2.9)	(2.9)
Retirements	–	–	(2.2)	(2.2)
Effect of foreign exchange rate changes	(12.5)	(24.2)	(4.4)	(41.1)
At 1 January 2022	**552.1**	**257.0**	**216.6**	**1,025.7**
Businesses acquired (see note 29)	**139.9**	**592.9**	**25.6**	**758.4**
Business sold	**(83.7)**	**-**	**(28.6)**	**(112.3)**
Additions	**-**	**-**	**4.3**	**4.3**
Disposals	**-**	**-**	**(1.3)**	**(1.3)**
Retirements	**-**	**-**	**(94.7)**	**(94.7)**
Effect of foreign exchange rate changes	**39.4**	**28.0**	**10.3**	**77.7**
At 31 December 2022	**647.7**	**877.9**	**132.2**	**1,657.8**

Accumulated amortisation and impairment				
At 1 January 2021	(458.5)	(30.8)	(156.7)	(646.0)
Amortisation charge for the year	–	–	(33.0)	(33.0)
Impairment (charge)/reversal for the year	(12.9)	12.9	(0.2)	(0.2)
Business sold	30.6	–	4.1	34.7
Disposals	–	–	2.4	2.4
Reclassifications	–	–	0.4	0.4
Retirements	–	–	2.2	2.2
Effect of foreign exchange rate changes	5.0	(0.1)	3.0	7.9
At 1 January 2022	**(435.8)**	**(18.0)**	**(177.8)**	**(631.6)**
Amortisation charge for the year (note 3)	**-**	**-**	**(23.1)**	**(23.1)**
Business sold	**83.7**	**-**	**27.5**	**111.2**
Disposals	**-**	**-**	**0.9**	**0.9**
Retirements	**-**	**-**	**94.7**	**94.7**
Effect of foreign exchange rate changes	**(25.3)**	**(2.2)**	**(8.4)**	**(35.9)**
At 31 December 2022	**(377.4)**	**(20.2)**	**(86.2)**	**(483.8)**
Net book value at 31 December 2022	**270.3**	**857.7**	**46.0**	**1,174.0**
Net book value at 31 December 2021	116.3	239.0	38.8	394.1

1. Indefinite-life intangible assets comprise distribution agreements and acquired brands for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows.
2. Included in computer software and other is acquired customer relationships.

There were no impairment charges or reversals during the year (2021: £0.2m). At 31 December 2022, computer software under development was £6.2m (2021: £17.5m).

Goodwill and indefinite-life intangible assets
Goodwill acquired in a business combination has been allocated to the cash generating units (CGUs) or group of CGUs (hereafter collectively referred to as 'CGU groups') that are expected to benefit from the synergies associated with that business combination.

Indefinite-life intangible assets, principally distribution agreements acquired in a business combination, are also allocated to the CGU groups that are expected to benefit from the cash flows associated with the relevant agreements.

11 INTANGIBLE ASSETS CONTINUED

These CGU groups represent the lowest level within the Group at which the associated goodwill or indefinite-life intangible asset is monitored for management purposes. The carrying amount of goodwill and indefinite-life intangible assets has been allocated to CGU groups within the following reporting segments:

Goodwill	CGU group	2022 £m	2021 £m
Retail	UK – Retail	**2.6**	–
Europe & Africa Distribution	Baltics – BMW	**6.1**	5.8
	Kenya	**1.3**	1.1
Americas Distribution	Americas – Daimler	**6.5**	5.8
	Americas – Hino/Subaru/JLR/Volvo/Porsche[1]	**47.4**	39.8
	Central America – Suzuki	**27.7**	24.8
	Caribbean	**0.1**	–
	Americas – Derco	**130.6**	–
APAC Distribution	Singapore	**25.0**	22.3
	Guam	**23.0**	16.7
		270.3	116.3

1. From 2022, the goodwill arising from the acquisition of the Ditec business has been included in this CGU group (see note 29a).

Distribution agreements	CGU group	2022 £m	2021 £m
Europe & Africa Distribution	Baltics – BMW	**28.6**	27.2
Americas Distribution	Americas – Daimler	**30.8**	29.7
	Americas – Hino/Subaru/JLR/Volvo/Porsche[1]	**158.5**	116.3
	Central America – Suzuki	**73.7**	65.8
	Caribbean	**30.1**	–
	Americas – Derco	**536.0**	–
		857.7	239.0

1. From 2022, the distribution rights to Porsche, Volvo and Jaguar Land Rover that were acquired as part of the acquisition of the Ditec business have been included in this CGU group (see note 29a).

In accordance with the Group's accounting policy, goodwill and other indefinite-life intangible assets are tested at least annually for impairment and whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment tests were performed for all CGU groups during the year ended 31 December 2022. The recoverable amounts of the Group's Americas – Derco CGU groups, including its identified assets and liabilities, were determined based on fair value less costs of disposal due to the acquisition date coinciding with the reporting date.

The recoverable amounts of all CGU groups were determined based on the higher of the fair value less costs to sell and value in use calculations. The recoverable amount is determined firstly through value in use calculations. Where this is insufficient to cover the carrying value of the relevant asset being tested, fair value less costs to sell is also determined.

Site-based assets (property, plant and equipment and right-of-use assets) are first tested for impairment individually before being included in the impairment tests as a component of the carrying value of a CGU group. If the carrying amount of a CGU group exceeds its recoverable amount, an impairment loss is recognised and allocated between the assets of the CGU group to reduce the carrying amount. This allocation is initially applied to the carrying amount of goodwill allocated to the CGU group. If a further impairment charge still remains, then this is allocated to other assets in the CGU group on a pro-rata basis.

The value in use calculations mainly use cash flow projections based on five-year financial projections prepared by management. The key assumptions for these projections are those relating to volumes, revenue, gross margins, overheads, the level of working capital required to support trading and capital expenditure.

Forecast revenue is based on past experience and expectations for near-term growth in the relevant markets. Key assumptions used to determine revenue are expectations of market size, represented by Total Industry Volume ("TIV"), Units in Operation ("UIO") and market share, based on external sources where appropriate. Operating profits are forecast based on historical experience of gross and operating margins, adjusted for the impact of changes to product mix and cost-saving initiatives that had been implemented at the reporting date. Cash flows are forecast based on operating profit adjusted for the level of working capital required to support trading and capital expenditure. The assumptions used in the value in use calculations are based on past experience, recent trading and forecasts of operational performance in the relevant markets including expectations about continuing relationships with key brand partners.

11 INTANGIBLE ASSETS CONTINUED

The impact of climate change on the future cashflows has been considered. The group scenario analysis performed as part of the Task Force Climate-Related Financial Disclosures (TCFD) report identified five prioritised risks and opportunities in a 1.5°C and a 4°C scenario, and factored in to the impairment assessment where accurately quantifiable . Further details on the climate change risks and opportunities can be found on pages 44 to 54.

For all CGU groups, cash flows after the five-year period are extrapolated for a further five years using declining growth rates which reduces the year five growth rate down to the long-term growth rate appropriate for each CGU group, to better reflect the medium-term growth expectations for those markets. A terminal value calculation is used to estimate the cash flows after year 10 using these long-term growth rates.

Cash flows are discounted back to present value using a discount rate specific to each CGU group. The discount rates used are calculated using the capital asset pricing model to derive a cost of equity which is then weighted with an estimated cost of debt and lease liabilities based on an optimal market gearing structure. The Group uses several inputs to calculate a range for each discount rate from which an absolute measure is determined for use in the value in use calculations. Key inputs include benchmark risk free rates, inflation differentials, equity risk premium, country risk premium and a risk adjustment (beta) calculated by reference to comparable companies with similar retail and distribution operations. The Group applies post-tax discount rates to post-tax cash flows as the valuation calculated using this method closely approximates to applying pre-tax discount rates to pre-tax cash flows.

Key assumptions used

Pre-tax discount rates and long-term discount rates used in the value in use calculations for each of the Group's significant CGU groups are shown below:

Goodwill:

2022	**Baltics**	**Americas – Daimler**	**Americas – Hino/Subaru/ JLR/Volvo/ Porsche**	**Central America – Suzuki**
Pre-tax discount rate (%)	**8.1**	**15.8**	**12.2**	**14.1**
Long-term growth rate (%)	**1.9**	**3.2**	**2.9**	**2.6**

2021	Baltics	Americas – Daimler	Americas – Hino/Subaru	Central America – Suzuki
Pre-tax discount rate (%)	6.9	12.9	10.6	11.7
Long-term growth rate (%)	2.1	2.3	2.9	2.5

Indefinite-life intangible assets:

2022	**Baltics – BMW**	**Americas – Daimler**	**Americas – Hino**	**Americas – Subaru**	**Americas – JLR/Volvo/ Porsche**	**Central America – Suzuki**	**Caribbean**
Pre-tax discount rate (%)	**8.1**	**15.8**	**13.4**	**12.2**	**11.8**	**14.1**	**13.6**
Long-term growth rate (%)	**1.9**	**3.2**	**3.1**	**3.0**	**3.0**	**2.6**	**3.0**

2021	Baltics – BMW	Americas – Daimler	Americas – Hino	Americas – Subaru	Americas – JLR/Volvo/ Porsche	Central America – Suzuki	Caribbean
Pre-tax discount rate (%)	6.9	12.9	11.9	11.0	–	11.7	–
Long-term growth rate (%)	2.1	2.3	3.1	3.1	–	2.5	–

11 INTANGIBLE ASSETS CONTINUED

Central America – Suzuki

In 2021, trading momentum was above management expectations with revenue tracking above 2020 levels and profitability exceeding original projections as the region recovered from the Covid-19 pandemic. Based on the impairment assessment carried out, forecast assumptions continued to expect the business to grow and improve its profitability over the forecast period. The forecasts applied in the model considered the historical performance achieved by the business, the expected short-term impact of the semi-conductor chip shortage affecting the global automotive industry and management's best estimated of the consequences of the net risks and opportunities resulting from climate change.

The 2021 impairment models for the Central America – Suzuki CGU group had two contrasting outcomes. The assessment performed over the Suzuki distribution agreement indicated an amount of headroom of £12.9m and therefore a partial reversal of the charge taken in 2020 was required. Conversely, the goodwill model indicated a further impairment of goodwill was required of £12.9m. This re-classification of impairment charges/reversals on the balance sheet was due to the forecast performance of the Suzuki brand in the market relative to the other brands represented which form only a small component of the CGU group.

As at 31 December 2022, the recoverable amount of the CGU group was £155.8m. The recoverable value of the CGU group was determined based on value in use calculations, consistent with the approach used as at 31 December 2021. Cash flows were discounted back to present value using a pre-tax discount rate of 14.1% (2021: 11.7%).

The cash flows used within the impairment models are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to a further impairment. Management have performed sensitivity analysis on the key assumptions in the indefinite-life intangible asset impairment model for Central America – Suzuki using reasonably possible changes in these key assumptions. The sensitivities have been selected based on the inherent business volatility and the metrics that closely align to the consequences of climate change risks and opportunities detailed on pages 44 to 54.

	Increase/(decrease) in assumption	Impairment charge £m	Impairment credit £m
Revenue CAGR (%)	**(1.0%)/1.0%**	**(16.2)**	**18.2**
Average gross margin (%)	**(0.5%)/0.5%**	**(9.6)**	**9.6**
Pre-tax discount rate (%)	**1.0%/(1.0%)**	**(17.7)**	**22.8**
Long-term growth rate (%)	**(0.5%)/0.5%**	**(5.0)**	**5.6**

Other CGUs

The Group's value in use calculations are sensitive to a change in the key assumptions used. However, with the exception of the Group's business in the Baltics, a reasonably possible change in a key assumption will not cause a material impairment of goodwill or indefinite-life intangible assets in any of the other CGU groups. The value in use calculations for the distribution agreement in the Baltics currently exceed the carrying value by 25%. A 1.1% increase in the discount rate or a 2.0% reduction in the long-term growth rate, while holding all other assumptions constant, would eliminate this headroom.

12 PROPERTY, PLANT AND EQUIPMENT

Cost	Land and buildings £m	Plant, machinery and equipment £m	Subtotal £m	Leased vehicles, rental machinery and equipment £m	Total £m
At 1 January 2021	721.4	247.5	968.9	19.4	988.3
Businesses acquired	–	0.5	0.5	5.4	5.9
Businesses sold	(15.8)	(3.2)	(19.0)	–	(19.0)
Additions	24.9	24.5	49.4	3.9	53.3
Disposals	(30.3)	(8.6)	(38.9)	–	(38.9)
Reclassifications	–	2.9	2.9	–	2.9
Transferred to/from inventory	–	(0.4)	(0.4)	(6.6)	(7.0)
Retirement of fully depreciated assets	(6.0)	(1.2)	(7.2)	–	(7.2)
Reclassified to assets held for sale	(1.4)	(0.4)	(1.8)	–	(1.8)
Effect of foreign exchange rate changes	(17.7)	(7.5)	(25.2)	0.2	(25.0)
At 1 January 2022	**675.1**	**254.1**	**929.2**	**22.3**	**951.5**
Opening balance hyperinflation adjustment	**20.3**	**13.9**	**34.2**	**–**	**34.2**
Businesses acquired (see note 29)	**82.7**	**33.8**	**116.5**	**59.6**	**176.1**
Businesses sold (see note 29)	**(63.4)**	**(42.5)**	**(105.9)**	**–**	**(105.9)**
Additions	**17.2**	**46.4**	**63.6**	**12.9**	**76.5**
Disposals	**(8.8)**	**(25.6)**	**(34.4)**	**–**	**(34.4)**
Transferred to/from inventory	**–**	**–**	**–**	**(9.7)**	**(9.7)**
Retirement of fully depreciated assets	**–**	**(2.7)**	**(2.7)**	**–**	**(2.7)**
Reclassified to/from assets held for sale	**(19.5)**	**(2.6)**	**(22.1)**	**–**	**(22.1)**
Effect of foreign exchange rate changes	**41.1**	**24.4**	**65.5**	**2.8**	**68.3**
At 31 December 2022	**744.7**	**299.2**	**1,043.9**	**87.9**	**1,131.8**

Accumulated depreciation and impairment	Land and buildings £m	Plant, machinery and equipment £m	Subtotal £m	Leased vehicles, rental machinery and equipment £m	Total £m
At 1 January 2021	(221.5)	(189.8)	(411.3)	(7.2)	(418.5)
Businesses sold	4.7	1.7	6.4	–	6.4
Depreciation charge for the year	(12.4)	(17.6)	(30.0)	(2.5)	(32.5)
Impairment charge for the year	1.9	–	1.9	–	1.9
Disposals	11.5	8.1	19.6	–	19.6
Reclassifications	–	(0.4)	(0.4)	–	(0.4)
Transferred to/from inventory	–	0.2	0.2	2.5	2.7
Retirement of fully depreciated assets	6.0	1.2	7.2	–	7.2
Reclassified to assets held for sale	(0.1)	–	(0.1)	–	(0.1)
Effect of foreign exchange rate changes	5.6	4.8	10.4	(0.2)	10.2
At 1 January 2022	**(204.3)**	**(191.8)**	**(396.1)**	**(7.4)**	**(403.5)**
Opening balance hyperinflation adjustment	**(2.6)**	**(8.0)**	**(10.6)**	**–**	**(10.6)**
Businesses sold (see note 29)	**28.6**	**12.5**	**41.1**	**–**	**41.1**
Depreciation charge for the year	**(13.7)**	**(20.0)**	**(33.7)**	**(7.9)**	**(41.6)**
Impairment reversal for the year	**8.3**	**0.8**	**9.1**	**–**	**9.1**
Disposals	**2.5**	**24.6**	**27.1**	**–**	**27.1**
Transferred to/from inventory	**–**	**–**	**–**	**3.8**	**3.8**
Retirement of fully depreciated assets	**–**	**2.7**	**2.7**	**–**	**2.7**
Reclassified to/from assets held for sale	**5.9**	**0.6**	**6.5**	**–**	**6.5**
Effect of foreign exchange rate changes	**(15.2)**	**(13.2)**	**(28.4)**	**(1.2)**	**(29.6)**
At 31 December 2022	**(190.5)**	**(191.8)**	**(382.3)**	**(12.7)**	**(395.0)**
Net book value at 31 December 2022	**554.2**	**107.4**	**661.6**	**75.2**	**736.8**
Net book value at 31 December 2021	470.8	62.3	533.1	14.9	548.0

12 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Certain subsidiaries have an obligation to repurchase, at a guaranteed residual value, vehicles which have been legally sold for leasing contracts. These assets are included in 'leased vehicles, rental machinery and equipment' in the table above.

The book value of land and buildings is analysed between:

	2022 £m	2021 £m
Freehold	**397.6**	325.7
Leasehold with over 50 years unexpired	**61.1**	41.6
Short leasehold	**95.5**	103.5
	554.2	470.8

Land and buildings include properties with a net book value of £5.3m (2021: £4.3m) that are let to third parties on a short-term basis.

Impairment of computer software, property, plant and equipment and right-of-use assets

Computer software, property, plant and equipment and right-of-use assets are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. When an impairment review is carried out, the recoverable value is determined based on the higher of value in use calculations, which require estimates to be made of future cash flows, or fair value less costs of disposal. Impairment triggers were identified in a limited number of markets and tests for impairment were carried out, where appropriate. As part of the assessment, the Group also assessed whether there was any indication that previously recognised impairment losses for an asset no longer exists or may have decreased which would result in an impairment reversal being recognised.

The approach to test computer software, property, plant and equipment and right-of-use assets for impairment was consistent with the approach used to test goodwill and other indefinite-life intangible assets. The value in use calculations use cash flow projections based on five-year financial forecasts prepared by management. The key assumptions for these forecasts are those relating to volumes, revenue, gross margins, overheads, the level of working capital required to support trading and capital expenditure. Where the value in use calculations did not support the carrying value of an asset, an estimate for fair value less costs of disposal was determined by obtaining property valuations for the relevant locations.

The results of the testing indicated that net impairment reversals totalling £7.2m were required against site and other assets, principally in relation to UK and Australia (2021: £0.6m UK and Australia).

	2022 £m	2021 £m
Computer software	**–**	0.2
Property, plant and equipment	**(9.1)**	(1.9)
Right-of-use assets	**1.9**	1.1
At 31 December	**(7.2)**	(0.6)

Included within the asset net impairment reversal of £9.1m is an impairment reversal of £9.7m and an impairment charge of £0.6m. The impairment reversal primarily arose in the UK and Australia, where, based on the recovery of site-based assets after the impact of Covid-19, the calculated recoverable amount exceeded the impaired carrying value for several sites.

Impairment reversals have been reported as adjusting items which is consistent with the treatment of the original impairments (see note 2).

The presence of potential physical risks arising from climate change to the Group's key operational sites in the short to medium term has been reviewed and no assets have been impaired as a result of this exercise.

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases various retail dealerships, distribution and office properties, primarily in the UK, Australia, Hong Kong, and South America. Rental contracts are typically made for fixed periods of 2 to 25 years but may have extension options as described in the accounting policies note. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

a. Amounts recognised on the balance sheet

Cost	Land and buildings £m	Other £m	Total £m
At 1 January 2021	582.3	4.3	586.6
Businesses acquired	1.9	–	1.9
Business sold	(9.7)	–	(9.7)
Additions	41.4	0.9	42.3
Lease payments at or before commencement date	2.4	–	2.4
Derecognition	(31.9)	(2.5)	(34.4)
Remeasurement	27.7	–	27.7
Effect of foreign exchange rate changes	(17.9)	(0.3)	(18.2)
At 1 January 2022	**596.2**	**2.4**	**598.6**
Opening balance hyperinflation adjustment	**1.0**	–	**1.0**
Businesses acquired	**149.4**	**0.3**	**149.7**
Business sold	**(25.1)**	**–**	**(25.1)**
Additions	**33.0**	**1.4**	**34.4**
Lease payments at or before commencement date	**0.2**	**–**	**0.2**
Derecognition	**(22.4)**	**(1.2)**	**(23.6)**
Remeasurement	**24.9**	**–**	**24.9**
Reclassified to assets held for sale	**0.4**	**–**	**0.4**
Effect of foreign exchange rate changes	**42.8**	**0.2**	**43.0**
At 31 December 2022	**800.4**	**3.1**	**803.5**
Accumulated depreciation and impairment			
At 1 January 2021	(326.5)	(2.8)	(329.3)
Business sold	0.1	–	0.1
Depreciation charge for the year	(48.5)	(1.4)	(49.9)
Derecognition	30.3	2.5	32.8
Impairment charge for the year	(1.1)	–	(1.1)
Effect of foreign exchange rate changes	10.0	0.2	10.2
At 1 January 2022	**(335.7)**	**(1.5)**	**(337.2)**
Opening balance hyperinflation adjustment	**(0.1)**	**–**	**(0.1)**
Business sold	**12.8**	**–**	**12.8**
Depreciation charge for the year	**(55.3)**	**(0.9)**	**(56.2)**
Derecognition	**21.8**	**1.2**	**23.0**
Impairment charge for the year	**(1.9)**	**–**	**(1.9)**
Effect of foreign exchange rate changes	**(24.8)**	**0.1**	**(24.7)**
At 31 December 2022	**(383.2)**	**(1.1)**	**(384.3)**
Net book value at 31 December 2022	**417.2**	**2.0**	**419.2**
Net book value at 31 December 2021	260.5	0.9	261.4

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES CONTINUED

Asset impairment charges total £1.9m (2021: impairment charge of £1.1m). Further details on the impairment of right-of-use assets are disclosed in note 12.

Remeasurements of £24.9m were made to leases during the year, primarily in the UK and APAC, due to either a change in the lease term or a change in an index or rate applicable to the underlying lease (2021: £27.7m, primarily in Northern Europe and APAC). Lease liabilities are also remeasured if there is a change in the assessment of whether a purchase, lease-term extension or termination option will be exercised, exposure to potential variable lease payments during the life of the lease together with any additional liability being present as a result of entering new lease commitments which have not commenced as at the balance sheet date. All known exposure as at the balance sheet date has been captured in the £24.9m of remeasurements.

	2022 £m	2021 £m
Lease liabilities		
Current	**83.4**	56.5
Non-current	**416.0**	267.6
At 31 December	**499.4**	324.1

b. Amounts recognised in the consolidated income statement

	2022 £m	2021 £m
Depreciation of right-of-use assets	**56.2**	49.9
Impairment charge for right-of-use assets	**1.9**	1.1
Finance costs on lease liabilities (included in finance costs)	**9.9**	9.7
Operating lease rentals – short-term leases	**6.1**	3.7
Operating lease rentals – variable lease payments	**1.5**	0.8
Rent concessions recognised	**–**	(0.3)
Sub-lease finance income (included in finance income)	**(0.6)**	(0.6)
Sub-lease income from right-of-use assets	**(1.7)**	(1.0)

c. Amounts recognised in the consolidated statement of cash flows

	2022 £m	2021 £m
Lease interest paid	**10.2**	10.5
Payment of capital element of lease liabilities	**64.0**	59.3

14 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Details of the interests held by the Group in joint ventures and associates can be found in note 14 to the Inchcape plc Company financial statements on pages 219 to 227.

Amounts recognised in the statement of financial position in respect of joint ventures and associates are as follows:

	2022 £m	2021 £m
At 1 January	**4.9**	2.4
Businesses acquired (see note 29)	**11.0**	–
Additions	**6.2**	2.6
Share of loss after tax of joint ventures and associates	**(0.6)**	–
Share of other comprehensive income of joint ventures and associates	**0.5**	–
Effect of foreign exchange rate changes	**0.2**	(0.1)
At 31 December	**22.2**	4.9

Net assets of joint ventures and associates

	2022 £m	2021 £m
Current assets	**169.3**	23.0
Non-current assets	**15.8**	–
Total assets	**185.1**	23.0
Current liabilities	**(138.6)**	(13.2)
Non-current liabilities	**(2.1)**	–
Total liabilities	**(140.7)**	(13.2)
Net assets	**44.4**	9.8

Results of joint ventures and associates

	2022 £m	2021 £m
Revenue	**–**	0.1
Expenses	**(1.7)**	(0.3)
Loss before tax	**(1.7)**	(0.2)
Tax	**0.5**	0.1
Loss after tax of joint ventures and associates	**(1.2)**	(0.1)

Summarised financial information of joint ventures and associates

	2022 £m	2021 £m
Opening net assets at 1 January	**9.8**	4.9
Loss for the year	**(1.2)**	(0.1)
Businesses acquired	**22.0**	–
Additions	**12.4**	5.3
Other comprehensive income/(loss) for the year	**1.4**	(0.3)
Closing net assets at 31 December	**44.4**	9.8
Carrying value of interest in joint ventures and associates	**22.2**	4.9

During the year, the Group invested £6.2m in Inchcape Financial Services Australia Pty Ltd, a captive finance company.

As at 31 December 2022, no guarantees were provided in respect of joint ventures and associates' borrowings (2021: £nil).

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 £m	2021 £m
At 1 January	**5.0**	3.8
Businesses acquired	**0.1**	–
Net fair value (losses)/gains recognised in other comprehensive income	**(1.5)**	1.6
Effect of foreign exchange rate changes	**(0.1)**	(0.4)
At 31 December	**3.5**	5.0

Analysed as:

	2022 £m	2021 £m
Current	**0.2**	0.2
Non-current	**3.3**	4.8
	3.5	5.0

Assets held are analysed as follows:

	2022 £m	2021 £m
Equity securities	**3.2**	4.8
Other	**0.3**	0.2
	3.5	5.0

'Equity securities' includes a 15% equity interest in Hino Motors Manufacturing Company SAS.

'Other' includes debentures that are not subject to interest rates and do not have fixed maturity dates. They are valued by reference to traded market values.

16 TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Trade receivables	**443.5**	194.7	**13.9**	11.5
Less: allowance for expected credit losses	**(17.2)**	(11.6)	**–**	–
Net trade receivables	**426.3**	183.1	**13.9**	11.5
Prepayments	**205.3**	55.6	**8.4**	8.0
Accrued income	**20.4**	29.6	**0.7**	0.9
Other taxation and social security	**96.5**	8.4	**–**	–
Other receivables	**68.3**	47.4	**30.4**	25.0
	816.8	324.1	**53.4**	45.4

Other receivables includes buyback and indemnity assets, interest, sublease and sundry receivables. These relate to premiums receivable from insurance companies, and rental and utilities deposits. The breakdown of other receivables is as follows:

	Current		Non-current	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Buyback assets	**12.0**	9.9	**8.0**	6.9
Indemnity assets	**9.1**	10.0	**–**	–
Interest receivable	**1.0**	0.3	**–**	–
Sublease receivables	**1.6**	1.7	**13.5**	14.2
Other	**44.6**	25.5	**8.9**	3.9
	68.3	47.4	**30.4**	25.0

Trade receivables representing amounts due from customers, including finance houses, OEMs, third-party dealers and insurance companies are split by reporting segment as follows:

	2022 £m	2021 £m
APAC	**84.2**	62.3
Europe & Africa	**109.8**	61.2
Americas	**224.7**	46.3
Retail	**38.7**	36.4
	457.4	206.2
Less: allowance for expected credit losses	**(17.2)**	(11.6)
	440.2	194.6

At 31 December, the analysis of trade receivables is as follows:

2022	**Total £m**	**Current £m**	**0 – 30 days £m**	**30 – 90 days £m**	**> 90 days £m**
Gross trade receivables	**457.4**	**254.3**	**109.5**	**52.8**	**40.8**
Expected credit loss allowance	**(17.2)**	**(2.1)**	**(0.7)**	**(0.8)**	**(13.6)**
Net carrying amount	**440.2**	**252.2**	**108.8**	**52.0**	**27.2**

2021	Total £m	Current £m	0 – 30 days £m	30 – 90 days £m	> 90 days £m
Gross trade receivables	206.2	102.0	48.0	19.8	36.4
Expected credit loss allowance	(11.6)	(0.2)	(0.3)	(0.5)	(10.6)
Net carrying amount	194.6	101.8	47.7	19.3	25.8

16 TRADE AND OTHER RECEIVABLES CONTINUED

Movements in the allowance for expected credit losses were as follows:

	2022 £m	2021 £m
At 1 January	**(11.6)**	(10.4)
Charge for the year	**(6.1)**	(2.6)
Amounts written off	**0.4**	0.4
Business sold	**0.8**	0.1
Unused amounts reversed	**0.1**	0.2
Effect of foreign exchange rate changes	**(0.8)**	0.7
At 31 December	**(17.2)**	(11.6)

The expected credit loss for accrued income and other receivables is not significant.

Trade receivables are non-interest bearing and are generally on credit terms of 30 to 60 days. Trade receivables are only written off where there is no reasonable expectation of recovery.

The concentration of credit risk with respect to trade receivables is very limited due to the Group's broad customer base across a number of geographic regions and the default loss percentage incurred by the Group has customarily been low even if there have been significant changes in economic conditions experienced in markets in which the Group operates. Trade receivables include amounts due from a number of finance houses in respect of vehicles sold to customers on finance.

As a consequence, the risk associated with trade receivable balances past due but not impaired is not expected to be significant and as such does not contribute to a significant allowance for expected credit losses of receivables being recognised.

The allowance for expected credit losses for trade receivables and accrued income is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime. For the Group, the simplified approach under IFRS 9 Financial Instruments is applied to all trade receivables and accrued income. Under this approach, the provision required against receivables is calculated by considering the cash shortfall that would be incurred in various default scenarios for prescribed future periods. Default rates are calculated initially by considering historical loss experience and applied to trade receivables within a provision matrix. The matrix approach allows application of different default rates to different groups of customers with similar characteristics. These groups will be determined by a number of factors including: the nature of the customer, the payment method selected and where relevant, the sector in which they operate. The characteristics used to determine the groupings of receivables are the factors that have the greatest impact on the likelihood of default. The rate of default increases once the balance is 30 days past due and subsequently in 30-day increments.

Management considers the carrying amount of trade and other receivables to approximate to their fair value. Long-term receivables have been discounted where the time value of money is considered to be material.

17 DEFERRED TAX

Net deferred tax (liability)/asset	Pension and other post-retirement benefits £m	Cash flow hedges £m	Share-based payments £m	Tax losses £m	Accelerated tax depreciation £m	Provisions and other timing differences £m	Indefinite life intangible assets £m	IFRS 16 £m	Total £m
At 1 January 2021	(6.9)	1.9	1.2	15.6	7.3	18.0	(63.0)	17.3	(8.6)
(Charged)/credited to the consolidated income statement (continuing operations)	(3.5)	–	2.0	(9.9)	11.9	9.1	(5.0)	(0.7)	3.9
(Charged)/credited to the consolidated income statement (discontinued operations)	–	–	–	0.9	–	0.7	–	(0.1)	1.5
(Charged)/credited to equity and other comprehensive income	(13.1)	(0.5)	1.6	12.7	–	–	–	–	0.7
Businesses acquired	–	–	–	–	–	0.1	–	–	0.1
Business sold	–	–	–	(0.4)	0.1	(0.3)	–	–	(0.6)
Effect of foreign exchange rate changes	(0.1)	(0.2)	–	(0.6)	(0.5)	(2.1)	6.5	(0.7)	2.3
At 1 January 2022	**(23.6)**	**1.2**	**4.8**	**18.3**	**18.8**	**25.5**	**(61.5)**	**15.8**	**(0.7)**
Adjustments for hyperinflation	**-**	**-**	**-**	**-**	**(4.0)**	**(0.1)**	**-**	**(0.2)**	**(4.3)**
(Charged)/credited to the consolidated income statement (continuing operations)	**(4.5)**	**(0.2)**	**1.1**	**0.4**	**(4.1)**	**12.1**	**0.4**	**1.6**	**6.8**
(Charged)/credited to the consolidated income statement (discontinued operations)	**-**	**-**	**-**	**(0.3)**	**(0.1)**	**1.2**	**-**	**(0.1)**	**0.7**
Credited/(charged) to equity and other comprehensive income	**0.4**	**(9.3)**	**-**	**0.4**	**-**	**-**	**-**	**-**	**(8.5)**
Businesses acquired	**-**	**(0.1)**	**-**	**2.0**	**(19.5)**	**9.2**	**(157.4)**	**(0.9)**	**(166.7)**
Business sold	**-**	**-**	**-**	**(1.3)**	**0.2**	**1.8**	**-**	**(0.1)**	**0.6**
Effect of foreign exchange rate changes	**-**	**0.1**	**0.1**	**0.7**	**0.1**	**2.8**	**(7.3)**	**0.3**	**(3.2)**
At 31 December 2022	**(27.7)**	**(8.3)**	**6.0**	**20.2**	**(8.6)**	**52.5**	**(225.8)**	**16.4**	**(175.3)**

Analysed as:

	2022 £m	2021 £m
Deferred tax assets	**80.0**	67.4
Deferred tax liabilities	**(255.3)**	(68.1)
	(175.3)	(0.7)

Measured at relevant local statutory rates, the Group has an unrecognised deferred tax asset of £45m (2021: £39m) relating to tax relief on trading losses. The unrecognised asset represents £174m (2021: £160m) of losses which exist within legal entities where forecast taxable profits are not probable in the foreseeable future. Unrecognised tax losses totalling £7.3m (2021: £3.1m) will expire within 5 years and £3.9m (2021: £nil) will expire in more than 5 years.

The Group has unrecognised deferred tax assets of £44m (2021: £44m) relating to capital losses. The asset represents £177m (2021: £177m) of losses at the UK standard rate. The key territory holding the losses is the UK.

The Group has unrecognised deferred tax assets of £20m (2021: £26m) relating to other deductible temporary differences.

The deferred tax asset on tax trading losses of £20.2m (2021: £18.3m) relates to territories and entities where future taxable profits are considered probable.

The net deferred tax asset relating to the UK group of companies remains unrecognised as at 31 December 2022. Therefore, no deferred tax charges or credits are recorded in the consolidated income statement or consolidated statement of other comprehensive income in relation to temporary differences arising in the period for these companies (2021: the deferred tax charge on UK pension actuarial movements through other comprehensive income was offset by recognition of a deferred tax credit on losses).

17 DEFERRED TAX CONTINUED

The net deferred tax asset on provisions and other timing differences is principally made up of a deferred tax liability on non-qualifying property £9.6m (2021: £12.5m) offset by deferred tax assets on trade related accounting provisions and other items in the Group's operating companies £62.1m (2021: £38.0m).

The deferred tax liability of £225.8m (2021: £61.5m) on indefinite life intangible assets, comprising distribution agreements and acquired brands, has been recorded as a result of the business acquisitions in the current and prior periods (see note 29).

Relevant tax laws largely exempt receipt of dividends from tax. A tax liability is more likely to arise in respect of withholding taxes levied by overseas jurisdictions. No deferred tax liability has been recognised in respect of £188m (2021: £173m) of post-acquisition unremitted earnings of subsidiaries because the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the next 12 months. Deferred tax is provided when there is an intention to distribute earnings and a tax liability arises. It is not practicable to estimate the amount of unrecognised deferred tax liabilities in respect of these unremitted earnings.

18 INVENTORIES

	2022 £m	2021 £m
Raw materials and work in progress	**82.0**	46.9
Finished goods and merchandise	**2,293.8**	1,087.8
	2,375.8	1,134.7

Vehicles held on consignment which are in substance assets of the Group amount to £60.1m (2021: £55.5m). These have been included in 'finished goods and merchandise' with the corresponding liability included within 'trade and other payables'. Payment becomes due when title passes to the Group, which is generally the earlier of a period of up to six months from delivery or the date of sale.

An amount of £57.7m (2021: £48.4m) has been provided against the gross cost of inventory at the year end. The cost of inventories recognised as an expense in the year is £6,846.4m (2021: £6,278.1m). The write-down of inventory to net realisable value recognised as an expense during the year was £1.8m (2021: expense of £0.9m). All of these items have been included within 'cost of sales' in the consolidated income statement.

19 CASH AND CASH EQUIVALENTS

	2022 £m	2021 £m
Cash at bank	**640.7**	501.8
Short-term deposits	**423.5**	94.6
	1,064.2	596.4

Cash and cash equivalents are generally subject to floating interest rates determined by reference to short-term benchmark rates applicable in the relevant currency or market (primarily SONIA or the local equivalent). At 31 December 2022, the weighted average floating rate was 3.0% (2021: 0.4%).

£91.4m (2021: £71.8m) of cash and cash equivalents is held in Ethiopia where prior approval is required to transfer funds abroad and currency may not be available locally to effect such transfers.

At 31 December 2022, short-term deposits have a weighted average period to maturity of 5 days (2021: 10 days).

20 ASSETS AND LIABILITIES HELD FOR SALE AND DISPOSAL GROUP

	2022 £m	2021 £m
Assets classified as held for sale and disposal group	**19.0**	4.8

Assets held for sale relate to surplus properties in the United Kingdom and Australia which are actively marketed with a view to sale.

In 2021, assets held for sale were stated net of an impairment charge of £1.5m which was reported as a non-adjusting charge in the income statement following the subsequent write-down of the asset to fair value less costs to sell.

21 TRADE AND OTHER PAYABLES

	Current		Non-current	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Trade payables	**418.0**	166.6	**-**	–
Payments received on account	**105.4**	93.6	**1.0**	1.8
Vehicle funding agreements	**1,422.5**	851.0	**-**	–
Other taxation and social security payable	**65.8**	40.3	**-**	–
Accruals	**395.5**	280.3	**1.8**	2.3
Deferred income	**155.9**	78.5	**34.8**	51.6
Other payables	**334.9**	38.0	**22.8**	7.5
	2,898.0	1,548.3	**60.4**	63.2

Other payables include a dividend liability of £208.3m due to the former owners of the Derco group which represents the amount due in respect of a pre-completion dividend that remained unpaid at the balance sheet date and is due to be paid in four instalments during 2023. Other payables also include a liability of £59.8m which represents a contractual liability to minority shareholders in Derco group companies that was settled in early January 2023.

The Group finances the purchase of new vehicles for sale and a portion of used vehicle inventories using vehicle funding facilities provided by various lenders including the captive finance companies associated with brand partners. Such arrangements generally are uncommitted facilities, have a maturity of 180 days or less and the Group is normally required to repay amounts outstanding on the earlier of the sale of the vehicles that have been funded under the facilities or the stated maturity date. Related cash flows are reported within cash flows from operating activities within the consolidated statement of cash flows.

Vehicle funding facilities are subject to SONIA-based (or similar) interest rates. The interest incurred under these arrangements is included within finance costs and classified as stock holding interest (see note 7). At 31 December 2022, amounts outstanding under vehicle funding facilities and on which interest was payable were subject to a weighted average interest rate of 3.7% (2021: 1.3%).

Management considers the carrying amount of trade and other payables to approximate to their fair value. Long-term payables have been discounted where the time value of money is considered to be material.

Included within deferred income are the following balances:

	2022 £m	2021 £m
Extended warranties	**45.3**	44.0
Service packages	**57.5**	49.8
Other services	**87.9**	36.3
	190.7	130.1

Revenue recognised in 2022 that was included in deferred revenue at the beginning of the year was £77.1m (2021: £47.8m).

Extended warranties
Certain Group companies provide extended warranties to customers over and above those provided by the manufacturer and act as the principal in the supply of the warranty service. The periods covered are up to six years and/or specific mileage limits. A proportion of revenue is allocated to the extended warranty obligation and deferred to the balance sheet. The revenue is subsequently recognised over time along with the costs incurred in fulfilling any warranty obligations.

Service packages
Certain Group companies provide service packages to customers as part of the total vehicle package. Where the Group acts as principal, the value of the additional services is separately identified, deducted from revenue and recognised as deferred income on the balance sheet. It is subsequently recognised as revenue when the service is provided or the package expires.

Other services
Certain Group companies provide other services as part of the total vehicle package (e.g. roadside assistance, fuel coupons etc). Where the Group acts as principal, the value of the additional services is separately identified, deducted from revenue and recognised as deferred income on the balance sheet. It is subsequently recognised as revenue over the period to which the service relates. Included within other services is £54.3m that relates to amounts received from customers for goods not yet delivered.

22 PROVISIONS

	Product warranty £m	Leasehold £m	Litigation £m	Other £m	Total £m
At 1 January 2022	**27.6**	**8.4**	**3.4**	**18.9**	**58.3**
Businesses acquired	**4.7**	**-**	**1.1**	**5.1**	**10.9**
Business sold	**-**	**-**	**(0.9)**	**(0.5)**	**(1.4)**
Charged to the consolidated income statement	**22.5**	**1.3**	**2.5**	**22.8**	**49.1**
Released to the consolidated income statement	**(1.3)**	**(0.9)**	**(0.7)**	**(1.0)**	**(3.9)**
Effect of unwinding of discount factor	**-**	**-**	**-**	**0.1**	**0.1**
Utilised during the year	**(3.9)**	**(0.1)**	**(0.1)**	**(9.5)**	**(13.6)**
Effect of foreign exchange rate changes	**1.6**	**0.5**	**0.2**	**1.5**	**3.8**
At 31 December 2022	**51.2**	**9.2**	**5.5**	**37.4**	**103.3**

Inflation and expected future movements in prices have been considered in calculating provisions where relevant.

Analysed as:

	2022 £m	2021 £m
Current	**56.6**	34.9
Non-current	**46.7**	23.4
	103.3	58.3

Product warranty
Certain Group companies provide assurance warranties as part of the sale of a vehicle. These are not separable products. The warranty periods covered are up to five years and/or specific mileage limits. Provision is made for the expected cost of labour and parts based on historical claims experience and expected future trends. These assumptions are reviewed regularly.

Leasehold
The Group is committed to certain leasehold premises for which it no longer has a commercial use. These are principally located in the UK, Australia and Hong Kong. Provision has been made to the extent of the estimated future net cost, excluding the lease liability recognised under IFRS 16 Leases. This includes taking into account existing subtenant arrangements. The category also includes the future obligation relating to dilapidations of certain premises. The expected utilisation period of these provisions is generally over the next 10 years.

Litigation
This includes a number of litigation provisions in respect of claims that have been brought against various Group companies. The claims are generally expected to be concluded within the next three years.

Other
This category principally includes provisions relating to uncertain non-income taxes and provisions relating to restructuring activities of £2.5m (2021: £4.7m). Acquisition and disposal related provisions total £6.1m (2021: £3.5m), of which there is an offsetting indemnity asset recognised in trade and other receivables. Restructuring provisions relate to the estimated costs associated with transformation projects, including the establishment of back-office services. These provisions are expected to be utilised within three years.

Climate change
The group has reviewed its provisions and concluded that no adjustments need to be made for climate change risks, nor that any new provisions need to be recognised for climate-related matters.

23 BORROWINGS

2022	Floating rate £m	Floating rate Weighted average effective interest rate %	Fixed rate £m	Fixed rate Weighted average effective interest rate %	Total interest bearing £m	On which no interest is paid £m	2022 Total £m
Current							
Bank overdrafts	**14.1**	**3.8%**	**–**	**–**	**14.1**	**–**	**14.1**
Bank loans	**63.1**	**6.1%**	**469.1**	**8.9%**	**532.2**	**–**	**532.2**
	77.2	**5.6%**	**469.1**	**8.9%**	**546.3**	**–**	**546.3**
Non-current							
Bank loans	**625.0**	**4.0%**	**60.6**	**13.0%**	**685.6**	**–**	**685.6**
Private Placement	**–**	**–**	**210.0**	**3.0%**	**210.0**	**–**	**210.0**
	625.0	**4.0%**	**270.6**	**5.2%**	**895.6**	**–**	**895.6**
Total borrowings	**702.2**	**4.2%**	**739.7**	**7.5%**	**1,441.9**	**–**	**1,441.9**

Bank overdrafts include £14.1m (2021: £7.6m) held in cash pooling arrangements which have not been offset in the consolidated statement of financial position (see note 24b).

2021	Floating rate £m	Floating rate Weighted average effective interest rate %	Fixed rate £m	Fixed rate Weighted average effective interest rate %	Total interest bearing £m	On which no interest is paid £m	2021 Total £m
Current							
Bank overdrafts	7.6	–	–	–	7.6	–	7.6
Non-current							
Private Placement	–	–	210.0	3.0	210.0	–	210.0
Total borrowings	7.6	–	210.0	3.0	217.6	–	217.6

Interest payments on floating rate financial liabilities are determined by reference to short-term benchmark rates applicable in the relevant currency or market (primarily SONIA or the local equivalent).

At 31 December 2022, the committed funding facilities of the Group comprised a syndicated revolving credit facility of £700m (2021: £700m), sterling Private Placement loan notes totalling £210m (2021: £210m), a bridge facility of £350m (2021: £nil) and a term facility of £250m (2021: £nil). At 31 December 2022, the bridge and term facilities were fully drawn and the syndicated revolving credit facility was undrawn (2021: undrawn).

In July 2022, the Group entered into a facilities agreement with two banks comprising a £350m bridge facility and a £250m term loan facility. The bridge facility has an initial term of 12 months commencing from 29 December 2022, but the term is extendable at Inchcape's option by up to 12 months. The term loan has a term of 2 years commencing from 29 December 2022. The term and bridge facilities were fully drawn as at 31 December 2022 and have been disclosed as non-current borrowings.

In February 2019, the Group entered into a syndicated revolving credit facility of £700m with an initial expiry date of February 2024 and options, at lender discretion, to extend until 2026. Lenders approved the first extension option in February 2020 resulting in the £700m commitment extending to 2025. Lenders with total commitments of £620m approved the second extension option in February 2021, resulting in £620m of commitments being further extended to 2026.

The Group's bank loans are not secured by any term deposits placed under a standby letter of credit and related facility arrangements (2021: £nil secured). The Group's bank overdrafts are secured by related offsetting cash balances held under pooling arrangements. The Group's remaining borrowings are unsecured.

In December 2016, the Group concluded a Private Placement transaction raising £210m to refinance existing US dollar Private Placement borrowings which matured in May 2017. The amounts drawn under these facilities are as follows:

Maturity date	May 2024	May 2027	May 2027	May 2029
Amount drawn	£70m	£30m	£70m	£40m
Fixed rate coupon	2.85%	3.02%	3.12%	3.10%

The £210m sterling Private Placement loan notes are held at amortised cost. They have a fair value of £204.5m (2021: £222.0m) calculated from discounted cash flow techniques obtained using discount rates from observable market data, which is a level 2 valuation technique. The fair values of the Group's other borrowings are not considered to be materially different from their book value.

23 BORROWINGS CONTINUED

The table below sets out the maturity profile of the Group's existing borrowings that are exposed to interest rate risk.

2022	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 3 years £m**	**Between 3 and 4 years £m**	**Between 4 and 5 years £m**	**Greater than 5 years £m**	**Total interest bearing £m**
Fixed rate							
Bank loans	**469.1**	**58.5**	**0.4**	**0.4**	**0.4**	**0.9**	**529.7**
Private Placement	**–**	**70.0**	**–**	**–**	**100.0**	**40.0**	**210.0**
	469.1	**128.5**	**0.4**	**0.4**	**100.4**	**40.9**	**739.7**
Floating rate							
Bank overdrafts	**14.1**	**–**	**–**	**–**	**–**	**–**	**14.1**
Bank loans	**63.1**	**625.0**	**–**	**–**	**–**	**–**	**688.1**
	77.2	**625.0**	**–**	**–**	**–**	**–**	**702.2**

2021	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Greater than 5 years £m	Total interest bearing £m
Fixed rate							
Private Placement	–	–	70.0	–	–	140.0	210.0
Floating rate							
Bank overdrafts	7.6	–	–	–	–	–	7.6

24 FINANCIAL INSTRUMENTS

The Group's financial liabilities, other than derivatives, comprise borrowings, trade and other payables and lease liabilities. The main purpose of these instruments is to raise finance for the Group's operations. The Group also has various financial assets such as trade and other receivables, cash and short-term deposits which arise from its trading operations.

The Group's primary derivative transactions include forward and swap currency contracts. The purpose is to manage the currency and interest rate risks arising from the Group's trading operations and its sources of finance. Group policy is that there is no trading or speculation in derivatives. Cash flow hedge ineffectiveness can arise from changes to the timing and amounts of forecasted cashflows of hedged items. Fair value hedge ineffectiveness can arise from different yield curves linked to the hedged item and hedging instrument as well as changes to the counterparties credit risk.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk.

The Group does not hedge for inflation risk and has not hedged for cross-currency interest rates risk in recent years.

a. Classification of financial instruments

2022	Measured at amortised cost £m	Measured at fair value through other comprehensive income £m	Measured at fair value through profit or loss £m	Total £m
Financial assets				
Financial assets at fair value through other comprehensive income	**–**	**3.5**	**–**	**3.5**
Trade and other receivables	**520.5**	**–**	**–**	**520.5**
Derivative financial instruments	**–**	**23.9**	**30.3**	**54.2**
Cash and cash equivalents	**1,064.2**	**–**	**–**	**1,064.2**
Total financial assets	**1,584.7**	**27.4**	**30.3**	**1,642.4**
Financial liabilities				
Trade and other payables	**(2,581.2)**	**–**	**–**	**(2,581.2)**
Derivative financial instruments	**–**	**(15.0)**	**(24.5)**	**(39.5)**
Lease liabilities	**(499.4)**	**–**	**–**	**(499.4)**
Borrowings	**(1,441.9)**	**–**	**–**	**(1,441.9)**
Total financial liabilities	**(4,522.5)**	**(15.0)**	**(24.5)**	**(4,562.0)**
	(2,937.8)	**12.4**	**5.8**	**(2,919.6)**

2021	Measured at amortised cost £m	Measured at fair value through other comprehensive income £m	Measured at fair value through profit or loss £m	Total £m
Financial assets				
Financial assets at fair value through other comprehensive income	–	5.0	–	5.0
Trade and other receivables	273.7	–	–	273.7
Derivative financial instruments	–	7.4	20.2	27.6
Cash and cash equivalents	596.4	–	–	596.4
Total financial assets	870.1	12.4	20.2	902.7
Financial liabilities				
Trade and other payables	(1,346.8)	–	–	(1,346.8)
Derivative financial instruments	–	(10.5)	(21.4)	(31.9)
Lease liabilities	(324.1)	–	–	(324.1)
Borrowings	(217.6)	–	–	(217.6)
Total financial liabilities	(1,888.5)	(10.5)	(21.4)	(1,920.4)
	(1,018.4)	1.9	(1.2)	(1,017.7)

24 FINANCIAL INSTRUMENTS CONTINUED

b. Offsetting financial assets and financial liabilities

The following financial assets are subject to offsetting, enforceable netting arrangements and similar agreements:

	Gross amounts of financial assets £m	Gross amounts of financial liabilities set off in the statement of financial position £m	Net amounts of financial assets presented in the statement of financial position £m	Related amounts not set off in the statement of financial position: Financial instruments £m	Related amounts not set off in the statement of financial position: Cash collateral received £m	Net amount £m
As at 31 December 2022						
Derivative financial assets	**54.2**	**-**	**54.2**	**(19.4)**	**-**	**34.8**
Cash and cash equivalents	**1,064.2**	**-**	**1,064.2**	**(14.1)**	**-**	**1,050.1**
	1,118.4	**-**	**1,118.4**	**(33.5)**	**-**	**1,084.9**
As at 31 December 2021						
Derivative financial assets	27.6	–	27.6	(16.5)	–	11.1
Cash and cash equivalents	596.4	–	596.4	(7.6)	–	588.8
	624.0	–	624.0	(24.1)	–	599.9

	Gross amounts of financial liabilities £m	Gross amounts of financial assets set off in the statement of financial position £m	Net amounts of financial liabilities presented in the statement of financial position £m	Related amounts not set off in the statement of financial position: Financial instruments £m	Related amounts not set off in the statement of financial position: Cash collateral paid £m	Net amount £m
As at 31 December 2022						
Derivative financial liabilities	**(39.5)**	**-**	**(39.5)**	**19.4**	**-**	**(20.1)**
Bank overdrafts	**(14.1)**	**-**	**(14.1)**	**14.1**	**-**	**-**
	(53.6)	**-**	**(53.6)**	**33.5**	**-**	**(20.1)**
As at 31 December 2021						
Derivative financial liabilities	(31.9)	–	(31.9)	16.5	–	(15.4)
Bank overdrafts	(7.6)	–	(7.6)	7.6	–	–
	(39.5)	–	(39.5)	24.1	–	(15.4)

For the financial assets and liabilities subject to enforceable netting arrangements or similar agreements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities. If the parties subject to the agreement do not elect to settle on a net basis, financial assets and liabilities will be settled on a gross basis. However, each party to the netting agreement will have the option to settle all such amounts on a net basis in the event of a default of the other party.

24 FINANCIAL INSTRUMENTS CONTINUED

c. Market risk and sensitivity analysis

Financial instruments affected by market risk include borrowings, deposits and derivative financial instruments. The Group is not exposed to commodity price risk. The following analysis, required by IFRS 7 Financial Instruments: Disclosures, is intended to illustrate the sensitivity to changes in market variables, being primarily UK interest rates and the Australian dollar to Japanese yen exchange rate.

The following assumptions were made in calculating the sensitivity analysis:

- changes in the carrying value of derivative financial instruments designated as cash flow hedges from movements in interest rates are assumed to be recorded fully in equity;
- changes in the carrying value of derivative financial instruments designated as fair value hedges from movements in interest rates have an immaterial effect on the consolidated income statement and equity due to compensating adjustments in the carrying value of debt;
- changes in the carrying value of financial instruments designated as net investment hedges from movements in the US dollar to sterling exchange rate are recorded directly in equity;
- changes in the carrying value of financial instruments not in hedging relationships only affect the consolidated income statement; and
- all other changes in the carrying value of derivative financial instruments designated as hedges are fully effective with no impact on the consolidated income statement.

d. Interest rate risk and sensitivity analysis

The Group's interest rate policy has the objective of minimising net interest expense and protecting the Group from material adverse movements in interest rates.

Instruments approved for the purpose of hedging interest rate risk include interest rate swaps, forward rate agreements and options. The Group's exposure to the risk of changes in market interest rates arises primarily from the floating rate interest payable on the Group's bank borrowings, supplier-related finance and the returns available on surplus cash.

Interest rate risk table

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on bank borrowings, supplier related finance and cash balances as at 31 December 2022 with all other variables held constant.

	Increase in basis points	Effect on profit before tax £m
2022		
Sterling	**100**	**(9.9)**
Euro	**100**	**(0.4)**
Chilean peso	**250**	**(3.2)**
Australian dollar	**100**	**1.3**
US dollar	**100**	**1.4**
2021		
Sterling	75	(5.7)
Euro	50	0.6
Russian rouble	500	(1.1)
Australian dollar	100	2.8
US dollar	75	0.8

24 FINANCIAL INSTRUMENTS CONTINUED

e. Foreign currency risk

The Group publishes its consolidated financial statements in sterling and faces currency risk on the translation of its earnings and net assets, a significant proportion of which are in currencies other than sterling.

Transaction exposure hedging

The Group has transactional currency exposures, where sales or purchases by an operating unit are in currencies other than in that unit's reporting currency. For a significant proportion of the Group these exposures are removed as trading is denominated in the relevant local currency. In particular, local billing arrangements are in place for many of our businesses with our brand partners. The principal exception is for our business in Australia which purchases vehicles in Japanese yen and our South and Central American businesses which purchase vehicles in Japanese yen and US dollars.

In this instance, the Group seeks to hedge forecast transactional foreign exchange rate risk using forward foreign currency exchange contracts. The effective portion of the gain or loss on the hedge is initially recognised in the consolidated statement of comprehensive income to the extent it is effective. When the hedged forecast transaction results in the recognition of a non-financial asset or liability then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in other comprehensive income are transferred to the consolidated income statement in the same period in which the hedged forecast transaction affects the consolidated income statement. Under IFRS 9 Financial Instruments, hedges are documented and tested for the hedge effectiveness on an ongoing basis.

Foreign currency risk table

The following table shows the Group sensitivity to a reasonably possible change in foreign exchange rates on its Japanese yen financial instruments. In this table, financial instruments are only considered sensitive to foreign exchange rates when they are not in the functional currency of the entity that holds them.

	Increase/ (decrease) in exchange rate	Effect on equity £m
2022		
Yen	**+10%**	**2.5**
Yen	**-10%**	**3.7**
2021		
Yen	+10%	–
Yen	-10%	–

f. Credit risk

The amount due from counterparties arising from cash deposits and the use of financial instruments creates credit risk. The Group monitors its credit exposure to its counterparties via their credit ratings (where applicable) and through its policy of limiting its exposure to any one party to ensure that they are within Board approved limits and that there are no significant concentrations of credit risk.

Group policy is to deposit cash and use financial instruments with counterparties with a long-term credit rating of A or better, where available. The notional amounts of financial instruments used in interest rate and foreign exchange management do not represent the credit risk arising through the use of these instruments. The immediate credit risk of these instruments is generally estimated by the fair value of contracts with a positive value. Credit limits are reviewed regularly.

24 FINANCIAL INSTRUMENTS CONTINUED

The table below analyses the Group's derivative assets, cash at bank and short-term deposits by credit exposure:

	2022			2021		
Credit rating of counterparty	**Derivative assets £m**	**Cash at bank £m**	**Short-term deposits £m**	Derivative assets £m	Cash at bank £m	Short-term deposits £m
AA-	**11.6**	**343.3**	**0.2**	1.1	327.6	–
A+	**2.5**	**56.0**	**40.1**	1.4	66.6	0.4
A	**11.2**	**33.1**	**102.1**	9.3	14.9	30.0
A-	**14.6**	**82.5**	**134.0**	7.9	28.3	–
BBB+	**6.3**	**11.4**	**-**	5.5	7.5	–
BBB	**1.4**	**7.7**	**-**	0.3	3.8	4.2
BBB-	**0.8**	**5.5**	**72.7**	–	4.1	0.1
BB+	**1.6**	**-**	**-**	0.7	–	–
BB-	**-**	**13.8**	**-**	–	–	–
B	**-**	**0.4**	**-**	–	9.5	–
B-	**-**	**-**	**-**	–	5.8	0.4
CCC+	**-**	**-**	**-**	–	1.2	–
No rating*	**4.2**	**87.0**	**74.4**	1.4	32.5	59.5
	54.2	**640.7**	**423.5**	27.6	501.8	94.6

* Counterparties in certain markets in which the Group operates do not have a credit rating.

For those counterparties which do not have a credit rating, where possible the Group works with partner banks with a local presence to provide additional assurance. Additionally, the Group proactively repatriates cash through cash-pooling arrangements, loans between Group companies and dividends as well as regularly monitoring the spread of counterparties in-country, notably in Ethiopia.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties.

The maximum exposure to credit risk for cash at bank, receivables and other financial assets is represented by their carrying amount.

Total cash at bank of £640.7m (2021: £501.8m) includes cash in the Group's regional pooling arrangements which are offset against borrowings for interest purposes. Netting of cash and overdraft balances in the consolidated statement of financial position only occurs to the extent that there is the legal ability and intention to settle net. As such, overdrafts are presented in current liabilities to the extent that there is no intention to offset with the cash balance.

Trade receivables include amounts due from a number of finance houses in respect of vehicles sold to customers on finance arranged through the Group. An independent credit rating agency is used to assess the credit standing of each finance house. Limits for the maximum outstanding with each finance house are set accordingly.

24 FINANCIAL INSTRUMENTS CONTINUED

g. Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's financial assets and liabilities at 31 December 2022 based on contractual expected undiscounted cash flows:

2022	Less than 3 months £m	Between 3 to 12 months £m	Between 1 to 5 years £m	Greater than 5 years £m	Total £m
Financial assets					
Cash and cash equivalents	**1,058.7**	**5.5**	**–**	**–**	**1,064.2**
Trade and other receivables	**444.2**	**42.7**	**28.1**	**5.6**	**520.6**
Financial assets at fair value through other comprehensive income	**0.2**	**–**	**–**	**3.3**	**3.5**
Derivative financial instruments	**1,216.5**	**911.6**	**352.2**	**–**	**2,480.3**
	2,719.6	**959.8**	**380.3**	**8.9**	**4,068.6**
Financial liabilities					
Interest bearing loans and borrowings	**(171.6)**	**(448.4)**	**(911.9)**	**(42.6)**	**(1,574.5)**
Lease liabilities	**(23.3)**	**(67.4)**	**(245.8)**	**(213.8)**	**(550.3)**
Trade and other payables	**(1,991.7)**	**(561.5)**	**(27.9)**	**(0.1)**	**(2,581.2)**
Derivative financial instruments	**(1,211.5)**	**(940.9)**	**(348.8)**	**–**	**(2,501.2)**
	(3,398.1)	**(2,018.2)**	**(1,534.4)**	**(256.5)**	**(7,207.2)**
Net outflows	**(678.5)**	**(1,058.4)**	**(1,154.1)**	**(247.6)**	**(3,138.6)**

2021	Less than 3 months £m	Between 3 to 12 months £m	Between 1 to 5 years £m	Greater than 5 years £m	Total £m
Financial assets					
Cash and cash equivalents	593.1	3.3	–	–	596.4
Trade and other receivables	200.2	45.5	26.3	6.0	278.0
Financial assets at fair value through other comprehensive income	–	0.2	–	4.8	5.0
Derivative financial instruments	1,097.4	1,135.0	126.5	–	2,358.9
	1,890.7	1,184.0	152.8	10.8	3,238.3
Financial liabilities					
Interest bearing loans and borrowings	(7.6)	(6.3)	(90.1)	(144.1)	(248.1)
Lease liabilities	(17.0)	(48.0)	(170.2)	(149.8)	(385.0)
Trade and other payables	(1,085.0)	(249.8)	(11.7)	(0.3)	(1,346.8)
Derivative financial instruments	(1,099.7)	(1,145.4)	(124.4)	–	(2,369.5)
	(2,209.3)	(1,449.5)	(396.4)	(294.2)	(4,349.4)
Net outflows	(318.6)	(265.5)	(243.6)	(283.4)	(1,111.1)

24 FINANCIAL INSTRUMENTS CONTINUED

h. Fair value measurement

In accordance with IFRS 13 Fair Value Measurement, disclosure is required for financial instruments that are measured in the consolidated statement of financial position at fair value. This requires disclosure of fair value measurements by level for the following fair value measurement hierarchy:

- quoted prices in active markets (level 1);
- inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (level 2); or
- inputs for the asset or liability that are not based on observable market data (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

	2022				2021			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets								
Derivatives used for hedging	**-**	**54.2**	**-**	**54.2**	–	27.6	–	27.6
Financial assets at fair value through other comprehensive income	**0.9**	**-**	**2.6**	**3.5**	0.5	–	4.5	5.0
	0.9	**54.2**	**2.6**	**57.7**	0.5	27.6	4.5	32.6
Liabilities								
Derivatives used for hedging	**-**	**(39.5)**	**-**	**(39.5)**	–	(31.9)	–	(31.9)

Level 1 represents the fair value of financial instruments that are traded in active markets and is based on quoted markets price at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market (level 2) is determined by using valuation techniques which include the present value of estimated future cash flows. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Level 3 primarily represents the Group's equity interest in Hino Motors Manufacturing Company SAS (see note 15). Fair value is based on discounted free cash flows, using the projection of annual income and expenses mainly based on historical financial figures.

Derivative financial instruments are carried at their fair values. The fair value of forward foreign exchange contracts and foreign exchange swaps represents the difference between the value of the outstanding contracts at their contracted rates and a valuation calculated using the spot rates of exchange prevailing at 31 December 2022.

The Group's derivative financial instruments comprise the following:

	Assets		Liabilities	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Cross currency interest rate swaps	**4.4**	–	**-**	–
Forward foreign exchange contracts	**49.8**	27.6	**(39.5)**	(31.9)
	54.2	27.6	**(39.5)**	(31.9)

The ineffective portion recognised in the consolidated income statement that arises from fair value hedges amounts to £nil (2021: £nil). The ineffective portion recognised in the consolidated income statement that arises from cash flow hedges amounts to £nil (2021: £nil).

Derivative financial instruments

The Group principally uses forward foreign exchange contracts to hedge purchases in a non-functional currency against movements in exchange rates. The cash flows relating to these contracts are generally expected to occur within 12 months (2021: 12 months) of the end of the reporting period.

Net fair value gains and losses recognised in the hedging reserve in shareholders' equity (see note 26) on forward foreign exchange contracts as at 31 December 2022 are expected to be released to the consolidated income statement within 12 months of the end of the reporting period (2021: 12 months).

24 FINANCIAL INSTRUMENTS CONTINUED

The below table illustrates the effects of hedge accounting on the consolidated statement of financial position and consolidated income statement through detailing separately by risk category and each type of hedge the details of the associated hedging instrument and hedged item.

2022	**Current**	**Current**	**Non-current**
Hedging risk strategy	**Cash flow hedges**	**Fair value hedges**	**Cash flow hedges**
Notional/currency legs	**3,107.8**	**781.1**	**929.9**
Carrying amount net (liabilities)/assets	**(17.3)**	**16.1**	**15.9**
Maturity date	**to Dec 2023**	**to Dec 2023**	**to Mar 2026**
Hedge ratio	**1:1**	**1:1**	**1:1**
Description of hedged item	**Highly probable FX exposures**	**FX exposure on balance sheet positions**	**Highly probable FX exposures**
Change in fair value of outstanding hedging instruments since 1 January	**(20.0)[2]**	**25.7**	**12.9[2]**
Change in fair value of hedging item used to determine hedge effectiveness	**20.0**	**(25.7)**	**(12.9)**
Weighted average hedge rate of outstanding deals (AUD/JPY)	**85.67[1]**	**n/a**	**90.20**
Amounts recognised within net finance costs on profit and loss	**–**	**25.7**	**–**
Balance on cash flow hedge reserve (net of tax) at 31 December	**2.8**	**–**	**–**

2021	Current	Current	Non-current
Hedging risk strategy	Cash flow hedges	Fair Value hedges	–
Notional/currency legs	1,427.7	804.8	126.5
Carrying amount net assets/(liabilities)	2.3	(9.6)	3.0
Maturity date	to Dec 2022	to Jun 2022	to Jan 2026
Hedge ratio	1:1	1:1	1:1
Description of hedged item	Highly probable FX exposures	FX exposures on balance sheet positions	Highly probable FX exposures
Change in fair value of outstanding hedging instruments since 1 January	30.1[2]	(8.2)	3.0[2]
Change in fair value of hedging item used to determine hedge effectiveness	(30.1)	8.2	(3.0)
Weighted average hedge rate of outstanding deals	(AUD/JPY) 81.99[1]	n/a	(GBP/USD) 1.39
Amounts recognised within net finance costs on profit and loss	–	(8.2)	–
Balance on cash flow hedge reserve (net of tax) at 31 December	(3.2)	–	(3.0)

1. Outstanding deals predominantly relate to our business in Australia which purchases vehicles in Japanese yen.
2. Includes hedging derivatives for both actual and highly probable forecasted purchases. The movement presented in OCI only covers hedging derivatives relating to highly probable forecasted purchases.

As at 31 December 2022, the accumulated balance of the cash flow hedge reserve was a loss of £2.8m (2021: loss of £6.2m). The above changes in fair value of hedging instruments will include hedge positions taken up for future foreign currency exposures and will also include amounts that would have been reclassified from the hedge reserve to the balance sheet as at 31 December 2022.

i. Capital management

The Group's capital structure consists of equity and debt. Equity represents funds raised from shareholders and debt represents funds raised from banks and other financial institutions. The primary objective of the Group's management of debt and equity is to ensure that it maintains a strong credit rating and healthy capital ratios in order to finance the Group's activities, both now and in the future, and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. Due to the impact of Covid-19, some limited exceptions to policy are in place, to reflect the significant amount of cash the Group currently holds, to increase the counterparty risk limits set for certain counterparties.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Directors consider the Group's capital structure and dividend policy at least twice a year prior to the announcement of results, taking into account the Group's ability to continue as a going concern and the requirements of its business plan.

24 FINANCIAL INSTRUMENTS CONTINUED

The Group uses return on capital employed ("ROCE") as a measure of its ability to drive better returns on the capital invested in the Group's operations. See alternative performance measures on page 206.

	2022	2021
Adjusted return on capital employed	**40.6%**	27.9%

The committed bank facilities and Private Placement borrowings are subject to the same interest cover covenant based on an adjusted EBITA measure to interest on consolidated borrowings. The Group is required to maintain a ratio of not less than three to one and was compliant with this covenant throughout the year.

The Group monitors Group leverage by reference to three tests: Adjusted EBITA interest cover, the ratio of net debt to EBITDA and the ratio of net debt to market capitalisation. The leverage tests are measured excluding the impact of IFRS 16 Leases.

	2022	2021
Adjusted EBITA interest cover (times)*	**459.3**	114.4
Net debt to EBITDA (times)**	**n/a**	n/a
Net debt/market capitalisation (percentage)***	**28.6%**	n/a

* Calculated as Adjusted EBITA/interest on consolidated borrowings.
** Calculated as net debt/adjusted earnings before interest, tax, depreciation and amortisation.
*** Calculated as net debt/market capitalisation as at 31 December.

Net debt as at 31 December 2022 includes debt used to acquire the Derco group together with acquired debt. As the acquisition completed on 31 December 2022 and did not contribute to EBITDA in the year, then the ratio has been reported as not applicable.

25 SHARE CAPITAL

a. Allotted, called up and fully paid up

	2022 Number	2021 Number	2022 £m	2021 £m
Issued and fully paid ordinary shares (nominal value of 10.0p each)				
At 1 January	**383,851,938**	393,274,393	**38.5**	39.4
Cancelled under share buyback	**(9,357,908)**	(9,422,455)	**(0.9)**	(0.9)
At 31 December	**374,494,030**	383,851,938	**37.6**	38.5

b. Share buyback programme

During 2022, the Company repurchased 9,357,908 of its own shares (2021: 9,422,455 shares) through purchases on the London Stock Exchange, at a cost of £69.5m (2021: £80.5m). The shares repurchased during the year were cancelled, with none held within treasury shares at the end of the reporting period. An amount of £0.9m (2021: £0.9m), equivalent to the nominal value of the cancelled shares, has been transferred to the capital redemption reserve. Costs of £0.8m (2021: £ nil) associated with the transfer to the Company of the repurchased shares and their subsequent cancellation have been charged to the retained earnings reserve.

c. Substantial shareholdings

Details of substantial interests in the Company's issued ordinary share capital received by the Company at 22 March 2023 under the provisions of the Companies Act 2006 have been disclosed in the significant shareholdings section of the Corporate Governance Report.

d. Share options

At 31 December 2022, options to acquire ordinary shares of 10.0p each in the Company up to the following numbers under the schemes below were outstanding as follows:

Number of ordinary shares of 10.0p each	Exercisable until	Option price (£)
The Inchcape SAYE Share Option Scheme – approved		
45,291	1 May 2023	4.59
1,109,249	1 May 2024	3.77
248,162	1 May 2025	7.31
653,940	1 May 2026	6.00

Included within the retained earnings reserve are 344,009 (2021: 349,149 shares) ordinary shares in the Company held by the Inchcape Employee Trust, a general discretionary trust whose beneficiaries include current and former employees of the Group and their dependants. The book value of these shares at 31 December 2022 was £2.7m (2021: £2.6m). The market value of these shares at both 31 December 2022 and 22 March 2023 was £2.8m and £3.0m respectively (31 December 2021: £3.2m; 24 February 2022: £2.5m).

25 SHARE CAPITAL CONTINUED

e. Issue of shares after the balance sheet date

On 4 January 2023, 38,513,102 ordinary shares of 10p each in the capital of the Company were issued in connection with the acquisition of the Derco group. As at 31 December 2022, the acquisition had completed and, as at that date, the shares that were issued on 4 January 2023 represented a liability to issue a fixed number of shares in exchange for fixed financial assets. As such, they have been accounted for as an equity instrument (refer to note 29). Including the shares issued in connection with the acquisition of the Derco group, issued share capital of the Group will amount to a total of 413,007,132 shares.

26 OTHER RESERVES

	Merger reserve £m	Fair value through OCI reserve £m	Translation reserve £m	Hedging reserve £m	Total other reserves £m
At 1 January 2021	–	(2.4)	(225.7)	(20.1)	(248.2)
Cash flow hedges:					
– net fair value gains	–	–	–	18.0	18.0
– reclassified and reported in inventories	–	–	–	(0.9)	(0.9)
– tax on cash flow hedges	–	–	–	(2.8)	(2.8)
Investments held at fair value:					
– net fair value gains	–	1.6	–	–	1.6
Transfers	–	0.7	(0.3)	(0.4)	–
Exchange differences on translation of foreign operations	–	–	(102.9)	–	(102.9)
Exchange differences on translation of discontinued operations	–	–	(0.1)	–	(0.1)
Recycling of foreign currency reserve	–	–	108.2	–	108.2
At 1 January 2022	**–**	**(0.1)**	**(220.8)**	**(6.2)**	**(227.1)**
Cash flow hedges:					
– net fair value gains	**–**	**–**	**–**	**7.4**	**7.4**
– reclassified and reported in inventories	**–**	**–**	**–**	**2.8**	**2.8**
– tax on cash flow hedges	**–**	**–**	**–**	**(7.1)**	**(7.1)**
Investments held at fair value:					
– net fair value losses	**–**	**(1.5)**	**–**	**–**	**(1.5)**
Deferred tax on taxation losses	**–**	**–**	**–**	**0.3**	**0.3**
Shares to be issued	**315.8**	**–**	**–**	**–**	**315.8**
Exchange differences on translation of foreign operations	**–**	**–**	**130.9**	**–**	**130.9**
Exchange differences on translation of discontinued operations	**–**	**–**	**18.7**	**–**	**18.7**
Recycling of foreign currency reserve	**–**	**–**	**99.0**	**–**	**99.0**
Adjustments in respect of hyperinflation	**–**	**–**	**45.9**	**–**	**45.9**
At 31 December 2022	**315.8**	**(1.6)**	**73.7**	**(2.8)**	**385.1**

Fair value through OCI reserve

For investments in equity instruments that are measured at fair value through other comprehensive income, changes in fair value are recognised through OCI. Fair value movements are never recycled to the income statement, even if the underlying asset is sold, impaired or otherwise derecognised.

Translation reserve

The translation reserve is used to record foreign exchange rate changes relating to the translation of the results of foreign subsidiaries arising after 1 January 2004. It is also used to record foreign exchange differences arising on long-term foreign currency borrowings used to finance or hedge foreign currency investments.

The effect of foreign exchange rate changes includes a loss of £99.0m (2021: loss of £108.2m) on the sale and liquidation of overseas subsidiaries that has been reclassified to the consolidated income statement in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates.

The adjustments in respect of hyperinflation relate to the application of IAS 29 Financial Reporting in Hyperinflationary Economies to the Group's operations in Ethiopia. The indexation impact to opening share capital and retained earnings of £45.9m (2021: £nil) has been included in translation reserves above.

26 OTHER RESERVES CONTINUED

Hedging reserve

For cash flow hedges that meet the conditions for hedge accounting, the portion of the gains or losses on the hedging instrument that are determined to be an effective hedge are recognised directly in shareholders' equity. When the hedged firm commitment results in the recognition of a non-financial asset or liability then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in shareholders' equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Merger reserve

As at 31 December 2022, the acquisition of the Derco group had completed and, as at that date, the consideration shares that were issued on 4 January 2023 represented a liability to issue a fixed number of shares in exchange for fixed financial assets. As such, these have been accounted for as an equity instrument and recognised in the other reserve (see also notes 25 and 29).

27 RETAINED EARNINGS

	2022 £m	2021 £m
At 1 January	**1,008.7**	962.8
Total comprehensive (loss)/income attributable to owners of the parent for the year:		
– (Loss)/profit for the year	**(11.2)**	117.0
– Actuarial (losses)/gains on defined pension benefits (see note 5)	**(12.1)**	58.2
– tax on actuarial losses/(gains)	**0.4**	(0.4)
Total comprehensive (loss)/income for the year	**(22.9)**	174.8
Written put option	**(13.6)**	–
Share-based payments, net of tax	**10.2**	10.0
Share buyback programme	**(69.5)**	(80.5)
Purchase of own shares by Inchcape Employee Trust	**(3.8)**	(6.2)
Dividends paid (see note 10)	**(88.7)**	(52.2)
At 31 December	**820.4**	1,008.7

28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a. Reconciliation of cash generated from operations

	2022 £m	2021 £m
Cash flows from operating activities		
Operating profit – continuing operations	**400.3**	181.3
Operating profit – discontinued operations	**20.5**	45.6
Adjusting items (see note 2)	**10.5**	101.2
Amortisation of intangible assets (including non-adjusting impairment charges)	**10.3**	13.1
Depreciation of property, plant and equipment (including non-adjusting impairment charges)	**32.4**	30.9
Depreciation of right-of-use assets (including non-adjusting impairment charges)	**58.3**	51.0
Profit on disposal of property, plant and equipment and intangibles	**(2.1)**	(4.8)
Impairment of held for sale assets	**-**	1.5
Gain on disposal of right-of-use assets	**(1.0)**	(0.9)
Gain on disposal of businesses	**(2.7)**	–
Share-based payments charge	**10.2**	8.4
(Increase)/decrease in inventories	**(395.8)**	36.3
(Increase)/decrease in trade and other receivables	**(140.9)**	29.7
Increase/(decrease) in trade and other payables	**617.7**	(22.3)
Increase in provisions	**30.2**	10.5
Pension contributions more than the pension charge for the year[1]	**(1.7)**	(5.5)
(Increase)/decrease in interest in leased vehicles	**(0.6)**	3.9
Payments in respect of operating adjusting items	**(28.6)**	(12.0)
Other non-cash items	**1.8**	1.3
Cash generated from operations	**618.8**	469.2

1. Includes additional payments of £2.2m (2021 – £3.7m).

28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

b. Net debt reconciliation

	Liabilities from financing activities			Assets	
	Borrowings £m	**Leases £m**	**Sub-total £m**	**Cash/bank overdrafts £m**	**Total net debt £m**
Net debt at 1 January 2021	(210.0)	(332.8)	(542.8)	476.3	(66.5)
Cash flows	12.7	59.3	72.0	121.5	193.5
Acquisitions	(12.7)	(1.9)	(14.6)	(20.2)	(34.8)
Disposals	–	10.1	10.1	76.2	86.3
New lease liabilities	–	(68.3)	(68.3)	–	(68.3)
Transferred to liabilities held for sale	–	(1.3)	(1.3)	–	(1.3)
Foreign exchange adjustments	–	10.8	10.8	(65.0)	(54.2)
Net funds at 1 January 2022	**(210.0)**	**(324.1)**	**(534.1)**	**588.8**	**54.7**
Cash flows	**(596.3)**	**64.0**	**(532.3)**	**796.8**	**264.5**
Acquisitions	**(621.6)**	**(173.7)**	**(795.3)**	**(395.2)**	**(1,190.5)**
Disposals	**-**	**13.1**	**13.1**	**(17.0)**	**(3.9)**
New lease liabilities	**-**	**(58.4)**	**(58.4)**	**-**	**(58.4)**
Foreign exchange adjustments	**0.1**	**(20.3)**	**(20.2)**	**76.7**	**56.5**
Net debt at 31 December 2022	**(1,427.8)**	**(499.4)**	**(1,927.2)**	**1,050.1**	**(877.1)**

Net funds/(debt) is analysed as follows:

	2022 £m	2021 £m
Cash and cash equivalents as per the statement of financial position	**1,064.2**	596.4
Borrowings – disclosed as current liabilities	**(546.3)**	(7.6)
Add back: amounts treated as debt financing	**532.2**	–
Cash and cash equivalents as per the statement of cash flows	**1,050.1**	588.8
Debt financing		
Amounts to be treated as debt financing	**(532.2)**	–
Borrowings – disclosed as non-current liabilities	**(895.6)**	(210.0)
Lease liabilities	**(499.4)**	(324.1)
Debt financing	**(1,927.2)**	(534.1)
Net (debt)/funds	**(877.1)**	54.7
Add back: lease liabilities	**499.4**	324.1
Adjusted (net debt)/net cash	**(377.7)**	378.8

29 ACQUISITIONS AND DISPOSALS

a. Acquisitions

Acquisition of the Derco Group

On 31 December 2022, the Group acquired 100% of the share capital of Dercorp CL and merged a subsidiary company with Dercorp Ex (together with Dercorp CL "Derco"). Derco is a multi-brand automotive distributor, and the largest independent distributor by volume in Latin America, with a strong track record of profitable growth. Derco has significant presence across four attractive markets of Chile, Peru, Colombia and Bolivia with long-standing partnerships with global automotive brands such as Suzuki, Mazda, Chevrolet, Changan, JAC, Renault, Great Wall and Haval. The transaction has been accounted for as a business combination and significantly expands the Group's position in highly attractive and fast growth markets within Latin America and is expected to deliver significant value creation through enhanced growth prospects and the delivery of meaningful recurring synergies.

The consideration to acquire the share capital, valued at £723.1m, was satisfied by the issue of 38.5m new shares in the Inchcape group and by £407.3m in cash. Final consideration is subject to the conclusion of completion accounts. The fair value of the shares issued was based on the Inchcape plc closing share price at 30 December 2022 of 820p per share. The shares were valued at approximately £280m at the announcement of the acquisition, based on the Company's 20-day volume-weighted average price (VWAP) up to and including 26 July. Given completion occurred on a non-business day, the shares were not registered until 4 January 2023 and so the amounts relating to shares to be issued are classified within other reserves in the consolidated statement of financial position at 31 December 2022. The issuing of shares will qualify for merger relief.

The cash consideration of the acquisition was partly financed through the draw down, in December 2022, of a £350.0m bridge facility and a £250.0m term loan facility, see note 23.

29 ACQUISITIONS AND DISPOSALS CONTINUED

Acquisition-related costs of £34.4m incurred in connection with the acquisition of Derco have been recorded within net operating expenses in the consolidated income statement in the year ended 31 December 2022.

Details of the provisional fair values of the identifiable assets and liabilities as at the date of acquisition are set out below:

	Total £m
Assets and liabilities acquired, at provisional values[1]	
Non-current assets	
Intangible assets	**559.1**
Property, plant and equipment	**161.3**
Right-of-use assets	**124.0**
Investments in joint ventures and associates	**11.0**
Financial assets at fair value through other comprehensive income	**0.1**
Trade and other receivables	**2.6**
Deferred tax assets	**10.1**
Current assets	
Inventories	**796.2**
Trade and other receivables	**316.2**
Derivative financial instruments	**4.6**
Current tax assets	**34.2**
Cash and cash equivalents	**94.9**
Current liabilities	
Trade and other payables	**(562.8)**
Current tax liabilities	**(21.0)**
Provisions	**(5.6)**
Lease liabilities	**(19.5)**
Borrowings	**(531.6)**
Non-current liabilities	
Provisions	**(4.0)**
Deferred tax liabilities	**(173.5)**
Lease liabilities	**(118.3)**
Borrowings	**(85.5)**
Net identifiable assets	**592.5**
Goodwill	**130.6**
Net assets acquired	**723.1**
Consideration comprises	
Shares issued	**315.8**
Cash consideration	**407.3**
Total consideration	**723.1**

1. Given the proximity of the acquisition prior to the year end, the fair values of assets and liabilities acquired, as stated above, are provisional values.

Cash outflow to acquire businesses, net of cash and overdrafts acquired	2022 £m
Cash consideration	**407.3**
Less: Cash acquired	**(94.9)**
Net cash outflow	**312.4**

29 ACQUISITIONS AND DISPOSALS CONTINUED

The fair value and useful lives of identified intangible assets was estimated to be:

	Fair value £m	Useful life Years
Distribution agreement	**516.8**	**Indefinite**
Brands	**19.2**	**Indefinite**
Customer relationships	**13.1**	**10**
Computer software	**10.0**	**2 to 5**
	559.1	

Provisional goodwill of £130.6m arose on the acquisition and is attributable to the anticipated future cash flows of the acquired business and synergies expected to arise following integration with the Group's existing businesses in South America. Specifically, the goodwill represents the premium paid to expand the Group's presence in this important market and to create a scale Distribution platform across South America with attractive growth prospects. This provides a platform to deliver growth and improved returns far quicker than would have been achievable through organic expansion. None of the goodwill is expected to be deductible for tax purposes.

Intangible assets (not including goodwill) with provisional fair values of £559.1m were recognised at the date of acquisition, including distribution agreements (£516.8m), brands (£19.2m) and customer relationships (£13.1m). The distribution agreement and customer relationship intangible assets were valued using the multi period excess earnings (MEEM) approach, while the brands were valued using the relief from royalty approach.

Right-of-use assets of £124.0m and lease liabilities of £137.8m have been recognised at the date of acquisition. The lease liabilities are valued based on the assumption that the lease start date is equal to the acquisition date and discounting future lease payments by the incremental borrowing rate at the acquisition date. The right-of-use asset is measured at the same amount as the lease liability, adjusted to reflect terms which are favourable or unfavourable compared to market terms.

The fair value of trade and other receivables includes trade receivables of £125.1m and £67.3m of other taxation assets. The gross contractual amount receivable for trade receivables was £129.3m and the best estimate at the acquisition date of the contractual cash flows not expected to be collected was £4.2m. The gross contractual amount receivable for other taxation assets was equal to its fair value.

If the Derco Group had been acquired on 1 January 2022, the approximate revenue of the Group for the year ended 31 December 2022 would have been £10,380m and adjusted profit before tax would have been £510m. This information has been estimated based on management information of the acquired businesses prior to the date of acquisition, adjusted for known accounting policy differences and the impact of drawing down the related financing facilities from 1 January 2022. This pro forma information does not represent the results of the combined Group that actually would have occurred had the acquisition taken place on 1 January 2022 and should not be taken to be representative of future results.

Other acquisitions

On 28 March 2022, to expand its distribution footprint in the Americas, the Group acquired 70% of Comercializadora Ditec Automoviles S.A., acquiring the distribution rights to Porsche, Volvo and Jaguar Land Rover in Chile, for total consideration of £15.0m. Distribution agreements with a provisional fair value of £28.0m were recognised at the date of acquisition. Provisional goodwill of £2.7m arose on the acquisition. None of the goodwill is expected to be deductible for tax purposes.

On 29 April 2022, the Group acquired the entire share capital of ITC Group, a distributor of Suzuki, Mercedes-Benz, Subaru and Chrysler brands in the Caribbean, from the Simpson Group. The total cash consideration paid was £61.4m. Distribution agreements with a provisional fair value of £28.9m were recognised at the date of acquisition. Provisional goodwill of £0.1m arose on the acquisition. These businesses were acquired to further expand the Group's footprint with both existing and new OEM partners and using our distribution business as a platform to capture more of a vehicle's lifecycle value. Ditec and ITC Group contributed £221.4m of revenue and £11.6m of profit before tax for the year ended 31 December 2022.

During the year, the Group also acquired businesses in Guam and the UK. The total cost of these acquisitions was £18.1m and goodwill of £6.5m has been recognised.

29 ACQUISITIONS AND DISPOSALS CONTINUED

	Ditec £m	ITC Group £m	Other £m	**Total £m**
Assets and liabilities acquired, at provisional values[1]				
Distribution agreements recognised on acquisition	28.0	28.9	–	**56.9**
Computer software	0.1	2.4	–	**2.5**
Property, plant and equipment	3.6	2.2	9.0	**14.8**
Right-of-use assets	16.6	9.1	–	**25.7**
Inventories	23.9	19.0	2.6	**45.5**
Trade and other receivables	14.5	19.0	–	**33.5**
Cash and cash equivalents	6.0	6.3	–	**12.3**
Other assets	0.9	–	–	**0.9**
Trade and other payables	(41.5)	(14.6)	–	**(56.1)**
Borrowings	(4.5)	–	–	**(4.5)**
Lease liabilities	(27.1)	(8.8)	–	**(35.9)**
Provisions	–	(1.3)	–	**(1.3)**
Other liabilities	(2.9)	(0.9)	–	**(3.8)**
Net identifiable assets	17.6	61.3	11.6	**90.5**
Less: Non-controlling interests	(5.3)	–	–	**(5.3)**
Goodwill	2.7	0.1	6.5	**9.3**
Net assets acquired	15.0	61.4	18.1	**94.5**
Consideration comprises				
Cash consideration	14.2	62.8	18.1	**95.1**
Amounts payable to/(receivable from) seller	0.8	(1.4)	-	**(0.6)**
Total consideration	15.0	61.4	18.1	**94.5**

1. Given these acquisitions are still in the measurement period, the fair values of assets and liabilities acquired, as stated above, are provisional values.

Cash outflow to acquire businesses, net of cash and overdrafts acquired	**2022 £m**
Cash consideration	**95.1**
Less: Cash acquired	**(12.3)**
Net cash outflow	**82.8**

The non-controlling interest has a written put option over its 30% equity ownership in the Ditec business. This permits the holder to sell their shares to the Group at a price determined by an EBITDA driven formula during a three year period post-acquisition. The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within trade and other payables with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests. The liability is subsequently remeasured through equity for any subsequent charges in value. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity. At 31 December 2022, the put option value is estimated as £14.1m.

Measurement period adjustments

During the year, adjustments have been made to decrease the fair value of assets and liabilities acquired in business combinations in 2021 by £0.2m in addition to the increase in cash consideration of £0.5m.

29 ACQUISITIONS AND DISPOSALS CONTINUED

b. Disposals and discontinued operations

In the first half of the year, the Group agreed the sale of its remaining retail operations in Russia to management. The business represented the Group's remaining operation in Russia following the disposal of its St Petersburg business during 2021. The Russian operation is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The price agreed for the sale of the Russian business was €76m (c£63m), to be satisfied over a period of five years in annual instalments. Significant uncertainty exists with regards to the amount that will ultimately be recoverable given the precarious outlook for the Russian economy and the uncertainty regarding the continued supply of vehicles and parts by the OEMs. In estimating the amount to be recognised at the time of the disposal, management developed a number of scenarios for the possible performance of the business. Probabilities were applied to these scenarios which indicated that some of the receivable would be received over time. However, given the difficulties in remitting the proceeds and uncertainty over whether this would change in the future, management concluded that the disposal proceeds should be recognised at £nil.

In the second half of the year, the Group received the first annual instalment from the sale of the Russian business of €15m (£12.8m). This has been recorded as other income within the operating profit from continuing operations and has been reported as an adjusting item. Management have subsequently reassessed the amount at which the remaining receivable should be recorded at as at 31 December 2022. The outlook for the Russian economy remains precarious and there is continued uncertainty with regards to the supply of vehicle and parts and the ability of the purchaser to remit the instalments. Management therefore concluded that the value of the remaining instalments should be recognised at £nil at 31 December 2022.

Financial performance and cash flow information

The financial performance and cash flow information presented below is for the five months ended 31 May 2022 and for the 12 months to 31 December 2021.

	2022 £m	2021 £m
Revenue	**236.9**	739.2
Expenses	**(216.4)**	(693.6)
Operating profit	**20.5**	45.6
Finance (costs)/income	**(0.3)**	0.4
Profit before tax	**20.2**	46.0
Tax	**(4.8)**	(8.3)
Profit after tax of discontinued operation	**15.4**	37.7
Loss on disposal	**(256.5)**	–
(Loss)/profit from discontinued operation	**(241.1)**	37.7
Exchange differences on translation of discontinued operation	**117.7**	(0.1)
Other comprehensive (loss)/income from discontinued operation	**(123.4)**	37.6

	2022 £m	2021 £m
Net cash inflow from operating activities	**21.1**	21.2
Net cash outflow from investing activities	**(2.3)**	(5.4)
Net cash outflow from financing activities	**(1.4)**	(3.0)
Net increase in cash generated from discontinued operation	**17.4**	12.8

	Russia £m	**UK Retail £m**	**Total £m**
Disposal proceeds, net of disposal costs	**(2.9)**	**5.8**	**2.9**
Net assets disposed of	**(154.6)**	**(3.1)**	**(157.7)**
(Loss)/gain on disposal before reclassification of foreign currency translation reserve	**(157.5)**	**2.7**	**(154.8)**
Recycling of foreign currency translation reserve	**(99.0)**	**–**	**(99.0)**
(Loss)/gain on disposal	**(256.5)**	**2.7**	**(253.8)**

	Russia £m	**UK Retail £m**	**Total £m**
Consideration received, net of disposal costs paid	**9.8**	**5.8**	**15.6**
Cash & cash equivalents disposed of	**(32.6)**	**–**	**(32.6)**
Net cash (outflow)/inflow on disposal of business	**(22.8)**	**5.8**	**(17.0)**

29 ACQUISITIONS AND DISPOSALS CONTINUED

During the year, the Group also disposed of a retail site in the UK for £5.8m and received £0.2m of deferred proceeds from sites disposed of in 2021.

None of these disposals were material enough to be shown as discontinued operations on the face of the consolidated income statement as they did not represent a major line of business or geographical area of operations.

c. 2021 acquisitions and disposals

On 1 March 2021, the Group acquired the Mercedes-Benz passenger and commercial vehicles distribution operations in Guatemala, and the distribution and retail of Freightliner Trucks in Guatemala and El Salvador, from Grupo Q, for a total cash consideration of £5.5m. A distribution agreement with a fair value of £2.8m has been recognised at the date of acquisition. The business was acquired to strengthen and further expand the Group's partnership with Daimler-Mercedes-Benz in Central and South America. Goodwill of £1.0m arose on the acquisition. None of the goodwill is deductible for tax purposes.

On 1 December 2021, the Group acquired the full share capital of Morrico Equipment Holdings Inc, a distributor of new and used heavy equipment vehicles, including Freightliner, Mercedes-Benz and Hyundai, in Guam and Micronesia for a total cash consideration of £26.8m, including the settlement of £12.7m of debt acquired. The business was acquired to expand the Group's footprint into commercial vehicles in the region. Provisional goodwill of £16.5m arose on the acquisition. The goodwill is expected to be deductible for tax purposes.

In 2021, the Group acquired inventory assets from Star Motors SA de CV, a company registered in El Salvador, as well as the Daimler Trucks North America distribution rights in Ecuador and the distribution rights to Daimler vans in Colombia. The total cost of these acquisitions was £2.3m.

In 2021, the Group continued to reduce its retail operations and disposed of its Toyota and Audi retail business in St Petersburg, Russia, generating disposal proceeds of £109.6m. In Belgium, the Group disposed of three retail sites, generating disposal proceeds of £1.9m and two sites in the UK, generating disposal proceeds of £10.1m. The Group also disposed of its Retail business in Luxembourg in January 2021 for £4.5m.

None of these disposals were material enough to be shown as discontinued operations on the face of the consolidated income statement as they did not represent a major line of business or geographical area of operations.

30 GUARANTEES AND CONTINGENCIES

	2022 £m	2021 £m
Guarantees	**120.5**	25.8
Letters of credit	**21.5**	20.0
Contingent liabilities	**10.7**	6.4
	152.7	52.2

Letters of credit act as a guarantee, from one of the Group's banking relationships to another bank, for payments made by the Group to a specified third party.

The Group also has, in the ordinary course of business, commitments under foreign exchange instruments relating to the hedging of transactional exposures (see note 24).

Franked Investment Income Group Litigation Order

Inchcape is a participant in an action in the United Kingdom against HMRC in the Franked Investment Income Group Litigation Order ("FII GLO"). As at 31 December 2022, there were 17 corporate groups in the FII GLO. The action concerns the treatment for UK corporation tax purposes of profits earned overseas and distributed to the UK. As previously reported, the Supreme Court has returned the test case to the High Court to establish when the claimant in the test case could have reasonably discovered its mistake about the UK tax treatment of such profits. The case has now been listed to be heard by the High Court in November 2023. As at 31 December 2022, no further receipts have been recognised in relation to the balance of Inchcape's claim in the FII GLO due to the uncertainty of the eventual outcome, given that the test case has not yet been completed nor has Inchcape's specific claim been heard by the Courts.

31 COMMITMENTS

a. Capital commitments

Contracts placed for future capital expenditure at the balance sheet date but not yet incurred are as follows:

	2022 £m	2021 £m
Property, plant and equipment	**2.5**	10.0

b. Lease commitments

Operating lease commitments – Group as lessee

Future minimum lease payments for short-term leases under non-cancellable operating leases are as follows:

	2022 £m	2021 £m
Within one year	**4.4**	3.2

Operating leases – Group as lessor

The Group has entered into non-cancellable operating leases on a number of its vehicles and certain properties. These leases have varying terms, escalation clauses and renewal rights and are not individually significant to the Group.

Future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2022 £m	2021 £m
Within one year	**4.2**	1.5
Between one and five years	**3.7**	2.1
After five years	**0.1**	0.7
	8.0	4.3

Sub-lease receivables – Group as lessor

The Group has entered into sub-leases for a number of properties and other assets. As the lease term represents a major proportion of the underlying asset's useful life, the associated right-of-use asset has been derecognised and replaced with a sub-lease receivable. Future minimum lease payments receivable under sub-leases, together with the present value of the net minimum lease payments receivable (included within trade and other receivables), are as follows:

	2022 £m	2021 £m
Minimum lease payments receivable:		
– Within one year	**2.0**	2.3
– Between one and five years	**6.5**	7.6
– After five years	**10.1**	10.3
Total minimum lease payments receivable	**18.6**	20.2
Less: Unearned finance income	**(3.5)**	(4.3)
Present value of sub-lease receivables	**15.1**	15.9

c. Repurchase commitments

The Group has entered into agreements with certain customers to repurchase vehicles for a specified value at a predetermined date as follows:

	2022 £m	2021 £m
Vehicles subject to repurchase commitments	**98.2**	79.7

Repurchase commitments represent the total repurchase liability on all vehicles where the Group has a repurchase commitment. These commitments are largely expected to be settled over the next three years. £20.0m (2021: £18.4m) of the above repurchase commitments are included within 'trade and other payables' in the consolidated statement of financial position.

32 RELATED PARTY DISCLOSURES

a. Trading transactions

Intra-group transactions have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	Transactions		Amounts outstanding	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Other income paid to related parties	**1.2**	1.2	**–**	–
Other income received from related parties	**–**	–	**1.7**	–

All of the transactions arise in the ordinary course of business and are on an arm's length basis. The amounts outstanding are unsecured and will be settled in cash. There have been no guarantees provided or received for any related party receivables. The Group has not raised any provision for doubtful debts relating to amounts owed by related parties. (2021: £nil).

b. Compensation of key management personnel

The remuneration of the Board of Directors and the Executive Committee was as follows:

	2022 £m	2021 £m
Wages and salaries	**8.9**	9.3
Post-retirement benefits	**0.3**	0.4
Compensation for loss of office	**–**	0.4
Share-based payments	**3.9**	2.9
	13.1	13.0

The remuneration of the Directors and other key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends. Further details of emoluments paid to the Directors are included in the Directors' Report on Remuneration.

33 FOREIGN CURRENCY TRANSLATION

The main exchange rates used for translation purposes are as follows:

	Average rates		Closing rates*	
	2022	2021	**2022**	2021
Australian dollar	**1.78**	1.84	**1.77**	1.86
Chilean peso	**1,073.09**	1,043.46	**1,028.42**	1,152.93
Ethiopian birr[1]	**64.72**	60.21	**64.72**	66.81
Euro	**1.17**	1.16	**1.13**	1.19
Hong Kong dollar	**9.70**	10.69	**9.44**	10.55
Russian rouble[2]	**106.85**	101.55	**78.92**	101.43
Singapore dollar	**1.71**	1.85	**1.62**	1.82
US dollar	**1.24**	1.38	**1.21**	1.35

* At 31 December

Note 1: In 2022, the results for Ethiopia are translated at the closing rate, rather than the average rate, as required by IAS 21 The Effects of Changes in Foreign Exchange Rates for hyperinflationary foreign operations.

Note 2: Average rates for the Russian rouble represent the average rates for the 5-month period ending 31 May 2022, and the closing rates for the Russian rouble are as at the date of disposal of Russian operations.

34 EVENTS AFTER THE REPORTING PERIOD

On 17 January 2023, the Group announced the acquisition of a 60% controlling interest in the CATS group of companies, a leading distributor of luxury vehicles in the Philippines. The acquisition is subject to customary conditions with completion anticipated in the second half of 2023.

Byron Grote and Juan Pablo Del Rio were appointed to the Board of Directors in January 2023.

ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE PERFORMANCE MEASURES (APMS)

The Group assesses its performance using a variety of alternative performance measures which are not defined under International Financial Reporting Standards. These provide insight into how the Board and Executive Committee monitor the Group's strategic and financial performance, and provide useful information on the trends, performance and position of the Group.

The Group's income statement and segmental analysis identify separately adjusted measures and adjusting items. These adjusted measures reflect adjustments to IFRS measures. The Directors consider these adjusted measures to be an informative additional measure of the ongoing trading performance of the Group. Adjusted results are stated before adjusting items and on a continuing operations basis.

Adjusting items can include gains or losses on the disposal of businesses, restructuring of businesses, acquisition costs, asset impairments and the tax effects of these items. Adjusting items excluded from adjusted results can evolve from one financial period to the next depending on the nature of adjusting items or one-off activities.

Constant currency

Some comparative performance measures are translated at constant exchange rates, called 'constant currency' measures. This restates the prior period results at a common exchange rate to the current period and therefore excludes the impact of changes in exchange rates used for translation.

Performance measure	Definition	Why we measure it
Adjusted gross profit	Gross profit before adjusting items. Refer to the consolidated income statement.	A key metric of the direct profit contribution from the Group's revenue streams (e.g. Vehicles and Aftersales).
Adjusted operating profit	Operating profit before adjusting items. Refer to the consolidated income statement.	A key metric of the Group's business performance.
Operating margin	Adjusted operating profit divided by revenue.	A key metric of operational efficiency, ensuring that we are leveraging global scale to translate sales growth into profit.
Adjusted profit before tax	Represents the profit made after operating and interest expense excluding the impact of adjusting items and before tax is charged. Refer to consolidated income statement.	A key driver of delivering sustainable and growing earnings to shareholders.
Adjusting items	Items that are charged or credited in the consolidated income statement which are material and non-recurring in nature. Refer to note 2.	The separate reporting of adjusting items helps provide additional useful information regarding the Group's business performance and is consistent with the way that financial performance is measured by the Board and the Executive Committee.
Adjusted earnings per share	Represents earnings per share excluding the impact of adjusting items Refer to note 9.	A measure useful to shareholders and investors to understand the earnings attributable to shareholders without the impact of adjusting items.
Net capital expenditure	Cash outflows from the purchase of property, plant and equipment and intangible assets less the proceeds from the disposal of property, plant and equipment and intangible assets.	A measure of the net amount invested in operational facilities in the period.
Free cash flow	Net cash flows from operating activities, before adjusting cash flows, less normalised net capital expenditure and dividends paid to non-controlling interests.	A key driver of the Group's ability to 'Invest to Accelerate Growth' and to make distributions to shareholders.
Return on capital employed (ROCE)	Operating profit (before adjusting items) divided by the average of opening and closing capital employed, where capital employed is defined as net assets add net debt/less net funds.	ROCE is a measure of the Group's ability to drive better returns for investors on the capital we invest.
Adjusted return on capital employed (ROCE)	Operating profit (before adjusting items) divided by the average of opening and closing capital employed, where capital employed is defined as net assets add net debt/less net funds, less the capital employed of Derco, which was acquired on the last day of the year and therefore did not contribute to operating profit during the year.	Adjusted ROCE is a measure of the Group's underlying ability to drive better returns for investors on the capital we invest.
Net (debt)/funds	Cash and cash equivalents less borrowings and lease liabilities adjusted for the fair value of derivatives that hedge interest rate or currency risk on borrowings. Refer to note 28.	A measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength.

Performance measure	Definition	Why we measure it
Adjusted (net debt)/net cash	Cash and cash equivalents less borrowings adjusted for the fair value of derivatives that hedge interest rate or currency risk on borrowings and before the incremental impact of IFRS 16 lease liabilities. Refer to note 28.	A measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength and is widely used by external parties.
Constant currency % change	Presentation of reported results compared to prior period translated using constant rates of exchange.	A measure of business performance which excludes the impact of changes in exchange rates used for translation.
Organic growth	Organic growth is defined as sales growth in operations that have been open for at least a year at constant foreign exchange rate.	A measure of underlying business performance which excludes the impact of acquisition and disposals in the period.

APM – Adjusted profit before tax (from continuing operations)	**2022 £m**	2021 £m
Gross Profit	**1,325.3**	1,058.0
Less: Segment operating expenses	**(914.5)**	(776.6)
Adjusted Operating Profit	**410.8**	281.4
Less: Adjusting items in net operating expenses	**(10.5)**	(100.1)
Operating Profit	**400.3**	181.3
Less: Net finance costs and JV losses	**(67.2)**	(32.5)
Profit Before Tax	**333.1**	148.8
Add back: Adjusting Items in net operating expenses	**10.5**	100.1
Add back: Adjusting items in net finance costs	**29.6**	–
Adjusted profit before tax	**373.2**	248.9

APM – Free cash flow (from continuing operations)	**2022 £m**	**2022 £m**	Restated 2021 £m	Restated 2021 £m
Net cash generated from operating activities		**493.5**		377.0
Add back: Payments in respect of adjusting items		**28.6**		12.0
Net cash generated from operating activities, before adjusting items		**522.1**		389.0
Purchase of property, plant and equipment	**(64.2)**		(48.5)	
Purchase of intangible assets	**(4.3)**		(16.1)	
Proceeds from disposal of property, plant and equipment	**10.0**		24.6	
Net capital expenditure		**(58.5)**		(40.0)
Net payment in relation to leases		**(62.5)**		(59.5)
Dividends paid to non-controlling interests		**(3.8)**		(3.0)
Free cash flow		**397.3**		286.5
Less: Free cash flow from discontinued operations		**(17.4)**		(12.8)
Free cash flow from continuing operations		**379.9**		273.7

APM – Return on capital employed (from continuing operations)	**2022 £m**	2021 £m
Operating profit	**400.3**	181.3
Adjusting items in net operating expenses	**10.5**	100.1
Adjusted operating profit	**410.8**	281.4
Net assets	**1,567.0**	1,130.5
Less: Net assets from discontinued operations	**–**	(108.8)
Net assets from continuing operations	**1,567.0**	1,021.7
Add net debt/less (net funds)	**877.1**	(54.7)
Add: net funds/(net debt) from discontinued operations	**–**	(4.3)
Capital employed – continuing operations	**2,444.1**	962.7
Effect of averaging	**(740.7)**	45.4
Average capital employed	**1,703.4**	1,008.1
Return on capital employed	**24.1%**	27.9%
APM – Adjusted return on capital employed (from continuing operations)		
Capital employed – continuing operations	**2,444.1**	962.7
Less: Derco capital employed	**(1,383.1)**	–
Adjusted capital employed – continuing operations	**1,061.0**	962.7
Effect of averaging	**(49.2)**	45.4
Average adjusted capital employed	**1,011.8**	1,008.1
Adjusted return on capital employed	**40.6%**	27.9%

APM – Adjusted (net debt)/net cash	**2022 £m**	2021 £m
(Net debt)/net funds	**(877.1)**	54.7
Add back: lease liabilities	**499.4**	324.1
Adjusted (net debt)/net cash	**(377.7)**	378.8

APM – Adjusted earnings per share (from continuing operations)	**2022 £m**	2021 £m
Operating profit	**400.3**	181.3
Add: adjusting items in net operating expenses	**10.5**	100.1
Adjusted operating profit	**410.8**	281.4
Share of loss after tax of joint ventures and associates	**(0.6)**	–
Adjusted profit before finance and tax	**410.2**	281.4
Net finance costs	**(66.6)**	(32.5)
Add: adjusting items in net finance costs	**29.6**	–
Adjusted profit before tax	**373.2**	248.9
Tax on adjusted profit	**(97.3)**	(63.1)
Adjusted profit after tax	**275.9**	185.8
Less: minority interest	**(5.0)**	(4.9)
Adjusted earnings	**270.9**	180.9
Weighted average number of shares (m)	**376.4**	390.6
Dilutive effect	**44.7**	4.5
Basic adjusted earnings per share	**72.0p**	46.3p
Diluted adjusted earnings per share	**64.3p**	45.8p

FIVE YEAR RECORD

The information presented in the table below is prepared in accordance with IFRS, as in issue and effective at that year end date.

	Continuing operations				Total Group
Consolidated income statement	**2022 £m**	2021 £m	2020 £m	2019 £m	2018 £m
Revenue	**8,132.7**	6,900.9	6,837.8	9,379.7	9,277.0
Adjusted operating profit	**410.8**	281.4	164.1	373.1	398.6
Operating adjusting items	**(10.5)**	(100.1)	(257.1)	75.5	(223.7)
Operating profit/(loss)	**400.3**	181.3	(93.0)	448.6	174.9
Share of (loss)/profit after tax of joint ventures and associates	**(0.6)**	–	–	0.3	0.1
Profit/(loss) before finance and tax	**399.7**	181.3	(93.0)	448.9	175.0
Net finance costs before adjusting items	**(37.0)**	(32.5)	(36.6)	(47.1)	(48.1)
Adjusting finance costs	**(29.6)**	–	–	–	(13.9)
Profit/(loss) before tax	**333.1**	148.8	(129.6)	401.8	113.0
Tax before tax on adjusting items	**(97.3)**	(63.1)	(33.7)	(75.6)	(79.1)
Tax on adjusting items	**(0.9)**	(1.5)	24.2	2.5	5.5
Profit/(loss) after tax	**234.9**	84.2	(139.1)	328.7	39.4
(Loss)/profit from discontinued operations	**(241.1)**	37.7	–	–	–
Non-controlling interests	**(5.0)**	(4.9)	(2.9)	(5.8)	(7.0)
(Loss)/profit for the year attributable to owners of the parent	**(11.2)**	117.0	(142.0)	322.9	32.4
Basic:					
– (Loss)/profit for the year attributable to owners of the parent	**(11.2)**	117.0	(129.6)	401.8	113.0
– (Loss)/earnings per share (pence)	**(3.0)p**	30.0p	(36.0)p	79.0p	7.8p
Adjusted (before adjusting items):					
– Adjusted profit from continuing operations	**270.9**	180.9	127.5	326.3	350.6
– Adjusted earnings per share (pence)	**72.0**	46.3p	23.1p	59.9p	63.8p
Dividends per share – interim paid and final proposed (pence)	**28.8p**	22.5p	6.9p	26.8p	26.8p
Consolidated statement of financial position					
Non-current assets	**2,610.0**	1,464.3	1,479.6	1,773.2	2,056.0
Other assets less (liabilities) excluding net (debt)/funds	**(165.9)**	(388.5)	(351.9)	(224.7)	(248.4)
Capital employed	**2,444.1**	1,075.8	1,127.7	1,548.5	1,807.6
Net (debt)/funds	**(877.1)**	54.7	(66.5)	(249.9)	(445.9)
Net assets	**1,567.0**	1,130.5	1,061.2	1,298.6	1,361.7
Equity attributable to owners of the parent	**1,532.8**	1,108.9	1,041.9	1,278.3	1,338.4
Non-controlling interests	**34.2**	21.6	19.3	20.3	23.3
Total equity	**1,567.0**	1,130.5	1,061.2	1,298.6	1,361.7

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Intangible assets	3	**–**	2.6
Property, plant and equipment	4	**–**	0.6
Investment in subsidiaries	5	**2,347.1**	1,565.3
Deferred tax assets	10	**9.8**	8.5
Trade and other receivables	6	**210.4**	210.4
		2,567.3	1,787.4
Current assets			
Current tax assets		**9.6**	5.3
Trade and other receivables	6	**7.0**	6.1
Cash and cash equivalents	7	**3.9**	0.9
		20.5	12.3
Total assets		**2,587.8**	1,799.7
Current liabilities			
Trade and other payables	8	**(52.3)**	(53.7)
		(52.3)	(53.7)
Non-current liabilities			
Trade and other payables	8	**(561.5)**	(900.3)
Borrowings	9	**(810.0)**	(210.0)
		(1,371.5)	(1,110.3)
Total liabilities		**(1,423.8)**	(1,164.0)
Net assets		**1,164.0**	635.7
Equity			
Share capital	12	**37.6**	38.5
Share premium		**146.7**	146.7
Capital redemption reserve		**143.0**	142.1
Merger reserve		**315.8**	–
Retained earnings		**520.9**	308.4
Total shareholders' funds		**1,164.0**	635.7

The Company reported a profit for the financial year ended 31 December 2022 of £364.3m (2021: loss of £33.7m). The financial statements on pages 210 to 227 were approved by the Board of Directors on 22 March 2023 and were signed on its behalf by:

DUNCAN TAIT
GROUP CHIEF EXECUTIVE

Registered Number: 609782

Inchcape plc

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 1 January 2021		39.4	146.7	141.2	–	472.6	799.9
Loss for the year		–	–	–	–	(33.7)	(33.7)
Total comprehensive loss for the year		–	–	–	–	(33.7)	(33.7)
Dividends	13	–	–	–	–	(52.2)	(52.2)
Share buyback programme	12	(0.9)	–	0.9	–	(80.5)	(80.5)
Net purchase of own shares by the Inchcape Employee Trust		–	–	–	–	(6.2)	(6.2)
Share-based payments, net of tax		–	–	–	–	8.4	8.4
At 1 January 2022		**38.5**	**146.7**	**142.1**	**-**	**308.4**	**635.7**
Profit for the year		**-**	**-**	**-**	**-**	**364.3**	**364.3**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**364.3**	**364.3**
Dividends	13	**-**	**-**	**-**	**-**	**(88.7)**	**(88.7)**
Share buyback programme	12	**(0.9)**	**-**	**0.9**	**-**	**(69.5)**	**(69.5)**
Net purchase of own shares by the Inchcape Employee Trust		**-**	**-**	**-**	**-**	**(3.8)**	**(3.8)**
Share-based payments, net of tax		**-**	**-**	**-**	**-**	**10.2**	**10.2**
Shares to be issued		**-**	**-**	**-**	**315.8**	**-**	**315.8**
At 31 December 2022		**37.6**	**146.7**	**143.0**	**315.8**	**520.9**	**1,164.0**

Share-based payments include a net tax charge of £nil (2021: £nil).

ACCOUNTING POLICIES

GENERAL INFORMATION

These financial statements are prepared for Inchcape plc (the Company) for the year ended 31 December 2022. The Company is the ultimate parent entity of the Inchcape Group (the Group) and acts as the holding company of the Group. The parent company financial statements present information about the company as a separate entity and not about the Group.

BASIS OF PREPARATION

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006. As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented for the Company.

The Company does not have any critical accounting judgements. The valuation of the Company's investments is a key source of estimation uncertainty. The Company's net assets were lower than its market capitalisation on 31 December 2022 and the estimates of the recoverable amounts of the individual investments were in excess of their carrying values. As a result, no impairment has been reflected. Other sources of estimation uncertainty most applicable to the Company do not give rise to a significant risk of material adjustment to the carrying value of the Company's assets and liabilities.

The Directors of Inchcape plc manage the Group's risks at a group level rather than an individual business unit or company level. Further information on these risks and uncertainties, in the context of the Group as a whole, are included within the Group disclosures on pages 59 to 66.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure has been taken:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise price of share options, and how the fair value of goods and services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment';
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows),
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

STRATEGIC REPORT GOVERNANCE FINANCIAL STATEMENTS

GOING CONCERN

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements, as described in the Directors' Report of the consolidated Group Financial Statements.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the dates of the individual transactions. Monetary assets and liabilities in foreign currencies are translated into sterling at closing rates of exchange and differences are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

FINANCE COSTS

Finance costs consist of interest payable on the Private Placement borrowing. Costs are recognised as an expense, calculated using the effective interest rate method, in the period in which they are incurred.

INVESTMENTS

Investments in subsidiaries are stated at cost, less provisions for impairment.

IMPAIRMENT

The Company's accounting policies in respect of impairment of property, plant and equipment, intangible assets and financial assets are consistent with those of the Group. The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The Company's impairment policies in relation to financial assets are consistent with those of the Group, with additional consideration given to amounts owed by Group undertakings. Any provision for impairment of receivables is based on lifetime expected credit losses. Lifetime expected credit losses are calculated by assessing historical credit loss experience, adjusted for factors specific to the receivable and company.

OTHER INTANGIBLE ASSETS

Intangible assets, when acquired separately from a business (including computer software), are carried at cost less accumulated amortisation and impairment losses. Costs comprise purchase price from third parties as well as internally generated development costs where relevant. Amortisation is provided on a straight-line basis to allocate the cost of the asset over its estimated useful life, which in the case of computer software is between five and eight years. Software customisation and configuration costs relating to software not controlled by the Group are expensed over the period such services are received.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and directly attributable costs of the asset and includes, where relevant, capitalised borrowing costs. Depreciation is provided on a straight-line basis to allocate the cost of the asset over its estimated useful life, which in the case of computer hardware is five years.

DEFERRED TAX

Deferred income tax is accounted for using the liability method in respect of temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference is due to goodwill arising on a business combination, or to an asset or liability, the initial recognition of which does not affect either taxable or accounting income.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled using rates enacted or substantively enacted at the end of the reporting period. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to shareholders' equity, in which case the deferred tax is also dealt with in shareholders' equity.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle balances net.

SHARE CAPITAL

Ordinary shares are classified as equity.

Where the Company purchases its own equity share capital (treasury shares), the consideration paid is deducted from shareholders' funds until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' funds.

DIVIDENDS

Final dividends proposed by the Board of Directors and unpaid at the year-end are not recognised in the financial statements until they have been approved by the shareholders at the Annual General Meeting. Interim dividends are recognised when they are paid.

SHARE-BASED PAYMENTS

The Company operates various share-based award schemes. The fair value at the date at which the share-based awards are granted is recognised in the income statement (together with a corresponding credit in shareholders' equity) on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. At the end of each reporting period, the Company revises its estimates of the number of awards that are expected to vest. The impact of any revision is recognised in the income statement with a corresponding adjustment to equity.

For equity-settled share-based awards, the services received from employees are measured by reference to the fair value of the awards granted. With the exception of the Save As You Earn scheme, the vesting of all share-based awards under all schemes is solely reliant upon non-market conditions, therefore no expense is recognised for awards that do not ultimately vest. Where an employee cancels a Save As You Earn award, the charge for that award is recognised as an expense immediately, even though the award does not vest.

The issue of shares by the Company to employees of its subsidiaries represents additional capital contributions. When these costs are recharged to the subsidiary undertaking, the investment balance is reduced accordingly.

FINANCIAL INSTRUMENTS

The Company's policies on the recognition, measurement and presentation of financial instruments under IFRS 7 are the same as those set out in the Group's accounting policies on pages 141 to 151.

FINANCIAL GUARANTEES

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

1 AUDITOR'S REMUNERATION

The Company incurred £0.1m (2021: £0.1m) in relation to UK statutory audit fees for the year ended 31 December 2022.

2 DIRECTORS' REMUNERATION

	2022 £m	2021 £m
Wages and salaries	**2.6**	3.3
Social security costs	**0.5**	0.5
Pension costs	**0.1**	0.1
	3.2	3.9

Further information on Executive Directors' emoluments and interests is given in the Directors' Report on Remuneration which can be found on pages 96 to 116.

3 INTANGIBLE ASSETS

	Computer software £m
Cost	
At 1 January 2022	**25.9**
Retirement of fully amortised assets	**(25.9)**
At 31 December 2022	**–**
Accumulated amortisation and impairment	
At 1 January 2022	**(23.3)**
Amortisation charge for the year	**(2.6)**
Retirement of fully amortised assets	**25.9**
At 31 December 2022	**–**
Net book value at 31 December 2022	**–**
Net book value at 31 December 2021	2.6

At 31 December 2022, there were no assets under development (2021: £nil).

4 PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and equipment £m
Cost	
At 1 January 2022	**1.8**
Retirement of fully depreciated assets	**(1.8)**
At 31 December 2022	**–**
Accumulated depreciation and impairment	
At 1 January 2022	**(1.2)**
Depreciation charge for the year	**(0.6)**
Retirement of fully depreciated assets	**1.8**
At 31 December 2022	**–**
Net book value at 31 December 2022	**–**
Net book value at 31 December 2021	0.6

5 INVESTMENT IN SUBSIDIARIES

	2022 £m	2021 £m
Cost		
At 1 January	**1,696.0**	1,696.0
Additions	**781.8**	–
Dissolution	**(75.9)**	–
At 31 December	**2,401.9**	1,696.0
Provisions		
At 1 January	**(130.7)**	(130.3)
Dissolution	**75.9**	–
Impairment	**–**	(0.4)
At 31 December	**(54.8)**	(130.7)
Net book value	**2,347.1**	1,565.3

The Directors believe that the carrying value of the individual investments is supported by their underlying net assets.

During 2022, as part of the acquisition of the Derco group, the Company increased its investment in Inchcape International Holdings Limited and Indigo Chile Holdings SpA.

Inchcape Finance (Ireland) Limited, a subsidiary of the company, was dissolved on 10 January 2022, and an impairment charge of £0.4m was recognised against the Company's investment in this subsidiary in 2021.

6 TRADE AND OTHER RECEIVABLES

	2022 £m	2021 £m
Amounts due within one year		
Amounts owed by Group undertakings	**4.0**	5.8
Other debtors	**3.0**	0.3
	7.0	6.1
Amounts due after more than one year		
Amounts owed by Group undertakings	**210.0**	210.0
Other debtors	**0.4**	0.4
	210.4	210.4

Amounts owed by Group undertakings that are due within one year consist of current account balances that are interest free and repayable on demand, as well as intercompany loans that bear interest at rates linked to source currency base rates.

Amounts owed by Group undertakings that are due after more than one year bear interest at rates linked to source currency base rates.

7 CASH AND CASH EQUIVALENTS

	2022 £m	2021 £m
Cash and cash equivalents	**3.9**	0.9

8 TRADE AND OTHER PAYABLES

	2022 £m	2021 £m
Amounts due within one year		
Amounts owed to Group undertakings	**46.8**	47.7
Other creditors	**5.5**	6.0
	52.3	53.7

Amounts owed to Group undertakings are interest free and repayable on demand.

	2022 £m	2021 £m
Amounts due after more than one year		
Amounts owed to Group undertakings	**561.5**	900.3
	561.5	900.3

Amounts owed to Group undertakings are repayable between one and five years and bear interest at rates linked to source currency base rates.

9 BORROWINGS

	2022 £m	2021 £m
Amounts due after more than one year		
Private placement	**210.0**	210.0
Borrowings	**600.0**	–
	810.0	210.0

In December 2016, the Group concluded a Private Placement transaction raising £210m to refinance existing US dollar Private Placement borrowings which matured in May 2017. The amounts drawn under these facilities are as follows:

Maturity date	May 2024	May 2027	May 2027	May 2029
Amount drawn	£70m	£30m	£70m	£40m
Fixed rate coupon	2.85%	3.02%	3.12%	3.10%

In July 2022, the Group entered into a facilities agreement with two banks comprising a £350m bridge facility and a £250m term loan facility. The bridge facility has an initial term of 12 months commencing from the 29 December 2022, but the term is extendable at Inchcape's option by up to 12 months. The term loan has a term of 2 years commencing from 29 December 2022. The term and bridge facilities were fully drawn as at 31 December 2022 and have been disclosed as non-current borrowings.

10 DEFERRED TAX

Net deferred tax asset/(liabilities)	Tax losses £m
At 1 January 2021	**-**
Credited to the income statement	**8.5**
At 1 January 2022	**8.5**
Credited to the income statement	**1.3**
At 31 December 2022	**9.8**

Deferred tax assets recognised are supported by those future taxable profits of the UK tax group, headed by the Company, which are associated with the reversal of taxable temporary differences.

11 GUARANTEES

The Company is party to composite cross guarantees between banks and its subsidiaries. The Company's exposure under these guarantees at 31 December 2022 was £3.9m (2021: £0.9m), equal to the carrying value of its cash and cash equivalents at the end of the period (see note 7).

In addition, the Company has given performance guarantees in the normal course of business in respect of the obligations of Group undertakings amounting to £147.0m (2021: £119.0m).

12 SHARE CAPITAL

a. Allotted, called up and fully paid up

	2022 Number	2021 Number	2022 £m	2021 £m
Issued and fully paid ordinary shares (nominal value of 10.0p each)				
At 1 January	**383,851,938**	393,274,393	**38.5**	39.4
Cancelled under share buyback	**(9,357,908)**	(9,422,455)	**(0.9)**	(0.9)
At 31 December	**374,494,030**	383,851,938	**37.6**	38.5

b. Share buyback programme

During 2022, the Company repurchased 9,357,908 of its own shares (2021: 9,422,455 shares) through purchases on the London Stock Exchange, at a cost of £69.5m (2021: £80.5m). The shares repurchased during the year were cancelled, with none held within treasury shares at the end of the reporting period. An amount of £0.9m (2021: £0.9m), equivalent to the nominal value of the cancelled shares, has been transferred to the capital redemption reserve. Costs of £0.8m (2021: £ nil) associated with the transfer to the Company of the repurchased shares and their subsequent cancellation have been charged to the retained earnings reserve.

12 SHARE CAPITAL CONTINUED

c. Substantial shareholdings

Details of substantial interests in the Company's issued ordinary share capital received by the Company at 22 March 2023 under the provisions of the Companies Act 2006 have been disclosed in the significant shareholdings section of the Corporate Governance Report.

d. Share options

At 31 December 2022, options to acquire ordinary shares of 10.0p each in the Company up to the following numbers under the schemes below were outstanding as follows:

Number of ordinary shares of 10.0p each	Exercisable until	Option price (£)
The Inchcape SAYE Share Option Scheme – approved		
45,291	1 May 2023	4.59
1,109,249	1 May 2024	3.77
248,162	1 May 2025	7.31
653,940	1 May 2026	6.00

Included within the retained earnings reserve are 344,009 ordinary shares (2021: 349,149 ordinary shares) in the Company held by the Inchcape Employee Trust, a general discretionary trust whose beneficiaries include current and former employees of the Group and their dependants. The book value of these shares at 31 December 2022 was £2.7m (2021: £2.6m). The market value of these shares at both 31 December 2022 and 22 March 2023 was £2.8m and £3.0m respectively (31 December 2021: £3.2m; 24 February 2022: £2.5m).

e. Issue of shares after the balance sheet date

On 4 January 2023, 38,513,102 ordinary shares of 10p each in the capital of the Company were issued in connection with the acquisition of the Derco group. As at 31 December 2022, the acquisition had completed and, as at that date, the shares that were issued on 4 January 2023 represented a liability to issue a fixed number of shares in exchange for fixed financial assets. As such, they have been accounted for as an equity instrument.

f. Share-based remuneration

During the year, Inchcape plc had two employees, the Group Chief Executive and the former Chief Financial Officer.

The terms and conditions of the Company's share-based payment plans are detailed in the Directors' Report on Remuneration.

The charge arising from share-based transactions during the year was £0.7m (2021: charge of £1.2m), all of which is equity-settled.

The weighted average exercise price of shares exercised during the period was £nil (2021: £0.10).

The weighted average remaining contractual life for the share options outstanding at 31 December 2022 is 1.3 years (2021: 2.3 years) and the weighted average exercise price for options outstanding at the end of the year was £4.79 (2021: £3.77).

13 DIVIDENDS

The following dividends were paid by the Company:

	2022 £m	2021 £m
Interim dividend for the six months ended 30 June 2022 of 7.5p per share		
(30 June 2021 of 6.4p per share)	**28.0**	25.1
Final dividend for the year ended 31 December 2021 of 16.1p per share		
(31 December 2020 of 6.9p per share)	**60.7**	27.1
	88.7	52.2

A final proposed dividend for the year ended 31 December 2022 of 21.3p per share is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability as at 31 December 2022.

14 RELATED UNDERTAKINGS

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, associates and joint ventures as at 31 December 2022 is shown below:

Subsidiaries

Name and registered address		Percentage owned
Argentina		
Torre Catalinas Plaza, Av. Eduardo Madero 900 Piso 17, Buenos Aires		
Distribuidora Automotriz Argentina SA		100%
Inchcape Argentina SA		100%
Australia		
Level 2, 4 Burbank Place, Baulkham Hills, NSW 2153		
AutoNexus Pty Ltd		100%
Bespoke Automotive Australia Pty Ltd		100%
Inchcape Australia Ltd	(i)	100%
Trivett Automotive Retail Pty Ltd		100%
Inchcape European Automotive Pty Ltd	(ii)	100%
SMLB Pty Ltd		100%
Subaru (Aust) Pty Ltd		90%
TCH Unit Trust		100%
Trivett Automotive Group Pty Ltd		100%
Trivett Bespoke Automotive Pty Ltd		100%
Trivett Classic Garage Pty Ltd		100%
Trivett Classic Group Finance Pty Ltd		100%
Trivett Classic Holdings Pty Ltd	(iii)	100%
Trivett Classic Pty Ltd	(iv)	100%
Trivett Motorcycles Pty Ltd		100%
Trivett Pty Ltd		100%
Trivett Tyres Pty Ltd		100%
Inchcape Finance Australia Pty Limited		100%
Inchcape Corporate Services Australia Pty Limited		100%
Barbados		
International Trading Centre, Warrens, St. Michael, Barbados, BB22026		
Inchcape Caribbean Inc (formerly Interamericana Trading Corporation)		100%
Inchcape (Barbados) Inc (formerly Simpson Motors Limited)		100%
Belgium		
Leuvensesteenweg 369, 1932 Sint-Stevens-Woluwe		
Autoproducts NV		100%
Car Security NV		100%
Toyota Belgium NV/SA		100%
Boulevard Industriel 198, 1070 Anderlecht		
Garage Francorchamps SA		100%
Inchcape Retail Belgium		100%
Bolivia		
Avenue Cristobal de Mendoza No. 164 UV:14 Mzno:5 Bldg. Imcruz, Santa Cruz		
Imcruz Comercial S.A.		100%
Corporación de Inversiones Imcruz Corp. S.A.		100%
Inversiones Piraí S.R.L.		100%
Imcruz Corredores de Seguros S.R.L.		100%

14 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Brunei	
KM3.6, Jalan Gadong, Bandar Seri Begawan	
Champion Motors (Brunei) Sdn Bhd	70%
NBT (Brunei) Sdn Bhd	70%
NBT Services Sdn Bhd	70%
Bulgaria	
163 Tsarigradsko Shosse Str, Sofia	
Inchcape Brokerage Bulgaria EOOD	100%
TM Auto EOOD	100%
Toyota Balkans EOOD	100%
Cayman Islands	
c/o JTC (Cayman) Limited P.O. Box 30745, 94 Solaris Avenue, 2nd Floor, Camana Bay, Grand Cayman, KY1-1203	
Interamericana Trading Corp.	100%
Chile	
Av. La Dehesa 265, Ciudad Santiago comuna Lo Barnechea Región Metropolitana	
Mobility Services Chile SpA	100%
Universal Motors SpA	100%
Williamson Balfour Motors SA	100%
Williamson Balfour SA	100%
Ruta 5 Norte #19100 Ciudad Santiago comuna Lampa Región Metropolitana	
Hino Chile SA	100%
Inchcape Camiones y Buses Chile SA	100%
Avda. Las Condes 11774, Vitacura, Santiago	
Inchcape Latam Internacional SA	100%
Inchcape Automotriz Chile SA	100%
Indigo Chile Holdings SpA	100%
Av. Vitacura #5410, Vitacura, Santiago	
Inchcape Commercial Chile SA	100%
Av. Raul Labbe #12981, comuna Lo Barnechea Región Metropolitana	
Comercializadora Ditec Automoviles SA	70%
Comercial Automoviles Raul Labbe SA	70%
Alonso de Córdova 4125, office 403, Vitacura, Santiago	
Dercorp CL SpA	100%
Av. Americo Vespucio 1842, Quilicura, Santiago	
Promac SpA	100%
Importadora y Distribuidora Alameda SpA	100%
Dercomaq SpA	100%
Comesa S.A.	100%
Inversiones Derco Internacional SpA	100%
Derco Inversiones SpA	100%

14 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Chile CONTINUED	
Dercolatina SpA	100%
Sociedad Corredora de Seguros Derco SpA	100%
Derco Chile Repuestos SpA	100%
Dercocenter SpA	100%
Derco SpA	100%
Sociedad Inmobiliaria SCR SpA	100%
Servicios Operacionales Comerciales y Administrativos SpA (formerly known as Sociedad Comercializadora de Motos S.A.)	100%
Sociedad Comercializadora de Repuestos SpA	100%
Colombia	
Calle 99 N° 69c – 41 Bogotá	
Inchcape Digital Delivery Centre Colombia S.A.S	100%
Matrase S.A.S	100%
Inchcape Colombia S.A.S	100%
Inmobiliaria Inchcape Colombia S.A.S	100%
BravoAuto S.A.S	100%
Vuelta Grande a 150 metros de la Glorieta de Siberia via Cota-Chia CLIS BG34	
Distribuidora Hino de Colombia SAS	100%
Chía, Cundinamarca, Colombia	
Derco Colombia S.A.S.	100%
Derco Agencia de Seguros LTDA	100%
Cook Islands	
First Floor, BCI House, Avarua, Rarotonga	
IB Enterprises Ltd	100%
Costa Rica	
La Uruca, de la Pozuelo 200 metros oeste, frente al Hospital Mexico	
Arienda Express SA	100%
Inchcape Protection Express Sociedad Agencia de Seguros SA	100%
Vehiculos de Trabajo SA	100%
Vistas de Guanacaste Orquideas SA	100%
Djibouti	
Route de Venise – Djibouti Free Zone – PO Box 2645	
Red Sea Automotive FZCO	100%
Inchcape Djibouti Automotive Sarl	100%
Ecuador	
Av. 10 de Agosto N36-226 y Naciones Unidas, Quito, 170507	
Autolider Ecuador S.A.S	100%
El Salvador	
Boulevard Luis Poma y Calle Llama del Bosque Pte. #1, Urb. Madreselva, Antiguo Cuscatlán, La Libertad	
Inchcape El Salvador, S.A. de C.V.	100%

14 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Estonia	
Läike tee 38, Peetri küla, Rae vald, Harjumaa 75312	
Inchcape Motors Estonia OÜ	100%
Ethiopia	
Bole Sub City, Kebele 03, H.Nr. 2441, Addis Ababa	
The Motor & Engineering Company Of Ethiopia (Moenco) S.C.	94%
Finland	
Ansatie 6 a C, 01740 Vantaa, Kotipaikka, Helsinki	
Inchcape Motors Finland Oy	100%
Inchcape JLR Finland Oy	70%
Greece	
48 Ethnikis Antistaseos Street, Halandri 15231	
British Providence SA	100%
Eurolease Fleet Services SA	100%
Toyota Hellas SA	100%
Polis Inchcape Athens SA	100%
Guam	
443 South Marine Corps Drive, Tamuning, Guam 96913	
Atkins Kroll Inc	100%
197 Ypao Road, Tamuning , Guam 96913	
Morrico Holdings, Inc	100%
Morrico Equipment LLC	100%
Guatemala	
20 Calle 10-91, Zona 10, Guatemala, Guatemala	
Inchcape Guatemala SA	100%
Honduras	
Penthouse Edificio Torre Mayab, Colonia Loas del Mayab, Avenida Republica de Costa Rica, Tegucigalpa	
Inchcape Honduras S.A.	100%
Hong Kong	
11/F, Tower B, Manulife Financial Centre, 223-231 Wai Yip Street, Kwun Tong, Kowloon, HK	100%
British Motors Ltd	100%
Crown Motors Ltd	100%
Future Motors Ltd	100%
Inchcape Finance (HK) Ltd	100%
Inchcape Hong Kong Ltd	100%
Inchcape Mobility Limited	100%
Inchcape Motor Services Ltd	100%
Mega EV Ltd	100%
Nova Motors Ltd	100%

14 RELATED UNDERTAKINGS CONTINUED

Name and registered address		Percentage owned
Indonesia		
Indomobil Tower, 19th Floor, Jl. Mt Haryono no 11, Bidara Cina, Jakarta, Timur		
PT JLM Auto Indonesia		60%
Ivory Coast		
01 BP 3893, Abidjan O1		
Distribution Services Cote d'Ivoire SA		100%
Toyota Services Afrique SA		100%
Kenya		
LR 1870/X/126, Ground Floor, Oracle Towers, Waiyaki Way, P.O. Box 2231-00606, Nairobi		
Inchcape Kenya Ltd		100%
Latvia		
4a Skanstes Street, Riga, LV-1013		
Baltic Motors Imports SIA		100%
Inchcape Motors Latvia SIA		100%
Inchcape JLR Baltics SIA		70%
Lithuania		
Laisves av. 137, Vilnius, LT-06118		
UAB Autovista		67%
UAB Inchcape Motors		67%
Ozo str. 10A, Vilnius, LT-08200		
UAB Krasta Auto		100%
Macau		
Avenida do Coronel Mesquita, No 48-48D, Edf. Industrial Man Kei R/C, Macau		
Future Motors (Macao) Ltd		100%
Yat Fung Motors Ltd		100%
Netherlands		
Gustav Mahlerlaan 1212, 1081 LA Amsterdam, the Netherlands		
Inchcape International Group BV	(i)	100%
New Zealand		
Bell Gully, Level 22, Vero Centre, 48 Shortland Street, Auckland, 1010, New Zealand		
Inchcape Motors NZ Ltd		100%
North Macedonia		
21 8th September Boulevard, 1000 Skopje		
Toyota Auto Center DOOEL		100%

14 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Panama	
Vía General Nicanor A. de Obarrio (Street 50), Plaza Bancomer	
Ilaother SA	100%
Ilachile SA	100%
Ciudad de Panamá, Vía Cincuentenario Andrés Mojica, Ave. 6ta B., Lote X 5B, Corregimiento de San Francisco, Distrito de Panamá, Provincia de Panamá	
Arrendadora Automotriz SA	100%
Motors Japoneses SA	100%
Sun Motors SA	100%
Lopez, Lopez & Associates, 53rd street Marbella, World Trade Center, 5th floor, suite 502, Panama City	
Isthmus Exchange S.A.	100%
Peru	
Av. El Polo Nro. 1117, Santiago de Surco, Lima	
Inchcape Motors Peru SA	100%
Av. Republica de Panama Nro. 3330, San Isidro, Lima	
IMP Distribuidora SA	100%
Av. Morro Solar 812, Santiago de Surco, Lima	
Autocar del Peru SA	100%
Distribuidora Automotriz del Peru SA	100%
Inchcape Latam Peru SA	100%
Rentas e Inmobiliaria Sur Andina SA	100%
Av. Manuel Olguin 325, Santiago de Surco, Lima	
Derco Perú S.A.	100%
Dercocenter S.A.C.	100%
Corporación Andina de Negocios S.A.	100%
Poland	
Al. Prymasa Tysiąclecia 64, 01-424 Warszawa	
Inchcape Motors Polska Sp z.o.o	100%
Al. Karkonoska 61, 53-015 Wroclaw	
Interim Cars Sp z.o.o	100%
Ul. Lopuzanska 38 B, 02-232 Warszawa	
Inchcape JLR Poland Sp. Z.o.o	70%
Philippines	
28F Robinsons Cyberscape Gamma, Topaz and Ruby Roads, Ortigas Center, San Antonio, Pasig Cit, Second District, NCR, 1605	
Inchcape Digital Delivery Center Philippines Inc.	100%

14 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
Puerto Rico	
Sabana Gardens Industrial Park Calle B Lotes 6 al 9a, Carolina, PR 00983 and PO Box 29718, San Juan, PR 00929	
K.I. Investments Inc.	100%
Sabana Gardens Industrial Park Calle B Lotes 6 al 9a, Carolina, PR 00983 and PO Box 29718, San Juan, PR 00924-0092	
Millenium Sales and Services, Inc.	100%
Inchcape Puerto Rico, Inc (formerly Suzuki del Caribe, Inc.)	100%
Romania	
Pipera Boulevard No 1, Voluntari, Ilfov, 077190	
Inchcape Motors Srl	100%
Toyota Romania Srl	100%
Inchcape Broker de Asigurare Srl	100%
Inchcape Bravoauto Srl	100%
Saipan	
San Jose Village, 1 Chalan Monsignor Guerrero, Saipan, 96950, Northern Mariana Islands	
Atkins Kroll (Saipan) Inc	100%
Singapore	
2 Pandan Crescent, Inchcape Centre, Singapore 128462	
Borneo Motors (Singapore) Pte Ltd	100%
Century Motors (Singapore) Pte Ltd	100%
Champion Motors (1975) Pte Ltd	100%
Inchcape Automotive Services Pte Ltd	100%
Inchcape Motors Private Ltd	100%
Spain	
C. De Don Ramon de la Cruz, 38, 28001 Madrid	
Inchcape Inversiones España SLu	100%
Tanzania	
AFED Business Park, JK Nyerere Rd, PO.Box 21885, Dar Es Salaam	
Inchcape Automotive Limited	100%
Thailand	
No. 4332 Rama IV Road, Prakhanong Sub-District, Klongtoey District, Bangkok	
Inchcape (Thailand) Company Ltd	100%
No. 2133 New Petchburi Road, Bangkapi Sub-District, Huaykwang District, Bangkok 10310	
Inchcape Services (Thailand) Co Ltd	100%
Turks and Caicos Islands	
Market Place, Providenciales	
Nagoya Marine & General Insurance Ltd.	100%

14 RELATED UNDERTAKINGS CONTINUED

Name and registered address		Percentage owned
United Kingdom		
Inchcape Retail, First Floor, Unit 3140 Park Square, Solihull Parkway, Birmingham B37 7YN		
Armstrong Massey (York) Ltd		100%
Armstrong Massey Holdings Ltd (dissolved January 2023)		100%
Autobytel Ltd		100%
Chapelgate Motors Ltd		100%
Ferrari Concessionaires Ltd	(v)	100%
Gerard Mann Ltd		100%
Inchcape Estates Ltd		100%
Inchcape Motors International Ltd		100%
Inchcape North West Ltd		100%
Inchcape Retail Ltd		100%
Inchcape Trade Parts Ltd		100%
Inchcape Transition Ltd		100%
Inchcape UK Corporate Management Ltd		100%
Inchcape KMG Ltd		100%
Mann Egerton & Co Ltd		100%
Nexus Corporation Ltd		100%
Notneeded No. 144 Ltd		100%
The Cooper Group Ltd		100%
Tozer International Holdings Ltd		100%
Tozer Kemsley Millbourn Automotive Ltd		100%
22a St James's Square, London, SW1Y 5LP		
Inchcape Digital Ltd		100%
Inchcape (Belgium) Ltd	(vi)	100%
Inchcape Corporate Services Ltd		100%
Inchcape Finance plc		100%
Inchcape Hellas Funding		100%
Inchcape Investments (no 1) Ltd		100%
Inchcape International Holdings Ltd		100%
Inchcape JLR Europe Ltd		70%
Inchcape Management (Services) Ltd		100%
Inchcape Overseas Ltd		100%
Inchcape Russia (UK) Ltd	(vi)	100%
Inchcape (Singapore) Ltd		100%
St Mary Axe Securities Ltd		100%
PO Box 33 Dorey Court Admiral Park St Peter Port GUERNSEY GY1 4AT		
St James's Insurance Ltd		100%
4th Floor 115 George Street, Edinburgh EH2 4JN		
Inchcape Investments & Asset Management Ltd		100%
Uruguay		
Rambla Baltasar Brum 3028, Montevideo		
Autolider Uruguay S.A.		100%

14 RELATED UNDERTAKINGS CONTINUED

Name and registered address	Percentage owned
United States of America	
The Corporation Company, 30600 Telegraph Road Bingham Farms, MI 48025	
Baltic Motors Corporation	100%

Joint ventures

Name and registered address	Percentage owned
Australia	
Level 6, 15 Talavera Road, Macquarie Park, NSW, 2113	
Inchcape Financial Services Australia Pty Limited	50%
Chile	
Av. Americo Vespucio 1842, Quilicura, Santiago	
Sociedad Comercial e Inmobiliaria Autoshopping S.A.	50%
Sociedad Comercial Ecovalor S.A.	50%
Av. Las Condes #11000, Oficina 301-A, Vitacura, Santiago	
Sociedad de Creditos Automotrices S.A.	50%
Greece	
48 Ethnikis Antistaseos Street, Halandri 15231	
Tefin SA	50%

Unless stated below, all holdings have one type of ordinary share capital:

(i) Ordinary A and Ordinary B shares
(ii) Ordinary shares, B Class shares, J Class shares and L Class shares
(iii) Ordinary shares and E Class shares
(iv) Ordinary shares, A Class shares, C Class shares, D Class shares and E Class shares
(v) Ordinary shares, Ordinary A shares and 8% non-cumulative redeemable preference shares
(vi) Ordinary shares and redeemable cumulative preference shares

SHAREHOLDER INFORMATION

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Registered in England and Wales

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Independent Auditor
Deloitte LLP
Chartered Accountants and
Statutory Auditor

SHARE REGISTRARS

Computershare Investor Services PLC
Registrar's Department, The Pavilions
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Bristol BS99 7NH
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SOLICITORS

Herbert Smith Freehills

CORPORATE BROKERS

Jefferies Hoare Govett
JP Morgan Cazenove

INCHCAPE ISA

Inchcape has established a Corporate Individual Savings Account (ISA). This is managed by Equiniti Financial Services Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Tel: 0870 300 0430

International callers:
Tel: +44 121 441 7560
More information is available at www.shareview.com

FINANCIAL CALENDAR

Annual General Meeting
18 May 2023

Announcement of 2023 Interim Results
27 July 2023

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