Report of the Audit Committee

Maintaining robust governance, strong controls and effective risk oversight remains central to the Committee's role in supporting the long-term success of the Group.

Committee membership

	Meeting attendance
Mark Butcher	4/4
Bindi Karia	4/4
John Pattullo	4/4
Nicola Rabson	4/4

Mark Butcher
Audit Committee Chairman

Dear stakeholder,

On behalf of the Audit Committee (the Committee) and the Board, I am pleased to present the Committee's report for the year ended 30 April 2026. This report summarises the Committee's work during the year to safeguard the interests of the Group's stakeholders through strong internal controls, effective risk management and transparent financial reporting.

It outlines the Committee's role within the Group's governance framework, including how it supports the Board in assessing the integrity of financial reporting and the effectiveness of risk management and internal controls.

The Board retains responsibility for setting risk appetite and reviewing the risk register, reflecting its commitment to robust risk management. Further details on the Group's risk processes can be found on pages 45 to 48. Throughout the year, the Committee focused on its core responsibilities: ensuring the integrity of financial information, maintaining audit quality and overseeing the Group's internal control environment as well as supporting the Group in the preparation of reporting guidance under Provision 29 of the UK Corporate Governance Code (Provision 29).

Meetings

The Committee is required to meet at least three times a year. Details of attendance at meetings held in the year ended 30 April 2026 are included in this report. Due to the cyclical nature of its agenda, which is linked to the Group's financial calendar, the Committee met four times during the year. The external auditor and the Group Head of Internal Audit attend all meetings, and Directors not part of the Committee are normally invited.

The Committee confirms that the operation of the Committee and its terms of reference are reflective of the FRC's Audit Committees and the External Audit: Minimum Standard (the Minimum Standard) as published in May 2023.

The Code requires that at least one member of the Audit Committee (the Committee) should have recent and relevant financial experience. Currently, the Chairman of the Committee, Mark Butcher, fulfils this requirement. All members of the Committee are expected to be and are financially literate. The Committee is comprised of Independent Non-Executive Directors with relevant experience and proficiency in line with the requirements of the Code and the Committee's terms of reference.

Activities in FY2026.

The Committee continues to support the risk management framework of the Group through regular review of internal controls and oversight of the work of Group Internal Audit. The Committee has overseen the preparations for meeting the reporting requirements under Provision 29.

During the year, the Committee reviewed management's viability assessment, including the period of assessment, economic conditions, climate change and downside sensitivities, and challenged the underlying assumptions. The Committee is satisfied that the Group remains viable. Further detail is provided in the viability statement on page 57.

The Committee reviewed key accounting judgements, including depreciation rates and the valuation of claims due from insurers and self-insuring organisations. Depreciation assessments considered the outlook for residual values in the context of vehicle supply and macroeconomic conditions, while insurance claim recovery assessments reviewed the mix of protocol and non-protocol claims, historical settlements and factors affecting future outcomes.

The Committee reviewed the presentation of underlying financial results taking into consideration items which have been classed as exceptional or presented as not part of underlying performance. In particular, it reviewed management judgements in assessing the impairment of assets and the classification of restructuring costs.

The Committee reviewed and made a recommendation to the Board to approve both the Group's tax strategy and the Group's Treasury policy and framework which the Board approved. The Group's tax strategy demonstrates the Group's commitment to tax transparency and its stated desire to pay the right amount of tax.The Group's Treasury policy ensures effective liquidity management, financial risk control, and disciplined funding decisions.

Report of the Audit Committee continued

Activity

The main activities of the Committee are outlined below. The meeting in June primarily relates to the completion of the reporting cycle for the previous financial year, therefore the meeting held in June 2026 has been included below as it related to the year ended 30 April 2026.

September 2025

Key focus

Reviewed the effectiveness of the FY2025 external audit and agreed the scope of the FY2026 audit work to be undertaken by PwC

- Reviewed and approved PwC's audit plan including an assessment of their independence
- Agreed the audit fee for FY2026
- Reviewed and confirmed endorsement of the Group's non-audit fee policy
- Reviewed and approved the Committee's terms of reference, prior to making a recommendation to the Board

November 2025

Key focus

Reviewed the interim financial statements to be issued in December 2025 and related reports prepared by management and PwC

- Reviewed management's assessment of going concern
- Reviewed management papers supporting the key judgement areas in the interim financial statements including depreciation rates, recoverability of contract assets and interim tax accounting
- Reviewed a paper on the presentation of financial statements including consideration of exceptional items
- Reviewed and approved the Group Internal Audit Charter

March 2026

Key focus

Reviewed the quality and effectiveness of Group Internal Audit and endorsed the preparatory activities for reporting in compliance with Provision 29

- Reviewed the quality and effectiveness of Group Internal Audit
- Set the programme of internal audits
- Reviewed the proposal for the annual audit exemption
- Reviewed the Group's treasury arrangements and policies
- Reviewed regulatory updates presented by PwC
- Reviewed business readiness activities pursuant to reporting compliance with Provision 29

June 2026

Key focus

Reviewed the FY2026 Financial Statements and related reports prepared by management and PwC

- Reviewed and approved the Group's Fair, balanced and understandable statement
- Reviewed management's and PwC's papers on areas of key judgement including depreciation rates, recoverability of contract assets, going concern and viability
- Reviewed management papers on tax accounting and presentation of financial statements
- Reviewed management papers on impairments and exceptional items
- Reviewed the Group's corporate taxation arrangements and recommended that the Board approve the Group's tax strategy
- Reviewed and approved non-audit services provided by PwC

At each meeting, the Committee received regular reports from the Group Head of Internal Audit and reviewed progress made by management in responding to their internal control recommendations. The Committee had regular discussions with the Group Head of Internal Audit and the external audit partner without management being present.

Report of the Audit Committee continued

Overview of internal controls

Risk management

The Committee is responsible for overseeing the adequacy of internal controls and the work of Group Internal Audit. The Board determines the extent and nature of the risks it is prepared to take in order to achieve the Group's strategic objectives.

During the year the Board approved an updated Risk Management policy, as well as an updated risk appetite framework which supports the implementation of the Group's risk management framework.

Following the Committee's review and recommendation, the Board agreed that internal controls (including risk management and management of climate-related emerging risks) continue to be effective. This was in accordance with the requirements of the FRC's Guidance on risk management, internal control and related financial and business reporting. The Committee supported the Board's confirmation that no significant failings or weaknesses have been identified during the financial year. Processes are in place to ensure that necessary action is taken, and progress is monitored where areas for improvement are identified.

Preparation for reporting compliance with Provision 29

The Committee is responsible for overseeing the business's readiness activities relating to changes from revisions to the UK Corporate Governance Code, particularly the approach to demonstrate compliance with Provision 29 in the year ending 30 April 2027. A project group has been established, with specific focus on the documentation of material controls and the assurance which is already or will need to be in place. The transition towards reporting will be kept under review by the Committee.

Internal financial controls

On a continual basis, the Committee reviews the adequacy and effectiveness of the Group's system of internal financial controls, with an overview of the framework shown on this page.

The Committee received detailed reports on the operation and effectiveness of the internal financial controls from members of the senior management team. The outcome of the external audit at the year end and the half-year review are considered in respect of internal controls. The Committee also receives updates on the policies and procedures in place and how these are being communicated to and complied with by the wider workforce.

1. The Governance framework	2. Risk management	3. Strategy, policy and review procedures
Board and its committees	Review of effectiveness of system of internal control	Financial reporting forecasting and sensitivity analyses
Group Executive Committee and executive-led committees	Risk Appetite statement Principal risk assessment including emerging risks Viability assessment	Group tax and treasury strategy, policies and procedures Climate-related reporting
Group Management Boards	Group risk register Key controls Key risk indicators	Business unit, policies, procedures, processes and systems

4. Underpinned by our assurance framework

Independent external audit | Group Internal Audit

1. Our governance framework supports effective internal controls through an approved schedule of matters reserved for decision by the Board and the Executive Committee, supported by defined responsibilities, levels of authority and supporting committees.
2. The Board regularly reviews the Group's risk register, the schedule of key controls and key risk indicators. The Board also assesses the impact of emerging risks to the Group. Our risk management procedures are robust and can be viewed on pages 45 to 48.
3. Comprehensive programmes of financial reporting and forecasting are conducted frequently and include both sensitivity and variance analysis. A budgeting exercise and strategic review is conducted annually. Sensitivity analyses are included in both the strategic review and the rolling forecasts. Taxation is a complex area and is subject to frequent external review. The Committee provides oversight and this year recommended to the Board the approval of the Group's tax strategy. Oversight of climate-related disclosures is managed through the Sustainability Committee.
4. The Treasury function ensures compliance with the Group's treasury policies set by the Board and reviewed by the Committee which cover liquidity risk, credit risk, interest rate risk, foreign exchange risk and capital management. The Group's Liquidity policy includes continual monitoring of the Group's debt facilities to ensure sufficient access to capital. All complex or large transactions are discussed in advance with the Board.
5. During the year, no significant deficiencies had been raised by PwC through the course of the annual external audit nor through the work carried out by Group Internal Audit and overseen by the Committee.

Report of the Audit Committee continued

Significant matters considered in relation to the financial statements

The Committee reviewed the significant matters set out in this report in relation to the Group's financial statements for the year ended 30 April 2026. We discussed these issues at various stages with management during the financial year and during the preparation and approval of the financial statements.

Following a review and consideration of the presentations and reports presented by management, we are satisfied that the financial statements appropriately address the critical judgements and key estimates, in respect of both the amounts reported and the disclosures made and that our conclusions in relation to these issues are in line with those drawn by the auditor.

Significant financial judgements, key assumptions and estimates

Any key accounting issues or judgements made by management are monitored and discussed with the Committee throughout the year.
The table below provides information on the key issues discussed with the Committee during the year and the judgements adopted.

Matter	Key consideration	Progress to date	Conclusion
Determining appropriate depreciation rates for vehicles available for hire	Ensuring that depreciation rates are set appropriately.	The Committee reviewed trends of vehicle residual values. In addition, management papers were reviewed at each reporting date which included a quantitative and qualitative assessment of the current and forecast trends in the used vehicle market, management of fleet and review of the Group's depreciation policy and accounting estimates in this context. We challenged and debated the assumptions and judgements made and were content with management's assessment.	We agreed with management's assessment of depreciation rates to be applied to the existing fleet and their proposal for depreciation rates on new vehicle purchases to be applied in FY2027.
Claims due from insurance companies and self-insuring organisations	Ensuring that the carrying value of insurance claims represents the best estimate of the net claim value to be recovered.	At each reporting date, the Committee reviewed papers prepared by management which included assessment of the expected net claim values at each reporting date. We challenged the underlying assumptions and significant areas of judgement and were satisfied with management's assessments.	We concluded that the judgements made in determining net claim values as at 30 April 2026 were appropriate.
Impairment of Group assets and disclosure of exceptional items	Ensuring the recoverable amounts of the assets held on the balance sheet are in excess of carrying values and that exceptional items are appropriately presented.	The Committee reviewed a paper prepared by management considering the presentation of certain items as exceptional, or reported outside of underlying results, including impairment of assets and restructuring costs. We challenged the assumptions made and were satisfied with management's assessment.	We reviewed management assessments in calculating the impairment of assets which have been disclosed as exceptional items, along with other costs that have been presented outside of underlying results and agree that this presentation provides a clearer comparison of the underlying performance of the Group.
Financial statements and other information	Fair and balanced presentation of financial statements and other information including use of appropriate alternative performance measures.	The Committee considered the presentation of the financial statements, including the presentation of reported results between underlying and statutory performance, as well as evaluating how financial results and alternative performance measures were used as part of the Strategic report. The Committee reviewed papers prepared by management at each reporting date which outlined management's judgement in assessing whether any items should be classified as exceptional items, or otherwise excluded from underlying results, to ensure that the judgements made were reasonable and were in line with stated policy.	We concluded that the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable, and that the use of alternative performance measures was appropriate.

Report of the Audit Committee continued

Group Internal Audit

Group Internal Audit is an independent and objective assurance and consulting function designed to add value and improve the operations of the Group by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

In fulfilling its duty to monitor the effectiveness of the Group Internal Audit function, the Committee has:

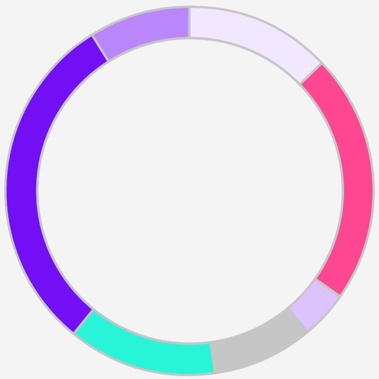
- Reviewed the adequacy of the resources of the Group Internal Audit function;
- Reviewed the Group Internal Audit Charter;
- Ensured that the Group Head of Internal Audit has direct access to the Chairman of the Board and to all members of the Committee;
- Conducted one-to-one meetings with the Group Head of Internal Audit without management present; and
- Approved the Group Internal Audit programme and reviewed quarterly reports by the Group Head of Internal Audit, ensuring the Committee was satisfied with the quality of these reports.

In determining the risk-based internal audit programme, the Group Internal Audit function take into account the following:

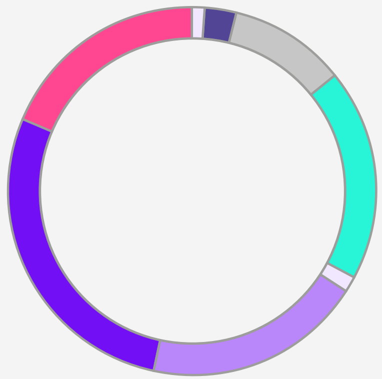
- Feedback gathered from Board committees and executive-led committees;
- Feedback from regular meetings with internal stakeholders and management throughout the business;
- Transformation projects, acquisitions and significant areas of financial value or risk;
- Meetings with the Group's external auditor to understand the scope of their work and gather feedback on risk and control issues that they are reviewing;
- Relevant regulations and any regulatory changes applicable to the Group; and
- Review of the summary of auditable areas, previous internal audit scores and the length of time between audits.

The FY2026 Internal Audit plan resulted in the following coverage of principal risks and audit themes[1]:

Theme



Principal risk



1 Each audit may cover multiple principal risks but will only have one theme.

Theme:
- Governance and compliance
- Technology and data
- Transformation and Change
- People
- Financial
- Business operations
- Asset management

Principal risk:
- Access to capital
- Fleet availability
- Our markets and customers
- Our people
- Recovery of contract assets
- Regulatory environment
- Technology and digitalisation
- The world we live in

Management action plans to improve internal controls and to mitigate risks are agreed with the business area after each audit. Group Internal Audit has a robust process in place to monitor the implementation of management actions, which, where required, includes review and testing of evidence to corroborate action implementation.

During the March 2026 meeting, the Committee considered the findings of the review of the performance, effectiveness and independence of Group Internal Audit, a process which is undertaken annually. The Committee concluded that the Group internal audit process had been conducted effectively and that the quality of audit and reporting was rated highly.

Report of the Audit Committee continued

External auditor

The Committee reviews and makes recommendations regarding the appointment of the external auditor. In making this recommendation, we consider auditor effectiveness and independence including consideration of non-audit fees and length of tenure of the audit firm and senior members of the audit team.

The audit firm

The Committee confirmed compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, after having carried out a competitive tender in FY2025 with PwC first appointed in 2015 meeting the statutory 10-year requirement. PwC was reappointed as Group auditor after the matter was put to a shareholder vote in the 2025 AGM.

The Committee continually evaluates the effectiveness of the external auditor and supports the proposed reappointment of PwC for a further year at the upcoming AGM in September 2026.

Audit partner transition

The FY2026 audit was Jonathan Greenaway's last year serving as engagement partner and Nick Cook will take over as engagement partner for the financial year ending 30 April 2027. The Committee is satisfied with PwC's arrangements for a smooth transition, to help preserve the effectiveness of the audit process for FY2027.

Auditor effectiveness

The Committee carries out an annual assessment of the external auditor by reviewing the effectiveness of the audit process and the objectivity and independence of the external auditor, both in terms of the engagement team and the firm as a whole. In order to perform this assessment, the following criteria are considered:

- the auditor's safeguards to independence including the independence letter which annually confirms their independence and compliance with the FRC Ethical Standard;
- the operation, and compliance with, the Group's policy on non-audit work being performed by the auditor;
- how the auditor identified risks to audit quality and how these were addressed, including the controls the auditor relied upon;
- the quality of the audit plan including identification of key risks, materiality assessment and scope of Group audit;
- how the auditor demonstrated professional scepticism and challenged management's assumptions where necessary; and
- assessment of the quality of the firm, including the reputation of the firm and the outcome of the FRC's inspection of PwC's audit quality

In assessing how the auditor demonstrated professional scepticism and challenged management's assumptions, the Committee considered the depth of discussions held with the auditor, particularly with respect to challenging the Group's approach to its significant judgements and estimates. The Committee is satisfied with the level of challenge raised by the audit partner and the team during the year.

The Committee concluded that the audit process was operating effectively.

Non-audit fees

The Committee ensures that non-audit work may only be undertaken by the external auditor in limited circumstances. All non-audit services are subject to the Committee's prior approval. Non-audit services provided by our external auditor are subject to a cap equal to 70% of the average annual audit fee for the preceding three years.

Non-audit fees for services provided by PwC for the year amounted to £84,000 which included £71,000 for the review of the interim financial statements. As the interim review work was required by legislation this is not included for the purposes of comparing non-audit fees to the 70% cap included in the FRC's guidance. The remaining non-audit fees comprised of £10,000 relating to agreed-upon procedures in Spain as well as a total of £3,000 for non-audit fees, which was incurred for providing access to PwC's online technical resources. The level of non-audit fees is equivalent to 1% of the three-year average audit fee.

Looking forward

In FY2027, the Committee will continue to support the Board as the business delivers on its strategy and governance framework. The Committee will oversee upcoming financial reporting changes driven by both the reshaping of our businesses and incoming changes to accounting standards. The Committee will also oversee risk management processes and internal controls in the context of requirements under the Corporate Governance Code.

Mark Butcher
Audit Committee Chairman

7 July 2026