AutoTrader Group

Driving Change Together. Responsibly.

Auto Trader Group plc
Annual Report and Financial Statements 2024

Auto Trader Group plc
is the UK's largest automotive marketplace

Auto Trader's purpose is Driving Change Together. Responsibly. Auto Trader is committed to creating a diverse and inclusive culture, to build stronger partnerships with customers and use its influence to drive more environmentally friendly vehicle choices.

With the largest number of car buyers and the largest choice of trusted stock, Auto Trader's marketplace sits at the heart of the UK car buying process. That marketplace is built on an industry-leading technology and data platform, which is increasingly used across the automotive industry. Auto Trader is continuing to bring more of the car buying journey online, creating an improved buying experience, whilst enabling all its retailer partners to sell vehicles online.

How to use this report

The following symbols indicate that further supporting information can be found elsewhere in this report or on our PLC website:

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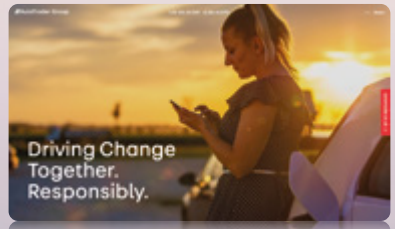

plc.autotrader.co.uk

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At a glance

OUR PURPOSE-DRIVEN STRATEGY P10
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Our company purpose explains why we exist, our strategy is what we do, and we have clear ways of working, with a strong values-led culture.

The pillars below are strongly interconnected and together they influence whether we're successful in the execution of our strategy. Over the past 12 months our marketplace has continued to strengthen, with growing numbers of both buyers and sellers. We are supporting more of the industry using our platform and data to power their businesses, at the same time as bringing more of the new and used car buying experience online, on Auto Trader. We've introduced an all-employee share scheme, underpinning the sense of ownership that already exists amongst our employees, and have evolved our company values.

WHY WE EXIST

Driving Change Together. Responsibly.

Our purpose of "Driving Change Together. Responsibly" encompasses our strategic approach, ways of working and culture. As an organisation we aim to be purpose driven, principled, and values led.

WHAT WE DO

Delivering on our strategic focus areas

Alongside working responsibly, we have three strategic focus areas:

- Marketplace: be the best place to buy a car
- Platform: be the industry's data and technology platform
- Digital retailing: be the enabler for all retailers to sell online

HOW WE WORK

Working responsibly, working together

Whilst it lacks precision, our culture is often described internally as 'doing the right thing', which comes through as 'Responsibly' in our purpose:

- Working as one Auto Trader
- Working in partnership
- Thinking as owners

WHO WE ARE

Our values define who we are

Our values are the guiding characteristics that underpin our culture. They are embedded into our ways of working and core to our success:

- Community
- Curious
- Humble
- Determined
- Decisive
- Adaptable

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Chair's statement

"It's a privilege to succeed Ed Williams as Chair of Auto Trader."

Matt Davies
Chair

INTRODUCTION

It's a privilege to succeed Ed Williams as Chair of Auto Trader and I would like to thank him for the support he has provided to me in taking on this role and acknowledge the immense contribution he has made over his tenure. As Nathan summarises on the subsequent pages, we believe that the drivers of our future performance are likely to be reasonably consistent and I am clear as to the value creation opportunity that lies ahead from pursuing the strategy that is outlined below.

RESULTS OVERVIEW

This year marks another strong financial and operational performance for Auto Trader. Whilst parts of the automotive market have seen some softening, the market has generally been robust and more customers than ever have opted to partner with us. We continue to improve our product offering, enabling customers to compete on our marketplace through greater access to our data-driven insight and enabling more of the buying journey to be completed online, all yielding greater efficiencies for customers. We continue to grow and invest in our people, creating an environment where there is increasing alignment between employees, customers and shareholders. Excluding the pandemic recovery year, the business achieved record revenue growth in the core Auto Trader business, increasing 12% to £529.7m.

At a Group level, Autorama revenue was £41.2m (2023: £27.2m) and therefore Group revenue was £570.9m (2023: £500.2m). Operating profit in the core Auto Trader business was £378.6m (2023: £332.9m), up 14% on last year, with an operating profit margin of 71% (2023: 70%). Autorama recorded a reduced operating loss of £8.8m (2023: £11.2m). Group operating profit increased by 26% to £348.7m (2023: £277.6m), reflecting the increase in revenue and the £23.0m reduction in Group central costs to £21.1m (2023: £44.1m). Group operating profit margin was 61% (2023: 55%). Basic earnings per share increased 13% to 28.15p (2023: 25.01p).

BOARD CHANGES

An important enabler for our success over the years has been a capable, diligent and supportive Board. Following my appointment as Chair with effect from the 2023 Annual General Meeting ('AGM'), much of my focus has been on succession planning. Geeta Gopalan joined the Board on 1 May 2024 and Amanda James will join the Board on 1 July 2024, both as Non-Executive Directors and as members of the Audit, Remuneration, Corporate Responsibility and Nomination Committees. With effect from the conclusion of the 2024 AGM on 19 September 2024, Geeta will be appointed as Senior Independent Director and Remuneration Committee Chair, and Amanda will be appointed as Audit Committee Chair, both subject to shareholder approval. These appointments replace David Keens and Jill Easterbrook who came to the end of their third three-year terms in 2024, and therefore will not stand for re-election at the 2024 AGM. We are deeply grateful for the contribution Ed, David and Jill have made in their time at Auto Trader.

Following this AGM, the number of Independent Non-Executive Directors will reduce to five and our Board will comply with the recommendation in the FTSE Women Leaders Review and Listing Rules with respect to appointing a woman in one of the roles of Chair, Senior Independent Director, Chief Executive or Chief Financial Officer.

CAPITAL STRUCTURE AND DIVIDENDS

The Directors are recommending a final dividend of 6.4 pence per share. Subject to shareholders' approval at the AGM on 19 September 2024, the final dividend will be paid on 27 September 2024 to shareholders on the register of members at the close of business on 30 August 2024. The total dividend for the year is therefore 9.6 pence per share (2023: 8.4 pence per share).

The Group's long-term capital allocation policy remains unchanged: continuing to invest in the business enabling it to grow while returning around one third of net income to shareholders in the form of dividends. Following these activities any surplus cash will be used to continue our share buyback programme and steadily reduce gross indebtedness.

ANNUAL GENERAL MEETING

The AGM will be held in our Manchester office on 19 September 2024 at 11am.

Matt Davies
Chair
30 May 2024

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CEO's statement

"This has been another year of strong financial, operational and strategic progress for Auto Trader."

Nathan Coe
CEO

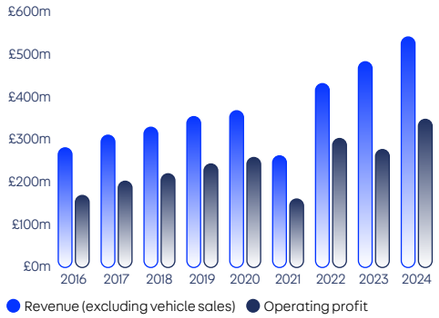
STRATEGIC AND OPERATING REVIEW

With almost 10 years since IPO in March 2015 and two years since our last investor day we thought it worthwhile to look back at our performance over this longer period. We believe many of the contributing factors are still equally relevant to our future. Historically our results statements have focused solely on what has happened in the previous financial year, which whilst important, does not always highlight the key factors shareholders might consider when thinking about our longer-term prospects. We will look to supplement the usual full year detail with this forward-looking view each year.

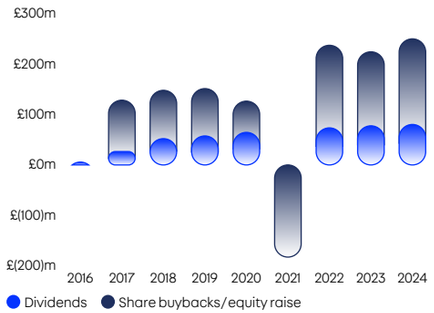
Since Auto Trader's IPO the business has delivered consistent execution and performance. During the first few years of being a public company, revenue grew steadily whilst much of the focus was on transitioning to a pure digital business and changing the cost base from a model that had remnants of our magazine heritage. This transition yielded cost efficiencies and stronger profit growth, which was largely a one-time opportunity. Since then, our performance has been characterised by higher revenue growth, with a focus on our core marketplace and product growth, coupled with investments in our platform and adjacent opportunities. These revenues have driven profit growth that is only slightly lower than the period during which margins expanded significantly.

Our profits have been consistently distributed through a combination of dividends and share buybacks, which is something we expect to continue. During our history as a listed business, £1.1bn of surplus cash has been returned to shareholders (net of the equity raise during COVID-19) and we have delivered total shareholder returns of 225% versus 60% for the FTSE 350 (excluding investment trusts). We don't always expect our performance to be linear, with 2021 being a good example, but we do expect the drivers of our historic and future value creation to remain reasonably consistent. These drivers include: a growing automotive market; our market leading position; our heritage of innovation; a focused and consistent strategy; and our purpose and culture.

Group revenue and operating profit



Cash returned to shareholders



1. A GROWING AUTOMOTIVE MARKET

Today, most of our economics are linked to the number of used vehicle retailers who choose to advertise on Auto Trader. Used vehicle supply is determined by new vehicle sales (less scrappage) in preceding years, meaning it does not meaningfully change with economic conditions and therefore our business does not see significant cyclicality. When economic conditions or consumer demand do change it is used vehicle prices that adjust, not supply.

Over the past 20 years, the total size of the UK car parc has gradually increased, growing on average by just over 250,000 cars per year. The COVID-19 pandemic broke this consistent trend, as new car production fell to levels below even those of the Financial Crisis in 2007-09. From time to time there will be these anomalies, but over the long term we expect the used car market to grow as a result of population growth and stable trends in car usage.

At times there have been concerns about a material consolidation within our customer base, although to date this has not materialised. We do expect the biggest retailers to get bigger and we have seen consolidation in our very largest customers, but not at a level that materially changes the overall market fragmentation. At the time of our IPO, we had 13,452 retailers and today we have 13,783, despite losing c.550 retailers when we sold our business in the Republic of Ireland.

Finally, we expect the value of both new and used cars to increase over the long term. During a short window of time, used car prices will adjust due to supply and demand movements, but over longer time periods we expect used car values to increase gradually due to GDP growth, population growth, inflation, improved functionality, longer useful lives and the move towards more expensive electric vehicles. In the period from 2011 to 2024, used car prices have increased by an average of 4% per year.

These factors combine to provide an underlying market that is resilient and likely to grow in both volume and value over the long term.

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CEO's statement continued

2. OUR MARKET LEADING POSITION

As the automotive market increasingly embraces digital channels, technology and data we are uniquely placed to help. In financial year 2016 Auto Trader had visits of 47.9 million per month, last year that number had increased to 77.5 million. This past year we accounted for over 75% of all minutes spent on automotive classified sites and were 10x larger than our nearest classified competitor (2023: 7x). Over time we have seen 21 million downloads of our app and currently see 89% prompted brand awareness with UK consumers. In addition to this, third-party data suggests that more than 8 in 10 car buyers use Auto Trader during their shopping journey, and two thirds of buyers only use Auto Trader. In order to ensure this position is maintained, we will continue to invest in improving our site experience, maintaining high levels of trust, evolving our brand, building our content and marketing capabilities, launching new tools and functionality for retailers, and deepening our partnership with customers.

Many of the changes we are currently developing are as significant as any in our history in terms of deepening the experience we provide to car buyers. These will improve our marketplace, enable our customers to power their businesses with our technology and data platform, whilst moving us towards digital retailing.

3. OUR HERITAGE OF INNOVATION

Almost every retail category has been impacted by the growing role of the internet in how we purchase goods, and the car market is no exception. New cars are still at a much earlier stage, but researching and shopping for used cars online has been commonplace for many years. Today over 90% of car buyers use the internet for some part of their car buying process. However, the physical part of the shopping experience is and will remain important due to the value and unique characteristics and condition of every used car.

Most car buyers will use the internet to find a used car, ensure they're getting a good deal and to check the reputation of the retailer. This is because the choice available is significant and platforms like Auto Trader make navigating the car buying process much simpler than it otherwise would be. Our trusted position and brand heritage in this area is significant, from initially operating as a magazine to the fully digital business we are today, leveraging technology to support more of the buying and selling journey. On Auto Trader buyers are now using retailer reviews, seeing professionally produced video content, benefitting from enriched data about the specification and performance of the car, checking the history of the vehicle and whether it has outstanding finance, seamlessly using artificial intelligence ('AI') to get a market value for the car they're buying or selling, applying for finance and reserving cars online. This continuous improvement in the way buyers use Auto Trader has underpinned much of our past success and we know there are significant opportunities to further enhance the consumer experience.

The shift to digital has also brought real benefits to retailers. It has meant they can advertise their vehicles as quickly as it takes to photograph and upload an advert. The insight they have on vehicle performance and what they get for their advertising is detailed, real-time, and can be acted upon at the click of a button. Over time retailers have also accessed our AI models for pricing and demand metrics that use almost one million vehicle observations a day. This helps customers decide which vehicles they should be buying for their local area, what prices they can expect at retail and how long it is likely to take to sell. These products might otherwise have been unattainable or have required significant investment by our customers, and we have every intention of continuing to use our brand, data and technology to enable any retailer to access the very best tools and achieve their business goals.

Over time we will continue improving and building on these areas, strengthening the partnership we have with customers and increasing their use of our software products, and unlocking new revenue streams for the business.

All this innovation is delivered through our well-invested technology platforms, built by Auto Trader people who have many years of experience enabling infrastructure and products for our customers. This year we delivered 65,000 software releases (2023: 51,000) and saw 22.1 million API calls a week (2023: 10.2 million).

4. A FOCUSED AND CONSISTENT STRATEGY

Our strategy as set out at our investor day in September 2022 outlined three strategic focus areas: our marketplace; our platform; and digital retailing. These areas are closely interconnected, as our platform and digital retailing capabilities build on the strengths of our marketplace whilst also deepening our relationships with customers and car buyers. These have all been multi-year investments which have progressed over the past 12 months and are covered in more detail in Catherine's update on our strategic progress.

5. OUR PURPOSE AND CULTURE

Our purpose is Driving Change Together. Responsibly, which encompasses our ways of working and our culture. Culture has been a fundamental part of the changes we've made and the results we've achieved for at least 10 years. As an organisation we aim to be purpose driven, principled, and values led. Whilst it lacks precision, our culture is often described internally as 'doing the right thing', described as 'Responsibly' in our purpose. Within this we're looking to achieve a balance between investing in the future, performing today and ensuring our customers and other stakeholders see the benefits of working with us.

'Driving Change' runs deep within the organisation. We are restless, self-critical and comfortable embracing new and disruptive technology, which is something the organisation has done for decades. We launched our website

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back in 1996, which went on to completely replace the magazines that were the business for much of our 47-year history. When the mobile internet arrived, we were quick to launch mobile sites and apps some 15 years ago. We embraced server virtualisation, then private cloud, then public cloud which we completed our full transition to last year. We invested in building out a new data platform and data science capability 10 years ago, making artificial intelligence available to the automotive industry. This history of innovation is a core part of our culture and our results. These initiatives take a long time to build at scale, but once operational they enable us to act fast without the constraints of legacy systems and significant technical debt.

'Together' points to three aspects of our culture. The first is being 'One' Auto Trader. This refers to working as a single team, not in silos, with trust and collaboration over hierarchy and bureaucracy. We are one organisation which means tech is tech for all of Auto Trader, finance is finance for all of Auto Trader, product is product for all of Auto Trader, marketing is marketing for all of Auto Trader. Therefore to progress any piece of work or initiative, our people have to talk, be aligned with our priorities, listen to each other, and collaborate authentically.

The second important aspect of 'Together' is the way in which we work with customers, retailers, manufacturers, leasing companies, finance companies and other players in the automotive ecosystem. We aim for partnership. We believe that there is a lot more we can bring to our customers than just the products we sell. With our data, brand, people and technology we can help our customers achieve their business goals, which makes them much more likely to understand and use our products, advice, insight and services. We believe this will lead to a much bigger and more influential business, not least because to be successful in areas adjacent to our core we often need the advice and support of customers.

The third aspect of 'Together' is an ownership mindset amongst our people which strongly reinforces the two points above. In September 2023 we announced our One Auto Trader all-employee share scheme that provides employees with an extra 10% of their salary in shares each year, vesting over a three-year period. This builds on an already strong ownership culture, aligns our people with our shareholders and can be accommodated within our long-term Auto Trader margin target of above 70%.

Finally, a big part of our culture and 'Responsibly' is creating an environment that attracts diverse groups of people and enables them to fulfil their potential for both the business and themselves. This requires long-term commitment to structural changes that take years to come to fruition, but we are making progress. As an example, like all technology companies we would like more women engineers, but it is a career still under-represented by women. To address this, we have a range of initiatives including outreach programmes with universities and schools, graduate and apprenticeship schemes (not requiring a computer science degree) and retraining. This is just one example, but we apply the same thinking to other groups such as the neurodivergent, those from ethnically diverse backgrounds, the LGBT+ community, those with disabilities and those that are later in their careers. Our employee-driven networks have been instrumental in supporting these efforts which represent women, ethnicity, LGBT+, early careers, disability and neurodiversity, social mobility, parents and age.

This is by no means a complete view of our culture, but hopefully gives some sense of how we work at Auto Trader and more importantly how it contributes to both execution and the results we have achieved this year, this decade, and that we aspire to in the years ahead.

OUTLOOK

The new financial year has started well.

We anticipate another good year of average revenue per retailer ('ARPR') growth across all three levers. In FY24 there was some positive ARPR benefit from the Webzone disposal, as on average their retailers were lower yielding, which won't be replicated in FY25. We expect ARPR price growth of £90-£100, product growth of £120-£130 and stock growth of £20-£40, with average retailer forecourts likely to be marginally down year-on-year, as market conditions continue to return to normal levels. Consumer Services and Manufacturer and Agency are expected to grow at a rate of mid-to-high single digits.

We expect Autorama operating losses to reduce year-on-year, despite tight supply conditions in the leasing channel for new vehicles continuing. Group central costs, which relate to the amortisation of Autorama acquired intangibles, will be c.£13m for the year.

As mentioned at our last results, in FY25 we will exceed the threshold for the UK's digital services tax ('DST') which will be taken as an operating expense in the core Auto Trader segment. We therefore expect FY25 operating profit margins within this segment to be 69%, or 71% when excluding DST. However, at a Group level we expect to see modest margin expansion.

Our capital policy remains unchanged, with most surplus cash generated by the business being returned to shareholders through dividends and share buybacks.

Nathan Coe
CEO
30 May 2024

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Market overview

A changing new and used car market

We are continually adapting our onsite experience to meet the changing needs of both consumers and customers. This is core to remaining the UK's largest automotive marketplace.

RETAIL PRICE INDEX

The Auto Trader Retail Price Index tracks the average retail price of used cars based on c.800,000 daily pricing observations. Despite strong levels of demand on Auto Trader, like-for-like average retail prices have softened over the past 12 months. This has been due to increasing supply of both new and used vehicles impacting trade prices which have then fed into the retail market, coupled with an increasing level of discounts on new electric vehicles. The average price of a used car on Auto Trader for the 12 months ending March 2024 was £17,833, a like-for-like decline of 1.3% year on year (2023: £17,544).

£17,833[1]

average price of a used car advertised on Auto Trader for the 12 months ending March 2024, a decline of 1.3% year on year on a like-for-like basis (2023: £17,544)

VIEW THE FULL INDEX
plc.autotrader.co.uk/news-views/retail-price-index

NEW CAR REGISTRATIONS

The new car retail market has been challenging and discounting has started to return. We are well placed to support structural changes in this market, which remains a significant opportunity. We now have products in market supporting franchise retailers, manufacturers and leasing companies selling new cars directly to consumers on Auto Trader.

The supply constraints that impacted new car registrations over a number of years following the pandemic have continued to ease over the past 12 months. Total new car registrations for financial year 2024 increased 18% to 2.0 million (2023: 1.7 million), with most of the growth coming from the fleet segment which has seen low volumes over much of the previous three years. Despite the Government delaying the ban on the sale of new petrol and diesel vehicles, the penetration of electric vehicles was stable, making up 17% of all registrations (2023: 17%).

2.0m[2] ↑

new car registrations in the 12 months to March 2024, +16% year on year (2023: 1.7m)

USED CAR TRANSACTIONS

The used car retail market has been robust throughout the financial year, which we expect to continue. Demand is resilient with cars continuing to sell faster than before the pandemic, and used car supply has gradually improved. Trade prices softened in the latter months of the calendar year, which subsequently impacted retail prices, but monthly pricing movements have since stabilised.

There were 7.3 million used car transactions in the 12 months to March 2024, up 6% year on year (2023: 6.9 million). Supply has gradually improved through the year as new car registrations have grown through the fleet channel, which has in turn increased the availability of ex-fleet stock for franchise and independent customers. The growth in used car transactions is larger than our increase in live car stock on site as the speed at which cars have been sold has continued to be quicker.

7.3m[3] ↓

used car transactions in the 12 months to March 2024, +6% year on year (2023: 6.9m)

1. Auto Trader internal data.
2. Society of Motor Manufacturers & Traders ('SMMT').
3. DVLA transaction data.

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Market overview continued

Key trends shaping the future of our industry

1

More of the buying journey moving online

KEY TREND

Consumer appetite to do more of the car buying journey online continues to be strong. Our internal research showed that around 7 in 10 car buyers either have completed or want to complete more of their car buying jobs online. It's worth noting though that whilst this desire to do more online exists, the forecourt experience remains an important part of the process for buyers and we expect the car buying journey, particularly for used cars, to be omnichannel for a number of years to come.

AUTO TRADER PROGRESS

Building on both our marketplace and platform strategic focus areas, we are bringing more of the car buying journey online through our digital retailing solutions. Our approach to digital retailing is to be 'car first' and to enable any retailer (including manufacturers and leasing companies) to combine an exceptional digital journey with a great physical experience. During the last financial year, we have further scaled our Deal Builder trial to end the year with c.1,100 retailers on the product and over 40,000 cars. Consumer feedback continues to be positive and deals are converting at roughly double the rate of any other enquiry type, with many deals being completed outside of retail hours. We also now have a new car leasing journey available on Auto Trader.

STAKEHOLDER PERSPECTIVE

"We've started to get reservations coming in after hours, which has made it as if we have a 24-hour forecourt, which has been really good for us. We wake up in the morning and we've sold a couple of cars, which has been absolutely fantastic. It's really given us the confidence to grow our business."

NIAZ KANJI
General Manager, SR Motors

FUTURE OPPORTUNITIES

Looking ahead, we will continue scaling Deal Builder and building out the functionality for new vehicle leasing on Auto Trader. For Deal Builder we expect to integrate further with technology partners and increase our penetration with lenders to extend the offering to more customer segments. We have started to monetise a small cohort of customers which we also expect to increase over the next 12 months.

2

The increasing importance of data

KEY TREND

Changes in supply dynamics, electric vehicle demand and wholesale trends are driving complexity and volatility in the used car market. In turn, it's creating uncertainty for retailers and making forecourt strategies harder to manage.

AUTO TRADER PROGRESS

Up until the end of financial year 2024, we had launched two modules of our Auto Trader Connect strategy. The first gave customers access to our taxonomy, improving advert quality, and introduced real-time updates between our systems and those of our customers. The second module gave access to our market leading, specification adjusted valuations, enabling customers to make quicker and more profitable sourcing, advertising and pricing decisions. Both these data sets were made available in our Retailer Portal or via API.

STAKEHOLDER PERSPECTIVE

"I think Trended Valuations is essential. As retail and trade markets don't always move in sync, a point in time trade valuation only tells part of the story when sourcing and puts margin at risk when you hit the retail market. Trended Valuations will provide us with a broader view of retail pricing over time, to chart the trajectory of a vehicle's past performance and, crucially, where it's forecast to go."

ANDREW MUFFETT
Group Used Car Buyer, Allen Motor Group

FUTURE OPPORTUNITIES

From 1 April 2024, we made a further module of Auto Trader Connect available which included Trended Valuations and enhanced Retail Check functionality. Combined, this powerful new layer of intelligence helps retailers confidently understand the past and present trends in terms of pricing and demand so they can make better decisions when buying or retailing vehicles.

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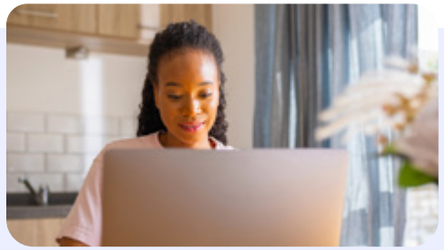
Key trends shaping the future of our industry continued

3 Significant changes within the new car market



KEY TREND

The new car market has seen increased levels of supply throughout the last 12 months, which has resulted in growing levels of discounting and price reductions. These changes in the balance of demand and supply are on top of significant structural changes. These changes are the growth in electric vehicles; new market entrants; a move to more direct and digital sales channels; and the implementation of agency agreements by a number of manufacturers.

AUTO TRADER PROGRESS

Within our marketplace we continue to invest in our new car experience. Franchise customers have been able to advertise physical new cars for a number of years, and we ended the year with c.2,100 paying retailers on this product. Alongside this, we have launched a new car product allowing manufacturers operating an agency model to advertise new cars directly to consumers nationally.

STAKEHOLDER PERSPECTIVE

"As the availability of new cars improves and the pressure from the manufacturers to drive volume increases, the franchise networks are under increasing pressure to drive volume. Given the need to drive EV sales as a percentage of all new car sales, it is really important that we maximise our opportunities to showcase our product to as many potential customers as possible. Auto Trader gives us the perfect platform to showcase the Hyundai range to a wider audience and to let people know that we are a retailer that can look after them regarding their new car purchase."

PAUL SHARP
Retailer Principal of Hyundai Stockport

FUTURE OPPORTUNITIES

With the level of structural change and volatile market dynamics likely to continue, we believe we can continue to scale the products we have available to customers. The penetration of franchise customers is currently only 50%, which we expect to increase over the next 12 months, and as a growing number of manufacturers move to a more direct sales channel, we expect to have them advertising on Auto Trader.

4 Supporting the transition to electric

KEY TREND

The introduction of the Government's Zero Emission Vehicle mandate is the defining feature of the electric market in 2024. As pressure from Government targets impacts the market, price and affordability will likely be a key factor in generating consumer demand. This has already been seen with average new car discount levels increasing on electric cars, which has also weighed on used electric pricing. As certain brands reach price parity in the used market, many buyers are considering switching to electric for their next purchase.

AUTO TRADER PROGRESS

Auto Trader's response to the transition to electric focuses on three key stakeholder groups: our customers, consumers and partners & suppliers, which includes the Government. Actions include leveraging our unique market position by sharing data and insights on the electric transition to assist our customers and Government as well as position Auto Trader as the voice on the industry in the national media. We're also ensuring our products and tools are built to show vital information about electric vehicles so that our consumers and retailers have the information they need when making buying and selling decisions.

STAKEHOLDER PERSPECTIVE

"Auto Trader is a key stakeholder for the UK Government's Office for Zero Emission Vehicles ('OZEV') and a workstream lead in OZEV's Used EV Market Steering Group. Auto Trader's engagement and content is fundamental to OZEV's policy making process and monitoring the health of the market. Their outputs are visual and highly engaging, represented by presenters who are clear and very well informed. Auto Trader content is used in monthly dashboards for Department for Transport directors and regularly in ministerial briefings."

ABDUL CHOWDHURY
Head of Vehicle Policy, Office for Zero Emission Vehicles

FUTURE OPPORTUNITIES

As the electric market matures and Government actions continue to impact, Auto Trader has a significant opportunity and responsibility to support the development of a successful electric market in the UK. With demand for electric cars stagnating and the second-hand market on the verge of substantial supply growth, Auto Trader can use its market position and insight to guide and support its partners, the Government and consumers through this once in a lifetime transition.

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How we create value

Our unique network effect

The drivers that set us apart

BRAND & AUDIENCE

Auto Trader has been trusted for over 45 years by UK car buyers and sellers, giving it the largest UK car buying audience.

TECHNOLOGY

We have a scaleable, cloud-based technology platform which enables many iterative changes to be made.

DATA

Our proprietary data is increasingly embedded across the automotive value chain.

WORKING RESPONSIBLY

Our ESG ethos runs through all elements of value creation and everything we do as a business.

PEOPLE & CULTURE

Our values-led culture underpins a fast-moving, collaborative and community-minded environment.

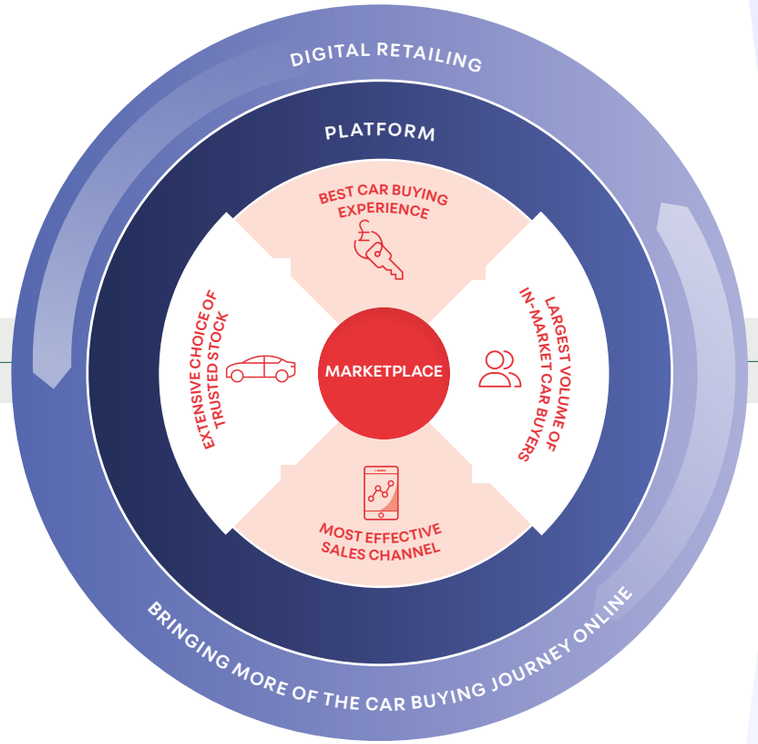
INVESTMENT

We have a high return, capital light business model, which enables us to invest in the business.

LONG-TERM FOCUS

The strength of our business model enables us to take a long-term approach to our products and technology.

The core activities we undertake to create value



The value created for our stakeholders

FOR CONSUMERS

Our marketplace offers consumers the widest choice of vehicles in the UK, with tools that increase trust and transparency in the buying process.

FOR CUSTOMERS

We offer the most effective sales channel for retailers, and are the industry leading technology and data platform for our wider pool of partners.

FOR OUR PEOPLE

We continue to evolve our unique culture to ensure everyone can develop and achieve their career aspirations.

FOR PARTNERS & SUPPLIERS

We work collaboratively in partnership, increasing revenue from shared opportunities whilst ensuring we have fair trading and robust terms and conditions.

FOR THE COMMUNITY & THE ENVIRONMENT

Every employee is provided up to two volunteering days each year, within local communities. The environment is a key consideration for our business. We have a clear plan for net zero and helping consumers shift to electric vehicles.

FOR INVESTORS

Given our strong cash generation, a high proportion of our profit is returned to shareholders in the form of dividends and share buybacks.

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Strategic progress

"We've made significant progress this year across all three of our strategic focus areas."

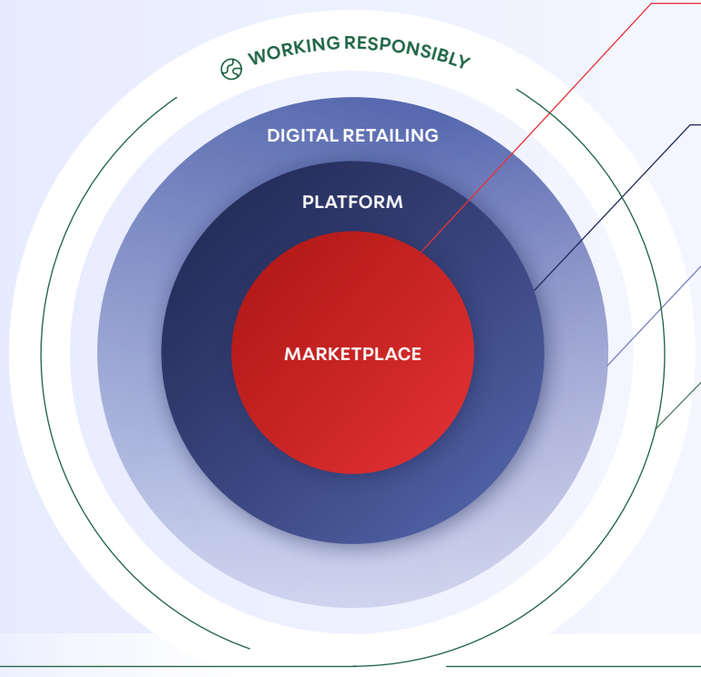
INTRODUCTION

Our strategy as set out at our investor day in September 2022 outlined three strategic focus areas: our marketplace; our platform; and digital retailing. These areas are closely interconnected, as our platform and digital retailing capabilities build on the strengths of our marketplace whilst also deepening our relationships with customers and car buyers.

Our marketplace has grown in the number of both buyers and sellers using Auto Trader. We've continued to develop our technology platform which has allowed us to launch further modules of Auto Trader Connect. On digital retailing, we have scaled our Deal Builder proposition which continues to receive positive feedback.

Driving Change Together. Responsibly.

Our purpose continues to be Driving Change Together. Responsibly. We deliver on this through our three strategic focus areas, alongside our commitment to working responsibly.



Marketplace
Be the best place to buy a car

Platform
Be the industry's data and technology platform

Digital retailing
Be the enabler for all retailers to sell online

Working responsibly

A key part of our purpose is responsibly. Whilst it lacks precision, our culture is often described internally as 'doing the right thing'.

This ensures we strive to make a positive difference to our people, the automotive industry, our communities and the wider environment.

READ MORE P25

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Strategic progress continued

KPIS P18 RISKS P53

Marketplace

2024 PROGRESS

Our marketplace saw strong revenue and operating profit growth in the year, with double digit growth across all three revenue segments for the first time since our IPO in 2015. The largest area of revenue comes from retailer customers, where forecourt numbers were broadly consistent and we increased average revenue per retailer ('ARPR') by 12%. This growth came from all three levers: price, stock and product. Our annual pricing and product event, which took effect in April, included a further module of Auto Trader Connect as we look to embed our data and insight into customers' businesses to enable them to make better, faster decisions. Our advertising packages continue to perform well with penetration above our standard package averaging 35% of retailer stock over the year (2023: 32%, March 2024: 34%).

Within our marketplace we remain committed to building our new car experience. Franchise customers have been able to advertise physical new cars for a number of years, and we ended the year with c.2,100 paying retailers on this product (March 2023: c.1,900). Alongside this, we have launched a product allowing manufacturers operating an agency model to advertise new cars directly to consumers nationally.

This revenue is included in the Manufacturer and Agency line. Critical to having the best new car buying experience is ensuring we are the research destination for electric vehicles ('EVs'). To support this, we have added new EV content, tools and evolved search. We have also actively started to incorporate EVs into our marketing campaigns, launched new media partnerships to promote EVs, hosted live events, and continued our successful monthly EV giveaway.

We have continued to share our data and insight with retailers, the industry and Government to help inform public policy and regulation to support the mass adoption of EVs. During the period we continued our programme of political engagement, which included giving evidence to a House of Lords Committee, presenting our data to key ministers, and supporting Transport for London's Ultra Low Emission Zone ('ULEZ') expansion and the associated scrappage scheme.

12%

ARPR growth in the year, with positive contribution from all 3 levers (2023: 10%)

35%

of retailer stock above our standard package level (2023: 32%)

HOW WE MEASURE PROGRESS

- Revenue
- Average revenue per retailer ('ARPR')
- Operating profit (and margin)
- Basic EPS
- Cash generated from operations
- Cross platform visits
- Cross platform minutes
- Number of retailer forecourts
- Live car stock
- Employee engagement

ASSOCIATED RISKS

- Automotive economy, market and business environment
- Climate change
- Employees
- Reliance on third parties and partners
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Legal and regulatory compliance
- Competition
- Brand and reputation

FUTURE OPPORTUNITIES

We continue to consider ways in which we can build consumer trust in our core marketplace. We also see an opportunity to improve our search experience, particularly in the ways we use data to create a more personalised search experience for consumers.

Whilst we have made good progress on new cars in the year, there is still much work to do. The penetration of franchise customers is currently only 50%, which we expect to increase over the next 12 months, and as a growing number of manufacturers move to a more direct sales channel, we expect to have them advertising on Auto Trader.

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Strategic progress continued

KPIS P18 RISKS P53

Platform

2024 PROGRESS
In April 2023 we made our second module of Auto Trader Connect, Valuations, available to customers as part of our annual pricing and product event. This provides specification and condition adjusted valuations within our Retailer Portal and via our Auto Trader Connect APIs, enabling third parties and retailers to directly integrate these into their core systems. In April 2024 we launched a further module of Auto Trader Connect providing retailers with Trended Valuations and enhanced Retail Check functionality.

Combined, these tools help retailers confidently understand the past and present trends in terms of pricing and demand so they can make better decisions when buying or retailing vehicles.

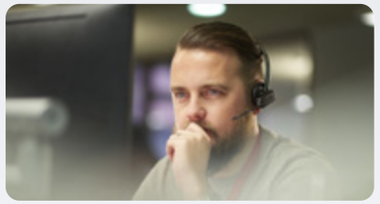
Making our platform accessible also enables our customers to benefit from the multi-year investment we have made in our data platform and data science capability. Over many years we have improved the quality of our data, most of which is proprietary. We acquired Kee Resources for vehicle taxonomy, have integrated build-level data from manufacturers, collated many observations on our platform and more recently have sourced granular vehicle data to provide our own provenance checks. As part of our platform strategy, we continue to integrate with lenders to enable a full digital automotive finance journey on Auto Trader. While we are not directly impacted by the current FCA investigation into discretionary commission arrangements, we believe it should lead to a more consistent and transparent car buying journey for consumers, which we are well placed to provide on Auto Trader.

HOW WE MEASURE PROGRESS
- Auto Trader Connect integrations
- Number of lender integrations
- Number of product releases

ASSOCIATED RISKS
- Reliance on third parties and partners
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours

65,000
software releases over the year
(2023: 51,000)

>75%
of retailers benefitting from our Auto Trader Connect modules: Retail Essentials and Valuations



FUTURE OPPORTUNITIES
We plan to further embed our data and usage of Auto Trader Connect with retailers. We will also continue to deepen relationships with third-party software providers, OEMs and lenders to further develop our proposition.

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KPIS P18 RISKS P53

Digital retailing

2024 PROGRESS

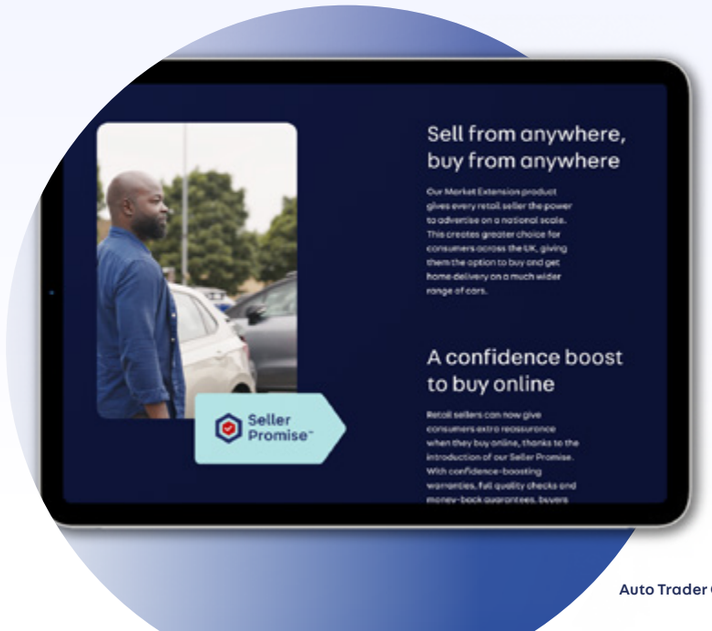
To strengthen our marketplace, we are looking to provide a deeper car buying and selling experience on Auto Trader, allowing car buyers and retailers to extend beyond some of the constraints of a physical forecourt and sales process.

Our main focus has been to develop and scale our Deal Builder product for used cars, where car buyers can carry out as much of the journey as they want on Auto Trader, completing the rest of the transaction on the forecourt, over the phone or through a combination of channels. We launched Deal Builder last year, which uses Auto Trader technology to enable car buyers to get a part-exchange valuation, apply for finance and reserve a car online. Launched as a trial, we have increased the volume of customers to c.1,100 retailers (March 2023: c.50) with over 40,000 cars live at the end of March 2024. Over the past 12 months, we have continued to improve the onsite experience and generated 16,000 deals with a reservation in the period (2023: c.200). Consumer feedback continues to be positive and deals are converting at roughly double the rate of any other enquiry type, with many deals being completed outside of retail hours. In January 2024, we trialled monetisation with a small cohort of customers paying a transaction fee (0.25%) linked to the price of the vehicle which is charged on submission of a deal.

In parallel to Deal Builder, we are working to enable a digital retailing journey for new cars. Throughout the year we have further integrated leasing deals for cars, vans and pickups into the core Auto Trader search experience. Our car leasing tab consolidates all available deals and provides a full checkout journey on Auto Trader. The personal leasing market has been constrained by tight supply throughout the year, but in time we expect supply through this channel to improve. Autorama delivered 7,847 vehicles across the period (2023, from 22 June acquisition date: 6,895), with average commission and ancillary revenue per vehicle delivered of £1,631 (2023: £1,624).

c.1,100
Deal Builder customers live in March 2024 (March 2023: c.50)

c.16,000
deals in the period (2023: c.200)



HOW WE MEASURE PROGRESS

- Number of Deal Builder customers
- Number of Deal Builder live stock
- Number of submitted deals
- Number of leasing vehicles delivered

ASSOCIATED RISKS

- Reliance on third parties and partners
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Legal and regulatory compliance

Catherine Faiers
COO
30 May 2024

FUTURE OPPORTUNITIES

Looking ahead, we will continue scaling Deal Builder and building out the functionality for new vehicle leasing on Auto Trader. For Deal Builder we expect to integrate further with technology partners and increase our penetration with lenders to extend the offering to more customer segments. We have started to monetise a small cohort of customers which we also expect to increase over the next 12 months.

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Section 172(1) statement

Considering our stakeholders

The Directors of the Company have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having due regard in doing so for the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006.

SECTION 172 MATTERS

Our purpose is
Driving Change Together. Responsibly.

We are **driving change** in an industry that needs to evolve to adapt to changing consumer needs, and the impact of electric vehicles.

MARKET OVERVIEW P06

Our business model results in bringing **together** a diverse set of stakeholders – consumers, customers (including retailers, manufacturers and other customers), suppliers and partners – underpinned by our collaborative, people-led culture.

HOW WE CREATE VALUE P09

We are committed to act **responsibly** through our focus on diversity and inclusion, environmental sustainability and maintaining high levels of ethical conduct, trust and transparency.

WORKING RESPONSIBLY P25

In order to achieve our purpose and to continue to deliver long-term success, we understand the importance of building and maintaining meaningful and mutually beneficial relationships with our stakeholders, identifying what is important to them and understanding the long-term impact of our business on the industry and the environment. The Board and Operational Leadership Team lead the business in maintaining our high standards of business conduct.

A well established stakeholder framework is applied to all papers submitted to the Board and is at the centre of discussions in the boardroom. This enables the decision-makers to do the right thing whilst considering the balance of interests of affected stakeholders. The Board acknowledges that not every decision it makes will necessarily result in a positive outcome for all of our stakeholders. But by understanding our stakeholders, and by considering their diverse needs, the Board factors into boardroom discussions the potential impact of our decisions on each stakeholder group, and of the other matters required by S172(1).

CONSIDERING THE LONG-TERM CONSEQUENCES OF OUR DECISIONS

How we create value P09 | Strategic progress P10 | Material decisions made P15

CONSIDERING THE INTERESTS OF OUR EMPLOYEES

How we create value P09 | Our stakeholders P16 | Our people & communities P40

THE NEED TO FOSTER GOOD RELATIONSHIPS WITH OUR STAKEHOLDERS

How we create value P09 | Our stakeholders P16

CONSIDERING OUR IMPACT ON THE ENVIRONMENT AND OUR COMMUNITY

Report of the Corporate Responsibility Committee P78 | Our ESG strategy P25 | TCFD disclosures P29

MAINTAINING HIGH STANDARDS OF CONDUCT

Governance P61 | How we manage risk P50 | Our governance & compliance P46

ACTING FAIRLY BETWEEN STAKEHOLDERS

How we create value P09 | Our stakeholders P16

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Section 172(1) statement continued

Material decisions taken by the Board

We set out below two examples of material decisions made during the financial year with an explanation of how we considered the needs of our stakeholders in each.

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

OUR PURPOSE-DRIVEN STRATEGY P10

ALL-EMPLOYEE SHARE AWARD

RELEVANT STRATEGIC PRIORITIES:

An extra

10%

of salary awarded in shares each year

CONTEXT

Our people are one of our most valuable assets and we continuously work towards enhancing the overall employee experience. We take a holistic approach towards employee remuneration, to ensure that it remains fair, competitive and transparent. We have made improvements over recent years around pension arrangements, salary benchmarking and ensuring the application of a Real Living Wage, as set by the Real Living Wage Foundation, is our minimum salary level across the business.

Over a number of years, the Board has considered how best to enable our people to participate in the success of their efforts and encourage a culture of shared ownership, to align employees' interests with that of shareholders, to enhance attraction and retention, and to improve the overall total reward package for employees. During 2023, the Board considered and approved a new all-employee scheme which we believe will achieve these aims.

BOARD CONSIDERATIONS

As outlined above, the Board considered the impact on employees, and concluded that a new share scheme which aimed to increase a culture of ownership would benefit employees, as an enhancement of the current employee remuneration package.

Given the significant financial commitment, the Board devoted considerable time to reviewing the financial impact on the business. The awards are to be granted annually to employees, based on a value of 10% of base salary, vesting over a three-year period, and therefore the cost would increase in each subsequent year before reaching a stable ongoing cost.

The Board considered that the scheme would have a positive impact on employee engagement, retention and attraction, and would strengthen our overall proposition in a competitive market.

From an investor perspective, although the awards do carry a financial cost and will be dilutive, this is within the limits prescribed by the Investment Association. The awards are intended to further align employees' interest with that of shareholders.

OUTCOME

Overall, the Board agreed that the all-employee share award was in the best long-term interests of the business, and would provide a fair, transparent and inclusive way to enable our people to benefit from the business success they have helped to create, and a cost-effective way of providing long-term reward.

RELEVANT STAKEHOLDERS

- Our people
- Investors

NEW CAR PRODUCTS ON AUTO TRADER

RELEVANT STRATEGIC PRIORITIES:

c.2,100

paying new car retailers in March 2024 (March 2023: c.1,900)

CONTEXT

Over the past 24 months the new car market has seen increased structural changes. These include the growth in electric vehicles; new market entrants; a move to more direct and digital sales channels; and the implementation of agency agreements by a number of manufacturers. Part of our strategy is to ensure Auto Trader is as relevant to new car buyers as it is for used cars.

BOARD CONSIDERATIONS

In light of these ongoing structural changes the Board has had to consider a number of new product launches and their impact on different stakeholder groups. When buying an electric car for the first time, the considerations are different to when buying a combustion engine. It became clear that the content and search experience available on Auto Trader to purchase an electric car needed further investment to support consumers making more environmentally friendly vehicle choices.

With changing distribution models, the Board had to consider the competing nature of franchise customers, manufacturers selling direct and personal leasing as different methods by which new cars can potentially be sold. As well as the sellers, the Board also had to consider car buyers and ensuring that Auto Trader continues to offer the best range of choice.

OUTCOME

Whilst further work is still required, we have added new EV content, tools and evolved search. We have also actively started to incorporate EVs into our marketing campaigns, launched new media partnerships to promote EVs, hosted live events, and continued our successful monthly EV giveaway.

The number of franchise customers advertising new cars on Auto Trader grew in the year, despite a change to our commercial model.

We have launched a new car product allowing manufacturers operating an agency model to advertise new cars directly to consumers nationally. Importantly, this product is not available to manufacturers operating a franchise model.

Throughout the year we have further integrated leasing deals for cars, vans and pickups into the core Auto Trader search experience. Our car leasing tab consolidates all available deals and provides a full checkout journey on Auto Trader.

RELEVANT STAKEHOLDERS

- Customers
- Consumers
- The community & the environment

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Section 172(1) statement continued

Maintaining stakeholder relationships

We highlight below some of our key stakeholders, and we discuss why they are important to us, what matters to them and, crucially, the ways in which we as an organisation, and the Board, effectively engage with them and what actions we take as a result.

MATERIAL ISSUES

- E Our environment
- S Our people & communities
- G Our governance & compliance

OUR MATERIALITY ASSESSMENT P26

CONSUMERS

WHY ARE OUR CONSUMERS IMPORTANT TO US?
Maintaining a large, engaged consumer base of in-market car buyers, sellers and researchers who have high levels of trust and confidence in Auto Trader, underpins the success of our business model.

WHAT MATTERS TO OUR CONSUMERS?
- Comprehensive choice of vehicles.
- Ease of buying or selling a vehicle.
- Clear and transparent information about the vehicle, seller and payment options.
- Ever present service, offering good levels of consumer support and responsive communication.

HOW DO WE ENGAGE WITH THEM?
- Speaking to consumers regularly for research and insight.
- Continual feedback on our user experience through on and offsite surveys.
- Regular consumer user testing of new products, services and brand designs of our website.
- Consumer facing teams operating seven days a week.
- Social media and marketing channels.

WHAT ACTIONS DID WE TAKE?
- Holding workshops with people who are neurodiverse and potentially vulnerable consumers, which feeds into our consumer facing products (for example, their thoughts on how we display finance).
- Outputs of consumer research shared with Operational Leadership Team ('OLT') and Board to factor into decision-making.

MATERIAL ISSUES
- 2 Data privacy and security
- 4 Product innovation
- 5 Customer satisfaction
- 11 Driving transparency

CUSTOMERS
(retailers, manufacturers and other customers)

WHY ARE OUR CUSTOMERS IMPORTANT TO US?
Our partnerships with almost 14,000 vehicle retailers, with manufacturers and other customers (such as leasing companies) mean that we continue to have the greatest choice of vehicles for consumers. The majority of our revenue is generated from our customers.

WHAT MATTERS TO OUR CUSTOMERS?
- High-quality access to a large volume of car buyers.
- Making the car selling process more efficient.
- Sourcing vehicles.
- Access to trusted data to make informed sourcing and disposing decisions.
- Receiving value for money from Auto Trader, product quality and cost.
- Building strong partnerships.

HOW DO WE ENGAGE WITH THEM?
- Retailer sentiment surveys, evaluating product improvements and value.
- OLT engages in a business partnering programme.
- Sales teams, both telesales and field sales, are in constant dialogue with all our customers.
- Customers attend select Board meetings.
- Regular thought leadership and insight-driven reports, such as the Road to 2030 Report.
- Hosting regular forums with CEOs of big and mid-tier retailers, OEMs, car supermarkets and automotive finance companies to share latest data and insight.

WHAT ACTIONS DID WE TAKE?
- Hosting industry insight events, masterclasses and webinars to support our retailers on topical issues.
- Beta testing product launches such as Deal Builder to optimise performance.
- Expanding the provision of data to retailers with products such as ATConnect.

MATERIAL ISSUES
- 2 Data privacy and security
- 4 Product innovation
- 5 Customer satisfaction
- 6 Pricing fairness
- 8 Advocacy

OUR PEOPLE

WHY ARE OUR PEOPLE IMPORTANT TO US?
Our people are fundamental to our continued success. This requires us to attract new talent and to nurture, motivate and inspire a highly skilled workforce. We commit to ensuring that we continue to build a diverse and inclusive culture where everyone feels valued and able to achieve their full potential.

WHAT MATTERS TO OUR PEOPLE?
- Fair reward, recognition and benefits.
- Training, career development and progression.
- Working conditions, environment and wellbeing.
- An inclusive values-led culture.

HOW DO WE ENGAGE WITH THEM?
- Board Engagement Guild engages directly with the Board (without management present) on matters which are important to our people or topics which are current and relevant.
- Regular employee check-in surveys.
- Health and safety assessments.
- Wellbeing forums.
- Independent whistleblowing service.
- Hosting biannual all-employee conferences, and regular CEO and OLT virtual business updates.

WHAT ACTIONS DID WE TAKE?
- Inclusive Leadership Programme and Diverse Talent Accelerator, which focuses on developing diverse talent across the business.
- Continual review and refresh of annual employee benefits.
- Regular benchmarking of salary and benefits in line with the market.
- Launch of new all-employee share award and continuing with annual Save As You Earn share scheme.
- Refreshed values and embedded through workshops.

MATERIAL ISSUES
- 2 Data privacy and security
- 3 Employee wellbeing, engagement and safety
- 7 Investment in talent
- 10 Diversity and inclusion
- 16 Ethics and integrity
- 17 Remuneration

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Section 172(1) statement continued

Where engagement doesn't take place directly with the Board, the output of this engagement is fed back to the Board and/or a Board Committee via comprehensive reports throughout the year detailing stakeholder views, which informs their decisions.

A deeper understanding of our stakeholders and their diverse areas of interest enables us to factor into boardroom discussions the potential impact and long-term consequences of our decisions on each stakeholder group.

MATERIAL ISSUES

- E Our environment
- S Our people & communities
- G Our governance & compliance

OUR MATERIALITY ASSESSMENT P26

PARTNERS & SUPPLIERS

WHY ARE OUR PARTNERS AND SUPPLIERS IMPORTANT TO US?

We rely on our suppliers and partners to provide technology infrastructure, supply of data about vehicles and their financing, and in the fulfilment of some of our revenue generating products. Building trusted partnerships helps us to work better together and continue to provide the highest quality products and services.

WHAT MATTERS TO OUR PARTNERS AND SUPPLIERS?

- Working collaboratively on innovations.
- Increasing revenue from shared opportunities.
- Fair trading and terms and conditions.
- Building long-term relationships.

HOW DO WE ENGAGE WITH THEM?

- Maintaining regular engagement with suppliers and partners at senior level.
- Procurement processes in place to onboard new suppliers into our business, as well as arranging regular check-ins for ongoing relationships.
- Agreeing ways of working with new suppliers or partners and providing feedback during ongoing projects.
- Encouraging an open dialogue to ensure we work collaboratively and share learnings.

WHAT ACTIONS DID WE TAKE?

- Regular monitoring and review of financial and operating resilience.
- Analyse the time taken to pay suppliers via regular reporting.
- Applying our Ethical Procurement Policy which helps us to take a holistic view based on cultural alignment when deciding which suppliers and partners we should work with.

MATERIAL ISSUES

- 4 Product innovation
- 13 Responsible supply chain
- 16 Ethics and integrity

THE COMMUNITY & THE ENVIRONMENT

WHY OUR COMMUNITY AND OUR ENVIRONMENT ARE IMPORTANT TO US?

We aim to give back more to the planet than we take out and protect our business from the impact of climate change. We also strive to create stronger communities and have a positive social and environmental impact.

WHAT MATTERS TO OUR COMMUNITY AND OUR ENVIRONMENT?

- Energy usage and carbon emissions.
- The transition to electric vehicles.
- Supporting and working with, and in, the local communities in which we operate.
- Environmental, Social and Governance ('ESG') factors.

HOW DO WE ENGAGE WITH THEM?

- Employee networks managing our charitable support including our Auto Trader Community Fund and our sustainability strategy.
- Supporting organisations such as Manchester Digital and the Automotive 30% Club, and local schools and colleges through our STEM ambassadors.
- Sharing data and insight with industry bodies and Government departments to support policy required to enable the mass adoption of electric vehicles.

WHAT ACTIONS DID WE TAKE?

- Corporate Responsibility Committee holds the business to account on its cultural KPIs.
- Carbon Literacy training for all employees and funding an automotive toolkit for industry use.
- Environmental Strategy working group, responsible for leading our carbon reduction plans and reporting in line with the TCFD framework.
- Conduct regular consumer research and user testing to understand what information is most helpful when buying an electric vehicle.
- Charitable donations of £621k.
- 719 volunteering days.

MATERIAL ISSUES

- 1 Climate
- 9 Making a difference to our local communities and industries
- 10 Diversity and inclusion

INVESTORS

WHY ARE OUR INVESTORS IMPORTANT TO US?

Maintaining a continuous transparent dialogue with current and potential investors promotes confidence, resulting in continued access to capital to enable us to invest in the long-term success of the business.

WHAT MATTERS TO OUR INVESTORS?

- Financial performance including a balanced and fair representation of financial results and future prospects.
- Share price performance and return.
- Reasonable Executive and workforce remuneration practices.
- High governance standards.
- A continued focus on environmental and social issues.

HOW DO WE ENGAGE WITH THEM?

- Open, honest and balanced communication available to all shareholders.
- Private shareholders encouraged to communicate with the Board through ir@autotrader.co.uk.
- Comprehensive investor relations programme.
- Annual Report, AGM, corporate website and regulatory news announcements.
- Dialogue with proxy advisors and other agencies.
- The Chair and the Chair of the Remuneration Committee made contact and corresponded with investors throughout the year.
- Governance-related meetings attended by the Chair or another Non-Executive Director.
- Feedback regularly provided to the Board.
- Relevant industry-related data and internally produced market reports shared with analysts.

WHAT ACTIONS DID WE TAKE?

- Continuing our capital policy and share buyback programme.
- Presenting a Remuneration Policy that is aligned with investors' interests following a successful consultation.
- Extended our debt facility.
- Implementing succession planning to maintain independence on the Board.
- Continued focus on enhancing transparency and usefulness of information.

MATERIAL ISSUES

- 4 Product innovation
- 12 Digital infrastructure
- 14 Responsible tax strategy and total tax contribution
- 15 Corporate governance
- 16 Ethics and integrity
- 17 Remuneration

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Key performance indicators

Measuring our performance

We measure our performance through a defined set of financial, operational and cultural KPIs.

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

OUR PRINCIPAL RISKS AND UNCERTAINTIES

1. Automotive economy, market and business environment
2. Climate change
3. Employees
4. Reliance on third parties and partners
5. IT systems and cyber security
6. Failure to innovate: disruptive technologies and changing consumer behaviours
7. Legal and regulatory compliance
8. Competition
9. Brand and reputation
10. External catastrophic and geo-political events

1-10. All principal risks could impact this KPI

FINANCIAL

Revenue
£m

2024	570.9
2023	500.2
2022	432.7

DEFINITION
The Group generates revenue from Auto Trader and Autorama. There are three streams within Auto Trader: Trade, Consumer Services and Manufacturer and Agency. Trade revenue is broken down into three categories: Retailer, Home Trader and Other, with Consumer Services similarly split into Private and Motoring Services. Autorama revenue is split into Vehicle and Accessory Sales, and Commission and Ancillary.

PROGRESS
Group revenue increased 14% year on year, with the main driver of growth being Retailer revenue, supported by all other revenue lines.

Linked to remuneration? **Yes** Link to risks: **1-10**

Average revenue per retailer ('ARPR')
£ per month

2024	2,721
2023	2,437
2022	2,210

DEFINITION
Average revenue per retailer ('ARPR') is calculated by taking the average monthly revenue generated from retailer customers and dividing by the average monthly number of retailer forecourts who subscribe to an Auto Trader advertising package.

PROGRESS
ARPR grew £284 in the year to £2,721, largely driven by our product lever, with over half of this growth coming from our Auto Trader Connect: Valuations product. Prominence packages also contributed to this growth. Overall ARPR growth was further supported by a price increase and smaller growth in the stock lever.

Linked to remuneration? **No** Link to risks: **1-10**

Operating profit
£m

2024	Margin 61%	348.7
2023	Margin 55%	277.6
2022	Margin 70%	303.6

DEFINITION
Operating profit is as reported in the Consolidated income statement on page 116. This is defined as revenue less operating costs, plus share of profit from joint ventures. Operating profit margin is operating profit as a percentage of revenue.

PROGRESS
Group operating profit increased by 26% to £348.7m (2023: £277.6m), reflecting the increase in revenue and the £23.0m reduction in Group central costs. Operating profit in the core Auto Trader business was £378.6m, up 14% on last year and Autorama had an operating loss of £8.8m. Group operating profit margin increased to 61% (2023: 55%).

Linked to remuneration? **Yes** Link to risks: **1-10**

Basic EPS
Pence per share

2024	28.15
2023	25.01
2022	25.61

DEFINITION
Basic earnings per share is defined as profit for the year attributable to equity holders of the parent divided by the weighted average number of shares in issue during the year.

PROGRESS
Basic EPS increased by 13%, which was slightly better than net income which increased 10%, because of fewer shares in issue following our share buyback programme. The weighted average number of shares in issue decreased by 2% as we purchased and cancelled 25.2 million shares.

Linked to remuneration? **No** Link to risks: **1-10**

Cash generated from operations
£m

2024	379.0
2023	327.4
2022	328.1

DEFINITION
Cash generated from operations is as reported in the Consolidated statement of cash flows on page 120. It comprises net cash generated from operating activities, before income taxes paid.

PROGRESS
Cash generated from operations increased to £379.0m in the year due to the increase in Group operating profit. The majority of cash was returned to shareholders through our share buyback programme of £169.9m and dividends of £80.4m. £30.0m of debt was also repaid.

Linked to remuneration? **No** Link to risks: **1-10**

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10. External catastrophic and geo-political events

1-10. All principal risks could impact this KPI

OPERATIONAL

Cross platform visits

Monthly average visits spent across all platforms

2024	77.5m
2023	69.6m
2022	68.9m

DEFINITION

Monthly average visits across all our platforms, as measured internally by Snowplow. 2022 has been restated as visits were previously measured by Google Analytics.

PROGRESS

Our average monthly cross platform visits increased by 11% to 77.5 million per month (2023: 69.6 million). Continued strong demand from car buyers, despite economic uncertainty and higher cost of living, underpinned good visit numbers across the year.

Linked to remuneration? **No** Link to risks: **1, 6, 8, 9**

Cross platform minutes

Monthly average minutes spent across all platforms

2024	553m
2023	514m
2022	556m

DEFINITION

Monthly average minutes spent across all our platforms, as measured internally by Snowplow. 2022 has been restated as minutes were previously measured by Google Analytics.

PROGRESS

Engagement, measured by total minutes spent onsite, increased by 8% to an average of 553 million minutes per month (2023: 514 million minutes). We continue to use Comscore for a comparison to competitors and our share of minutes remained at over 75% across our competitor set.

Linked to remuneration? **No** Link to risks: **1, 6, 8, 9**

Number of retailer forecourts

Average number per month

2024	13,783
2023	13,913
2022	13,964

DEFINITION

The average number of retailer forecourts per month that subscribe to an Auto Trader advertising package during the financial year.

PROGRESS

The average number of retailer forecourts advertising on our platform slightly declined to 13,783 (2023: 13,913). However, excluding the Webzone Limited disposal in the prior year (negative impact of 305 retailers over the period), like-for-like retailer numbers grew by 1% year on year.

Linked to remuneration? **No** Link to risks: **1, 6, 8, 9**

Number of full-time equivalent employees ('FTEs')

Average number (including contractors)

2024	1,233
2023	1,160
2022	960

DEFINITION

Full-time equivalent employees ('FTEs'), which includes contractors, are measured on the basis of the number of hours worked by full-time employees, with part-time employees included on a pro-rata basis. Number of FTEs is reported internally each calendar month; the full-year number is the average of those 12 periods.

PROGRESS

FTEs have increased by 6% year on year to 1,233 (2023: 1,160), as we continue to invest in people to support the growth of the business.

Linked to remuneration? **No** Link to risks: **3**

Live car stock

Average number per month

2024	445,000
2023	437,000
2022	430,000

DEFINITION

The average number of physical cars (either new or used) that are advertised on autotrader.co.uk per month. Live stock is an important component of our network effect business model. For used cars, we charge our retailer customers on a cost per advertised slot basis for their advertising package, meaning the stock on our website has some correlation to our Retailer revenue.

PROGRESS

Total live stock on site increased by 2% to an average of 445,000 cars (2023: 437,000). New car stock declined to an average of 20,000 (2023: 25,000) as we evolved our new car product. Used car live stock increased 3% on average across the year, however we continued to see some supply shortages from our franchise customers.

Linked to remuneration? **No** Link to risks: **1, 6, 8, 9**

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1-10. All principal risks could impact this KPI

CULTURAL

Employee engagement

% of employees who are proud to work at Auto Trader

2024	97
2023	91
2022	95

DEFINITION

We define employee engagement by measuring the percentage of people who say they are proud to work for Auto Trader. Based on a survey to all employees in April 2024 asking our people to rate the statement "I am proud to work for Auto Trader". Answers were given on a five-point scale from strongly disagree to strongly agree.

PROGRESS

We are pleased that we have been able to maintain high levels of engagement from employees, with 97% of employees saying they are proud to work for Auto Trader. We continue to survey employees regularly and seek to improve the employee experience.

Linked to remuneration? **No** Link to risks: **3, 9**

Women as a % of total staff

% as at March each year

2024△	44
2023	43
2022	40

DEFINITION[1]

Based on the percentage of employees who are women (both cis and trans) at the end of March. In calculating this percentage we include all gender identities, including non-binary.

PROGRESS

We are committed to having a representative workforce across all levels of our business and recognise the importance of gender diversity. Over the past 12 months, the percentage of our employees who are women increased to 44% (2023: 43%). We remain committed to improving gender diversity across our organisation.

Linked to remuneration? **Yes** Link to risks: **3, 9**

Women as a % of leadership

% as at March each year

2024△	42
2023	40
2022	38

DEFINITION[2]

Based on the percentage of those in leadership positions who are women (both cis and trans) at the end of March. In calculating this percentage we include all gender identities, including non-binary.

PROGRESS

The percentage of employees who are women in leadership roles increased to 42% (2023: 40%). Of the 81 people in leadership positions who define their gender when asked, 34 are women. Our Diverse Talent Accelerator and Continuous Leadership Development programmes are aimed at supporting and developing employees into leadership roles.

Linked to remuneration? **Yes** Link to risks: **3, 9**

Ethnically diverse representation as a % of total staff (% as at March each year)

2024△	17
2023	15
2022	14

DEFINITION[1]

Based on the percentage of our headcount that define themselves as ethnically diverse as at the end of March. In calculating this percentage we include those who have chosen not to specify their ethnicity in our headcount.

PROGRESS

Over the past 12 months we have increased the percentage of our employees who define themselves as ethnically diverse to 17% (2023: 15%). Of the 1,125 people who disclose their ethnicity when asked, 216 are ethnically diverse. There were 130 employees (10%) who have not disclosed their ethnicity or opted not to do so.

Linked to remuneration? **Yes** Link to risks: **3, 9**

Ethnically diverse representation as a % of leadership (% as at March each year)

2024△	6
2023	8
2022	6

DEFINITION[2]

Based on the percentage of those in leadership positions that define themselves as ethnically diverse at the end of March.

PROGRESS

The percentage of ethnically diverse employees in leadership roles decreased in the year to 6%. Of the 81 people in leadership positions who define their ethnicity when asked, 5 are ethnically diverse. We recognise there is a lot to do in this area. Our Diverse Talent Accelerator and Continuous Leadership Development programmes are aimed at supporting and developing employees into leadership roles.

Linked to remuneration? **Yes** Link to risks: **3, 9**

Total CO_2 emissions[3]

Tonnes of carbon dioxide equivalent

2024	98,941
2023	79,540
2022	129,419

DEFINITION

The total amount of CO_2 emissions includes Scope 1, 2 and 3 across all relevant categories.

PROGRESS

GHG emissions during the year total 98.9k tonnes of CO_2 across Scopes 1, 2 and 3 (March 2023: 79.5k tonnes). Most of our CO_2 emissions are Scope 3, attributable to both our suppliers and the emissions related to the small number of vehicles sold by Autorama that pass through the balance sheet. This was the main driver for the year-on-year increase with a higher volume of these vehicles being sold.

Linked to remuneration? **Yes** Link to risks: **2, 4, 7**

1. We calculate our diversity percentages using total Group headcount, and since 2023 this has included Autorama (2024: 1,255, 2023: 1,226, 2022: 1,002).
2. We define leaders as those who are on our Operational Leadership Team ('OLT') and their direct reports.
3. Emissions include Autorama. The base year has been restated to include Autorama.

△ This KPI has been subject to limited assurance – see plc.autotrader.co.uk/esg/policies-reports for a copy of the report and methodology.

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Non-financial and sustainability information statement

We aim to comply with all areas of the UK's Non-Financial Reporting Directive.
The table below sets out where stakeholders can find further information for each area.

NON-FINANCIAL RISK	POLICIES AND PROCEDURES	WHERE TO READ MORE WITHIN THIS ANNUAL REPORT	EMPLOYEE GUILDS, NETWORKS AND WORKING GROUPS
ENVIRONMENTAL	• Environmental Policy	More information on our impact on the environment can be found in the Environmental sustainability section, pages 29 to 39, which also sets out our statutory carbon emissions and energy data (page 35).	• Environmental Strategy working group • Sustainability Network
OUR PEOPLE	• Whistleblowing Policy • Equality & Diversity Policy • Inclusive Recruitment • Disability Confident leader • Health & safety • HR policies including adoption leave, parental leave, flexible working • Gender Pay Gap reports	• Diversity and inclusion: pages 41 to 45 • Section 172(1) statement: pages 14 to 17	• Stakeholder engagement • Board Engagement Guild • Ethnicity Network • Women's Network • LGBT+ Network • Age Network • Parents' Network • Disability & Neurodiversity Network • Social Mobility Network • Career Kickstart Network • Wellbeing Guild
SOCIAL AND COMMUNITY	• Ethical Procurement Policy • Customer Charter • Volunteering days • Environmental Policy	• Diversity and inclusion: pages 41 to 45 • Environmental sustainability: pages 29 to 39	• Make a Difference Guild • Age Network • Parents' Network • Disability & Neurodiversity Network • Social Mobility Network • Wellbeing Guild
HUMAN RIGHTS	• Modern Slavery Policy • Data Privacy Policy • Data Retention and Destruction Policy • Data Handling and Data Quality Policy	• Governance & compliance: pages 46 to 49	–
ANTI-BRIBERY AND ANTI-CORRUPTION	• Anti-bribery, Gifts and Hospitality Policy • Whistleblowing Policy	• Governance & compliance: pages 46 to 49	–
BUSINESS MODEL	–	• How we create value: page 09	–
PRINCIPAL RISKS	–	• Principal risks and uncertainties: pages 53 to 58	–
NON-FINANCIAL KEY PERFORMANCE INDICATORS	–	• Operational and cultural KPIs: pages 19 to 20	–

Please note, certain Group policies are not published externally.

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Financial review

"We achieved double digit growth across all three Auto Trader revenue segments for the first time since our IPO in 2015."

£571m
Group revenue
(2023: £500m)

£349m
Group operating profit
(2023: £278m)

Jamie Warner
Chief Financial Officer

GROUP RESULTS

	2024 £m	2023 £m	Change %
Revenue	**570.9**	500.2	14%
Operating costs	**(225.0)**	(225.1)	(0%)
Share of profit from joint ventures	**2.8**	2.5	12%
Group operating profit	**348.7**	277.6	26%
Group operating profit margin	**61%**	55%	6% pts

Group revenue increased by 14% to £570.9m (2023: £500.2m), driven by Auto Trader revenue which increased by 12% to £529.7m (2023: £473.0m) with Autorama contributing £41.2m (2023: £27.2m). Group operating profit grew by 26% to £348.7m (2023: £277.6m). Within this, Auto Trader operating profit increased by 14% to £378.6m (2023: £332.9m), which included £2.8m share of profit from joint ventures (2023: £2.5m). Autorama had an operating loss of £8.8m (2023: £11.2m).

	2024 £m	2023 £m	Change %
Auto Trader	**378.6**	332.9	14%
Autorama	**(8.8)**	(11.2)	21%
Group central costs – relating to Autorama acquisition	**(21.1)**	(44.1)	52%
Group operating profit	**348.7**	277.6	26%

Group central costs included a charge of £11.1m (2023: £38.8m), which is the final charge of the £49.9m deferred consideration relating to Autorama, which was fully settled in the period, and an amortisation charge of £10.0m (2023: £5.3m) relating to the Autorama intangible assets acquired. Having accelerated the integration work between Autorama and Auto Trader, we have reviewed the useful economic life of the intangible assets and in September 2023 we shortened the life of the Vanarama brand to five years from the date of acquisition, which brings forward the future amortisation charge.

	2024 £m	2023 £m	Change %
Operating profit	**348.7**	277.6	26%
Add back:			
Depreciation & amortisation	**18.3**	14.1	30%
Share of profit from joint ventures	**(2.8)**	(2.5)	12%
Autorama deferred consideration	**11.1**	38.8	(71%)
Adjusted EBITDA	**375.3**	328.0	14%

Adjusted earnings before interest, taxation, depreciation and amortisation, share of profit from joint ventures and Autorama deferred consideration increased by 14% to £375.3m (2023: £328.0m). This adjusted measure of EBITDA, and a similar adjusted measure of earnings per share, are calculated principally to show the financial measures before the effect of acquisition related expenses and disposal gains.

Group profit before tax increased by 18% to £345.2m (2023: £293.6m), despite the prior year including a £19.1m profit on disposal of Webzone Limited (trading as 'Carzone'). Cash generated from operations was £379.0m (2023: £327.4m).

AUTO TRADER RESULTS

Revenue increased to £529.7m (2023: £473.0m), up 12% when compared to the prior year. Trade revenue, which comprises revenue from Retailer, Home Trader and other smaller revenue streams, increased by 11% to £475.7m (2023: £427.4m).

	2024 £m	2023 £m	Change %
Retailer	**450.0**	406.8	11%
Home Trader	**13.4**	10.1	33%
Other	**12.3**	10.5	17%
Trade	**475.7**	427.4	11%
Consumer Services	**39.6**	34.5	15%
Manufacturer & Agency	**14.4**	11.1	30%
Auto Trader revenue	**529.7**	473.0	12%

Retailer revenue increased by 11% to £450.0m (2023: £406.8m). The average number of retailer forecourts advertising on our platform slightly declined to 13,783 (2023: 13,913). However, excluding the Webzone Limited disposal in the prior year (a negative impact of 305 retailers), like-for-like retailer numbers grew by 1% year-on-year.

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Financial review continued

Average revenue per retailer ('ARPR') per month increased by 12% to £2,721 (2023: £2,437), with some positive impact from the Webzone disposal as on average their retailers were lower yielding. The ARPR growth was predominantly driven by the product and price levers, with smaller growth from the stock lever.

- Price: Our price lever contributed growth of £114 (2023: £90) to total ARPR as we delivered our annual pricing event for all customers on 1 April 2023, which included additional products alongside a like-for-like price increase.
- Stock: Our stock lever contributed growth of £34 (2023: £nil). The average number of live cars advertised on Auto Trader increased by 2% to 445,000 (2023: 437,000). Despite supply constraints easing, new car stock declined to an average of 20,000 (2023: 25,000) as we evolved our new car product, moving from an 'all you can eat' to a 'slot-based' model. Underlying used car stock increased by 3% on average across the year to 426,000 (2023: 412,000), with much of this increase coming from a higher volume of private listings. The stock lever is not impacted by private listings, but by the number of retailer paid stock units which marginally increased.
- Product: Our product lever contributed growth of £136 (2023: £137) to total ARPR. Just over half of this product growth was from our Auto Trader Connect Valuations product, which was included in retailer packages as part of our annual pricing and product event in April 2023. Much of the remaining growth was as a result of seeing a continued increase in retailers using our higher level packages and market extension products. Despite the reduction in new car stock, the higher number of paying retailers also positively contributed to product lever growth.

Home Trader revenue increased by 33% to £13.4m (2023: £10.1m). Other revenue increased by 17% to £12.3m (2023: £10.5m).

Consumer Services revenue increased by 15% in the year to £39.6m (2023: £34.5m). Private revenue, which is largely generated from individual sellers who pay to advertise their vehicle on the Auto Trader marketplace, increased by 16% to £26.0m (2023: £22.4m). Motoring Services revenue increased 7% to £13.0m (2023: £12.1m).

Revenue from Manufacturer and Agency customers increased 30% to £14.4m (2023: £11.1m), with much of the increase a result of manufacturers who sell direct to consumers using our recently launched new car market extension product, allowing them to advertise and sell new cars on Auto Trader.

Total costs increased 8% to £153.9m (2023: £142.6m).

	2024 £m	2023 £m	Change %
People costs	**81.5**	74.0	10%
Marketing	**22.3**	22.3	0%
Other costs	**44.2**	39.6	12%
Depreciation & amortisation	**5.9**	6.7	(12%)
Auto Trader costs	**153.9**	142.6	8%

People costs increased by 10% to £81.5m (2023: £74.0m). The increase in people costs was mainly due to an increase in the average number of full-time equivalent employees ('FTEs') to 1,060 (2023: 996), as we continue to invest in people to support the growth of the business. Underlying salary costs also contributed to this increase as we continue to attract and retain the best digital talent and supported employees with the higher cost of living. Within people costs, share-based payments was £8.2m (2023: £6.6m), increasing 21% largely due to the award of an all-employee share award in November 2023.

Marketing spend remained flat at £22.3m (2023: £22.3m).

Other costs, which include data services, property-related costs and other overheads, increased by 12% to £44.2m (2023: £39.6m). The year-on-year increase was primarily due to people-related costs, IT costs, legal & professional costs and general inflationary increases. Depreciation and amortisation declined by 12% to £5.9m (2023: £6.7m).

	2024 £m	2023 £m	Change %
Revenue	**529.7**	473.0	12%
Operating costs	**(153.9)**	(142.6)	8%
Share of profit from joint ventures	**2.8**	2.5	12%
Auto Trader operating profit	**378.6**	332.9	14%
Auto Trader operating profit margin	**71%**	70%	1% pts

Our share of profit generated by Dealer Auction, the Group's joint venture, increased 12% to £2.8m (2023: £2.5m) as auction activity increased following supply constraints in the prior year.

AUTORAMA RESULTS

	2024 £m	2023 £m	Change %
Vehicle & Accessory Sales	**28.4**	16.0	78%
Commission & Ancillary	**12.8**	11.2	14%
Autorama revenue	**41.2**	27.2	51%

Autorama revenue was £41.2m (2023: £27.2m), with vehicle and accessory sales contributing £28.4m (2023: £16.0m), and commission and ancillary revenue contributing £12.8m (2023: £11.2m). The prior period included just over nine months of results from acquisition date, compared to a full year this year.

Total deliveries amounted to 7,847 units (2023: 6,895), which comprised 2,646 cars (2023: 4,295), 4,616 vans (2023: 2,253) and 585 pickups (2023: 347). Average commission and ancillary revenue per unit delivered was £1,631 (2023: £1,624).

	2024 £m	2023 £m	Change %
Cost of goods sold	**28.2**	15.7	80%
People costs	**10.9**	10.5	4%
Marketing	**4.0**	4.7	(15%)
Other costs	**4.5**	5.4	(17%)
Depreciation & amortisation	**2.4**	2.1	14%
Autorama costs	**50.0**	38.4	30%

The Autorama business delivered c.1,200 (2023: c.700) vehicles which were temporarily taken on balance sheet in the year to 31 March 2024. This represented 15% (2023: 10%) of total vehicles delivered in the period. The cost of these vehicles was taken through cost of goods sold, with the corresponding revenue in vehicle and accessory sales. People costs of £10.9m (2023: £10.5m) related to the 173 FTEs (2023: 209) employed on average through the year. Marketing in the year was £4.0m (2023: £4.7m). Other costs of £4.5m (2023: £5.4m) include IT services, property costs, people-related costs and other overheads. Depreciation and amortisation totalled £2.4m (2023: £2.1m).

	2024 £m	2023 £m	Change %
Revenue	**41.2**	27.2	51%
Operating costs	**(50.0)**	(38.4)	30%
Autorama operating loss	**(8.8)**	(11.2)	21%

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Financial review continued

GROUP NET FINANCE COSTS

Group net finance costs increased to £3.5m (2023: £3.1m). Interest costs on the Group's Syndicated Revolving Credit Facility ('Syndicated RCF') totalled £3.0m (2023: £2.5m) with the year-on-year increase due to an increase in underlying SONIA. At 31 March 2024, the Group had drawn £30.0m of its available facility (31 March 2023: £60.0m). Other finance costs comprised amortisation of debt issue costs of £0.6m (2023: £0.5m), vehicle stocking loan interest of £0.3m (2023: £0.1m) and interest costs relating to leases of £0.1m (2023: £0.2m). This was offset by interest receivable on cash and cash equivalents of £0.5m (2023: £0.2m).

EXTENSION OF SYNDICATED RCF COMMITMENTS

On 2 February 2024, the Group extended the term for its £200.0m Syndicated RCF by one year, incurring additional associated debt transaction costs of £0.3m. The facility has been extended to February 2029 and still has an additional one-year extension option with no tranche terminations. There is no change to the interest rate payable and there is no requirement to settle all or part of the debt earlier than the termination dates stated.

TAXATION

Profit before taxation increased by 18% to £345.2m (2023: £293.6m). The Group tax charge of £88.3m (2023: £59.7m) represents an effective tax rate of 26% (2023: 20%). This is slightly higher than the average standard UK rate of 25% (2023: 19%) due to non-deductible expenses.

We had previously stated that the Group was potentially in scope for the UK's digital services tax ('DST') with revenues exceeding £500m. The UK Government continues to work towards implementing a global two-pillar tax solution addressing the tax challenges arising from the digitalisation of the economy. Pillar Two came into effect for accounting periods beginning on or after 31 December 2023, but the timeline for finalising the multilateral convention that would implement Pillar One is still not certain.

The implementation of Pillar One would see DST repealed and the Group liability would fall away. An outcome statement was published in July 2023 which gave an expectation that Pillar One would come into force during calendar year 2025. We are awaiting further updates.

Our in-scope revenue did not exceed the threshold for UK DST in financial year 2024, but we expect the Group will exceed that threshold and pay DST in financial year 2025. This would result in an additional operating expense equivalent to c.2% of in-scope revenue, which will be deductible against corporation tax payable.

EARNINGS PER SHARE

Basic earnings per share increased by 13% to 28.15 pence (2023: 25.01 pence) based on a weighted average number of ordinary shares in issue of 912,582,172 (2023: 935,138,578). Diluted earnings per share of 28.07 pence (2023: 24.77 pence) also increased by 13%, based on 915,302,568 shares (2023: 944,144,242) which takes into account the dilutive impact of outstanding share awards.

	2024 £m	2023 £m	Change %
Net income	**256.9**	233.9	10%
Autorama deferred consideration	**11.1**	38.8	(71%)
Profit on the sale of subsidiary	**–**	(19.1)	100%
Adjusted Net income	**268.0**	253.6	6%
Adjusted earnings per share (pence)	**29.37**	27.12	8%

Adjusted earnings per share, before Autorama deferred consideration and profit on the sale of subsidiary in respect of the prior year, and net of the tax effect in respect of these items, increased by 8% to 29.37 pence (2023: 27.12 pence).

CASH FLOW AND NET BANK DEBT

Cash generated from operations increased to £379.0m (2023: £327.4m) predominately due to the increase in operating profit. Corporation tax payments increased to £91.5m (2023: £60.5m). Net cash generated from operating activities was £287.5m (2023: £266.9m).

As at 31 March 2024, the Group had net bank debt of £11.3m (31 March 2023: net bank debt of £43.4m), a decrease of £32.1m. At the year end, the Group had drawn £30.0m of its Syndicated RCF (31 March 2023: £60.0m) and held cash and cash equivalents of £18.7m (31 March 2023: £16.6m).

Leverage, defined as the ratio of Net bank debt to EBITDA (adjusted for the Autorama deferred consideration), was 0.0 times (2023: 0.1 times) and interest paid was £3.1m (2023: £3.2m).

CAPITAL STRUCTURE AND DIVIDENDS

During the year, a total of 25.2 million shares (2023: 25.3 million) were purchased for a consideration of £169.9m (2023: £147.3m) before transaction costs of £0.9m (2023: £0.7m). A further £80.4m (2023: £77.7m) was paid in dividends, giving a total of £250.3m (2023: £225.0m) in cash returned to shareholders. The Directors are recommending a final dividend of 6.4 pence per share. Subject to shareholders' approval at the Annual General Meeting ('AGM') on 19 September 2024, the final dividend will be paid on 27 September 2024 to shareholders on the register of members at the close of business on 30 August 2024. The total dividend for the year is therefore 9.6 pence per share (2023: 8.4 pence per share).

The Group's long-term capital allocation policy remains unchanged: continuing to invest in the business enabling it to grow while returning around one third of net income to shareholders in the form of dividends. Following these activities any surplus cash will be used to continue our share buyback programme and steadily reduce gross indebtedness.

GOING CONCERN

The Group generated significant cash from operations during the year. At 31 March 2024 the Group had drawn £30.0m of its £200.0m unsecured Syndicated RCF and had cash balances of £18.7m. The Group has a strong balance sheet and flexibility in terms of uses of cash to manage increased economic uncertainty and higher interest rates. The £200.0m Syndicated RCF is committed until February 2029. Based on the facilities available and current financial projections for the next 12 months the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Jamie Warner
Chief Financial Officer
30 May 2024

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Working responsibly

Ensuring we make a positive impact

Working responsibly is central to our purpose and strategy. Our purpose is driven by our commitment to doing the right thing, measuring and reporting transparently and always acting with integrity.

Our ESG strategy focuses on the material issues that have the greatest impact on our business whilst considering the expectations of our stakeholders. We also recognise that our activities, and the way in which we carry them out, impact well beyond our financial performance and so our ESG strategy considers the impact our decisions have more widely on the environment, our people and society. Our many ESG initiatives are focused on ensuring we do business responsibly and as the UK's largest automotive marketplace that we play our role in creating a more accessible, equitable and sustainable future. Our ESG strategy supports this purpose over the long term.

Our trusted brand has been built over more than 40 years and we remain committed to being the best place to find, buy and sell vehicles in the UK on a platform that enables data-driven digital retailing for our customers.

In a rapidly changing world, we know that we will only succeed as a business if we use our technology, expertise and data to help solve the challenges our customers, our consumers and our industry face. This involves ensuring platform resilience whilst remaining innovative and changing how the UK shops for vehicles by providing the best online buying experience and supporting all our retailers to sell online.

We use our cultural KPIs (see page 20) to help us monitor and measure progress against our strategy. In 2022, we undertook our first materiality assessment to consider what ESG issues matter most to our stakeholders and the impact of these on our business.

Our ESG strategy is underpinned by our purpose, Driving Change Together. Responsibly.

We can play a positive role in making a difference to our people, our communities, our industry and the wider environment to create a more accessible, equitable and sustainable future.

OUR ENVIRONMENT

Minimise our impact on the environment, thereby protecting our business from the impact of climate change.

Drive change across our own operations and supply chain, and also use our capabilities and voice to influence the automotive and technology industries and Government to support urgent action to tackle the climate crisis.

Report comprehensively in line with TCFD recommendations.

READ MORE P29

OUR PEOPLE & COMMUNITIES

Build diverse teams and evolve our inclusive culture.

Maintain high levels of employee engagement, supporting positive health and wellbeing.

Partner with charities, community groups and industry bodies to make a difference to the communities where we work and live.

READ MORE P40

OUR GOVERNANCE & COMPLIANCE

Uphold the values of good corporate governance and risk management and consider the needs of all our stakeholders in our strategic decision-making.

Comply with our legal and regulatory obligations and behave ethically and with integrity at all times.

Maintain a trusted marketplace for our customers and consumers to find, buy and sell vehicles.

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Our materiality assessment

Conducting business responsibly, with stakeholders at the heart of our decisions, is core to our strategy and success, and therefore an understanding of what ESG topics matter most to our key stakeholders is essential to remaining successful in the long term. We believe that the 17 issues identified in our materiality assessment (initially undertaken in 2022) remain relevant to our business and our stakeholders today. The materiality assessment helps us capture our impacts in a non-financial manner and the findings continue to guide the focus areas of our ESG strategy.

Alongside our aim to have high standards of governance, we have focused most of our activities and initiatives on the following issues: diversity and inclusion; data privacy and security; product innovation; digital infrastructure; and customer satisfaction, all of which our stakeholders placed in the higher priority category.

We have also chosen to actively focus on climate. Although climate did not place in the highest category at the time the assessment was undertaken, we believe we should be doing what we can to positively impact the world in which we live and recognise that initiatives in this area take time to deliver results.

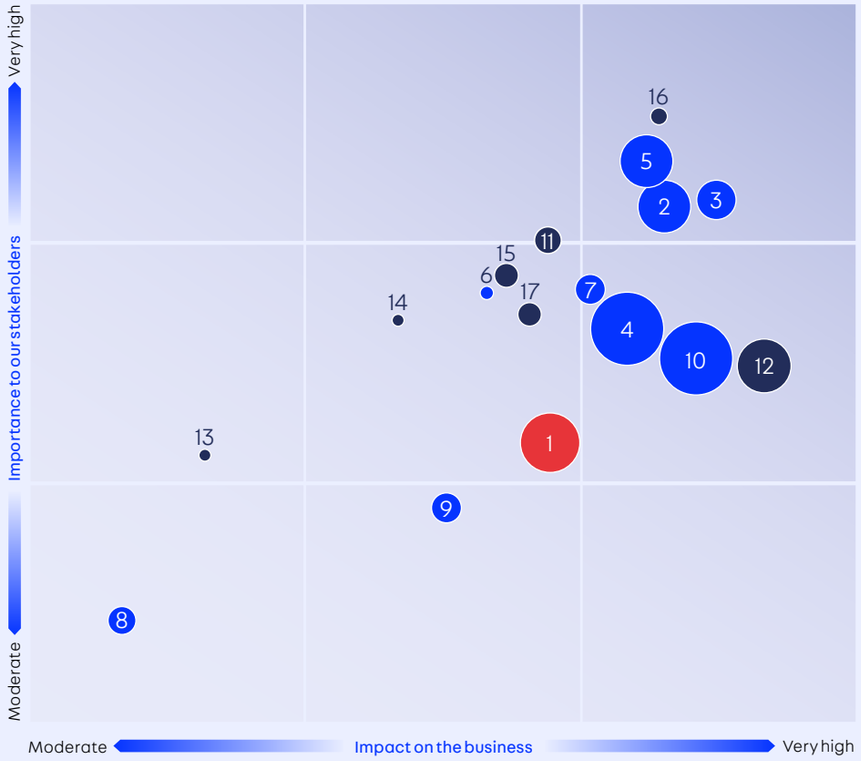
Product innovation, digital infrastructure and customer satisfaction are key to our business strategy. Our focus on digital retailing is to bring more of the buying and selling journeys online, realising both an improved consumer experience and efficiencies for our retailer customers.

OUR FUTURE FOCUS

We will refresh our materiality assessment in full during the next financial year to ensure that the focus of our ESG strategy remains relevant.

OUR MATERIALITY ASSESSMENT

The size of the bubbles on our materiality assessment highlights where our activities for this financial year have been focused.



THE MATERIAL ISSUES THAT MATTER MOST

Our environment

1. Climate

Our people & communities

2. Data privacy and security
3. Employee wellbeing, engagement and safety
4. Product innovation
5. Customer satisfaction
6. Pricing fairness
7. Investment in talent
8. Advocacy
9. Making a difference to our local communities and industries
10. Diversity and inclusion

Our governance & compliance

11. Driving transparency
12. Digital infrastructure
13. Responsible supply chain
14. Responsible tax strategy and total tax contribution
15. Corporate governance
16. Ethics and integrity
17. Remuneration

Want to know how we define each material issue? Head online:

plc.autotrader.co.uk/esg

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Working responsibly continued

ESG at a glance

OUR ENVIRONMENT

OUR AMBITIONS

- Achieve net zero in our own business as well as support our customers and suppliers as they also transition to net zero.
- Ensure the majority of our employees have completed Carbon Literacy training.
- Help our customers to confidently sell more electric vehicles.
- Support our customers in making their workforce environmentally aware with the Carbon Literacy Toolkit.
- Help car buyers make more environmentally friendly vehicle choices.
- Use our data and insight to support and influence the Government's policies related to supporting the adoption of electric vehicles.

HIGHLIGHTS OF OUR PROGRESS DURING FINANCIAL YEAR 2024

- Our long-term target to be net zero by 2040 has been resubmitted to the Science Based Targets initiative ('SBTi') and has been validated and approved.
- 208 customers and partners have engaged with the Automotive Carbon Literacy Toolkit, with over 3,200 people completing their accreditation.
- Climate contribution strategy – over £350k supporting carbon removal projects and environmental initiatives.
- Launched e-bikes on the Auto Trader marketplace.
- Expanded the audience of our Government briefings on the progress of the UK's electric transition and was invited to give evidence at the House of Lords Committee looking at the EV transition.
- Over 10.8 million people have engaged with our monthly electric vehicle ('EV') giveaway since the campaign started, increasing brand awareness and association of Auto Trader with EVs.

OUR FOCUS FOR FINANCIAL YEAR 2025

- Finalising and communicating our Climate Transition plan.
- Roll out of the Tech Carbon Literacy Toolkit.
- Continuing to work with ministers to share our data and insight to help shape policies needed to support mass adoption of used EVs.

OUR PEOPLE & COMMUNITIES

OUR AMBITIONS

- Have a representative workforce across all levels of our business.
- Foster an environment where everyone feels included.
- Continue to make progress on our gender & ethnicity pay gaps.
- Maintain high levels of employee engagement.
- Support the physical, mental and financial wellbeing of all our employees.
- Positively contribute to the communities we operate in through local and national charities.

HIGHLIGHTS OF OUR PROGRESS DURING FINANCIAL YEAR 2024

- Three more cohorts (26 employees) completed our Diverse Talent Accelerator programme during the year, developing our next level of leadership talent.
- Launch of our all-employee share award.
- Awarded The Race Equality Matters Bronze Trailblazer status.
- Manchester Pride's All Equals Charter granted us 'Role Model' accreditation.
- Alison Ross, MBE, our Chief People & Operations Officer, was awarded the Automotive 30% Club's Inspiring Woman of the Year Award.
- Hosted the second Mind the Gap event in Parliament, campaigning for Ethnicity Pay Gap reporting alongside other FTSE 100 companies.
- We were once again named as one of the Inclusive Top 50 companies in the UK.
- Launched the No Driver Left Behind report which highlights the gender gap in the electric transition.
- Refreshed our policies for retirement and long service recognition.

OUR FOCUS FOR FINANCIAL YEAR 2025

- Continued internal focus on our development programmes.
- Work with key industry bodies and partners to support the broader goals around ensuring the automotive industry is gender balanced and that it is an inclusive place for all who work in it.

OUR GOVERNANCE & COMPLIANCE

OUR AMBITIONS

- Fully adopt the NIST Framework for cyber security.
- Going beyond the requirements of both GDPR and FCA compliance and embracing the spirit and principles.
- Integrate sustainability into all aspects and decision-making processes of our business.
- Embed our Ethical Procurement Policy within the business and adopt a socially responsible sourcing model.
- Report comprehensively in line with recommended reporting frameworks, including TCFD and SASB.

HIGHLIGHTS OF OUR PROGRESS DURING FINANCIAL YEAR 2024

- Fully migrated our technology infrastructure to the cloud and exited from our two main data centres in June 2023.
- 92% of our employees have completed our new Consumer Duty compliance training.
- Established and implemented new guidance, policies and frameworks to ensure we meet the requirements of Consumer Duty, and put the consumer at the heart of our business.
- Integration of Autorama into the Group governance framework.
- Continued improvement of ethical procurement information gathered.
- Successful transition to BDO as internal auditors, with reviews of FCA Consumer Duty, cyber security over AT Connect, software development lifecycle and IT Disaster recovery being completed in the year.
- Refreshed our comprehensive fraud risk assessment in the light of new regulations.

OUR FOCUS FOR FINANCIAL YEAR 2025

- Guidance and policy over the use of AI.
- Implementation of NIST across all subsidiary companies.
- Continuing to assess the requirements of the Corporate Governance Code around the effectiveness of material internal controls.

SUPPORTING THE UN SDGS MOST RELEVANT TO OUR STRATEGY

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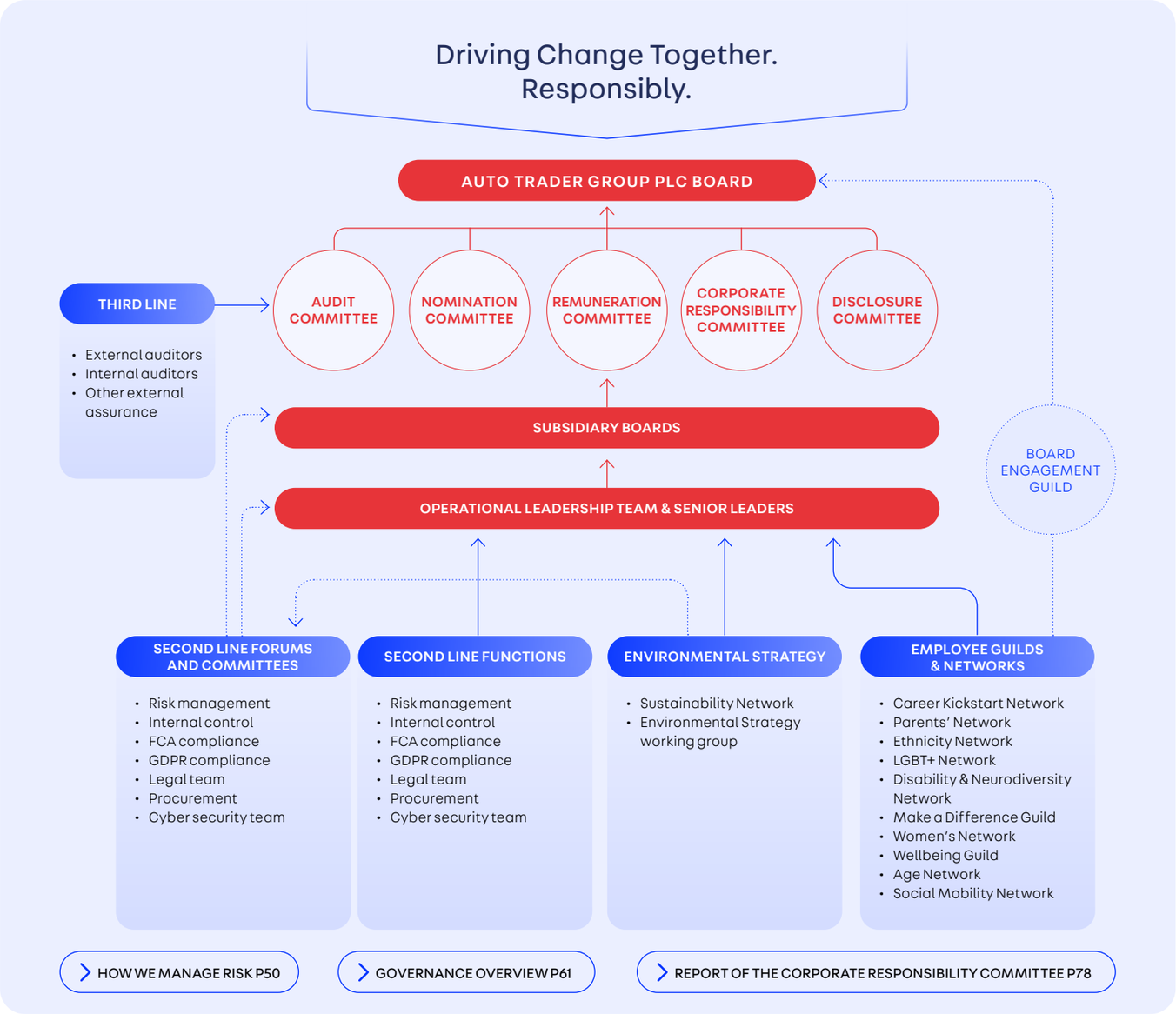
Working responsibly continued

Governance of our ESG strategy

We have established our Corporate Responsibility Committee to sit alongside our Audit, Remuneration and Nomination Committees.

Whilst ESG-related topics are covered in all Committees, this is a formal Committee of the Board with the overarching goal of monitoring our corporate responsibility initiatives and sustainability targets. The Committee, chaired by Jeni Mundy, plays a crucial role in overseeing the progress towards fulfilling our ESG strategy and ensuring that our targets and goals remain ambitious and realistic. Responsibility for putting our ESG strategy into action spans across the business through specific functions and through our individual guilds and networks, which are empowered to drive change within the organisation.



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Our environment

Minimise our impact on the environment, thereby protecting our business from the impact of climate change.

Drive change across our own operations and supply chain, and also use our capabilities and voice to influence the automotive and technology industries and Government to support urgent action to tackle the climate crisis.

Report comprehensively in line with TCFD recommendations.

TCFD: GOVERNANCE

We have integrated climate governance into our existing governance processes and sought to embed responsibility for the risks associated with climate change throughout our business, adopting a climate change focused mindset. There is a clear commitment from the Board to deliver on our environmental commitments and ensure relevant accountability across the business. Our environmental strategy was initiated to ensure a joined up approach across the business considering the risks and opportunities climate issues pose and how we are responding to them.

We submitted our annual CDP questionnaire and received a B rating in December 2023 (December 2022: C). The rating is on a scale from A (best possible score) to D-. Our B rating indicates that Auto Trader has knowledge of impacts on, and of, climate issues and that we are taking coordinated action on climate issues.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD') COMPLIANCE STATEMENT

The Group has prepared its TCFD disclosures in line with guidance from the 2021 updates to the TCFD Final Report and Annex, including the supplementary guidance for all sectors. At the time of publication, in accordance with the UK's Financial Conduct Authority ('FCA') Listing Rule 9.8.6R(8), the Group has made climate related financial disclosures consistent with the TCFD recommendations and recommended disclosures set out on pages 29 to 39. The table included in the Corporate Responsibility Committee report (page 79) summarises where the relevant disclosures are addressed. We continue to develop our net zero strategy and to identify the risks and opportunities to our business as a result of climate change and the potential financial impact. The climate related financial disclosures made by the Group comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

HOW WE GOVERN THIS AREA

1. BOARD RESPONSIBILITY

The Corporate Responsibility Committee is responsible for holding the Executive Directors to account with respect to climate risks and opportunities and their impacts on both the business and the wider environment. Our environmental strategy is a standing agenda item for all Committee meetings.

2. EXECUTIVE RESPONSIBILITY

The responsibility for assessing and managing climate related risks and opportunities sits at both executive and Board level. Executive responsibility for our impact on climate change is held by all our Executive Directors, who have responsibility for overseeing our environmental strategy. Responsibility for the consideration of climate related risks and opportunities on the financial performance of the Group and compliance with environmental reporting sits with our CFO, Jamie Warner.

3. RISK FORUM

Our Risk Forum undertakes a review of climate related risks with our Operational Leadership Team ('OLT').

Environmental risks are also reviewed at least twice a year as part of the overall risk review process.

4. REMUNERATION COMMITTEE

The Committee introduced ESG-related targets into the Performance Share Plan ('PSP') for the first time in 2021. The PSP includes a specific performance target linked to a reduction of our GHG emissions.

5. THIRD-PARTY ASSURANCE

Our GHG emissions have been independently assured by EcoAct using ISO 14064-3 for all scopes of our carbon footprint.

6. ENVIRONMENTAL WORKING GROUPS

Our environmental strategy not only focuses on our own environmental impact, but also aims to support our customers, consumers and the industries in which we operate and, as a result, various parts of the business play a part in delivering our ambitions. Different parts of the business are brought together through our Environmental Strategy working group, which is sponsored by members of our OLT. Key activities and milestones are set for each financial year and these are shared with the Corporate Responsibility Committee. The Environmental Strategy working group is responsible for our commitment to net zero, which is in line with our SBTi targets. This group also identifies ways in which we can support the tech and automotive industries, alongside helping consumers make more environmentally friendly vehicle choices.

7. EMPLOYEE GUILDS & NETWORKS

Our employees play a fundamental role in the success of our environmental strategy. Our Sustainability Network comprises passionate individuals from across the business who are focused on making life at Auto Trader more sustainable. They do this through increasing employee awareness and driving impactful changes for both individuals and our business, supporting our overall goal of reducing our carbon emissions.

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TCFD: STRATEGY

We want to minimise our impact on the environment, thereby protecting our business from the impact of climate change.

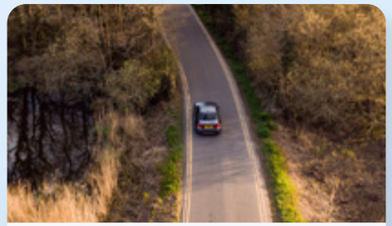
Our strategy is to put the brakes on carbon, not only across our own operations and supply chain, but also by using our capabilities and voice to influence the automotive industry to support others in the transition to a low carbon economy and take urgent action to tackle climate change.

As the world transitions to a low carbon economy, regulatory change and changes in consumer behaviour will have an impact on the automotive and technology industries, meaning we need to continue to develop and adapt our business strategy to incorporate climate resilience. Reducing the impact our business has on the environment is embedded into our wider business strategy of acting responsibly and we are committed to being a net zero business by 2040.

As well as reducing our own emissions, we are also raising environmental awareness with both our customers and consumers, encouraging them to reduce their own environmental impact. We use our breadth of expertise, data and market insight to accelerate the transition to low carbon transport. We continue to focus on sharing our data and insights with retailers, the industry and Government to help inform public policy and regulation to support the mass adoption of electric vehicles.

Failure to deliver on our environmental commitments could negatively impact our brand as a responsible business or result in regulatory sanctions.

PUTTING THE BRAKES ON CARBON



1 Our net zero commitment – our operations

We have signed up to the Science Based Targets initiative ('SBTi') Business Ambition for 1.5°C. By doing so, we are committed to achieving net zero by 2040 and to reducing emissions in line with the Paris Agreement goals.

c.80%

of Auto Trader employees have completed the Carbon Literacy training, putting us at Platinum award level

2 Supporting the automotive industry

Our aim is to support the industry in its transition towards the mass adoption of electric vehicles ('EVs').

>22,500

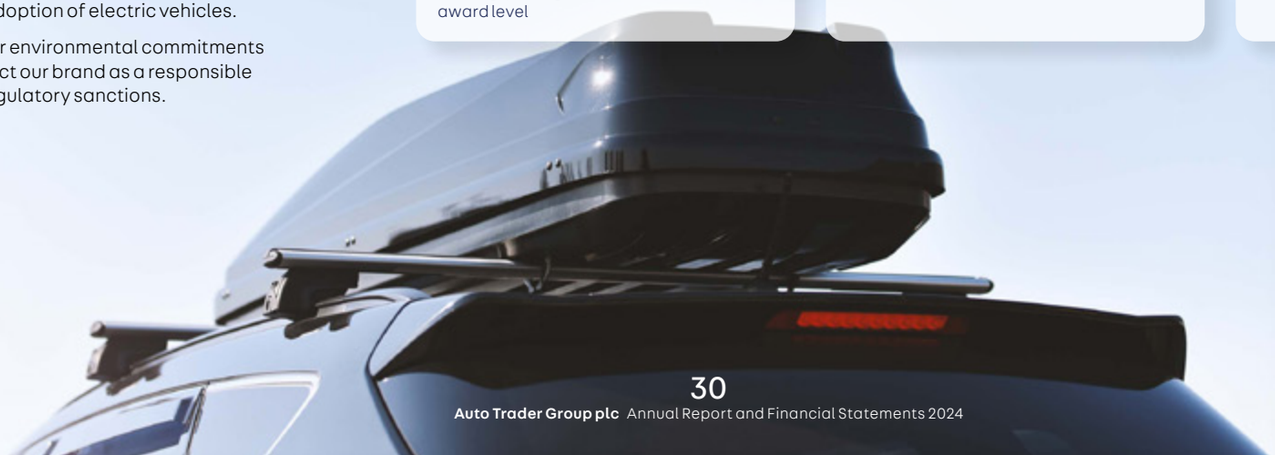
average electric vehicle adverts on Auto Trader as at March 2024 (2023: >23,000)

3 Supporting consumers

Our aim is to support consumers to make more environmentally friendly vehicle choices and to be the number one electric vehicle destination in the UK.

>105m

advert views of electric cars on Auto Trader in financial year 2024 (2023: >68m)



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CLIMATE RELATED RISKS AND OPPORTUNITIES

To build climate resilience into our business strategy we identify climate related risks and opportunities. Environmental risks are reviewed regularly as part of our overall risk review process and we maintain an environmental risk register which monitors key changes and actions taken to manage the risks identified.

As an online marketplace, we have a relatively small carbon footprint and our business model is sustainable in a low carbon environment. However, the automotive industry is intrinsically linked with climate change and there is pressure from consumers and Government for the industry to reduce its impact on the environment. The nature of the risks and opportunities that we face depends not just on the physical aspects of climate change, but also on transition risks. These are driven by the trajectory of our customers and consumers in responding to climate change and the regulations applied to the market we operate in.

Our climate related assessment of the risks and opportunities posed by climate change and how they might impact our business has provided a firm foundation on which to build our environmental strategy and resilience. We considered the transitional and physical climate risks and opportunities presented by rising temperatures, climate related policy and emerging technologies.

We agreed the methodology for assessing and quantifying financial impacts. For the purposes of our assessment, the time horizons we used were aligned to our business planning cycle as follows:

- Short term: 0–5 years
- Medium term: 5-10 years
- Long term: 10 years +

In each case, the likely impact on costs or revenues was reviewed. We have assessed how the risks can be better managed, reduced or mitigated in line with the Group's risk management framework and business strategy. The risks identified during our analysis are more likely to present themselves in the medium or long term.

Having assessed and modelled the risks, we believe that there is no immediate material financial risk or threat to our business model. Even though there is uncertainty around the time horizon over which climate risks will materialise, stakeholder expectations and regulatory attention could develop at pace, impacting the rate at which the business may need to cut carbon emissions.

We recognise that we will need to keep abreast of future climate change legislation as well as consumer preferences and retailers' ability to adapt. However, we have a strong track record of quickly evolving.

CLIMATE RELATED SCENARIO ANALYSIS

To further understand and explore how potential climate risks and opportunities could evolve and impact our business over the medium to longer term, the TCFD recommends undertaking climate scenario analysis, which includes a '2°C or lower scenario' in line with the 2015 Paris Agreement.

We examined two climate scenarios against our three time horizons for the purposes of our analysis. The results are set out in the table on the following pages. The results of our scenario analysis showed that based on our strategic plans and capabilities, we remain well positioned to mitigate the risks and seize the opportunities related to climate change.

KEY TRANSITION RISKS:

Regulatory changes: Stricter emissions regulations and Government policies favouring EV adoption may impact manufacturers' production strategies which will impact supply and therefore stock available to list on Auto Trader's platform.

Supply chain disruptions: Dependency on complex global supply chains exposes the industry to risks related to geo-political tensions, natural disasters, pandemics and risks delaying new cars entering the UK, which can impact supply for retailers and therefore impact Auto Trader.

Consumer preferences: Changes in consumer preferences towards sustainable transportation options and shared mobility services could impact the desire to own a car outright challenging the number of new and used car transactions made each year.

KEY PHYSICAL RISKS:

Extreme weather and climate related natural disasters: Extreme weather could impact our cloud providers which could impact platform performance. We could also see customers' ability to open their showrooms impacted, which risks their ability to sell vehicles.

Resource scarcity: Shortages of critical materials like rare earth metals and lithium could disrupt production of electric vehicles and their components, impacting supply of the vehicles into the UK and available stock on Auto Trader's platform.

Geo-political instability: Political unrest, trade tensions and sanctions can disrupt international supply chains and increase production costs for automotive manufacturers, which risks the amount of vehicles they'll choose to sell in the UK and therefore impacts Auto Trader's new car stock offering.

Navigating these risks will require adaptation, innovation and strategic planning as well as robust risk management strategies and contingency planning.

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Climate related scenario analysis

Scenario	Description
Orderly transition	Additional policy and legislation introduced to limit climate change – UK does not take immediate and substantial action – gradual and deliberate shift towards a low carbon economy.
Hot house world	Business as usual – no change in climate policy and legislation – UK takes limited or no action – continuation of current projection of carbon emissions without any significant abatement or mitigation.

Impact	Mitigation/response		Financial impact: Short term 0-5 years	Financial impact: Medium term 5-10 years	Financial impact: Long term 10+ years	Inherent likelihood
			Minor	Moderate	Major	
PHYSICAL RISK – Increased frequency/severity of extreme weather and climate related natural disasters						
• Offices closed • Data centre disruption • Customers cannot open their showrooms	All technology infrastructure is cloud based. Disaster recovery/business continuity planning in place, including tools and guidance to support our people in emergency situations. COVID-19 proved the sales process can be completed without physical showrooms, plus development of digital retailing will enable all retailers to compete on our digital market.	>2°C	Minor	Minor	Minor	Low
		1.5°C	Minor	Minor	Minor	
• Weather has the potential to disrupt the supply chain and limit vehicles entering the UK car parc	We have experienced the impact of disrupted supply chains as a result of recent external catastrophic and geo-political events. These significant supply side challenges have constrained new and used car transactions for much of the past four years. However, our business has remained healthy as market dynamics have adjusted and OEMs and retailers learnt to adapt their business models. We would anticipate weather related disruption to be more intermittent and comparatively less severe than the disruption caused by recent events.	>2°C	Minor	Minor	Minor	Low
		1.5°C	Minor	Minor	Minor	
• Costs – increased operational costs such as heating/aircon, insurance, cloud costs	In order to have a significant impact on our business, costs would need to increase significantly. We are continually reviewing our cost base such that any increases can be managed and profit margins retained.	>2°C	Minor	Moderate	Moderate	Medium
		1.5°C	Minor	Minor	Minor	
TRANSITION RISK – Increased regulation relating to climate change						
• Regulation banning the sale of new internal combustion engine ('ICE') vehicles from 2035 is existing UK regulation and the industry is already working towards this milestone	We already closely monitor the implementation of policies related to our core business. We will continue to monitor policies with a view to identifying potential risks and opportunities and related financial impacts. We are already evolving our product offering and provision of information to support the effectiveness of EVs on our marketplace and will continue to meet changing preferences of car buyers.	>2°C	Minor	Minor	Moderate	High
		1.5°C	Minor	Minor	Minor	
• Increased regulatory scrutiny and introduction of new legislation could result in increased reputational risk but also increased compliance costs. Failure to deliver against our environmental commitments would undermine our reputation as a responsible business and may result in loss of revenue, legal exposure or regulatory sanctions	We have formed a Corporate Responsibility Committee to oversee our environmental strategy and commitments. We will report in line with the TCFD recommendations and report progress towards our net zero ambitions against our science based targets.	>2°C	Minor	Minor	Minor	Low
		1.5°C	Minor	Minor	Minor	

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Working responsibly continued

Impact	Mitigation/response		Financial impact: Short term 0-5 years	Financial impact: Medium term 5-10 years	Financial impact: Long term 10+ years	Inherent likelihood
			Minor	Moderate	Major	
TRANSITION RISK – Regulation discouraging the use of internal combustion engine ('ICE') vehicles						
• Cost of ownership increases, making ICE vehicles less appealing • Consumers stop buying petrol or diesel vehicles, demand switches over to electric • If EVs remain expensive some consumers could be priced out of the market presenting a risk to demand	We will continue with our strategy to adapt our marketplace to meet changing preferences of all car buyers. It is likely that used car prices will continue to move in line with supply and demand dynamics such that lower demand will make vehicles more affordable.	>2°C	Minor	Moderate	Major	Low/Medium
		1.5°C	Minor	Minor	Minor	
TRANSITION RISK – Demand for sustainable products & services						
• Consumers' preferences shift away from ICE vehicles; steep decline in purchase of petrol or diesel vehicles in favour of EVs • Potential opportunity: Support our audience to find the sustainable options they are seeking	We will continue with our strategy to adapt our marketplace to meet changing preferences of all car buyers and continue to be the largest marketplace for EVs.	>2°C	Minor	Minor	Minor	Low/Medium
		1.5°C	Minor	Minor	Minor	
TRANSITION RISK – Increased reputational risk associated with the automotive industry and misrepresenting environmental claims						
• As consumer consciousness around climate change rises, there is increased scrutiny on our industry's role on the environment • Failure to appropriately demonstrate that as a business we are committed and moving towards net zero carbon emissions could negatively impact our brand and also impact our ability to operate and/or remain relevant to our customers and consumers	As part of our goal to be net zero by 2040 we will focus on our own operational footprint and also on how we can positively support our industry. We have set clear reduction targets for our own operations and report progress to stakeholders. We work with customers, suppliers and the industry on education and policy.	>2°C	Minor	Minor	Major	Low
		1.5°C	Minor	Minor	Minor	
TRANSITION RISK – Achieving resource efficiency through cutting our carbon footprint and improving energy efficiency						
• Reduced costs associated with energy use and avoid increased costs associated with carbon taxation	Reduction initiatives to reduce our absolute usage, including successfully moving our technology infrastructure to the cloud.	>2°C	Minor	Minor	Minor	Medium
		1.5°C	Minor	Minor	Minor	
TRANSITION RISK – Increased reputational risk associated with the automotive industry and misrepresenting environmental claims						
• Consumers may stop buying vehicles if they no longer require one • Potential opportunity: Consumers' desire/need to switch to EV	Likely the risk and opportunity would be taken together, and stock/demand would be maintained as the desire for personal transportation/vehicle ownership remains strong. We will continue with our strategy to adapt our marketplace to meet changing preferences for all car buyers and continue to be the largest marketplace for EVs.	>2°C	Minor	Minor	Minor	Low/Medium
		1.5°C	Minor	Minor	Minor	

OUR FUTURE FOCUS

We intend to periodically review the scenarios and timeframes we choose to apply in our analysis and refine them as needed. The risk management recommendations arising from our climate change scenario analysis were:

- Policy/regulation: It is likely that increased policy and regulation will have the most significant financial impact on Auto Trader over the longer term. The most significant action we can take is to reduce our exposure to this risk and continue with our strategy to adapt our marketplace to meet the changing preferences of all car buyers. We also need to make sure we continue to remain abreast of regulatory requirements to ensure we are compliant with all relevant reporting obligations.
- Market: Driven by its net zero ambitions, the Government announced the ban on the sale of new petrol and diesel vehicles by 2035, and this is already changing the make up of the car parc as consumers begin to buy electric vehicles as an alternative.

Auto Trader can mitigate this risk by continuing to develop its strategy to be the destination of choice for consumers searching for a more environmentally friendly vehicle.

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TCFD: RISK MANAGEMENT

The Board is collectively responsible for determining the nature and extent of the principal risks which may impact the business as it seeks to achieve its strategic objectives. Our risk management framework, including the processes for identifying, assessing and managing risk, is described on pages 50 to 52 and the Board recognises climate change as one of Auto Trader's principal risks (see page 54).

Auto Trader plays an important role within the UK automotive ecosystem and climate change is a catalyst for unprecedented change within industry. This mainly relates to the transition from ICE vehicles to Zero Emission Vehicles ('ZEVs') which could result in significant changes to automotive retail. We are working hard to support the industry with this transition, from providing content to help consumers 'demystify' EVs, to lobbying Government to incentivise the transition and sharing our data and insights to inform Government policy over EVs.

Internally, climate change also poses a threat to our business and to our supply chain, including via regulatory change. It is therefore critical that our risk management process considers climate change if we are to understand its impacts both on our business and on the automotive industry as a whole.

Our risk management process approach allows for the continual identification and assessment of climate related risks. We maintain an environment/climate risk register which is reviewed regularly by the risk register owner, their delegates, and our risk management team. Each climate related risk is assigned an owner and controls and/or mitigating actions are recorded against each risk.

HOW WE MANAGE RISK P50

EFFECTIVE RISK MANAGEMENT

1 IDENTIFY

A top-down and bottom-up approach is used to identify key risks across the business. Primarily, risks are identified via three key mechanisms:

- The Board, OLT, senior managers, and GRC perform continuous horizon scanning as part of day-to-day operations.
- Our 2nd Line Functions are embedded into the teams responsible for executing key strategic initiatives to help them identify potential risks.
- GRC facilitate regular risk workshops with OLT and senior managers within the business.

All new risks are captured on the Group Risk Register which is reviewed by the Board at least half-yearly.

2 ASSESS & QUANTIFY

All risks are evaluated to establish their root causes, the impact, and the likelihood of occurrence. When assessing risks, consideration is given to the financial, reputational, and regulatory impacts, as well as impacts on customers/consumers, and impacts on day-to-day operations. Risks are then categorised as:

- Existential risks: those with the potential to cause fundamental change within our organisation and wider industry.
- Operational risks: those arising out of the existing business activities.
- Emerging risks: those which relate to new initiatives, new products, and new laws and regulations.

3 RESPOND & MITIGATE

Risk owners consider whether existing controls and mitigations reduce the risk to an acceptable level. On an ongoing basis and following identification of a new risk, 2nd Line Functions provide specialist support to ensure that the response is consistent with our Group risk appetite. Additionally, independent challenge on risk response is provided from 2nd Line Functions, Forums, and Committees.

If the residual level of risk after mitigation remains above our risk appetite, then further mitigating actions are implemented.

4 MONITOR, REVIEW & ASSURE

The effectiveness of key controls is monitored via numerous mechanisms within our governance structure. These include:

- Ongoing monitoring by 2nd Line Functions.
- Monthly and quarterly 2nd Line Forums and Committees, including Risk Forum, FCA Compliance, and Trust Forum.
- A risk-based Internal Audit plan which captures 4-5 assignments per year.
- Other third-party and specialist monitoring and assurance.

The Board reviews the outcomes of assurance activities on an as-needed basis. The Board also reviews the Group's risk register at least half-yearly and assesses the adequacy and effectiveness of mitigating actions in line with our risk appetite.

CLIMATE CHANGE IS A PRINCIPAL RISK FOR THE GROUP

RISK AND POTENTIAL IMPACT

The automotive industry is a high contributor to emissions, and so there is pressure from consumers and Government for the industry to reduce its impact on the environment. Failure to deliver on our environmental commitments could negatively impact our brand as a responsible business or result in regulatory sanctions.

Failure to overcome the challenges caused by the shift from internal combustion engines ('ICE') to electric vehicles ('EVs') could inhibit their takeup or lead to changes in buying behaviour. Factors include the purchase price of EVs, potential for improvements in public transport, new and expanded emissions zones, increasing EV running costs, and consumer uncertainty over the residual value of used EVs.

Changing and more stringent regulatory requirements could increase our cost base. Increased frequency and severity of extreme weather events could lead to heightened costs, including costs associated with heating/air conditioning, insurance and cloud infrastructure. Extreme weather events could also lead to short-term closure of retailer forecourts (for example, due to flooding).

HOW WE MANAGE THE RISK

- We are evolving our product offering and marketplace to provide consumers with more information about EVs. A cross-functional working group is focusing on helping consumers make more environmentally friendly vehicle choices.
- We lobby Government and share our data and insights to help guide policy on how to decarbonise the automotive industry.
- Leasing is a viable option to consumers making the switch to EVs, many of whom are anxious about making outright purchases. The Autorama checkout journey on the Autotrader.co.uk site provides our audience with access to leasing.
- As part of our climate commitments, we are focusing not just on our own carbon footprint, but positively supporting the industry. Our partnership with the Carbon Literacy Project provides training and insights to employees and external stakeholders.
- Our Corporate Responsibility Committee oversees our environmental commitments and work is ongoing to reduce our carbon emissions across all scopes.
- We evaluate the carbon records and commitments of suppliers within our procurement processes.
- By digitising the automotive retail sector, we provide customers and consumers with purchasing options should extreme weather events lead to short-term retailer forecourt closures.

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TCFD: METRICS AND TARGETS

To monitor progress against our environmental strategy, we have key metrics and targets. We also disclose our Scope 1, 2 and 3 GHG emissions.

The Group is required to report its energy use and measure and report its direct and indirect greenhouse gas ('GHG') emissions by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The GHG reporting period is aligned to the financial reporting year.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines.

METHODOLOGY

The methodology used to calculate emissions is based on the financial control consolidation approach, as defined in the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition).

Emission factors used are from the UK Government's GHG Conversion Factors for Company Reporting, and selected other emissions factors datasets as applicable, for the year reported. For Scope 3 Category 1, an Environmentally Extended Input Output database methodology was used to calculate the GHG footprint across total spend in the year.

INDEPENDENT VERIFICATION OF OUR GHG EMISSIONS

EcoAct has independently assessed and verified Auto Trader's GHG emissions following verification standard ISO 14064-3:2019. Based on the data and information provided by Auto Trader and the processes and procedures followed, nothing has come to EcoAct's attention to indicate that the GHG emissions totals for all years reported are not fairly stated and free from material error.

ENERGY AND EMISSIONS REPORTING

OUR TOTAL CO_2 EMISSIONS[1]

	2024		2023 (base year)		2022	
	UK	Global	UK	Global	UK	Global
Scope 1	**258**	**258**	342	363	276	294
Scope 2 (location based)	**205**	**205**	297	310	368	385
Total (Scopes 1 and 2)	**463**	**463**	639	673	644	679
KwH ('000s)	**2,473**	**2,473**	2,714	2,775	2,618	2,767
Purchased goods & services		**22,949**		19,537		23,562
Capital goods		**2,262**		498		794
Fuel and energy-related activities		**74**		133		196
Upstream transportation & distribution		**–**		72		115
Waste generated in operations		**107**		5		16
Business travel		**1,041**		365		63
Employee commuting (inc. working from home)		**982**		1,746		1,004
Upstream leased assets		**–**		129		106
Use of sold products[2]		**70,643**		56,323		102,807
End of life treatment of sold products		**383**		31		50
Investments		**37**		26		27
Scope 3 (total)		**98,478**		78,865		128,740
Total (Scopes 1, 2 and 3)		**98,941**		79,538		129,419
Revenue[3]		**£570.9m**		£510.4m		£491.1m
Tonnes of CO_2 equivalent per FTE[4]		**80.2**		68.5		107.9
Tonnes of CO_2 equivalent per £million turnover[3]		**173.3**		155.8		263.5
Scope 2 (market based)		**10**		3		91
% renewable		**95%**		99%		76%

1. Scopes 1, 2 & 3 are reported in tonnes of CO_2 equivalent.
2. The methodology for calculating use of sold goods has changed in 2024. We will recalculate 2023 on the same basis in the coming year.
3. This includes Autorama revenue for the period 1 April to 31 March for each period reported.
4. Based on average number of employees in the Group throughout the year 2024: 1,233 (2023: 1,160, 2022: 1,199). The average number of employees included Autorama FTEs for the period 1 April to 31 March for each period reported.

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1 Our net zero commitment – our operations

We have signed up to the Science Based Targets initiative ('SBTi') Business Ambition for 1.5°C. By doing so, we are committed to achieving net zero before 2040 and to reducing emissions in line with the Paris Agreement goals.

2040

is the year we are committed to achieving net zero

Net zero refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. We reach net zero when the amount we add is no more than the amount taken away. Our near and long-term net zero targets have both been validated and approved by the SBTi.

Our greenhouse gas emissions and carbon intensity ratios are disclosed on page 35 and these form part of our key metrics. We have committed to reach net zero greenhouse gas emissions across our value chain by 2040, committing to:

- Reduce absolute Scope 1 and 2 GHG emissions by 50% before 2030 from a 2023 base year.
- Reduce absolute Scope 3 GHG emissions by 46.2% over the same timeframe.
- Reduce absolute Scope 1, 2 and 3 GHG emissions by 90% by 2040 from a 2023 base year.

HOW WE'RE TAKING ACTION

To meet the SBTi's definition of net zero, we need to reduce our emissions by at least 90% and then use carbon removal initiatives to neutralise any limited emissions that cannot yet be eliminated. It is therefore essential that we fully understand the source of our emissions and undertake targeted actions. We resubmitted our targets to the SBTi to revalidate them to include the Autorama acquisition and to rebase our baseline year to 2023. Our emission reduction targets have been incorporated within executive remuneration policies (page 81 onwards).

The make up of our carbon emissions is heavily weighted towards Scope 3, and within that, purchased goods and services and use of sold goods are the biggest contributors. During the year, our GHG emissions totalled 98.9ktCO_2. This was an increase on 2023 (2023: 79.5ktCO) and is primarily due to an increase in the volume of cars passing through Autorama's balance sheet. In respect of our other emissions, we have a committed climate action plan and our targets and progress are set out on the next page.

Although our direct environmental impact is relatively small we are committed to reducing our emissions. The main risk surrounding our operational emissions is our indirect Scope 3 emissions relating to purchased goods and services and use of sold goods. With the acquisition of Autorama, our emissions have increased significantly in these categories due to the vehicles sold by Autorama that temporarily pass through their balance sheet. The spend we have with our suppliers is also a big contributor to purchased goods and services.

Our Sustainability Network comprises passionate individuals from across the business who are focused on making life at Auto Trader more sustainable through increased employee awareness and driving impactful changes for both individuals and our business, supporting our overall goal of reducing our carbon emissions. We want to foster an environmentally responsible culture through awareness and by encouraging employee-led environmental actions and initiatives.

We have rolled out Carbon Literacy training for all employees and have a c.80% completion rate.

During the year we completed the migration of our data centres to the cloud and also started work on installing solar panels at our Hemel Hempstead office.

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Metric	Emission type	Target year	Our progress	Current status
Switch 100% of our fleet vehicles (Auto Trader and Autorama fleet) to be EV or low emission.	SCOPE 1	2030	Base year 353 tCO_2e → Current year 221 tCO_2e • Any newly ordered vehicles must be fully electric or hybrid with emissions 75g/km or less. • 60% of the Auto Trader and Autorama fleet is now an EV or ULEV.	ON TRACK
Auto Trader data centres to be fully migrated to the cloud.	SCOPE 2	2024	Base year 67 tCO_2e → Current year 15 tCO_2e • 100% of our data centres have been migrated to the cloud.	COMPLETE
Energy: reduce overall electricity usage by 50% (against a 2023 baseline) and procure 100% renewable energy for our remaining needs.	SCOPE 2	2030	Base year 1,602 KwH ('000s) → Current year 920 KwH('000s) • Work has started on the installation of solar panels at our Hemel Hempstead office. • Started a programme of switching employee laptops to more energy efficient tech.	ON TRACK
Business travel emissions: achieve a 50% reduction (against a 2023 baseline).	SCOPE 3	2030	Base year 374 tCO_2e → Current year 1,041 tCO_2e • Updated our travel policy to make flights as a mode of travel by exception. • Travel system now displays carbon emissions.	MORE WORK NEEDED
Commuting emissions (including emissions generated from working from home): achieve a 50% reduction (against a 2023 baseline).	SCOPE 3	2030	Base year 1,746 tCO_2e → Current year 982 tCO_2e • Continued with Connected Working which offers all employees greater flexibility in where and when they work, resulting in less commuting. • 6% of eligible employees are now participating in salary sacrifice to lease an electric vehicle.	ON TRACK
Suppliers: require 50% of suppliers, by spend, to have meaningful carbon reduction targets.	SCOPE 3	2030	• One of the Group's strategic objectives is to transition our value chain to net zero emissions, bringing suppliers on the journey and embedding sustainability within our procurement processes. • We are improving our data quality so we can start taking action to address our Scope 3 emissions relating to purchased goods and services. • Ethical procurement questionnaires completed covering 75% of our supplier spend.	MORE WORK NEEDED
Autorama Scope 3 emissions.	SCOPE 3	2030	• A significant part of the Group's Scope 3 emissions relate to the purchased vehicles that temporarily pass through Autorama's balance sheet. • During the year, vehicles taken on balance sheet increased. As supply improves we expect to become less reliant on vehicles where we are required to take them on balance sheet.	MORE WORK NEEDED
Climate contribution strategy.	NET ZERO	2030	• Taking responsibility for our carbon emissions by contributing to climate action. • Partnered with the Greater Manchester Environmental Fund to support community projects that make big improvements to green spaces across Greater Manchester. • Worked with a third party to identify suitable projects for investment during the year – more work is needed to identify further projects for us to support. • Further work needed to adopt an appropriate internal carbon price and implementation within the business.	ON TRACK

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2 Supporting the automotive industry

Our aim is to support the industry in the transition to the mass adoption of electric vehicles ('EVs').

>3,200

people in the automotive community have completed Carbon Literacy training

Carbon Literacy Project

METRICS

Metric	Our progress	Current status
Number of electric vehicles advertised on Auto Trader	22,536 (average as at March 2024)	ON TRACK
Share of electric vehicles advertised on Auto Trader	4.5% during FY24	ON TRACK
Number of electric vehicles delivered by Autorama	876 during FY24	MORE WORK NEEDED
Number of videos produced covering electric vehicles	56 during FY24	ON TRACK

SUPPORTING THE TRANSITION TO EVS

The Zero Emission Vehicle mandate came into force in 2024, causing significant levels of change in the industry for manufacturers and retailers as the mandate began to dictate the number of EVs each brand needs to sell each year or risk paying fines. A lot needs to happen in the coming years to ensure the successful mass adoption of electric vehicles. We have been regularly meeting with various Government departments to share our data and insights to help guide policy for a number of years now and in the past 12 months, the number of Government departments receiving these insights has expanded, showing the value and impact of our work. Additionally, this year we were invited to present oral and written evidence at the House of Lords Environment and Climate Change Committee Electric Vehicles inquiry, with our research playing a key part in the summary document of the inquiry.

Our wealth of data and insight gives us a unique view of consumer car buying intentions, and particularly consumer EV buying intentions. This data forms the basis of our award winning 'Road to 2035' Reports, which are extremely valuable to not only the Government, but also to media and the industries involved in the electric transition. This year, the Report, as well as our press activity tracking the impact of London's Ultra Low Emission Zone expansion, resulted in a request from Transport for London's press team who had seen our data analysis and commentary in the media and wanted our input on the scrappage scheme expansion, demonstrating the impact and influence of our data and reputation.

CARBON LITERACY TOOLKIT

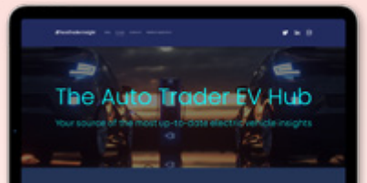
The automotive industry is under enormous pressure to reduce its carbon emissions and whilst many of our industry partners have clear and bold plans to reduce emissions, many are still very early on in their sustainability journeys and require support to help them develop a carbon reduction plan. Through our partnership with the Carbon Literacy Trust, we have created and fund the Automotive Carbon Literacy Toolkit which has gone from strength to strength. We're now looking to launch a Technology Sector Toolkit with a new set of sector partners. In the automotive space, 208 organisations have now completed the training (as at 31 March 2024) which our customers view as an important step in their sustainability journey, as well as a key employee engagement initiative. Once an individual in a business has been accredited as 'carbon literate', the business is then provided with training content and trainer manuals that enable them to run their own one-day Carbon Literacy training. After a significant jump this year, over 3,200 people in these businesses have now completed the training (2023: over 1,000).

In addition to the training, we continued our Building a Sustainable Automotive Industry event series which aims to inspire action and motivate businesses to be more sustainable by gathering industry partners and sustainability experts together. This year, we partnered with Capgemini to deliver an event focused on creating carbon reduction plans.

We also conducted research on retailer attitudes to sustainability to gain a deeper understanding of the current situation and found that whilst the majority of retailers understand sustainability is key to future-proofing their businesses, few know how to get started. As a result, we are looking to make this an always-on offering for our industry partners and so will be launching a Sustainability Hub in the next financial year. This will comprise two elements – one, a content hub with case studies and key environmental information and two, a community space where those working on sustainability can come together, ask questions and share experiences.

OUR 'ELECTRIC VEHICLE HUB'

Further to launching our EV 'Retailer Performance Module' last year, we now also have an 'Electric Vehicle Hub' for our retailer customers which provides a one-stop-shop for all things EV with live market data and electric retailing advice. When the Government moved the ban on the sale of new petrol and diesel cars to 2035, we rapidly responded with supporting materials and webinars for our retailer partners and the EV Hub allows us to provide this level of detailed support all year round.



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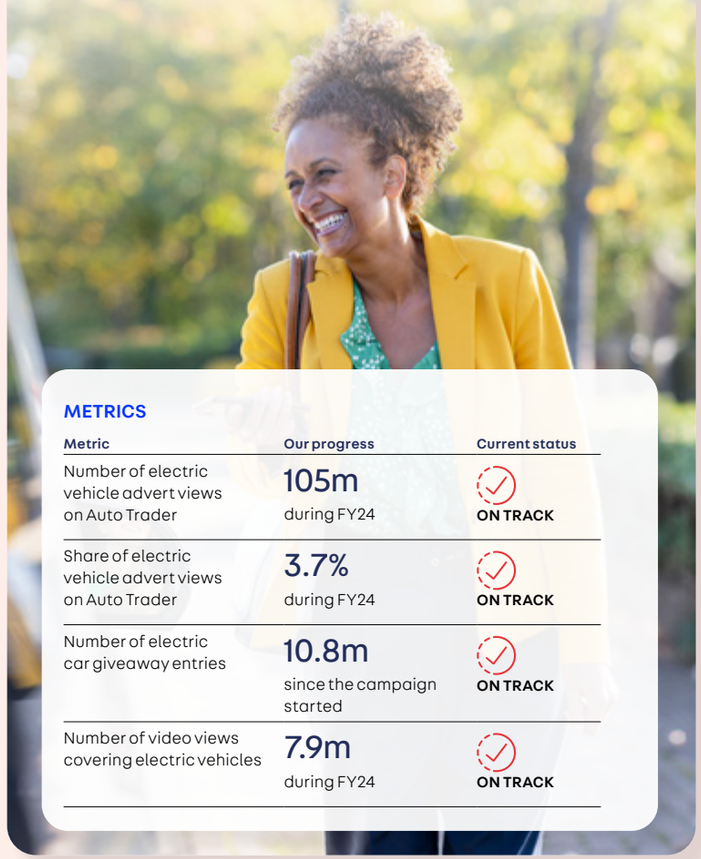
3 Supporting consumers

Our aim is to support consumers to make more environmentally friendly vehicle choices and to be the number one electric vehicle destination in the UK.



METRICS

Metric	Our progress	Current status
Number of electric vehicle advert views on Auto Trader	105m during FY24	ON TRACK
Share of electric vehicle advert views on Auto Trader	3.7% during FY24	ON TRACK
Number of electric car giveaway entries	10.8m since the campaign started	ON TRACK
Number of video views covering electric vehicles	7.9m during FY24	ON TRACK

We continue to increase the coverage and exposure we give electric vehicles ('EVs') across all our platforms, making it easier for car buyers to search for and find information on EVs. Our goal is to ensure the electric vehicle transition is fair and equitable and, with this in mind, we conducted research on the gender gap in electric vehicles and found a significant difference between how men and women think about and consider electric vehicles. We used this research to create the 'No Driver Left Behind: Women and the journey to electric' report which outlines reasons for the gender gap as well as potential solutions. The report was very well received, featuring on BBC Women's Hour and with multiple Government departments and manufacturer partners requesting sessions on the topic.

>10.8m

entries to our EV monthly giveaway since the campaign started

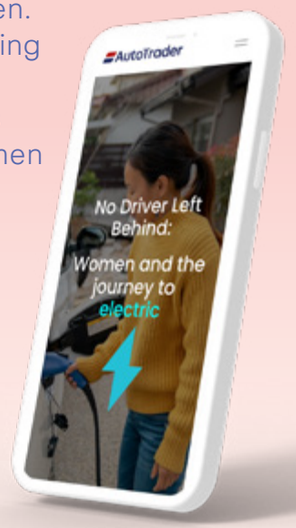
Last year we launched an EV Hub on site and this year the focus has been on driving traffic to the hub, with multiple paid marketing activities being dedicated to this. From partnerships with the Guardian, the Evening Standard and Hearst Media titles such as Good Housekeeping and Cosmo to Spotify podcast and TikTok adverts, the goal has been to expand our reach and engage new audiences on the topic of electric vehicles. The EV monthly giveaway continued and has now amassed more than 10 million entries, giving away over £1 million worth of prizes since the campaign started.

LAUNCH OF A NEW E-BIKE PLATFORM

A step change development in our mission to support consumers to make more environmentally friendly choices has been the launch of new e-bikes on our platform in May 2023. The e-bike community welcomed this launch and viewed it as a key sign of maturation of the e-bike market and were excited by the impact Auto Trader's size and reach can have on the sector. On-site interest in e-bikes has been rapidly increasing and we've had great success with Black Friday promotions and editorial e-bike content.

"We need to address the specific concerns of women around EVs. Prioritise what women will get for their money rather than extolling the virtues of going green. Explain what lower running costs mean rather than advertising the benefits of new technology. Women have different points of engagement."

ERIN BAKER
Editorial Director, Auto Trader



NO DRIVER LEFT BEHIND

To progress our work to ensure No Driver is Left Behind in the electric transition, we've executed multiple campaigns in the consumer lifestyle space.

By launching multiple media partnerships with titles including the Guardian, Cosmopolitan and Good Housekeeping, we surfaced Auto Trader's electric content to new audiences, specifically in the lifestyle and women's press. By establishing relationships in these sectors, we have also increased the volume of PR coverage in women's lifestyle titles, a key goal of our electric communications strategy.

We also launched new podcast adverts that directed listeners to Auto Trader's EV Hub; these adverts appeared on Parenting Hell and The Receipts, bringing electric vehicles into the conversation in a lifestyle environment.

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Our people & communities

Continue to build diverse teams and evolve our inclusive culture.

Maintain high levels of employee engagement, supporting positive health and wellbeing.

Partner with charities, community groups and industry bodies to make a difference to the communities where we work and live.

HOW WE GOVERN THIS AREA

1. BOARD RESPONSIBILITY

Material ESG topics discussed by the Board include diversity and inclusion, employee engagement and talent development. The Corporate Responsibility Committee is responsible for holding the Executive Directors to account and on a quarterly basis our people scorecard is reviewed and progress against our cultural KPIs is monitored. The Board plays an important role in ensuring our culture is aligned with our long-term strategy.

2. EXECUTIVE RESPONSIBILITY

The responsibility for assessing and managing our people and culture sits at both Executive and Board level. Our Executive Directors have responsibility for oversight of our diversity and inclusion agenda and are responsible for ensuring that our values are embedded into all parts of our business.

3. OPERATIONAL LEADERSHIP TEAM

Our Operational Leadership Team ('OLT') is responsible for driving our culture that is values-led, customer-centric and data driven, underpinned by a diverse and inclusive team. Having a progressive culture and environment ensures the attraction, development and retention of a talented, engaged and diverse workforce.

4. REMUNERATION COMMITTEE

The Committee introduced diversity-related metrics into the Performance Share Plan ('PSP') targets for the 2021 PSP award. From 2022 onwards, PSP award performance will be measured against our diversity ambitions as part of an underpin rather than as a standalone target. The Committee also has remit over material changes to package and benefits and approved the all-employee share scheme.

5. EMPLOYEE GUILDS & NETWORKS

Our employees play a fundamental role in the success of our ESG strategy. Through our thriving networks and guilds, our ESG priorities and ambitions are championed and driven forward by our employees. See page 45 for more information about our networks. These networks feed into a wider Diversity and Inclusion Guild which oversees the various networks to ensure they drive real change across our organisation.

Our Board Engagement Guild is the primary mechanism for our Board to engage with our employees and meetings are not attended by the Executive Directors. Employees are able to share their experiences and views, as well as providing the opportunity for them to ask questions directly of Non-Executive Directors. The Board Engagement Guild has representatives from across different parts of the business and canvasses views and opinions from their colleagues to share with the Board.

6. THIRD-PARTY CHARTERS & ACCREDITATIONS

We have signed up to various third-party charters and have received a number of accreditations, most notably:

- Race at Work Charter
- Change the Race Ratio
- Disability Confident Leader
- Social Mobility Top 75
- Inclusive Companies
- Living Wage employer

ENGAGING OUR EMPLOYEES

We recognise the importance of having the right mix of communication and engagement channels for our employees and this is something that we continuously review and develop based on employee feedback and best practice. We welcome open and honest feedback from our employees and surveys are conducted on a regular basis. We run an anonymous survey twice a year to measure employee engagement, understand job satisfaction and understand where changes may be necessary. In our most recent survey we were pleased that 97% (2023: 91%) of our employees agreed or strongly agreed with the statement "I am proud to work for Auto Trader", a measure which we view as a proxy for engagement. Our engagement survey is supplemented with pulse and post-event surveys where relevant.

We have continued to embrace Connected Working which offers all employees greater flexibility in where and how they work whilst still maintaining collaboration with their teams and the wider Auto Trader community. We have strengthened our internal communications through our regular 'OLTV' sessions, led by our CEO and wider leadership team. These sessions, together with our annual all-employee conference, provide opportunities for our employees to stay connected to our business priorities and hear about key business updates.

Our Board Engagement Guild is the primary mechanism for our Board to engage with our employees and for them to understand their experiences and views, as well as providing the opportunity for employees to ask questions directly of Non-Executive Directors. The Guild has representatives from across different parts of the business who canvass views and opinions from their colleagues to share with the Board. This year the Guild met four times and discussed topics including wellbeing, Directors' remuneration, our new values, consumer engagement and Connected Working.

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Our values underpin everything we do

Periodically we review our values alongside our strategy, purpose and priorities.

Whilst they don't often change, this year we did evolve them slightly, replacing 'courageous' with 'decisive' and 'reliable' with 'adaptable'. We've made these changes to align with the values we already see within the organisation but also recognise values which we believe will be important in helping us meet our future aspirations.

Reflecting our culture and commitment to making a positive impact

Community

We connect and understand each other, respect our differences and focus on finding common ground. We are committed to making a difference in the communities around us.

Determined

We get stuck in and have the conviction to make big things happen. We persevere and aren't scared to do the hard thing.

Curious

We look up, listen, think beyond the obvious and find the Auto Trader way. We're restless and always thinking about what's next.

Decisive

We crack on, trusting our instincts, data and experience. We sometimes disagree, but we always commit and deliver together.

Humble

We share in our failures as well as our successes. We earn our place and take nothing for granted.

Adaptable

Our ability to change and change again is our greatest strength. We act for the long term, accept uncertainty and challenge everything.

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WELLBEING AND SAFETY OF OUR EMPLOYEES

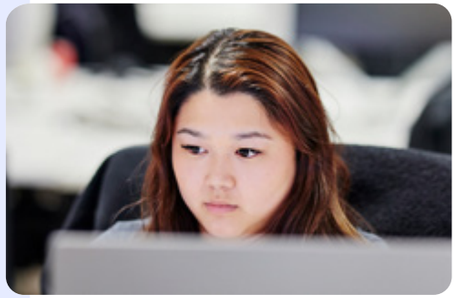
We are committed to supporting our employees in all aspects of their health and wellbeing. We provide a comprehensive range of healthcare benefits as well as access to tools and education, mental health support and supportive pathways to empower our employees to have more good days. During the year, people leaders attended refresher courses in mental health awareness to assist them in identifying and supporting issues that relate to people's mental health, and learn practical skills that can be used every day to help support team members. Access to mental health support and services is made available to all employees via trained Mental Health First Aiders and our Employee Assistance Programme.

We also provide access to tools and resources to support employees with their financial wellbeing. A Group personal pension plan is offered to all employees, under which they can contribute between 3% and 5% (or higher) of their salary and Auto Trader contributes between 5% and 7%. All employees can join the Group's Save As You Earn scheme, with 563 of our employees participating in at least one of the current schemes. In September 2023 we announced an all-employee share award that rewards employees with an extra 10% of their salary in shares each year, vesting over a three-year period. This builds on our already strong ownership culture and aligns our people with our shareholders.

We are committed to creating a safe office environment and to achieving high standards of health and safety, committed to protecting our staff and others affected by our operations. Our principal objective is to prevent or minimise accidents, injury and ill health to staff, contractors and others, who work at or visit our premises. We have a fully compliant Health and Safety Policy and appropriate insurance for all employees. We can report that we have had no fatalities or serious injuries during the year, and there was no impact to our operations due to work-related incidents or work-related occupational disease. We have had one accident reportable to RIDDOR this past financial year with no further action required.

Following the introduction of our Connected Working approach, we remain committed to our people's health and wellbeing. To support our colleagues we make sure that their workstations are safe by completing a risk assessment of both office and home-based workstations and environments. This assessment is designed to ensure compliance with health and safety regulations and will help to identify and minimise risks while working from home or the office.

INVESTING IN AND SUPPORTING OUR TALENT



Our ambition is to make sure that everyone has the time and opportunity for development at Auto Trader. We support this through personal development plans and opportunities, coaching and mentoring, structured programmes and self-learning. We underpin this through our cultural and inclusive initiatives, including values-based training, inclusive leadership and an inclusive talent development programme.

We pride ourselves on having a community focused on development where everyone can be successful. We still retain a strong level of retention and employee engagement and our attrition rate remains low at 11% (2023: 11%) when compared to industry and national averages.

Our learning academy is the platform that provides a range of learning opportunities for all employees (including part-time and contractors). We provide sponsorship for professional qualifications and access to continuing professional development for our people. Mandatory training covers our compliance essentials to ensure compliance with our legislative and regulatory requirements. Our non-mandatory training covers a broad range of learning and development that provide role-specific technical skills and soft skills that support being successful at Auto Trader. Our mentoring and coaching programmes are available to all employees and we continue to build internal coaching, mentoring and sponsorship capability.

We have a dedicated Early Careers team which plays a vital role in nurturing the future success of our company. We take immense pride in our exceptional pipeline of talented individuals who are carefully developed to assume key roles across various departments in the business. Our team is committed to identifying opportunities, crafting innovative programmes, and delivering comprehensive support to facilitate the growth and success of early careers, retraining and professional development for colleagues at Auto Trader.

Year	2024	2023
Hours of mandatory training (see page 49 for more detail)	**1,113**	2,286
Hours of non-mandatory training	**27,363**	27,316
Annual cost of training[1]	**£633k**	£494k
Average cost per employee[2]	**£513**	£487
Employees studying for professional qualification	**8**	8
Employees on an apprenticeship/early careers[3]	**71**	78

1. This includes external trainer and platform costs, but excludes the employment costs of our in-house Learning & Development team.
2. Based on average number of employees in the Group throughout the year 2024: 1,233.
3. As at 31 March – this excludes individuals who completed their programme during the reporting period.

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Working responsibly continued

GENDER AND ETHNICITY DIVERSITY

As at 31 March 2024, at a Board level, over half of our Board are women, exceeding the FTSE Women Leaders Review recommendations and FCA Listing Rules requirements, which have a target of 40% women's representation. We acknowledge that at the time of reporting we do not have a woman holding one of the four senior Board roles but will do after the AGM. We satisfied the recommendation of the Parker Review that at least one Director should be from an ethnically diverse background.

After the AGM (scheduled for 19 September 2024) the Board membership will comprise six women and three men, with two from an ethnically diverse background and a woman as Senior Independent Director.

The percentage of the total company who are from an ethnically diverse background has increased from 15% to 17% during the year, with the percentage of those from an ethnically diverse background in leadership decreasing from 8% to 6%. We remain committed to increasing ethnically diverse representation in leadership. As was the case with women, we are focused on our recruitment processes, the majority of which are in lower level roles, and how we develop and promote a diverse group of individuals through the organisation.

Last year, the Parker Review announced that it was extending its scope to senior management, asking the FTSE 350 to set a percentage target for senior management positions that will be occupied by ethnic minority executives in December 2027.

We have set a target of 10% ethnically diverse senior management (OLT and OLT-1) to be achieved by March 2027 in line with the Parker Review.

	As at 31 March 2024									As at 31 March 2023								
	Board			Executive management OLT[2]		OLT direct reports		Total company		Board			Executive management OLT[2]		OLT direct reports		Total company	
	Number	%	Number of senior positions[1]	Number	%	Number	%	Number	%	Number	%	Number of senior positions[1]	OLT[2]	%	Number	%	Number	%
Men	4	44%	4	4	44%	41	59%	701	57%	4	44%	4	4	44%	45	62%	696	57%
Women	5	56%	–	5	56%	28	41%	548	43%	5	56%	–	5	56%	28	38%	524	43%
Non binary/ other	–	–	–	–	–	–	–	6	–	–	–	–	–	–	–	–	6	–

	As at 31 March 2024									As at 31 March 2023								
	Board			Executive management OLT[2]		OLT direct reports		Total company		Board			Executive management OLT[2]		OLT direct reports		Total company	
	Number	%	Number of senior positions[1]	Number	%	Number	%	Number	%	Number	%	Number of senior positions[1]	OLT[2]	%	Number	%	Number	%
White British or other White	8	89%	4	9	100%	59	86%	909	72%	8	78%	3	9	100%	62	85%	876	72%
Mixed ethnic groups	–	–	–	–	–	–	–	26	2%	–	–	–	–	–	1	1%	29	2%
Asian /Asian British	1	11%	–	–	–	4	6%	129	10%	1	11%	–	–	–	4	6%	103	8%
Black/ African /Caribbean /Black British	–	–	–	–	–	1	1%	42	3%	–	–	–	–	–	2	3%	37	3%
Other	–	–	–	–	–	–	–	19	2%	–	–	–	–	–	–	–	15	1%
Not disclosed	–	–	–	–	–	5	7%	130	11%	–	–	–	–	–	4	6%	166	14%

1. Senior positions defined as CEO, CFO, SID and Chair of the Board.
2. Excludes CEO, COO and CFO who are included in the Board numbers.

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GENDER AND ETHNICITY PAY GAP

We released our fourth combined Gender and Ethnicity Pay Gap Report 2023 (published in December 2023, reporting the pay gap as at 5 April 2023). We have joined forces with other FTSE 100 companies to encourage more companies to report and to campaign to make ethnicity pay gap reporting mandatory in the same way that it is for gender. You can read more about our work to ensure gender equality in our UK workforce in our Gender and Ethnicity Pay Gap Report on our corporate website, plc.autotrader.co.uk.

We continue to make progress in reducing our gender pay gap. Our mean gender pay gap decreased by 2.3% (2022: 0.3% decrease), and our median pay gap decreased by 3.3% (2022: 0.4% increase). During the reporting period, we performed well in retaining women in our upper quartiles (30% women leavers compared to 63% for men). Our overall gender split when looking at people who left Auto Trader during the reporting period was also more favourable to women; they accounted for 30% of leavers compared to 70% for men. Of the new hires included in the report, 46% were women (2022: 43% women). Our goal is to get to a 50/50 gender split across all our recruitment campaigns. We have also continued with our focus on hiring early career roles, with 31% of total hires joining an early career programme. Of the technology based roles, 64% of them went to women as part of our continued strategy to increase the number of women in technology by hiring at entry level and progressing them through their careers. Between April 2022 and March 2023, we were pleased to see that women accounted for 41% of all promotions, and we continue to strive to increase this further.

During the reporting period, the mean and median ethnicity pay gaps have decreased by 1.2% and 5.5% respectively (2022: decreased by 0.8% and 1.2% respectively). We have also increased ethnically diverse representation across all quartiles, with the upper middle quartiles showing the largest increase at 3.4%.

We have again focused on three primary areas when exploring what led to the decrease: retention; changes in circumstances for our existing colleagues; and new hires. The retention of ethnically diverse employees, particularly in more senior roles, has had an important impact on reducing our ethnicity pay gap. Of those who left during the reporting period, 8% of our ethnically diverse leavers were in the upper quartile compared to 28% of white leavers.

We have always been transparent in acknowledging that the key to reducing our ethnicity pay gap is to increase representation of ethnically diverse individuals in senior roles (and therefore the upper quartiles), so we are pleased to see positive movement in this area. During the reporting period, 27.5% of our hires were ethnically diverse – nearly 10% more than our actual representation at the time of reporting (18%). We can see the positive impact of this with the representation of ethnically diverse colleagues increasing across all quartiles which has been successful due to our continued efforts to hire diverse talent across all levels of the business.

DIVERSITY AND INCLUSION

At Auto Trader, we are committed to creating a diverse and inclusive work community that enhances our culture and improves our business through our ability to attract, identify and develop talent. People are one of our business's greatest assets, so ensuring we have a diverse workforce and a culture where everyone feels included is critical to unlock the full potential of our people therefore unlocking the full potential of our business; only with a mix of different ideas and perspectives can we come up with the most exciting new ideas and create the best experience for our customers and consumers.

We define diversity as any classification that can be used to differentiate groups or individuals from one another, including: gender; sex; age; sexual orientation; disability & neurodiversity; race & ethnic origin; religion & faith; marital status; and social/educational background and way of thinking. We define inclusion as a state of being valued, respected and supported for who you are. We, and our people, strongly believe in pursuing this aim authentically and systemically, which we expect in time to be evidenced in our metrics. We are committed to driving long-term change in both the technology and automotive industries. Our focus is on developing diverse leaders as well as representative workforces in these industries. We invest heavily in our early careers programmes, as well as supporting several initiatives and partnerships, including DigitalHer with Manchester Digital, the Automotive 30% Club and our STEM Ambassador Programme.

Our representation of women at a total company level increased from 43% to 44%. During the year, the percentage of women on our Operational Leadership Team ('OLT') remained at 50%. We also increased the percentage of women in leadership roles to 42% as at 31 March 2024 (March 2023: 40%), as defined by the FTSE Women Leaders Review.

To increase our representation across all levels of the organisation, we aim to stimulate the flow of diverse talent from early careers through to senior leadership by both targeted development programmes and equipping our leaders to get the very best out of everyone on their team and support their development through the organisation. Our Continuous Leadership Development programme, made up of a range of training interventions, supports our senior leaders and people managers. We have also continued with our Diverse Talent Accelerator programme designed to support the progression of mid-career colleagues.

DEVELOPMENT PROGRAMMES

This year we have introduced the first Black Experience workshops for all people leaders of black colleagues. The workshops were designed and are being delivered by the People team in collaboration with our black colleagues and aim to increase awareness and appreciation of the challenges black colleagues face in and out of the workplace.

Through the workshops we also aim to highlight the behaviours that people leaders can utilise in order to enhance black inclusion.

We remain committed to supporting disabled and neurodiverse employees and those who become disabled during their employment with us. Recognising that everyone is unique, we provide the right support to ensure they continue to realise their full potential and develop their careers with us. Selection for employment, promotion, training and development (as well as other benefits and awards) is made based on merit, aptitude and ability and the Group does not tolerate discrimination in any form, including in relation to disabled candidates.

disability confident LEADER

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DRIVING OUR D&I STRATEGY THROUGH OUR INTERNAL EMPLOYEE-DRIVEN NETWORKS

A core part of our people and culture strategy is centred around our employee-driven networks. Everyone at Auto Trader is encouraged to join one of our employee-driven networks that help to champion: wellbeing, women, ethnicity, LGBT+, disability and neurodiversity, parents, social mobility, and a multigenerational workforce. The networks and their leaders are a core part of our culture, helping to welcome employees when they join our organisation, empowering team members to thrive and spearheading outreach programmes that support our local communities. We ensure each network has a senior leadership sponsor to help drive change and champion network initiatives.

Age Network	Our Age Network was launched last year and focuses on creating an inclusive environment for the multigenerational workforce of Auto Trader.
Career Kickstart Network	The Career Kickstart Network brings together colleagues from across the business to learn and grow together through shared experiences, resources and discussion.
Disability & Neurodiversity Network	Our Disability & Neurodiversity Network continues to create a more accessible and inclusive environment for our colleagues. 13.5% (2023: 13.5%) of our colleagues have disclosed a disability or neurodiverse condition. The network partners with various charities including Leonard Cheshire, the Royal National Institute for Deaf People and the Business Disability Forum to educate colleagues and raise awareness.
Ethnicity Network	The Ethnicity Network brings together colleagues from across the business to raise awareness and drive positive change for our colleagues, customers and communities who are currently underrepresented ethnically. With an aim to create an even more inclusive workplace where everyone feels valued, respected and empowered to contribute to their fullest potential.
LGBT+ Network	Our LGBT+ Network representation is currently 10.0% (2023: 9.1%) and the network has continued to support our colleagues and connect with local LGBT+ charities, including The Proud Trust and the George House Trust.
Parents' Network	Through building an internal community within the business, the Parents' Network helps create an environment for colleagues to support each other in navigating the challenges of being working parents.
Social Mobility Network	Our Social Mobility Network is focused on understanding how socio-economic background can influence individuals in the workplace and working to remove barriers and open opportunities. Auto Trader has signed the Social Mobility Pledge, committing to putting social mobility at the heart of what we do with 71% of our people sharing social mobility data.
Women's Network	Our Women's Network is focused on improving and evolving representation of women at all levels in Auto Trader, the automotive industry and the digital communities within which we operate, by recruiting, retaining and developing female talent.

MAKING A DIFFERENCE TO OUR COMMUNITIES AND THE INDUSTRIES WE OPERATE IN

Our Auto Trader community shapes our culture and we are committed to making a difference and having a positive impact on the communities we operate in.

Our Make a Difference Guild is committed to empowering our employees to support national and local charities and communities, supporting the causes that are close to their hearts and delivering real and visible change to our communities. Employees can take up to two days a year to volunteer in the community and our Auto Trader Community Funds aim to deliver financial support to local community groups and charities in our homes of Manchester, London, Hemel Hempstead and across the UK. Through our AT Sponsorships we continue to support employees' and customers' fundraising efforts and we also provide sports equipment and kit sponsorship for our employees and their families.

With Auto Trader operating in both the automotive and technology industries, we continue to partner with the charity BEN, making a significant contribution to the charity on behalf of our customers and partners. BEN is a key charity supporting the automotive industry with the aim to offer life-changing support which empowers people to take control of their mental and physical health. This year, we are pleased to announce a two-year partnership with Speed of Sight, a local charity that gives life-changing driving experiences for the blind and disabled, running track events for people of all ages regardless of ability or disability.

To help tackle digital exclusion, we work with a local charity, Community Computers, to repurpose laptops. The charity distributes the devices into the local community for those who don't have easy access to tech. By partnering with Community Computers not only are we making a difference to promote digital inclusion, but we can repurpose our old tech efficiently and sustainably.

We also work with organisations such as DigitalHer, MentorHer and DigitalFutures to support insight days, career talks, sponsorship and development workshops. We offer work experience and we are a Cornerstone Employer in the GM network: careersandenterprise.co.uk/employers/become-a-cornerstone-employer.

We encourage colleagues to register to be STEM Ambassadors and have colleagues who volunteer to be mentors with the Social Mobility Foundation as well as running various workshops to support code reviews and hacks.

FURTHER INFORMATION

To find out more about how we support our DE&I strategy, culture and communities, please go online:

careers.autotrader.co.uk/how-we-hire

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Our governance & compliance

Uphold the values of good corporate governance and risk management and consider the needs of all our stakeholders in our strategic decision-making.

Comply with our legal and regulatory obligations and behave ethically and with integrity at all times.

Maintain a trusted marketplace for our customers and consumers to find, buy and sell vehicles.

HOW WE GOVERN THIS AREA

1. BOARD RESPONSIBILITY

Material ESG topics are discussed by the Board including cyber security and GDPR.

The Corporate Responsibility Committee assists the Board in fulfilling its oversight responsibilities in respect of governance and compliance, where topics have not been covered by the Board.

2. EXECUTIVE RESPONSIBILITY

Responsibility for assessing and managing our governance and compliance sits at both Executive and Board level. Our Executive Directors have responsibility for ensuring we conduct ourselves with the highest standards of honesty and integrity.

3. OPERATIONAL LEADERSHIP TEAM

The Group's Chief Technology Officer, Chris Kelly, is responsible for setting the Group technology strategy, including our cyber security framework.

The Group's Director of Governance, Claire Baty, is responsible for regulatory compliance, procurement, legal services and risk management. Her remit includes compliance with GDPR and FCA regulation.

4. AUDIT COMMITTEE

Internal audit reports and assessments of the effectiveness of risk management and internal control frameworks are presented to the Audit Committee and monitored to ensure recommendations are actioned.

5. SECOND LINE FORUMS & COMMITTEES

We operate the following second line forums and committees:

- Risk Forum
- FCA Governance Committee
- GDPR Steering
- Cyber security working group
- Trust forum
- Health & Safety Committee

6. INTERNAL AUDIT PROGRAMME

We operate a rolling internal audit programme which provides independent and objective assurance activities relating to the Group's governance, risk management and internal control processes. The programme includes regular reviews of cyber security, enterprise risk management, GDPR compliance and FCA compliance.

OVERVIEW

To ensure that high standards are embedded across the business and form part of our culture, we have a compliance framework in place, consisting of policies, processes, guidance and training focused on a number of core compliance topics. Details of our Board governance framework and policies can be found in the Governance section (page 61 onwards).

As an online marketplace, cyber security and protecting customer and consumer data are primary areas of focus. They are fundamental to our future success and to build trust with our customers and consumers. As we shift to an accelerated adoption of digital retailing it is paramount that our cyber and data security and infrastructure evolve with our business priorities.

CYBER SECURITY

Trust is core to our business. We are committed to the security of our services and protecting our customers from cybercrime and fraud. Attempts to breach our systems to access our data and the threat of an unauthorised malicious attack on our systems pose a significant and perpetual threat. The volume and sophistication of cyber attacks has continued to evolve and increase, and changes in ways of working have created more opportunities for cyber criminals. A successful breach could lead to significant impairment of our reputation with customers and regulators and could be costly in terms of fraud losses, regulatory sanction or remediation activity – one of our viability scenarios reflects the risk of a ransomware attack (see page 59).

Whilst cyber security risks cannot be fully mitigated, having an effective cyber security risk and governance framework can help to significantly reduce the impact of such events. We have a robust security programme in place that covers both our corporate systems and the Auto Trader platform which includes a defined security governance framework, overseen by our Chief Technology Officer.

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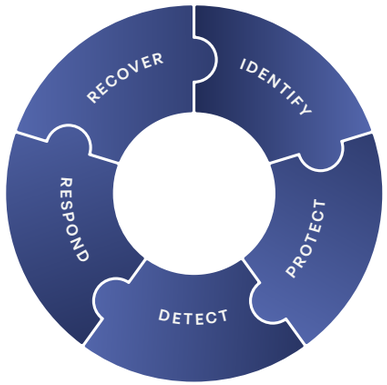
NIST Cyber Security Framework

We have adopted the NIST Cyber Security Framework ('NIST CSF') to help us understand and define our existing policies, processes and technical measures in place with the aim to better govern our cyber security position. It enables us to identify areas of improvement and focus our efforts by agreeing and setting a target state, with the understanding that the NIST CSF is designed to complement and enhance existing business and cyber security operations.

We operate a rolling internal audit programme (outsourced to a third-party) which includes annual reviews of cyber security. As part of this programme, a review of our NIST Framework was carried out in 2023 in relation to our main trading entity to validate the status and perform an operating effectiveness review, the purpose of which was to provide confidence that the framework is robust, appropriate and effective. We have successfully adopted the practical elements of the NIST CSF effectively. A similar review will be undertaken for our subsidiaries in the coming financial year.

NIST CYBERSECURITY FRAMEWORK



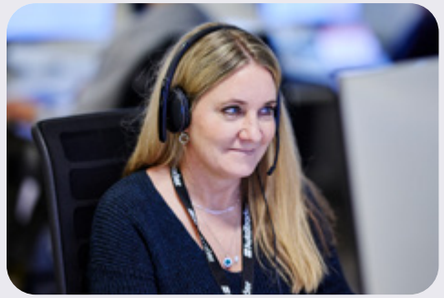
Policies and procedures

Our policies and procedures are designed to detect and respond to pre-emptive cyber attacks, risks and threats:

- A proactive awareness programme to educate all employees on cyber security risks.
- A dedicated security operations team to monitor, detect and respond to security incidents in line with our cyber security incident management procedures.
- Enhanced data protection solutions have been implemented across consumer facing and internal systems, to guard against the increasing threat of ransomware.
- All employee accounts are protected by multi-factor authentication ('MFA') regardless of device and location, providing enhanced authentication protection.
- Major incident response simulations and business continuity tests are carried out periodically.
- System vulnerability and penetration testing is carried out regularly by both external and internal resources, including: application vulnerability testing; penetration testing of our platform and infrastructure; and Red team testing to ensure our processes for responding to a cyber incident are robust and fit for purpose.
- All aspects of our applications are designed and deployed with security in mind so that Auto Trader can deliver a secure and trusted platform for our customers.

PROTECTING OUR CUSTOMER AND CONSUMER DATA

Data is at the heart of everything we do and data compliance and protection is of critical importance to Auto Trader. We operate a structured framework which supports us in meeting our compliance obligations, the expectations of customers and clients, fulfil privacy rights and mitigate the risks of a data breach. We comply with the Data Protection Act 2018 ('DPA 2018'), and the UK General Data Protection Regulation ('UK GDPR') as our benchmark for data protection.



When it comes to collecting and storing personal data for consumers, customers or our employees, we have a comprehensive set of policies which reflect the applicable privacy legislation. We act as data processor for our customers and a data controller for the personal data of our people. We are committed to ensuring that the personal information we collect is used for the appropriate purpose, which does not constitute an invasion of privacy and is held securely, responsibly and transparently in accordance with our privacy notices which govern all our platforms and subsidiaries.

We have a dedicated team that is responsible for data privacy, data breach prevention and reporting, policy compliance, record keeping and data subject rights. We have an assurance framework in place to monitor compliance with data privacy laws and to ensure any breaches are dealt with in a robust manner.

We hold GDPR Steering meetings monthly, attended by data owners from all business areas. The meeting is a central point of communication and coordination and provides guidance on the governance of our data strategy and ongoing compliance with relevant data security and privacy regulations.

All Auto Trader employees, including part-time employees, contractors and all Board members, are required to complete annual data privacy and information security training and we have established processes to cover all aspects of the UK GDPR including: Data Protection Impact Assessments ('DPIAs') to help identify and minimise any data protection risks for new or changed products or services where personal data is collected, processed, stored or shared. All processes are recorded and records of processing activity ('ROPAs') are reviewed quarterly by data owners. These include the lawful basis for processing and data retention periods; our privacy notices are reviewed and updated regularly. We have separate notices for consumers, employees and retailers; and we have processes in place to respond to Subject Access Requests ('SAR') and Erasure requests.

Where required, Auto Trader obtains consent from consumers to gather personal data to service their enquiries for products, services or vehicles advertised on the site. Explicit consent (gathered separately) is also obtained to contact consumers for marketing purposes. Where we pass personal data to third-party service providers contracted to Auto Trader in the course of dealing with customers or employees, we carefully vet any third parties that we share data with, and they are obliged to keep it securely, and use it only to fulfil the service they provide on our behalf.

We record all instances of data loss and have a rigorous incident management process in the unlikely event a breach occurs. This includes reporting notifiable breaches to the relevant regulatory authorities without undue delay and within stipulated deadlines. Where required we take remedial action as soon as possible.

FCA COMPLIANCE

Auto Trader Limited, the main trading subsidiary of the Group, is authorised by the FCA for consumer credit and insurance intermediary activities. Our activities primarily relate to providing finance and insurance introductions to consumers for third parties (retailers or commercial partners). We have introduced consumer journeys for some of our regulated activities as part of our digital retailing proposition using the technology of Blue Owl Limited (trading as 'AutoConvert'), a wholly owned subsidiary which is an Appointed Representative of Auto Trader Limited in respect of consumer credit activities.

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MAINTAINING A TRUSTED MARKETPLACE

As a leading online marketplace, we strive to provide a marketplace that is relevant, reliable and fair. It is important to our customers and our consumer audience that adverts displayed on Auto Trader are accurate and genuine. Our goal is to provide a valuable service for our customers and consumers and provide an engaging user experience.

RETAILER FEEDBACK

We actively seek retailer feedback in all aspects of product and service development to ensure that we continue to provide market leading solutions and support to our retailer partners. We also actively monitor consumer sentiment across our various products and channels, and our teams review thousands of items of feedback a week.

PRODUCT RESEARCH AND TESTING

When we bring a product to market, we go through a rigorous process of discovery to ensure solutions meet the varied needs of both our retailer partners and consumers. Retailers are involved at all stages of product development, including beta testing prior to scaling solutions.

SENTIMENT TRACKING

We survey retailers on a monthly basis through marketing channels to capture structured feedback on our relationship with retailers to ensure we're meeting their needs and gauge sentiment towards our brand. This ensures we can keep an eye on overall satisfaction, value for money and the partnership we aim to foster.

VOICE OF THE CUSTOMER

We actively monitor feedback which our Retailer Development and Support teams capture from retailers during the course of the thousands of inbound and outbound calls we field each week, ensuring we keep a good gauge on retailer sentiment and can react to market challenges facing our retailers quickly.

CONSUMER SENTIMENT

We've maintained extremely positive feedback scores across external review platforms including Trustpilot (4.7/5 based on 91.0k reviews), iOS App Store (4.8/5 based on 219.6k reviews) and Android Play Store (4.7/5 based on 87.3k reviews).

TAG VERIFICATION

We have achieved verification by TAG ('Trustworthy Accountability Group'), achieving the Brand Safety Recognition seal. TAG is the world's leading programme to fight criminal activity and protect brand safety in digital advertising. They have established best in class global standards that protect the industry from potentially harmful threats around fraud, malware and brand safety. Obtaining our TAG status is recognition that we meet the high standards required by TAG and our contribution towards fighting criminal activity and increasing trust and transparency in digital advertising.

VSTAG FORUM

We continue to actively lead the Vehicle Safe Trading Advisory Group ('VSTAG'), an industry forum we founded in 2006. The forum brings together the UK's leading online automotive advertising companies, advisors from the Metropolitan Police, Get Safe Online and Action Fraud to work together to reduce online vehicle crime and help protect buyers and sellers of pre-owned vehicles from fraud.

Autorama UK Limited (trading as 'Vanarama') is authorised by the FCA for consumer credit activities relating to brokering leases to retail and trade customers. Autorama UK Ltd also maintains the required FCA permissions to support a managed exit from providing Guaranteed Asset Protection (GAP) and motor insurance in accordance with its previous distribution model. We have introduced, and are developing, consumer journeys where consumers start their journey on Auto Trader and complete an onward journey with Vanarama.

We have specialist internal resource within our Governance, Risk and Compliance team across Auto Trader Limited and Autorama UK Limited with significant experience of working in FCA regulated businesses, and we have developed a detailed governance framework to ensure that we comply with the principles, rules and guidance applicable to our activities.

During the year, we established and implemented new guidance, policies and frameworks to ensure we meet the requirements of Consumer Duty, and put the consumer at the heart of our business (see below).

We apply the FCA's Senior Managers & Certification Regime. Senior Managers at Auto Trader are Nathan Coe, Catherine Faiers, Jamie Warner and Claire Baty. Certain members of the Operational Leadership Team hold Certified Functions. Senior Managers at Vanarama are members of the Company's Board and other members of the senior leadership team. All of these individuals have been assessed and certified as Fit and Proper. All employees are subject to the Conduct Rules and have received appropriate training and guidance. We have a comprehensive suite of policies, training and monitoring procedures to ensure awareness of and compliance with the requirements, including financial promotions, product change management, complaint handling, vulnerable customers and transparency. Our Customer Charter outlines our commitment to delivering good outcomes for consumers.

IMPLEMENTING CONSUMER DUTY

The FCA's new Consumer Duty came into effect from 31 July 2023, setting higher standards of consumer protection across financial services. The Duty is well aligned with our objectives of driving transparency in the car buying process, and so we were already well placed to meet the new requirements.

We established a cross-functional steering group and developed an implementation plan which was approved by the relevant governing body for each regulated entity. Some of the key activities included appointing a Senior Manager as Consumer Duty champion; defining the nature and target market for each of our regulated products; engaging with other firms in our distribution chain; carrying out product reviews to ensure that they deliver demonstrable good outcomes for consumers; reviewing and improving the transparency of information within our consumer journeys and the support we offer to consumers; refreshing our policies and procedures; training and embedding within the business; review of management information and metrics for ongoing monitoring; and integration with existing governance frameworks. We engaged our internal audit partners to carry out both a readiness review in early 2023, and an effectiveness review in March 2024. We are confident that we have successfully implemented and embedded the Duty and are well set up to meet the ongoing requirements.

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BUSINESS ETHICS AND COMPLIANCE

We have a zero tolerance approach to bribery, corruption and other financial crime within our business and/or in any dealings with our customers, suppliers and other third parties who we deal with. All Auto Trader employees and contractors, including all Board members, undertake at least annual online training covering areas related to: information security, GDPR, anti-bribery and corruption, the corporate criminal offence of facilitating tax evasion, anti-money laundering, modern slavery and whistleblowing. In addition, our company values were refreshed during the last year and they continue to put ethical standards at the heart of our day-to-day decision-making and actions. We are committed to taking all reasonable steps to prevent unethical practices and potential risks to our consumers or customers. We do not conduct business with any service provider, customer or supplier which does not align to our values in these areas.

HUMAN RIGHTS

We have zero tolerance towards modern slavery, human trafficking, forced or compulsory labour and child labour, in our business and our supply chain. We are committed to supporting human rights through our compliance with national laws and through our internal policies which adhere to internationally recognised human rights principles. In line with our commitment to creating a diverse and inclusive culture, our internal policies require respect and equitable and fair treatment of all persons we come into contact with. All employees are paid above the Real Living Wage. We are an accredited Living Wage Employer. We safeguard our employees through a framework of policies and statements including Modern Slavery, Gender Pay, Flexible Working, Equal Opportunities and Inclusion Policies. All employees receive training to ensure they can identify the different types of modern slavery and the action they can take if they have any concerns.

MODERN SLAVERY

We are committed to preventing slavery and human trafficking in our business and supply chains. We require the highest standards of honesty and integrity in all our business dealings and relationships. We will not tolerate the mistreatment of people in our employment and employed in our supply chain.

TAX TRANSPARENCY

Auto Trader is committed to being a responsible taxpayer. Our tax policy was reviewed and approved by the Audit Committee in 2024 and it sets out our approach to tax risk management and governance. In 2024 our total tax contribution was £213.9m (2023: £175.4m). Taxes borne by the Group totalled £100.9m (2023: £69.4m) and consist of corporation tax, employer's NICs and stamp duty. Taxes collected by the Group totalled £113.0m (2023: £106.0m) and consist of PAYE deductions, employees' NICs and net VAT collected.

PAYMENT PRACTICES REPORTING

We publish information about our supplier payment practices and performance. On average, Auto Trader takes 36 days (2023: 35 days) to pay our supplier invoices, with 99% (2023: 98%) paid within agreed terms during the reporting period.

SUPPLIER ESG ENGAGEMENT

We hold ourselves and our suppliers to the highest standards of behaviour. We want to engage suppliers that share our values and collaborate with them to build a stronger, more responsible supply chain. We have an established supplier engagement strategy and the information we collect through our supplier engagement/onboarding process, complemented with our Ethical Procurement Questionnaires, provides us with greater insight into numerous aspects of our suppliers' performance, including community and charity works and Environmental, Social and Governance practices such as: how they are engaging the communities they are based in; what charitable activities they are undertaking; how they identify and improve diversity and inclusion; what governance they have in place to ensure good practice and limit instances of modern slavery, bribery or breaches of other relevant legislation; and sustainability. As part of our environmental strategy, we have expanded our discussions on sustainability with those suppliers who account for our highest carbon emissions to deep dive into understanding where our suppliers are on their own sustainability journey. Additionally, this year we have launched our own internal Supplier Sustainability Ratings, which use simple criteria to establish which of our suppliers are at the beginning of their sustainability journeys and which are advanced and a leader in terms of targets, actions, initiatives and reducing their own emissions. We have published a supplier code of conduct which outlines Auto Trader's stance on important matters and our expectations of our suppliers.

GRIEVANCE REPORTING OR ESCALATION PROCEDURES

We aim to create a working environment in which all individuals enjoy coming to work, where they can perform at their best, and where they are free from discrimination or harassment.

We foster a culture of open and healthy conversations, mutual appreciation and respect. We do not tolerate any behaviour that undermines this aim. We are committed to a culture where staff can freely report any issue or concern, and access support via the escalation procedures we have in place. Our grievance policy sets out both informal and formal avenues for addressing concerns.

WHISTLEBLOWING

We are committed to carrying out all business activities in an honest and open manner and strive to apply high ethical standards in all our business dealings. We actively cultivate a transparent and open culture, encouraging our employees to speak up whenever they have concerns, if they suspect anything inappropriate, or experience any serious malpractice or wrongdoing in our business. We believe this contributes to a fairer and more transparent marketplace where customers and consumers know that we can be trusted. We have an internal reporting facility for employees to discuss concerns and we also operate an anonymous and confidential whistleblowing helpline through an independent organisation. Reports are directed to the Audit Committee Chair and the Company Secretary or via the independent hotline.

FURTHER INFORMATION

To find out more about all of our governance & compliance policies, please go online:

plc.autotrader.co.uk/esg/policies-reports

To find out more about how we are protecting our customer and consumer data, please go online:

autotrader.co.uk/privacy-notice

plc.autotrader.co.uk/privacy-and-cookies

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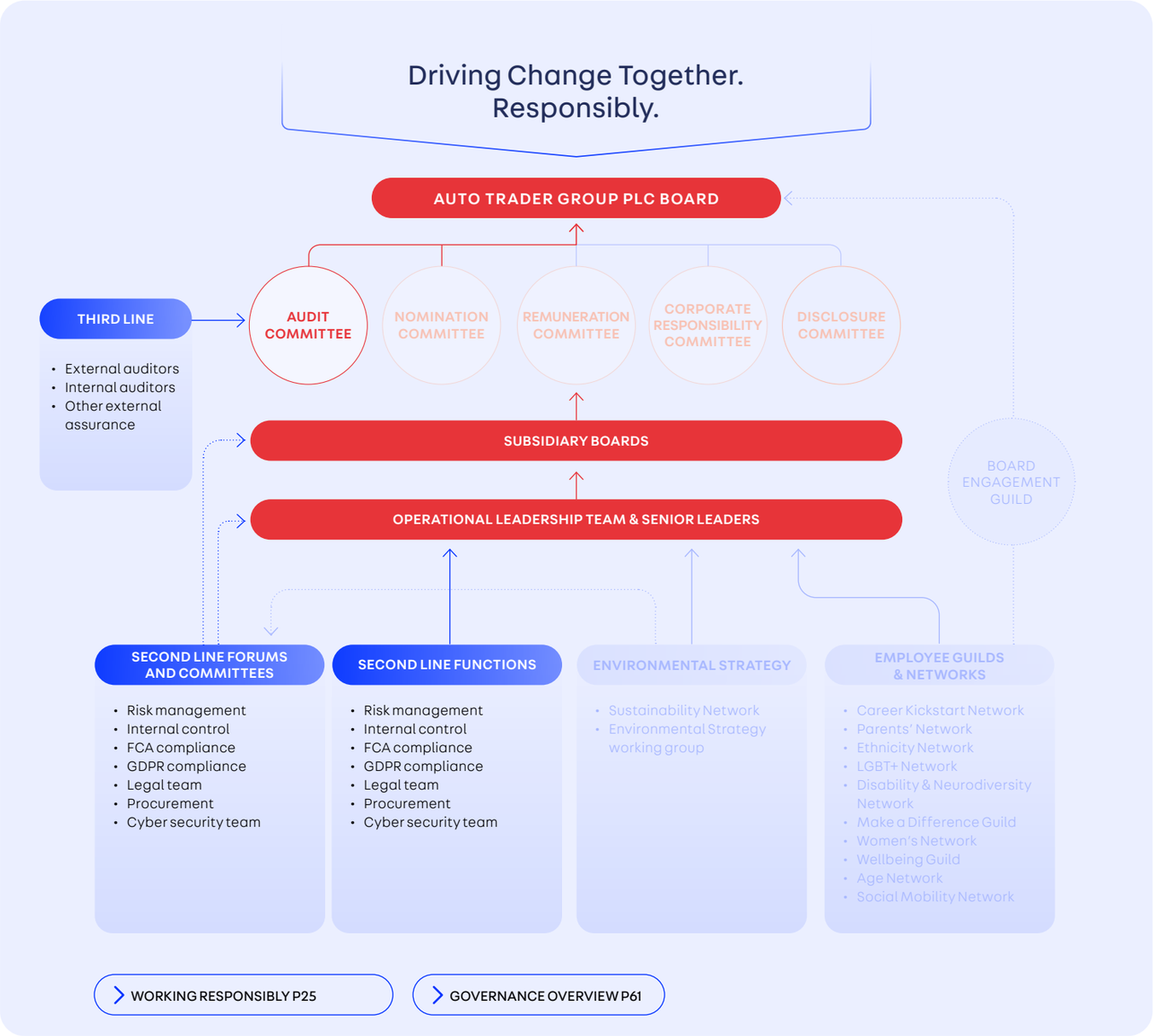
How we manage risk

Our risk management arrangements

Effective risk management helps us to achieve sustainable long-term growth in a manner which is consistent with our purpose of Driving Change Together. Responsibly.

The Board is collectively responsible for determining the nature and extent of the risks the Group is willing to take in order to achieve its strategic objectives. The Board is also responsible for establishing and maintaining effective risk and internal controls frameworks and the Audit Committee is responsible for independently monitoring effectiveness of the framework.



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How we manage risk continued

OUR RISK MANAGEMENT PROCESS

A four-step process is used to manage our principal risks. OLT and risk owners within the 1st Line of Defence are delegated the responsibility for identifying, assessing, mitigating, and monitoring risks. OLT and risk owners report to the PLC Board on whether our risks are being managed to an acceptable level through the Governance Structure, illustrated opposite. The risk management process can be summarised as follows:

EFFECTIVE RISK MANAGEMENT

1 IDENTIFY

A top-down and bottom-up approach is used to identify key risks across the business. Primarily, risks are identified via three key mechanisms:

- The Board, OLT, senior managers, and GRC perform continuous horizon scanning as part of day-to-day operations.
- Our 2nd Line Functions are embedded into the teams responsible for executing key strategic initiatives to help them identify potential risks.
- GRC facilitate regular risk workshops with OLT and senior managers within the business.

All new risks are captured on the Group Risk Register which is reviewed by the Board at least half-yearly.

2 ASSESS & QUANTIFY

All risks are evaluated to establish their root causes, the impact, and the likelihood of occurrence. When assessing risks, consideration is given to the financial, reputational, and regulatory impacts, as well as impacts on customers/consumers, and impacts on day-to-day operations. Risks are then categorised as:

- Existential risks: those with the potential to cause fundamental change within our organisation and wider industry.
- Operational risks: those arising out of the existing business activities.
- Emerging risks: those which relate to new initiatives, new products, and new laws and regulations.

3 RESPOND & MITIGATE

Risk owners consider whether existing controls and mitigations reduce the risk to an acceptable level. On an ongoing basis and following identification of a new risk, 2nd Line Functions provide specialist support to ensure that the response is consistent with our Group risk appetite. Additionally, independent challenge on risk response is provided from 2nd Line Functions, Forums, and Committees.

If the residual level of risk after mitigation remains above our risk appetite, then further mitigating actions are implemented.

4 MONITOR, REVIEW & ASSURE

The effectiveness of key controls is monitored via numerous mechanisms within our governance structure. These include:

- Ongoing monitoring by 2nd Line Functions.
- Monthly and quarterly 2nd Line Forums and Committees, including Risk Forum, FCA Compliance, and Trust Forum.
- A risk-based Internal Audit plan which captures 4-5 assignments per year.
- Other third-party and specialist monitoring and assurance.

The Board reviews the outcomes of assurance activities on an as-needed basis. The Board also reviews the Group's risk register at least half-yearly and assesses the adequacy and effectiveness of mitigating actions in line with our risk appetite.

RISK APPETITE

The Board has considered the nature and extent of the principal risks Auto Trader currently faces, the potential risks we expose ourselves to as we proceed with our strategy, and the wider market, economy and business environment. The Board has set its risk appetite accordingly and this risk appetite informs how we respond to risks. Our risk appetite can be summarised as follows:

FLEXIBLE

Auto Trader acknowledges that, in some circumstances, fast-paced and innovative development of new products within the technology space presents significant opportunities and taking advantage of these opportunities may result in financial loss. We consider the opportunities can outweigh the downside risks, and therefore, in pursuit of our strategic objectives, we are flexible about taking risks which relate to product innovation, addressing competitive threats, and/or making the most of market opportunities.

CAUTIOUS

As we pursue our strategic objectives, we must remain cognisant of the potential for them to have conflicting impacts on our stakeholders, including employees, suppliers and third parties, and the environment. Owing to the potential for these risks to have significant knock-on impacts across a wide range of categories, we are cautious about taking risks in relation to such areas.

AVERSE

We are averse to taking risks which conflict with our values; risks which could damage our reputation; risks which threaten the security of our systems and technology; risks leading to a breach of laws, regulations or financial covenants; and/or risks which could compromise the organisation's going concern status. Across these categories we take all reasonable steps to ensure our business activities do not give rise to significant risk of damage to our stakeholders, and in pursuing our strategic objectives we are averse to exposing ourselves to higher levels of risk knowingly.

PRINCIPAL RISKS AND UNCERTAINTIES P53

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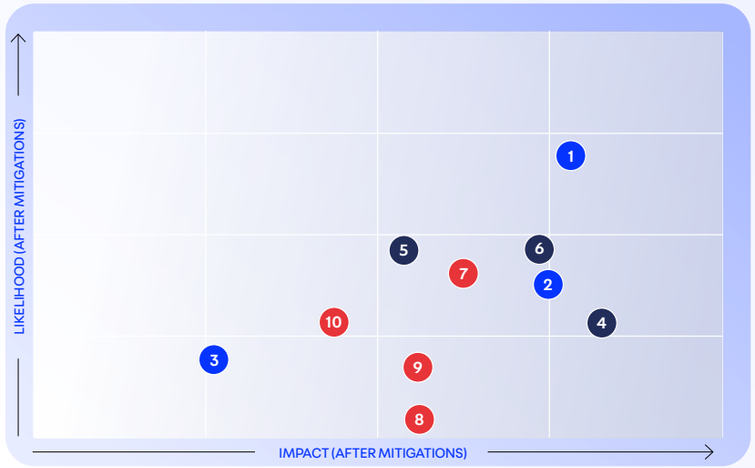
How we manage risk continued

OUR VIEW IN 2024

The risk landscape has continued to evolve over the last 12 months, and we expect it to continue to evolve in the coming years. Our strategy is linked intrinsically to our principal risks and our principal risks can be categorised into three themes:

1. Risks to Auto Trader and the automotive retail industry as a whole;
2. Risks arising from external sources; and
3. Risks arising from internal sources.

Our risk management process continues to work hand-in-hand with our strategy, and we have taken crucial steps this year to manage new and emerging risks. Examples include refreshing our processes to ensure adherence to the FCA Consumer Duty, scaling up of Deal Builder to over 1,000 retailers, and evolving our company values. The matrix below summarises our view for FY24 of the extent to which the Group is exposed to each of our principal risks:



Risks which could affect the wider industry:

1. Automotive economy, market and business environment
2. Climate change
3. External catastrophic and geo-political events

Risks we face from external sources:

4. Legal and regulatory compliance
5. Competition
6. IT systems and cyber security

Risks we face from internal sources:

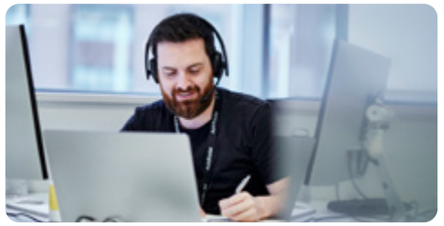
7. Employees
8. Brand and reputation
9. Failure to innovate
10. Reliance on third parties and partners

PRINCIPAL RISKS AND UNCERTAINTIES P53

The evolving risk landscape & emerging risks

Central to our risk management process is the identification of new and emerging risks, the identification of changes to existing risks, and the continual assessment of how risks could impact the organisation.

The risk landscape has continued to evolve in FY24. Details of each of our principal risks can be found in the following pages 53 to 58, and material emerging risks can be summarised as follows:



RISKS AFFECTING THE AUTOMOTIVE INDUSTRY

- With the improved supply of new vehicles in FY24, and new OEM entrants in the UK market, it is important that we continue to build relationships with OEMs, as well as their retailer networks, to mitigate the risks of the agency model.
- There continues to be a risk to the automotive industry centred around the transition to EVs. There is risk to mass-adoption of EVs if the charging infrastructure does not develop. Further, there remains price inequality within the EV market which could inhibit mass adoption, for example prices of charging for those with home chargers compared to those relying on public infrastructure.
- There is increasing concern over the global political landscape and potential for escalation of military conflicts. With the automotive industry dependent on global trade, there is a risk to the industry should conflicts and sanctions escalate.

EXTERNAL RISKS

- The rapid changes in artificial intelligence could result in heightened cyber security threats, for example via deepfake scams and more sophisticated phishing.
- With a UK general election in FY25, there is a risk that political policy could affect Auto Trader as well as the wider automotive industry, including the transition to EVs.
- There is a risk that large technology businesses such as Amazon and Google see value in the automotive retail market. Google, for example, recently launched their Google Vehicle Ads product and there is a risk that this could gain traction.
- The FCA investigation into historic commissions on automotive finance deals could result in costly redress schemes, which could affect retailers and lenders. It could also disrupt how automotive finance is sold in future. Conversely, there is an opportunity for Auto Trader to provide a platform for automotive finance lenders to engage with our audience.

INTERNAL RISKS

- Whilst Auto Trader has been using AI for over 10 years, the emergence of generative AI could create new opportunities for us to introduce new products and services, making the complex car buying process simpler for consumers. AI could also be leveraged to improve the efficiency and productivity of both our retail customers and our employees.
- Our business is becoming more complex. Deal Builder means we are closer to the transaction than before, and our ambitions to grow leasing expose us to complex revenue streams. It therefore is crucial that we embed effective controls across all emerging risk areas.

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Principal risks and uncertainties

How we mitigate our emerging and principal risks

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

IDENTIFYING, ASSESSING, RESPONDING TO, AND MONITORING THE GROUP'S PRINCIPAL RISKS

The Board has carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The emerging and principal risks and uncertainties are detailed in this section. Additional risks and uncertainties to the Group, including those that are not currently known or that the Group currently deems immaterial, may individually or cumulatively also have a material effect on the Group's business, results of operations and/or financial condition.

STRATEGIC PROGRESS P10

KPIS P18

1. AUTOMOTIVE ECONOMY, MARKET AND BUSINESS ENVIRONMENT

Increasing

RISK AND POTENTIAL IMPACT

An increase in the supply and/or a drop in consumer demand for new/used cars could lead to reduced vehicle prices and therefore reduced retailer profitability. Higher costs and interest rates could lower retailer profitability and reduce their advertising spend with Auto Trader. Reduced profitability could lead to consolidation of retailers.

High cost of living and interest rates could affect car buyers' ability to afford a change of vehicle, affecting demand.

Mass adoption of the agency model, whereby manufacturers sell new vehicles directly to consumers with the retailer acting as an agent facilitating the transaction, could lead to lower revenues for our retailer customers. Further, manufacturers operating an agency model may not wish to use Auto Trader as an advertising channel.

A move towards agency, combined with other structural changes in the industry, could lead to the consolidation of retailer forecourts.

KEY CHANGES AND OUTLOOK

- The supply of both new and used vehicles increased in FY24, with new car registrations increasing 16% and used car transactions increasing 6%. Prices have softened through the year, however continually strong levels of demand, fast speed of sale, and lower trade prices have lessened some of the impact felt by retailers.
- Whilst the volume of fleet new car registrations has increased 38% year on year, these vehicles have been sold into corporate and rental customers rather than feeding into the broker channel where supply remains tight.
- Higher interest rates on stocking loans and general inflationary pressures have increased retailer costs. In this context, we are working closer in partnership with our retailers to help them get the most out of our advertising and data-led products.
- The number of UK retailer forecourts working with Auto Trader increased in the year to its highest ever number.
- Some manufacturers moved to an agency model in FY24 and many are using Auto Trader for advertising.
- Some manufacturers have signalled their intention to remain with their traditional franchise models.

HOW WE MANAGE THE RISK

- We monitor new and used car transactions closely, using data from SMMT and DVLA. We also monitor behaviour on our marketplace and engage closely with our customers and consumers to assess market health.
- We use our own Auto Trader Retail Price Index and valuations data to monitor the pricing trends of used cars by trade sellers.
- We publish reports containing data and insights to help retailers understand the state of the automotive market.
- We adopt a partnership approach to support our customers in getting value from our products. By democratising our data, we provide retailers with the tools to enable them to inform their stock sourcing and pricing strategies.
- We continuously enhance existing products and seek opportunities to develop new products to support our customers.
- Our culture of agility and innovation enables us to respond quickly to new and emerging threats and opportunities.

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- Marketplace
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2. CLIMATE CHANGE

Unchanged

RISK AND POTENTIAL IMPACT

The automotive industry is a high contributor to emissions, and so there is pressure from consumers and the Government for the industry to reduce its impact on the environment. Failure to deliver on our environmental commitments could negatively impact our brand as a responsible business or result in regulatory sanctions.

Failure to overcome the challenges caused by the shift from internal combustion engines ('ICE') to electric vehicles ('EVs') could inhibit their takeup or lead to changes in buying behaviour. Factors include the purchase price of EVs, potential for improvements in public transport, new and expanded emissions zones, increasing EV running costs, and consumer uncertainty over the residual value of used EVs.

Changing and more stringent regulatory requirements could increase our cost base. Increased frequency and severity of extreme weather events could lead to heightened costs, including costs associated with heating/air conditioning, insurance and cloud infrastructure. Extreme weather events could also lead to short-term closure of retailer forecourts (for example, due to flooding).

KEY CHANGES AND OUTLOOK

- The UK Government deferred the ban on new ICE vehicles from 2030 to 2035. However, in mitigation the Zero Emissions Vehicle ('ZEV') mandate applies between 2024 and 2035. New EV registrations are currently below the 22% ZEV target for 2024, and so OEMs will need to take further steps in the coming years to incentivise buyers to switch to EVs.
- We continued to highlight on our website and throughout our content the benefits of EVs.
- Price disparity between new EVs and ICE vehicles remains a barrier to mass adoption, albeit it has begun to reduce in FY24 owing to OEMs reducing pricing and offering other incentives to stimulate sales. Other barriers to widespread public adoption of EVs include:
  - Price inequality between public charging and those able to install private charging.
  - Reliability and availability of public EV charging.
  - Adverse and often inaccurate media coverage, which affects consumer perceptions of EVs, including about their safety and reliability.
  - Uncertainty over future Government policy on EVs and incentives to make the switch from ICE to EV.
- Regarding our own impacts on the environment, we continue to partner with the Carbon Literacy Project to help provide carbon literacy training to employees and to stakeholders within the automotive industry.
- We have introduced into our supplier selection processes an evaluation of the 'green credentials' of potential suppliers, and we are evaluating the environmental impacts of pre-registering vehicle inventory within Autorama.
- Our net zero targets have been revised to include Autorama UK Ltd in our base year. Our revised net zero plans have been validated and approved by the SBTi.
- We have introduced an online marketplace for electric pedal-bikes, which provides an alternative route for consumers to access green personal transport.

HOW WE MANAGE THE RISK

- We are evolving our product offering and marketplace to provide consumers with more information about EVs. A cross-functional working group is focusing on helping consumers make more environmentally friendly vehicle choices.
- We lobby Government and share our data and insights to help guide policy on how to decarbonise the automotive industry.
- Leasing is a viable option to consumers making the switch to EVs, many of whom are anxious about making outright purchases. The Autorama checkout journey on the Autotrader.co.uk site provides our audience with access to leasing.
- As part of our climate commitments, we are focusing not just on our own carbon footprint, but positively supporting the industry. Our partnership with the Carbon Literacy Project provides training and insights to employees and external stakeholders.
- Our Corporate Responsibility Committee oversees our environmental commitments and work is ongoing to reduce our carbon emissions across all scopes.
- We evaluate the carbon records and commitments of suppliers within our procurement processes.
- By digitising the automotive retail sector, we provide customers and consumers with purchasing options should extreme weather events lead to short-term retailer forecourt closures.

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3. EXTERNAL CATASTROPHIC AND GEO-POLITICAL EVENTS

Increasing

RISK AND POTENTIAL IMPACT

In a connected, global industry, we are prone to the impacts of external events around the globe, as are our customers and consumers. We consider there to be a threat to the short-to-mid-term performance of our business posed by external, unpreventable, catastrophic and geo-political events. Such events could result in our customers being unable to trade, leading to loss of revenue, stock, audience and market share.

KEY CHANGES AND OUTLOOK

- Over the coming year, we expect the uncertain geo-political landscape will continue to pose risks to the global automotive industry, particularly with regards to supply chain. The conflict in Ukraine has continued and, sadly, does not show signs of abating. Additionally, continued threats to shipping in the Red Sea could affect global trade, and conflict in the Middle East has the potential to escalate to a regional-level conflict.
- The US has announced the introduction of increased tariffs on Chinese-manufactured EVs and semiconductors, and similar measures are being considered by the European Commission.
- We have taken learnings from previous 'black swan' events, such as the COVID-19 pandemic, to inform our response plans should major incidents occur in future.
- We have maintained low leverage in FY24 and have extended our Syndicated RCF to 2029 providing us access to short-term debt. We are well-positioned to respond to short-term shocks and incidents.

HOW WE MANAGE THE RISK

- We monitor external events continuously. The OLT and the Risk Forum both evaluate the ways in which our business could be impacted from external events, both in the short term and in the longer term.
- We continuously review our business continuity and crisis management arrangements to ensure that they consider the impacts of external events, including those which might affect our customers.
- Our business continuity plan ('BCP'), IT disaster recovery plan ('ITDR'), and wider crisis management arrangements all set out the key steps required for us to respond to major events and restore operations in the event of downtime.
- We continuously review our BCP and crisis management arrangements to ensure that they consider the impacts of external events, including those which might affect our customers.
- Our crisis response team includes senior leadership and internal experts. Nominated delegates minimises single person dependencies. Where necessary we also have external advisors available to support us in our response.
- Our crisis management arrangements are tested regularly via simulated crisis scenarios. All key stakeholders within the organisation are involved and we capture lessons learned to continually improve our crisis management arrangements.
- Our low leverage enables us to access cash in the event of major threats crystallising. It also means we are not significantly affected by shocks to interest rates.

4. LEGAL AND REGULATORY COMPLIANCE

Unchanged

RISK AND POTENTIAL IMPACT

The Group operates in a complex regulatory environment. As we progress in executing our strategy, we are likely to be exposed to increased legal and regulatory risks, particularly those relating to financial services and data protection.

There is a risk that the Group, or its subsidiaries, fail to comply with legal and regulatory requirements. This could lead to reputational damage, financial or criminal penalties and impact on our ability to do business.

KEY CHANGES AND OUTLOOK

- The FCA is investigating historic Discretionary Commission Arrangements ('DCAs') on automotive finance deals. Whilst Auto Trader is not within the scope of the investigation, there is a risk that the outcomes could impact how automotive finance is bought and sold. This could potentially affect our customers' profitability and, in the short term, affect our aspirations in the automotive finance market.
- Almost every retailer has stopped selling GAP insurance owing to an FCA investigation. GAP insurance has historically been a profitable product for some segments of retailers.
- We adopted the FCA's Consumer Duty in advance of the July 2023 deadline. This involved a review of our policies, products and processes to ensure that we can demonstrate delivery of good consumer outcomes.
- We continuously 'horizon scan' to identify and prepare for changes to regulations and legislation. Upcoming changes which may affect us to varying degrees include the Competition and Consumers Bill, the Data Protection and Digital Information Bill, and the Economic Crime and Corporate Transparency Bill.
- Scaling up of Deal Builder and our leasing journey will heighten our exposure to regulatory risks. These risks relate to GDPR, owing to the amount of personal information we will need to collect, and the FCA, as a result of the online finance application journey.
- In the last year we have refreshed our suite of compliance training. This new training provides more engaging and tailored content to ensure that all our employees are equipped with the necessary skills and knowledge of all relevant laws and regulations. Our Risk Forum monitors the completion rates of mandatory training.

HOW WE MANAGE THE RISK

- We continuously monitor the legal and regulatory landscape to identify and evaluate potential changes in laws and regulations. We utilise external specialists for specialist advice where needed.
- We have a mature governance framework to oversee our legal and regulatory risks. Governance forums receive regular internal reporting on our compliance with the principles, rules, and guidance applicable to our regulated activities. These forums then report to the Risk Forum.
- Our Governance, Risk, and Compliance team ('GRC') consists of legal and regulatory expertise. GRC are embedded within the product development process to ensure that legal & regulatory compliance is built into the design of products.
- Regular 'product reviews' are performed by GRC to assess compliance with the FCA Consumer Duty.
- A comprehensive suite of policies is reviewed regularly. Additionally, mandatory training and monitoring ensures awareness of, and compliance with, regulatory requirements. These include information security, data protection, financial promotions, product change management, and complaints handling.
- The regulated entities within the Group continue to comply with the FCA's Senior Managers & Certification Regime. The relevant individuals have been assessed and certified as Fit and Proper. All employees are subject to the FCA's Conduct Rules and have received appropriate training and guidance.

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5. COMPETITION

Increasing

RISK AND POTENTIAL IMPACT

External measures show that we are maintaining our position as the largest and most engaged automotive marketplace. Nevertheless, we remain wary of the risk that competitors could develop superior consumer experiences or superior retailer products. This could lead to a loss of market share.

KEY CHANGES AND OUTLOOK

- Large technology companies such as Facebook, eBay and Amazon continue to operate in segments of the automotive sector. However, to date, these organisations have not gained notable market share over the last year.
- Google have recently launched Google Vehicle Ads and there is a risk that this could gain traction as a consumer acquisition channel. We continuously improve our products to avoid erosion of our market share.
- In the last year we maintained our position as the UK's largest and most engaged automotive marketplace for new and used cars, with over 75% of all minutes spent on automotive classified sites spent on Auto Trader.

HOW WE MANAGE THE RISK

- Continued investment in our branding and marketing helps us to protect and grow our audience. This aims to maintain our position as the most influential website for consumers when purchasing a vehicle.
- We monitor competitor activity closely through monthly reporting and formal quarterly competitor reviews, and regularly review this at OLT and Board level.
- We continue to invest in and develop our product offerings to ensure we offer value to consumers, retailers, and manufacturers.
- We work in an agile way which enables us to respond quickly to emerging competitive threats.
- Working with OEMs to develop solutions to enable them to advertise their new car pipeline stock on our website.

6. IT SYSTEMS AND CYBER SECURITY

Increasing

RISK AND POTENTIAL IMPACT

As a digital business, we rely on our IT infrastructure to provide our services. A disruptive cyber security and/or business continuity event could lead to downtime of our systems and infrastructure.

Execution of our strategy also relies on us making appropriate investments in secure systems and technologies. Failure to invest in appropriate technology and safeguards could lead to us failing to achieve our objectives.

Delivery of our strategic objectives relies on us using data to provide valuable insights to customers. A significant data breach, whether because of our own failures or a malicious cyber-attack, would lead to a loss in confidence by the public, retailers and advertisers.

KEY CHANGES AND OUTLOOK

- The emergence of artificial intelligence ('AI') has prompted much debate and speculation. Whilst Auto Trader has been using AI for over 10 years, for example in our valuations tools, generative AI creates additional opportunities. Opportunities include improved customer and consumer experience and improving the productivity of our employees. Our established data science team are responsible for evolving our AI tools.
- Externally, we expect AI to be used by criminals for malicious purposes. Deepfake technology, for example, increases the risks of social engineering against stakeholders, and we expect phishing to become more convincing. Our mandatory compliance training has been updated to raise employee awareness of these threats, and we perform regular simulated phishing tests.
- In the last year our security teams have continued to monitor and enhance our cyber defences. We have not experienced any major disruption owing to cyber-attacks. Nevertheless, we continue to perform regular tests of our ITDRs to ensure that we could recover in the event of major disruption.
- Security is central to the design of all our products and services. Our software development process has continued to receive significant investment which enables us to design, build, and deploy software quickly, efficiently, and securely. In the last year we have deployed 65,000 software releases.

HOW WE MANAGE THE RISK

- We have a BCP and ITDR which are regularly reviewed and tested, both for Auto Trader and Autorama.
- We continuously monitor the availability and resilience of processing systems and services. The migration to the cloud has improved the efficiency of our systems and improved our ability to respond to an incident in a timely manner.
- We have dedicated security teams, including white hat hackers, who carry out regular penetration testing of our systems to identify and fix potential vulnerabilities.
- All employees undergo IT security awareness training on at least an annual basis.
- All our systems are now cloud-based which heightens both our resilience to cyber threats, and our ability to recover from incidents.
- We have embarked upon a multi-year project to upgrade our internal systems used by our customer and consumer support teams.
- We adopt the National Institute of Standards and Technology ('NIST') Cybersecurity Framework to manage and reduce cyber security risks. Our cyber security framework includes control activities such as two-factor authentication, conditional access, third-party application security, regular application penetration testing, and data minimisation and retention policies.

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7. EMPLOYEES

Decreasing

RISK AND POTENTIAL IMPACT

To enable us to achieve our strategic objectives it is important that we continue to attract, retain and motivate a highly skilled workforce, including those with specialist skillsets in data and technology.

Delivery of our strategy is also dependent on us building a diverse and inclusive workforce, a supportive, collaborative culture, and a safe environment, all of which will enable optimum performance from all our employees.

KEY CHANGES AND OUTLOOK

- During the year, we refreshed our company values and held workshops with all employees to illustrate how the values inform our ways of working.
- Employee turnover has remained low and engagement levels remain high. Our Glassdoor rating based on anonymous reviews is 4.5 out of 5.
- The cost of living and skills shortages in the market continue to affect workforce costs. We monitor the market proactively to ensure that salaries are fair, proportionate and competitive. We introduced an annual all-employee share scheme in FY24, increasing all employees' total remuneration.
- Employees rightly have increasing expectations of their employers to act fairly, responsibly and sustainably. We engage with networks and guilds to ensure that we conduct our business in a responsible way. This year we added sexual harassment awareness training to our suite of mandatory HR training.
- We have trained additional mental health first aiders to ensure that all employees have access to support.
- FY24 has brought about more 'day-1 rights' for employees. A general election in FY25 could bring about further change. Whilst we support heightened inclusion and equal opportunity, some changes are not without risk. If, for example, employees receive a legal day-1 right to work remotely, it could affect our innovative and collaborative culture.

HOW WE MANAGE THE RISK

- A values-led culture is embedded throughout the organisation and is central to our recruitment, induction, training, and development processes.
- Active succession planning and career development for key roles and senior executives. These are coupled with long-term incentive plans for senior staff, including incentives linked to diversity, inclusion, and sustainability.
- Regular employee engagement surveys and monitoring of Glassdoor ratings, coupled with an all-employee share award, aim to heighten retention and engagement of all employees.
- We have regular business updates, networks, guilds, and all-employee conferences to maintain engagement.
- Career development plans aimed at developing all employees, especially those with ambitions to reach senior leadership. Talent development is part of the Terms of Reference of the Nomination Committee.
- Diverse Talent Accelerator, Inclusive Leadership, and Continuous Leadership Development programmes equip our employees, people leaders, and future leaders with the skills to lead diverse teams.
- Health and Safety Committee reporting to Risk Forum to ensure that all employees are working in a safe environment.
- Monitoring how Connected Working affects engagement, inclusion, employee safety and productivity. Any overseas working must be approved by People Operations to ensure the safety of our employees, security of our systems and compliance with all relevant laws and regulations.

8. BRAND AND REPUTATION

Unchanged

RISK AND POTENTIAL IMPACT

Our brand is one of our biggest assets. Our research shows that we are the largest and most trusted automotive classified brand in the UK. Failure to maintain and protect our brand, and/or negative publicity affecting our reputation could diminish the confidence that retailers, consumers, and advertisers have in our products and services. This could result in a reduction in audience and revenue.

KEY CHANGES AND OUTLOOK

- In the year we spent over £20m marketing our brand, with both the number of visits and minutes spent on Auto Trader increasing year-on-year.
- Our Trustpilot rating remains high at 4.7 out of 5 and there continues to be a low level of fraudulent activity on our site owing to the monitoring performed by our security team. We estimate that each month we block around 450 stolen vehicles from being advertised and we have continued to work with law enforcement to help protect the industry.
- We make use of a customer watchlist which enables us to identify and remove those customers that are not delivering for consumers, other retailers, or the Auto Trader brand.
- We have increased investment and headcount within GRC. GRC embed themselves into all major initiatives to ensure that ethical, legal, and regulatory considerations are baked into the design of all our products and services and all of our major initiatives.
- We have begun evolving our customer onboarding and identification verification processes, which involves leveraging new specialist third-party tools.

HOW WE MANAGE THE RISK

- We invest in new and innovative marketing campaigns and new ways of engaging car buyers to continue to maintain brand awareness, and to change perceptions of Auto Trader to be a destination for new cars as well as used.
- To get access to Deal Builder, retailers are required to sign up to and adhere to a Seller Promise. Seller Promise prescribes minimum levels of consumer service and advertising.
- We have a clear and open culture with a focus on trust and transparency and Community is at the heart of our values.
- Our Customer Security team closely monitors our website to identify and quickly remove fraudulent or misleading adverts. Customer Security also works proactively with retailers, the authorities, and the wider industry to highlight potential security concerns.
- Our approach to cyber security and data protection helps to protect us from the adverse impact of a significant data breach or cyber-attack. We also have mature breach reporting and crisis management programmes that enable us to identify, escalate and appropriately handle any emerging issues that could result in reputational damage.

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9. FAILURE TO INNOVATE: DISRUPTIVE TECHNOLOGIES AND CHANGING CONSUMER BEHAVIOURS

Unchanged

RISK AND POTENTIAL IMPACT

The automotive industry is changing. Should we fail to innovate our business and product offerings, we could lose relevance with our key stakeholders, including consumers and customers.

It is crucial that we develop and implement new products, services and technologies, and adapt to changing consumer behaviour towards car buying and ownership.

Failure to provide both customers and consumers with the best possible products and online journey, including an online buying experience, could lead to reduced website traffic and loss of revenue.

KEY CHANGES AND OUTLOOK

- A high portion of our non-capitalised expenditure is from our software development processes. The high level of spend demonstrates the significant investments we continued to make in building new products, enhancing existing products, and maintaining the security of our systems and services.
- Omnichannel retailing is increasingly emerging as the preferred retailing journey for consumers. Our Deal Builder product which supports the journey has begun to scale up with c.1,100 retailers on the product at year end FY24.
- Leveraging Autorama's systems, we have launched a leasing check-out journey on the Auto Trader website. Providing consumers with a leasing option positions us to meet their needs as buying behaviours change.
- We have continued to develop our AT Connect solutions. This suite of API (a series of messaging and data services) leverages our platform and data to provide retailers with real-time connections to Auto Trader systems.
- Looking to FY25 and beyond, we are assessing how technology such as AI could be used more widely across our business to make the complex car buying process simpler for consumers. AI could also be used to improve the experience of retailers, making the process for placing adverts more efficient and to improve the productivity of our employees.

HOW WE MANAGE THE RISK

- Continuous research into changing consumer behaviour, regular horizon scanning of competitive threats, monitoring of emerging trends, use of external resources when needed.
- We engage and maintain regular contact with digital marketplaces around the world, both automotive and non-automotive, to enable peer-to-peer sharing of good practice.
- We continuously work collaboratively with all key stakeholders to ensure that we are aware of their needs and challenges. Doing so helps us to identify the best possible solutions for them.
- An inclusive and diverse workforce enables us to maximise creativity and performance, leading to innovation.
- An agile and collaborative culture, as well as continuous investment in technology, maximises innovation.
- Dedicated workstreams as part of all our strategic priorities. These workstreams are aimed at developing the best products to meet the needs of the consumer and customer.

10. RELIANCE ON THIRD PARTIES AND PARTNERS

Decreasing

RISK AND POTENTIAL IMPACT

To achieve our strategic objectives, we are reliant on partners to support certain product initiatives, for example having lenders integrated with our Deal Builder journey is a key dependency.

We also rely on third parties to support our technology infrastructure, to supply vehicle data and financing, and in the fulfilment of some of our revenue generating products. Consequently, it is important that we manage relationships with, and performance of, key suppliers and strategic partners.

KEY CHANGES AND OUTLOOK

- Many retailers use Auto Trader systems to access our data, products and technology services, whereas others use third-party technology systems that we have integrated with. Over the last year we have made good progress working with these technology partners. However, to fulfil our ambition to provide these products and services to all retailers, we are dependent on integrating successfully with more technology partners. Building and maintaining good relationships with partners is therefore critical to our growth plans.
- The successful launch of the Deal Builder trial has seen us reach c.1,100 retailers on the product at the end of FY24. Further scale relies on us being able to integrate with the finance lenders used by retailers so that consumers can obtain finance via Deal Builder.
- We launched our Vehicle Check product in FY24. With this product we obtain data direct from the source rather than a third-party supplier.
- In FY24 we have continued to regularly review our critical supplier list and perform enhanced recurring due diligence over these suppliers. We have not experienced any significant disruption over the last year.

HOW WE MANAGE THE RISK

- Our strategic approach is to build and develop tools and systems ourselves, rather than rely on outsourcing.
- Where possible, we limit reliance on single suppliers to reduce single points of failure.
- We maintain a list of critical suppliers and have contingency plans to respond quickly in the event of disruption.
- Contracts and service level agreements are in place with all key suppliers. New relationships go through a robust procurement and legal review process and are subject to regular review.
- We carry out due diligence on our key suppliers and partners at the onset of the relationship and throughout the life of these relationships. This includes financial viability, resilience and alignment with our values and culture.
- We seek to develop strong commercial relationships with our partners and regularly explore ways of working together even more effectively. We monitor the performance of partners and suppliers to ensure continued quality and uptime.

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Viability statement

In accordance with the UK Corporate Governance Code 2018 (the 'Code'), the Directors have assessed the prospects and viability of the Group over a period significantly longer than 12 months from the approval of these financial statements.

ASSESSMENT OF PROSPECTS

The Group's overall strategy and business model, as set out on pages 9 to 10, are central to assessing its future prospects. The Group's aim is to continue growing its marketplace, which includes playing a larger role in new car sales and advertising, to surface the power of artificial intelligence ('AI') which will enhance our existing data products, and to move more of the car buying process online.

As such, key factors likely to affect the future development, performance and position of the Group are:

- data and technology: continuous investment is made in developing platform technologies which lead to improvements for consumers, retailers and manufacturers;
- market position: the Group is the UK's largest and most engaged digital automotive marketplace, with the largest volume of in-market car buyers and the most influential website a consumer visits when purchasing a vehicle; and
- people: continued success and growth are dependent on the ability to attract, retain and motivate a highly skilled workforce, including those with specialist skillsets in data and technology.

The Board has determined that a period of five years to March 2029 is the most appropriate period to provide its viability statement as:

- it allows consideration of the longer-term viability of the Group;
- it being more aligned with the Group's strategic planning process; and
- it reflects reasonable expectations in terms of the reliability and accuracy of operational forecasts.

The Group's prospects are assessed primarily through its strategic planning process. This process includes an annual review of the ongoing plan, led by the Group CEO and CFO through the Operational Leadership Team ('OLT') and in conjunction with relevant functions. The Board participates fully in the annual process and has the task of considering whether the plan continues to take appropriate account of the external environment including technological, social and macro-economic changes.

The output of the annual review process is a set of objectives which collectively form our three strategic focus areas and our Environmental, Social and Governance ('ESG') strategy, an analysis of the risks that could prevent the plan being delivered, and the annual financial budget. The latest updates to the plan were finalised in March 2024, which considered the Group's current position and its prospects over the forthcoming years. Progress against these plans is reviewed monthly by both the OLT and the Board.

Detailed financial forecasts that consider customer numbers, stock levels, ARPR, revenue, profit, cash flow and key financial ratios have been prepared for the five-year period to March 2029. Funding requirements have also been considered, with particular focus on the ongoing compliance with covenants attached to the Group's Syndicated Revolving Credit Facility ('Syndicated RCF'). The first year of the financial forecasts is based off the Group's 2025 annual financial budget. The following years are prepared in detail and are flexed based on the actual results in year one.

The key assumptions in the financial forecasts, reflecting the overall strategy, include:

- continued growth in our marketplace, as we develop our advertising platform and we continue to invest in our search experience;
- growth in the use of our data, being the industry standard platform and further embedding our data into the industry, giving buyers and retailers up-to-date insight;
- growth in digital retailing, as we continue to evolve both our products and consumer experience, bringing more of the car buying journey online; and
- increase in costs through salaries as the Group continues to grow, supporting and developing new products.

These key assumptions are reflected in the Group's principal risks and uncertainties, which are set out on pages 53 to 58. The purpose of the principal risks is primarily to summarise those matters that could prevent the Group from delivering on its strategy. A number of other aspects of the principal risks – because of their nature or potential impact – could also threaten the Group's ability to continue in business in its current form if they were to occur. This was considered as part of the assessment of the Group's viability, as explained on the following page.

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ASSESSMENT OF VIABILITY

The output of the Group's strategic and financial planning process detailed previously reflects the Board's best estimate of the future prospects of the business. To make the assessment of viability, however, additional scenarios have been modelled over and above those in the ongoing plan, based upon a number of the Group's principal risks and uncertainties which are documented on pages 53 to 58. These scenarios were overlaid into the plan to quantify the potential impact of one or more of these crystallising over the assessment period.

While each of the Group's principal risks has a potential impact and has therefore been considered as part of the assessment, only those that represent severe but plausible scenarios have been modelled through the plan. These were as follows:

Scenario modelled	Links to principal risks
Scenario 1: Severe economic downturn Given the continued uncertainty created by macro-economic factors such as persistent inflation, high interest rates and the upcoming UK general election, the impact of a severe economic downturn has been considered. We assume a severe suppression of consumer confidence, pressuring the used and new car markets, with retailers impacted due to significantly reduced demand from consumers and a collapse in vehicle prices. **Revenue assumptions:** Approximately one third of retailers are lost, with underlying average revenue per retailer ('ARPR') reducing through a loss of stock resulting in a c.40% decrease in Trade revenue. A c.30% decrease in all other revenue streams, including Autorama, was assumed due to reduced demand. Modest recovery was assumed for the financial year ended March 2027. **Cost assumptions:** Cost of sales and marketing decreased in line with revenue.	**Risk 1:** Automotive economy, market and business environment **Risk 3:** External catastrophic and geo-political events
Scenario 2: Ransomware attack A ransomware attack could result in the loss of data and downtime of the Group's systems and infrastructure. This would result in reduced revenue and associated additional costs of regulatory fines, remediation and reputational damage. This scenario assumes a ransomware attack resulting in the maximum General Data Protection Regulation ('GDPR') fine (4% of Group revenue), coupled with a significant level of reputational damage to the Group's brand. This diminishes confidence in the Group's products and services, resulting in a reduction in audience and revenue. **Revenue assumptions:** A severe reduction was modelled through Trade revenue, resulting in an initial c.45% decrease in revenue driven by lost retailers. A c.30% decrease in Consumer Services, Manufacturer and Agency and Autorama revenue was also assumed through the loss of consumer and partner confidence. Slow recovery was assumed from the financial year ended March 2027. **Cost assumptions:** Cost of sales decreased in line with revenue. Overheads increased due to the regulatory fine for the data breach, consultancy costs and remediation costs. Marketing spend increased as a percentage of revenue in earlier years to counter reputational damage.	**Risk 4:** Legal and regulatory compliance **Risk 6:** IT systems and cyber security **Risk 8:** Brand and reputation
Scenario 3: Increased competition This scenario assumes a change in the competitive landscape as a result of the takeover of a competitor by a well-capitalised third party or the entry of a new player. The competitor could develop a superior consumer experience or retailer products. This could disrupt the Group's total market share and change retailer behaviour, impacting the Group's ability to grow revenues due to a reduction in retailer numbers and/or impact underlying ARPR due to a loss of pricing power. **Revenue assumptions:** Approximately 25% of retailers are lost, with underlying ARPR reducing through a loss of stock and pricing power, resulting in a c.40% decrease in Trade revenue. A c.25% decrease in all other revenue streams, including Autorama, was also assumed through the loss of market share and pricing power. Recovery was assumed through retailers for the financial year ended March 2027 and beyond. **Cost assumptions:** Marketing spend increased as a percentage of revenue in a bid to counter competitive threat. Cost of sales decreased in line with revenue.	**Risk 1:** Automotive economy, market and business environment **Risk 5:** Competition **Risk 9:** Failure to innovate
Scenario 4: Combination of all three scenarios as above This is seen as a worst-case scenario, and highly unlikely.	All of those listed in other scenarios

SYNDICATED REVOLVING CREDIT FACILITY ('SYNDICATED RCF')

The above scenarios consider the bi-annual covenants attached to the Group's Syndicated RCF, ensuring thresholds are met. The scenarios are hypothetical and severe for the purpose of creating outcomes that have the ability to threaten the viability of the Group.

The results of the stress testing demonstrated that due to the Group's significant free cash flow, access to the Syndicated RCF and the Board's ability to adjust the discretionary share buyback programme, it would be able to withstand the impact of any of these scenarios, remain cash generative and meet the obligations of its debt facility.

VIABILITY STATEMENT

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period ending March 2029.

GOING CONCERN

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of preparation paragraph in note 1 to the financial statements.

The Company's Strategic report, set out on pages 1 to 60, was approved by the Board on 30 May 2024 and signed on its behalf by:

Nathan Coe
Chief Executive Officer
30 May 2024

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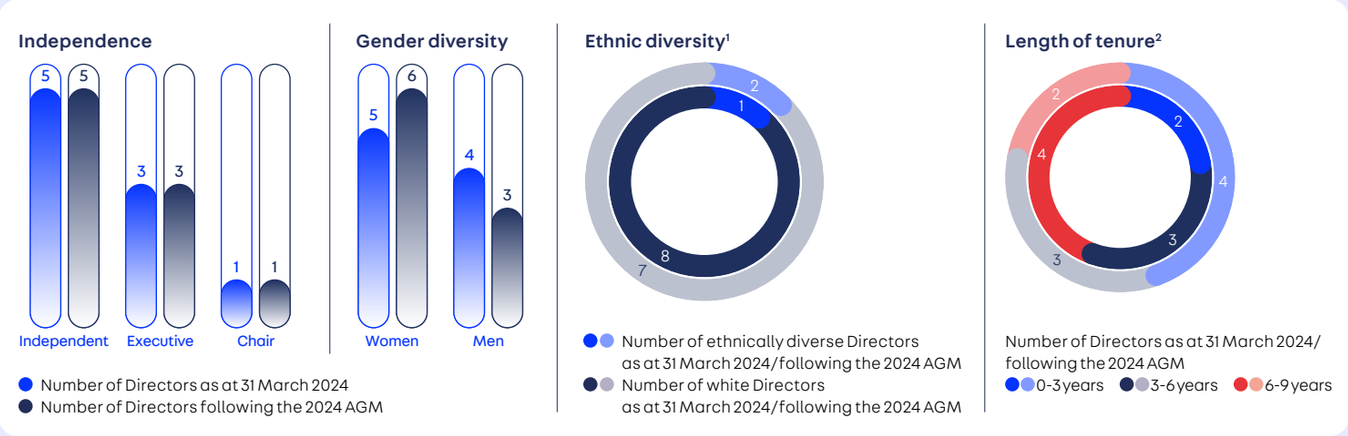
Governance overview



Dear shareholders,

These reports explain our governance policies and procedures in detail and describe how we have applied the principles contained in the UK Corporate Governance Code 2018 (the 'Code').

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Board considers that during the year the Company was fully compliant with all provisions set out in the UK Corporate Governance Code 2018. The reports on the following pages, including the Committee reports, set out the governance arrangements we have in place, and detail how we have met the Code requirements.

BOARD SUCCESSION PLANNING

Succession planning has continued to be a major focus area during the year, given David Keens and Jill Easterbrook will come to the end of their third three-year terms in 2024, and therefore will not stand for re-election at the 2024 AGM.

As announced on 22 March 2024, Geeta Gopalan has been appointed to the Board with effect from 1 May 2024 and Amanda James with effect from 1 July 2024. Following the 2024 AGM, Geeta will be appointed as Senior Independent Director and Remuneration Committee Chair, and Amanda will be appointed as Audit Committee Chair, subject to shareholder approval. The Nomination Committee report on page 70 sets out these changes in more detail, including the process to identify and appoint the successful candidates.

ANNUAL GENERAL MEETING

Our Annual General Meeting ('AGM') will be held at 11:00am on Thursday 19 September 2024 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. The other Directors and I will join the meeting either in person or by telephone. We strongly encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to ir@autotrader.co.uk.

Matt Davies
Chair
30 May 2024

A ROBUST CORPORATE GOVERNANCE FRAMEWORK

1. As per the Parker Review, a Director was defined as being ethnically diverse if they identified as Asian, Black, Mixed or Other.
2. Refers to the period since appointment to the PLC Board.

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COMPLIANCE WITH THE 2018 CODE

The Company has complied in full with all provisions of the 2018 Corporate Governance Code during the year as referenced below:

1 BOARD LEADERSHIP AND COMPANY PURPOSE

The Board is responsible for setting the Group's purpose, for determining the basis on which the Group generates value over the long term and developing a strategy for delivering the objectives of the Group. The Strategic report, which can be found on pages 1 to 60, sets out the Group's purpose, strategy, objectives and business model.

Details of how the Board assesses and monitors culture can be found on page 66.

The Board's engagement with employees, shareholders and other stakeholders is described in detail on pages 14 to 17 and page 66.

2 DIVISION OF RESPONSIBILITIES

The responsibilities of the Chair, Chief Executive Officer, Senior Independent Director, Non-Executive Directors and Company Secretary are set out on page 67. The Board has adopted a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its Committees. The schedule sets out key aspects of the affairs of the Company which the Board does not delegate and is reviewed at least annually. Each Committee has formally approved Terms of Reference which are reviewed and approved at least annually, or more frequently as circumstances require. Details are published on our website at plc.autotrader.co.uk/investors.

At 31 March 2024, the Board consisted of the Non-Executive Chair, five Independent Non-Executive Directors and three Executive Directors. As part of our long-term succession planning, two new Independent Non-Executive Directors have been appointed, Geeta Gopalan (from 1 May 2024) and Amanda James (from 1 July 2024); and two of the existing Independent Non-Executive Directors, David Keens and Jill Easterbrook, will not stand for re-election at the 2024 AGM. Therefore the Board will continue to comprise majority Independent Non-Executive Directors.

The Board and its Committees have an appropriate balance of skills, experience and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively.

Refer to page 68 for details of Board and Committee meetings and attendance, and to the biographies on pages 63 to 65 for details of Board members' external commitments, all of which were approved by the Board.

3 COMPOSITION, SUCCESSION AND EVALUATION

The Board has established a Nomination Committee, chaired by Matt Davies, with all other members comprising Independent Non-Executive Directors. The main responsibilities of this Committee are to keep under review the structure, size and composition of the Board and its Committees; to identify and nominate candidates for appointment to the Board; and to ensure that there are formal and orderly succession plans in place. During the year, the Committee also arranged an externally facilitated evaluation of the Board, its Committees and individual Directors.

The work of the Committee is described on pages 70 to 72.

4 AUDIT, RISK AND INTERNAL CONTROL

The Board has established an Audit Committee, chaired by David Keens and comprised entirely of Independent Non-Executive Directors. The Chair is not a member of the Committee. The Committee has defined Terms of Reference which include assisting the Board in discharging many of its responsibilities with respect to financial and business reporting, risk management, internal control, internal audit and external audit.

The work of the Committee is described on pages 73 to 77.

The Company does not have a separate Risk Committee; the Board is collectively responsible for determining risk appetite, and the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. Refer to page 75 for details of the evaluation of the risk management and internal control framework, and to pages 50 to 53 for details of risk management and the principal risks facing the Company.

5 REMUNERATION

The Board has established a Remuneration Committee, chaired by Jill Easterbrook and comprised entirely of Independent Non-Executive Directors. The Remuneration Committee is responsible for determining the Remuneration Policy, and for setting remuneration for the Executive Directors, the Chair and senior employees; for monitoring the remuneration policies for the wider organisation; and for ensuring the alignment of reward with the culture of the organisation. During the year the Committee conducted a comprehensive review of the Remuneration Policy and incentive structures. The work of the Committee is described on pages 81 to 99.

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Board of Directors

COMMITTEE MEMBERSHIPS

- (A) Audit
- (D) Disclosure
- (R) Remuneration
- (CR) Corporate Responsibility
- (N) Nomination
- ● Chair

Matt Davies
Chair

(N)

BIOGRAPHY

Matt joined Auto Trader as Chair Designate with effect from 1 July 2023, and was appointed as Chair with effect from the 2023 AGM.

Matt brings a wealth of UK retail, digital and brand experience. He is currently Chair at Greggs plc where he was appointed in August 2022, and Chair of privately owned businesses Hobbycraft and Travel Counsellors.

Matt was formerly the Chair of N Brown Group plc and a Non-Executive Director of Dunelm Group plc. In his executive career, Matt was previously the CEO of Tesco UK & ROI from 2015 to 2018, before which he held CEO positions at Pets at Home and Halfords. Matt is a qualified Chartered Accountant and had early career corporate finance experience with Rothschild.

APPOINTED TO PLC BOARD
July 2023

INDEPENDENT ON APPOINTMENT?
Yes

EXTERNAL APPOINTMENTS
- Greggs plc
- Hobbycraft Group Limited
- Travel Counsellors Limited

Nathan Coe
Chief Executive Officer

(D)

BIOGRAPHY

Nathan was first appointed to the Board as Chief Operating Officer ('COO') in April 2017 and as Chief Financial Officer ('CFO') in July 2017. Nathan was appointed Chief Executive Officer ('CEO') in March 2020. Prior to his appointment to the Board, Nathan was the joint Operations Director, sharing responsibility for the day-to-day operations of the business.

Nathan joined Auto Trader in 2007 to support the transition from a magazine business to a digital business.

Prior to joining Auto Trader, Nathan was at Telstra, Australia's leading telecommunications company, where he led Mergers and Acquisitions and Corporate Development for its media and internet businesses. He was previously a consultant at PwC, having graduated from the University of Sydney with a B.Com (Hons).

APPOINTED TO PLC BOARD
April 2017

INDEPENDENT ON APPOINTMENT?
N/A

EXTERNAL APPOINTMENTS
None

Catherine Faiers
Chief Operating Officer

BIOGRAPHY

Catherine joined Auto Trader in August 2017 and was appointed as Chief Operating Officer in May 2019. Catherine is responsible for the day-to-day operations of Auto Trader's business. She is also focused on guiding the Group's strategy and development.

Prior to this, Catherine was Chief Operating Officer at Addison Lee, Corporate Development Director at Trainline and a Director at Close Brothers Corporate Finance.

Catherine graduated from the University of Durham with a BA in Economics and is a qualified Chartered Accountant, training at PwC.

APPOINTED TO PLC BOARD
May 2019

INDEPENDENT ON APPOINTMENT?
N/A

EXTERNAL APPOINTMENTS
- Allegro.eu Group

Jamie Warner
Chief Financial Officer

(D)

BIOGRAPHY

Jamie was appointed CFO in March 2020. Prior to this he was Auto Trader's CFO-Designate and Deputy CFO. During his time at Auto Trader, Jamie has worked in a variety of different roles across finance, covering commercial finance, financial reporting, pricing and investor relations.

Jamie initially worked as a freight derivatives broker for inter-dealer broker GFI. Jamie left to join a start-up company, Swapit, developing a children's online swapping and trading community, that was subsequently acquired by Superawesome. He then joined Auto Trader in 2012.

Jamie graduated from Bristol University with a BSc in economics and economic history and is a qualified Chartered Management Accountant.

APPOINTED TO PLC BOARD
March 2020

INDEPENDENT ON APPOINTMENT?
N/A

EXTERNAL APPOINTMENTS
None

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Board of Directors continued

COMMITTEE MEMBERSHIPS

- A Audit
- D Disclosure
- R Remuneration
- CR Corporate Responsibility
- N Nomination
- Chair

David Keens
Senior Independent Non-Executive Director

A CR N R NOT STANDING FOR RE-ELECTION

BIOGRAPHY

David was appointed as a Non-Executive Director on 1 May 2015.

David was previously Group Finance Director of NEXT plc (1991 to 2015) and its Group Treasurer (1986 to 1991). He was a Non-Executive Director and Audit Chair of J Sainsbury plc (2015 to 2021), and most recently has taken up the role as Senior Independent Non-Executive Director and Audit Chair of Moonpig Group plc. Previous management experience includes nine years in the UK and overseas operations of multinational food manufacturer Nabisco (1977 to 1986) and prior to that seven years in the accountancy profession.

David is a member of the Association of Chartered Certified Accountants and of the Association of Corporate Treasurers.

APPOINTED TO PLC BOARD
May 2015

INDEPENDENT ON APPOINTMENT?
Yes

EXTERNAL APPOINTMENTS
- Moonpig Group plc

Jill Easterbrook
Independent Non-Executive Director

R A CR N NOT STANDING FOR RE-ELECTION

BIOGRAPHY

Jill was appointed as a Non-Executive Director to the Board on 1 July 2015.

Jill is also Chair of Tracsis, a leading provider of software, hardware, data analytics/GIS and services for the transport industries; a Non-Executive Director of Ashtead Group plc, the FTSE 100 international equipment rental company; a Non-Executive Director of UP Global Sourcing Holdings plc, a FTSE small cap consumer goods business; and is Chair of Headland Consultancy, a PR and Communications agency.

Jill brings strong digital experience within retail environments to the Board. Previously, Jill was a member of the Executive Committee at Tesco plc where she held a variety of senior roles, and was the Chief Executive Officer of JP Boden & Co. She also spent time as a management consultant having started her career at Marks & Spencer.

APPOINTED TO PLC BOARD
July 2015

INDEPENDENT ON APPOINTMENT?
Yes

EXTERNAL APPOINTMENTS
- Ashtead Group plc
- UP Global Sourcing Holdings plc
- Verde Bidco Limited (Headland)
- Tracsis plc

Jasvinder Gakhal
Independent Non-Executive Director

A CR N R

BIOGRAPHY

Jasvinder was appointed as a Non-Executive Director on 1 January 2022.

Jasvinder is currently Managing Director of Motor & Rescue at Direct Line Group, leading motor insurance strategy and business delivery across household names such as Direct Line, Churchill and Privilege. She is a member of the Direct Line Group Executive Team and is also sponsor of the Group's Diversity & Inclusion strands. Prior to this, she held a number of roles within Direct Line including most recently Chief Strategy Officer and before that, Managing Director of Direct Line for Business.

Jasvinder is a champion of gender diversity and women in top positions in business. She has been named on Green Park's BAME 100 Board Talent Index, on the Cranfield University Top 100 women to watch in 2018 list and also featured on the Northern Power Women list of 'Top 50 Women to Watch'.

APPOINTED TO PLC BOARD
January 2022

INDEPENDENT ON APPOINTMENT?
Yes

EXTERNAL APPOINTMENTS
- UK Insurance Business Solutions Limited
- By Miles Ltd

Jeni Mundy
Independent Non-Executive Director

CR A N R

BIOGRAPHY

Jeni was appointed as a Non-Executive Director on 1 March 2016.

Jeni is currently Visa Inc's SVP Global Head of Merchant Sales and Acquirers responsible for driving the growth of digital commerce for the world's sellers. She joined Visa in 2018 as the Managing Director for UK and Ireland. Jeni was previously at Vodafone plc (1998 to 2017). Most recently she held Group Director roles across product management and sales. Prior to that she was Chief Technology Officer on the UK and New Zealand Executive Boards.

Jeni started her career as a Telecommunications Engineer in New Zealand and holds an MSc in Electronic Engineering from Cardiff University.

APPOINTED TO PLC BOARD
March 2016

INDEPENDENT ON APPOINTMENT?
Yes

EXTERNAL APPOINTMENTS
None

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Board of Directors continued

COMMITTEE MEMBERSHIPS

- A Audit
- D Disclosure
- R Remuneration
- CR Corporate Responsibility
- N Nomination
- Chair

Sigga Sigurdardottir
Independent Non-Executive Director

A CR N R

BIOGRAPHY

Sigga was appointed as a Non-Executive Director to the Board effective 1 November 2019.

Sigga is currently part of the UK executive team at Experian, responsible for their direct to consumer business. Sigga has worked in the financial services industry since 2001 driving customer-led digital transformation and change in Fortune 500 and FTSE 100 companies, including Chief Customer and Banking Officer at Tesco Bank; Chief Customer and Innovation Officer at Santander UK; and various customer and digital roles at American Express around the world.

Sigga holds a doctorate in Leadership and Innovation from Manchester Business School, an MBA from IESE Business School and a BS degree in Marketing from the University of South Carolina.

APPOINTED TO PLC BOARD
November 2019

INDEPENDENT ON APPOINTMENT?
Yes

EXTERNAL APPOINTMENTS
- Frumtak Ventures

Geeta Gopalan
Independent Non-Executive Director

A CR N R — APPOINTED 1 MAY 2024

BIOGRAPHY

Geeta was appointed as a Non-Executive Director to the Board effective 1 May 2024. She will be appointed as Senior Independent Director and Remuneration Committee Chair with effect from the 2024 AGM.

Geeta currently serves as a Non-Executive Director of Funding Circle plc, Intrum S.A. and as a Trustee of The Old Vic Theatre. She is also a Non-Executive Director of Virgin Money UK plc, and will step down from this role on 30 June 2024 at the end of her term. She has been appointed as Non-Executive Director at NatWest Group plc effective 1 July 2024. She previously served as a Non-Executive Director of Dechra Pharmaceuticals Ltd, Ultra Electronics plc, Wizink Bank SA, and Vocalink. She has over 25 years of experience in financial services and retail banking, particularly payments and digital innovation.

APPOINTED TO PLC BOARD
May 2024

INDEPENDENT ON APPOINTMENT?
Yes

EXTERNAL APPOINTMENTS
- Funding Circle plc
- Virgin Money UK PLC (until 30 June 2024)
- NatWest Group plc (from 1 July 2024)

Amanda James
Independent Non-Executive Director

A CR N R — APPOINTED 1 JULY 2024

BIOGRAPHY

Amanda will be appointed as a Non-Executive Director to the Board effective 1 July 2024. She will be appointed as Audit Committee Chair with effect from the 2024 AGM.

Amanda is currently the Chief Financial Officer of NEXT plc, one of the UK's largest FTSE 100 fashion, footwear, and home retailers. She has an extensive background in finance, having joined the NEXT finance team over 28 years ago. She has held various roles within the finance department, including leading the management accounting, commercial finance, and operational finance teams since 2005. Amanda joined the NEXT plc Board in 2015. Amanda brings not only deep expertise in finance but also strong consumer, retail and multi-channel experience. Amanda will retire from the NEXT plc Board in July 2024 and will leave NEXT in September 2024.

APPOINTED TO PLC BOARD
July 2024

INDEPENDENT ON APPOINTMENT?
Yes

EXTERNAL APPOINTMENTS
- NEXT plc (until 26 July 2024)
- British Land plc (from 1 July 2024)

Claire Baty
Company Secretary

D

BIOGRAPHY

Claire joined Auto Trader in July 2015 and is Company Secretary and Director of Governance. She is responsible for corporate governance; legal services; regulatory compliance; procurement; and risk management.

Claire was previously Deputy Company Secretary at Betfair Group plc and prior to that was Company Secretary at Centaur Media plc.

Claire is a qualified accountant, a member of The Chartered Governance Institute UK & Ireland and holds an MBA from Manchester Business School.

REPORT OF THE NOMINATION COMMITTEE P70

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Corporate governance statement

This Corporate governance statement explains key features of the Company's governance framework. The Company has complied in full with all provisions of the 2018 UK Corporate Governance Code during the year.

This statement also includes items required by the Listing Rules and the Disclosure Guidance and Transparency Rules ('DTRs'). The UK Corporate Governance Code (the 'Code') is available on the Financial Reporting Council website at frc.org.uk.

CULTURE

Auto Trader has a distinctive culture that is values-led and underpinned by a diverse and inclusive workforce. The Board plays an important role in ensuring that this culture remains aligned with our long-term strategy, in setting values, demonstrating behaviours consistent with these values, and in monitoring the culture and behaviours of the organisation.

Our organisational values have evolved over time and the Board, along with our people, redefined our values during the year to better reflect the people we are today.

The Board receives a quarterly Cultural Scorecard, designed to allow monitoring of various cultural indicators such as staff retention, diversity, investment in training, absences, employee engagement, customer feedback and complaints.

WORKFORCE ENGAGEMENT

A Board Engagement Guild has been established as the core mechanism by which the Board engages with the workforce. The Board Engagement Guild comprises members from across different parts of the business, all of whom are members of the Company's other existing guilds covering areas such as family & wellbeing, diversity & inclusion, sustainability, remuneration and our purpose and values. Each member canvasses views and opinions from their colleagues to share with the Board.

The Board has decided that it is not appropriate to designate a specific Non-Executive Director to carry out this role and instead shares this role across all Non-Executive Directors, and so the Guild meets with the Chair and all Non-Executive Directors (without Executive Directors or any members of senior management present).

Additionally there are a number of well established ways in which the Company engages with the workforce, for example, regular check-in surveys; an annual employee engagement survey; attendance by Non-Executive Directors at some of our Diversity and Inclusion Guild events; an annual conference and quarterly virtual conferences and updates; regular sharing of information from the CEO via emails and videos; and informal open forums.

WHISTLEBLOWING

A whistleblowing policy has been adopted which includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on an entirely confidential basis. Reports are directed to the Audit Committee Chair and the Company Secretary. The Audit Committee receives regular reports on the use of the service, any significant reports that have been received, the investigations carried out and any actions arising as a result.

ENGAGEMENT WITH SHAREHOLDERS

The Board has a comprehensive investor relations programme to ensure that existing and potential investors understand the Company's strategy and performance. As part of this programme, the Executive Directors give formal presentations to investors and analysts on the half-year and full-year results. These updates are webcast live and posted on the Group's investor relations website.

The results presentations are followed by formal investor roadshows covering UK and overseas shareholders.

There is also an ongoing programme of attendance at conferences, one-to-one and group meetings with institutional investors, fund managers and analysts. These meetings cover a wide range of topics, but care is exercised to ensure that any price-sensitive information is released to all shareholders, institutional and private, at the same time. Meetings which relate to governance are attended by the Chair or another Non-Executive Director and the Company Secretary as appropriate. Private shareholders are encouraged to give feedback and communicate with the Board through ir@autotrader.co.uk.

The Board receives regular reports on issues relating to share price, trading activity and movements in institutional investor shareholdings. The Board is also provided with current analyst opinions, forecasts and feedback from its joint corporate brokers, Bank of America and Deutsche Numis, on the views of institutional investors on a non-attributed and attributed basis, and on the views of analysts from its financial PR agency, Powerscourt. Any major shareholders' concerns are communicated to the Board by the Executive Directors.

The newly appointed Chair contacted major shareholders to offer an introductory meeting after having spent time initially building an understanding of the business and meeting Auto Trader colleagues and customers. The Chair went on to speak directly with a number of shareholders and welcomed their questions.

During the year the Remuneration Committee Chair wrote to major shareholders as part of a consultation to outline the proposed changes to our Directors' Remuneration Policy which will be voted upon at the 2024 AGM. The Remuneration Committee Chair welcomed the opportunity to speak with shareholders and hear different views on our approach to executive remuneration and our proposals.

The Chair, the Senior Independent Director and other Non-Executive Directors are available to meet with shareholders and arrangements can be made through the Company Secretary.

ANNUAL GENERAL MEETING

At the 2023 AGM, all resolutions were passed with votes in support ranging from 84.02% to 100%. The 2024 AGM will take place at 11:00am on Thursday 19 September 2024 at the Company's registered office: 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. The other Directors and I will join the meeting.

All proxy votes received in respect of each resolution at the AGM are counted and the balance for and against, and any votes withheld, are indicated. At the meeting itself, voting on all the proposed resolutions is conducted on a poll rather than a show of hands, in line with recommended best practice. We encourage shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to ir@autotrader.co.uk. Following the meeting, responses to questions will be published on the website at plc.autotrader.co.uk/investors.

The Notice of the AGM can be found in a booklet which is being mailed out at the same time as this Annual Report. The Notice of the AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

Results of resolutions proposed at the AGM will be published on the Company's website: plc.autotrader.co.uk/investors following the AGM.

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Corporate governance statement continued

DIVISION OF RESPONSIBILITIES

THE BOARD

Main responsibilities include:

- Providing leadership for the long-term success of the Group.
- Monitoring delivery of business strategy and objectives; responsibility for any necessary corrective action.
- Overall authority for the management of the Group's business, strategy, objectives and development.
- Oversight of operations including effectiveness of systems of internal control and risk management and high standards of business conduct.
- Approval of the Annual Report and Financial Statements, equitable engagement with shareholders and the wider investment community.
- Approval of changes to the capital, corporate and/or management structure of the Group, the dividend policy and capital policy.
- Engagement with and consideration of the interests of employees and other stakeholders.
- Consideration of the business's impact on the community and the environment, and oversight of climate related risks and opportunities.

COMMITTEES

Nomination Committee
Reviews the structure, size and composition of the Board and its Committees, evaluates their performance and makes recommendations to the Board. Also covers diversity, talent development and succession planning.
Read more P70

Audit Committee
Reviews and reports to the Board on the Group's financial reporting, internal control, whistleblowing, internal audit and the independence and effectiveness of the external auditor.
Read more P73

Corporate Responsibility Committee
Assists the Board in fulfilling its oversight responsibilities in respect of corporate responsibility and sustainability for the Company and the Group as a whole.
Read more P78

Remuneration Committee
Responsible for all elements of the remuneration of the Executive Directors, the Chair and senior employees.
Read more P81

Disclosure Committee
Assists the Board in discharging its responsibilities relating to monitoring the existence of inside information and its disclosure to the market.
Read more online

BOARD ROLES

Chair

- Leadership and governance of the Board.
- Creating and managing constructive relationships between the Executive and Non-Executive Directors.
- Ensuring ongoing and effective communication between the Board and its key stakeholders.
- Setting the Board's agenda and ensuring that adequate time is available for discussions.
- Ensuring the Board receives sufficient, pertinent, timely and clear information.

Chief Executive Officer

- Responsible for the day-to-day operations and results of the Group.
- Developing the Group's objectives, strategy and successful execution of strategy.
- Responsible for the effective and ongoing communication with stakeholders.
- Delegates authority for the day-to-day management of the business to the Operational Leadership Team (comprising the Executive Directors and senior management) who have responsibility for all areas of the business.

Non-Executive Directors

- Scrutinise and monitor the performance of management.
- Constructively challenge the Executive Directors.
- Monitor the integrity of financial information, financial controls and systems of risk management.

Senior Independent Director

- Acts as a sounding board for the Chair.
- Available to shareholders if they have concerns which the normal channels through the Chair, Chief Executive Officer or other Directors have failed to resolve.
- Meets with the other Non-Executive Directors without Executive Directors present.
- Leads the annual evaluation of the Chair's performance.

Company Secretary

- Available to all Directors to provide advice and assistance.
- Responsible for providing governance advice.
- Ensures compliance with the Board's procedures, and with applicable rules and regulations.
- Acts as secretary to the Board and its Committees.

The full schedule of matters reserved for the Board and the Terms of Reference of each Committee are published on the Company's website at plc.autotrader.co.uk/investors.

To ensure a clear division of responsibility at the head of the Company, the positions of Chair and Chief Executive Officer are separate and not held by the same person. The division of roles and responsibilities between the Chair and the Chief Executive Officer is set out in writing and has been approved by the Board. David Keens is the Senior Independent Director.

As part of our long-term succession planning, two new Independent Non-Executive Directors have been appointed, Geeta Gopalan (from 1 May 2024) and Amanda James (from 1 July 2024); and two of the existing Independent Non-Executive Directors, David Keens and Jill Easterbrook, will not stand for re-election at the 2024 AGM.

At the date of this report, the Board consists of the Non-Executive Chair, six Independent Non-Executive Directors and three Executive Directors.

Matt Davies was considered to be independent on appointment. All of the Non-Executive Directors (David Keens, Jill Easterbrook, Jeni Mundy, Sigga Sigurdardottir, Jasvinder Gakhal, Geeta Gopalan, Amanda James) are considered to be independent in character and judgement, and free of any business or other relationship which could materially influence their judgement. The Chair's fees and the Non-Executive Directors' fees are disclosed on page 93, and they received no additional remuneration from the Company during the year.

Therefore, at 31 March 2024 and to the date of this report, the Company is compliant with the Code provision that at least half the Board, excluding the Chair, should comprise Independent Non-Executive Directors.

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Corporate governance statement continued

ATTENDANCE AT MEETINGS

	Board	Nomination Committee	Audit Committee	Corporate Responsibility Committee	Remuneration Committee
Number of scheduled meetings held	9	6	5	4	7
DIRECTOR					
Ed Williams[1]	4/4	1/1	N/A	N/A	N/A
Matt Davies[2]	8/8	5/5	N/A	N/A	N/A
Nathan Coe	11/11	6/6	N/A	N/A	N/A
Catherine Faiers	11/11	6/6	N/A	N/A	N/A
Jamie Warner	11/11	6/6	N/A	N/A	N/A
David Keens	11/11	6/6	5/5	4/4	7/7
Jill Easterbrook	11/11	6/6	5/5	4/4	7/7
Jeni Mundy	11/11	6/6	5/5	4/4	7/7
Sigga Sigurdardottir[3]	11/11	6/6	5/5	4/4	6/7
Jasvinder Gakhal	11/11	6/6	5/5	4/4	7/7

1. Ed Williams retired from the Board at the 2023 AGM on 14 September 2023.
2. Matt Davies was appointed to the Board on 1 July 2023.
3. Where Directors were unable to attend a meeting date, this was either due to unavoidable personal circumstances or work commitments. Directors all received the meeting papers and had an opportunity to feed comments in to the Board and Committee Chairs prior to the meetings.

In addition to the scheduled Board meetings detailed above, ad hoc calls took place throughout the year relating to various financial and transactional decisions.

BOARD AND COMMITTEE MEETINGS ATTENDANCE

Board meetings are planned around the key events in the corporate calendar, including the half-yearly and final results, and the Annual General Meeting ('AGM'), and a strategy meeting is held each year.

A monthly financial update call is also held at which the Board discusses results with operational management. Once a year the Directors spend a day visiting customers.

During the year, the Chair and Non-Executive Directors have met without Executive Directors present. In addition, the Non-Executive Directors have met without the Chair and the Executive Directors present, and the Senior Independent Director has met with the Executive Directors.

BOARD AND COMMITTEE ACTIVITIES IN 2024

The Board makes decisions in order to ensure the long-term success of the Group whilst taking into consideration the interests of wider stakeholders, such as employees, consumers, customers and suppliers, and other factors as required of it under s172 of the Companies Act 2006. Board meetings are one of the mechanisms through which the Board discharges this duty, and in order to formalise this process, a stakeholder framework has been established which is applied to all Board papers and discussions. Further information about engagement with the Group's stakeholders is included on pages 14 to 17.

The Board's activities are structured through the year to develop and monitor the delivery of the Group's strategy and financial results; to receive feedback from and engage with stakeholder groups such as employees, customers and suppliers; and to maintain a robust governance and risk management framework. Some of the key activities during the year are shown in the diagram opposite.

KEY ACTIVITIES OF THE BOARD AND COMMITTEES DURING 2024

STRATEGY & GROWTH

- Review and approve the mid-term financial plan for viability scenarios.
- Approve the strategic priorities for FY25.
- Strategy session focused on consumer experience and value proposition.
- Teach in focused on artificial intelligence and emerging technology.
- Annual review of the technology strategy with a focus on cyber and risk.

OPERATIONAL

- Updates on Digital Retailing and associated Value Metrics.
- Deep dive into New Car and Leasing.
- Overview of competitive landscape.
- Reviewed audience and marketing plans.
- Deep dive into the core advertising business and main revenue drivers.

FINANCIAL

- Review and approve FY25 Plan.
- Approval of half-yearly report, Annual Report and Preliminary Results.
- Extension of debt facility, extending the term to February 2029.
- Review of tax compliance including Digital Services Tax.

PEOPLE & CULTURE

- Approval of an all-employee share plan.
- Board Engagement Guild meetings covering topics including: wellbeing, consumer engagement, remote first period and Connected Working, Directors' remuneration, our purpose and values.
- Review of people changes, recruitment, resourcing needs and employee engagement.
- Review of Directors' Remuneration Policy and target setting.
- Approval of FY23 bonus outturn and Single Incentive Plan vesting for senior management.
- FY24 PSP and Single Incentive Plan targets and grants.
- Succession planning for senior management.
- Director and senior management salary reviews.
- Gender and ethnicity pay gap reporting.

SHAREHOLDERS & OTHER STAKEHOLDERS

- Review of cultural KPIs.
- ESG rating agencies update.
- Resubmitted science based targets for approval and continued progress on net zero strategy.
- Quarterly shareholder analysis.
- Review of feedback from analysts and investors from results roadshows.
- Review of dividend policy and capital structure.
- Review of feedback from investors and proxy advisory agencies in advance of Annual General Meeting ('AGM').
- Review of feedback from investors in relation to the Remuneration Policy review.

GOVERNANCE, RISK MANAGEMENT & INTERNAL CONTROL

- Governance and regulatory updates including ESG corporate reporting and regulatory developments and a general legal and regulatory update.
- Review and approval of Group risk register.
- Internal audit update including reviews of IT disaster recovery, assurance mapping, software development lifecycle, cyber security and FCA Consumer Duty.
- Review of insurance programme.
- Review and approval of modern slavery statement.
- Review of internal and risk management framework and internal controls.
- Review of external audit effectiveness.
- External Board evaluation feedback and action plan.
- Review of succession plans.
- Review of crisis management framework.
- Business continuity planning.
- Approval of material contracts.

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INDUCTION AND DEVELOPMENT

All newly appointed Directors receive an induction briefing on their duties and responsibilities as Directors of a publicly quoted company. There is a formal induction programme to ensure that newly appointed Directors familiarise themselves with the Group and its activities, either through reading, meetings with the relevant member of senior management or through sessions in the Board meetings.

Specific focus areas in the induction schedule include: statutory and regulatory information, Board and Committee specific information, business overview and deep dives into people and culture, technology and digital retailing.

The majority of Board meetings contain a presentation from senior management on one of the strategic priorities for the year. Specific business-related presentations are given to the Board by senior management and external advisors when appropriate.

All Directors are offered the opportunity to meet with customers and take part in sales calls to understand the business from a customer's perspective, or to take part or observe focus groups with consumers who use our website. Directors receive regular feedback from our sales and service team to ensure they are kept informed of the latest customer dialogue and sentiment.

The Board as a whole is updated, as necessary, in light of any governance developments as and when they occur, and there is an annual legal and regulatory update provided as part of the Board meeting. All Directors are required to complete our annual compliance training modules covering anti-bribery, anti-money laundering, data protection, information security and other relevant subjects. As part of the Board evaluation, the Chair meets with each Director to discuss any individual training and development needs.

INFORMATION AND SUPPORT AVAILABLE TO DIRECTORS

Full and timely access to all relevant information is given to the Board. For Board meetings, this consists of a formal agenda, minutes of previous meetings and a comprehensive set of papers including regular operational and financial reports, provided to Directors in a timely manner in advance of meetings.

All Directors have access to the advice and services of the Company Secretary, Claire Baty. The appointment or removal of the Company Secretary is a matter for the whole Board.

CONCERNS OVER OPERATION OF THE BOARD

All of the Directors have the right to have their opposition to, or concerns over, any Board decision noted in the minutes. Directors are entitled to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

LETTERS OF APPOINTMENT

The Chair and the Non-Executive Directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the AGM from at least 15 minutes before and until the end of the meeting; or on request from ir@autotrader.co.uk. These letters set out the expected time commitment from each Director. Non-Executive appointments to the Board are for an initial term of up to three years. Non-Executive Directors are typically expected to serve two three-year terms, although the Board may invite the Director to serve for an additional period.

CONFLICTS OF INTEREST

In accordance with the Company's Articles of Association, the Board has a formal system in place for Directors to declare conflicts of interest and for such conflicts to be considered for authorisation.

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. We recognise that our Executive Directors may be invited to become non-executive directors of other companies. Such non-executive duties can broaden a Director's experience and knowledge which can benefit Auto Trader. Catherine Faiers currently serves as a Non-Executive Director of Allegro.eu Group. None of the other Executive Directors has any external directorships as at the date of this report.

The Board is comfortable that external appointments of the Chair, the Chief Operating Officer and the Non-Executive Directors do not create any conflict of interest that, if required, cannot be sufficiently managed.

TIME COMMITMENT

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. The Chief Operating Officer holds one external directorship as at the date of this report. The Board is comfortable that external appointments of the Chair, the Non-Executive Directors and the Chief Operating Officer do not impact on the time that any Director devotes to the Company.

ELECTION OF DIRECTORS

The Board can appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next AGM and shall then be eligible for election by the shareholders. The AGM Notice sets out the specific reasons for reappointing each Director.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for establishing and maintaining the Group's system of risk management and internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The processes in place for assessment, management and monitoring of risks are described in Principal risks and uncertainties on pages 53 to 58.

The Board, assisted by the Audit Committee, has carried out a review of the effectiveness of the system of risk management and internal controls during the year ended 31 March 2024 and for the period up to the date of approval of the Consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls and risk management systems. The Board considered the weaknesses identified and reviewed the developing actions, plans and programmes that it considered necessary. The Board confirms that no significant weaknesses or failings were identified as a result of the review of effectiveness.

FINANCIAL AND BUSINESS REPORTING

Assisted by the Audit Committee, the Board has carried out a review of the 2024 Annual Report and considers that, in its opinion, the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Refer to the Report of the Audit Committee on pages 73 to 77 for details of the review process.

See pages 59 to 60 for the Board's statement on going concern and the viability statement.

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Report of the Nomination Committee

Matt Davies
Chair of the Committee

AT A GLANCE

Reviewing the Board's size and composition, and ensuring effective succession planning for the business.

OVERVIEW

- Composed of the Chair and five Independent Non-Executive Directors.
- At least one meeting held per year. A significantly higher number of meetings held this year due to increased activity levels.
- Meetings are attended by the Chief Executive Officer and other relevant attendees by invitation.

OUR PROGRESS IN 2024

- Concluding the selection process for the Senior Independent Director, Audit Committee Chair and Remuneration Committee Chair.
- Continuing to monitor succession plans for other Board members and senior management succession.
- Held an externally facilitated Board evaluation and reviewed the results.

FOCUS AREAS FOR 2025

- Following up on the Board evaluation recommendations.
- Continuing to monitor Board and senior management succession in the context of the Company's long-term strategy.

TERMS OF REFERENCE
plc.autotrader.co.uk/investors

BOARD OF DIRECTORS P63

NON EXECUTIVE DIRECTORS' SKILLS AND EXPERIENCE[1]

We have been progressing in our succession planning by ensuring we select the right people with the right skills.

Previous public company experience	3
Recent and relevant financial experience	2
Risk management	4
ESG	4
Digital and technology	4
Retail and consumer businesses	2
Financial services	3
Remuneration and people	4

1. Refers to the period post the AGM (19 September 2024).

Dear shareholders,

I am pleased to present the Report of the Nomination Committee for 2024.

ROLE OF THE COMMITTEE

The Committee's main role is to keep under constant review the size and composition of the Board and its Committees including its gender and ethnic diversity, its independence, and the skills, knowledge and experience required for the effective oversight of the Group. The Committee is also responsible for ensuring that there are formal and orderly succession plans in place for the members of the Board.

HOW THE COMMITTEE OPERATES

All members of the Committee are Independent Non-Executive Directors. The Chair of the Board chairs all meetings of the Committee unless they relate to the appointment of his successor or such other matters in which he may have a potential conflict of interest. For those meetings, the Senior Independent Director ('SID') takes the Chair unless the SID is in contention for the role or also has a potential conflict of interest.

The Committee meets at least once a year, and on an ad hoc basis as required. Only members of the Committee have the right to attend meetings; however, the Chief Executive Officer attends for all or part of meetings so that the Committee can understand his views, particularly on key talent within the business.

SUCCESSION PLANNING

The focus of the Committee's work during the year was on developing and implementing a plan for renewal of Non-Executive Directors. As the Corporate Governance Code provides that there is a deemed loss of independence after nine years' service, David Keens (Senior Independent Director and Audit Committee Chair) and Jill Easterbrook (Remuneration Committee Chair) will not stand for re-election at the 2024 AGM and therefore there is a requirement to appoint successors into these three roles in good time to allow for an orderly transition. The Committee was open about whether and how the roles would be combined, and on whether two or three appointments would be required.

Jeni Mundy will reach the end of her third three-year term during 2025. Her replacement as Chair of the Corporate Responsibility Committee may either be an existing Board member or be a new Director, should the Committee decide to appoint an additional Director in 2025.

With regards to Executive succession, the Committee is satisfied that the succession plans remain appropriate, and that there is a strong pipeline of talent within the business for future leadership needs.

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Report of the Nomination Committee continued

POLICY ON APPOINTMENTS TO THE BOARD

Appointments are made on merit, against objective criteria and with due regard to the benefits of diversity on the Board. The Committee takes account of a variety of factors before recommending any new appointments to the Board, including relevant skills to perform the role, experience, knowledge and diversity, including gender and ethnic diversity.

The Committee also considered the targets set out in LR 9.8.6(9)(a). At year end, the Board comprised 56% woman; and had one Director from a minority ethnic background but did not have a woman appointed in one of the roles specified by the Listing Rules, however we do have a female Executive Director, Catherine Faiers, in the role of COO, which we believe to be of equal status to those roles. Following the AGM, our Board will fully meet the targets, with 67% women on the Board; the role of Senior Independent Director being held by a woman; and two Directors being from a minority ethnic background.

At a leadership level, 56% of the Operational Leadership Team ('OLT') and 41% of the OLT's direct reports were women, a combined total of 42%. However, no OLT members and only 7% of the OLT's direct reports were ethnically diverse, and improvement of this remains a focus area for the Committee and the business.

APPOINTMENTS TO THE BOARD

The process was led by the Chair and overseen by the Committee, with input from the Executive Directors. Detailed role specifications were drawn up, identifying the skills and experience required, taking into account the Company's long-term strategy, including prior public company experience, financial experience, digital and retail industry experience.

A wide search was conducted, taking into consideration the requirements of the roles, and with due regard to the benefits of diversity, and the targets set by the Listing Rules, including gender and ethnicity. Ivy Street, a recruitment consultancy who has no other connection with the Company, were used to identify candidates. Extensive interviews were conducted, including with all Executive and Non-Executive Directors. Following this process, the Committee selected the successful candidates as announced on 22 March 2024:

Geeta Gopalan joined the Board with effect from 1 May 2024, and also became a member of the Audit, Remuneration, Corporate Responsibility and Nomination Committees. Geeta will be appointed as Senior Independent Director and Remuneration Committee Chair with effect from the conclusion of the 2024 AGM. Geeta has over 25 years of experience in financial services and retail banking, particularly payments and digital innovation, and she has served as a Senior Independent Director and as a Remuneration Committee Chair for at least 12 months on other public company boards.

Amanda James will join the Board with effect from 1 July 2024, and will join the Audit, Remuneration, Corporate Responsibility and Nomination Committees. With effect from the conclusion of the 2024 AGM, Amanda will be appointed as Audit Committee Chair. The Committee is satisfied that Amanda has recent and relevant financial experience through her extensive background in finance and her current position as the Chief Financial Officer of NEXT plc. Amanda also has strong consumer, retail and multi-channel experience.

Both Geeta and Amanda are considered to be Independent.

BOARD EVALUATION

We engaged Independent Audit Limited to facilitate an external evaluation of the Board, Committees and individual Directors during the year. This included interviews with each of the Board Directors and members of senior management, observation of Board and Committee meetings and review of Board and Committee papers. The draft findings were discussed with the Chairman and then presented to the Board in March 2024 as per the table on page 72.

In addition, an assessment of the Chairman's performance was carried out, led by the Senior Independent Director, and feedback was provided to him individually. Overall, the results showed that the Board and its Committees continue to operate well, and that each individual Director continues to make an effective contribution.

ELECTION AND RE-ELECTION OF DIRECTORS

In accordance with the UK Corporate Governance Code, all Directors will retire and offer themselves for election or re-election to the Board. Following confirmation by the Committee and Board that they are satisfied that all Directors continue to be effective in, and demonstrate commitment to, their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company, the Board recommends that shareholders approve the resolutions to be proposed at the 2024 AGM relating to the election and re-election of the Directors.

I welcome any questions in respect of the work of the Committee, which can be submitted to ir@autotrader.co.uk, or in person at our Annual General Meeting.

Matt Davies
Chair of the Committee
30 May 2024

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BOARD EVALUATION

Areas of strength	Areas for improvement
BOARD LEADERSHIP AND PURPOSE: A well-established, collaborative approach to development of purpose, strategy and strategic objectives, with a clear and consistent view across the Board. An active understanding of organisational culture and values, including through the use of a Cultural Scorecard and regular engagement with the Employee Guild. Full awareness and involvement in overseeing the numerous initiatives around ESG issues through the CSR Committee and the Board. Evident focus on major shareholder changes and attitudes. Constant emphasis on other stakeholders including customers, consumers and employees.	Whilst decisions are generally well-aligned with Auto Trader's purpose of 'Driving Change Together. Responsibly', this could be used more actively to frame discussions. The Cultural Scorecard should be reviewed to include additional indicators of culture such as internal audit findings, control weaknesses, customer feedback, complaints handling and media coverage to give a broader picture.
DIVISION OF RESPONSIBILITIES: Ability to monitor performance is strengthened by close contact and open culture, with continuous review in place as well as more structured mechanisms. Openness of interaction between the Executive and the Non-Executive Directors, and an appropriate level of challenge and contribution. Support for the Board and Committees from the company secretarial function is felt to be highly effective and responsive with well-honed processes.	Now that the NED succession plan has been executed, there could be a greater focus on longer-term Executive and senior management succession planning.
COMPOSITION AND SUCCESSION: The Board has a good balance of skills around brand, retail and regulatory (including financial reporting, internal control and risk management). The Nomination Committee has led the process for implementation of the succession plan for NEDs, and has actively involved the rest of the Board.	The Board needs to keep under review the mix of Board experience to ensure this reflects Auto Trader's position as a technology company and its strategic goals. Although generally well done, the Committee should consider whether the induction process should evolve, especially as the new NEDs will join over the next few months. The Board felt that they had appropriate training and development in relevant areas, including ESG, but should consider structured training on technology including AI.

Areas of strength	Areas for improvement
AUDIT, RISK AND INTERNAL CONTROL: Financial performance information is effective in enabling the Board to maintain a clear picture of performance, with frequent updates and discussions. There is a mature risk management framework which has developed well in line with business growth and change, with good support from a well-respected Risk Management function. Deep financial expertise and experience in the Audit Committee. Effective relationship between the Audit Committee and the CFO, with trust and confidence sitting alongside a willingness and ability to challenge.	Risk-related Board reports could be evolved, to focus on key questions, enable more effective probing and challenge, and to take into consideration the forthcoming requirements of the 2024 Corporate Governance Code with respect to material internal controls. The Board should plan ahead for a smooth transition to the new Audit Committee Chair role after the September 2024 AGM. Consider whether it is appropriate and necessary for continued attendance at Audit Committee meetings by non-Committee members, including the CEO and Board Chair.
REMUNERATION: There is a constructive relationship with the Executive. The Committee is well supported internally and by the remuneration consultants. The Committee actively looks at wider employee remuneration policies and is attuned to the critical importance people related matters.	Consider whether it is appropriate and necessary for continued attendance at meetings by non-Committee members, including the Executive Directors.

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Report of the Audit Committee

TERMS OF REFERENCE
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HOW WE MANAGE RISK P50

David Keens
Chair of the Committee

AT A GLANCE

Monitoring the integrity of financial reporting, internal controls and the effectiveness of internal and external audit.

OVERVIEW

- Five Independent Non-Executive Directors.
- David Keens is considered by the Board to have recent and relevant experience. All members have significant commercial and operating experience in consumer and digital businesses.
- At least three meetings held per year.
- Meetings are attended by the Chair of the Board, CEO, COO, CFO, internal auditor and external auditor by invitation.

OUR PROGRESS IN 2024

- Assess the Group's going concern and viability statements.
- Discuss key areas of financial judgement.
- Evaluate the quality, effectiveness and independence of external audit, in accordance with the FRC Audit Committees and the External Audit: Minimum Standard.
- Review the effectiveness of internal audit, internal controls and risk management, including approval of assurance map and policy.

FOCUS AREAS FOR 2025

- Agree with external auditor any changes for their 2025 audit.
- Consider the impact and timing of the Corporate Governance Code 2024 and other regulatory changes or implications.

Dear shareholders,

I am pleased to present the Report of the Audit Committee for 2024.

This will be my last on behalf of Auto Trader as I will come to the end of my tenure on the Board at our AGM in September. It is therefore appropriate that this letter to shareholders is backward looking and that I leave forward looking comments to my successor in due course.

I joined Auto Trader in 2015, at the time of the IPO. Over the past nine years we have navigated the transition of Executive Directors, financial managers, internal and external Auditors.

I have the privilege of working for a business which has a deep and positive culture, a strong customer franchise and which delivers strong financial results. It has been said that good numbers are easier to add up than bad numbers. True, but good results have to be earned and the Audit Committee's work has been made easier by the honesty and integrity of the Auto Trader team.

Audit Committee meetings are very open, they are attended by all Non-Executive Directors and by the internal and external auditors. I have regular conversations outside of formal meetings with the CFO and those responsible for financial and risk management. I take this opportunity to thank all those at Auto Trader who have engaged with the Committee and delivered on our combined responsibilities.

Our Internal Audit function is provided on an outsourced basis. This allows us to access a broad level of skills that would not be possible to maintain internally on a cost or effectiveness basis. Independence and best practice are ensured and it also provides access to additional industry and specialist knowledge.

Our external Auditors have provided excellent challenge and independent assurance over our annual and interim financial statements. Timelines and deadlines have been consistently met, without drama or delay. I make direct enquiries annually of our external audit firm to obtain positive affirmation of the wider independence and performance of the Partners and Managers engaged on our audit. We have periodically rotated internal and external Auditors, their Partners and team members. My appreciation goes to Deloitte, BDO, PwC and KPMG who have provided these services during my tenure. Auto Trader's 2023 external audit was part of the FRC's annual inspection of audit firms and I was pleased to note that a best practice observation was noted.

Whilst this Report of the Audit Committee contains some of the matters addressed during the year, it should be read in conjunction with the external auditor's report starting on page 104 and the Auto Trader Group plc financial statements in general.

At the 2023 AGM, shareholders approved the re-appointment of KPMG as our external auditor. The Committee has recommended to the Board that they are re-appointed at the 2024 AGM.

David Keens
Chair of the Committee
30 May 2024

FINANCIAL REPORTING

The primary role of the Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half-year reports, results announcements, dividend proposals and any other formal announcement relating to the Group's financial performance.

The Committee assessed the accounting principles and policies adopted, and whether management had made appropriate estimates and judgements. In doing so, the Committee considered management reports and the basis of judgements made. The Committee reviewed external audit reports on the 2024 half-year statement and 2024 Annual Report.

The Committee, with assistance from management and KPMG, identified areas of financial statement risk and judgement as described opposite:

Description of significant area	Audit Committee action
Carrying value of goodwill Following the acquisition of Autorama, the Group has two cash-generating units ('CGUs'), being the Digital CGU and Autorama CGU, which require annual impairment testing. Management's assessment of the recoverability of the goodwill is based on future cash flow forecasts. Forecast estimation is most significant for the growth in market share of Autorama, which was acquired in June 2022.	The Committee reviewed the assumptions made by management, in particular the market and market share growth estimates that underpin the value in use of the Autorama CGU recoverable amount. The Committee concluded that the judgements and estimates applied were appropriate. The Committee challenged and was satisfied with the assumptions and forecasts used, the results of the reviews and the sensitivities disclosed.
Revenue recognition Revenue recognition for the Group's revenue streams is not complex. However this remained an area of focus due to the large volume of transactions and as revenue is the largest figure in the income statement.	The Committee was satisfied with the explanations provided and conclusions reached in relation to the Group's revenue recognition.

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Report of the Audit Committee continued

Other areas of focus	Audit Committee action
Going concern and viability statement The Directors must satisfy themselves as to the Group's viability and confirm that they have a reasonable expectation that it will continue to operate and meet its liabilities as they fall due. The period over which the Directors have determined it is appropriate to assess the prospects of the Group has been defined as five years. In addition, the Directors must consider if the going concern assumption is appropriate.	The Committee reviewed management's work supporting the going concern assessment and viability statements. These included the Group's Medium Term Plan and cash flow forecasts for the period to March 2029. The Committee discussed with management the appropriateness of the five-year period, and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 53 to 60. The feasibility of mitigating actions and the potential speed of implementation to achieve any flexibility required were discussed. Scenarios covering events that could adversely impact the Group were considered. The Committee evaluated the conclusions over going concern and viability and the proposed disclosures in the financial statements and satisfied itself that the financial statements appropriately reflect the conclusions.
Useful economic life of Vanarama brand The carrying value of the Autorama 'Vanarama' brand was fair valued based on a market participant assumption of a 10 year useful economic life. At each period end, including half year, management are required to estimate the useful economic life of the asset and determine if the amortisation period should be prospectively adjusted. During the year, management has reassessed the useful life to be five years (from date of acquisition in June 2022).	The Committee reviewed management's useful economic life assessment against current and future expectations of the Autorama business and was satisfied that the reassessment of the useful economic life is appropriate.
Investment value in joint venture The Group has a joint venture with Cox Automotive UK, Dealer Auction. Management's assessment of the recoverability of the investment value, including goodwill, is based on future cash flow forecasts.	The Committee reviewed the assumptions made by management, particularly in relation to cash flow forecasts to support the carrying value, and was satisfied that these were appropriately accounted for.

FAIR, BALANCED AND UNDERSTANDABLE

At the request of the Board, the Committee has reviewed the content of the 2024 Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Committee was provided with a draft of the Annual Report and the opportunity to comment where further clarity or information should be added. The final draft was then recommended for approval by the Board. When forming its opinion, the Committee had regard to discussions held with management and reports received from internal and external auditors. In particular, the Committee considered:

Is the report fair?	• Is a complete picture presented and has any sensitive material been omitted that should have been included? • Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting? • Are the revenue streams described in the narrative consistent with those used for financial reporting in the financial statements?
Is the report balanced?	• Is there a good level of consistency between the reports in the front and the reporting in the back of the Annual Report? • Do you get the same messages when reading the front end and the back end independently? • Is there an appropriate balance between statutory and adjusted measures and are any adjustments explained clearly with appropriate prominence? • Are the key judgements referred to in the narrative reporting and significant issues reported in the Report of the Audit Committee consistent with disclosures of key estimation uncertainties and critical judgements set out in the financial statements? • How do these compare with the risks that KPMG include in their report?
Is the report understandable?	• Is there a clear and cohesive framework for the Annual Report? • Are the important messages highlighted and appropriately themed throughout the document? • Is the report written in accessible language and are the messages clearly drawn out?

Following the Committee's review, the Directors confirm that, in their opinion, the 2024 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

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RISK MANAGEMENT AND INTERNAL CONTROL

The Committee's responsibilities include a review of Auto Trader's risk management and internal controls frameworks to ensure that they are effective and that any identified weaknesses are remediated in a timely manner. During 2024 the Audit Committee reviewed the effectiveness of the Group's risk management and internal control framework and concluded that it is effective. The processes adopted for monitoring the frameworks included the following:

- Evaluation of the processes applied by Management to identify and assess risks, including new and emerging risks.
- Evaluation of the process for designing mitigations and controls and how the Group's risk appetite is used to inform responses to risk.
- Reviewing the Group Assurance Map and Assurance Policy. Together, these documents provide additional transparency to the Audit Committee about how Auto Trader's risk and governance structure has overseen and evaluated whether our material risks are being managed appropriately. The Audit Committee concluded that our principal risks are being managed effectively and to a level consistent with our risk appetite.
- Reviewing reports from Management summarising how the Group's material controls and mitigations are monitored, reviewed, and assured across Auto Trader's risk and governance structure, and how these activities map to each principal risk. In 2024 no material internal control weaknesses were identified.
- Reviewing cultural and ethical indicators to ensure that Auto Trader's culture continues to set a solid foundation for effective risk management. The review included reporting from Management confirming that during 2024 there have not been any known instances of fraud, bribery or whistleblowing complaints. The Committee has also reviewed information on whether there have been any employee cases, grievances, settlements, legal disputes, disciplinary action, conduct rule breaches, or regulatory penalties.
- Receiving reports from the Group's co-sourced Internal Audit function and monitoring the completion of internal audit actions.
- Reviewing reports from the external auditor on any issues identified in the course of their work, including any internal control reports highlighting control weaknesses. The Audit Committee also ensured that there were appropriate responses from management.
- In addition to reviewing the risk, controls and assurance framework holistically, the Committee also performed 'deep dives' into Auto Trader's response to specific areas of risk, including cyber security, ransomware, FCA Consumer Duty, and treasury & cash management.

The Group has internal controls and risk management arrangements in place in relation to its financial reporting processes and preparation of consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained, and transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with IFRS. The internal control systems include the elements described opposite and on the following page:

Element	Approach and basis for assurance
Risk management	Details of our governance structure and risk management arrangements can be found in the Risk management section of this Annual Report. Risk management operates throughout all levels of our governance structure. The Board as a whole is accountable for risk management. The day-to-day responsibility for managing risk resides with the Operational Leadership Team ('OLT'). Assurance over the effectiveness of risk management activity is provided under the three lines of defence model as described below. Reports on the effectiveness of risk management and internal controls are presented to executive management at the Risk Forum (which meets monthly) to Non-Executive Directors via the Audit Committee, and to the Board. The Risk Forum agenda includes risk-based 'deep dives' into key risk areas and in the last year these have included: crisis management; cyber security penetration testing; cyber security ransomware; corporate governance reform; FCA Consumer Duty; IT disaster recovery; customer onboarding; and supplier net zero. Key risks and controls are documented in a Group risk register with OLT members designated as risk owners. A review of the Group risk register is undertaken on a quarterly basis. The process for reviewing and updating the risk register is facilitated by the Governance, Risk and Compliance function and overseen by the Board. A risk-based internal audit programme provides independent, third-line assurance over the effectiveness of the risk management arrangements and this year's internal audit plan included reviews of the following areas: IT disaster recovery, assurance mapping, software development lifecycle, cybersecurity and FCA Consumer Duty.
Financial reporting	Group consolidation is performed on a monthly basis with a month-end pack produced that includes an income statement, balance sheet, cash flow and detailed analysis. The pack also includes KPIs and these are reviewed by the OLT and the Board. Results are compared against the Plan or re-forecast and narrative is provided by management to explain significant variances. The effectiveness of the controls within the financial reporting and consolidation process is reviewed on an ongoing basis by the Governance, Risk and Compliance function. The Risk Forum and the Audit Committee review and oversee these reports and there were no significant or material control weaknesses identified during 2024.

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Element	Approach and basis for assurance
Budgeting and forecasting	An annual Plan is produced and monthly results are reported against this. The Plan is prepared using a bottom-up approach, informed by a high-level assessment of market and economic conditions. Reviews are performed by the OLT and the Board. The Plan is also compared to the top-down Medium Term Plan ('MTP') as a sense check. The Plan is approved by the OLT and the Board. A detailed monthly rolling forecast is produced, with inputs provided from all business owners. The rolling forecast is then used to help identify potential risks and opportunities by comparison to the original budget. A monthly business review then takes place with the relevant OLT member, COO and CFO to agree actions.
Delegation of authority and approval limits	A documented structure of delegated authorities and approval for transactions is maintained within the Board's Terms of Reference. This is reviewed regularly by management to ensure it remains appropriate for the business.
Segregation of duties	Procedures are defined to segregate duties over significant transactions, including: procurement, payments to suppliers, payroll, discounts and refunds. Regular reviews of IT system access take place to ensure that segregated duties remain enforced. Key reconciliations are prepared and reviewed on a monthly basis to ensure accurate reporting.

INTERNAL AUDIT

BDO are the Group's co-sourced Internal Audit function. The Internal Audit function is accountable to the Audit Committee and uses a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment. The internal audit work plan for 2024 included internal audit assignments in relation to the following areas of risk:

- Risk management reporting and assurance mapping
- IT disaster recovery
- Software development lifecycle
- Cyber security third-party risk management
- FCA Consumer Duty

The risk-based internal audit plan for 2025 was approved by the Audit Committee and covers a broad range of core financial and operational processes and controls, focusing on specific risk areas. Whilst the plan has been approved, the Audit Committee will continue to review it regularly to ensure that any new and emerging areas of risk are considered.

Management actions that are recommended following the internal audits are tracked to completion and reviewed by the Risk Forum and then by the Audit Committee to ensure that identified risks are mitigated in a timely manner.

The Committee had closed sessions with BDO and the Committee also met with management without the presence of BDO. There were no significant issues raised during these meetings.

A risk-based programme of key controls testing takes place on a quarterly basis. We continue to monitor the resource within our Governance, Risk and Compliance function to ensure that we are able to efficiently monitor the effectiveness of our material internal controls.

EXTERNAL AUDITOR

The Committee oversees the relationship with the external auditor, KPMG, and reviews their findings in respect of audit and review work. The Committee received and discussed KPMG's review of the half-year report to 30 September 2023 and their audit of the financial statements for the year to 31 March 2024. The Committee met with KPMG without management present and with management without KPMG present, to ensure that there were no issues in the relationship between management and the external auditor to be addressed, and no issues were raised.

One of the Committee's roles is to evaluate the quality and effectiveness of audit services provided, and the level of professional scepticism applied. The Committee has carried out a review in accordance with the FRC Audit Committees and the External Audit: Minimum Standard, based on discussion of audit scope and plans, materiality assessments, review of auditor's reports and feedback from management on the effectiveness of the audit process. The review concluded that the external auditor remained effective and applied professional scepticism throughout. The review of the audit report and feedback from management also confirmed that the external auditor challenged management's judgements and estimates where necessary.

As part of the annual inspection of audit firms, the Audit Quality Review ('AQR') team of the Financial Reporting Council ('FRC') reviewed KPMG's audit of the Group accounts for the year ended 31 March 2023. The AQR routinely monitors the quality of audit work of certain UK audit firms through inspections of sample audits and related procedures at individual audit firms. The Committee and KPMG LLP have discussed the report, which included a good practice observation relating to the audit team's use of internal valuation specialists. Overall, the result of the review raised no issues which cause doubt on the quality of Auto Trader's external audit and the Committee remains satisfied with the efficiency and effectiveness of the external audit.

The Committee is also responsible for ensuring the external auditor remains independent. The Committee has reviewed, and is satisfied with, the independence of KPMG as the external auditor. In particular, discussions have been held with KPMG's senior management to verify the Group's audit partner's performance and standing within KPMG. There were no conflicts or matters of concern conveyed. The year ended 31 March 2024 was the fourth year the Group's audit partner has been involved in the audit of the Group.

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NON-AUDIT SERVICES PROVIDED BY THE EXTERNAL AUDITOR

The external auditor is primarily engaged to carry out statutory audit work. There may be other services where the external auditor is considered to be the most suitable supplier by reference to their skills and experience. It is the Group's practice that it will seek quotes from more than one firm, which may include KPMG, before engagements for non-audit projects are awarded. Contracts are awarded based on individual merits. A policy is in place for the provision of non-audit services by the external auditor, to ensure that the provision of such services does not impair the external auditor's independence or objectivity, and will be assessed in line with FRC Ethical and Auditing Standards.

Non-audit service	Policy
Audit-related services directly related to the audit For example, the review of interim financial statements, compliance certificates and reports to regulators.	Pre-approval by the Committee is required for all non-audit services. Permissible services may be approved to a maximum of £100,000 for each individual engagement, and to a maximum aggregate in any financial year of 70% of the average audit fees paid to the audit firm in the last three consecutive years. In addition, services relating to issue of compliance certificates in relation to banking facilities, loan agreements or covenants are considered to be pre-approved by the Audit Committee to a level of £50,000 for each individual engagement.
Prohibited services In line with the EU Audit Reform, services where the auditor's objectivity and independence may be compromised. Prohibited services are detailed in the FRC Revised Ethical Standard 2019 and include tax services, accounting services, internal audit services, valuation services and financial systems consultancy.	Prohibited.

Refer to plc.Autotrader.Co.Uk/investors for full details of the policy

During the year, KPMG charged the Group £52,000 (2023: £48,000) for audit-related assurance services directly relating to the review of the Group's interim report for the six months ended 30 September 2023 and £15,000 for the provision of an annual limited assurance report which is published on the Group's website and used for the Sustainability Compliance Certificate required under the Company's Syndicated Revolving Credit Facility.

THE STATUTORY AUDIT SERVICES FOR LARGE COMPANIES MARKET INVESTIGATION (MANDATORY USE OF COMPETITIVE TENDER PROCESSES AND AUDIT COMMITTEE RESPONSIBILITIES) ORDER 2014 – STATEMENT OF COMPLIANCE

A competitive tender was carried out in 2016 and KPMG LLP were first appointed as statutory auditor for the year to March 2017. We have therefore complied with the requirement that the external audit contract is tendered within the 10 years prescribed by UK legislation and the Code's recommendation. The next competitive tender is required to be held for the external audit for financial years ending after 31 March 2027. The Group confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review.

David Keens
Chair of the Committee
30 May 2024

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Report of the Corporate Responsibility Committee

Jeni Mundy
Chair of the Committee

AT A GLANCE

Providing oversight, scrutiny and challenge on matters relating to the Group's ESG strategy.

OVERVIEW

- Composed of five Independent Non-Executive Directors.
- The Chair of the Board, Executive Directors and other relevant individuals attend the meetings when appropriate by invitation.
- The Assistant Company Secretary acts as secretary to the Committee.
- At least three meetings held per year.

OUR PROGRESS IN 2024

- Target set in line with Parker Review recommendations.
- Resubmitted long-term net zero targets which have been validated and approved by the SBTi.
- Launch of our all-employee share award.

FOCUS AREAS FOR 2025

- Complete refresh of our materiality assessment to ensure focus on the priority issues.
- Finalise our Climate Transition plan.
- Carbon Literacy Technology Toolkit partnership.

TERMS OF REFERENCE
plc.autotrader.co.uk/investors

WORKING RESPONSIBLY P25

Dear shareholders,

I am pleased to present the Report of the Corporate Responsibility Committee for 2024.

The Committee has continued to guide and oversee progress in the delivery of our Environmental, Social and Governance ('ESG') strategy, providing oversight, scrutiny and challenge across a wide range of topics.

We recognise that our operations – and the way we carry them out – have impacts that reach well beyond our financial performance. Our business activities impact a wide range of stakeholders and we strive to make this impact a positive one.

OUR PROGRESS IN 2024

We continue to make good progress with our ESG strategy and the majority of our cultural KPIs as outlined below:

Environmental strategy

Throughout the year, the Committee has reviewed the Group's progress against its environmental strategy. Key achievements during the year include driving further operational efficiencies, such as fully migrating our data centres to the cloud and starting the process for installing solar panels at our Hemel Hempstead office.

We also continue to reach new and wider audiences with our content, and have continued sharing our data and insights with retailers, the industry and Government to help inform public policy and regulation to support the mass adoption of electric vehicles.

We report consistently with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') and have continued to review the risks and opportunities posed by climate change and how they might impact our business. Following the restatement of prior year GHG emissions to take into account the impact of Autorama on the Group's footprint, the Group resubmitted its long-term targets to the SBTi and these have been validated and approved. The Group's GHG emissions have been audited by a third party, EcoAct, providing an assurance over emissions reporting.

Looking ahead to next year, the Committee looks forward to seeing the Group's progress with its Climate Transition plan. With the Group's commitment to net zero and the increased volume of emissions as a result of the Autorama acquisition, a clear and focused action plan will be required to achieve the Group's ambitious target to be net zero by 2040.

Diversity and inclusion

There has been a growing emphasis on the 'Social' pillar within ESG. The Group has continued to focus on and make progress to improve the diversity and inclusion within the organisation through well established training and development programmes. I am pleased that the Group has set a new diversity target in line with the Parker Review recommendations.

In September, an all-employee share award was announced, which builds on the Group's strong ownership culture.

Ongoing ESG training

During the year we engaged an advisory team to deliver annual ESG specific training to the Corporate Responsibility Committee and the Group's Executive Directors. The main objective of the session was to ensure the Board is up to date with key ESG corporate regulatory and reporting developments and what these mean for Auto Trader. ESG continues to receive heightened stakeholder focus and disclosure requirements for companies to continue to evolve, requiring companies to enhance and standardise their disclosures, particularly in relation to climate. The training also provided insight to the Board on the ESG landscape for investors, their key areas of interest and how these may impact Auto Trader.

To assist the Committee in successfully overseeing the Group's ESG strategy, the Committee will continue to receive regular training and education as new ESG challenges and regulations emerge.

Materiality assessment

Conducting business responsibly, with stakeholders at the heart of our decisions, is core to our strategy and success. Our materiality assessment identifies the topics that matter most to our key stakeholders and where our ESG activities should focus. The Committee continues to support the areas identified by management as areas of focus. To ensure that the topics identified in our last materiality assessment (2022) remain relevant to our business we will refresh our materiality assessment in full in the next financial year.

NON-FINANCIAL REPORTING FRAMEWORKS

We continue to evolve our Environmental, Social and Governance ('ESG') reporting to meet the requirements of leading industry frameworks and our stakeholders' expectations. Our reporting focuses on the Task Force on Climate-related Financial Disclosures ('TCFD') and the Sustainability Accounting Standards Board ('SASB') standards referencing the SASB's reporting framework for the Internet and Media Services and Media & Entertainment industries. We have also identified the UN Sustainable Development Goals ('SDGs') which we believe Auto Trader can make a meaningful contribution to.

Measuring progress

It is important to assess the progress being made across the Group's ESG commitments and goals and we use our cultural KPIs for this purpose. I am pleased to see that there has been positive progress with the majority of our diversity and inclusion KPIs and recognise that more work needs to be done to improve our percentage of leaders from an ethnically diverse background. Our employee engagement score remained high at 97%.

Progress towards our net zero target will continue to be monitored throughout the coming year to ensure that the Group is on target to reach its goals.

Over the next year the Committee will continue to oversee and monitor the business's commitments in relation to ESG and continue to push forward its strategy.

Jeni Mundy
Chair of the Committee
30 May 2024

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TCFD ALIGNMENT AT A GLANCE

The Task Force on Climate-related Financial Disclosures ('TCFD') recommendations are structured around four thematic areas that represent core elements of how organisations operate: governance, strategy, risk management, and metrics and targets. We have summarised our progress below and on pages 29 to 39 in our Working Responsibly section, which includes disclosures consistent with the recommendations of the TCFD.

TCFD recommended disclosure	Group progress
Governance **1.** Describe the Board's oversight of climate related risks and opportunities. **2.** Describe management's role in assessing and managing climate related risks and opportunities.	We have integrated climate governance into our existing governance processes and sought to embed responsibility for the risks associated with climate change throughout our business. Oversight of climate risks and opportunities is described in 'Our environment' in the Working Responsibly section on page 29.
Strategy **3.** Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term. **4.** Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy and financial planning. **5.** Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios.	The global threat of climate change and the Paris Agreement are forcing action and car buyers want to make the shift to more environmentally friendly vehicles. Public policy is pushing de-carbonisation of vehicles with the ban on the sale of new petrol and diesel vehicles before 2035. We have also strengthened our environmental strategy to focus on the following areas: (i) Auto Trader's net zero commitments; (ii) supporting the automotive and technology industries; and (iii) supporting our consumers. We have undertaken climate scenario analysis and refined its assessment of the risks and opportunities posed by climate change and how they might impact our business, including consideration of the resilience of our business strategy. See pages 30 to 33 for more information.
Risk management **6.** Describe the organisation's processes for identifying and assessing climate related risks. **7.** Describe the organisation's processes for managing climate related risks. **8.** Describe how processes for identifying, assessing and managing climate related risks are integrated into the organisation's overall risk management.	We have a well-established risk management framework that separates responsibilities into three lines of defence – our OLT and senior leadership; oversight functions, forums and committees; and independent assurance. The Group risk register includes the risk of climate change as a principal risk. We have considered various risks and opportunities, which includes both physical and transition factors. We are looking to take advantage of the opportunities presented by a shift towards electric vehicles and mitigate risks. We have undertaken climate scenario risk analysis. See page 34 for more information.
Metrics and targets **9.** Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process. **10.** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks. **11.** Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.	To help us accurately assess and develop strategies to reach our net zero target, we have broadened the reporting of our GHG emissions to include a full inventory of Scope 3. We have updated our reporting to include the impact of Autorama. We are committed to the Science Based Targets initiative and our near-term (2030) and long-term (2040) targets have both been validated by the SBTi. We are committed to: (i) reduce absolute Scope 1 and 2 GHG emissions 50% by FY2030/31 from a FY2022/23 base year; (ii) reduce absolute Scope 3 GHG emissions 46.2% over the same timeframe; and (iii) reduce absolute Scope 1, 2 and 3 GHG emissions 90% by FY2040/41 from a FY2022/23 base year. Our GHG emissions have been audited by a third party, EcoAct, providing an assurance over our emissions reporting. See pages 35 to 39 for more information.

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SASB DISCLOSURE TOPICS AND ACCOUNTING METRICS

SASB standards enable businesses around the world to identify, manage and communicate financially material sustainability information to their investors. The SASB standards are industry specific and identify the minimum set of financially material sustainability topics and their associated metrics for the typical company in an industry. SASB assigns Auto Trader to Internet & Media Services and the following disclosure sets out our progress according to the SASB standard for that sector.

Topic	Accounting metric	Group progress
Environmental footprint of hardware infrastructure	1. Total energy consumed. 2. Percentage grid electricity. 3. Percentage renewable.	Scope 1, 2 and 3 GHG emissions disclosed. See page 35 for further information.
	Discussion of the integration of environmental considerations into strategic planning for data centre needs.	We have completed the migration of our data centres to the cloud.
Data privacy, advertising standards and freedom of expression	Description of policies and practices relating to behavioural advertising and user privacy.	See page 47 for more information on our approach to data privacy.
	List of countries where core products or services are subject to Government-required monitoring, blocking, content filtering or censoring.	None, Auto Trader is a UK based company with a predominantly UK based target audience.
Data security	1. Number of data breaches. 2. Percentage involving personally identifiable information ('PII'). 3. Number of users affected.	We report qualifying incidents to the relevant regulators (for example, the Information Commissioner's Office ('ICO') in the UK) and impacted individuals, where we are legally required to do so and within the mandated timeframes. To the extent that the relevant regulators ever find fault with our data breach management and/or data security practices, they publish their findings/sanctions on their websites. There were no such sanctions in 2023/24.
	Description of approach to identifying and addressing data security risks, including use of third-party cyber security standards.	See page 47 for our approach to data security and privacy. We have adopted the National Institute of Standards and Technology ('NIST') Cybersecurity Framework to manage and reduce cyber security risks.
Employee recruitment, inclusion and performance	Percentage of employees that are foreign nationals.	The Group has a total of 121 foreign nationals, representing 9.6% of total employees as at 31 March 2024.
	Employee engagement as a percentage.	97% of employees stated they are proud to work for Auto Trader, see page 20 for further information.
	Percentage of gender and racial/ethnic group representation for: 1. Management. 2. All other employees.	See pages 43 to 44 for further information.
Intellectual property protection and competitive behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations.	No monetary losses as a result of legal proceedings.

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Directors' remuneration report

Jill Easterbrook
Chair of the Committee

AT A GLANCE

Core responsibilities – Determining all elements of remuneration for the Chair, Executive Directors and senior management and overseeing reward arrangements for the wider workforce.

OVERVIEW

- Composed of five Independent Non-Executive Directors.
- The Chair of the Board, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other relevant individuals including external advisors are invited to attend the meetings when appropriate – no person is present during any discussion relating to their own remuneration.
- Matt Davies joined Auto Trader as Chair Designate with effect from 1 July 2023, and following conclusion of the AGM on 14 September 2023, has now assumed the role of Company Chair, succeeding Ed Williams who stepped down from the Board from this date. He was in attendance at all meetings since his appointment by invitation.

OUR PROGRESS IN 2024

- Introduced The One Auto Trader Share Award as part of our commitment to enhancing wider workforce reward and extending the opportunity to be shareholders in the business to all our employees.
- Conducted a comprehensive review of our approach to remuneration ahead of submitting our revised Directors' Remuneration Policy to a shareholder vote at the 2024 AGM. This included an assessment of overall compensation opportunities for Executive Directors given the significant growth the business has experienced since IPO.
- Consulted with shareholders on the proposed changes to the Remuneration Policy and its implementation and operation in 2025. The updated Remuneration Policy to be put to vote at the 2024 AGM is outlined on page 85 of the Directors' Remuneration Report.
- Assessed the achievement of targets for the FY24 annual bonus and 2021 PSP awards.
- Set appropriate targets for the FY25 annual bonus and the PSP awards to be granted in 2024.
- Approved new share plan rules which will be put to shareholders for approval at the 2024 AGM.

FOCUS AREAS FOR 2025

- Appointment of Geeta Gopalan as Remuneration Committee Chair at the 2024 AGM.
- Assess the achievement of targets for the FY25 bonus and 2022 PSP awards.
- Continue to engage with shareholders on remuneration matters, ensuring sustained alignment with shareholder interests.
- Continue to monitor our remuneration arrangements in the context of our approach to the wider workforce, executive pay environment, governance developments and market practice.

TERMS OF REFERENCE
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KPIS P18

Annual statement by the Chair of the Remuneration Committee

Dear shareholders,

I am pleased to present, on behalf of the Board, the Report of the Remuneration Committee (the 'Committee') for the year ended 31 March 2024.

PERFORMANCE AND REWARD IN 2024

Both financial and operational performance has been strong during the year. Revenue growth in the core Auto Trader business was 12% to £529.7 million (2023: £473.0m); and at a Group level, revenue grew 14% to £570.9 million (2023: £500.2 million). Operating profit in the core Auto Trader business was up 14% at £378.6 million (2023: £332.9 million), with an operating profit margin of 71% (2023: 70%). Group operating profit increased by 26% to £348.7 million (2023: £277.6 million), Group operating profit margin was 61% (2023: 55%). Basic earnings per share increased 13% to 28.15p (2023: 25.01p). Adjusted earnings per share increased by 8% to 29.37 pence (2023: 27.12 pence). There have been continued improvements in the product offering, enabling customers to compete on our marketplace through greater access to data-driven insight and enabling more of the buying journey to be completed online, all yielding greater efficiencies for customers. We have continued to invest in our people, creating an environment where there is increasing alignment between employees, customers and shareholders.

Annual bonus

As detailed in last year's Directors' remuneration report, the FY24 annual bonus was based 75% on adjusted operating profit (adjusted for the impact of the deferred consideration charge in relation to the acquisition of Autorama) and 25% on strategic milestones linked to our digital retailing strategic priority.

The adjusted operating profit outcome was £359.8m (2023: £316.4m, an increase of +14%), compared to the stretch target of £365m.

This resulted in a pay-out of 67.2% out of a maximum of 75% for this element. The Committee assessed the progress on meeting our digital retailing strategy milestones and determined that performance has been excellent and that the maximum of 25% should pay out for this element.

The overall bonus pay-out is therefore 92.2% of maximum. Half of this bonus will be deferred into shares for a two-year period.

Performance Share Plan ('PSP')

PSP awards granted in 2021 will vest in August 2024 based on performance over the three years to 31 March 2024. The award was based 75% on operating profit growth, 12.5% on revenue growth and 12.5% on diversity progress, assessed in the round including the following basket of measures:

- The proportion of women employees in the Group being 40%.
- The proportion of leadership who are women being 38%.
- The proportion of ethnically diverse employees in the Group being 14%.
- The proportion of leadership who are ethnically diverse being 10%.

Operating profit growth of 13.8% and revenue growth of 13.4% over the performance period were above the set stretch targets, resulting in the maximum pay-out for these elements. The Committee assessed that three of the four diversity targets were met, resulting in a pay-out of 9.4% of a maximum of 12.5%. The overall PSP pay-out is therefore 96.9% of maximum. Under the terms of the PSP holding period, the Directors will retain the net vested shares received for at least two years from the point of vesting.

The Committee carefully considered the annual bonus outcome and the level of PSP award vesting and concluded that these were a fair reflection of the underlying performance during the year and over the past three years against the stretching targets set and that these outcomes are appropriate in the context of the broader shareholder and stakeholder experience. No discretion has therefore been exercised in relation to these outcomes.

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Directors' remuneration report continued

REMUNERATION POLICY REVIEW

In line with the normal three-year renewal cycle, our updated Directors' Remuneration Policy will be put to a shareholder vote at the 2024 AGM. As part of this process the Committee undertook a thorough review of our remuneration framework and approach during the year.

The review of our existing approach was conducted based on a number of core principles:

- Remuneration should be consistent with Auto Trader's culture, purpose and values, and should take into account the approach to pay for all employees.
- Remuneration should align with our strategy and the interests of shareholders.
- Remuneration should be fair and appropriately motivating for Executive Directors, without being excessive.
- Remuneration should be appropriately positioned for the size and complexity of the organisation and the role the executive undertakes.

Approach to reward since IPO

Since our IPO in 2015 Auto Trader has grown significantly, with the execution of our strategy alongside a disciplined focus on operations and cost management resulting in revenues growing from £255.9m to £570.9m (+123%), operating profit growing from £133.1m to £348.7m (+162%), and our market capitalisation increasing from £2.35bn to more than £6bn, and £1.1bn (net of the equity raise during COVID-19) being returned to shareholders through dividends and share buybacks. The brilliant work of our people has built a strong position with car buyers, true partnerships with our customers, and supports an industry-leading data and technology platform.

Workforce reward

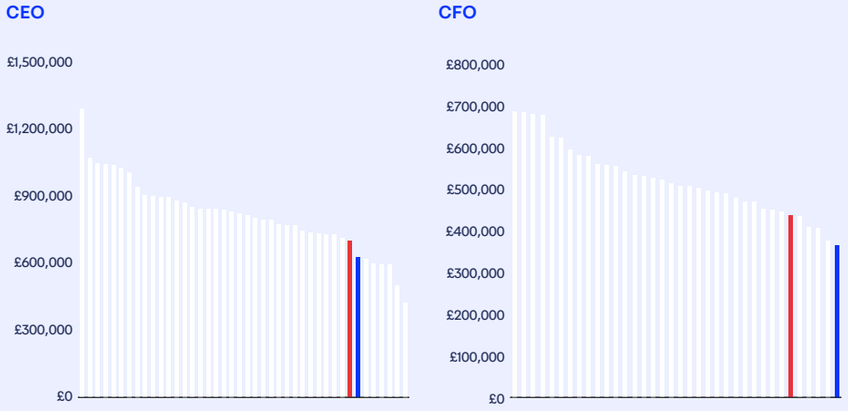
In the context of the growing size and performance of the Company, we have continued to invest in our broader employee reward to support recruitment and retention and to ensure that we pay colleagues fairly. For our wider workforce, remuneration is intended to be positioned around the market median for the relevant role and in recent years, we have continued to align pay positioning with market, we have enhanced our pension offering, introduced our new all-employee share award, 'One Auto Trader Share Award', which provides colleagues with a share award of 10% of salary to allow them to share in the success of the business alongside shareholders (further details below), and enhanced our broader employee value proposition through the provision of innovative benefits and working practices.

Executive Director reward

The current approach to executive pay has been in place since IPO in 2015. The strong performance outlined above, however, has not been accompanied with significant change in remuneration levels for our Executive Directors. Incentive opportunities have remained unchanged since IPO, and base salary increases over recent years have been behind those for the wider workforce over this period. The Committee had been mindful of this growing disparity, and had intended to address this earlier, but due to the impact of COVID-19, followed shortly by the cost-of-living crisis, it was not considered appropriate to make changes sooner. The Committee now feels that it is an appropriate time to review base salaries and incentive opportunities to ensure that they better reflect the current size and complexity of Auto Trader.

Market positioning for the CEO and CFO roles compared to FTSE companies of similar market capitalisation

SALARY



TOTAL MAXIMUM REMUNERATION

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To determine what appropriate revised reward opportunities might be, the Committee undertook a market data review to help inform our decisions. The Committee is mindful that market data should be used with caution and should be thoughtfully applied. To ensure that it considered a broad perspective on the market data taking into account the Company's size and value to shareholders, as well as the underlying complexity of its operations, the Committee reviewed a number of different peer groups. These groups included FTSE companies of similar market capitalisation, companies of similar revenues as well as companies of similar scale and complexity and geographical reach. When considering market positioning against the data, the Committee took into account the UK-focused nature of our business, and the number of colleagues in the business compared to other FTSE listed companies with a similar market capitalisation.

Taking into account the findings from this review, the Committee concluded that remuneration levels for our Executive Directors are significantly behind market practice, and have not kept pace with our growth since IPO. As an illustration, the charts on page 82 show that the current salary and total remuneration opportunities for the CEO and CFO are towards the bottom end of practice compared to companies of similar market capitalisation (range of £3.9bn to £7.3bn). Although there was limited data available for the COO role, based on market examples and the scope of the role, the Committee believes that this role is equivalent to that of the CFO, and that internal parity between these roles would be appropriate.

Workforce context

As noted above for our wider workforce, remuneration is intended to be positioned around the market median for the relevant role. Salary increases for our Executive Directors in recent years have been lower than the average Company-wide increases. For the period between 2019 and 2024 (excluding 2021 when no increases were made due to COVID-19), the average annual increase for Executive Directors was 2.8% while the average annual Company-wide increase was 4.85%.

The Committee is therefore comfortable that taking steps to address the current positioning for the Executive Directors would be consistent with the approach to remuneration for the wider workforce and continues to be in line with the culture of Auto Trader. This market positioning was also discussed with our Board Engagement Guild as part of our employee engagement process, and their feedback was taken into consideration when determining proposed changes to remuneration.

AMENDMENTS TO DIRECTORS' REMUNERATION

Given the market and workforce context provided above, the significant growth in scale of Auto Trader, and the Committee's commitment to good practice principles, the Committee concluded that the following changes to Directors' remuneration are necessary in order to provide a fair opportunity to our senior executives that recognises the scale of their roles, the talent market we operate in, and the views of and pay practices for our wider workforce:

Proposed amendments to Remuneration Policy

- Increase in Performance Share Plan ('PSP') maximum opportunity:
  - As part of moving to a more market competitive package, reflecting the growth in Auto Trader since IPO, the Committee believes it is appropriate for the emphasis to remain on performance-based pay over the long term, and on ensuring strong alignment between executive pay and shareholder interests. Therefore, it is proposed that PSP award opportunities are increased by 50% of salary. The CEO's normal award would be set at 250% of salary and the CFO's and COO's awards would be set at 200% of salary.
  - These proposed PSP opportunities, alongside the increases to salary levels discussed below, would result in total maximum remuneration opportunities for Executive Directors still being between lower quartile and median versus the market capitalisation peer group (illustrated in charts on page 82).

No other material changes are proposed to the Directors' Remuneration Policy including to annual bonus opportunities which remain at 150% of base salary for the CEO and 130% of base salary for the CFO and COO.

Salary review

As discussed above, one of the findings of the remuneration review was that the salaries for our Executive Directors were positioned towards the bottom end of market practice. Given salaries are the main driver for the positioning of total remuneration opportunities, this was impacting the overall positioning of total compensation. Recognising the growth of Auto Trader since IPO, the Committee decided it was appropriate to increase salaries for the Executive Directors with effect from 1 July 2024. The CEO salary will increase by 11.7% to £700,000, the COO salary will increase by 12.7% to £435,000 (on a FTE basis), and the CFO salary will increase by 19.5% to £435,000.

These increases are ahead of the planned average Company-wide increase of c.4.5%. However, as noted above, salary increases for our Executive Directors have historically been below the average annual increase for the wider workforce, and their current salary positioning at the bottom end of the market is inconsistent with the targeted positioning we apply for the rest of the workforce.

The Committee believes that this salary positioning is a fairer refection of the scope of these roles and the current scale of Auto Trader. The current positioning versus the market means that, even after these increases are applied, base salaries would still be placed below the lower quartile of the market capitalisation peer group as shown in the charts on the previous page.

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The proposed increase for the CFO is larger than for the other Executive Directors as when Jamie Warner was appointed to the role in March 2020, his salary was positioned towards the lower end to reflect his status as a newly promoted CFO. Since appointment, Jamie has gained experience and has demonstrated strong performance in the role. Auto Trader has also grown significantly in this period, which has resulted in Jamie's current salary being the lowest in the market capitalisation peer group.

Going forward, the current intention is for salary increases to normally be in line with those for the wider workforce for the duration of the Policy.

The Committee believes that the changes outlined above are appropriate to reflect the growth of the organisation and the contribution of the Executives to delivering this growth. They are consistent with our values and culture, our approach to reward throughout the organisation and they better position the Company in terms of the future recruitment and retention of talent.

Performance measures for 2024/5 incentives
In recent years, the primary financial performance measure used for both annual bonus and PSP awards has been operating profit. Although this is a key performance indicator of the business, the Committee is aware that it is good practice to assess performance across a wider number of metrics. For the 2024 PSP awards, the operating profit growth measure will be replaced with Earnings Per Share (EPS) growth. EPS is also a KPI for the business and will further strengthen the alignment between PSP outcomes and shareholder interests.

Therefore, PSP awards granted in 2024 will be based on 70% EPS growth, 20% revenue growth, and 10% carbon reduction targets, with an underpin linked to progress on our diversity ambitions. The PSP targets are disclosed in full on page 95 onwards.

For the FY25 annual bonus, the bonus will continue to be weighted as 75% on operating profit and 25% on strategic measures linked to the achievement of stretching strategic and operational milestones against our digital retailing strategy.

Engagement with shareholders
During the remuneration review process, we engaged with our top 20 shareholders as well as the major proxy bodies to explain our proposed approach for the renewal of our Policy. We were pleased with the feedback and level of support for the proposals put forward, and the final proposals reflect the feedback provided during this process. The Committee is grateful to shareholders for the time they have given to the consultation process and the feedback provided, both of which have helped facilitate a more robust decision-making process.

All-employee share award for wider workforce
As part of our commitment to our wider workforce reward, our One Auto Trader culture, and to align employees with shareholder interests, in November 2023 we introduced The One Auto Trader Share Award under which eligible colleagues will receive an annual award of shares worth 10% of salary which will vest over three years subject to continued employment. Executive Directors are not eligible to receive these awards. We have been delighted with how these awards have been received by colleagues and believe that this scheme will help encourage share ownership within the organisation, and will act as a powerful tool to attract and retain the talent we need to continue to grow.

Share plan rules
Our current share plans, which were adopted at the IPO in 2015, are due to expire soon. Therefore at the 2024 AGM we will also be asking shareholders to approve the adoption of new share plan rules including a Long Term Incentive Plan under which LTIP awards and The One Auto Trader Share Awards will be made, a Deferred Bonus Share Plan, a Save As You Earn (SAYE) plan and a Share Incentive Plan. Details of the terms of these new plans have been included as part of the Notice of AGM.

LOOKING AHEAD
I hope that you will support our 2024 Remuneration Policy and 2024 Directors' remuneration report at the AGM in September. As I will reach the end of my third three-year term at the 2024 AGM I will be standing down as a Non-Executive Director and as Chair of the Remuneration Committee.

As outlined in the Nomination Committee Report, Geeta Gopalan has been appointed as a Non-Executive Director and member of the Remuneration Committee from 1 May 2024, and Amanda James will join the Board as a Non-Executive Director with effect from 1 July 2024 and will join the Remuneration Committee at that time. Geeta will be appointed as Remuneration Committee Chair following the 2024 AGM.

Both Geeta and I will be in attendance at the AGM, and I will continue to be available prior to the AGM to answer any questions.

I am proud to have served on the Board since IPO. The business has gone from strength to strength under the stewardship of its exceptional management team and I wish the Company every success for the future. I would also like to particularly thank our investors who have engaged with us and supported us in the design and implementation of our remuneration arrangements during my period as Remuneration Committee Chair.

In the meantime, I welcome any feedback that you may have, which can be submitted to ir@autotrader.co.uk.

Jill Easterbrook
Chair of the Committee
30 May 2024

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REMUNERATION AT A GLANCE: HOW EXECUTIVES WILL BE PAID IN FUTURE YEARS

We are seeking shareholder approval for a revised Policy at the 2024 AGM. An overview of our Policy and how it is proposed to apply in 2024/5 is set out below:

FIXED PAY: TO RECRUIT AND REWARD EXECUTIVES OF A HIGH CALIBRE

Remuneration for the year ending 31 March 2025

Salary	CEO: £700,000 COO: £391,500 CFO: £435,000	As outlined above in the Chair's statement, recognising the growth of Auto Trader since IPO, the Committee decided it was appropriate to increase salaries 11.7% for the CEO, 19.5% for the CFO and 12.7% for the COO. This is above the planned average Company-wide increase of c.4.5%. The salary review date is 1 July 2024. The COO's salary has been pro-rated to reflect that she works 4.5 days per week. Her full-time equivalent salary is £435,000, in line with that of the CFO.
Pension	7% of salary	Aligned with the maximum pension opportunity for the wider workforce.
Benefits	Includes private medical cover, life assurance and income protection insurance.	

ANNUAL BONUS

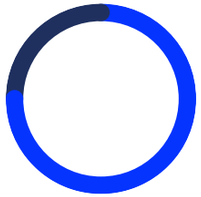
To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.

50% of bonus paid in cash | **50%** of bonus deferred into shares for two years

Maximum opportunity
CEO: 150% of salary
COO and CFO: 130% of salary

Malus and clawback provisions apply.

FY25 bonus metrics



- **75%** Operating profit
- **25%** Strategic: milestones linked to our digital retailing strategic priority

PERFORMANCE SHARE PLAN

To incentivise and recognise successful execution of the business strategy over the longer term. To align the long-term interests of Executive Directors with those of shareholders.

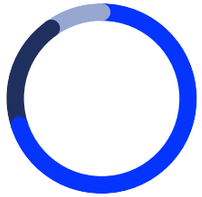
3-year performance period | **2-year** holding period

Maximum opportunity
CEO: 250% of salary
COO and CFO: 200% of salary

Malus and clawback provisions apply.

2024 PSP metrics

To incentivise and reward the achievement of long-term financial and ESG objectives which are aligned to our corporate strategy and our ESG ambitions.



- **70%** Earnings Per Share (EPS) growth[1]
- **20%** Revenue growth[2]
- **10%** Carbon reduction

Awards subject to a diversity underpin.

GUIDELINES APPLY IN-POST, AND EXTEND BEYOND TENURE IN-POST GUIDELINES

200% of salary.

POST-EMPLOYMENT GUIDELINES

100% of in-post shareholding guideline (or actual shareholding if lower) for a period of two years following departure.

1. Compound annual growth rate targets have been set as three-year growth targets with reference to performance for 31 March 2024 as the base year. Earnings Per Share will be based on Group Earnings Per Share, but excluding the impact of the deferred consideration charges in relation to the acquisition of Autorama, which are being spread over FY23 and FY24. This approach provides a like-for-like comparison for assessing performance across the three-year performance period.
2. Revenue will be based on Group revenue, but excluding Vehicle & Accessory Sales attributable to Autorama, as this revenue does not generate any profit.

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Directors' Remuneration Policy

This Remuneration Policy will be put to shareholders for approval in a binding vote at the AGM on 19 September 2024 and if approved will be effective from this date.

POLICY OVERVIEW

As outlined in the Remuneration Committee Chair's statement, in light of the requirement to seek shareholder approval for a new Remuneration Policy, the Committee undertook a thorough review of the current remuneration arrangements for Executive Directors, considering a range of potential approaches. The findings of our review which also considered current market positioning indicated our current Executive Director remuneration levels considerably lag market practice. Given this market context, the significant growth in scale of the business since the IPO, and the Committee's commitment to good practice principles, the Committee concluded that the following changes are necessary to the previous policy approved at the 2021 AGM:

- Under the Policy, the PSP maximum award will be increased to 250% of base salary (up to 300% of base salary in exceptional circumstances).
- Other minor changes have been made to the Policy to simplify and/or align with typical market practice.

The Policy is structured so as to ensure that the main elements of remuneration are linked to Company strategy, in line with best practice and aligned with shareholders' interests. The Policy is designed to reward Executive Directors by offering competitive remuneration packages, which are prudently constructed, sufficiently stretching and linked to long-term profitability.

In promoting these objectives, the Policy aims to be simple in design, transparent and structured so as to adhere to the principles of good corporate governance and appropriate risk management.

This Policy has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013) and the UKLA's Listing Rules. This Policy is subject to a binding shareholder vote at the AGM on 19 September 2024.

In reaching its decisions, the Committee also considered the following principles as recommended in the revised 2018 UK Corporate Governance Code.

Clarity: The Policy is designed to allow our remuneration arrangements to be structured such that they clearly support, in a sustainable way, the financial and strategic objectives of the Company. The Committee remains committed to reporting on its remuneration practices in a transparent, balanced and understandable way.

Simplicity: The Policy consists of three main elements: fixed pay (salary, benefits and pension), an annual bonus and a long-term incentive award. The metrics used in our incentive plans directly link back to our key strategic ambitions and values and provide a clear link to the shareholder experience. The Committee may change measures for future years to ensure they continue to be aligned with our strategy.

Risk: The Policy is in line with our risk appetite. A robust malus and clawback policy is in place, and the Committee has the discretion to reduce pay outcomes where these are not considered to represent overall Company performance or the shareholder experience. Furthermore, our bonus deferral, post-cessation shareholding requirement and PSP holding period ensure that Executive Directors are motivated to deliver sustainable performance.

Predictability: The Committee considers the impact of various performance outcomes on incentive levels when determining quantum. These can be seen in the scenario charts on page 90.

Proportionality: A substantial portion of the package comprises performance-based reward, which is linked to our strategic priorities and underpinned by a robust target-setting process. We are mindful of the alignment with our workforce, the shareholder experience and our values and culture when considering the right and proportional approach to pay.

Alignment to culture: When developing our Policy, the Committee reviewed our approach to remuneration throughout the organisation to ensure that arrangements are appropriate in the context of the wider workforce. The themes considered include workforce demographics, engagement levels and diversity to ensure that executive remuneration is appropriate from a cultural perspective. Our FY25 PSP award includes carbon reduction objectives with the vesting of the award subject to a diversity underpin.

HOW THE VIEWS OF SHAREHOLDERS AND EMPLOYEES ARE TAKEN INTO ACCOUNT

The Committee engages with the wider workforce through a Board Engagement Guild, which all Non-Executive Directors attend. This is the primary mechanism through which our Board engages with employees, creating a platform for employees to share their experiences, views, and questions directly with Non-Executive Directors. The Board Engagement Guild has representatives from across different parts of the business and canvasses views and opinions from colleagues to share with the Board, covering topics including potential changes to the executive Remuneration Policy, as well as gender and ethnicity pay gap, navigating the cost-of-living crisis, Connected Working and our annual employee engagement survey results.

Additionally, the Company regularly undertakes an employee engagement survey which includes questions to understand employees' views on their own remuneration and benefits, which the Committee also reviews. The Committee aims to understand job satisfaction, measure opinion, and identify where changes may be necessary. In our most recent survey in April 2024 we are pleased that 97% of our employees are proud to work at Auto Trader (2023: 91%).

As demonstrated in our decision-making process behind our Policy review this year, the Committee is committed to a constructive dialogue with shareholders in order to ensure that our Remuneration Policy is aligned with their views. The Committee consulted with shareholders in advance of submitting our revised Policy to the shareholder vote, and carefully considered the feedback received from each shareholder ahead of time. In conjunction with any additional feedback received from time to time, this will be considered as part of the Committee's annual review of how we intend to implement our Remuneration Policy.

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REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

Our Policy is designed to offer competitive but not excessive remuneration, so that there is a significant weighting towards performance-based elements. A significant proportion of our variable pay is delivered in shares with deferral and holding periods being mandatory, and with appropriate recovery and withholding provisions in place to safeguard against any overpayments in the event of certain negative events occurring. The table below provides a full summary of the Policy elements for the Executive Directors.

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Salary	To recruit and reward executives of high calibre. Recognises individual's experience, responsibility and performance.	Salaries are normally reviewed annually with changes effective from 1 July but may be reviewed at other times if considered appropriate. Salary reviews will consider: • personal performance; • Group performance; • the nature and scope of the role; • the individual's experience; • increases elsewhere in the Company; and • market practice at other companies of a similar size and complexity. Periodic reviews of market practice (for example, in comparable companies in terms of size and complexity) will also be undertaken. The Committee considers the impact of any salary increase on the total remuneration package.	There is no prescribed maximum salary level or salary increase; however, any base salary increases will normally be in line with the percentage increases awarded to other employees of the Group. However, increases may be made outside of this policy in appropriate circumstances, such as: • Where a Director is appointed on a salary that is at the lower end of the market practice range, larger increases may be awarded as the executive gains experience to move the salary closer to a more typical market level. • Where there has been a change in the nature and scope of the role. • Where there has been a significant and sustained change in the size and complexity of the business. • Where there has been a significant change in market practice.	The Committee reviews the salaries of Executive Directors each year taking due account of all the factors described in how the salary policy operates.
Benefits	To provide competitive benefits to ensure the wellbeing of employees.	Executive Directors are entitled to the following benefits: • life assurance; • income protection insurance; and • private medical insurance. The Committee may determine that Executive Directors should receive additional reasonable benefits if appropriate, taking into account typical market practice and practice throughout the Group. 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 (on either a one-off or ongoing basis), including any benefits such as housing, travel or education allowances.	The value of benefits is not capped as it is determined by the cost to the Company, which may vary.	N/A
Pension	To provide retirement benefits for employees.	Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan), a salary supplement in lieu of pension benefits (or combination of the above) or similar arrangement.	Maximum contribution in line with the contribution of other employees in the Group, currently 7% of salary.	N/A

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Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Annual bonus	To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.	The annual bonus is based predominantly on stretching financial and operational objectives set at the beginning of the year and assessed by the Committee following the year end. Half of any bonus earned is normally subject to deferral into shares, typically for a period of two years from the date of award. The deferred shares will vest subject to continued employment, but there are no further performance targets. A dividend equivalent provision applies, as described below. Recovery and withholding provisions apply, as described on page 89. Participation in the bonus plan, and all bonus payments, are at the discretion of the Committee.	Maximum of 150% of salary as determined by the Committee.	Financial measures will normally represent the majority of bonus measures, with strategic or operational or personal non-financial targets representing the balance (if any). Not more than 20% of each part of the bonus will be payable for achieving the relevant threshold hurdle. Measures and weightings may change each year to reflect any year-on-year changes to business priorities. The Committee has the discretion to adjust targets in appropriate circumstances for any exceptional events (including acquisitions or disposals) that may arise during the year. The Committee also has the discretion to adjust the bonus outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.
Performance Share Plan ('PSP')	To incentivise and recognise successful execution of the business strategy over the longer term. To align the long-term interests of Executive Directors with those of shareholders.	Awards will normally be made annually under the PSP, and will take the form of nil-cost options or conditional share awards. Participation and individual award levels will be determined at the discretion of the Committee within the Policy. Awards normally vest after three years subject to the extent to which the performance conditions specified for the awards are satisfied, and continued service. Recovery and withholding provisions apply, as described on page 89. Executive Directors are required to retain vested shares delivered under the PSP for at least two years from the point of vesting, subject to the terms of the holding period described below. A dividend equivalent provision applies, as described below.	Normal: maximum of 250% of salary as determined by the Committee. Exceptional circumstances: maximum of 300% of salary as determined by the Committee.	The vesting of awards will be subject to the achievement of performance metrics which may be financial, share price or strategic in nature. The metrics and weightings for each award will be set out in the Annual Report on Remuneration. Any strategic measure(s) will account for no more than 25% of the award. No more than 25% of the award vests for achieving threshold performance. The Committee has the discretion to adjust targets in appropriate circumstances for any exceptional events (including acquisitions and disposals) that arise during the performance period. The Committee retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.
All-employee Share Plans	To encourage Group-wide equity ownership across all employees, and create a culture of ownership.	The Company operates two all-employee tax-advantaged plans, namely a Save As You Earn ('SAYE'), and a Share Incentive Plan ('SIP') for the benefit of Group employees. The operation of these plans will be at the discretion of the Committee, and Executive Directors will be eligible to participate on the same basis as other employees.	SAYE and SIP – Maximum permitted based on HMRC limits from time to time.	N/A

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Directors' remuneration report continued

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Share ownership guidelines	To increase alignment between executives and shareholders.	**In-post:** Executive Directors are expected to build and maintain a holding of shares in the Company. This is expected to be built through retaining a minimum of 50% of the net of tax vested PSP and DABP shares, until the guideline level is met. The minimum share ownership guideline is 200% of salary for current Executive Directors. **Post-cessation:** Following stepping down from the Board, Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years. The Committee retains discretion to waive this guideline or disapply the guideline from certain shares (for example purchased shares) if it is not considered to be appropriate in the specific circumstance.	Not applicable.	N/A

NOTES TO THE POLICY TABLE

Share plan rules

Deferred awards have previously been granted under the Deferred Annual Bonus Plan ('DABP') and from the 2024 AGM onwards are intended to be granted under the new Deferred Bonus Plan. In this Policy, where relevant, references to the DABP include the new Deferred Bonus Plan or any similar plan adopted in the future.

PSP awards have previously been granted under the Performance Share Plan. From the 2024 AGM onwards awards are intended to be granted under the new Long Term Incentive Plan. In this Policy, where relevant, references to the PSP include the new Long Term Incentive Plan or any similar plan adopted in the future.

Recovery and withholding provisions

Recovery and withholding provisions apply to variable pay, to enable the Company to recover amounts paid under the annual bonus and PSP awards. For bonuses payable in respect of 2024/25 and PSP awards granted in respect of 2024/25, the provisions may be applied in the circumstances described below for a period of three years from payment of any cash bonus, three years from grant in the case of any DABP award and six years from grant in the case of any PSP award:

- a material misstatement of the audited financial statements;
- an error in assessing a performance condition or in the information or assumptions on which a PSP award or DABP award was granted or vests;
- a material failure of risk management;
- individual gross misconduct;
- serious reputational damage;
- a material corporate failure; or
- any other circumstances which the Committee considers is similar in nature or effect.

Should such an event be suspected, the Committee may extend the timeline to allow for an investigation of the event. Recovery may be satisfied in a variety of ways including through the reduction of outstanding deferred awards, reduction of net bonus or PSP vesting and seeking cash repayment.

Dividend equivalents

DABP and PSP awards may, at the Committee's discretion, also include the right to receive an additional benefit (in cash or shares) determined by reference to the value of dividends paid on vested shares, which may assume the reinvestment of dividends on a cumulative basis.

Discretion available under the Policy

In order to ensure that the Remuneration Policy is capable of achieving its intended aims, the Committee retains certain discretions over the operation of the variable pay policy. These include the ability to vary the operation of the plans in certain circumstances (such as change of control, rights issue, corporate restructuring event, special dividend or acquisition or disposal) including the timing and determination of pay-outs/vesting; and making appropriate adjustments to performance measures or targets as necessary to ensure that performance conditions remain appropriate. However, it should be noted that in the event that the measures or targets are varied for outstanding awards in the light of a corporate event, the revised targets would not normally be materially less difficult to satisfy.

In line with best practice and shareholder expectations, the Committee retains the discretion to adjust the vesting outcome if it is not considered to be reflective of underlying financial or non-financial performance of the business or the performance of the individual over the performance period or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders.

Should these discretions be used, they would be explained in the Annual Report on Remuneration and may be subject to consultation with shareholders as appropriate.

Operation of the PSP holding period

Executive Directors are required to retain vested shares delivered under the PSP (on a net of tax basis, where applicable) for at least two years from the point of vesting. In exceptional circumstances, the Committee may at its discretion allow participants to sell, transfer, assign or dispose of some or all of the PSP shares before the end of the holding period.

Previously agreed payment

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before 17 September 2015 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

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SELECTION OF PERFORMANCE MEASURES

Annual bonus performance measures are selected annually to reflect the Group's key strategic initiatives for the year and include both financial and strategic or operational non-financial objectives. A majority weighting will be placed on financial performance, ensuring that pay-outs are closely linked to the Group's performance and the execution of strategy.

PSP awards to be granted in 2024 will be subject to the achievement of Earnings Per Share (EPS) growth, total Group revenue growth and a carbon reduction measure. The Committee believes this combination of measures ensures that rewards are linked to long-term shareholder value creation and the culture and values of the business. The performance metrics used and their weighting may differ for future awards to ensure they continue to support the Company's long-term growth strategy.

DIFFERENCES IN REMUNERATION POLICY BETWEEN EXECUTIVE DIRECTORS AND OTHER EMPLOYEES

Whilst the Policy described above applies specifically to the Company's Executive Directors, the Policy principles are designed with due regard to employees across the Group.

'At risk, performance-linked pay' is restricted to the most senior employees in the Company, as it is this group that is most influential in driving corporate performance.

The Committee is committed to promoting a culture of widespread share ownership across all levels of the organisation. At senior levels this has predominantly been achieved through participation in performance-based incentive plans, whilst across the rest of the workforce this has been supported via all-employee share plans. In 2023 the Company introduced The One Auto Trader Share Award for the wider workforce under which all employees were granted an award equivalent to 10% of base salary. Executive Directors are not eligible to be granted The One Auto Trader Share Award.

ILLUSTRATION OF APPLICATION OF REMUNERATION POLICY

The charts below illustrate how the composition of Executive Directors' remuneration packages varies under three different performance scenarios: threshold, on-target and maximum, both as a percentage of total remuneration opportunity and as a total value. It should be noted that these scenarios are for illustrative purposes only and have been determined using the approach specified in the regulations. They should not be construed as profit forecasts or a prediction of share price movements.

Assumptions

- Minimum = fixed pay (base salary, benefits and pension).
- Target = fixed pay plus 50% of maximum bonus pay-out, 50% vesting under the PSP.
- Maximum = fixed pay plus 100% of bonus pay-out, 100% vesting under the PSP.
- Maximum + share price growth = fixed pay plus 100% of bonus pay-out, 100% vesting under the PSP with a 50% increase in share price applied to the PSP award.

Salary levels are based on and reflect pay increases applying from 1 July 2024. Annual variable remuneration is based on the salary applying from 1 July 2024. Long-term variable remuneration is based on the salary at expected date of grant. The value of taxable benefits is as disclosed in the single figure for the year ending 31 March 2024.

Aside from the maximum + share price growth scenario, no share price increase is assumed and any dividend equivalents payable are not included.

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SERVICE CONTRACTS AND POLICY FOR PAYMENTS ON LOSS OF OFFICE

The service contracts for the Executive Directors are terminable by either the Company or the Executive Director on 12 months' notice and make provision for early termination by way of payment of a cash sum equal to 12 months' salary and pension. The Company may continue to provide benefits until the end of the notice period or may make a payment to the value of 12 months' contractual benefits.

Payment in lieu of notice can be paid either as a lump sum or in equal monthly instalments over the notice period and will normally be subject to mitigation. The Committee will consider the particular circumstances of each leaver and retains flexibility as to at what point, and the extent to which, payments are reduced.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment or for any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his/her cessation of office or employment. In the event of cessation of employment incentive plan awards will be treated in accordance with the relevant plan rules. SAYE options will become exercisable on cessation of employment to the extent permitted in accordance with the rules of the SAYE scheme, which does not provide for the exercise of discretion by the Committee. On cessation, a payment may be made in respect of accrued but untaken holiday.

Relevant details will be provided in the Annual Report on Remuneration should such circumstances apply.

In summary, the contractual provisions on termination where the Company elects to make a payment in lieu of notice are as follows:

Performance measures	Detailed terms
Notice period	12 months by either party.
Termination payments over the notice period	100% of salary and pension contribution for the relevant period. The Company may continue to provide benefits until the end of the notice period or may make a payment to the value of contractual benefits for the relevant period.
Change of control	No enhanced provisions on a change of control.

The Executive Directors are subject to annual re-election at the AGM. Service contracts are available for inspection at the Company's registered office or on request from ir@autotrader.co.uk. The CEO's service contract date is 1 April 2017, the CFO's service contract date is 1 March 2020, and the COO's service contract date is 1 May 2019.

Annual bonus on termination

There is no automatic or contractual right to bonus payment. At the discretion of the Committee, for certain leavers, a bonus may become payable at the normal payment date based on performance. Such bonus would normally be pro-rated for time in employment unless the Committee determines otherwise. At its discretion the Committee may also pay such bonus at the time of cessation of employment based on performance to that date. Any bonus paid may be paid 100% in cash for the year of departure or preceding financial year if the bonus for that year has not yet been awarded at the date of cessation of employment. Should the Committee decide to make a payment in such circumstances, the rationale would be fully disclosed in the Annual Report on Remuneration.

DABP awards on termination

Normally, any existing unvested awards under the DABP will lapse on termination. However, under the rules of the DABP, in certain prescribed circumstances (namely death, sale of employing company from the business or otherwise at the discretion of the Committee), 'good leaver' status applies. In exercising its discretion as to whether an Executive Director should be treated as a good leaver, the Committee will take into account the performance of the individual and the reasons for their departure and, in the event of this determination being made, will set out its rationale in the following Annual Report on Remuneration. Where an award does not lapse it will vest on cessation (or on such later date as the Committee determines). Awards will normally vest in full, unless the Committee determines otherwise.

PSP on termination

Normally, unvested PSP awards will lapse upon a participant ceasing to hold employment. However, under the rules of the PSP, in certain prescribed circumstances (namely death, sale of employing company from the business or otherwise at the discretion of the Committee), 'good leaver' status applies.

In exercising its discretion as to whether an Executive Director should be treated as a good leaver, the Committee will take into account the performance of the individual and the reasons for their departure and, in the event of this determination being made, will set out its rationale in the following Annual Report on Remuneration. Awards will typically vest on the originally anticipated date, although the Committee has discretion to vest awards sooner (and to assess performance conditions accordingly if vesting occurs before the end of the performance period).

The extent to which PSP awards will vest in good leaver circumstances will depend on:

(i) the extent to which the performance conditions have been satisfied at the end of the performance period (or such other relevant time as the Committee determines); and

(ii) unless the Committee determines otherwise, the pro-rating of the award determined by the period of time served in employment during the performance period.

Change of control

In the event of a change of control of the Company or other relevant event, PSP awards, DABP awards, SIP awards, and options under the SAYE scheme will vest early. Vesting of PSP awards will be determined taking into account any relevant performance condition and, unless the Committee determines otherwise, the pro-rating of the award by reference to the proportion of the performance period that has elapsed at the date of the relevant event. DABP awards shall vest in full. SIP awards and SAYE options will vest in accordance with the rules of the relevant plan on the same basis as for other employees.

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APPROACH TO RECRUITMENT AND PROMOTIONS

The recruitment package for a new Executive Director would normally be set in accordance with the terms of the Company's approved Remuneration Policy. Currently, this would include an annual bonus opportunity of up to 150% of salary and policy PSP award of up to 250% of salary (other than in exceptional circumstances where up to 300% of salary may be made).The Committee, however, retains discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration of 400% of salary (450% of salary in exceptional circumstances). This limit does not include any payment(s) or award(s) made to 'buy out' remuneration forfeited on leaving a previous employer. The key terms and rationale for any such component would be disclosed as appropriate in that year's Annual Report on Remuneration.

On recruitment, salary will be set so as to reflect the individual's experience and skills. It may be set at a level below the normal market rate, with phased increases greater than those received by others as the Executive Director gains experience.

Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate taking into account relevant factors which may include the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such 'buyout', the principle would be that awards would be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate.

Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits).

If an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards.

In the event of recruitment, the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules which allows for the grant of awards, to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan.

POLICY ON EXTERNAL APPOINTMENTS

Subject to Board approval, Executive Directors are permitted to take on one non-executive position with another company and to retain their fees in respect of such position. Additional appointments may be undertaken in exceptional circumstances.

REMUNERATION POLICY FOR THE CHAIR AND NON-EXECUTIVE DIRECTORS

The Non-Executive Directors do not have service contracts with the Company, but instead have letters of appointment.

Element	Purpose and link to strategy	Overview of operation	Maximum opportunity
Fees	To attract and retain a high-calibre Chairman and Non-Executive Directors by offering a market competitive fee level.	Fees are reviewed periodically and approved by the Board with Non-Executive Directors abstaining from any discussion in relation to their fees. Both the Chair and the Non-Executive Directors are paid annual fees and do not participate in any of the Company's incentive arrangements, or receive any pension provision or other benefits. The Chair receives a single fee covering all of their duties. The Non-Executive Directors receive a basic Board fee, with additional fees payable for chairing the Audit, Remuneration and Corporate Responsibility Committees and for performing the Senior Independent Director role. Additional fees may be paid to reflect additional Board or Committee responsibilities or an increased time commitment as appropriate. The Chair and Non-Executive Directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties. The Company may meet any tax liabilities that may arise on such expenses. The Board may introduce benefits for the Chairman or Non-Executive Directors if it is considered appropriate to do so.	There is no prescribed maximum annual increase or fee level. The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels (for example in companies of comparable size and complexity).

Letters of appointment

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment. The letters of appointment are available for inspection at the Company's registered office.

APPROACH TO RECRUITMENT

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy in force at that time.

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Annual Report on Remuneration

This report has been prepared in accordance with Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013) and the UKLA's Listing Rules. This report is subject to an advisory shareholder vote at the AGM on 19 September 2024.

SINGLE FIGURE OF REMUNERATION FOR THE YEAR ENDED 31 MARCH 2024 (AUDITED)

The table below shows the aggregate emoluments earned by the Directors of the Company in the year ended 31 March 2024.

£'000	Salary and fees	Benefits	Other	Annual bonus[1]	Long-term incentives[2]	Pension	Total fixed remuneration	Total variable remuneration	Total
Executive									
Nathan Coe	619	1	–	867	1,455	43	663	2,322	2,985
Catherine Faiers[3]	343	1	–	416	605	24	368	1,021	1,389
Jamie Warner	360	1	–	436	634	25	386	1,070	1,456
Non-Executive									
Ed Williams[4]	92	–	–	–	–	–	92	–	92
Matt Davies[5]	190	–	–	–	–	–	190	–	190
David Keens	85	–	–	–	–	–	85	–	85
Jill Easterbrook	74	–	–	–	–	–	74	–	74
Jeni Mundy	74	–	–	–	–	–	74	–	74
Sigga Sigurdardottir	63	–	–	–	–	–	63	–	63
Jasvinder Gakhal	63	–	–	–	–	–	63	–	63
Total	1,963	3	-	1,719	2,694	92	2,058	4,413	6,471

1. Performance against annual bonus targets resulted in an overall outcome of 92.2% of maximum. Half of the bonus is deferred into shares for a two-year period.
2. 96.9% of PSP awards granted in 2021 will vest in 2024 for performance over the three-year period to 31 March 2024. The award was based 75% on Operating profit compound annual growth rate for three years ended 31 March 2024 (with 2020 as the base year), 12.5% revenue compound growth rate for the three years ended 31 March 2024 and 12.5% in relation to progress made in respect of a basket of diversity measures. The value of these awards has been calculated based on the three-month average share price to 31 March 2024 of £7.258. Of the value reported, the following is attributable to share price growth from grant: Nathan Coe – £305,987; Catherine Faiers – £127,266; Jamie Warner – £133,325.
3. Catherine Faiers works a 4.5 day working week and her salary has been pro-rated accordingly.
4. Ed Williams retired from the Board on 14 September 2023.
5. Matt Davies was appointed to the Board on 1 July 2023 as a Non-Executive Director, and assumed the role of Chair on 14 September 2023.

SINGLE FIGURE OF REMUNERATION FOR THE YEAR ENDED 31 MARCH 2023 (AUDITED)

The table below shows the aggregate emoluments earned by the Directors of the Company in the year ended 31 March 2023.

£'000	Salary and fees	Benefits	Other	Annual bonus[1]	Long-term incentives[2]	Pension	Total fixed remuneration	Total variable remuneration	Total
Executive									
Nathan Coe	592	1	–	648	–	40	633	648	1,281
Catherine Faiers[3]	329	1	–	311	–	21	351	311	662
Jamie Warner[4]	344	1	2	326	–	22	369	326	695
Non-Executive									
Ed Williams	195	–	–	–	–	–	195	–	195
David Keens	81	–	–	–	–	–	81	–	81
Jill Easterbrook	70	–	–	–	–	–	70	–	70
Jeni Mundy	70	–	–	–	–	–	70	–	70
Sigga Sigurdardottir	60	–	–	–	–	–	60	–	60
Jasvinder Gakhal	60	–	–	–	–	–	60	–	60
Total	1,801	3	2	1,285	–	83	1,889	1,285	3,174

1. Performance against annual bonus targets resulted in an overall outcome of 72.4% of maximum. Half of the bonus is deferred into shares for a two-year period.
2. 0% of PSP awards granted in 2020 vested in 2023 for performance over the three-year period to 31 March 2023. The award was based 100% on Relative Total Shareholder Return ('TSR') compared to the FTSE 350 (excluding investment trusts). These awards were granted during the COVID-19 pandemic and due to the uncertainty at the time it was considered very challenging to set robust and fair financial targets for the PSP and therefore the awards were based solely on TSR to ensure our focus on long-term recovery rather than short to medium-term performance.
3. Catherine Faiers worked a 4.5 day working week and her salary was pro-rated accordingly.
4. Jamie Warner was granted 1,341 shares under the Company's Save As You Earn scheme, at a discount of 20% to the market price. The total value of the discount was £1,529 and has been included in the 'Other' column above.

ADDITIONAL INFORMATION TO SUPPORT THE SINGLE FIGURE

Benefits

Benefits included in the single figure relate to private healthcare. Directors also receive life assurance and income protection insurance, the cost of which is not disclosed within Benefits above as these are non-taxable benefits.

The value of life assurance and income protection insurance comprised: Nathan Coe £2,714 (2023: £2,406); Catherine Faiers £1,930 (2023: £1,838); and Jamie Warner £2,022 (2023: £1,926).

Pension

Employer's pension contributions of 7% of salary were paid in respect of Executive Directors in line with those received for the wider UK employee population. Once Executive Directors have reached their annual pension limit, a salary supplement of 7% is paid in lieu of pension benefits.

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Annual bonus for the year ended 31 March 2024 (AUDITED)

The performance measures, targets and performance outcomes for the annual bonus for the year ended 31 March 2024 are shown in the following table:

Performance measures		Weighting	Threshold	Stretch	Actual performance	Payout (as a % of maximum)
Financial	Operating profit for year ending 31 March 2024[1]	75%	Below or equal to £315m	Equal to or above £365m	£359.8m	89.6%
Strategic targets	Milestones linked to our digital retailing strategy	25%	–	–	See below	100%
Total pay-out		–	–	–	–	92.2%

1. Operating profit targets were set based on Group operating profit excluding the impact of the deferred consideration charge in relation to the acquisition of Autorama of £11.1m.

Operating profit remains a key performance indicator of the business and the Board believes continuing to deliver Operating profit performance will generate long-term value for shareholders. The Committee reviewed the formulaic outcome and was comfortable that this was consistent with the overall performance of the Company, and did not exercise discretion.

In 2023, the Committee decided that 25% of the annual bonus would be determined based on progress relating to our digital retailing strategy which would involve consideration of a range of quantitative and qualitative indicators, the achievement of stretching strategic and operational milestones against our digital retailing pillar and measures relating to engagement of car buyers and retailer customers. These milestones have been assessed based on the Committee's holistic assessment of progress made. In reviewing performance in 2024, the Committee reviewed progress against established milestones in relation to our digital detailing strategy. The main focus during FY24 was to develop and scale the Deal Builder product for used cars. The Committee assessed the performance in relation to the achievement of technical milestones, the improvements to the onsite experience and conversation rates, and the scaling of the product (with c.1,100 retailers and over 40,000 cars live on the product at the end of March 2024, and monetisation plans on track), and considered this to be at a level that results in the maximum pay-out of 25% for this element.

The overall bonus pay-out is therefore 92.2%.

PERFORMANCE SHARE PLAN VESTING FOR YEAR ENDED 31 MARCH 2024 (AUDITED)

The PSP award granted in 2021 was based on performance to 31 March 2024. The performance conditions this award was based on and the targets and performance delivered are set out in the table below:

Measure	Weighting	Threshold (25% vesting)	Stretch (100% vesting)	Actual performance	Payout (as a % of maximum)
Operating profit	75%	5.5%	11%	13.8%	100%
Revenue growth	12.5%	5%	9%	13.4%	100%
Diversity	12.5%	Progress made in respect of a basket of diversity objectives by March 2024, including: • Proportion of women employees in the Group being 40%. • Proportion of leadership who are women being 38%. • Proportion of ethnically diverse employees in the Group being 14%. • Proportion of leadership who are ethnically diverse being 10%.		See below	75%
Total vesting					96.9%

In line with the Committee's decision for 2020 awards as reported in the 2023 DRR, targets set before the Autorama acquisition in relation to Operating Profit and Revenue are based on Auto Trader performance, with the contribution of Autorama and the associated transaction costs excluded from performance achieved to provide a like-for-like comparison with the original targets set.

The growth targets for the operating profit and revenue targets use 2020 as the base year. This 2020 performance excludes the contribution of Webzone following the disposal in 2022 to provide a like-for-like comparison with 2024 performance.

In relation to our four diversity objectives, at the end of March 2024, women represented 44% of our organisation (March 2023: 43%) and 42% (March 2023: 40%) of leadership roles as defined by the FTSE Women Leaders Review. Ethnically diverse employees currently represent 17% of our organisation (March 2023: 15%), with 14% of employees not disclosing their ethnicity. The percentage of ethnically diverse employees in leadership decreased to 6% (March 2023: 8%), using the Parker Review definition, highlighting the work still to be done in this area. Therefore, the Committee assessed that three of the four diversity targets were met, resulting in a pay-out of 9.4% of a maximum of 12.5%.

Overall, the Committee considers that the Remuneration Policy has operated as it was intended during 2023/24. The performance-driven focus of our total remuneration directly supports the sustainable long-term success of the business.

SCHEME INTERESTS AWARDED DURING THE YEAR (AUDITED)

Awards granted in the year under the PSP are shown below. Awards are granted as nil-cost options.

Executive Director	Number of shares awarded	Multiple of salary	Face value of awards[2]	% award vesting at threshold (% maximum)	Performance period
PSP awards[1]					
Nathan Coe	191,818	200%	£1,193,079	25%	1 April 2023 to 31 March 2026
Catherine Faiers	79,783	150%	£496,238	25%	1 April 2023 to 31 March 2026
Jamie Warner	83,582	150%	£519,867	25%	1 April 2023 to 31 March 2026

1. PSP awards will normally be eligible to vest three years from grant (22 June 2023) based on performance over the three years to 31 March 2026 and continued employment. The net value of the vested awards is subject to a two-year holding period.
2. As disclosed last year, face value was calculated based on the three-month average share price to the day before grant date (22 June 2023) of 622.0p. This approach has been used to smooth out share price volatility and ensure that the number of shares awarded is not overly impacted by short-term changes in the share price.

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The performance conditions applying to the 2023 PSP awards shown in the table on the previous page are set out below:

Measure	Weighting	Basis	Threshold (25% vesting)	Stretch (100% vesting)
Operating profit	70%	Operating profit compound annual growth rate for the three years ended 31 March 2026.[1]	5.5%	11%
Revenue growth	20%	Revenue compound annual growth rate for the three years ended 31 March 2026.[2]	6%	11%
Carbon reduction	10%	Reduction of carbon emissions over the three years to 31 March 2026.[3]	13%	20%
Diversity underpin	N/A	The vesting under any of the performance conditions will be subject to a diversity underpin. The Committee will determine whether there has been acceptable progress made against the key gender and ethnic diversity objectives, including considering the proportion of our staff who are women and who are ethnically diverse as well as the proportion of leadership[4] who are women and who are ethnically diverse. In assessing whether the underpin has been satisfied, the Committee will consider a range of quantitative and qualitative benchmarks to inform its decision, including 'how' performance has been achieved and 'what' performance has been achieved over the performance period. Should the Committee consider that the underpin has not been met, it would consider whether a discretionary reduction in the number of shares vesting was required.		

1. Compound annual growth rate targets were set as three-year growth targets with reference to performance for 31 March 2023 as the base year. Operating profit will be based on Group operating profit, but excluding the impact of the deferred consideration charges in relation to the acquisition of Autorama, which are being spread over FY23 and FY24. This approach provides a like-for-like comparison for assessing performance across the three-year performance period.
2. Revenue was based on Group revenue, but excluding Vehicle & Accessory Sales attributable to Autorama, as this revenue does not generate any profit.
3. Carbon emissions are calculated based on the financial consolidation approach as defined in the Greenhouse Gas Protocol, and include emissions from Scopes 1, 2 and 3. Our total carbon emissions for the year to 31 March 2023 (the base year) have been independently verified. Refer to page 35 for further details.
4. Leadership is defined as the Operational Leadership Team ('OLT') and their direct reports ('OLT-1').

When determining vesting the Committee will consider the overall experience of shareholders and wider stakeholders over the performance period.

2024 PSP TARGETS

Subject to receiving shareholder approval for our revised Policy at the 2024 AGM, PSP awards for the CEO will be made at the level of 250% of base salary and PSP awards for the COO and CFO will be made at the level of 200% of base salary. Awards will be subject to the following performance measures and targets:

Measure	Weighting	Basis	Threshold (25% vesting)	Stretch (100% vesting)
Earnings per share (EPS) growth	70%	EPS growth for the three years ended 31 March 2027.[1]	8%	14%
Revenue growth	20%	Revenue compound annual growth rate for the three years ended 31 March 2027.[2]	6%	11%
Carbon reduction	10%	Reduction of carbon emissions by 31 March 2027.[3]	33%	43%
Diversity underpin	N/A	The vesting under any of the performance conditions will be subject to a diversity underpin. The Committee will determine whether there has been acceptable progress made against the key gender and ethnic diversity objectives, including considering the proportion of our staff who are women and who are ethnically diverse as well as the proportion of leadership[4] who are women and who are ethnically diverse. In assessing whether the underpin has been satisfied, the Committee will consider a range of quantitative and qualitative benchmarks to inform its decision, including 'how' performance has been achieved and 'what' performance has been achieved over the performance period. Should the Committee consider that the underpin has not been met, it would consider whether a discretionary reduction in the number of shares vesting was required.		

1. EPS growth rate targets have been set as three-year growth targets with reference to performance for 31 March 2024 as the base year. EPS will be based on Group Earnings Per Share, but excluding the impact of the deferred consideration charges in relation to the acquisition of Autorama, which are being spread over FY23 and FY24. This approach provides a like-for-like comparison for assessing performance across the three-year performance period.
2. Revenue will be based on Group revenue, excluding Vehicle & Accessory Sales attributable to Autorama, as this revenue does not generate any profit.
3. Carbon emissions are calculated based on the financial consolidation approach as defined in the Greenhouse Gas Protocol, and include emissions from Scopes 1, 2 and our total carbon emissions for the year to 31 March 2024 (the base year) have been independently verified. Refer to page 35 for further details.
4. Leadership is defined as the Operational Leadership Team ('OLT') and their direct reports ('OLT-1').

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Directors' remuneration report continued

DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED)

Executive Directors are required to maintain a shareholding in the Company equivalent in value to 200% of salary. If an Executive Director does not meet the guideline, they will be expected to retain at least half of the net shares vesting under the Company's discretionary share-based employee incentive schemes until the guideline is met. Non-Executive Directors do not have shareholding guidelines.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant) as at 31 March 2024. There have been no changes in these interests up until 30 May 2024.

Director	Beneficially owned shares[1]	Number of awards held under the PSP conditional on performance	Number of awards held under the DABP conditional on continued employment	Number of unvested Sharesave options and Share Incentive Plan shares	Number of vested but unexercised nil cost options	Number of vested Sharesave options and Share Incentive Plan shares	Target shareholding guideline (as a % of salary)	Percentage of salary held in shares as at 31 March 2024[2]
Executive Directors								
Nathan Coe	**3,186,555**	**585,548**	**106,864**	**–**	**–**	**–**	**200%**	**3561%**
Catherine Faiers	**76,106**	**243,547**	**51,362**	**–**	**–**	**–**	**200%**	**153%**
Jamie Warner	**41,011**	**255,144**	**53,808**	**2,350**	**–**	**1,392**	**200%**	**79%**
Non-Executive Directors								
Matt Davies	**7,936**	**–**	**–**	**–**	**–**	**–**	**N/A**	**N/A**
David Keens	**50,000**	**–**	**–**	**–**	**–**	**–**	**N/A**	**N/A**
Jill Easterbrook	**–**	**–**	**–**	**–**	**–**	**–**	**N/A**	**N/A**
Jeni Mundy	**–**	**–**	**–**	**–**	**–**	**–**	**N/A**	**N/A**
Sigga Sigurdardottir	**–**	**–**	**–**	**–**	**–**	**–**	**N/A**	**N/A**
Jasvinder Gakhal	**–**	**–**	**–**	**–**	**–**	**–**	**N/A**	**N/A**

1. Includes shares owned by connected persons. Only beneficially owned shares count towards the shareholding guideline.
2. Based on the Director's salary and the mid-market price at close of business on 31 March 2024 of 700.2p. Includes net (after tax) of options vested but not exercised.

There were no exercises by Directors of share options in relation to long-term incentive plans during the year.

PAYMENTS TO FORMER DIRECTORS (AUDITED)

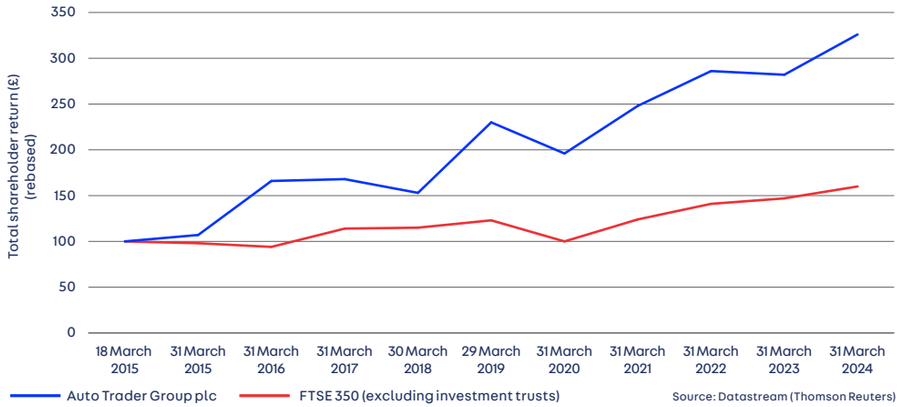
There were no payments made to former Directors during the year.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

There were no payments for loss of office during the year.

PERFORMANCE GRAPH AND CEO REMUNERATION TABLE

The graph below illustrates the Company's TSR performance relative to the FTSE 350 Index (excluding investment trusts) from the start of conditional share dealing on 18 March 2015. This index has been selected as it is a broad all-sector group of which the Company is a constituent. The graph shows the performance over that period of a hypothetical £100 invested.



CEO REMUNERATION

The table below sets out the CEO's single figure of total remuneration together with the percentage of maximum annual bonus awarded over the same period.

	2024	2023	2022	2021	2020[1]	2019[1]	2018[1]	2017[1]	2016[1]	2015[1,2]
CEO total remuneration (£'000)	**2,985**	1,281	1,673	523	1,659	2,052	2,929	980	1,339	20
Annual bonus (% of maximum)	**92.2%**	72.4%	75.0%	N/A[3]	N/A[4]	76.75%	50.3%	51.8%	100%	N/A[5]
PSP vesting (% of maximum)	**96.9%**	0%[6]	50.1%	0%[7]	73.6%	51.2%	100%	N/A[8]	N/A[8]	N/A[8]

1. 2015 to 2019 figures reflect Trevor Mather's service as CEO. The 2020 figures reflect Trevor Mather's service as CEO to 29 February 2020, and Nathan Coe's service as CEO from 1 March 2020.
2. From the date of Admission in March 2015.
3. No bonus plan operated in 2020/21.
4. The CEO elected to waive his bonus in respect of 2019/20.
5. Private company when bonus plan implemented in 2015.
6. PSP award vesting in 2023 was based solely on Relative Total Shareholder Return ('TSR') compared to the FTSE 350 (excluding investment trusts) due to the impact of COVID-19 on our business. As threshold was not met so the award lapsed.
7. PSP awards lapsed in 2020/21 as performance conditions were not met.
8. No awards were eligible to vest in respect of long-term performance ending in 2015, 2016 or 2017.

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Directors' remuneration report continued

CEO PAY RATIO

The table below shows the ratio between the CEO's total single figure (as calculated on the previous page) and the median, lower and upper quartile total remuneration for our UK-based workforce. Our median all-employee to CEO pay ratio is 55.1:1.

A significant proportion of the CEO's pay is in the form of variable pay through the annual bonus and the PSP. CEO pay will therefore vary year on year based on Company and share price performance. The CEO to all-employee pay ratio will therefore also fluctuate taking this into account.

It should be noted that the pay ratio when comparing 2023 to 2024 has increased, which is driven by the increase in variable pay, as the Annual Bonus pay-out has increased from 72.4% to 92.2%, and the PSP has vested at 96.9% whereas in the previous year, PSP awards did not vest.

The Board has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression, and is appropriate for the Company's size and structure.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY24	**A**	**76:1**	**55.1:1**	**38.2:1**
FY23	A	36.6:1	26.9:1	18.2:1
FY22	A	46.6:1	33.5:1	23.7:1
FY21	A	15.9:1	10.9:1	7.8:1
FY20	A	50.4:1	34.2:1	24.8:1

- Method A has been used to determine the relevant employees on the basis that this approach is in line with the approach used to calculate the single total figure for the CEO and therefore is the most robust.
- For 2024, the salary for the P25 employee was £32,487.50 and total remuneration was £39,283.34. The salary for the P50 employee was £45,240 and total remuneration was £54,173.34. The salary for the P75 employee was £65,000 and total remuneration was £78,143.19.
- The P25, P50 and P75 employees were determined as at 31 March 2024 based on full-time equivalent remuneration. Only employees who were employed as at the end of the financial year were included; salaries were annualised, taking account of mid-year increases. The total remuneration includes salary, allowances, taxable benefits, pension contributions, bonus, commission and share-based payments. Taxable benefits are based on the previous tax year (2022–2023) for company cars and the latest tax year (2023–2024) for healthcare benefits. Options under the SAYE scheme are included as at the date of grant, based on the difference between the market value at grant date and the exercise price. Options under discretionary plans (PSP and Single Incentive Plan Award) are based on the date that the performance conditions were achieved, and valued using the three-month average share price to 31 March 2024 of £7.258.
- For 2020, the CEO single figure reflects amounts to Trevor Mather (stepped down 29 February 2020) and Nathan Coe (appointed CEO 1 March 2020) for their respective time in service.
- The 2023 CEO pay ratio figures have been updated to reflect the change to the CEO total single figure of remuneration for the year ended 31 March 2023, following the revalued PSP award based on share price on date of vesting.

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Directors' remuneration report continued

YEAR-ON-YEAR CHANGE IN PAY FOR DIRECTORS COMPARED TO THE AVERAGE EMPLOYEE

In accordance with the requirement under The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the table below shows the increase in each Director's pay (salary, benefits and bonus) between 2020 to 2021, 2021 to 2022, 2022 to 2023 and 2023 to 2024 compared to the average increase for the employees of the Group.

	2024–2023			2023–2022			2022–2021			2021–2020		
	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus
Executive Directors												
Nathan Coe[1,2]	**5%**	**(4%)**	**34%**	3%	(8%)	(1%)	16%	(7%)	100%[8]	26%	31%	**(100%)**
Catherine Faiers[1,3]	**5%**	**(4%)**	**34%**	3%	(8%)	(1%)	12%	(7%)	100%[8]	(11%)	43%	**(100%)**
Jamie Warner[1,4]	**5%**	**(4%)**	**34%**	3%	(8%)	(1%)	16%	(7%)	100%[8]	932%	1,477%	**(100%)**
Non-Executive Directors												
Matt Davies[11]	**–**	**–**	**–**	–	–	–	–	–	–	–	–	**–**
Ed Williams[1,12]	**(45%)**	**–**	**–**	4%	–	–	36%	–	–	(25%)	–	**–**
David Keens[1]	**5%**	**–**	**–**	4%	–	–	35%	–	–	(25%)	–	**–**
Jill Easterbrook[1]	**5%**	**–**	**–**	4%	–	–	17%	–	–	(13%)	–	**–**
Jeni Mundy[1,5]	**5%**	**–**	**–**	4%	–	–	31%	–	–	(9%)	–	**–**
Sigga Sigurdardottir[1,6]	**5%**	**–**	**–**	4%	–	–	16%	–	–	108%	–	**–**
Jasvinder Gakhal[7]	**5%**	**–**	**–**	315%	–	–	N/A	N/A	N/A	N/A	N/A	**N/A**
Average employee	**7%**	**(4%)**	**–**	6.4%	(8%)[9]	–[10]	5.5%	37%	–	0%	27%	**–**

1. Ed Williams and David Keens voluntarily waived their entire fees from 1 April 2020 to 30 June 2020. The remaining Board members voluntarily waived 50% of their salaries and fees from 1 April 2020 to 30 June 2020.
2. Nathan Coe was appointed as CEO on 1 March 2020 and his base salary increased on that date from £377,000 to £568,000.
3. Catherine Faiers was appointed to the Board on 1 May 2020 and therefore her reported salary for 2020 represents only 11 months. Further, Catherine became part-time from 1 September 2020 and therefore her salary was pro-rated from that date to reflect her 4.5 day working week.
4. Jamie Warner was appointed to the Board on 1 March 2020 and therefore his reported salary for 2020 represents only one month.
5. Jeni Mundy was appointed Chair of the Corporate Responsibility Committee from 1 January 2021 and received an additional fee of £9,742 per annum from that date.
6. Sigga Sigurdardottir was appointed to the Board on 1 November 2019 and therefore her reported fee for 2020 represents only five months.
7. Jasvinder Gakhal was appointed to the Board on 1 January 2022.
8. 100% value shown as no bonus was paid for 2021.
9. The decrease in benefits in 2023 relates to a reduction in our private medical insurance premiums.
10. For the purpose of the annual bonus this relates to performance related schemes only and therefore figures exclude any cost of living payments made to all employees during the year.
11. Matt Davies was appointed to the Board on 1 July 2023 as Chair Designate, and assumed the role of Chair following shareholder approval at the 14 September 2023 AGM.
12. Ed Williams retired from the Board on 14 September 2023.

RELATIVE IMPORTANCE OF THE SPEND ON PAY

The following table shows the Group's actual spend on pay for all employees compared to distributions to shareholders. The average number of employees has also been included for context. Revenue and Operating profit have also been disclosed as these are two key measures of Group performance.

	2024 £m	2023 £m	% change
Employee costs (see note 7 to the Consolidated financial statements)	**92.4**	84.1	10%
Average number of employees (see note 7 to the Consolidated financial statements)	**1,233**	1,160	6%
Revenue (see Consolidated income statement)	**570.9**	500.2	14%
Operating profit	**348.7**	277.6	26%
Share buybacks and Dividends paid (see notes 26 and 28 to the Consolidated financial statements)	**250.3**	225.0	11%

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FEES FOR THE CHAIR AND NON-EXECUTIVE DIRECTORS

As set out last year in the 2023 Nomination Committee report, the Board appointed Matt Davies as a Non-Executive Director and Chair Designate. Following shareholder approval at the 14 September 2023 AGM, he has been appointed as Chair of the Board, replacing Ed Williams. A wide search was conducted, taking into consideration the requirements of the role. As disclosed last year, it was agreed that the fee for Matt Davies as Chair would be set at £325,000.

Fees for the Chair and Non-Executive Directors were reviewed in March 2024 and will be increased by 3% with effect from 1 July 2024, which is below the average increase for the workforce, but in line with the increase for senior leaders.

As was also disclosed last year, to support the succession plan for NEDs that were on the Board at IPO, NED fees were reviewed and it was decided that when the next new Non-Executive Directors are appointed into the relevant roles, the Committee Chair fees will be increased to £18,500, and the SID fee will be increased to £12,500 at the same time.

The following table sets out the fees in financial year 2025 compared to those which applied in financial year 2024, and the new fees to be applied following the 2024 AGM in line with the disclosed approach to support succession:

Base fees	2024	Percentage change	2025	Fees to be applied post AGM
Chair	£325,000	3%	**£334,750**	£334,750
Non-Executive Director	£63,904	3%	**£65,821**	£65,821
Additional fees				
Senior Independent Director	£10,954	3%	**£11,283**	£12,500
Audit Committee Chair	£10,954	3%	**£11,283**	£18,500
Remuneration Committee Chair	£10,954	3%	**£11,283**	£18,500
Corporate Responsibility Committee Chair	£10,954	3%	**£11,283**	£18,500

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment. The letters of appointment are available for inspection at the Company's registered office.

Details of the appointment terms of the Non-Executive Directors are as follows:

	Start of current term	Expiry of current term
Matt Davies	1 July 2023	30 June 2026
David Keens[1]	1 May 2021	30 April 2024
Jill Easterbrook[1]	1 July 2021	30 June 2024
Jeni Mundy	1 March 2022	28 February 2025
Sigga Sigurdardottir	1 November 2022	31 October 2025
Jasvinder Gakhal	1 January 2022	31 December 2024
Geeta Gopalan	1 May 2024	30 April 2027

1. David Keens and Jill Easterbrook will remain on the Board until the AGM on 19 September 2024.

In addition, Amanda James will join the Board as a Non-Executive Director on 1 July 2024, and her letter of appointment will include a three-year term to 30 June 2027.

FUNDING OF EQUITY AWARDS

Share awards may be funded by a combination of newly issued shares, treasury shares and shares purchased in the market. Where shares are newly issued or from treasury, the Company complies with Investment Association dilution guidelines on their issue. The current dilution usage of all share plans is c.1.29% of shares in issue.

Where shares are purchased in the market, these will be held by a trust, in which case the voting rights relating to the shares are exercisable by the Trustees in accordance with their fiduciary duties. At 31 March 2024, the trust held 312,831 shares in respect of the Share Incentive Plan.

EXTERNAL DIRECTORSHIPS

Auto Trader recognises that its Executive Directors may be invited to become non-executive directors of other companies. Such non-executive duties can broaden a Director's experience and knowledge which can benefit Auto Trader. On 12 May 2023, Catherine Faiers was appointed as a Non-Executive Director of Allegro.eu Group. The Board approved the directorship in advance to ensure that there was no conflict of interest, and the Remuneration Committee approved that Catherine will retain the remuneration from the appointment.

MEMBERSHIP OF THE COMMITTEE

Jill Easterbrook is the Committee Chair, and its other members are David Keens, Jeni Mundy, Sigga Sigurdardottir and Jasvinder Gakhal. Geeta Gopalan joined the Committee on 1 May 2024. Amanda James will join the Committee on 1 July 2024. Refer to pages 68 and 81 for further details of the membership of the Committee, the Terms of Reference, the meetings held and activities during the year.

EXTERNAL ADVISORS

During the year the Committee received advice from Deloitte who were appointed in October 2017 following a competitive tender process. Deloitte are founding members of the Remuneration Consultants Code of Conduct and adhere to this Code in their dealings with the Committee. The Committee is satisfied that the advice provided by Deloitte is objective and independent. The Committee is comfortable that the members of the Deloitte team that provide remuneration advice to the Committee do not have connections with the Company or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Fees are charged on a time and materials basis. During the year Deloitte was paid £111,900 excluding VAT for advice provided to the Committee. Deloitte provided additional services to the Company in relation to internal audit, debt advisory and tax services.

STATEMENT OF SHAREHOLDER VOTING

Shareholder voting in relation to recent AGM resolutions is as follows:

	Votes for	% of votes cast for	Votes against	% of votes cast against	Abstentions
2023 AGM: Annual Report on Remuneration (advisory)	706,110,308	95.91%	30,101,147	4.09%	296,896
2021 AGM: Remuneration Policy (binding)	758,040,974	99.69%	2,355,178	0.31%	7,406,699

APPROVAL

This Directors' remuneration report has been approved by the Board of Directors.
Signed on behalf of the Board of Directors.

Jill Easterbrook
Chair of the Remuneration Committee
30 May 2024

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Directors' report

The Directors have pleasure in submitting their report and the audited financial statements of Auto Trader Group plc (the 'Company') and its subsidiaries (together the 'Group') for the financial year to 31 March 2024.

STATUTORY INFORMATION

Information required to be part of the Directors' report can be found elsewhere in this document, as indicated in the table below, and is incorporated into this report by reference:

Section of Annual Report	Page reference
Employee engagement	• Strategic report: Working responsibly (page 40) • Strategic report: Section 172(1) statement (page 16)
Employees with disabilities	• Strategic report: Working responsibly (page 44)
Engagement with suppliers, customers and other stakeholders	• Strategic report: Section 172(1) statement (pages 16 to 17)
Financial instruments	• Financial statements: Note 32 to the Consolidated financial statements (page 149)
Future developments of the business	• Strategic report: COO's strategic review (page 10)
Greenhouse gas emissions	• Strategic report: Working responsibly (page 40)
Non-financial reporting	• Strategic report: Non-financial and sustainability information statement (page 21)

INFORMATION REQUIRED BY LR 9.8

Information required to be included in the Annual Report by LR 9.8 can be found in this document as indicated in the table below:

Section of Annual Report	Page reference
Allotment of shares during the year	• Financial statements: Note 26 to the Consolidated financial statements (page 142)
Corporate Governance Code Compliance	• Governance: Governance overview (page 61)
Directors' interests	• Governance: Directors' remuneration report (page 81)
Directors' Service Contracts	• Governance: Directors' remuneration report (page 81)
Gender and ethnicity targets	• Strategic report: Working responsibly (page 40)
Going Concern and Viability	• Strategic report: Principal risks and uncertainties (page 53)
Long-term incentive schemes	• Governance: Directors' remuneration report (page 81)
Powers for the Company to buyback its shares	• Governance: Directors' report (page 101)
Significant contracts	• Governance: Directors' report (page 102)
Significant related party agreements	• Governance: Directors' report (page 102)
Significant shareholders	• Governance: Directors' report (page 102)
TCFD Disclosures	• Strategic report: Working responsibly (page 29)
Waiver of Dividends	• Governance: Directors' report (page 101)

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Directors' report continued

MANAGEMENT REPORT
This Directors' report, on pages 100 to 103, together with the Strategic report on pages 1 to 60, form the Management Report for the purposes of DTR 4.1.5R.

STRATEGIC REPORT
The Strategic report, which can be found on pages 1 to 60, sets out the Group's strategy, objectives and business model; the development, performance and position of the Group's business (including financial, operating and cultural key performance indicators); a description of the principal risks and uncertainties; the main trends and factors likely to affect the future development, performance and position of the Group's business; and contains the non-financial and sustainability information statement.

UK CORPORATE GOVERNANCE CODE
The Company's statement on corporate governance can be found in the Corporate governance statement, the Report of the Nomination Committee, the Report of the Audit Committee, the Report of the Corporate Responsibility Committee and the Directors' remuneration report and policy report on pages 66 to 99; all of which form part of this Directors' report and are incorporated into it by reference.

2024 ANNUAL GENERAL MEETING
The 2024 AGM will take place at 11:00am on Thursday 19 September 2024 at the Company's registered office: 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. We intend to hold the AGM as a physical meeting.

We encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to ir@autotrader.co.uk.

The AGM Notice sets out the resolutions to be proposed and specifies the deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes will be counted and the numbers for, against or withheld in relation to each resolution will be announced at the AGM and published on the Company's website.

BOARD OF DIRECTORS
The following individuals were Directors of the Company for the whole of the financial year ending 31 March 2024, and to the date of approving this report unless otherwise stated:

- Matthew Davies (from 1 July 2023).
- Nathan Coe.
- Catherine Faiers.
- Jamie Warner.
- David Keens.
- Jill Easterbrook.
- Jeni Mundy.
- Sigga Sigurdardottir.
- Jasvinder Gakhal.
- Geeta Gopalan (from 1 May 2024).

As previously announced on 22 March 2024, the Board approved the appointment of Geeta Gopalan with effect from 1 May 2024 and Amanda James with effect from 1 July 2024. Geeta will be appointed as Senior Independent Director and Remuneration Committee Chair and Amanda will be appointed as Audit Committee Chair at the conclusion of the 2024 AGM. David Keens and Jill Easterbrook will not stand for re-election at the 2024 AGM. All other Directors will stand for election or re-election at the 2024 AGM in line with the recommendations of the Code.

APPOINTMENT AND REPLACEMENT OF DIRECTORS
At each AGM each Director then in office shall retire from office with effect from the conclusion of the meeting. When a Director retires at an AGM in accordance with the Articles of Association of the Company, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring Director. In the absence of such a resolution, the retiring Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles.

RESULTS AND DIVIDENDS
The Group's and Company's audited financial statements for the year are set out on pages 116 to 160.

The Company declared an interim dividend on 9 November 2023 of 3.2 pence per share which was paid on 26 January 2024.

The Directors recommend payment of a final dividend of 6.4 pence per share (2023: 5.6 pence) to be paid on 27 September 2024 to shareholders on the register of members at the close of business on 30 August 2024, subject to approval at the 2024 AGM.

SHARE CAPITAL AND CONTROL
The Company's issued share capital comprises ordinary shares of £0.01 each which are listed on the London Stock Exchange (LSE: AUTO.L). The ISIN of the shares is GB00BVYVFW23.

On 22 June 2023, 7,849,782 ordinary shares of £0.01 each were allotted to the vendors of Autorama UK Limited as satisfaction of the deferred consideration payable as detailed further in notes 26 and 31 to the Consolidated financial statements. The market price on the date of allotment was 589.2p per share.

The issued share capital of the Company as at 31 March 2024 comprised 907,213,454 shares of £0.01 each, and 4,899,346 shares were held in treasury. As at 30 May 2024, the issued share capital of the Company comprises 903,009,190 shares of £0.01 each, and 4,849,326 shares held in treasury.

Further information regarding the Company's issued share capital and details of the movements in issued share capital during the year are provided in note 26 to the Consolidated financial statements. All the information detailed in note 26 forms part of this Directors' report and is incorporated into it by reference.

Details of employee share schemes are provided in note 30 to the Consolidated financial statements.

AUTHORITY TO ALLOT SHARES
Under the 2006 Act, the Directors may only allot shares if authorised to do so by shareholders in a general meeting. At the 2023 AGM, special resolution 16 conferred upon Directors the authority to allot ordinary shares up to a maximum nominal amount of £920,199 (92,019,900 shares), for cash, on a non-pre-emptive basis.

In the Notice of the 2024 AGM (the 'AGM Notice'), ordinary resolution 16 seeks a new authority to allow the Directors to allot ordinary shares representing approximately two thirds of the Company's existing share capital as at the date of the AGM Notice, of which approximately one third of the Company's issued ordinary share capital can only be allotted pursuant to a rights issue. Special resolutions 21 and 22 seek a new authority to allow the Directors to allot ordinary shares on a non-pre-emptive basis up to a maximum of approximately 5% of the Company's existing share capital and special resolutions 21 and 22 seek a new authority to allow the Directors to allot ordinary shares on a non-pre-emptive basis in connection with an acquisition or specified capital investment, up to a further maximum of approximately 5% of the Company's existing share capital at the date of the AGM Notice.

AUTHORITY TO PURCHASE OWN SHARES
As described on page 24, the Company intends to continue its share buyback programme, under the authority passed at the 2023 AGM under which the Company is authorised to make market purchases of up to a maximum of 10% (92,019,875 shares) of its own ordinary shares (excluding shares held in treasury), subject to minimum and maximum price restrictions, either to be cancelled or retained as treasury shares. The Directors will seek to renew this authority at the forthcoming AGM.

RIGHTS ATTACHING TO SHARES
All shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles, described below. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

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No shareholder holds shares in the Company which carry special rights with regard to control of the Company. There are no shares relating to an employee share scheme which have rights with regard to control of the Company that are not exercisable directly and solely by the employees, other than in the case of the Auto Trader Group Share Incentive Plan, where share interests of a participant in such scheme can be exercised by the personal representatives of a deceased participant in accordance with the Scheme rules.

VOTING RIGHTS

Each ordinary share entitles the holder to vote at general meetings of the Company. A resolution put to the vote of the meeting shall be decided on a show of hands, unless the Directors decide in advance that a poll will be conducted, or unless a poll is demanded at the meeting. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. No member shall be entitled to vote at any general meeting either in person or by proxy, in respect of any share held by the member, unless all amounts presently payable by the member in respect of that share have been paid. Save as noted, there are no restrictions on voting rights nor any agreement that may result in such restrictions.

RESTRICTIONS ON TRANSFER OF SECURITIES

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to close periods) and requirements of the Company's share dealing code whereby Directors and certain employees of the Company require approval to deal in the Company's securities.

CHANGE OF CONTROL

Save in respect of a provision of the Company's share schemes which may cause options and awards granted to employees under such schemes to vest on takeover, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

Our current employee share plans were adopted at the time of the Company's IPO in 2015 and expire for the purposes of new awards in 2025. We are seeking shareholder approval for certain new plans and to renew other plans at the 2024 AGM.

SIGNIFICANT CONTRACTS

The only significant agreement to which the Company is a party that takes effect, alters or terminates upon a change of control of the Company following a takeover bid, and the effect thereof, is the revolving credit facility agreement, which contains customary prepayment, cancellation and default provisions including, if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control.

TRANSACTIONS WITH RELATED PARTIES

Compensation paid to Directors and Key Management is as disclosed in note 8 to the Consolidated financial statements.

RESEARCH AND DEVELOPMENT

Innovation, specifically in software, is a critical element of Auto Trader's strategy and therefore of the future success of the Group. Accordingly, the majority of the Group's research and development expenditure is predominantly related to this area. The Group's approach to technology development continues to be such that the Group develops its core infrastructure through small-scale, maintenance-like incremental improvements. As a result the amount of capitalised internal development costs is of a low value, reflecting the level of expenditure which meets the requirements of IAS 38, Intangible Assets.

INDEMNITIES AND INSURANCE

The Company maintains appropriate insurance to cover Directors' and officers' liability for itself and its subsidiaries and such insurance was in force for the whole of the financial year ending 31 March 2024. The Company also indemnifies the Directors under a qualifying indemnity for the purposes of Section 236 of the Companies Act 2006: in the case of the Non-Executive Directors in their respective letters of appointment and in the case of the Executive Directors in a separate deed of indemnity. Such indemnities contain provisions that are permitted by the Director Liability provisions of the Companies Act and the Company's Articles.

ENVIRONMENTAL

Information on the Group's greenhouse gas emissions is set out in the Working responsibly section on page 35 and forms part of this report by reference.

POLITICAL DONATIONS

There were no political donations made during the year or the previous year.

EXTERNAL BRANCHES

The Group had no active registered external branches during the reporting period.

FINANCIAL INSTRUMENTS

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk, are given in note 32 to the Consolidated financial statements.

INTERESTS IN VOTING RIGHTS

At the year end the Company had been notified, in accordance with Chapter 5 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, of the following significant interests in the issued ordinary share capital of the Company:

	At 31 March 2024		At 30 May 2024	
Shareholder	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each
BlackRock Inc.	100,394,491	10.97%	100,394,491	10.97%
Baillie Gifford & Co.	47,482,549	5.01%	47,482,549	5.01%
Kayne Anderson Rudnick Investment Management LLC.	45,209,540	4.94%	45,209,540	4.94%

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DISCLOSURE OF INFORMATION TO AUDITOR

Each of the Directors has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make him/herself 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Financial Statements and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ('DTR') 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm, to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We 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's position and performance, business model and strategy.

APPROVAL OF THE ANNUAL REPORT

The Strategic Report and the Corporate Governance Report were approved by the Board on 30 May 2024.

Approved by the Board and signed on its behalf:

Claire Baty
Company Secretary
30 May 2024

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Independent auditor's report to the members of Auto Trader Group plc

1. OUR OPINION IS UNMODIFIED

In our opinion:

- the financial statements of Auto Trader Group plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024, and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of Auto Trader Group plc ('the Company') for the year ended 31 March 2024 (FY24) included in the Annual Report and Financial Statements, which comprise:

Group	Parent Company (Auto Trader Group plc)
Consolidated income statement	Company balance sheet
Consolidated statement of comprehensive income	Company statement of changes in equity
Consolidated balance sheet	Notes 1 to 12 to the Parent Company financial statements, including the accounting policies in note 1
Consolidated statement of changes in equity	
Consolidated statement of cash flows	
Notes 1 to 35 to the Consolidated financial statements, including the accounting policies in note 2	

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee ('AC').

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. OVERVIEW OF OUR AUDIT

FACTORS DRIVING OUR VIEW OF RISKS

On 22 June 2022 the Company acquired Autorama UK Limited ('Autorama'). The identification and valuation of acquired intangible assets was a significant audit risk of error and a key audit matter in FY23 only. This financial year, for the consolidated financial statements, recoverability of goodwill relating to Autorama is a significant risk for our audit, and a key audit matter. This reflects this being the first full year since the acquisition and the judgement required to estimate forecast growth in revenue cash flows, particularly the future number of new car leases transacted.

In the Parent Company financial statements, consistent with the reasons for the consolidated goodwill impairment risk described above, we have identified a significant audit risk and a key audit matter over the recoverable amount of the Parent Company's investment in its Autorama subsidiary.

We have also identified a key audit matter relating to revenue recognition over Trade Retailer revenue. This is the main driver of the Group's results and its size is reflected in the allocation of our resources in planning and executing the audit. Consistent with the prior year, we do not consider this to be a significant audit risk of material misstatement, as based on our cumulative audit experience, we have concluded that there is no material judgement or estimation in Trade Retailer revenue recognition and low risk of fraudulent material misstatement, given the low value and high volume of individual transactions.

Key audit matters	Vs prior year	Item
Recoverability of goodwill relating to Autorama	+	4.1
Recoverability of the Parent Company's investment in Autorama subsidiary	↑	4.2
Revenue recognition (Trade Retailer)	◆	4.3

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Independent auditor's report to the members of Auto Trader Group plc continued

AUDIT COMMITTEE INTERACTION

During the year, the Audit Committee met 5 times. KPMG are invited to attend all Audit Committee meetings and are provided with an opportunity to meet with the Audit Committee in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the AC in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee Chair's report on pages 73 to 77 are materially consistent with our observations of those meetings.

OUR INDEPENDENCE

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during FY24 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 March 2017. The period of total uninterrupted engagement is for the eight financial years ended 31 March 2024.

The Group engagement partner is required to rotate every 5 years. As these are the fourth set of the Group's financial statements signed by David Derbyshire, he will be required to rotate off after the FY25 audit.

The Group engagement partner is also responsible for component audits as set out in section 7 and has had a tenure of 4 years.

Total audit fee	£531,000
Audit related fees (including interim review)	£52,000
Other services	£15,000
Non-audit fee (excluding interim review) as a % of total audit and audit related fee %	2.6%
Date first appointed	22 September 2016
Uninterrupted audit tenure	8 years
Next financial period which requires a tender	2027
Tenure of Group engagement partner	4 years
Average tenure of component signing partners	4 years

MATERIALITY (ITEM 6 BELOW)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £16.5m (FY23: £14.0m) and for the Parent Company financial statements as a whole at £12.8m (FY23: £13.0m).

Consistent with FY23, we determined that profit before tax remains the benchmark for the Group as it is the metric which best reflects the focus of the financial statements' users. As such, we based our Group materiality on profit before tax, of which it represents 4.8% (FY23: 4.8%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 0.75% (FY23: 0.75%).

Materiality levels used in our audit

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GROUP SCOPE (ITEM 7 BELOW)

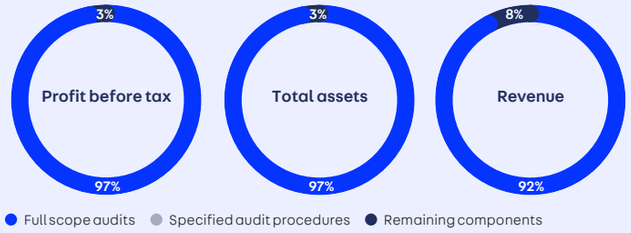
We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and the type of procedures to be performed at these components.

Of the Group's 6 (FY23: 6) reporting components, we subjected 1 (FY23: 1) to a full scope audit. We subjected 1 (FY23: 1) to specified audit procedures. The audit of these components and the audit of the Parent Company was performed by the Group team. The components within the scope of our work accounted for the percentages illustrated opposite.

In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

Coverage of Group financial statements



THE IMPACT OF CLIMATE CHANGE ON OUR AUDIT

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. The Group has set out its commitments under the Paris Agreement to achieve net zero carbon emissions by 2040. Further information is provided in the Group's Task Force on Climate-related Financial Disclosures ('TCFD') recommended disclosures on pages 29 to 39.

As a part of our audit we have performed a risk assessment, including making enquiries of management, reading board meeting minutes and applying our knowledge of the Group and sector in which it operates to understand the extent of the potential impact of climate change risk on the Group's financial statements and to consider the impact of climate change on our audit.

Our risk assessment focused on the risk climate change may pose to the determination of future cash flows used in assessments such as impairment risk. We held discussions with our own climate change professionals to challenge our risk assessment. On the basis of our risk assessment, we determined that goodwill impairment and the recoverability of the Parent Company investment in Autorama are the areas which will be the most impacted.

As explained in note 13 of the financial statements, in preparing the value-in-use calculations management has projected sales growth in the Autorama Cash Generating Unit ('CGU'), based on forecast growth in new car leases. This growth is in part driven by the transition to electric vehicles and how these vehicles are sold and distributed.

Our audit response to the key audit matter of the recoverability of goodwill and Parent Company investment in Autorama therefore considers climate change factors, such as UK regulations affecting transition to new electric vehicles. Please refer to those key audit matter responses for further details.

Taking into account the relatively short-term nature of other assets we have not identified any other impacts of climate change on our key audit matters.

We have read the Group's TCFD in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of the climate risk disclosures set out on pages 29 to 39 in the Annual Report.

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Independent auditor's report to the members of Auto Trader Group plc continued

3. GOING CONCERN, VIABILITY AND PRINCIPAL RISKS AND UNCERTAINTIES

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

GOING CONCERN

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to financial covenants over this period were lower than forecast revenues arising from reduced customer demand in the automotive market. We also considered less predictable but realistic second order impacts, such as reputational risk arising from a ransomware attack and a consequential erosion of customer confidence, which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the Group's liquidity or covenant compliance in the going concern period by assessing the degree of downside assumptions that, individually and collectively, could result in a liquidity shortfall, taking into account the Group's current and projected cash and borrowing facilities (a reverse stress test). We also assessed the completeness of the going concern disclosure.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 60 is materially consistent with the financial statements and our audit knowledge.

DISCLOSURES OF EMERGING AND PRINCIPAL RISKS AND LONGER-TERM VIABILITY

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on pages 59 to 60 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risks and uncertainties disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they 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, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement set out on page 59 to 60 under the Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

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4. KEY AUDIT MATTERS

WHAT WE MEAN

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Recoverability of goodwill relating to Autorama

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23	Our results
Recoverability of group Autorama goodwill Goodwill	**£92.5m**	£92.5m	+ Our risk assessment reflects FY24 being the first full year since the Autorama acquisition and the judgement required to estimate forecast growth in revenue cash flows.	**FY24: Acceptable**

Description of the Key Audit Matter

Autorama goodwill represents a material asset in the consolidated balance sheet for which an annual impairment test is required to assess its recoverable amount. The consolidated Autorama cash generating unit book value, including other intangible assets and property, was £144.0m at 31 March 2024 (31 March 2023: £152.8m).

Recoverable amount is the higher of fair value less cost to sell and value in use. The Group has estimated the recoverable amount of the cash generating unit at 31 March 2024 based on value in use.

We have identified a significant audit risk, and a key audit matter, over the recoverability of Autorama goodwill due to the judgement required to estimate forecast revenue cash flows, particularly the future number of new car leases transacted by Autorama. The new car market, including leasing, is impacted by changes in new car supply and the transition to electric vehicles.

The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that value in use of the Autorama cash generating unit ('CGU') had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we concluded that reasonably possible changes to the value in use of the Autorama CGU would not be expected to result in material impairment.

The consolidated financial statements (Note 13) disclose the sensitivity estimated by the Group.

Our response to the risk

We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures to address the risk included:

- Historical comparisons: we assessed the ability of the Group to forecast accurately, by comparing prior period forecasts of revenue growth assumptions to the actual outcomes.
- Benchmarking assumptions: we challenged the revenue growth assumptions in the value in use calculation by comparing management's assumption of growth in market share against external data (such as new car and leasing market data which reflect market expectations of the impact of climate change regulations).
- Benchmarking assumptions: we compared the inputs for the long term growth rate and discount rate used in the value in use calculations to comparable market data.
- Sensitivity analysis: we performed our own sensitivity analysis, including a reasonably possible reduction in the value and timing of forecast revenue growth and an alternative long term growth rate to assess the level of sensitivity to these assumptions.
- Assessing transparency: we assessed whether the Group's disclosures relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse changes in forecast revenue growth and long-term growth rate sufficiently reflected the risks inherent in estimating the recoverable amount of goodwill.

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Communications with the Auto Trader Group Plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach and conclusion on the appropriateness of the impairment assessment performed by management, and of the key assumptions made in determining the recoverable amount based on value in use; and
- the adequacy of the consolidated financial statement disclosures, particularly as they relate to the sensitivity of the key assumptions.

Areas of particular auditor judgement

- The appropriateness of the model and in particular the key assumptions used in the model, including forecast revenue market share, the forecast period and the long term growth rate.

Our results

- We found the Group's conclusion that there is no impairment of Autorama goodwill to be acceptable (2023: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 73 for details on how the Audit Committee considered the recoverable amount of Autorama goodwill as an area of financial statement risk and judgement, page 126 for the accounting policy on Impairment, and note 13 for the financial disclosures.

4.2 Recoverability of the Parent Company's investment in Autorama (Parent Company)

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23	Our results
Investment in Autorama UK Limited	**£170.9m**	£198.8m	↑ Our assessment is that the risk is higher than FY23. This reflects FY24 being the first full year since the Autorama acquisition and the judgement required to estimate growth in forecast revenue cash flows.	**FY24: Acceptable** FY23: Acceptable

Description of the Key Audit Matter	Our response to the risk
The carrying value of the Parent Company's investment in Autorama at 31 March 2024 was £170.9m (31 March 2023: £198.8m). Recoverable amount is the higher of fair value less cost to sell and value in use. The Parent Company has estimated the recoverable amount of the cash generating unit investment at 31 March 2024 based on value in use. We have identified a significant audit risk, and a key audit matter, over the recoverable amount of the investment in Autorama due to the judgement required to estimate forecast revenue cash flows, particularly the future number of new car leases transacted by Autorama. The new car market, including leasing, is impacted by changes in new car supply and the transition to electric vehicles. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the investment in Autorama has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the parent company financial statements as a whole. The Parent Company financial statements (Note 3) disclose the sensitivity estimated by the Company. Last year our key audit matter related to all of the company's investments in subsidiaries. For the reasons above, our key audit matter in the current year relates only to the company's investment in Autorama. We continue to perform procedures over the other investment in subsidiary.	We performed the tests below rather than seeking to rely on any of the company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures to address the risk included: • Assessing methodology: assessing management's identification of whether there are any qualitative or quantitative impairment indicators in respect of the investments held. • Historical comparisons: we assessed the ability of the Group to forecast accurately, by comparing prior period forecasts of revenue growth assumptions to the actual outcomes. • Benchmarking assumptions: we challenged the revenue growth assumptions in the value in use calculation by comparing management's assumption of growth in market share against external data (such as new car and leasing market data which reflect market expectations of the impact of climate change regulations). • Benchmarking assumptions: we compared the inputs for the long term growth rate and discount rate used in the value in use calculations to comparable market data. • Sensitivity analysis: we performed our own sensitivity analysis, including a reasonably possible reduction in the value and timing of forecast revenue growth and an alternative long term growth rate to assess the level of sensitivity to these assumptions. • Assessing transparency: we assessed the Parent Company's disclosures relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse changes in forecast revenue growth and long-term growth rate.

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Description of the Key Audit Matter	Our response to the risk

Communications with the Auto Trader Group plc's Audit Committee
Our discussions with and reporting to the Audit Committee included:

- Our approach and conclusion on the appropriateness of the impairment assessment performed by management, and of the key assumptions made in determining the recoverable amount based on value in use; and
- the adequacy of the Parent Company financial statement disclosures, particularly as they relate to the sensitivity of the key assumptions.

Areas of particular auditor judgement
- The appropriateness of the model and in particular the key assumptions used in the model, including forecast revenue market share, the forecast period and the long term growth rate.

Our results
- As a result of our work, we considered the quantum of the impairment provision recognised in the year to be acceptable (2023: no impairment recognised – acceptable).

4.3 Revenue recognition (Group)

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23	Our results
Trade Retailer revenue	**£450.0m**	£406.8m	◆▸ Our assessment is that the risk is similar to FY23, reflecting how the majority of the Group's revenue processing is performed and recognised on a consistent basis in both years.	**FY24: Acceptable** FY23: Acceptable

Description of the Key Audit Matter	Our response to the risk
Trade Retailer revenue primarily consists of fees for advertising on the Group's website and related data and access services. There are a high volume of transactions, no significant concentration of customers and a variety of set packages. Retailers have the ability to select the combination of products they receive. Based on our cumulative audit experience, we have concluded that there is no material judgement or estimation in Trade Retailer revenue recognition and low risk of fraudulent material misstatement, given the low value and high volume of individual transactions. We continue to consider Trade Retailer revenue recognition to be a key audit matter as it is the main driver of the Group's results and its size is reflected in the allocation of our resources in planning and executing the audit.	Our procedures to address the risk included: • Control design and operation: testing the design, implementation and operating effectiveness of bank reconciliation controls, to provide evidence over reliability of cash data used in our tests of detail. • Accounting analysis: inspecting contractual terms, including modifications to standard terms agreed in the year, to identify performance obligations and determine the timing of revenue recognition. • Data comparisons: using computer assisted audit techniques to match sales information from the billing system to the accounting records. • Tests of detail: using computer assisted audit techniques to match the entire population of Trade Retailer sales transactions recorded in the accounts to the billing system and from the billing system to cash received and trade receivables (including accrued income) outstanding at the year end. • Tests of detail: using computer assisted AI transaction scoring to identify high and medium risk Trade Retailer sales transactions, for testing using statistical sampling techniques.

Communications with the Auto Trader Group Plc's Audit Committee
Our discussions with and reporting to the Audit Committee included:

- Our planned audit approach for revenue testing, including our rebuttal of the presumed risk of material misstatement of revenue as a result of fraud and our use of computer assisted audit techniques.
- Our findings from our computer assisted audit techniques, which matched sales transactions between the accounts, the billing system, and cash received and trade receivables outstanding at year end.
- Our findings from our AI transactional scoring procedure, which identified high or medium risk revenue transactions for substantive testing.

Areas of particular auditor judgement
- We identified no areas of particular auditor judgement.

Our results
- We considered the amount of Trade Retailer revenue recognised in the year to be acceptable (2023: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 73 for details on how the Audit Committee considered revenue recognition as an area of financial statement risk and judgement, pages 122 to 123 for the accounting policy on Revenue, and note 5 for the financial disclosures.

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4.4 Identification and valuation of acquired intangible assets (Group)
The identification and valuation of acquired intangible assets was a key audit matter for the year ended 31 March 2023, following the Company's acquisition of Autorama UK Limited ('Autorama') in that year. As there were no business combinations in the current year, we have not identified this key audit matter in our report this year.

5. OUR ABILITY TO DETECT IRREGULARITIES, AND OUR RESPONSE

FRAUD – IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD

Fraud risk assessment	To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included: • Enquiring of directors, the Audit Committee, internal audit and the company secretary and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the outsourced internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud; • Reading Board and other committee meeting minutes; • Considering remuneration incentive schemes and performance targets for management and directors, including the Group's share based incentive schemes, comprising the Performance Share Plan, the Deferred Annual Bonus and the Single Incentive Plan Award; and • Using analytical procedures to identify any unusual or unexpected relationships.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.
Fraud risks	As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as goodwill impairment assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there is no material judgement or estimation in revenue recognition and a low risk of fraudulent material misstatement, given the low value and high volume of individual transactions. We did not identify any additional fraud risks.
Procedures to address fraud risks	We performed procedures including: • Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unexpected accounts and those posted with unusual descriptions; and • Assessing whether the judgements made in making accounting estimates, including goodwill impairment, are indicative of a potential bias.

LAWS AND REGULATIONS – IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT RELATING TO COMPLIANCE WITH LAWS AND REGULATIONS

Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
Direct laws context and link to audit	The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pensions legislation in respect of defined benefit pension schemes and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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LAWS AND REGULATIONS – IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT RELATING TO COMPLIANCE WITH LAWS AND REGULATIONS	
Most significant indirect law/ regulation areas	Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: General Data Protection Regulation, FCA compliance, competition law, employment law, anti-bribery and anti-corruption and money laundering legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

CONTEXT	
Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. OUR DETERMINATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£16.5m (FY23: £14.0m) **Materiality for the group financial statements as a whole**	What we mean A quantitative reference for the purpose of planning and performing our audit. Basis for determining materiality and judgements applied Materiality for the Group financial statements as a whole was set at £16.5m (FY23: £14.0m). This was determined with reference to a benchmark of profit before tax. Consistent with FY23, we determined that profit before tax remains the main benchmark for the Group as it is the metric in the primary statements which best reflects the focus of the financial statements' users. Our Group materiality of £16.5m was determined by applying a percentage to profit before tax. When using a benchmark of profit before tax to determine overall materiality, KPMG's approach for listed entities considers a guideline range of 3% – 5% of the measure. In setting overall Group materiality, we applied a percentage of 4.8% (FY23: 4.8%) to the benchmark. Materiality for the Parent Company financial statements as a whole was set at £12.8m (FY23: £13.0m), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.75% (FY23: 0.75%).
£12.3m (FY23: £10.5m) **Performance materiality**	What we mean Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Basis for determining performance materiality and judgements applied We have considered performance materiality at a level of 75% (FY23: 75%) of materiality for Auto Trader Group plc financial statements as a whole to be appropriate. The Parent Company performance materiality was set at £9.6m (FY23: £9.8m), which equates to 75% (FY23: 75%) of materiality for the Parent Company financial statements as a whole. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

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£0.8m
(FY23: £0.7m)

Audit misstatement posting threshold

What we mean
This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to Auto Trader Group plc's Audit Committee.

Basis for determining the audit misstatement posting threshold and judgements applied
We set our audit misstatement posting threshold at 5% (FY23: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £16.5m (FY23: £14.0m) compares as follows to the main financial statement caption amounts:

	Total Group revenue		Group profit before tax		Total Group assets	
	FY24	FY23	FY24	FY23	FY24	FY25
Financial statement Caption	**£570.9m**	£500.2m	**£345.2m**	£293.6m	**£658.0m**	£662.7m
Group Materiality as % of caption	**2.9%**	2.8%	**4.8%**	4.8%	**2.5%**	2.1%

7. THE SCOPE OF OUR AUDIT

Group scope

What we mean
How the Group audit team determined the procedures to be performed across the Group.

Of the Group's 6 (FY23: 6) reporting components, we subjected 1 (FY23: 1) to a full scope audit. We subjected 1 (FY23: 1) to specified audit procedures for Group purposes. The audit of these components and the audit of the Parent Company was performed by the Group team.

Scope	Number of components	Materiality applied
Full scope audit	1	£15.5m
Specified audit procedures	1	£12.8m

In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

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8. OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

ALL OTHER INFORMATION

Our responsibility	Our reporting
Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.	Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

STRATEGIC REPORT AND DIRECTORS' REPORT

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

DIRECTORS' REMUNERATION REPORT

Our responsibility	Our reporting
We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with 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.

CORPORATE GOVERNANCE DISCLOSURES

Our responsibility	Our reporting
We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and: • the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; • the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and • the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.	Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.	We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Our responsibility	Our reporting
Under the Companies Act 2006, we are required to report to you if, in our opinion: • 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.	We have nothing to report in these respects.

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9. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 103, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

30 May 2024

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Consolidated income statement
For the year ended 31 March 2024

	Note	2024 £m	2023 £m
Revenue	5	**570.9**	500.2
Operating costs	4	**(225.0)**	(225.1)
Share of profit from joint ventures, net of tax	16	**2.8**	2.5
Operating profit	6	**348.7**	277.6
Net finance costs	9	**(3.5)**	(3.1)
Profit on disposal of subsidiary	10	**–**	19.1
Profit before taxation		**345.2**	293.6
Taxation	11	**(88.3)**	(59.7)
Profit for the year attributable to equity holders of the parent		**256.9**	233.9
Basic earnings per share (pence)	12	**28.15**	25.01
Diluted earnings per share (pence)	12	**28.07**	24.77

The accompanying notes form part of these financial statements.

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Consolidated statement of comprehensive income
For the year ended 31 March 2024

	Note	2024 £m	2023 £m
Profit for the year		**256.9**	233.9
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		–	(0.3)
Realisation of cumulative currency translation differences		–	0.4
		–	0.1
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations, net of tax	25	**(0.1)**	(0.4)
Other comprehensive income for the year, net of tax		**(0.1)**	(0.3)
Total comprehensive income for the year attributable to equity holders of the parent		**256.8**	233.6

The accompanying notes form part of these financial statements.

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Consolidated balance sheet
At 31 March 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Intangible assets	13	**487.7**	501.0
Property, plant and equipment	14	**14.9**	15.9
Retirement benefit surplus	25	**0.6**	0.5
Net investments in joint ventures	16	**48.2**	49.3
Other investments	17	**1.3**	2.3
		552.7	569.0
Current assets			
Inventory	19	**2.6**	3.6
Trade and other receivables	18	**83.3**	72.9
Current income tax assets		**0.7**	0.6
Cash and cash equivalents	20	**18.7**	16.6
		105.3	93.7
Total assets		**658.0**	662.7
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	26	**9.2**	9.3
Share premium		**182.6**	182.6
Retained earnings		**1,420.5**	1,390.3
Own shares held	27	**(31.3)**	(26.0)
Capital reorganisation reserve		**(1,060.8)**	(1,060.8)
Capital redemption reserve		**1.4**	1.2
Other reserves		**30.7**	30.7
Total equity		**552.3**	527.3
Liabilities			
Non-current liabilities			
Borrowings	22	**27.7**	57.5
Provisions	23	**1.6**	1.3
Lease liabilities	15	**2.4**	4.6
Deferred income	5	**7.8**	8.3
Deferred taxation liabilities	24	**2.9**	5.8
		42.4	77.5
Current liabilities			
Trade and other payables	21	**60.1**	53.6
Provisions	23	**0.8**	0.7
Lease liabilities	15	**2.4**	2.5
Borrowings	22	**–**	1.1
		63.3	57.9
Total liabilities		**105.7**	135.4
Total equity and liabilities		**658.0**	662.7

The accompanying notes form part of these financial statements. The financial statements were approved by the Board of Directors on 30 May 2024 and authorised for issue:

Jamie Warner
Chief Financial Officer
Auto Trader Group plc
Registered number: 09439967
30 May 2024

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Consolidated statement of changes in equity
For the year ended 31 March 2024

	Note	Share capital £m	Share premium £m	Retained earnings £m	Own shares held £m	Capital reorganisation reserve £m	Capital redemption reserve £m	Other reserves £m	Total equity £m
Balance at 31 March 2022		**9.5**	**182.6**	**1,332.4**	**(22.4)**	**(1,060.8)**	**1.0**	**30.2**	**472.5**
Profit for the year		–	–	233.9	–	–	–	–	233.9
Other comprehensive income:									
Currency translation differences		–	–	–	–	–	–	(0.3)	(0.3)
Realisation of cumulative currency translation differences		–	–	–	–	–	–	0.4	0.4
Remeasurements of post-employment benefit obligations, net of tax	25	–	–	(0.4)	–	–	–	–	(0.4)
Total comprehensive income, net of tax		–	–	233.5	–	–	–	0.1	233.6
Transactions with owners									
Employee share schemes – value of employee services	30	–	–	44.6	–	–	–	–	44.6
Exercise of employee share schemes		–	–	(3.6)	5.1	–	–	0.4	1.9
Tax impact of employee share schemes		–	–	0.4	–	–	–	–	0.4
Purchase of own shares for treasury		–	–	–	(8.7)	–	–	–	(8.7)
Purchase of own shares for cancellation		(0.2)	–	(139.3)	–	–	0.2	–	(139.3)
Dividends paid		–	–	(77.7)	–	–	–	–	(77.7)
Total transactions with owners, recognised directly in equity		(0.2)	–	(175.6)	(3.6)	–	0.2	0.4	(178.8)
Balance at 31 March 2023		**9.3**	**182.6**	**1,390.3**	**(26.0)**	**(1,060.8)**	**1.2**	**30.7**	**527.3**
Profit for the year		–	–	256.9	–	–	–	–	256.9
Other comprehensive income:									
Remeasurements of post-employment benefit obligations, net of tax	25	–	–	(0.1)	–	–	–	–	(0.1)
Total comprehensive income, net of tax		–	–	256.8	–	–	–	–	256.8
Transactions with owners									
Employee share schemes – value of employee services	30	–	–	17.9	–	–	–	–	17.9
Exercise of employee share schemes		–	–	(4.0)	5.8	–	–	–	1.8
Tax impact of employee share schemes		–	–	(0.3)	–	–	–	–	(0.3)
Purchase of own shares for treasury		–	–	–	(11.1)	–	–	–	(11.1)
Purchase of own shares for cancellation		(0.2)	–	(159.7)	–	–	0.2	–	(159.7)
Issue of ordinary shares		0.1	–	(0.1)	–	–	–	–	–
Dividends paid		–	–	(80.4)	–	–	–	–	(80.4)
Total transactions with owners, recognised directly in equity		(0.1)	–	(226.6)	(5.3)	–	0.2	–	(231.8)
Balance at 31 March 2024		**9.2**	**182.6**	**1,420.5**	**(31.3)**	**(1,060.8)**	**1.4**	**30.7**	**552.3**

The accompanying notes form part of these financial statements.

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Consolidated statement of cash flows
For the year ended 31 March 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities			
Cash generated from operations	29	**379.0**	327.4
Income taxes paid		**(91.5)**	(60.5)
Net cash generated from operating activities		**287.5**	266.9
Cash flows from investing activities			
Purchases of intangible assets		**(0.2)**	(1.0)
Purchases of property, plant and equipment		**(3.6)**	(2.4)
Proceeds from sale of property, plant and equipment		**0.2**	1.8
Dividends received from joint ventures	16	**3.9**	2.9
Interest received on cash and cash equivalents		**0.5**	0.3
Payment for acquisition of subsidiary, net of cash acquired	31	**–**	(144.2)
Payment of deferred consideration for acquisition of subsidiary	31	**–**	(8.1)
Payment for acquisition of shares in investment entities		**–**	(1.3)
Proceeds on disposal of shares in investment entities		**1.0**	–
Proceeds on disposal of subsidiary, net of cash disposed	10	**–**	25.6
Net cash used in investing activities		**1.8**	(126.4)
Cash flows from financing activities			
Dividends paid to Company's shareholders	28	**(80.4)**	(77.7)
Drawdown of Syndicated revolving credit facility	22	**57.0**	110.0
Repayment of Syndicated revolving credit facility	22	**(87.0)**	(50.0)
Repayment of other debt	22	**(1.1)**	(4.0)
Proceeds from loan	22	**–**	1.1
Payment of refinancing fees	22	**(0.5)**	(1.4)
Payment of interest on borrowings	33	**(3.4)**	(3.3)
Payment of lease liabilities	15	**(2.7)**	(2.9)
Purchase of own shares for cancellation	26	**(158.9)**	(138.6)
Purchase of own shares for treasury	27	**(11.0)**	(8.7)
Payment of fees on purchase of own shares		**(0.9)**	(0.7)
Contributions to defined benefit pension scheme	25	**(0.1)**	(1.0)
Proceeds from exercise of share-based incentives		**1.8**	2.0
Net cash used in financing activities		**(287.2)**	(175.2)
Net increase/(decrease) in cash and cash equivalents		**2.1**	(34.7)
Cash and cash equivalents at beginning of year	20	**16.6**	51.3
Cash and cash equivalents at end of year	20	**18.7**	16.6

The accompanying notes form part of these financial statements.

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1. GENERAL INFORMATION

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Consolidated financial statements of the Company as at and for the year ended 31 March 2024 comprise the Company and its interest in subsidiaries (together referred to as 'the Group'). The Group's principal business is the operation of the Auto Trader platforms which form the UK's largest automotive marketplace.

The Consolidated financial statements of the Group as at and for the year ended 31 March 2024 are available upon request to the Company Secretary from the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN or are available on the corporate website at plc.autotrader.co.uk.

Basis of preparation

The Consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards.

The Consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, except for equity investments and defined benefit pension scheme assets, which are carried at fair value.

Functional and presentation currency

The Consolidated financial statements are presented in sterling (£), which is the Group's presentation currency, and rounded to the nearest hundred thousand (£0.1m) except when otherwise indicated.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the Consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

When the Group disposes of a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in the income statement.

Intercompany transactions and balances between Group companies are eliminated on consolidation.

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as: joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where significant influence is not demonstrated but the shareholding is between 20% and 50%, the Group would account for its interest as an investment. All investments are initially recognised at cost and the carrying value is reviewed for impairment.

Going concern

During the year ended 31 March 2024 the Group has continued to generate significant cash from operations. The Group has an overall positive net asset position and had cash balances of £18.7m at 31 March 2024 (2023: £16.6m). During the year £250.3m was returned to shareholders through share buybacks and dividends (2023: £225.0m).

The Group has access to a Syndicated revolving credit facility (the 'Syndicated RCF'). At 31 March 2024 the Group had £30.0m (2023: £60.0m) drawn of its £200.0m Syndicated RCF. On 2 February 2024, the Group extended the term of its Syndicated RCF for one year and it is therefore now available until February 2029.

Cash flow projections for a period of not less than 12 months from the date of this report have been prepared. Stress case scenarios have been modelled to make the assessment of going concern, taking into account severe but plausible potential impacts of a severe economic downturn, ransomware attack and a new market entrant within the next 12 months. The results of the stress testing demonstrated that due to the Group's significant free cash flow, access to the Syndicated RCF and the Board's ability to adjust the discretionary share buyback programme, the Group would be able to withstand the impact and remain cash generative. Subsequent to the year end, the Group has generated cash flows in line with its forecast and there are no events that have adversely impacted the Group's liquidity.

The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for a period not less than 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Accounting estimates and judgements

The preparation of financial statements in conformity with UK-adopted international accounting standards requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no accounting estimates or judgements at the financial year end which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Other accounting estimates and judgements include:

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1. GENERAL INFORMATION CONTINUED

Carrying values of goodwill (judgement and estimate)

The Group tests annually whether goodwill held by the Group has suffered any impairment in accordance with the accounting policy stated within note 2. The Group has two cash-generating units, Digital and Autorama. Estimation is required for the assumptions used in the calculation of the recoverable amounts of each cash-generating unit, the most significant assumptions relating to the forecast market share growth of Autorama (note 13).

2. SIGNIFICANT ACCOUNTING POLICIES

Changes in significant accounting policies

New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 April 2023:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

The adoption of these amendments has had no material effect on the Group's Consolidated financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective

There are a number of amendments to IFRS that have been issued by the IASB that, when endorsed in the UK, will become effective in a subsequent accounting period including:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The Group has evaluated these changes and none are expected to have a material impact on the Consolidated financial statements.

The Group has early adopted the amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants, which are required to be effective from 1 January 2024. The amendments do not have any material impact on the Group's financial statements.

Existing significant accounting policies

The following accounting policies applied by the Group have been applied consistently to all periods presented in the Consolidated financial statements.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and is recognised when a customer obtains control of the services. Revenue is stated net of discounts, rebates, refunds and value-added tax.

Revenue principally represents the amounts receivable from customers for advertising on the Group's platforms but also includes non-advertising services such as vehicle leasing transactions and data services. The different types of products and services offered to customers along with the nature and timing of satisfaction of performance obligations are set out as follows:

(i) Trade revenue

Trade revenue comprises fees from retailers, Home Traders and logistics customers for advertising on the Group's platforms and customers utilising the Group's other services.

Retailer revenue

Retailer customers pay a monthly subscription fee to advertise their stock on the Group's platforms. Control is obtained by customers across the life of the contract as their stock is continually listed. Contracts for these services are agreed at a retailer or retailer group level and are ongoing subject to a 30-day notice period. Revenue is invoiced monthly in arrears.

Retailers have the option to enhance their presence on the platform through additional products, each of which has a distinct performance obligation. For products that provide enhanced exposure across the life of the product, control is passed to the customer over time. Revenue is only recognised at a point in time for additional advertising products where the customer does not receive the benefit until they choose to apply the product. Additional advertising products are principally billed on a monthly subscription basis in line with their core advertising package, however certain products are billed on an individual charge basis.

The Group also generates revenue from retailers for data and valuation services under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers either across the life of the contract where customers are licensed to use the Group's services or at a point in time when a one-off data service is provided. Digital retailing revenue is generated from retailers who pay a percentage of the vehicle list price when a consumer submits a deal. Each deal is a separate performance obligation and control is obtained at a point in time.

Contract modifications occur on a regular basis as customers change their stock levels or add or remove additional advertising products from their contracts. Following a contract modification, the customer is billed in line with the delivery of the remaining performance obligations. A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

Home Trader revenue

Home Trader customers pay a fee in advance to advertise a vehicle on the Group's platform for a specified period of time. Revenue is deferred until the customer obtains control over the services. Control is obtained by customers across the life of the contract as their vehicle is continually listed. Contracts for these services are typically entered into for a period of between two and six weeks.

Logistics revenue

Logistics customers pay a monthly subscription fee for access to the Group's AT Moves platform. Control is obtained by customers across the life of the contract as their access is continuous. Contracts for these services are agreed at a customer level and are ongoing subject to a 30-day notice period. Logistics customers have the option to bid on vehicle moves advertised by retailers on the platform. The logistics customer pays a fee if they are successful in obtaining business from retailers through the Group's marketplace. Revenue is recognised at the point in time when the vehicle move has been completed. A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

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2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Data revenue

Data customers pay a subscription fee to access elements of Auto Trader's vehicle database or to access the Fleetware software. Control is transferred to customers across the life of the contract where customers have continuous access to the database or the software.

AutoConvert revenue

AutoConvert customers pay a monthly subscription fee to access the AutoConvert platform. Control is transferred to customers across the life of the contract where customers have continuous access to the platform and revenue is recognised across this period. Ancillary AutoConvert revenues are charged on a per transaction basis and revenue is recognised at the point in time that these services are provided.

(ii) Consumer Services revenue

Consumer Services comprises fees from private sellers for vehicle advertisements on the Group's websites, and third-party partners who provide services to consumers relating to their motoring needs, such as insurance and loan finance. Private customers pay a fee in advance to advertise a vehicle on the Group's platform for a specified period of time. Control is obtained by customers across the life of the contract as their stock is continually listed. Contracts for these services are typically entered into for a period of between two and six weeks and revenue is recognised over this time.

Revenue is also generated from third-party partners who utilise the Group's platforms to advertise their products under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers at a point in time when the service is provided. Revenue is also generated through Instant Offer, providing consumers with a guaranteed price for their vehicle offered by a third-party buyer. The Group's fee is recognised as revenue when the consumer's vehicle is collected by the third-party buyer. Similarly, a small amount of revenue is generated via an agreement with Dealer Auction (our joint venture), when retailers purchase a consumer's vehicle via Dealer Auction's platform. Revenue is recognised when the vehicle is listed as sold.

(iii) Manufacturer and Agency revenue

Revenue is generated from manufacturers and their advertising agencies for placing display advertising for their brand or vehicle on the Group's websites under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers across the life of the contract as their advertising is displayed on the different platforms. Rebates are present in the contractual arrangements with customers and are awarded either in cash or value of services based upon annual spend; an estimate of the annualised spend is made at the reporting date to determine the amount of revenue to be recognised. A small proportion of revenue relates to manufacturers who sell direct to consumers using our new car market extension product. Manufacturers pay a monthly subscription fee to advertise their stock on the Group's platforms. Control is obtained by manufacturers across the life of the contract as their stock is continually listed. Contracts for these services are agreed at a manufacturer or manufacturer group level and are ongoing subject to a 30-day notice period. Revenue is invoiced monthly in arrears.

(iv) Autorama revenue

Autorama revenue comprises consideration received from the sale of new vehicles and accessories as well as commission received for facilitating the lease of new vehicles.

Vehicle & Accessory sales revenue

Vehicle & Accessory sales revenue is generated from new vehicles which are purchased from an original equipment manufacturer ('OEM') or retailer and then sold to a lease funder. Control is obtained by the funder at a point in time when the vehicle is delivered and revenue is only recognised at this point. Additional accessories can be added to vehicles at extra cost upon the request of the funder, and control is once again obtained by the funder at a point in time when the vehicle is delivered. Where the Group obtains control of vehicles or accessories in advance of selling those goods to a funder, including holding inventory risk, then the Group is acting as principal and revenue and cost of sales are reported on a gross basis. Where the Group does not obtain control of vehicles, revenue is recorded as the value of the related commission and recognised as described below.

Commission & Ancillary revenue

Commission & Ancillary revenue is generated from commission received from lease funders for facilitating the lease of new vehicles via advertisement on the Company online marketplaces. Control is obtained by the funder at a point in time when the lease is live and revenue is only recognised at this point. Ancillary Autorama revenues are charged on a per transaction basis and revenue is recognised at the point in time that these services are provided.

Rebates are present in the contractual arrangements with funders and are awarded in cash based upon the quarterly number of vehicles provided. Similarly, rebates are present in the contractual arrangements with OEMs and are awarded in cash based upon the quarterly number of vehicles purchased. Revenue is recognised as volume targets are met.

Employee benefits

The Group operates several pension schemes and all except one are defined contribution schemes. Within the UK all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

a) Defined contribution scheme

The assets of the defined contribution scheme are held separately from those of the Group in independently administered funds. The costs in respect of this Scheme are charged to the income statement as incurred.

b) Defined benefit scheme

The Group operates one defined benefit pension scheme that is closed to new members. The asset or liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the Scheme's assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating those of the related pension liability. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Any Scheme surplus (to the extent it can be recovered) or deficit is recognised in full on the balance sheet. Contributions paid to the Scheme by the Group have been classified as financing activities in the Consolidated statement of cash flows as there are no remaining active members within the Scheme.

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2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

c) Share-based payments

Equity-settled awards are valued at the grant date, and the fair value is charged as an expense in the income statement spread over the vesting period. Fair value of the awards is measured using Black-Scholes and Monte Carlo pricing models. The credit side of the entry is recorded in equity. Cash-settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as a liability.

Research and development

Research and development expenditure is charged against profits in the year in which it is incurred, unless it is development that meets the criteria for capitalisation set out in IAS 38 – Intangible Assets.

Operating profit

Operating profit is the profit of the Group (including the Group's share of profit from joint ventures) before finance income, finance costs, profit on disposal of subsidiaries which do not meet the definition of a discontinued operation, and taxation.

Finance income and costs

Finance income is earned on bank deposits and finance costs are incurred on bank borrowings and vehicle stocking loans. Both are recognised in the income statement in the period in which they are incurred.

Taxation

The tax expense for the period comprises current and deferred taxation. Tax is recognised in the income statement, except to the extent that it relates to items recognised in 'other comprehensive income' or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current taxation is provided at amounts expected to be paid (or recovered) calculated using the rates of tax and laws that have been enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts are included in the Consolidated financial statements. Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred taxation assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

The Group has determined that the global minimum top-up tax, which is a liability under Pillar Two legislation, is an income tax in the scope of IAS 12. The Group does not expect a liability to Pillar Two top-up tax based on its effective rate of corporation tax paid and because its consolidated revenue is below the minimum threshold of €750m.

Leases

At inception of a contract, the Group assesses whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is recognised in a contract the Group recognises a right of use asset and a lease liability at the lease commencement date other than as noted below.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group presents right of use assets in property, plant and equipment and leased liabilities in lease liabilities in the balance sheet.

The Group has applied the recognition exemption of low value leases. For these leases, the lease payments are charged to the income statement on a straight-line basis over the term of the lease.

Financial instruments

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Under IFRS 9, trade receivables including accrued income, without a significant financing component, are classified and held at amortised cost, being initially measured at the transaction price and subsequently measured at amortised cost less any impairment loss.

The Group recognises lifetime expected credit losses ('ECLs') for trade receivables and accrued income. The expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for any macro-economic factors. At 31 March 2023, ECLs were adjusted for the macro-economic uncertainty around retailer profitability driven by used car price volatility. At 31 March 2024, ECLs continue to reflect macro-economic uncertainty around retailer profitability due to persistent high inflation, high interest rates and the upcoming UK general election which could lead to new political policies to which we would need to respond.

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2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The Group assesses whether a financial asset is in default on a case by case basis when it becomes probable that the customer is unlikely to pay its credit obligations. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For all customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss. A financial liability is classified as at fair value through profit and loss if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition and measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities, including trade payables, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intangible assets

a) Goodwill

Goodwill represents the excess cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are charged to the income statement and are not reversed. The gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Trademarks, trade names, technology, non-compete agreements, customer relationships, franchise buybacks, brands and databases

Separately acquired trademarks, trade names, technology and customer relationships are recognised at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of between one and 15 years. Trademarks, trade names, technology, non-compete agreements, customer relationships, franchise buybacks, brands and databases acquired in a business combination are recognised at fair value at the acquisition date and subsequently amortised.

c) Software

Acquired computer software controlled by the Group is capitalised at cost, including any costs to bring it into use, and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of three to five years.

d) Software and website development costs and financial systems

Development costs that are directly attributable to the design and testing of identifiable and unique software products, websites and systems controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product or website so that it will be available for use;
- management intends to complete the software product or website and use or sell it;
- there is an ability to use or sell the software product or website;
- it can be demonstrated how the software product or website will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product or website are available; and
- the expenditure attributable to the software product or website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product, website or system include employee and contractor costs. Other development expenditures that do not meet these criteria, as well as ongoing maintenance and costs associated with routine upgrades and enhancements, are recognised as an expense as incurred. Development costs for software, websites and systems are carried at cost less accumulated amortisation and are amortised over their useful lives (not exceeding 10 years) at the point at which they come into use.

Outside of acquired software, the Group develops its core infrastructure through small-scale, maintenance-like incremental improvements and as a result, a low proportion of internal expenditure meets the requirements of IAS 38, Intangible Assets. By their innovative nature, there may also be uncertainty over the technical feasibility of new development projects and, if successful, how they may be commercially monetised.

Licence agreements to use cloud software provided as a service are treated as service contracts and expensed in the Group income statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets. Implementation costs are expensed unless implementation is a distinct service and gives rise to a separate intangible asset.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost comprises the purchase price of the asset and expenditure directly attributable to the acquisition of the item.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their estimated residual values over the estimated useful lives as follows:

Land, buildings and leasehold improvements:

• Leasehold land and buildings	life of lease
• Leasehold improvements	life of lease
• Plant and equipment	3–10 years

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2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets will be written down to their recoverable amount if lower than the carrying value, and any impairment is charged to the income statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement within administrative expenses.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a pro-rata basis.

Business combinations

The Group accounts for business combinations using the acquisition method under IFRS 3 – Business Combinations. See note 1 for further details.

Interests in joint ventures

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Auto Trader Group plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses, movements in other comprehensive income and dividends received.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term deposits held on call with banks.

Inventories

Inventory is measured at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest method. Finance and issue costs associated with the borrowings are charged to the income statement using the effective interest rate method from the date of issue over the estimated life of the borrowings to which the costs relate.

Borrowings are derecognised when the contractual obligation is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in respective carrying amounts together with any costs or fees incurred are recognised in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Vehicle financing

A vehicle stocking loan is a financing arrangement which is used to purchase new and used vehicles prior to re-sale. This financing arrangement can only be used for this purpose, typically has a maturity of 180 days or less and is repayable on the earliest of the vehicle delivery date or the maturity date. Based on these factors, the Group recognises these arrangements as financial liabilities within trade and other payables as part of its operating cycle.

Provisions

A provision is recognised when a present legal or constructive obligation exists at the balance sheet date as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Contingent liabilities are not recognised but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Group purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Group's shareholders. Where such shares are subsequently cancelled, the nominal value of the shares repurchased is deducted from share capital and transferred to a capital redemption reserve. Where the Group purchases its own equity share capital to hold in treasury, the consideration paid for the shares is shown as own shares held within equity.

Shares held by Employee Share Option Trust

The Employee Share Option Trust ('ESOT') provides for the issue of shares to Group employees principally under share option schemes. The Group has control of the ESOT and therefore consolidates the ESOT in the Group financial statements. Accordingly, shares in the Company held by the ESOT are included in the balance sheet at cost as a deduction from equity.

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2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Share premium

The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in share premium. Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

Capital reorganisation reserve

The capital reorganisation reserve arose on consolidation as a result of the share-for-share exchange on 24 March 2015. It represents the difference between the nominal value of shares issued by Auto Trader Group plc in this transaction and the share capital and reserves of Auto Trader Holding Limited.

Capital redemption reserve

The capital redemption reserve arises from the purchase and subsequent cancellation of the Group's own equity share capital.

Other reserves

Other reserves include the currency translation reserve on the consolidation of entities whose functional currency is other than sterling, and other amounts which arose on the initial common control transaction that formed the Group.

Earnings per share

The Group presents basic and diluted earnings per share ('EPS') for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders in the case of final dividends, or the date at which they are paid in the case of interim dividends.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Operational Leadership Team that makes strategic decisions (note 4).

Foreign currency translation

a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within administrative expenses.

b) Foreign operations

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency other than sterling are translated into sterling as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
- income and expenses for each income statement are translated at average exchange rates.

These foreign currency differences are recognised in other comprehensive income and the translation reserve within other reserves.

On the disposal of a foreign operation, the cumulative exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable outputs and minimise the use of unobservable outputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

3. RISK AND CAPITAL MANAGEMENT

Overview

In the course of its business the Group is exposed to market risk, credit risk and liquidity risk from its use of financial instruments. This note presents information about the Group's exposure to each of the below risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these Consolidated financial statements.

The Group's overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the Group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the Board of Directors.

Market risk

i. Foreign exchange risk

The Group has no significant foreign exchange risk as 100% of the Group's revenue and 98% of costs are sterling-denominated. As the amounts are not significant, no sensitivity analysis has been presented.

During the prior year the Group sold one of its subsidiaries, Webzone Limited, which traded in the Republic of Ireland under the Carzone brand. Following the sale of Webzone Limited, all of the Group's revenue is sterling-denominated.

ii. Interest rate risk

The Group's interest rate risk arises from vehicle stocking loans which have floating rates of interest linked to the Bank of England Base Rate and long-term borrowings under the Syndicated RCF with floating rates of interest linked to SONIA. The Group monitors interest rates on an ongoing basis but does not currently hedge interest rate risk. The variation of 100 basis points in the interest rate of floating rate financial liabilities (with all other variables held constant) will increase or decrease post-tax profit for the year by £0.3m (2023: £0.4m).

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3. RISK AND CAPITAL MANAGEMENT CONTINUED

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or banking institution fails to meet its contractual obligations.

i. Trade receivables

Credit risk relating to trade receivables is managed centrally and the credit risk for new Auto Trader customers is analysed before standard payment terms and conditions are offered. Policies and procedures exist to ensure that Auto Trader's existing customers have an appropriate credit history and a significant number of balances are collected via direct debit. In March, more than 87.4% (2023: 87.4%) of Auto Trader's retailer customers paid via monthly direct debit, minimising the risk of non-payment. Sales to private individuals using Auto Trader are primarily settled in advance using major debit or credit cards which removes the risk in this area.

Autorama's main customers are funders who do not change regularly, so the risk in this area is also minimal.

The Group establishes an expected credit loss that represents its estimate of losses in respect of trade and other receivables. Further details of these are given in note 32.

Overall, the Group considers that it is not exposed to a significant amount of either customer credit or bad debt risk, due to the fragmented nature of the customer base and the robust nature of the used car market.

ii. Cash and cash equivalents

As at 31 March 2024, the Group held cash and cash equivalents of £18.7m (2023: £16.6m). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated between P-1 and P-2 based on Moody's ratings. The Group's treasury policy is to monitor cash, and when applicable deposit balances, on a daily basis and to manage counterparty risk, whilst also ensuring efficient management of the Group's Syndicated RCF.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash flow forecasting is performed centrally by the Director of Group Finance. Rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs. The Group's revenue model is largely subscription-based, which results in a regular level of cash conversion allowing it to service working capital requirements.

The Group has access to a Syndicated RCF which has total commitments of £200.0m. The £200.0m Syndicated RCF is committed through to maturity in February 2029. The facility allows the Group access to cash at one working day's notice. At 31 March 2024, £30.0m was drawn under the Syndicated RCF (2023: £60.0m).

The Group has access to a vehicle stocking loan, with a limit of £12.0m. This financing arrangement can only be used to fund the purchase of new and used vehicles prior to re-sale and has a maturity of 180 days or less. The loan is repayable on the earliest of the vehicle delivery date or the maturity date. At 31 March 2024, £2.1m was recognised in the Consolidated balance sheet (2023: £3.0m).

Capital management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total bank debt, other loans and lease financing, less cash and cash equivalents as shown in note 20. Total equity is as shown in the Consolidated balance sheet.

The calculation of total capital is shown in the table below:

	2024 £m	2023 £m
Total net debt	**14.0**	52.4
Total equity	**552.3**	527.3
Total capital	**566.3**	579.7

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient cost of capital structure. To maintain or adjust the capital structure, the Group may pay dividends, return capital through share buybacks, issue new shares or take other steps to increase share capital and reduce or increase debt facilities.

As at 31 March 2024, the Group had borrowings of £30.0m (2023: £60.0m) through its Syndicated RCF. Interest is payable on this facility at a rate of SONIA plus a margin of between 1.2% and 2.1% depending on the consolidated leverage ratio of Auto Trader Group plc and its subsidiaries, which is calculated and reviewed on a biannual basis. As part of the amendment and extension of its Syndicated RCF in 2023, three sustainability performance targets were incorporated into the agreement. This will be tested for the first time in 2024. The margin shall be increased or decreased between -0.05% and 0.05% based on the number of sustainability performance targets achieved in the reporting period. This will be reviewed annually. The Group remains in compliance with its banking covenants.

4. SEGMENTAL INFORMATION

IFRS 8 – Operating segments requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there are two operating segments (2023: two operating segments), being:

- Auto Trader: includes the results of Auto Trader and AutoConvert (prior year includes Webzone before it was disposed of on 24 October 2022) in respect of online classified advertising of motor vehicles and other related products and services in the digital automotive marketplace including share of profit from the Dealer Auction joint venture.
- Autorama: the results of Autorama in respect of a marketplace for leasing new vehicles and other related products and services.

Management has determined that there are two operating segments in line with the nature in which the Group is managed. The reports reviewed by the Operational Leadership Team ('OLT'), which is the chief operating decision-maker ('CODM') for both segments, split out operating performance by segment. The OLT is made up of the Executive Directors and Key Management and is responsible for the strategic decision-making of the Group. Revenue and cost streams presented for each operating segment are largely independent in the reporting period with certain costs recharged between segments.

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4. SEGMENTAL INFORMATION CONTINUED

The OLT primarily uses the measures of revenue and operating profit to assess the performance of each operating segment. Segment revenue comprises revenue from external customers. The revenue from external parties reported to the OLT is measured in a manner consistent with that in the income statement. Inter-segment revenue and costs are not reported to the OLT. In the year to 31 March 2024, inter-segment revenue earned by Auto Trader from Autorama for vehicles leased via a journey initiated on the Auto Trader platform was not material (2023: £nil).

Analysis of the Group's revenue and results for both reportable segments, with a reconciliation to Group profit before tax, is shown below:

Year to 31 March 2024	Auto Trader segment £m	Autorama segment £m	Group central costs £m	Group £m
Total segment revenue	**529.7**	**41.2**	**–**	**570.9**
People costs	**(81.5)**	**(10.9)**	**(11.1)**	**(103.5)**
Marketing	**(22.3)**	**(4.0)**	**–**	**(26.3)**
Costs of goods sold	**–**	**(28.2)**	**–**	**(28.2)**
Other costs	**(44.2)**	**(4.5)**	**–**	**(48.7)**
Depreciation & amortisation	**(5.9)**	**(2.4)**	**(10.0)**	**(18.3)**
Total segment costs	**(153.9)**	**(50.0)**	**(21.1)**	**(225.0)**
Share of profit from joint ventures	**2.8**	**–**	**–**	**2.8**
Total segment operating profit/(loss)	**378.6**	**(8.8)**	**(21.1)**	**348.7**
Finance costs – net				**(3.5)**
Profit before tax				**345.2**

Group central costs which are not allocated within either of the segment operating profit/(loss) reported to the CODM comprise:

(i) People costs: £10.4m share-based payment expense relating to the Group shares issued as part of the deferred consideration for Autorama (note 31), which was fully settled in the period. A further £0.7m was settled in cash.

(ii) Depreciation & amortisation: £10.0m of amortisation expense relating to the fair value of intangible brand, technology and other assets acquired in the Group's business combination of Autorama.

Year to 31 March 2023	Auto Trader segment £m	Autorama segment £m	Group central costs £m	Group £m
Total segment revenue	473.0	27.2	–	500.2
People costs	(74.0)	(10.5)	(38.8)	(123.3)
Marketing	(22.3)	(4.7)	–	(27.0)
Costs of goods sold	–	(15.7)	–	(15.7)
Other costs	(39.6)	(5.4)	–	(45.0)
Depreciation & amortisation	(6.7)	(2.1)	(5.3)	(14.1)
Total segment costs	(142.6)	(38.4)	(44.1)	(225.1)
Share of profit from joint ventures	2.5	–	–	2.5
Total segment operating profit/(loss)	332.9	(11.2)	(44.1)	277.6
Profit on disposal of subsidiary				19.1
Finance costs – net				(3.1)
Profit before tax				293.6

In the current and prior year, the Group has classified expenditure by nature (2023: by nature).

5. REVENUE

The Group's operations and main revenue streams are those described in these annual financial statements. The Group's revenue is derived from contracts with customers.

Other than disclosed in note 10, all revenues were earned from activities and customers in the United Kingdom.

In the following table, the Group's revenue is detailed by customer type. This level of detail is consistent with that used by management to assist in the analysis of the Group's revenue-generating trends.

Revenue	2024 £m	2023 £m
Retailer	**450.0**	406.8
Home Trader	**13.4**	10.1
Other	**12.3**	10.5
Trade	**475.7**	427.4
Consumer Services	**39.6**	34.5
Manufacturer & Agency	**14.4**	11.1
Autorama	**41.2**	27.2
Total revenue	**570.9**	500.2

Revenue is largely recognised over time, other than Autorama revenue which is recognised at a point in time when related sales commission or fees are earned. The Group has no major customers to disclose in either the current or prior year.

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5. REVENUE CONTINUED

Contract balances

The following table provides information about receivables and contract assets and liabilities from contracts with customers.

	2024 £m	2023 £m
Receivables, which are included in trade and other receivables	**36.0**	31.5
Accrued income	**44.5**	40.2
Deferred income	**(15.1)**	(14.0)

Accrued income relates to the Group's unconditional rights to consideration for services provided but not invoiced at the reporting date. Accrued income is transferred to trade receivables when invoiced.

Deferred income relates to advanced consideration received for which revenue is recognised as or when services are provided. £7.3m (2023: £5.7m) of the deferred income balance is classified as a current liability within trade and other payables (note 21). Included within deferred income is £8.3m (2023: £8.9m) relating to consideration received from Dealer Auction Limited (joint venture) for the provision of data services to Dealer Auction (note 16). Revenue relating to this service is recognised on a straight-line basis over a period of 20 years to 31 December 2038; given this time period the liability has been split between current and non-current liabilities. Revenue of £0.6m was recognised in the year (2023: £0.6m).

6. OPERATING PROFIT

Operating profit is after (charging)/crediting the following:

	Note	2024 £m	2023 £m
Staff costs	7	**(92.2)**	(84.1)
Contractor costs		**(0.2)**	(0.4)
Depreciation of property, plant and equipment	14	**(4.8)**	(4.9)
Amortisation of intangible assets	13	**(13.5)**	(9.2)
(Loss)/profit on sale of property, plant and equipment		**(0.3)**	0.7

Services provided by the Company's auditor

During the year, the Group (including overseas subsidiaries) obtained the following services from the operating company's auditor:

	2024 £m	2023 £m
Fees payable for the audit of the Company and Consolidated financial statements	**0.2**	0.2
Fees payable for other services		
The audit of the subsidiary undertakings pursuant to legislation	**0.3**	0.3
Total	**0.5**	0.5

Fees payable for audit-related assurance services in the year were £52,000 (2023: £48,000) for the half-year review of the condensed financial statements. Fees payable for other non-audit services in the year were £15,000 (2023: £nil) for limited assurance over certain information included within or referenced from the Annual Report.

7. EMPLOYEE NUMBERS AND COSTS

The average monthly number of employees (including Executive Directors and contractors) employed by the Group was as follows:

	2024 Number	2023 Number
Customer operations	**646**	566
Product and technology	**394**	403
Corporate	**193**	191
Total	**1,233**	1,160

The aggregate payroll costs of these persons were as follows:

	Note	2024 £m	2023 £m
Wages and salaries		**72.6**	66.7
Social security costs		**7.5**	7.3
Defined contribution pension costs	25	**4.1**	3.5
		84.2	77.5
Share-based payments and associated NI	30	**8.2**	6.6
Total		**92.4**	84.1

Wages and salaries include £28.1m (2023: £27.7m) relating to the product and technology teams; these teams spend a significant proportion of their time on innovation of our product proposition and incremental enhancements to the Group's platforms.

In addition to the share-based payments disclosed above, a share-based payment charge of £10.4m (2023: £38.8m) has been recorded in the income statement for the year, relating to deferred consideration for the acquisition of Autorama, which was fully settled in the period (note 31).

8. DIRECTORS AND KEY MANAGEMENT REMUNERATION

The remuneration of Directors is disclosed in the Directors' remuneration report on pages 81 to 99:

Key Management compensation

During the year to 31 March 2024, Key Management comprised the members of the OLT (who are defined in note 4) and the Non-Executive Directors (2023: OLT and the Non-Executive Directors). The remuneration of all Key Management (including all Directors) was as follows:

	2024 £m	2023 £m
Short-term employee benefits	**4.6**	4.2
Share-based payments	**2.1**	2.1
Pension contributions	**0.2**	0.2
Total excluding NI	**6.9**	6.5
Employer NI	**0.8**	0.8
Total	**7.7**	7.3

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9. NET FINANCE COSTS

	2024 £m	2023 £m
On bank loans and overdrafts	**3.0**	2.5
Amortisation of debt issue costs	**0.6**	0.5
Interest unwind on lease liabilities	**0.1**	0.2
Interest on vehicle stocking loan	**0.3**	0.1
Interest receivable on cash and cash equivalents	**(0.5)**	(0.2)
Total	**3.5**	3.1

10. PRIOR PERIOD DISPOSAL OF A SUBSIDIARY

Sale of Webzone Limited

In the prior period, the Group announced the sale of one of its subsidiaries, Webzone Limited, which trades in the Republic of Ireland under the Carzone brand. The business was sold to Mediahuis Ireland for a consideration of €30.0m on 22 October 2022.

The disposal of Webzone Limited did not represent a discontinued operation under IFRS 5 as the entity was neither a separate major line of business or a material geographical area of operation.

A profit on disposal was recognised in the Group's Consolidated income statement for the year ended 31 March 2023:

	24 October 2022 £m
Goodwill	5.7
Property, plant and equipment	0.6
Deferred taxation assets	0.1
Trade and other receivables	0.9
Cash and cash equivalents	0.8
Lease liabilities	(0.7)
Trade and other payables	(0.5)
Net identifiable assets/(liabilities) disposed of	6.9
Cash consideration received	26.4
Net identifiable assets disposed of	(6.9)
Realisation of cumulative currency translation difference	(0.4)
Gain on disposal of subsidiary	19.1

11. TAXATION

	2024 £m	2023 £m
Current taxation		
UK corporation taxation	**91.7**	61.2
Foreign taxation	**–**	0.1
Adjustments in respect of prior years	**–**	(0.2)
Total current taxation	**91.7**	61.1
Deferred taxation		
Origination and reversal of temporary differences	**(3.0)**	(1.3)
Adjustments in respect of prior years	**(0.4)**	(0.1)
Total deferred taxation	**(3.4)**	(1.4)
Total taxation charge	**88.3**	59.7

The taxation charge for the year is higher than (2023: higher than) the effective rate of corporation tax in the UK of 25% (2023: 19%). The differences are explained below:

	2024 £m	2023 £m
Profit before taxation	**345.2**	293.6
Tax on profit at the standard UK corporation tax rate of 25% (2023: 19%)	**86.3**	55.8
Expenses not deductible for taxation purposes	**3.5**	8.5
Income not taxable – gain on disposal of subsidiary	**–**	(3.6)
Share of joint venture taxation	**(0.7)**	(0.5)
Adjustments in respect of foreign taxation rates	**–**	(0.1)
Adjustments in respect of losses not previously recognised	**(0.4)**	–
Adjustments in respect of OCI group relief	**–**	(0.1)
Adjustments in respect of prior years	**(0.4)**	(0.3)
Total taxation charge	**88.3**	59.7

Expenses non-deductible for taxation purposes in the current period principally includes the share-based payment expense relating to the deferred consideration arising on acquisition of Autorama (note 4).

Adjustments in respect of losses not previously recognised in the current year relates to brought forward tax losses within the Group which were previously not recognised. Losses have been utilised in the period and a deferred tax asset has been recognised in respect of the remaining balance on the basis that it is deemed probable that future taxable profit will be available to utilise these against.

Taxation on items taken directly to equity was a debit of £0.3m (2023: credit of £0.4m) relating to tax on share-based payments.

Taxation recorded in equity within the Consolidated statement of comprehensive income was a release of £0.1m (2023: release of £0.4m) relating to post-employment benefit obligations.

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11. TAXATION CONTINUED

The taxation charge for the year is based on the standard rate of UK corporation tax for the period of 25% (2023: 19%).

Deferred income taxes have been measured at the tax rate expected to be applicable at the date the deferred income tax assets and liabilities are realised.

The UK Government continues to work towards implementing a global two-pillar tax solution addressing the tax challenges arising from the digitalisation of the economy.

Pillar Two came into effect for accounting periods beginning on or after 31 December 2023, but the timeline for finalising the multilateral convention that would implement Pillar One is still not certain. The implementation of Pillar One would see UK digital services tax ('DST') repealed and the Group liability would fall away. An outcome statement was published in July 2023 which gave an expectation that Pillar One would come into force during calendar year 2025. We are awaiting further updates.

Our in-scope revenue did not exceed the threshold for UK DST in financial year 2024, but we expect that the Group will exceed that threshold and pay DST in financial year 2025. This would result in an additional operating expense equivalent to c.2% of in-scope revenue, which will be deductible against corporation tax payable.

The UK DST is calculated using a gross measure of revenue and therefore does not meet the definition of an income tax under IAS 12 – Income taxes. Any amounts payable will therefore be accounted for as a pre-tax operating expense which, on the basis it is incurred wholly and exclusively for the purposes of the company's trade, will be included as a deductible expense in the calculation of corporation tax payable.

12. EARNINGS PER SHARE

Basic earnings per share is calculated using the weighted average number of ordinary shares in issue during the year, excluding those held in treasury and by the Employee Share Option Trust ('ESOT'), based on the profit for the year attributable to shareholders.

	Weighted average number of ordinary shares	Total earnings £m	Pence per share
Year ended 31 March 2024			
Basic EPS	**912,582,172**	**256.9**	**28.15**
Diluted EPS	**915,302,568**	**256.9**	**28.07**
Year ended 31 March 2023			
Basic EPS	935,138,578	233.9	25.01
Diluted EPS	944,144,242	233.9	24.77

The number of shares in issue at the start of the year is reconciled to the basic and diluted weighted average number of shares below:

	2024	2023
Issued ordinary shares at 1 April	**923,074,657**	946,892,976
Weighted effect of ordinary shares purchased for cancellation	**(11,835,430)**	(7,112,698)
Weighted effect of ordinary shares held in treasury	**(4,417,849)**	(4,304,401)
Weighted effect of shares held in the ESOT	**(330,294)**	(348,989)
Weighted effect of ordinary shares issued for share-based payments	**6,091,088**	11,690
Weighted average number of shares for basic EPS	**912,582,172**	935,138,578
Dilutive impact of share options outstanding	**2,720,396**	9,005,664
Weighted average number of shares for diluted EPS	**915,302,568**	944,144,242

For diluted earnings per share, the weighted average number of shares for basic EPS is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has potentially dilutive ordinary shares arising from share options granted to employees. Options are dilutive where the exercise price together with the future IFRS 2 charge is less than the average market price of the ordinary shares during the year. Options under the Performance Share Plan, the Single Incentive Plan Award for the Operational Leadership Team and certain key employees, the Single Incentive Plan Award for all employees, the Deferred Annual Bonus Plan and the Share Incentive Plan are contingently issuable shares and are therefore only included within the calculation of diluted EPS if the performance conditions are satisfied. Dilutive share options outstanding at 31 March 2023 included shares to be issued for the Autorama deferred consideration, which were issued in June 2023.

The average market value of the Group's shares for the purposes of calculating the dilutive effect of share-based incentives was based on quoted market prices for the period during which the share-based incentives were outstanding.

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13. INTANGIBLE ASSETS

	Goodwill £m	Software and website development costs £m	Financial systems £m	Brand £m	Other £m	Total £m
Cost						
At 31 March 2022	457.9	14.4	13.1	1.2	25.3	**511.9**
Acquired through business combinations	92.5	13.7	–	47.6	5.6	**159.4**
Additions	–	1.0	–	–	–	**1.0**
Disposals	(5.7)	(1.8)	–	(0.6)	(1.2)	**(9.3)**
Exchange differences	(0.1)	–	–	–	–	**(0.1)**
At 31 March 2023	544.6	27.3	13.1	48.2	29.7	**662.9**
Additions	–	0.2	–	–	–	**0.2**
Disposals	–	(3.0)	–	–	–	**(3.0)**
At 31 March 2024	**544.6**	**24.5**	**13.1**	**48.2**	**29.7**	**660.1**
Accumulated amortisation and impairments						
At 31 March 2022	117.0	9.2	13.1	0.7	16.3	**156.3**
Amortisation charge	–	2.5	–	4.2	2.5	**9.2**
Disposals	–	(1.8)	–	(0.6)	(1.2)	**(3.6)**
At 31 March 2023	117.0	9.9	13.1	4.3	17.6	**161.9**
Amortisation charge	–	3.0	–	7.9	2.6	**13.5**
Disposals	–	(3.0)	–	–	–	**(3.0)**
At 31 March 2024	**117.0**	**9.9**	**13.1**	**12.2**	**20.2**	**172.4**
Net book value at 31 March 2024	**427.6**	**14.6**	**–**	**36.0**	**9.5**	**487.7**
Net book value at 31 March 2023	**427.6**	**17.4**	**–**	**43.9**	**12.1**	**501.0**
Net book value at 31 March 2022	**340.9**	**5.2**	**–**	**0.5**	**9.0**	**355.6**

Other intangibles include customer relationships, technology, trade names, trademarks and non-compete agreements. Intangible assets which have a finite useful life are carried at cost less accumulated amortisation. Amortisation of these intangible assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives (principally between 3 to 15 years). The longest estimated useful life remaining at 31 March 2024 is 11 years (31 March 2023: 12 years).

For the year to 31 March 2024, the amortisation charge of £13.5m (2023: £9.2m) has been charged to operating costs in the Consolidated income statement. As the integration of Autorama, our new car leasing proposition, has accelerated at a faster pace than anticipated at acquisition, the useful economic life of the 'Vanarama' brand has been reduced from ten years to five years from the date of acquisition, effective from 1 October 2023.

At 31 March 2024, there were no software and website development costs representing assets under construction (2023: £nil).

In accordance with UK-adopted international accounting standards, goodwill is not amortised, but instead is tested annually for impairment, or more frequently if there are indicators of impairment. Goodwill is carried at cost less accumulated impairment losses.

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13. INTANGIBLE ASSETS CONTINUED

Impairment test for goodwill

Goodwill is allocated to the appropriate cash-generating unit ('CGU') based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill. There are two CGUs that exist in the Group, being the Digital CGU and the Autorama CGU.

The carrying value of the CGUs is principally the sum of goodwill, property, plant and equipment (including lease assets), intangibles and lease liabilities, and related deferred tax, as follows:

	2024 £m	2023 £m
Digital	**352.3**	351.1
Autorama	**144.0**	152.8

Digital

The recoverable amount of the Digital CGU is determined from value-in-use calculations that use discounted cash flow projections from the latest business plan. The carrying value is forecast to be recovered based on less than two years of forecasted cash flows from this mature operating business.

Income and costs within the budget are derived on a detailed 'bottom up' basis – all income streams and cost lines are considered and appropriate growth, or decline, rates are assumed. Income and cost growth forecasts are risk adjusted to reflect specific risks facing the CGU and take into account the market in which it operates. Assumptions, which are not sensitive to change, include revenue growth rates, associated levels of marketing support and directly associated overheads. All assumptions are based on past performance and management's expectation of market development. Cash flows beyond the forecast period of five years (2023: five years) are extrapolated using the estimated growth rate stated into perpetuity; a rate of 2.5% (2023: 2.0%) has been used. This is lower than the current rate of inflation in the UK but takes account of longer-term considerations.

The pre-tax discount rate used within the recoverable amount calculation is based upon the weighted average cost of capital. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor reflecting the average beta for the Group and comparator companies which are used in deriving the cost of equity. Other than as included in the financial budget, it is assumed that there are no material adverse changes in legislation that would affect the forecast cash flows.

The key assumptions used for the value-in-use calculation are as follows:

	2024	2023
Terminal value growth rate	**2.5%**	2.0%
Discount rate (pre-tax)	**12.5%**	12.8%

The recoverable amount of goodwill shows significant headroom compared with its carrying value. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections. There are no changes to the key assumptions of growth rate or discount rate that are considered by the Directors to be reasonably possible, which give rise to an impairment of goodwill relating to the Digital CGU.

Having completed the 2024 impairment review, no impairment has been recognised in relation to the Digital CGU (2023: no impairment).

Autorama

The recoverable amount of the Autorama CGU is based on a value-in-use methodology following the integration of the business in the current year. In the prior year, the recoverable amount was assessed and disclosed using fair value less cost to sell due to the proximity of the acquisition and the pre-integration phase of the business as at 31 March 2023.

Goodwill amounting to £92.5m in the Autorama CGU arose on the acquisition of Autorama UK Limited in June 2022. The acquisition was undertaken to enable Auto Trader to establish itself as a leading marketplace for leasing new cars which, over time, is set to benefit from: the growth of electric cars, new manufacturers entering the UK market and a shift towards new digital distribution models. Leasing provides consumers a cost-effective way to access a new car with a model that is consistent with any future move towards usership rather than ownership. These factors are expected to result in an opportunity for consolidation in the leasing market.

Value-in-use reflects the present value of the future cash flows the Group expects to be derived from the cash-generating unit.

The key assumptions used in the estimation of the CGU's recoverable amount are as follows:

	2024
Forecast period	**6 years**
Compound annual growth rate for revenue (from lease commissions and ancillary sales)	**32%**
Terminal value growth rate	**2.5%**
Discount rate (pre-tax)	**12.8%**

A six-year forecast period is consistent with the period of regulatory and commercial change expected in the new vehicle market described above. The forecast in year six only includes growth in respect of the market rather than growth in the Group's market share.

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13. INTANGIBLE ASSETS CONTINUED

Assessment of the CGU's value-in-use reflects long-term assumptions around changing distribution models for new car sales, including new electric vehicles, and an increased proportion of vehicles being leased. Management have used historic market data published by The Society of Motor Manufacturers & Traders ('SMMT') and British Vehicle Rental & Leasing Association ('BVRLA') to inform their estimate of the number of new vehicles to be sold each year, the proportion of new vehicles which are expected to be leased and the number of leases forecast to be transacted through brokers. The forecasts in any year do not assume a larger new car or van registration market than in 2019, before the disruption to supply that commenced during the COVID-19 pandemic.

The key driver of the forecast is the number of new vehicles transacted by the Group onto lease plans, with revenues, including ancillary sales, consequent on each vehicle lease transaction completed. Growth, particularly for cars, is dependent upon a significant increase in the Group's market share, driven by a consolidation of the broker market. This is principally expected to be achieved by further developing the capability for lease transactions to originate on the established Auto Trader marketplace, under the Auto Trader brand, as well as Vanarama. Growth assumptions are lower for the van leasing business which has an established market share.

In the year to 31 March 2024, Autorama has delivered 7,847 vehicles (2023: 6,895 vehicles). The personal leasing market has been constrained by tight supply in the current and prior year, but supply is expected to improve. In response, in the current year, the Group has accelerated integration of Autorama onto Auto Trader and focused on realising post-acquisition cost synergies in advance of market growth.

The risk arising from growth assumptions for new vehicles transacted in this period not being achieved is reflected in the base forecast cash flows rather than the pre-tax discount rate applied. The pre-tax discount rate disclosed has been derived using a weighted average cost of capital and using the Capital Asset Pricing Model, reflecting UK-based assumptions for the risk-free rate.

The sensitivity of the impairment calculation as at 31 March 2024 is reduced due to the accounting requirement to expense the £49.9m share-based payment charge relating to deferred consideration (note 31). All of this charge has been expensed as at 31 March 2024, together with further cumulative £17.7m of acquired intangible amortisation. However, the headroom is dependent on achieving the planned volume growth over the forecast period.

No impairment charge, albeit with limited headroom, would arise under the following sensitivity scenarios:

- The forecast period is restricted to five years;
- A 10% reduction in new vehicles delivered in year six as this is the financial period in which revenue has the greatest impact on the estimation of recoverable amount;
- Delay in timing: Forecast cash flows are deferred by one year from financial year 2025 to reflect the risk of possible factors such as, a slower transition to electric vehicles and delays in new car and van supply;
- The discount rate is increased by 1%; and
- The long-term growth rate is reduced by 1%.

14. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvements £m	Office equipment £m	Motor vehicles £m	Total £m
Cost				
At 31 March 2022	23.1	13.9	1.6	**38.6**
Acquired through business combinations	4.0	0.3	1.0	**5.3**
Additions	2.2	2.0	0.3	**4.5**
Disposals	(7.6)	(3.0)	(0.9)	**(11.5)**
At 31 March 2023	21.7	13.2	2.0	**36.9**
Additions	2.8	1.4	0.2	**4.4**
Disposals	(1.5)	(4.1)	(0.6)	**(6.2)**
At 31 March 2024	**23.0**	**10.5**	**1.6**	**35.1**
Accumulated depreciation				
At 31 March 2022	11.5	11.1	1.3	**23.9**
Charge for the year	3.3	1.1	0.5	**4.9**
Disposals	(4.4)	(2.8)	(0.6)	**(7.8)**
At 31 March 2023	10.4	9.4	1.2	**21.0**
Charge for the year	2.9	1.5	0.4	**4.8**
Disposals	(1.1)	(4.1)	(0.4)	**(5.6)**
At 31 March 2024	**12.2**	**6.8**	**1.2**	**20.2**
Net book value at 31 March 2024	**10.8**	**3.7**	**0.4**	**14.9**
Net book value at 31 March 2023	**11.3**	**3.8**	**0.8**	**15.9**
Net book value at 31 March 2022	**11.6**	**2.8**	**0.3**	**14.7**

Included within property, plant and equipment are £5.0m (2023: £6.5m) of assets recognised as leases under IFRS 16. Further details of these leases are disclosed in note 15. The depreciation expense of £4.8m for the year to 31 March 2024 (2023: £4.9m) has been recorded in operating costs in the Consolidated income statement. During the year, £5.3m (2023: £2.6m) worth of property, plant and equipment with £nil net book value was disposed of.

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15. LEASES

The Group's lease assets including land and buildings and motor vehicles are held within property, plant and equipment. Information about leases for which the Group is a lessee is presented below:

	2024 £m	2023 £m
Net book value of property, plant and equipment owned	**9.9**	9.4
Net book value of right of use assets	**5.0**	6.5
	14.9	15.9

Net book value of right of use assets	Land, buildings and leasehold improvements £m	Office equipment £m	Motor vehicles £m	Total £m
Balance at 31 March 2022	7.8	0.1	0.4	8.3
Acquired through business combination	0.1	–	0.3	0.4
Additions	1.5	0.1	0.3	1.9
Disposals	(1.4)	–	(0.1)	(1.5)
Depreciation charge	(2.2)	–	(0.4)	(2.6)
Balance at 31 March 2023	5.8	0.2	0.5	6.5
Additions	0.5	0.1	0.2	0.8
Disposals	(0.1)	–	–	(0.1)
Depreciation charge	(1.8)	(0.1)	(0.3)	(2.2)
At 31 March 2024	**4.4**	**0.2**	**0.4**	**5.0**

Lease liabilities in the balance sheet at 31 March	2024 £m	2023 £m
Current	**2.4**	2.5
Non-current	**2.4**	4.6
Total	**4.8**	7.1

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented within note 32. The term recognised for certain leases has assumed lease break options are exercised. Certain lease rentals are subject to periodic market rental reviews.

During the year, the Group reassessed its dilapidations provision for its leased properties which resulted in a £0.4m increase in the provision, and corresponding increase in the right of use asset.

Amounts charged in the income statement	2024 £m	2023 £m
Depreciation charge of right of use assets	**2.2**	2.6
Interest on lease liabilities	**0.1**	0.2
Gain on disposal of right of use assets	**–**	(0.1)
Total amounts charged in the income statement	**2.3**	2.7

Cash outflow	2024 £m	2023 £m
Total cash outflow for leases	**2.7**	2.9

16. NET INVESTMENTS IN JOINT VENTURES

Joint ventures are contractual arrangements over which the Group exercises joint control with partners and where the parties have rights to the net assets of the arrangement, irrespective of the Group's shareholding in the entity.

The Group owns 49% of the ordinary share capital of Dealer Auction Limited (previously Dealer Auction (Holdings) Limited). The basis of the Group's joint control is through a shareholder agreement and an assessment of the substantive rights of each shareholder, including operational barriers or incentives that would prevent or deter rights being exercised.

Net investments in joint ventures at the reporting date include the Group's equity investment in joint ventures and the Group's share of the joint ventures' post acquisition net assets. The table below reconciles the movement in the Group's net investment in joint ventures in the year:

	Equity investments in joint ventures £m	Share of post acquisition net assets £m	Net investments in joint ventures £m
Carrying value			
As at 31 March 2022	40.3	9.4	49.7
Share of result for the year taken to the income statement	–	2.5	2.5
Dividends received in the year	(2.9)	–	(2.9)
As at 31 March 2023	37.4	11.9	49.3
Share of result for the year taken to the income statement	–	2.8	2.8
Dividends received in the year	(3.9)	–	(3.9)
As at 31 March 2024	**33.5**	**14.7**	**48.2**

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16. NET INVESTMENTS IN JOINT VENTURES CONTINUED

Set out below is the summarised financial information for the joint venture, adjusted for differences in accounting policies between the Group and the joint venture. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture.

	2024 £m	2023 £m
Non-current assets	**94.5**	95.6
Current assets		
Cash and cash equivalents	**6.8**	6.4
Other current assets	**2.1**	1.3
Total assets	**103.4**	103.3
Liabilities		
Current liabilities	**4.4**	2.0
Total liabilities	**4.4**	2.0
Net assets	**99.0**	101.3
Group's share of net assets	**48.2**	49.3

	2024 £m	2023 £m
Revenues	**13.2**	10.5
Profit for the year	**5.7**	5.2
Total comprehensive income	**5.7**	5.2
Group's share of comprehensive income	**2.8**	2.5
Dividends received by the Group	**3.9**	2.9

Non-current assets principally comprise goodwill and other intangible assets. The carrying value is assessed annually using a methodology consistent with the Auto Trader cash-generating unit disclosed in note 13.

A list of the investments in joint ventures, including the name, country of incorporation and proportion of ownership interest, is given in note 35.

17. OTHER INVESTMENTS

Shares in other undertakings

	2024 £m	2023 £m
Investment in iAUTOS Company Limited	**–**	–
Investment in protected insurance cell (Advent Insurance PCC Limited)	**–**	1.1
Investment in protected insurance cell (Atlas Insurance PCC Limited)	**1.3**	1.2
Total comprehensive income	**1.3**	2.3

The Group designated the investment in iAUTOS Company Limited as an equity security at FVOCI as the Group intends to hold the shares for long-term purposes. iAUTOS Company Limited is an intermediate holding company through which trading companies incorporated in the People's Republic of China are held. The fair value of the investment has been valued at £nil since 2014 as the Chinese trading companies are marginally loss-making with forecast future cash outflows.

As at 31 March 2023, the Group's wholly owned subsidiary, Autorama Holding (Malta) Limited, had an interest in two protected insurance cells. During the year, the Group exited the legacy cell with Advent Insurance PCC Limited following the completion of the portfolio transfer to the new cell. It has designated the investment in the new protected insurance cell as an equity security at FVOCI as the Group intends to hold the investment for long-term purposes.

The protected insurance cell's activity was the writing of insurance business relating to Guaranteed Asset Protection insurance and business equipment in transit. The writing of new insurance business ceased during the current year, therefore the cell will wind up once all existing policies terminate. The interest in the protected insurance cell is not consolidated in these financial statements as a silo, as the cell company has retained residual obligations in respect of the cell's liabilities. Autorama UK Limited is listed as a guarantor to an agreement between the cell company and Autorama Holding (Malta) Limited. No liability has been recognised for this guarantee by the Group under IFRS 17 – Insurance Contracts on the basis that its fair value is not material, reflecting the size and activity of the protected insurance cell.

18. TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Trade receivables (invoiced)	**32.7**	28.5
Net accrued income	**42.8**	38.7
Trade receivables (total)	**75.5**	67.2
Prepayments	**6.8**	5.4
Other receivables	**1.0**	0.3
Total	**83.3**	72.9

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional and has been invoiced at the reporting date. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Included within trade receivables (invoiced) is a provision for the impairment of financial assets of £3.3m (2023: £3.0m).

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18. TRADE AND OTHER RECEIVABLES CONTINUED

Accrued income relates to the Group's rights to consideration for services provided but not invoiced at the reporting date. Accrued income is transferred to receivables when invoiced. Included within net accrued income is provision for the impairment of financial assets of £1.7m (2023: £1.5m).

Exposure to credit risk and expected credit losses relating to trade and other receivables are disclosed in note 32.

19. INVENTORIES

In Autorama, the Group temporarily takes a small proportion of new vehicle deliveries on balance sheet as principal, which are held within inventory.

	2024 £m	2023 £m
Finished goods	**2.6**	3.6
Inventories	**2.6**	3.6

20. CASH AND CASH EQUIVALENTS

Cash at bank and in hand is denominated in sterling:

	2024 £m	2023 £m
Cash at bank and in hand	**18.7**	16.6
Cash and cash equivalents	**18.7**	16.6

Cash balances with an original maturity of less than three months were held in current accounts during the year and attracted interest at a weighted average rate of 2.4% (2023: 0.7%).

21. TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Trade payables	**3.9**	8.0
Accruals	**17.7**	15.8
Other taxes and social security	**25.2**	16.9
Deferred income	**7.3**	5.7
Vehicle stocking loan	**2.1**	3.0
Other payables	**3.7**	3.9
Accrued interest payable	**0.2**	0.3
Total	**60.1**	53.6

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

22. BORROWINGS

Non-current	2024 £m	2023 £m
Syndicated RCF gross of unamortised debt issue costs	**30.0**	60.0
Unamortised debt issue costs on Syndicated RCF	**(2.3)**	(2.5)
Total	**27.7**	57.5

Current	2024 £m	2023 £m
Loan from other investment	**–**	1.1
Total	**–**	1.1
Total borrowings	**27.7**	58.6

Unamortised debt issue costs on the Syndicated RCF decreased to £2.3m in the year (2023: £2.5m).

Borrowings are repayable as follows:

	2024 £m	2023 £m
Less than one year	**–**	1.1
Two to five years	**30.0**	60.0
Total	**30.0**	61.1

The carrying amounts of borrowings approximates to their fair values.

Syndicated revolving credit facility ('Syndicated RCF')

The Group has access to an unsecured Syndicated revolving credit facility (the 'Syndicated RCF'). Associated debt transaction costs total £6.2m, with £3.3m being incurred at initiation and £2.9m of additional costs associated with extension requests.

In the prior year, with effect from 1 February 2023, the Group entered into an Amendment and Restatement Agreement to extend the term of the facility for five years from the date of signing and to reduce the capacity of the facility to £200.0m. During the year, on 2 February 2024, the Group extended the term of its Syndicated RCF by one year. The facility has been extended to February 2029 and still has an additional one year extension option with no tranche terminations. There is no change to the interest rate payable and there is no requirement to settle all or part of the debt earlier than the termination date stated. The associated debt transaction costs of the extension were £0.3m, which were paid in the period to 31 March 2024. The remaining £0.2m debt transaction costs relating to the prior year Amendment and Restatement were also paid in the period to 31 March 2024.

Individual tranches are drawn down, in sterling, for periods of up to six months at the compounded reference rate (being the aggregate of SONIA for that interest period) plus a margin of between 1.2% and 2.1% depending on the consolidated leverage ratio of the Group. As part of the Amendment and Restatement Agreement of the Syndicated RCF in 2023, three sustainability performance targets were incorporated into the agreement. The margin shall be increased or decreased between -0.05% and 0.05% based on the number of sustainability performance targets achieved in the reporting period. A commitment fee of 35% of the margin applicable to the Syndicated RCF is payable quarterly in arrears on unutilised amounts of the total facility.

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22. BORROWINGS CONTINUED

The Syndicated RCF has financial covenants linked to interest cover and the consolidated debt cover of the Group:

- Net bank debt to EBITDA must not exceed 3.5:1.
- EBITDA to net interest payable must not be less than 3.0:1.

EBITDA is defined as earnings before interest, taxation, depreciation and amortisation, share-based payments and associated NI, share of profit from joint ventures and exceptional items.

All financial covenants of the facility have been complied with through the period.

Loan from other investments

In the prior period, the Group's wholly owned subsidiary, Autorama Holding (Malta) Limited, elected to transfer the insurance portfolio held in a protected insurance cell with Advent Insurance PCC Limited to Atlas Insurance PCC Limited. As part of this process, Advent Insurance PCC Limited issued a loan to Autorama Holding (Malta) Limited to fund the investment in the new protected insurance cell until the portfolio transfer was complete. This process was completed during the current period and the loan was repaid. As at 31 March 2024, £nil was recognised on the Consolidated balance sheet (2023: £1.1m).

Exposure to interest rate changes

The exposure of the Group's borrowings (excluding debt issue costs) to SONIA rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2024 £m	2023 £m
One month or less	**30.0**	60.0
Total	**30.0**	60.0

23. PROVISIONS

	Dilapidations provision £m	Holiday pay provision £m	Total £m
At 31 March 2023	1.3	0.7	2.0
Charged to the income statement	–	0.8	0.8
Utilised in the year	–	(0.7)	(0.7)
Recognised under IFRS 16	0.4	–	0.4
Released in the year	(0.1)	–	(0.1)
At 31 March 2024	**1.6**	**0.8**	**2.4**

	2024 £m	2023 £m
Current	**0.8**	0.7
Non-current	**1.6**	1.3
Total	**2.4**	2.0

During the year, the Group reassessed its dilapidations provision for its leased properties which resulted in a £0.4m increase in the provision, and corresponding increase in the right of use lease asset.

24. DEFERRED TAXATION

A net deferred tax liability of £2.9m has been recognised in the balance sheet at 31 March 2024 (2023: deferred tax liability of £5.8m). The movement in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred taxation assets	Share-based payments £m	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2022	2.8	2.8	0.8	**6.4**
(Debited)/credited to the income statement	1.1	(0.9)	(0.5)	**(0.3)**
Debited directly to equity	(0.2)	–	–	**(0.2)**
Acquired through business combinations	–	–	6.8	**6.8**
At 31 March 2023	3.7	1.9	7.1	**12.7**
(Debited)/credited to the income statement	1.1	(0.8)	(0.3)	–
Debited directly to equity	(0.5)	–	–	**(0.5)**
At 31 March 2024	**4.3**	**1.1**	**6.8**	**12.2**

Deferred taxation liabilities	Acquired intangible assets £m	Other temporary differences £m	Total £m
At 31 March 2022	–	5.0	**5.0**
Credited to the income statement	(1.2)	(0.5)	**(1.7)**
Debited to the statement of comprehensive income	–	(1.1)	**(1.1)**
Acquired through business combinations	16.3	–	**16.3**
At 31 March 2023	15.1	3.4	**18.5**
Credited to the income statement	(3.4)	–	**(3.4)**
At 31 March 2024	**11.7**	**3.4**	**15.1**
Net deferred tax liability at 31 March 2023			5.8
Net deferred tax liability at 31 March 2024			**2.9**

The Group has estimated that £2.5m (2023: £1.5m) of the Group's net deferred income tax liability will be realised in the next 12 months. This is management's current best estimate and may not reflect the actual outcome in the next 12 months.

In the prior period, deferred tax assets acquired through business combinations totalled £6.8m, which included £7.7m relating to tax losses offset by a £0.9m deferred tax liability linked to a fair value adjustment on freehold property. This was recognised on the basis that there are sufficient taxable temporary liability differences at the balance sheet date arising from acquired intangibles which are expected to reverse over the same time period that losses are expected to be used.

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25. RETIREMENT BENEFIT OBLIGATIONS

(i) Defined contribution scheme

The Group operates a number of defined contribution schemes. In the year to 31 March 2024, the pension contributions to the Group's defined contribution schemes amounted to £4.1m (2023: £3.5m). At 31 March 2024, there were £0.7m (31 March 2023: £0.6m) of pension contributions outstanding relating to the Group's defined contribution schemes.

(ii) Defined benefit scheme

The Company sponsors a funded defined benefit pension scheme for qualifying UK employees, the Wiltshire (Bristol) Limited Retirement Benefits Scheme ('the Scheme'). The Scheme is administered by a separate board of Trustees, which is legally separate from the Company. The Trustees are composed of representatives of both the Company and members. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy for the assets and the day-to-day administration of the benefits.

The Scheme has been closed to future members since 30 April 2006 and there are no remaining active members within the Scheme. No other post-retirement benefits are provided to these employees.

Profile of the Scheme

As at 31 March 2024, approximately 40% of the defined benefit obligation ('DBO') is attributable to former employees who have yet to reach retirement (2023: 42%) and 60% to current pensioners (2023: 58%). The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is approximately 15 years (2023: 16 years).

Buy-in

In the prior year, the Scheme purchased a bulk annuity policy (known as a buy-in) from Just Retirement Limited ('Just Retirement') for £15.4m, which was funded by a £1.0m contribution by the Company along with existing Scheme assets. This policy secured the full benefits of all Scheme members, which as at the remeasurement date amounted to £13.7m. Given the financial strength of Just Retirement, this buy-in substantively removes the risk of further contributions being required from the Company to provide benefits to members, beyond those noted below.

Following the buy-in, the Scheme's assets largely comprise the bulk annuity policy held with Just Retirement, along with a small amount of additional assets currently held with LGIM. The Scheme trustees are now working to progress towards a full buy-out, which will involve various data and benefits exercises. It is anticipated that the Scheme buy-out will be completed in 2025. Once the buy-out is complete, the Scheme has no further purpose and will be wound up.

Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 30 April 2021 and showed a surplus of £1.5m. The Company paid deficit contributions of £140k pa to 31 January 2022, plus an additional £1.0m in October 2022 in respect of the shortfall versus the buy-in premium. The next funding valuation is due as at 30 April 2024, although it is anticipated that the wind-up of the scheme will have commenced before the statutory deadline for completion of this valuation, therefore this requirement will no longer apply. The Company expects that a further contribution may be required in the year ending 31 March 2025 in respect of the balancing premium, once the data cleansing and benefit rectification is completed. The Company also pays expenses and PPF levies incurred by the Scheme.

Risks associated with the Scheme

The Scheme exposes the Company to some risks, although the purchase of a buy-in policy substantially mitigates these.

Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The Scheme previously held a significant proportion of gilt and bond assets which limits volatility and risk in the short term. The allocation of assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.
Inflation risk	A proportion of the Scheme's benefit obligations are linked to inflation, and higher inflation leads to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Change in bond yields	A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.
Life expectancy	The majority of the Scheme's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the liabilities.

Assumptions used

The results of the latest funding valuation at 30 April 2021 have been adjusted to the new balance sheet date, taking account of experience over the period since 30 April 2021, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under IAS 19 are as follows:

	2024 %	2023 %
Discount rate for scheme liabilities	**4.80**	4.70
CPI inflation	**2.80**	2.85
RPI inflation	**3.40**	3.55
Pension increases		
Post 1988 GMP	**2.20**	2.20
Pre 2004 non GMP	**5.00**	5.00
Post 2004	**3.15**	3.25

The financial assumptions reflect the nature and term of the Scheme's liabilities. The weighted average duration of the Scheme liabilities at the year end is 15 years (2023: 16 years). This reduction is due to the discount rate increase which is the principal reason for the decrease in the value of Scheme liabilities compared with the prior year.

The Group has assumed that mortality will be in line with nationally published mortality table SAPS S3 Heavy tables with CMI 2021 projections related to members' years of birth with long-term rate of improvement of 1.5% per annum. No adjustment has been made for the possible effects of COVID-19.

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25. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

These tables translate into an average life expectancy for a pensioner retiring at age 65 as follows:

	2024		2023	
	Men Years	Women Years	Men Years	Women Years
Member aged 65 (current life expectancy)	**86.1**	**88.6**	86.7	89.0
Member aged 45 (life expectancy at age 65)	**87.9**	**90.4**	88.4	90.8

It is assumed that 50% of non-retired members of the Scheme will commute the maximum amount of cash at retirement (2023: 50%).

Post-employment benefit obligations disclosures

The amounts charged to the Consolidated income statement are set out below:

	2024 £m	2023 £m
Past service cost	**–**	0.5
Settlement cost	**–**	2.2
Total amounts charged to the Consolidated income statement	**–**	2.7

Past service cost

In the prior year, as part of the data cleansing exercise ahead of the Scheme's buy-in, two items relating to the Barber window in relation to transferred in assets and a slightly later effective date for pension increases were identified. As a result, a £0.5m past service cost was recognised in the Consolidated income statement.

Current service costs and past service costs are charged to the income statement in arriving at operating profit. Interest income on Scheme assets and the interest cost on Scheme liabilities are included within finance costs.

Settlement cost

Given the intention is to convert the buy-in policy purchased during the prior year to a buy-out as soon as possible, a settlement cost of £2.2m was recognised in the Consolidated income statement for the year ended 31 March 2023. The settlement cost represented the difference between the value of the liabilities under IAS 19 at the remeasurement date, 31 October 2022, (£13.2m) and the price paid to settle the liabilities (£15.4m).

The following amounts have been recognised in the Consolidated statement of comprehensive income:

	2024 £m	2023 £m
Return on Scheme assets below that recognised in net interest	**0.5**	5.9
Actuarial gains due to changes in assumptions	**(0.7)**	(4.8)
Actuarial losses due to liability experience	**0.3**	0.4
Effect of the surplus cap	**–**	–
Deferred tax on surplus	**–**	(1.1)
Total amounts recognised within the Consolidated statement of comprehensive income	**0.1**	0.4

Amounts recognised in the balance sheet are as follows:

	2024 £m	2023 £m
Present value of funded obligations	**13.4**	13.6
Fair value of plan assets	**(14.0)**	(14.1)
Net asset recognised in the Consolidated balance sheet	**(0.6)**	(0.5)

The Trustees of the Scheme sought legal advice which concluded that the Group has an unconditional right to a refund of surplus from the Scheme, if the Scheme were to be run-off until the final beneficiary died. As a result, the Group has concluded that IFRIC 14 does not apply, and therefore has recognised the accounting surplus of £0.6m (2023: £0.5m) and an associated deferred tax liability of £0.2m (2023: £0.2m) in the Consolidated balance sheet.

Movements in the fair value of Scheme assets were as follows:

	2024 £m	2023 £m
Fair value of Scheme assets at the beginning of the year	**14.1**	21.2
Interest income on Scheme assets	**0.7**	0.5
Remeasurement losses on Scheme assets	**(0.5)**	(5.9)
Contributions by the employer	**0.1**	1.0
Settlements	**–**	(2.2)
Net benefits paid	**(0.4)**	(0.5)
Fair value of Scheme assets at the end of the year	**14.0**	14.1

Movements in the fair value of Scheme liabilities were as follows:

	2024 £m	2023 £m
Fair value of Scheme liabilities at the beginning of the year	**13.6**	17.5
Past service cost	**–**	0.5
Interest expense	**0.6**	0.5
Actuarial gains on Scheme liabilities arising from changes in assumptions	**(0.7)**	(4.8)
Actuarial losses on Scheme liabilities arising from experience	**0.3**	0.4
Net benefits paid	**(0.4)**	(0.5)
Fair value of Scheme liabilities at the end of the year	**13.4**	13.6

Movements in post-employment benefit net obligations were as follows:

	2024 £m	2023 £m
Opening post-employment benefit surplus	**(0.5)**	(3.7)
Past service cost	**–**	0.5
Settlement cost	**–**	2.2
Contributions by the employer	**(0.1)**	(1.0)
Remeasurement and experience losses	**–**	1.5
Closing post-employment benefit surplus	**(0.6)**	(0.5)

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25. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Plan assets are comprised as follows:

	2024		2023	
	£m	%	£m	%
Gilts	**0.4**	**2.9**	0.4	2.8
Cash	**0.2**	**1.4**	0.1	0.7
Buy-in policy	**13.4**	**95.7**	13.6	96.5
Total	**14.0**	**100.0**	14.1	100.0

All plan assets have a quoted market price.

Sensitivity to key assumptions

The key financial assumptions used for IAS 19 are the discount and inflation rates. Given that the Scheme's buy-in policy is valued exactly equal to the DBO, changes in the key assumptions no longer have any impact on the net funded status position.

26. SHARE CAPITAL

	2024		2023	
Share capital	Number '000	Amount £m	Number '000	Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each				
At 1 April	**923,075**	**9.3**	946,893	9.5
Purchase and cancellation of own shares	**(23,711)**	**(0.2)**	(23,831)	(0.2)
Issue of shares	**7,850**	**0.1**	13	0.0
Total	**907,214**	**9.2**	923,075	9.3

In the year ended 31 March 2017, the Company commenced a share buyback programme. By resolutions passed at the 2023 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 92,019,875 of its ordinary shares, subject to minimum and maximum price restrictions. In the year ended 31 March 2024, a total of 25,207,430 ordinary shares of £0.01 were purchased. The average price paid was 673.0p with a total consideration paid (including fees of £0.9m) of £170.8m. Of all shares purchased, 1,496,445 were held in treasury with 23,710,985 being cancelled. In the year ended 31 March 2024, 7,849,782 ordinary shares were issued for the settlement of share-based payments.

Included within shares in issue at 31 March 2024 are 312,831 (2023: 340,196) shares held by the ESOT and 4,899,346 (2023: 4,371,505) shares held in treasury, as detailed in note 27.

27. OWN SHARES HELD

Own shares held – £m	ESOT shares reserve £m	Treasury shares £m	Total £m
Own shares held as at 31 March 2022	(0.4)	(22.0)	(22.4)
Repurchase of own shares for treasury	–	(8.7)	(8.7)
Share-based incentives exercised	–	5.1	5.1
Own shares held as at 31 March 2023	(0.4)	(25.6)	(26.0)
Repurchase of own shares for treasury	–	(11.1)	(11.1)
Share-based incentives exercised	–	5.8	5.8
Own shares held as at 31 March 2024	**(0.4)**	**(30.9)**	**(31.3)**

Own shares held – number	ESOT shares reserve Number of shares	Treasury shares Number of shares	Total Number of shares
Own shares held as at 31 March 2022	358,158	3,826,928	4,185,086
Transfer of shares from ESOT	(17,962)	–	(17,962)
Repurchase of own shares for treasury	–	1,430,372	1,430,372
Share-based incentives exercised	–	(885,795)	(885,795)
Own shares held as at 31 March 2023	340,196	4,371,505	4,711,701
Transfer of shares from ESOT	(27,365)	–	(27,365)
Repurchase of own shares for treasury	–	1,496,445	1,496,445
Share-based incentives exercised	–	(968,604)	(968,604)
Own shares held as at 31 March 2024	**312,831**	**4,899,346**	**5,212,177**

28. DIVIDENDS

Dividends declared and paid by the Company were as follows:

	2024		2023	
	Pence per share	£m	Pence per share	£m
2023 final dividend paid	**5.6**	**51.3**	5.5	51.7
2024 interim dividend paid	**3.2**	**29.1**	2.8	26.0
	8.8	**80.4**	8.3	77.7

The proposed final dividend for the year ended 31 March 2024 of 6.4p per share, totalling £58.4m, is subject to approval by shareholders at the Annual General Meeting ('AGM') and hence has not been included as a liability in the financial statements.

The Directors' policy with regard to future dividends is set out in the Financial review on page 24.

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29. CASH GENERATED FROM OPERATIONS

	2024 £m	2023 £m
Profit after tax	**256.9**	233.9
Adjustments for:		
Tax charge	**88.3**	59.7
Depreciation	**4.8**	4.9
Amortisation	**13.5**	9.2
Share-based payments charge (excluding associated NI)	**7.5**	5.8
Deferred contingent consideration	**10.4**	38.8
Share of profit from joint ventures	**(2.8)**	(2.5)
Profit on sale of property, plant and equipment	**0.3**	(0.7)
Net lease disposals and modifications	**–**	(0.1)
Post employment expenses relating to the defined benefit scheme	**–**	2.7
Finance costs	**3.5**	3.1
R&D expenditure credit	**(0.1)**	(0.1)
Profit on disposal of a subsidiary	**–**	(19.1)
Changes in working capital (excluding the effects of exchange differences on consolidation):		
Trade and other receivables	**(10.4)**	(3.6)
Trade and other payables	**6.0**	(1.9)
Provisions	**0.1**	–
Inventory	**1.0**	(2.7)
Cash generated from operations	**379.0**	327.4

30. SHARE-BASED PAYMENTS

The Group currently operates five share plans: the Share Incentive Plan, Performance Share Plan, Deferred Annual Bonus, Single Incentive Plan Award and the Sharesave scheme. All share-based incentives are subject to a service condition. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value of share-based incentives with market conditions.

The total charge in the period relating to the five schemes was £8.2m (2023: £6.6m). This included associated national insurance ('NI') at the rate at which management expects to be effective when the awards are exercised (13.80%), and apprenticeship levy at 0.5%, based on the share price at the reporting date.

In addition to this charge, the share-based payment charge reported in this period includes £10.4m relating to deferred share-based payment consideration relating to the acquisition of Autorama (see note 31), making a total combined charge of £17.9m (excluding associated NI).

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Share Incentive Plan ('SIP')	**–**	–	**–**	–
Sharesave scheme ('SAYE')	**0.7**	0.5	**–**	–
Performance Share Plan ('PSP')	**2.1**	1.9	**2.1**	1.9
Deferred Annual Bonus and Single Incentive Plan	**4.7**	3.4	**0.6**	0.4
NI and apprenticeship levy on applicable schemes	**0.7**	0.8	**0.3**	0.3
Total charge from ongoing share schemes	**8.2**	6.6	**3.0**	2.6
Share-based payments relating to Autorama acquisition	**10.4**	38.8	**–**	–
Total charge	**18.6**	45.4	**3.0**	2.6

During the year, the Directors in office in total had nil gains (2023: £1.4m) arising on the exercise of share-based incentive awards.

Share Incentive Plan

In 2015, the Group established a Share Incentive Plan ('SIP'). All eligible employees were awarded free shares (or nil-cost options in the case of employees in Ireland) valued at £3,600 each based on the share price at the time of the Company's admission to the Stock Exchange in March 2015.

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30. SHARE-BASED PAYMENTS CONTINUED

UK SIP

	2024 Number	2023 Number
Outstanding at 1 April	**96,315**	116,808
Released	**(27,365)**	(20,493)
Outstanding at 31 March	**68,950**	96,315
Vested and outstanding at 31 March	**68,950**	96,315

The weighted average market value per ordinary share for SIP awards released was 695.0p (2023: 578.0p). The SIP shares outstanding at 31 March 2024 have fully vested (2023: fully vested). Shares released prior to the vesting date relate to those attributable to good leavers as defined by the Scheme rules.

Performance Share Plan

The Group operates a Performance Share Plan ('PSP') for Executive Directors, the Operational Leadership Team and certain key employees. The extent to which awards vest will depend upon the Group's performance over the three-year period following the award date. Both market-based and non-market-based performance conditions may be attached to the options. An appropriate adjustment is made for market-based performance conditions when calculating the fair value of an option. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest, unless under exceptional circumstances.

On 22 June 2023, the Group awarded 355,183 nil cost options under the PSP scheme (2023: 360,695). For the 2023 awards, the Group's performance is measured by reference to growth in operating profit (70% of the award), revenue (20% of the award) and carbon reduction (10% of the award) over a three-year period to March 2026.

For other previous awards, the Group's performance had been measured by reference to growth in operating profit and revenue over a three-year period, total shareholder return relative to the FTSE 350 share index (2017 and 2020 awards), diversity progress (2021 award) and carbon reduction (2022 award).

The fair value of the 2023 award was determined to be the share price at grant date. In previous years, the total shareholder return element was valued using the Monte Carlo model. The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date.

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30. SHARE-BASED PAYMENTS CONTINUED

PSP award holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares. The assumptions used in the measurement of the fair value at grant date of the PSP awards are as follows:

Grant date	Condition	Share price at grant date £	Exercise price £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
16 June 2017	TSR dependent	4.00	Nil	31	3.0	0.2	0.0	0.0	2.17
16 June 2017	OP dependent	4.00	Nil	N/A	3.0	0.2	0.0	0.0	4.00
30 August 2017	TSR dependent	3.42	Nil	31	3.0	0.2	0.0	0.0	2.17
30 August 2017	OP dependent	3.42	Nil	N/A	3.0	0.2	0.0	0.0	3.42
17 August 2018	OP dependent	4.48	Nil	N/A	3.0	0.7	1.7	0.0	4.48
17 August 2018	Revenue dependent	4.48	Nil	N/A	3.0	0.7	1.7	0.0	4.48
17 June 2019	OP dependent	5.65	Nil	N/A	3.0	0.6	1.3	0.0	5.65
17 June 2019	Revenue dependent	5.65	Nil	N/A	3.0	0.6	1.3	0.0	5.65
8 July 2020	TSR dependent	5.27	Nil	32	3.0	(0.1)	0.0	0.0	2.83
17 June 2021	OP dependent	6.29	Nil	N/A	3.0	0.2	0.9	0.0	6.29
17 June 2021	Revenue dependent	6.29	Nil	N/A	3.0	0.2	0.9	0.0	6.29
17 June 2021	Diversity progress dependent	6.29	Nil	N/A	3.0	0.2	0.9	0.0	6.29
23 June 2022	OP dependent	5.31	Nil	N/A	3.0	2.0	1.3	0.0	5.31
23 June 2022	Revenue dependent	5.31	Nil	N/A	3.0	2.0	1.3	0.0	5.31
23 June 2022	Carbon reduction dependent	5.31	Nil	N/A	3.0	2.0	1.3	0.0	5.31
22 June 2023	OP dependent	6.22	Nil	N/A	3.0	4.9	1.4	0.0	6.22
22 June 2023	Revenue dependent	6.22	Nil	N/A	3.0	4.9	1.4	0.0	6.22
22 June 2023	Carbon reduction dependent	6.22	Nil	N/A	3.0	4.9	1.4	0.0	6.22

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30. SHARE-BASED PAYMENTS CONTINUED

Expected volatility is estimated by considering historic average share price volatility at the grant date.

The number of options outstanding and exercisable as at 31 March 2024 was as follows:

	2024 Number	2023 Number
Outstanding at 1 April	**1,399,984**	1,401,701
Options granted in the year	**355,183**	360,695
Dividend shares awarded	**–**	8,319
Options forfeited in the year	**(591,580)**	(129,684)
Options exercised in the year	**(47,547)**	(241,047)
Outstanding at 31 March	**1,116,040**	1,399,984
Exercisable at 31 March	**31,801**	79,348

The weighted average market value per ordinary share for PSP options exercised in 2024 was 714.0p (2023: 587.2p). The PSP awards outstanding at 31 March 2024 have a weighted average remaining vesting period of 1.2 years (2023: 1.0 years) and a weighted average contractual life of 8.1 years (2023: 7.9 years).

Deferred Annual Bonus and Single Incentive Plan Award

The Group operates the Deferred Annual Bonus and Single Incentive Plan Award for Executive Directors, the Operational Leadership Team and certain key employees. The plan consists of two schemes, the Deferred Annual Bonus Plan ('DABP') and the Single Incentive Plan Award ('SIPA'). In addition, in the current period the Group announced a new Single Incentive Plan Award for all employees under the existing scheme rules.

Deferred Annual Bonus

The Group operates a Deferred Annual Bonus Plan ('DABP') for Executive Directors. Awards under the plan are contingent on the satisfaction of pre-set internal targets relating to financial and operational objectives. The extent to which the awards vest will depend upon the satisfaction of the Group's financial and operational performance in the financial year of the award date (the 'Performance Conditions'). The awards will vest on the second anniversary of the date the Remuneration Committee determines that the Performance Conditions have been satisfied (the 'Vesting Period'). Awards are potentially forfeitable during that period should the employee leave employment. The DABP awards have been valued using the Black-Scholes method where appropriate and the resulting share-based payments charge is being spread evenly over the combined Performance Period and Vesting Period of the shares, being three years.

On 22 June 2023, the Group awarded 103,330 nil cost options under the DABP scheme (2023: 108,704). DABP award holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares. The assumptions used in the measurement of the fair value at grant date of the DABP awards are as follows:

Grant date	Share price at grant date £	Exercise price £	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
17 August 2018	4.48	Nil	2.0	0.7	1.7	0.0	4.48
17 June 2019	5.65	Nil	2.0	0.6	1.3	0.0	5.65
23 June 2022	5.31	Nil	2.0	2.0	1.3	0.0	5.31
22 June 2023	6.22	Nil	2.0	4.9	1.4	0.0	6.22

The number of options outstanding and exercisable as at 31 March was as follows:

	2024 Number	2023 Number
Outstanding at 1 April	**108,704**	–
Options granted in the year	**103,330**	108,704
Outstanding at 31 March	**212,034**	108,704
Exercisable at 31 March	**–**	–

No DABP options were exercised in 2024 (2023: No DABP options exercised).

Single Incentive Plan Award

The Group operates a Single Incentive Plan Award ('SIPA') for the Operational Leadership Team and certain key employees. The extent to which awards vest will depend upon the satisfaction of the Group's financial and operational performance in the financial year of the award date (the 'Performance Conditions'). The awards will vest in tranches, with the first tranche vesting on the date on which the Remuneration Committee determines that the Performance Conditions have been satisfied, and subsequent tranches vesting on the first and second anniversary of this date, subject to continuing employment.

On 22 June 2023, the Group awarded 618,497 nil cost options under the SIPA scheme for the Operational Leadership Team and certain key employees (2023: 681,586). For the 2023 awards, 75% of the award value is dependent on FY24 operating profit and the remaining 25% is subject to successful implementation of digital retailing related products by 31 March 2024. The fair value of the 2023 award was determined to be £6.22 per option, being the share price at grant date.

During the year, the Group announced a new All-Employee Single Incentive Plan Award ('All-Employee SIPA') that rewards employees with an extra 10% of their salary in shares. The awards will vest in tranches, with the first tranche vesting on the first anniversary of the grant date and subsequent tranches vesting on the first and second anniversary of this date, subject to continuing employment.

On 21 November 2023, the Group awarded 1,049,495 nil cost options under the SIPA scheme for all employees (2023: nil). The fair value of the 2023 award was determined to be £6.25 per option, being the average of the mid-market price for the three months leading up to the grant date.

The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date. SIPA holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares.

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30. SHARE-BASED PAYMENTS CONTINUED

The assumptions used in the measurement of the fair value at grant date of the SIPA awards are as follows:

Grant date	Share price at grant date £	Exercise price £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
17 August 2018	4.48	Nil	N/A	3.0	0.7	1.7	0.0	4.48
17 June 2019	5.65	Nil	N/A	3.0	0.6	1.3	0.0	5.65
8 July 2020	5.27	Nil	N/A	3.0	(0.1)	0.0	0.0	5.27
24 November 2020	5.52	Nil	N/A	3.0	(0.1)	0.0	0.0	5.52
17 June 2021	6.29	Nil	N/A	3.0	0.2	0.9	0.0	6.29
23 June 2022	5.31	Nil	N/A	3.0	2.0	1.3	0.0	5.31
22 June 2023	6.22	Nil	N/A	3.0	4.9	1.4	0.0	6.22
21 November 2023	6.25	Nil	N/A	3.0	4.5	1.4	0.0	6.25

The number of options outstanding and exercisable as at 31 March was as follows:

	2024 Number	2023 Number
Outstanding at 1 April	**1,517,766**	1,291,868
Options granted in the year	**1,667,992**	681,586
Dividend shares awarded	**10,239**	5,710
Options exercised in the year	**(515,383)**	(214,290)
Options forfeited in the year	**(167,296)**	(247,108)
Outstanding at 31 March	**2,513,318**	1,517,766
Exercisable at 31 March	**473,755**	412,346

The weighted average market value per ordinary share for SIPA options exercised in 2024 was 680.4p (2023: 601.1p). The SIPA awards outstanding at 31 March 2024 have a weighted average remaining vesting period of 2.9 years (2023: 1.2 years) and a weighted average contractual life of 8.7 years (2023: 8.2 years). The charge for the year includes an estimate of the awards to be granted after the balance sheet date in respect of achievement of 2022 targets.

Sharesave scheme

The Group operates a Sharesave ('SAYE') scheme for all employees under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at invitation, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. Options are granted and are linked to a savings contract with a term of three years. These funds are used to fund the option exercise. No performance criteria are applied to the exercise of Sharesave options.

The assumptions used in the measurement of the fair value at grant date of the Sharesave plan are as follows:

Grant date	Share price at grant date £	Exercise price £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
14 December 2018	4.48	3.49	29	3.0	0.7	1.7	16	1.29
13 December 2019	5.74	4.32	25	3.0	0.6	1.3	10	1.63
16 December 2020	5.75	4.41	32	3.0	0.0	0.5	10	1.86
16 December 2021	7.13	5.88	32	3.0	0.5	0.5	10	2.05
14 December 2022	5.64	4.56	34	3.0	3.2	1.3	10	1.87

Expected volatility is estimated by considering historic average share price volatility at the grant date. The requirement that an employee has to save in order to purchase shares under the Sharesave plan is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black-Scholes pricing model.

	2024		2023	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 April	**1,366,352**	**4.72**	1,446,582	4.72
Options granted in the year	**–**	**–**	688,115	4.56
Options exercised in the year	**(407,221)**	**4.40**	(406,060)	3.86
Options lapsed in the year	**(102,173)**	**4.92**	(362,285)	5.39
Outstanding at 31 March	**856,958**	**4.84**	1,366,352	4.72
Exercisable at 31 March	**54,288**	**4.41**	53,892	4.32

The weighted average market value per ordinary share for Sharesave options exercised in 2024 was 711.8p (2023: 597.4p). The Sharesave options outstanding at 31 March 2024 have a weighted average remaining vesting period of 1.5 years (2023: 2.0 years) and a weighted average contractual life of 2.0 years (2023: 2.5 years).

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31. PRIOR PERIOD BUSINESS COMBINATIONS
Purchase of Autorama UK Limited

In the prior period, on 22 June 2022, the Group acquired the entire share capital of Autorama UK Limited ('Autorama') for initial consideration of £150.0m, with an additional £50.0m deferred until 22 June 2023 and settled in shares subject to employment and performance conditions.

Autorama, one of the UK's largest marketplaces for leasing new vehicles, is a leading end-to-end digital platform, which aggregates leasing deals from multiple funders and manufacturers (under its 'Vanarama' brand), enabling buyers to transact online across a wide range of vehicles.

The total consideration of £150.0m excludes acquisition costs of £2.1m which were recognised within costs in the Consolidated income statement in the prior period. The following table provides a reconciliation of the amounts included in the Consolidated statement of cash flows for the prior period:

	2023 £m
Cash paid for subsidiary	150
Less: cash acquired	(5.8)
Payment for acquisition of subsidiary, net of cash acquired	**144.2**

As the settlement of the deferred consideration of £50.0m was subject to a condition for continuing employment to 22 June 2023, the amount was not included in the business combination but was recorded as a post-acquisition income statement expense over the period of service, which extended to the first anniversary of the acquisition. The deferred consideration was fully settled at 31 March 2024 with the final settlement being reduced to £49.9m due to the associated performance conditions not being met.

From the period of acquisition to 31 March 2023, Autorama contributed revenue of £27.2m, and a loss of £11.2m to the Group's results. Further analysis is within note 4.

The purchase was accounted for as a business combination under the acquisition method in accordance with IFRS 3. The fair value of net assets acquired was assessed and, other than in respect of the intangible assets and related deferred tax, described below, no material adjustments from book value were made to existing assets and liabilities. The goodwill calculation is summarised below:

	Fair value £m
Intangible asset recognised on acquisition	
Brand	47.6
Technology	13.7
Customer relationships	2.9
Order book	2.3
Deferred tax liability arising on intangible assets	(16.3)
	50.2
Other non-current assets	
Investments	1.0
Property, plant and equipment	5.3
Intangible assets	0.4
Deferred tax asset	6.8
	13.5
Current assets	
Cash and cash equivalents	5.8
Trade and other receivables	4.5
Inventory	0.9
Other debtors	0.9
	12.1
Current liabilities	
Trade and other payables	11.6
Deferred income	2.3
	13.9
Non-current liabilities	
Borrowings	4.0
Lease liabilities	0.4
	4.4
Total net assets acquired	
Goodwill on acquisition	57.5
Total assets acquired	92.5
Fair value of cash consideration	**150.0**

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31. PRIOR PERIOD BUSINESS COMBINATIONS CONTINUED

The brand, technology, customer relationships and order book obtained through the acquisition met the requirements to be separately identifiable under IFRS 3. Refer to note 2 for further details on fair value techniques for valuing intangibles.

The business operates under the Vanarama brand name and is one of the UK's longest running e-commerce brands. The asset was valued using the Multi-period Excess Earnings Method and cross-checked using relief from royalty. A useful economic life and obsolescence decline period of 10 years was assumed. A post-tax discount rate of 14% was applied. This discount rate is lower than that for Autorama as a whole at the date of acquisition and reflects factors including the finite brand forecast period, compared to cash flows into perpetuity used to support the goodwill.

During the period ended 31 March 2024, the integration of Autorama accelerated at a faster rate than originally anticipated at acquisition. As a result, the useful economic life of the 'Vanarama' brand was reduced from ten years to five years from the date of acquisition. This change in accounting estimate was applied prospectively from 1 October 2023 in line with IAS 38 – Intangible assets.

The technology is Autorama's propriety technology which helps manage a complex vehicle lease purchasing process into a streamlined online transaction via a customer friendly user interface, which has been developed in-house. The asset was valued using the cost approach, specifically replacement costs, and cross-checked using relief from royalty. The order book is customer orders not yet delivered, which is expected to unwind.

The goodwill recognised on acquisition principally relates to value arising from intangible assets that are not separately identifiable under IFRS 3. Such assets include the value of the acquired workforce (including technical experience), returning customers, supplier relationships with funders and car manufacturers and future market growth opportunities. Customer lists were not valued separately on the basis they are inseparable in their own right from the brand. Supplier relationships were not separately valued on the basis that their terms are in line with industry standards of what would be typically agreed with a market participant.

The valuation of the Vanarama brand name is sensitive to a change in the obsolescence rate assumption. An obsolescence profile was assumed which is considered to be a representative curve for a consumer asset in the absence of continued marketing spend, showing a slow decline in the early years due to the benefit of historic spend, the decline then accelerating in the middle years as consumer brand consciousness falls, before slowing in the final years to reflect a slower drop off of residual awareness. Slowing or accelerating the assumed rate of obsolescence by one year, with all other factors being unchanged, would increase or decrease the valuation of the brand by £14m or £16m respectively. Residual goodwill would be adjusted by an equal and opposite amount, net of taxation. The discount rate used in the brand valuation is less sensitive to change, reflecting the finite useful economic life of 10 years and the lower positive cash flows in the latter years due to the obsolescence decline.

None of the acquired intangible assets or goodwill is expected to be deductible for tax purposes. A deferred tax liability has been recorded on the fair value of the intangible assets recognised, other than goodwill, measured at the substantively enacted UK rate of corporation tax from April 2023 of 25%. This deferred tax liability was debited against and increased the value of goodwill recognised.

Settlement of deferred consideration in relation to Blue Owl Network Limited

In addition, in July 2022, the deferred consideration of £8.1m was settled in respect of the acquisition of Blue Owl Network Limited ('Blue Owl'). On 31 July 2020, the Group acquired the entire share capital of Blue Owl for consideration of £18.2m, of which £8.1m was deferred until 31 July 2022.

32. FINANCIAL INSTRUMENTS

Financial assets

	Note	2024 £m	2023 £m
Net trade receivables (invoiced)	18	**32.7**	28.5
Net accrued income	18	**42.8**	38.7
Net trade receivables (total)	18	**75.5**	67.2
Other receivables	18	**1.0**	0.3
Cash and cash equivalents	20	**18.7**	16.6
Total		**95.2**	84.1

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2024 was £95.2m (2023: £84.1m). The maximum exposure to credit risk for trade receivables and accrued income at the reporting date by geographic region was:

	2024 £m	2023 £m
UK	**75.5**	67.2
Total	**75.5**	67.2

The maximum exposure to credit risk for trade receivables and accrued income at the reporting date by type of customer was:

	2024 £m	2023 £m
Retailers	**58.0**	52.7
Manufacturer and Agency	**6.6**	5.1
Other	**4.7**	5.3
Autorama	**6.2**	4.1
Total	**75.5**	67.2

The Group's most significant customer accounts for £1.8m (2023: £1.2m) of net trade receivables as at 31 March 2024.

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32. FINANCIAL INSTRUMENTS CONTINUED

Expected credit loss assessment

Expected credit losses are measured using a provisioning matrix based on actual credit loss experience over the past three years and adjusted, when required, to take into account current macro-economic factors. For certain customers the Group applies experienced credit judgement that is determined to be predictive of the risk of loss to assess the expected credit loss, taking into account external ratings, financial statements and other available information. The following table provides information about the exposure to credit risk and expected credit losses for trade receivables and accrued income from individual customers as at 31 March 2024.

	Expected credit loss rate	Gross carrying amount £m	Loss allowance £m	Credit-impaired
Accrued income	**3.7%**	**44.5**	**(1.7)**	**No**
Current	**3.5%**	**27.8**	**(1.0)**	**No**
Past due 1–30 days	**9.5%**	**6.0**	**(0.6)**	**No**
Past due 31–60 days	**36.0%**	**0.3**	**(0.1)**	**No**
Past due 61–90 days	**92.8%**	**0.2**	**(0.2)**	**No**
More than 91 days past due	**81.6%**	**1.7**	**(1.4)**	**No**
		80.5	**(5.0)**	

At 31 March 2023, ECLs were adjusted for the macro-economic uncertainty around retailer profitability driven by used car price volatility. At 31 March 2024, ECLs continue to reflect macro-economic uncertainty around retailer profitability due to persistent high inflation, high interest rates and the upcoming UK general election which could lead to new political policies to which we would need to respond. Sensitivity analysis has been performed in assessing the expected credit loss rate. There are no changes to the rate that are considered by the Directors to be reasonably possible, which give rise to a material difference in the loss allowance.

Comparative information about the exposure to credit risk and expected credit losses for trade receivables from individual customers as at 31 March 2023 is set out below:

	Expected credit loss rate	Gross carrying amount £m	Loss allowance £m	Credit-impaired
Accrued income	3.7%	40.2	(1.5)	No
Current	2.8%	25.4	(0.7)	No
Past due 1–30 days	8.8%	3.4	(0.3)	No
Past due 31–60 days	27.8%	0.4	(0.1)	No
Past due 61–90 days	83.3%	0.1	(0.1)	No
More than 91 days past due	81.1%	2.2	(1.8)	No
		71.7	(4.5)	

The Group has identified specific balances for which it has provided an impairment allowance on a line-by-line basis across all ledgers, in both years. The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	Note	2024 £m	2023 £m
At 1 April	18	**3.0**	2.5
Charged during the year		**1.9**	1.0
Acquired through business combinations		**–**	0.3
Utilised during the year		**(1.6)**	(0.8)
At 31 March	18	**3.3**	3.0

The movement in the allowance for impairment in respect of accrued income during the year was as follows.

	Note	2024 £m	2023 £m
At 1 April	18	**1.5**	1.2
Charged during the year		**0.2**	0.5
Utilised during the year		**–**	(0.2)
At 31 March	18	**1.7**	1.5

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated between P-1 and P-2 based on Moody's ratings. The Directors do not consider deposits at these institutions to be at risk.

Financial liabilities

	2024			2023		
	As per balance sheet £m	Future interest cost £m	Total cash flows £m	As per balance sheet £m	Future interest cost £m	Total cash flows £m
Trade and other payables	**25.5**	**–**	**25.5**	27.9	–	27.9
Vehicle stocking loan	**2.1**	**–**	**2.1**	3.0	–	3.0
Borrowings (gross of debt issue costs)	**30.0**	**–**	**30.0**	58.6	–	58.6
Leases	**4.8**	**0.1**	**4.9**	7.1	0.3	7.4
Total	**62.4**	**0.1**	**62.5**	96.6	0.3	96.9

Trade and other payables are as disclosed within note 21, excluding vehicle stocking loan, other taxation and social security liabilities and deferred income.

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32. FINANCIAL INSTRUMENTS CONTINUED

IFRS 7 requires the contractual future interest cost of a financial liability to be included within the above table. As disclosed in note 22 of these Consolidated financial statements, borrowings are currently drawn under a syndicated debt arrangement and repayments can be made at any time without penalty. As such there is no contractual future interest cost. Interest is payable on borrowings' drawn amounts at a rate of SONIA prevailing at the time of drawdown plus the applicable margin, which ranges from 1.2% to 2.1%, excluding the potential beneficial impact of sustainability performance targets. Interest paid in the year in relation to borrowings amounted to £3.1m (2023: £3.2m).

Similarly, repayments can be made at any time without penalty on the vehicle stocking loan. As such there is no contractual future interest cost. Interest is payable on the loan balance at the prevailing Bank of England Base Rate plus a 2% margin. Interest paid in the year in relation to the vehicle stocking loan amounted to £0.3m (2023: £0.1m).

The Company had no derivative financial liabilities in either year. It is not expected that the cash flows included in the maturity analysis could occur earlier or at significantly different amounts.

Liquidity risk

The maturity of financial liabilities based on contracted cash flows is shown in the table below. This table has been drawn up using the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay. The table includes both interest and principal cash flows. Floating rate interest payments have been calculated using the relevant interest rates prevailing at the year end, where applicable.

As at 31 March 2024	Trade and other payables £m	Vehicle stocking loan £m	Borrowings £m	Leases £m	Total £m
Due within one year	**25.5**	**2.1**	**–**	**2.4**	**30.0**
Due within one to two years	**–**	**–**	**–**	**2.0**	**2.0**
Due within two to five years	**–**	**–**	**30.0**	**0.5**	**30.5**
Due after more than five years	**–**	**–**	**–**	**–**	**–**
Total	**25.5**	**2.1**	**30.0**	**4.9**	**62.5**

As at 31 March 2023	Trade and other payables £m	Vehicle stocking loan £m	Borrowings £m	Leases £m	Total £m
Due within one year	27.9	3.0	1.1	2.5	34.5
Due within one to two years	–	–	–	2.4	2.4
Due within two to five years	–	–	57.5	2.5	60.0
Due after more than five years	–	–	–	–	–
Total	27.9	3.0	58.6	7.4	96.9

Fair values

The fair values of all financial instruments in both years approximate to their carrying values.

33. NET DEBT

Analysis of net debt

Net debt is calculated as total borrowings, vehicle stocking loan and lease liabilities, less cash and cash equivalents. Non-cash changes represent the effects of the recognition and subsequent amortisation of fees relating to the bank facility, changing maturity profiles, acquisition of debt and new leases entered into during the year.

March 2024	At 1 April 2023 £m	Cash flow £m	Non-cash changes £m	At 31 March 2024 £m
Debt due within one year	**1.1**	**(1.1)**	**–**	**–**
Debt due after more than one year	**57.5**	**(30.5)**	**0.7**	**27.7**
Vehicle stocking loan	**3.0**	**–**	**(3.0)**	**–**
Accrued interest	**0.3**	**(3.4)**	**3.3**	**0.2**
Lease liabilities	**7.1**	**(2.7)**	**0.4**	**4.8**
Total debt and lease financing	**69.0**	**(37.7)**	**1.4**	**32.7**
Cash and cash equivalents	**(16.6)**	**(2.1)**	**–**	**(18.7)**
Net debt/(cash)	**52.4**	**(39.8)**	**1.4**	**14.0**

In the current year, the vehicle stocking loan is not presented within net debt to be consistent with the presentation of this balance, together with the related inventory, as part of the Group's operating cycle.

Non-cash changes on debt due after more than one year relates to amortisation of debt issue costs.

March 2023	At 1 April 2022 £m	Cash flow £m	Non-cash changes £m	At 31 March 2023 £m
Debt due within one year	–	1.1	–	1.1
Debt due after more than one year	–	54.6	2.9	57.5
Vehicle stocking loan	–	–	3.0	3.0
Accrued interest	0.1	(3.0)	3.2	0.3
Lease liabilities	9.5	(2.9)	0.5	7.1
Total debt and lease financing	9.6	49.8	9.6	69.0
Cash and cash equivalents	(51.3)	34.7	–	(16.6)
Net debt/(cash)	(41.7)	84.5	9.6	52.4

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33. NET DEBT CONTINUED

Reconciliation of movements in liabilities to cash flows arising from financing activities

	Liabilities/(Assets)			Equity				
	Borrowings and accrued interest	Vehicle stocking loan	Lease liabilities	Share capital	Retained earnings	Own shares held	Other reserves	Total
Balance as of 1 April 2023	**58.9**	**3.0**	**7.1**	**9.3**	**1,390.3**	**(26.0)**	**(846.3)**	**596.3**
Changes from financing cash flows								
Dividends paid to Company shareholders	–	–	–	–	(80.4)	–	–	(80.4)
Drawdown of Syndicated RCF	57.0	–	–	–	–	–	–	57.0
Repayment of Syndicated RCF	(87.0)	–	–	–	–	–	–	(87.0)
Repayment of other debt	(1.1)	–	–	–	–	–	–	(1.1)
Payment of refinancing fees	(0.5)	–	–	–	–	–	–	(0.5)
Payment of interest on borrowings	(3.4)	–	–	–	–	–	–	(3.4)
Payment of lease liabilities	–	–	(2.7)	–	–	–	–	(2.7)
Purchase of own shares for cancellation	–	–	–	(0.2)	(158.9)	–	0.2	(158.9)
Purchase of own shares for treasury	–	–	–	–	–	(11.0)	–	(11.0)
Fees on repurchase of own shares	–	–	–	–	(0.9)	–	–	(0.9)
Issue of ordinary shares	–	–	–	0.1	–	–	–	0.1
Proceeds from exercise of share-based incentives	–	–	–	–	1.8	–	–	1.8
Total changes from financing cash flows	(35.0)	–	(2.7)	(0.1)	(238.4)	(11.0)	0.2	(287.0)
Other changes – liability related								
Interest expense	3.0	–	0.1	–	–	–	–	3.1
Other	1.0	(3.0)	0.3	–	–	–	–	(1.7)
Total liability-related other changes	4.0	(3.0)	0.4	–	–	–	–	1.4
Total equity-related other changes	–	–	–	–	268.6	5.7	-	274.3
Balance as of 31 March 2024	**27.9**	**–**	**4.8**	**9.2**	**1420.5**	**(31.3)**	**(846.1)**	**585.0**

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33. NET DEBT CONTINUED

	Liabilities/(Assets)			Equity				
	Borrowings and accrued interest	Vehicle stocking loan	Lease liabilities	Share capital	Retained earnings	Own shares held	Other reserves	Total
Balance as of 1 April 2022	**(1.2)**	**–**	**9.5**	**9.5**	**1,332.4**	**(22.4)**	**(847.0)**	**480.8**
Changes from financing cash flows								
Dividends paid to Company shareholders	–	–	–	–	(77.7)	–	–	(77.7)
Drawdown of Syndicated RCF	110.0	–	–	–	–	–	–	110.0
Repayment of Syndicated RCF	(50.0)	–	–	–	–	–	–	(50.0)
Repayment of other debt	(4.0)	–	–	–	–	–	–	(4.0)
Proceeds from loan	1.1	–	–	–	–	–	–	1.1
Payment of refinancing fees	(1.4)	–	–	–	–	–	–	(1.4)
Payment of interest on borrowings	(3.0)	–	–	–	–	–	–	(3.0)
Payment of lease liabilities	–	–	(2.9)	–	–	–	–	(2.9)
Purchase of own shares for cancellation	–	–	–	(0.2)	(138.6)	–	0.2	(138.6)
Purchase of own shares for treasury	–	–	–	–	–	(8.7)	–	(8.7)
Fees on repurchase of own shares	–	–	–	–	(0.7)	–	–	(0.7)
Proceeds from exercise of share-based incentives	–	–	–	–	2.0	–	–	2.0
Total changes from financing cash flows	52.7	–	(2.9)	(0.2)	(215.0)	(8.7)	0.2	(173.9)
Other changes – liability related								
Interest expense	3.1	–	0.2	–	–	–	–	3.3
Other	4.3	3.0	0.3	–	–	–	–	7.6
Total liability-related other changes	7.4	3.0	0.5	–	–	–	–	10.9
Total equity-related other changes	–	–	–	–	272.9	5.1	0.5	278.5
Balance as of 31 March 2023	**58.9**	**3.0**	**7.1**	**9.3**	**1,390.3**	**(26.0)**	**(846.3)**	**596.3**

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34. RELATED PARTY TRANSACTIONS

Dealer Auction Limited

The Group transacted the following related party transactions with its joint venture, Dealer Auction Limited, during the period.

The Group provided data services to Dealer Auction under a licence agreement established as part of the formation of the joint venture in January 2019. The value of services provided to Dealer Auction was £0.6m (2023: £0.6m) and has been recognised within revenue. At 31 March 2024, deferred income outstanding in relation to the licence agreement was £8.3m (2023: £8.9m).

The Group recharged Dealer Auction for the provision of office space and laptops during the period, the total value of which was £32,900 (2023: £31,500). The service was provided to Dealer Auction at an arm's length basis and recorded within administrative expenses within the Consolidated income statement.

Other related party transactions

Key Management personnel compensation has been disclosed in note 8.

The Group sponsors a funded defined benefit pension scheme. Details of transactions with the Wiltshire (Bristol) Limited Retirement Benefits Scheme are set out in note 25.

35. SUBSIDIARIES AND JOINT VENTURES

Subsidiaries

At 31 March 2024 the Group's subsidiaries were:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Auto Trader Holding Limited[1]	England and Wales	Intermediary holding company	Ordinary	100%	100%
Auto Trader Limited[1]	England and Wales	Online marketplace	Ordinary	–	100%
Trader Licensing Limited[1]	England and Wales	Dormant company	Ordinary	–	100%
Autorama UK Limited[2]	England and Wales	Online marketplace	Ordinary	100%	100%
Vanarama Limited[2]	England and Wales	Dormant company	Ordinary	–	100%
Autorama Holding (Malta) Limited[3]	Malta	Investment company for a protected cell company	Ordinary	–	100%
Blue Owl Network Limited[1]	England and Wales	Finance platform	Ordinary	–	100%

1. Registered office address is 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN.
2. Registered office address is Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7DE.
3. Registered office address is The Landmark, Level 2, Suite 1, Triq L-Iljun, Qormi, Malta.

Vanarama USA Inc, a subsidiary undertaking of the Group, was dissolved on 24 October 2023.

All subsidiaries have a year end of 31 March, apart from Autorama Holding (Malta) Limited, which has a year end of 31 December.

Joint ventures

At 31 March 2024 the Group's interests in joint ventures were:

Joint ventures	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Dealer Auction Limited[1]	England and Wales	Online marketplace	Ordinary	–	49%
Dealer Auction (Operations) Limited[1]	England and Wales	Dormant company	Ordinary	–	49%
Auto Trader Autostock Limited[1]	England and Wales	Dormant company	Ordinary	–	49%
Dealer Auction Services Limited[1]	England and Wales	Dormant company	Ordinary	–	49%

1. Registered office address is Central House, Leeds Road, Rothwell, Leeds, West Yorkshire, England, LS26 0JE.

All joint ventures have a year end of 31 December.

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Company balance sheet
At 31 March 2024

	Note	2024 £m	2023 £m
Fixed assets			
Investments	3	**1,403.9**	1,427.2
		1,403.9	1,427.2
Current assets			
Debtors	4	**303.1**	338.1
Cash and cash equivalents	5	**0.1**	0.3
		303.2	338.4
Creditors: amounts falling due within one year	6	**(1,118.3)**	(905.5)
Net current assets		**(815.1)**	(567.1)
Net assets		**588.8**	860.1
Capital and reserves			
Called-up share capital	9	**9.2**	9.3
Share premium		**182.6**	182.6
Own shares held	10	**(31.3)**	(26.0)
Capital redemption reserve		**1.4**	1.2
Retained earnings		**426.9**	693.0
Total equity		**588.8**	860.1

The loss for the year of the Company was £39.7m (2023: loss £9.0m). The accompanying notes form part of these financial statements. The financial statements were approved by the Board of Directors on 30 May 2024 and authorised for issue:

Jamie Warner
Chief Financial Officer
Auto Trader Group plc
Registered number: 09439967
30 May 2024

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Company statement of changes in equity
For the year ended 31 March 2024

	Share capital £m	Share premium £m	Retained earnings £m	Own shares held £m	Capital redemption reserve £m	Total equity £m
Balance at 31 March 2022	**9.5**	**182.6**	**877.8**	**(22.4)**	**1.0**	**1,048.5**
Loss for the year	–	–	(9.0)	–	–	(9.0)
Total comprehensive expense, net of tax	–	–	(9.0)	–	–	(9.0)
Transactions with owners:						
Employee share schemes – value of employee services	–	–	44.6	–	–	44.6
Exercise of employee share schemes	–	–	(3.6)	5.1	–	1.5
Tax impact of employee share schemes	–	–	0.2	–	–	0.2
Purchase of own shares for treasury	–	–	–	(8.7)	–	(8.7)
Purchase of own shares for cancellation	(0.2)	–	(139.3)	–	0.2	(139.3)
Dividends paid	–	–	(77.7)	–	–	(77.7)
Total transactions with owners recognised directly in equity	(0.2)	–	(175.8)	(3.6)	0.2	(179.4)
Balance at 31 March 2023	**9.3**	**182.6**	**693.0**	**(26.0)**	**1.2**	**860.1**
Loss for the year	–	–	(39.7)	–	–	(39.7)
Total comprehensive expense, net of tax	–	–	(39.7)	–	–	(39.7)
Transactions with owners:						
Employee share schemes – value of employee services	–	–	17.9	–	–	17.9
Exercise of employee share schemes	–	–	(4.0)	5.8	–	1.8
Tax impact of employee share schemes	–	–	(0.1)	–	–	(0.1)
Purchase of own shares for treasury	–	–	–	(11.1)	–	(11.1)
Purchase of own shares for cancellation	(0.2)	–	(159.7)	–	0.2	(159.7)
Issue of ordinary shares	0.1	–	(0.1)	–	–	–
Dividends paid	–	–	(80.4)	–	–	(80.4)
Total transactions with owners recognised directly in equity	(0.1)	–	(226.4)	(5.3)	0.2	(231.6)
Balance at 31 March 2024	**9.2**	**182.6**	**426.9**	**(31.3)**	**1.4**	**588.8**

The accompanying notes form part of these financial statements.

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1. ACCOUNTING POLICIES

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company was incorporated on 13 February 2015.

Statement of compliance and basis of preparation

The Company financial statements of Auto Trader Group plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' applicable in the United Kingdom and the Republic of Ireland ('FRS 101') and the Companies Act 2006.

In preparing these financial statements, the Company applies recognition, measurement and disclosure requirements of UK-adopted international accounting standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- no separate parent company cash flow statement with related notes has been included;
- no separate parent company statement of comprehensive income with related notes has been included; and
- Key Management personnel compensation has not been included a second time.

As the Group financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the certain disclosures required by IFRS 2 – Share-Based Payments in respect of group settled share-based payments, IFRS 13 – Fair Value Measurement and the disclosures required by IFRS 7 – Financial Instruments: Disclosures.

The Company financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial assets and liabilities through profit or loss. The current year financial information presented is at and for the year ended 31 March 2024. The comparative financial information presented is at and for the year ended 31 March 2023.

The Company's accounting policies are the same as those set out in note 1 to the Consolidated financial statements.

The adoption of IFRS 17 – Insurance Contracts in the year has had no material effect on the Company financial statements in the current or prior period. Please also see note 12.

The Directors have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for a period not less than 12 months from the date of this report.

The Company financial statements have been prepared in sterling (£), which is the functional and presentational currency of the Company, and have been rounded to the nearest hundred thousand (£0.1m) except where otherwise indicated.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as part of the published Consolidated financial statements of Auto Trader Group plc. The loss for the financial period dealt with in the financial statements of the parent company was £39.7m (2023: loss of £9.0m).

Amounts paid to the Company's auditor in respect of the statutory audit were £228,500 (2023: £200,000). The charge was borne by a subsidiary company and not recharged.

Estimation techniques

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Company's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, is the carrying value of investments.

The Group considers annually whether there is an indicator that the carrying value of investments may have suffered an impairment, in accordance with the accounting policy stated. Where an indicator is identified, the recoverable amounts of investments are determined based on value-in-use calculations, which require the use of estimates. Following an impairment being recorded in the year, the carrying value of the investment in Autorama is sensitive to change, as disclosed in note 3.

Share-based payments

The Company grants equity-settled share-based payments to certain employees, who are employed directly by subsidiary Group undertakings. The equity-settled share-based payments granted to employees across the Group are in respect of ordinary shares in the Company. The accounting policy covering the fair value calculation of these equity-settled share-based payments can be found in note 2 to the Consolidated financial statements. The Company is not reimbursed for the expense relating to equity-settled share-based payments granted to employees of its subsidiaries and therefore recognises an increase in investment in subsidiaries.

Investments in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Group purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Group's shareholders. Where such shares are subsequently cancelled, the nominal value of the shares repurchased is deducted from share capital and transferred to a capital redemption reserve. Where the Group purchases its own equity share capital to hold in treasury, the consideration paid for the shares is shown as own shares held within equity.

Shares held by the Employee Share Option Trust

Shares in the Company held by the Employee Share Option Trust ('ESOT') are included in the balance sheet at cost as a deduction from equity.

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1. ACCOUNTING POLICIES CONTINUED

Taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Financial instruments

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Under IFRS 9, trade receivables including accrued income, without a significant financing component, are classified and held at amortised cost, being initially measured at the transaction price and subsequently measured at amortised cost less any impairment loss.

The Company recognises lifetime expected credit losses ('ECLs') for trade receivables and accrued income. The expected credit losses are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for any macro-economic factors. At 31 March 2023, ECLs were adjusted for the macro-economic uncertainty around retailer profitability driven by used car price volatility. At 31 March 2024, ECLs continue to reflect macro-economic uncertainty around retailer profitability due to persistent high inflation, high interest rates and the upcoming UK general election which could lead to new political policies to which we would need to respond.

The Company assesses whether a financial asset is in default on a case-by-case basis when it becomes probable that the customer is unlikely to pay its credit obligations. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For all customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss. A financial liability is classified as at fair value through profit and loss if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition and measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities, including trade payables, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Dividend distribution

Dividends to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders in the case of final dividends. In respect of interim dividends, these are recognised once paid.

2. DIRECTORS' EMOLUMENTS

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' remuneration report on pages 81 to 99.

3. INVESTMENTS IN SUBSIDIARIES

	2024 £m	2023 £m
At beginning of the period	**1,427.2**	1,224.9
Additions – acquisition of subsidiary	**–**	150.0
Additions – investment in subsidiary	**–**	10.0
Additions – share-based payments	**4.7**	3.5
Additions – share-based payments relating to acquisition	**10.4**	38.8
Additions – cash settlement of deferred consideration	**0.7**	–
Cost of investments	**1,443.0**	1,427.2
Impairment – investment in subsidiary	**(39.1)**	–
Net book value at end of the year	**1,403.9**	1,427.2

Subsidiary undertakings are disclosed within note 35 to the Consolidated financial statements. The Company directly owns shares in two subsidiaries, Auto Trader Holding Limited and Autorama UK Limited.

The £10.4m and £0.7m additions in the current period relate to the remaining deferred consideration which was fully settled in the year. The remaining additions relate to equity-settled share-based payments granted to the employees of subsidiary companies. The majority of additions in the prior year relate to the acquisition of a subsidiary, being the purchase of 100% of the share capital of Autorama UK Limited ('Autorama') of £150.0m, and a further investment of £10.0m.

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3. INVESTMENTS IN SUBSIDIARIES CONTINUED

As disclosed in the prior year financial statements, there was limited headroom between the recoverable amount and the carrying value of the Autorama investment in the parent company at 31 March 2023, principally due to the requirement in the parent company to capitalise the £49.9m share-based payment charge relating to deferred consideration.

The recoverable amount of the investment in Autorama at 31 March 2024 has been determined using the methodology and assumptions disclosed in note 13 to the Consolidated financial statements, adjusted to include intercompany debt to reflect equity rather than enterprise value. This has resulted in an impairment charge of £39.1m (2023: £nil). The impairment charge reflects current assumptions about short term tighter supply in the new car market which, though expected to improve over time, impact the longer term forecast period. The sensitivities disclosed in note 13 to the Consolidated financial statements would, when applied to the recoverable amount of the investment in Autorama at 31 March 2024, increase the recorded impairment charge by a range of £18.5m to £41.6m.

No impairment indicators were identified for the investment in Auto Trader Holding Limited.

4. DEBTORS

	2024 £m	2023 £m
Amounts owed by Group undertakings	**301.1**	336.8
Other receivables	**0.3**	0.2
Deferred tax asset	**1.7**	1.1
Total	**303.1**	338.1

Amounts owed by Group undertakings are non-interest-bearing, unsecured and have no fixed date of repayment. These amounts are not expected to be settled in the next 12 months. All amounts are owed by Auto Trader Holding Limited. No expected credit loss has been recognised on the basis of immateriality.

5. CASH AND CASH EQUIVALENTS

	2024 £m	2023 £m
Cash at bank and in hand	**0.1**	0.3

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £m	2023 £m
Amounts owed to Group undertakings	**(1,115.8)**	903.3
Accruals and deferred income	**(2.5)**	2.2
Total	**(1,118.3)**	905.5

Amounts owed to Group undertakings are non-interest-bearing, unsecured and have no fixed date of repayment.

7. FINANCIAL INSTRUMENTS

Financial instruments utilised by the Company during the year ended 31 March 2024 and the year ended 31 March 2023 may be analysed as follows:

Financial assets	2024 £m	2023 £m
Financial assets measured at amortised cost	**301.4**	337.0

Financial liabilities	2024 £m	2023 £m
Financial liabilities measured at amortised cost	**1,118.3**	905.5

Current assets and liabilities

Financial instruments included within current assets and liabilities (excluding cash and borrowings) are generally short term in nature and accordingly their fair values approximate to their book values.

8. DIVIDENDS

Dividends declared and paid by the Company were as follows:

	2024		2023	
	Pence per share	£m	Pence per share	£m
2023 final dividend paid	**5.6**	**51.3**	5.5	51.7
2024 interim dividend paid	**3.2**	**29.1**	2.8	26.0
	8.8	**80.4**	8.3	77.7

The proposed final dividend for the year ended 31 March 2024 of 6.4p per share, totalling £58.4m, is subject to approval by shareholders at the Annual General Meeting ('AGM') and hence has not been included as a liability in the financial statements.

The 2023 final dividend paid on 22 September 2023 was £51.3m. The 2024 interim dividend paid on 26 January 2024 was £29.1m.

The Directors' policy with regard to future dividends is set out in the Financial review on page 24.

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9. CALLED-UP SHARE CAPITAL

Share capital	2024 Number '000	2024 Amount £m	2023 Number '000	2023 Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each				
At 1 April	**923,075**	**9.3**	946,893	9.5
Purchase and cancellation of own shares	**(23,711)**	**(0.2)**	(23,831)	(0.2)
Issue of shares	**7,850**	**0.1**	13	0.0
Total	**907,214**	**9.2**	923,075	9.3

In the year ended 31 March 2017, the Company commenced a share buyback programme. By resolutions passed at the 2023 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 92,019,875 of its ordinary shares, subject to minimum and maximum price restrictions. In the year ended 31 March 2024, a total of 25,207,430 ordinary shares of £0.01 were purchased. The average price paid was 673.0p with a total consideration paid (including fees of £0.9m) of £170.8m. Of all shares purchased, 1,496,445 were held in treasury with 23,710,985 being cancelled. In the year ended 31 March 2024, 7,849,782 ordinary shares were issued for the settlement of share-based payments.

Included within shares in issue at 31 March 2024 are 312,831 (2023: 340,196) shares held by the ESOT and 4,899,346 (2023: 4,371,505) shares held in treasury, as detailed in note 10.

10. OWN SHARES HELD

Own shares held – £m	ESOT shares reserve £m	Treasury shares £m	Total £m
Own shares held as at 31 March 2022	(0.4)	(22.0)	(22.4)
Repurchase of own shares for treasury	–	(8.7)	(8.7)
Share-based incentives	–	5.1	5.1
Own shares held as at 31 March 2023	(0.4)	(25.6)	(26.0)
Repurchase of own shares for treasury	–	(11.1)	(11.1)
Share-based incentives	–	5.8	5.8
Own shares held as at 31 March 2024	**(0.4)**	**(30.9)**	**(31.3)**

Own shares held – number	ESOT shares reserve Number of shares	Treasury shares Number of shares	Total number of own shares held
Own shares held as at 31 March 2022	358,158	3,826,928	4,185,086
Transfer of shares from ESOT	(17,962)	–	(17,962)
Repurchase of own shares for treasury	–	1,430,372	1,430,372
Share-based incentives exercised in the year	–	(885,795)	(885,795)
Own shares held as at 31 March 2023	340,196	4,371,505	4,711,701
Transfer of shares from ESOT	(27,365)	–	(27,365)
Repurchase of own shares for treasury	–	1,496,445	1,496,445
Share-based incentives exercised in the year	–	(968,604)	(968,604)
Own shares held as at 31 March 2024	**312,831**	**4,899,346**	**5,212,177**

11. RELATED PARTIES

During the year, a management charge of £6.7m (2023: £5.9m) was received from Auto Trader Limited in respect of services rendered.

At the year end, balances outstanding with other Group undertakings were £301.2m and £1,115.8m respectively for debtors and creditors (2023: £336.8m and £903.3m) as set out in notes 4 and 6.

12. FINANCIAL GUARANTEES

In the prior period the Company became a financial guarantor for the arrangement between Autorama UK Limited and its vehicle stocking loan provider, Lombard North Central PLC. As at 31 March 2024, the maximum amount the Company would be required to pay if called upon is £3.6m, plus interest (2023: £3.6m).

The Company is also a guarantor for borrowings by its subsidiaries under the Senior Revolving Facility. As at 31 March 2024, the maximum amount the Company would be required to pay if called upon is the amount drawn of £30.0m plus accrued interest (2023: £60.0m).

The fair value of the above intra-group guarantees has not been recorded as a liability in the Company's balance sheet as they are not considered to be a material liability.

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Unaudited five-year record

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Trade	**475.7**	427.4	388.3	225.2	324.3
Consumer Services	**39.6**	34.5	33.3	26.6	28.3
Manufacturer and Agency	**14.4**	11.1	11.1	11.0	16.3
Autorama	**41.2**	27.2	–	–	–
Revenue	**570.9**	500.2	432.7	262.8	368.9
Operating costs	**(225.0)**	(225.1)	(132.0)	(104.0)	(113.2)
Share of profit from joint ventures	**2.8**	2.5	2.9	2.4	3.2
Operating profit	**348.7**	277.6	303.6	161.2	258.9
Net interest expense	**(3.5)**	(3.1)	(2.6)	(3.8)	(7.4)
Profit on disposal of subsidiary	**–**	19.1	–	–	–
Profit before taxation	**345.2**	293.6	301.0	157.4	251.5
Taxation	**(88.3)**	(59.7)	(56.3)	(29.6)	(46.4)
Profit after taxation	**256.9**	233.9	244.7	127.8	205.1
Net assets	**552.3**	527.3	472.5	458.7	141.6
Net bank debt/(cash) (gross bank debt less cash)	**11.3**	43.4	(51.3)	(15.7)	275.4
Cash generated from operations	**379.0**	327.4	328.1	152.9	265.5
Basic EPS (pence)	**28.2**	25.0	25.6	13.2	22.2
Diluted EPS (pence)	**28.1**	24.8	25.6	13.2	22.1
Dividends declared per share (pence)	**9.6**	8.4	8.2	5.0	2.4

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FINANCIAL CALENDAR 2024–2025

Annual General Meeting	19 September 2024
2025 half-year results	7 November 2024
2025 full-year results	May 2025

SHAREHOLDER ENQUIRIES
Our registrar will be pleased to deal with any questions regarding your shareholdings (see contact details in the opposite column). Alternatively, if you have internet access, you can access shareview.co.uk where you can view and manage all aspects of your shareholding securely including electronic communications, account enquiries or amendment to address.

INVESTOR RELATIONS WEBSITE
The investor relations section of our website, plc.autotrader.co.uk/investors, provides further information for anyone interested in Auto Trader. In addition to the Annual Report and Financial Statements and share price, Company announcements including the full-year results announcements and associated presentations are also published there.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS
Certain statements in this announcement constitute forward looking statements (including beliefs or opinions). 'Forward looking statements' are sometimes identified by the use of forward looking terminology, including the terms 'believes', 'estimates', 'aims', 'anticipates', 'expects', 'intends', 'plans', 'predicts', 'may', 'will', 'could', 'shall', 'risk', 'targets', 'forecasts', 'should', 'guidance', 'continues', 'assumes' or 'positioned' or, in each case, their negative or other variations or comparable terminology. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward looking statement. Such forward looking statements are subject to known and unknown risks and uncertainties, because they relate to events that may or may not occur in the future, that may cause actual results to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this results announcement. As a result, you are cautioned not to place reliance on such forward looking statements, which are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in or suggested by the forward looking statements set out in this announcement. Except as is required by applicable laws and regulatory obligations, no undertaking is given to update the forward looking statements contained in this announcement, whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement has been prepared for the Company's group as a whole and, therefore, gives greater emphasis to those matters which are significant to the Company and its subsidiary undertakings when viewed as a whole.

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