AutoTrader

Driving change together. Responsibly.

Auto Trader Group plc
Annual Report and Financial Statements 2022

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

Our marketplace sits at the heart of the vehicle buying and selling process, with the largest number of car buyers and sellers, and the largest choice of trusted stock.

Auto Trader exists to Drive change together. Responsibly. We aim to grow both our car buying and selling audiences, thereby strengthening our core advertising business. We will change how the UK shops for cars by providing the best online car buying experience and enabling all retailers to sell online. We aim to build stronger partnerships with our customers, use our voice and influence to drive more environmentally friendly vehicle choices, and create a diverse and inclusive culture.

STAY CONNECTED
Head online to our corporate website to find out more about us, download a copy of this report and keep in touch via our social channels.

plc.autotrader.co.uk **Auto Trader Insight** **@ATInsight**

FINANCIAL

Revenue
£m

2022	**£432.7m**
2021	£262.8m
2020	£368.9m

Operating profit
£m

2022	**£303.6m**
2021	£161.2m
2020	£258.9m

Operating profit margin
%

2022	**70%**
2021	61%
2020	70%

Basic EPS
Pence per share

2022	**25.61p**
2021	13.24p
2020	22.19p

FINANCIAL KPIS P24 →

OPERATIONAL

Cross platform visits
Monthly average visits spent across all platforms

2022	**63.8m**
2021	58.3m
2020	50.8m

Cross platform minutes
Monthly average minutes spent across all platforms

2022	**588.1m**
2021	561.1m
2020	492.5m

Live car stock
Average number per month

2022	**430,000**
2021	485,000
2020	478,000

Number of retailer forecourts
Average number per month

2022	**13,964**
2021	13,336
2020	13,345

OPERATIONAL KPIS P26 →

CULTURAL

Employee engagement
% of employees who are proud to work at Auto Trader

2022	**95%**
2021	93%
2020	89%

Women as a % of total staff
As at March each year

2022	**40%**
2021	39%
2020	39%

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

2022	**14%**
2021	11%
2020	10%

Total CO_2 emissions
Tonnes of carbon dioxide equivalent

2022	**11,659**
2021	6,673
2020	10,094

CULTURAL KPIS P28 →

We continue to execute against our strategy

We aim to grow our core marketplace, bring more of the car buying journey online through digital retailing and become the industry standard data platform; whilst maintaining our commitment to all aspects of ESG via our make a difference strategy.

OUR STRATEGIC PILLARS

- Marketplace
- Digital retailing
- Data as a platform
- Make a difference

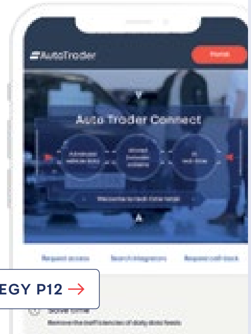
OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

Auto Trader Connect

We launched Auto Trader Connect as part of our April 2022 pricing event, which has gone well. This gives customers access to our most fundamental and powerful taxonomy data, improving advert quality, pricing decisions and enabling stock to be updated on Auto Trader in real-time.

c.40%
of third-party software providers are now integrated with Auto Trader Connect



OUR PURPOSE-DRIVEN STRATEGY P12 →

Consumer engagement and retailer numbers are at record levels

Our financial performance, customer numbers, consumer engagement and product uptake are at record levels. Throughout the year we have also strengthened our competitive position.

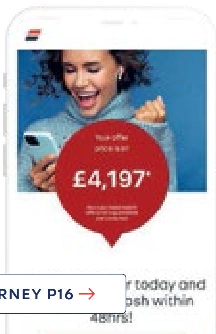
+5%
increase in the average number of retailer forecourts advertising on our platform during 2022

OPERATIONAL REVIEW P30 →

Individual online car buying components live in trial

We continue to focus on supporting an increasingly online car buying journey and have made good progress in developing both the component parts which will form our end-to-end deal builder journey and scaling some of the key enablers to support digital retailing.

10,000+
consumer vehicles disposed of through our Instant Offer product during 2022



THE DIGITAL CAR BUYING JOURNEY P16 →

Acquisition of Autorama

In March 2022, we announced that we have agreed to acquire all the share capital of Autorama (UK) Limited, subject to regulatory approvals. Autorama's online marketplace and fulfilment capabilities will transform Auto Trader's existing leasing proposition helping meet the demands of the growing number of consumers who might consider leasing their next new vehicle.

MATERIAL DECISIONS MADE P22 →

April 2021 pricing event

We successfully executed our annual pricing event in April 2021, including the launch of Retailer Stores, which provide retailers their own dedicated, customisable location on Auto Trader.

58m
visits to Retailer Stores pages during 2022

OUR PURPOSE-DRIVEN STRATEGY P12 →

Becoming net zero before 2040

In June 2021, we signed up to the Science Based Targets initiative Business Ambition for 1.5°C. By doing so we have committed to achieving net zero before 2040 and will halve carbon emissions before the end of 2030.

Welcoming Jasvinder Gakhal to the Board

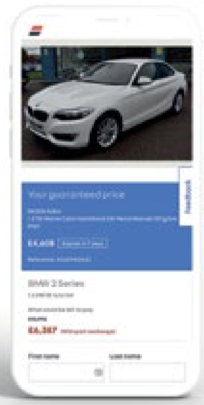
Jasvinder was appointed as an Independent Non-Executive Director to the Board, with effect from 1 January 2022. Following Jasvinder's appointment, the Board comprises five Independent Non-Executive Directors, three Executive Directors and a Non-Executive Chair.

BOARD OF DIRECTORS P72 →

Evolved our advertising package structure

Early in the year, we evolved our advertising package structure, giving a consistent cross platform search experience powered by a relevancy algorithm. We also launched Market Extension, a product that allows our retailers to reach car buyers outside their local area.

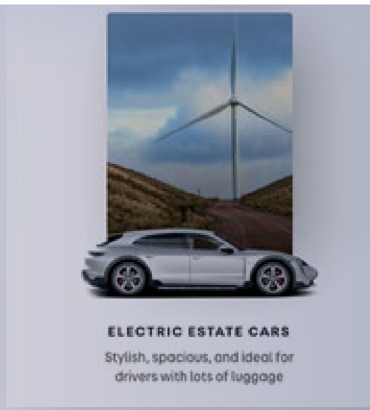
31%
retailer stock on a package above Standard in March 2022

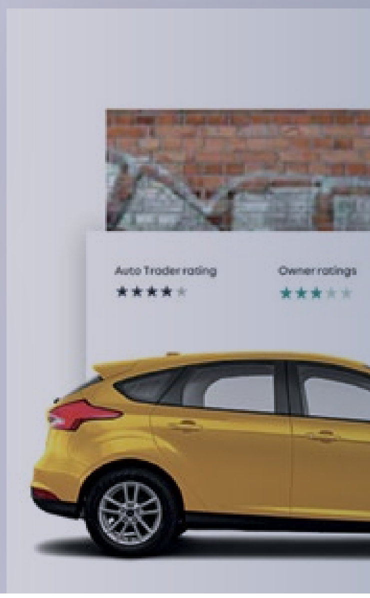


OPERATIONAL REVIEW P30 →

Our audience performance has strengthened

64m
cross platform visits a month, on average, in 2022





Context

COVID-19 remained a significant factor over the last year in terms of the operational conduct of our business. I am pleased though to be able to report that its impact is not obviously reflected in our business performance, as it was in the previous financial year.

Towards the end of the financial year we have shared the shock and horror of the war in Ukraine. As a business focused on the UK and Ireland we do not believe we have any direct exposure to Ukraine and Russia in terms of customers, supply chain or the imposition of sanctions. We have not witnessed any clear negative impact on vehicle buying and selling in the UK and Ireland as a result of increased fuel prices, but this cannot be ruled out in future.

The year of the used car

A notable aspect of the last 12 months has been the way in which used cars and the used car industry have become the centre of attention in the automotive retailing industry, having been previously overshadowed by the new car market.

With supply chain problems across the new car industry and high levels of demand for personal mobility as we emerged from successive lockdowns, used car prices have risen in real terms at rates we have never seen before.

New car retailers have in very many cases refocused their businesses on the used car market. With fewer cars being traded in for new cars they have had to compete harder to secure a supply of used cars. A trend which has impacted the industry for much of the past 12 months.

In addition, at the corporate level, most of the new investment flowing into the industry has been into national digital car retailing businesses and those focused on buying vehicles from the public. In response to this, and as a necessity during lockdowns, larger car retailers have been increasingly focused on selling cars online and to customers anywhere in the UK, not just to customers able to visit the local retailer where a car may physically be.

National online selling of used cars represents a very substantial opportunity for Auto Trader, without any evidence that these trends in any way threaten our historical core business of advertising used cars.

Financial performance and strategic focus

Our revenues and profits for the financial year 2022 were both at record highs. As we enter the new financial year, the business has good momentum with record uptake of our products by vehicle retailers and, what appears to be, an end for the moment to the two-year headwind created by a decline in the number of used cars transacted in the market.

Most of our technology development effort, as well as effort more generally across the business, is devoted to building out our full range of services for car buyers and retailers to enable cars marketed on Auto Trader to also be sold online. For us, the difference between marketing online and selling online consists of being able to reserve a car, secure approval for finance for that car, get a guaranteed price at which to trade-in an existing vehicle and to enable a retailer to advertise that vehicle outside their local area and beyond the location in which the car is situated.

Environmental, Social and Governance

Environmental, Social and Governance ('ESG') matters are rightly taking a more central role in UK corporate governance. Auto Trader takes these matters seriously. We believe we conform fully to the Corporate Governance Code as well as recent recommendations on governance such as the Parker Review.

Prior to 2021 we addressed these topics in our full Board meeting, supported by governance from the Nomination Committee. However, as environmental concerns in particular have become increasingly an area of focus, we have established a Corporate Responsibility Committee, which is chaired by Jeni Mundy. The work of this Committee has already made a significant contribution to the additional disclosure levels in this Annual Report, and more importantly to our practical efforts to reduce the environmental impact of and increase the sustainability of our business.

AN UNWAVERING COMMITMENT TO ALL ASPECTS OF ESG

Make a difference

MAKE A DIFFERENCE P36 →

OUR JOURNEY TO NET ZERO
We are committed to achieving net zero before 2040, as well as reducing our emissions in line with the Paris Agreement goals.

LEADING THE WAY IN CARBON LITERACY
Over 50% of our people have been through Carbon Literacy training, meaning we have achieved Gold Carbon Literacy Organisation status – the first FTSE company to do so.

In partnership with the Carbon Literacy Trust we have developed and launched an automotive sector Carbon Literacy Toolkit which is available free of charge to the automotive industry.

IMPLEMENTING THE NIST FRAMEWORK
We are implementing the NIST framework to support us in assessing our cyber security. This has undergone internal audit during the year.

> Environmental, Social and Governance matters are rightly taking a more central role in UK corporate governance. Auto Trader takes these matters seriously.

Ed Williams
Chair

+1%
increase in the percentage of employees who are women

+3%
increase in the percentage of employees who are ethnically diverse

FOCUSED ON OUR PAY GAP
Our gender pay gap reduced in 2021, but our ethnicity pay gap increased. Both were influenced by changes in our upper quartile. Reducing both of these positions is something the Board and the Company as a whole are very passionate about.

SETTING THE PACE FOR GREATER DIVERSITY
This year, we have seen small improvements in our diversity measures, with the exception of leaders who are ethnically diverse which remained flat. There is still much work to do, but we remain committed to making continued progress.

> Used cars and the used car industry have become the centre of attention in the automotive retailing industry, having been previously overshadowed by the new car market.

Ed Williams
Chair

In June 2021, Auto Trader signed up to the Science Based Targets initiative Business Ambition for 1.5°C, which committed us to achieving net zero before 2050. Auto Trader is aiming to reach net zero ahead of this: our near-term targets, which have been validated, are to halve carbon emissions before the end of 2030 and to achieve net zero across our entire value chain by 2040. We continue to work on the initiatives to help us achieve our longer-term targets.

Board changes

We welcomed Jasvinder Gakhal as a new Board member from 1 January 2022. Jasvinder is currently Managing Director of Motor at Direct Line Group. She sits on our Nomination, Audit, Remuneration and Corporate Responsibility Committees. There were no other changes to the Board.

Plans are well in hand to handle the replacement of three Non-Executive Directors who will have completed their third three-year term in 2024, the ninth anniversary of Auto Trader Group plc's admission to the London Stock Exchange's official list.

Dividend and capital return strategy

We are recommending to shareholders a final dividend of 5.5 pence per share, bringing the total dividend for the year to 8.2 pence per share. Having suspended our dividend at the height of COVID-19, we have now fully reinstated our capital return strategy of investing in the business, returning around a third of net income as dividends and returning the remainder through share buybacks.

In the coming year, it is expected that the Group will draw on its revolving credit facility to fund part of the initial consideration relating to the Autorama acquisition. It is the long-term intention of the Board that over time this debt will be repaid.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10.00am on 15 September at our office in Manchester and we expect all Directors to be in attendance.

Ed Williams
Chair
26 May 2022

Overview

Early in the pandemic we acted decisively to protect our people, customers, and our business. As a result of these actions, we have emerged as a stronger business which is not only reflected in our very strong financial results for the year, but also in the greater relationships we now have with our customers.

The number of people using Auto Trader to buy their next car is at record levels, and more retailers are choosing to partner with us, helping to strengthen our competitive position.

Summary of operating performance

Supported by a strong car market and seeing a meaningful increase in the amount of time car buyers have spent online, Auto Trader has had a strong year. Revenue grew by 65% to £432.7m (2021: £262.8m). The abnormally high rate of growth principally reflects the COVID-related discounts we gave to our retailer customers throughout the pandemic. A better comparison is that of two years ago, against which revenue grew by 17% (2020: £368.9m), with a greater number of customers using Auto Trader and choosing to spend more on our platform. Operating profit grew 88% to £303.6m (2021: £161.2m), again with a better comparison being 2020 where growth was also 17% (2020: £258.9m). Operating profit margin grew to 70% (2021: 61%) and was consistent with the level achieved in 2020.

Our purpose and strategy

Our purpose is to Drive change together. Responsibly. Which is at the core of our business strategy. It is also integral to how we think about supporting our customers, our industry, our people, our local communities and the environment.

We strive to be the best place to find, buy and sell a car in the UK on a platform that enables data-driven digital retailing for our customers. We think about our strategy in terms of four strategic pillars: our core marketplace, digital retailing, our data platform, all of which sit alongside our make a difference strategy. We have made good progress across all areas throughout the year.

In April 2021, we successfully executed our annual pricing event including the launch of Retailer Stores, which offers retailers their own dedicated, customisable location on Auto Trader. This allows retailers to bring their brand to life, driving consumer confidence and standing out to buyers. As we build our digital retailing capabilities, we envisage these pages becoming an area that customers can use as part of their own e-commerce journey.

At the start of the year, we also evolved our advertising package structure and changed the sort order for listings. We have now created a consistent cross platform experience with adverts appearing in search based on a relevancy algorithm. As part of this change, we have discontinued our Basic package, introduced a higher level and re-branded our top three levels to Enhanced, Super and Ultra. We have increased the penetration of these higher yielding packages with 31% of retailer stock on a package above Standard in March 2022 (March 2021: 26%). Whilst the supply and demand dynamics during the past six months have not created the best environment for upselling, we have nonetheless seen customers continue to invest further in our suite of prominence products.

The number of customers paying for our new car product has been robust despite the challenges of sourcing stock due to the shortage of semi-conductors. We ended the year with over 1,800 retailers (2021: over 2,000) paying to advertise new cars on our site.

With car buyers continuing to do more online, our focus is to build an end-to-end deal builder journey on Auto Trader, which leverages the three individual components of guaranteed part-exchange, reservations and finance applications, all of which have been trialled individually. Whilst we believe that the physical showroom will continue to play a role in the car buying process for a number of years, there are several components which can be brought online which will drive sales and efficiencies for our retailer customers, provide a better consumer experience, and provide significant long-term growth opportunities for our business.

Having last year acquired AutoConvert, a finance, insurance and compliance platform, we have recently launched a small trial enabling the application and approval of a finance proposal on Auto Trader. This product is expected to drive greater transparency for buyers, with an upfront understanding of their finance options, including a soft-check and full application journey which will drive efficiencies on the forecourt. The trial is working with a couple of lenders and if the buyer is not eligible for the retailer's first choice of lender, the journey presents an alternative lender via a broker, Carmoney. While enabling each retailer to use their choice of lender dramatically increases the complexity of the product and onboarding, we believe it will ultimately result in much greater take-up and engagement from our customers, thereby giving us the best chance of seamlessly bridging the offline and online experiences.

We have also continued to evolve our trial for vehicle reservations during the year, with the introduction of Auto Trader's Seller Promise, which is currently offered by a subset of trial customers. Seller Promise is designed to give buyers greater peace of mind when completing more of the buying journey online and includes certain features offered by the retailer, such as warranties, a 14-day moneyback guarantee and 12-month minimum MOT and service. In the year we have seen over 400 reservations convert into a successful transaction, which give us good levels of confidence as we evolve the proposition to be incorporated into our full deal builder journey.

As referenced in our half-year results, we have improved our offering for consumers who want to conveniently sell their car for cash through our Instant Offer product, which uses the same consumer journey as our Guaranteed Part-Exchange ('GPX') product, and is the final component in our deal builder journey. These products enable consumers to get an accurate and guaranteed price for their existing vehicle whilst shopping on Auto Trader, eliminating either the need to haggle over a part-exchange or look for other disposal routes for their current vehicle. Over the past 12 months, we have provided c.1.2 million guaranteed valuations and purchased over 10,000 vehicles on Instant Offer, through our partner Cox Automotive.

During the year we launched a new product, Market Extension, that allows customers to sell vehicles outside their local area. This digital retailing product enables customers to sell beyond the physical constraints of their forecourt. Initial uptake has been strong with over 6% of retailer stock on this product at year end, with the product being most relevant for those customers with either delivery capability or multiple forecourt locations.

We are also continuing to evolve our logistics marketplace to support an increasing volume of vehicle moves direct to consumers. Over the year, our platform facilitated c.122,000 (2021: c.98,000) moves of which c.15% were delivered directly to the consumer.

In March 2022, we announced that we have agreed to acquire all of the share capital of Autorama (UK) Limited, subject to regulatory approvals. Autorama's online marketplace and fulfilment capabilities will transform Auto Trader's existing leasing proposition and help meet the demands of the growing number of consumers who might consider leasing their next new vehicle, while providing an efficient and professional channel to market for manufacturers and leasing companies. In time, Autorama will be able to leverage Auto Trader's brand to accelerate its recent expansion, beyond light commercial vehicles, into new cars. There is a significant structural opportunity for a new car leasing marketplace driven by the growth of electric cars, new manufacturers entering the UK market, lower take up of company car schemes and a shift towards new digital distribution models. Leasing provides consumers with a cost-effective way to access a new car with a model that is consistent with any future move towards usership.

Our people

Our people have continued to show resilience and determination through what has been another very unsettled year. As we have been able to open our offices properly once again, it's been brilliant to see how people have come back together to collaborate and to re-establish relationships. We are now operating a hybrid working model which encourages people to collaborate in our physical office spaces, but also allows them the freedom to work from home. I am proud of what we have all achieved and I am excited about what the next year will bring.

I would like to thank our people, our customers and our wider stakeholders for their continued trust in our business. We have tried to do the right thing by everyone, such that working with or for Auto Trader feels like a partnership.

Outlook

The new financial year has started well. In April this year, we successfully executed our annual pricing event which included the launch of our Auto Trader Connect product. We are anticipating another good year of ARPR growth, underpinned by our product lever. We expect growth in the product lever to be greater than 2021, but less than the exceptional performance achieved in 2022.

We expect the price lever to be broadly consistent with last year, and the stock lever to be flat. We anticipate average retailer forecourts to be marginally down year-on-year, as market conditions start to toughen. Consumer Services is expected to increase at a rate of low-mid single digits year-on-year, while Manufacturer and Agency remains unclear due to well documented supply chain issues. These two areas only represent c.10% of total Group revenue. Despite pressure on costs, we anticipate Operating profit margins to be consistent year-on-year at 70%. This outlook does not include the acquisition of Autorama, which will be provided upon completion. The completion date is not yet known as not all regulatory approvals have been received. Despite growing economic uncertainty, the Board is confident of meeting its growth expectations for the year.

Nathan Coe
Chief Executive Officer
26 May 2022

THE PILLARS OF OUR STRATEGY

OUR PURPOSE-DRIVEN STRATEGY P12 →

Our marketplace pillar ambition is to offer the best search experience for someone looking for their next car. We offer a wide choice of vehicles, both new and used, and an effective way for a buyer to narrow their search based on their own preferences. This is a core service that Auto Trader has been providing for much of its past, but one that we are continually improving with additional features.

Our digital retailing pillar is aimed at bringing more of the car buying journey online. Having trialled a number of individual digital retailing components, we are looking to create an end-to-end deal builder journey on Auto Trader for car buyers. We expect that with more of the journey completed online, it will yield efficiencies on the forecourt for our customers.

Our data as a platform pillar is focused on further embedding our data into the industry, giving consumers, retailers, manufacturers, insurers and lenders up-to-date insight, pricing and valuations data, as well as access to our underlying taxonomy. This will allow all parts of the automotive ecosystem to make better and faster decisions.

Make a difference

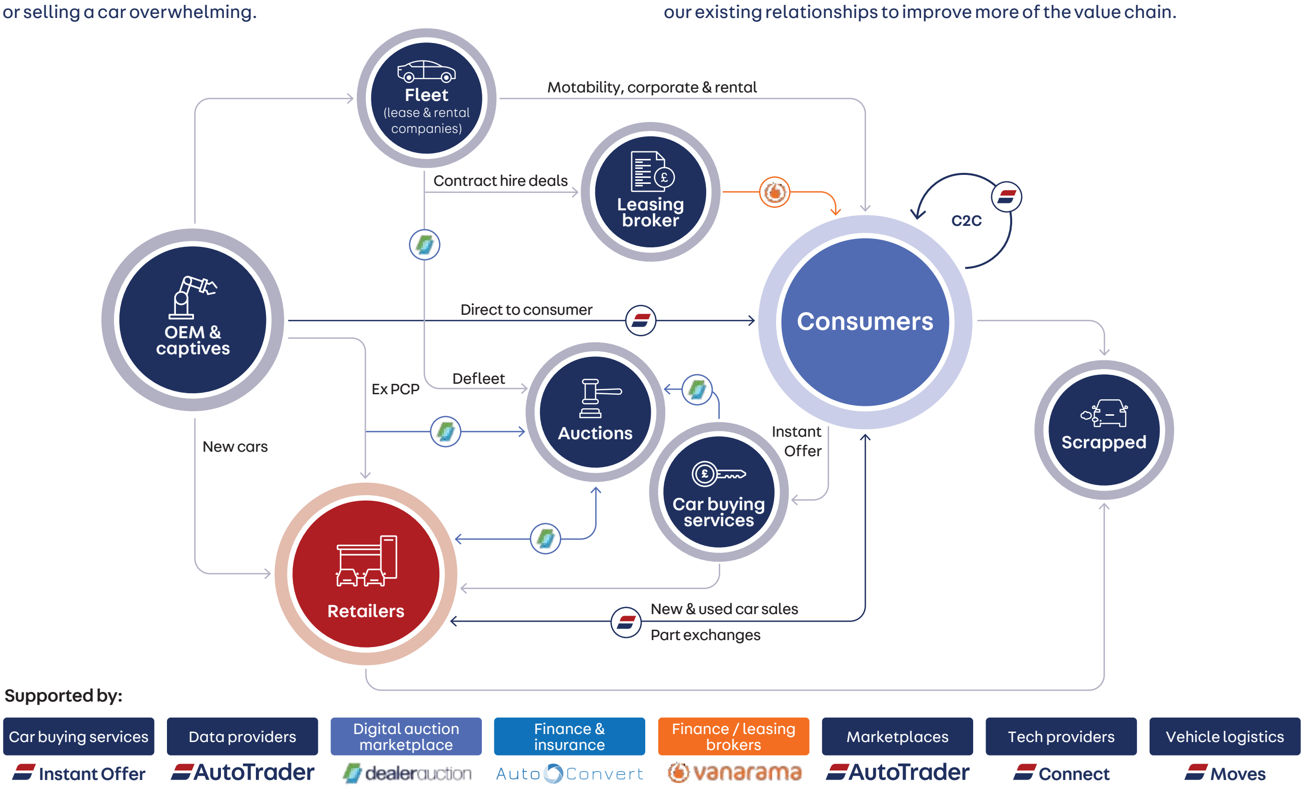
SEE PAGE 36 →

Driving change in tomorrow's car market

The ecosystem we operate in

The automotive market is complex and often inefficient. There are multiple participants and unsurprisingly consumers can find the process of buying or selling a car overwhelming.

Through Auto Trader products, services and partnerships, we aim to significantly improve the car buying experience, as well as leverage our existing relationships to improve more of the value chain.



New car registrations

1.6m
new car registrations in the 12 months to March 2022

+4% year on year

New car registrations, whilst seeing year-on-year growth of 4%, were still 22% below 2020 levels as semi-conductor shortages impacted the supply of new cars. New car registrations in Q1 of our financial year saw significant growth year-on-year, with very low levels of registrations in Spring 2020 because of the first national lockdown. Decline was seen in the remainder of the year as supply constraints impacted the production of new cars.

Despite these challenges, alternative fuel vehicles ('AFVs') still grew in the year with new car registrations of AFVs increasing by 60% in the 12 months to March 2022. AFVs accounted for just under a third of all new car registrations in 2022, which increased from a fifth in 2021. Consumer preferences continue to shift towards electric vehicles, as new technology as well as more choice is supported by consumers being more conscious of their environmental footprint, and the government bringing forward the ban on the sale of petrol and diesel cars to 2030.

Used car transactions

7.5m
used car transactions in the 12 months to March 2022

+15% year on year

Used car transactions increased 15% to 7.5m in the 12 months to March 2022. Q1 of our financial year lapped the first pandemic lockdown and saw growth of over 100%, with the remainder of the year being impacted by supply shortages, particularly for our larger customers, as lower new car sales have meant fewer part-exchanges and a lower volume of cars being sent to auction from wholesalers.

With several national lockdowns in our 2021 financial year, there were a number of transactions which didn't occur, which led to average ownership lengths increasing. With forecourts remaining open throughout our financial year 2022, we have seen the ownership length reduce, although it remains above historic levels. Those higher levels are due to supply issues meaning that for a number of people they have not been able to change vehicle, despite high levels of demand from car buyers.

Continually adapting our onsite experience to meet the needs of both our consumers and customers. This is core to remaining the UK's largest automotive marketplace for new and used cars.

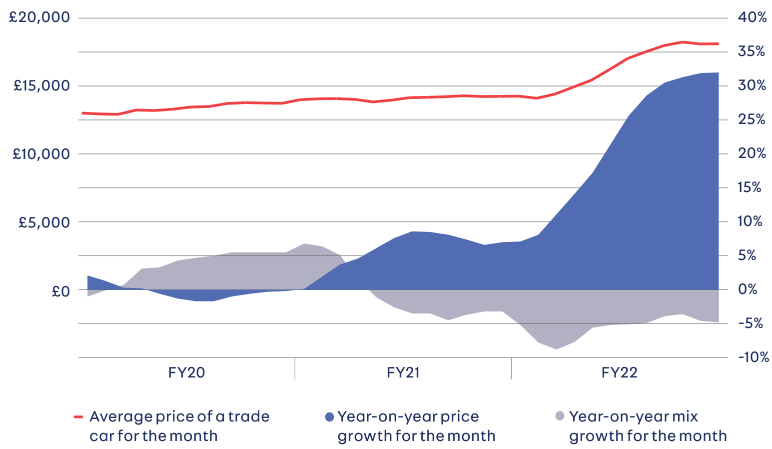
Retail Price Index

£16,155

average price of a used car advertised on Auto Trader for the 12 months ending March 2022

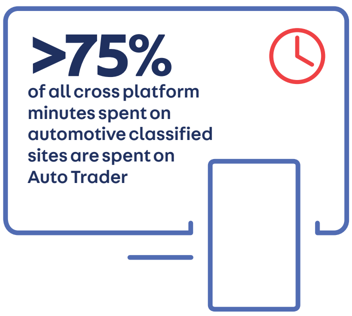
+22% year on year

The Auto Trader Retail Price Index tracks the average retail price of a used car, and splits out like-for-like pricing changes from the impact of changes in the mix of cars being sold. During the past 12 months we have seen an extraordinary period of like-for-like pricing growth driven by strong consumer demand and constrained supply. Production delays of new cars due to well documented worldwide semi-conductor shortages have had an impact on new and nearly new supply. This, combined with very high levels of consumer demand coming out of COVID lockdowns, has created a unique market dynamic. Like-for-like prices grew through the year and saw a +22% year-on-year increase across the year, reaching an average of £16,155. Despite continued supply challenges, we anticipate that pricing growth will slow in FY23.



Competitive position

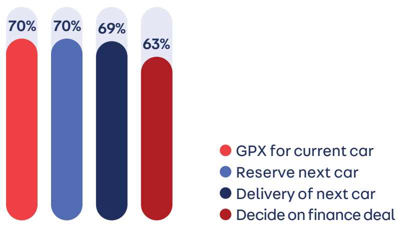
We have maintained our position as the UK's largest and most engaged automotive marketplace for new and used cars, with over 75% of all minutes spent on automotive classified sites spent on Auto Trader (2021: over 75%) and grew to be 8x larger than our nearest competitor (2021: 7x). We continue to evolve and improve our consumer experience ahead of our competitors. In the year, we have offered improved transparency around admin fees, built an electric vehicle hub with charging information for electric vehicles, and provided an increasing volume of vehicle provenance checks, free valuations and instant insurance quotes. These improvements are built on our already market-leading experience, with greater volumes of choice offered ahead of any other competitors in the UK.



Consumer buying behaviour

We continue to see consumer buying behaviour shift towards online retailing. Consumers are using our marketplace to buy a car from further away than they were pre-pandemic. When asked, consumers explain this is to open up a wider range of stock than they would have previously considered. We have also seen consumers increasingly willing to do more of the car buying journey online. In a study of 2,000 car buyers, when consumers were shown how online car buying can work, 72% found it appealing, up 11 percentage points vs. 2021. By building products like Market Extension, as well as our suite of digital retailing tools currently in trial, we are evolving our marketplace to provide consumers with a wider choice of stock and the ability to do more of their car buying journey online.

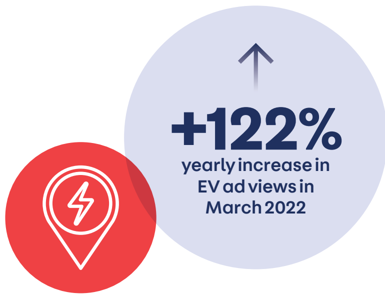
The percentage of consumers that would like to complete key activities online[1]



1. Source: Auto Trader Car Buyers Tracker 2021.

Rising demand for EVs

Demand for electric vehicles has risen sharply over the past year, with the share of electric new car advert views on Auto Trader rising from 6% in March 2021 to 20% in March 2022. This growth has been driven by a combination of supply and demand. On the supply side, choice for electric vehicles continues to grow across new and used vehicles as manufacturers release new EV models into market and the used market matures. On the demand side, rising fuel prices and increased advertising around EVs have stimulated EV interest to record levels. For consumers, we provide impartial buying and owning advice as well as regular electric vehicle content, including our monthly electric car giveaway which had over 2 million entries in the last financial year.



Better use of the digital journey to put consumers in their next car

VALUE INPUTS

The resources and relationships that fuel our core activities

TRUSTED BRAND
Auto Trader has operated as a trusted source for UK car buyers and sellers for over 40 years.

DATA AT SCALE
Auto Trader's volume of vehicle observations and consumer interactions generate significant quantities of quality data. The Group also owns its own proprietary taxonomy data.

SCALABLE TECHNOLOGY PLATFORM
We operate a technology platform that serves our core classified marketplace and new growth opportunities.

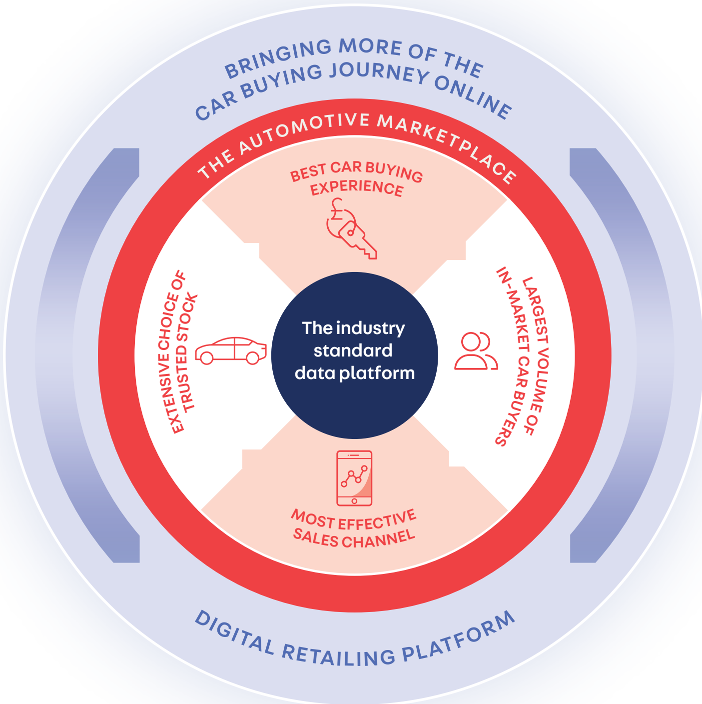
PEOPLE AND CULTURE
Our values-led culture underpins a fast-moving, collaborative and community-minded environment which allows us to quickly respond to market changes and opportunities.

CASH GENERATION
The highly cash generative nature of the business allows us to invest in the long-term growth drivers of the business.

OUR CORE ACTIVITIES

What we do to create value

Our network effect
Our leading digital automotive marketplace benefits from a network effect model whereby the largest volume of in-market car buyers generate the most effective response and sales channel for our customers, who in turn provide consumers with the most extensive choice of trusted stock. We use the large volume of data we collect to enhance the car buying experience and create efficiencies for our customers.



Creating a digital retailing platform on top of our strong classified marketplace
We continue to see consumer behaviour shift towards online retailing. We are building various components that allow more of the car buying journey to be completed online. We aim to bring these components into one end-to-end dealer builder journey which we believe will create a better consumer experience and realise efficiencies for our retailer customers.

A comprehensive governance framework for acting responsibly

MAKE A DIFFERENCE P36 →
HOW WE MANAGE RISK P58 →
GOVERNANCE OVERVIEW P70 →

OUR STRATEGY P12 →

SECTION 172(1) STATEMENT P19 →

Largest volume of in-market car buyers
The scale of our consumer audience means we are the most effective sales platform for anyone who is wanting to sell a vehicle in the UK.

63.8m
monthly average cross platform visits during 2022

8x
larger than our nearest competitor for share of cross platform minutes

Extensive choice of trusted stock
Our marketplace provides our buyers with an unrivalled choice of both new and used vehicles, which caters for all consumers' needs.

430,000
live car stock on average per month during 2022

Bringing the car buying journey online
Development of tools to convert car buyers' interest into sales whilst on the Auto Trader platform, stretching our influence beyond just the advertising of the vehicle.

16.9m
volume of leads submitted to retailer customers in 2022

VALUE OUTPUTS

How we share value with our stakeholders

FOR CONSUMERS

Our trusted marketplace gives consumers one place to view an extensive choice of vehicles for sale and we provide transparency to allow them to make informed decisions.

9.2m
car transactions in the UK in 2022

FOR CUSTOMERS

Offering the largest and most engaged audience results in the most effective sales channel for our customers.

13,964
average retailer forecourts in 2022

FOR OUR PEOPLE

Our environment has been created to ensure everyone gets the opportunity to be at their best and develop their careers. We offer competitive packages to all of our employees.

95%
of our people feel proud to work for Auto Trader

FOR PARTNERS & SUPPLIERS

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

10,000+
cars bought through Instant Offer, operating through a partnership with Cox Automotive, during 2022

FOR THE COMMUNITY & THE ENVIRONMENT

We support each other and think of others ahead of ourselves. We respect diversity and advocate inclusion, and make a difference to the communities in which we operate.

2040
committed to achieving net zero before 2040 and to reduce our emissions in line with the Paris Agreement goals

FOR INVESTORS

We continually invest in our platform and marketplace to create a long-term sustainable business. A high proportion of our profit is converted into cash, which, outside of COVID, has been largely returned to shareholders through dividends and share buybacks.

£237m
cash returned to shareholders in 2022

Driving change together. Responsibly.

Our purpose defines and enhances everything we do. It's the bedrock of our strategy. With a clear focus on our three strategic goals, alongside our commitment to make a difference, we're delivering this purpose by...

- ...growing our marketplace
- ...delivering better online buying & selling experiences
- ...building stronger partnerships
- ...driving an inclusive culture
- ...making environmentally friendly choices

OUR STRATEGIC PILLARS

Marketplace
Offer the best online search experience

Digital retailing
Bring more of the buying journey online

Data as a platform
Be the industry standard data platform

Make a difference

Environmental
Sustainability and our journey towards net zero

Social
A continued focus on diversity and inclusion

Governance
An unwavering commitment to ethics and compliance

UNDERPINNED BY OUR CULTURE AND VALUES
We focus on ensuring we create a highly collaborative culture where people feel motivated and supported to live our values every day

MAKE A DIFFERENCE P36 →

Marketplace

Continuing to evolve and improve our marketplace to offer the best online search experience.

The largest and most engaged consumer audience underpins our network effect marketplace model.

We aim to maintain our leadership position across both new and used vehicles and continue to increase the breadth and depth of vehicles available to buy.

Whilst creating value to allow retailers and manufacturers to increase sales, we continue to invest in the technology to enable the online car buying experience and in the onsite tools that consumers need to help them make the most informed decisions.

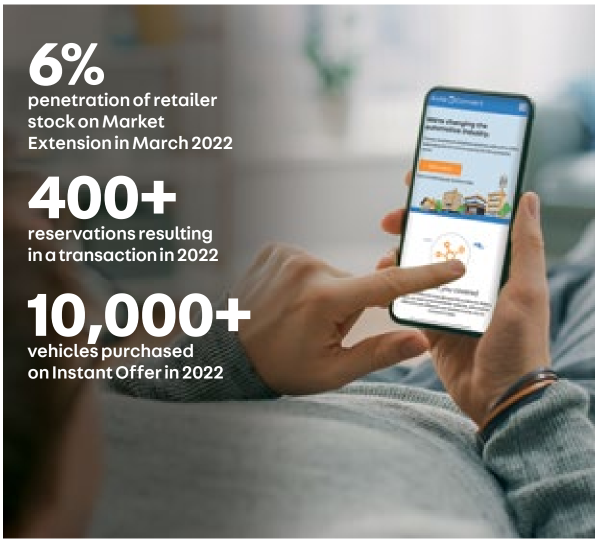
Digital retailing

Creating the leading platform which enables more of the car buying journey to be completed online.

We continue to evolve both our products and consumer experience, to bring more of the car buying journey online. By doing so, we aim to make the current process significantly more efficient, for both car buyers and our retailer customers.

Having built the component parts of guaranteed part-exchange, reservations and finance we have the foundations in place so that we are ready to scale our full proposition.

We will achieve this by creating an end-to-end deal building journey on Auto Trader which includes these component parts.



Data as a platform

Embedding our data and insight to enable our customers to make better and faster decisions.

A key strategic priority is to further embed our data into the industry, giving buyers and retailers up-to-date insight, allowing them to make better and faster decisions.

We aim to provide both data and insight capabilities to support a multitude of customers across many segments, solving a variety of challenges. Our data provides the accuracy, scale and ease of integration to suit our customers' needs.

We continue to make progress; this year we have not only increased the volume of data we have shared but also the frequency.

2022 PROGRESS

Marketplace
Offer the best online search experience

Consumer engagement and retailer numbers are at record levels, our competitive position has strengthened and product uptake by customers has been strong. Average monthly cross platform visits increased by 9% to 63.8 million per month (2021: 58.3 million), and the average number of retailer forecourts advertising on our platform increased by 5% to 13,964 (2021: 13,336).

In April 2021, we successfully executed our annual pricing event including the launch of Retailer Stores, which offers retailers their own dedicated, customisable location on Auto Trader. We have seen over 58 million visits to these pages in 2022. As we build our digital retailing journey, we envisage these becoming an area that customers can use as part of their own e-commerce journey.

We have evolved our advertising package structure and changed the sort order for listings. We have now created a consistent cross platform experience with adverts appearing in search based on a relevancy algorithm. As part of this change, we have discontinued our Basic package, introduced a higher level and re-branded our top three levels Enhanced, Super and Ultra. We have increased the penetration of our higher yielding packages with 31% of retailer stock on a package above Standard in March 2022 (March 2021: 26%).

Our new car proposition has been impacted by supply shortages created by the challenge sourcing semi-conductors. This has seen the number of new cars advertised on Auto Trader decrease to 29,000 (2021: 47,000). However due to our 'all you can eat' charging model we have not seen this directly impact revenue and the number of paying retailers ended the year at over 1,800 (2021: over 2,000).

Digital retailing
Bring more of the car buying journey online

In the year, we launched a new product, Market Extension, that allows customers to sell vehicles outside their local area. This product saw good levels of adoption, exiting the year with over 6% of retailer stock on the product.

We continue to develop the components which make up the key steps in the online car buying journey.

We have improved our offering for consumers who want to conveniently sell their car for cash through our Instant Offer product and connected it with our Guaranteed Part-Exchange ('GPX') product. These products enable consumers to get an accurate and guaranteed price for their existing vehicle whilst shopping on Auto Trader. We have provided c.1.2 million guaranteed valuations and purchased over 10,000 vehicles on Instant Offer in 2022.

We have also continued to evolve our trial for vehicle reservations during the year, with the introduction of Auto Trader's Seller Promise offered to a subset of trial customers. Seller Promise is designed to give buyers greater peace of mind when completing more of the buying journey online.

Having last year acquired AutoConvert, a finance, insurance and compliance platform, we have recently launched a small trial enabling the application and approval of a finance proposal on Auto Trader.

Having the three critical components of GPX, reservations and finance either live or close to being live, our focus is now on optimising these products, adapting them for larger customers and bringing them together into an end-to-end journey on Auto Trader that complements the forecourt experience.

Data as a platform
Be the industry standard data platform

We have broadened our customer sets with the sale of our data, which remains a significant opportunity outside of our core retailer segment. We continue to get the best for our customers businesses, providing accurate, well-structured consumer facing vehicle information and vehicle valuations and market metrics, which is market-leading and unique in both the scale of vehicle pricing behaviour and frequency of updates.

We launched Auto Trader Connect, which was included in retailer packages in April 2022. Auto Trader Connect has transformed data feeds, introducing real-time data for our retailers, allowing them to create and manage adverts from their existing stock management system, powered by our advanced vehicle data and shared in real-time across their network.

This removes the inefficiencies of daily data feeds, maximises margin through access to advanced data and ensures consistency and accuracy, improving customer experience. We have currently integrated c.40% of third-party software providers with Auto Trader Connect.

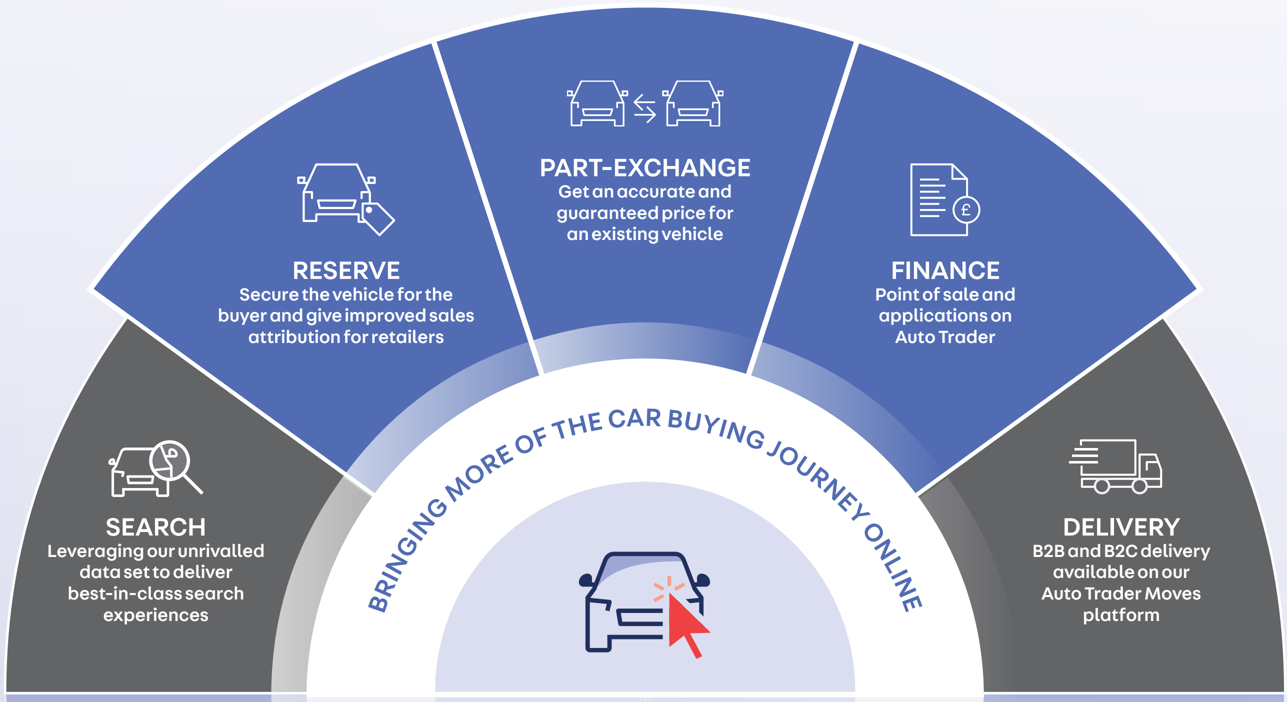
We have also made substantial progress during the year in migrating our platform and technology infrastructure to the cloud. Moving to the cloud has enabled us to take advantage of improved performance, enhanced security and a quicker product release cycle. We expect to have migrated all of our services to the cloud by the end of the coming financial year. We saw an increase in the number of product releases to 46,000 (2021: 41,000).

HOW WE CREATE VALUE P10 →

KEY PERFORMANCE INDICATORS P24 →

FUTURE OPPORTUNITIES	HOW WE MEASURE PROGRESS	ASSOCIATED RISKS
We want to help car buyers make more sustainable vehicle choices. This involves helping buyers navigate their electric vehicle buying journey, through clear information and a more transparent experience. There is continued scope to increase the penetration of existing products; this includes our prominence products, greater levels of stock and Franchise customers that buy our new car product. We continue to look at features which improve the search experience, particularly those that increase the level of trust and transparency for car buyers.	• Revenue • Average Revenue Per Retailer ('ARPR') • Operating profit and margin • Basic EPS • Cash generated from operations • Cross platform visits • Cross platform minutes • Retailer forecourts • Live stock • Employee engagement	• Economy, market and business environment • Climate change • Employees • Reliance on third parties • IT systems and cyber security • Failure to innovate: disruptive technologies and changing consumer behaviours • Regulatory risks • Competition • Brand and reputation • External catastrophic and geo-political events
We are looking to build an end-to-end deal builder journey on Auto Trader for consumers, and a joined-up experience for retailers. Optimising the component parts including GPX, reservations and finance will get the foundations in place so that we are ready to scale our full proposition. We want to provide the consumer assurance around the quality of the car and the aftercare should anything not be as expected. Through Seller Promise, they can buy online with greater levels of confidence. We have agreed to acquire, subject to regulatory approvals, Autorama (UK) Limited, one of the UK's largest transactional marketplaces for leasing new vehicles. The acquisition will transform Auto Trader's existing leasing proposition.	• Revenue • Average Revenue Per Retailer ('ARPR') • Operating profit and margin • Basic EPS • Cash generated from operations • Cross platform visits • Cross platform minutes • Retailer forecourts • Live stock • Employee engagement	• Economy, market and business environment • Climate change • Employees • Reliance on third parties • IT systems and cyber security • Failure to innovate: disruptive technologies and changing consumer behaviours • Regulatory risks • Competition • Brand and reputation • External catastrophic and geo-political events
We want to continue to broaden our customer sets when it comes to the sale of our data. There is significant opportunity outside of our core retailer customer segment to sell our data to manufacturers, lenders and insurers. We also continue to invest in our products, improving the quality of our data and the way in which it is consumed by our customers with increasing amounts available via APIs. We look to scale our Auto Trader Connect product, which will be included in retailer packages in April 2022 with more third-party stock management systems. This will transform our retailers' data feeds, removing inefficiencies and improving advert quality.	• Revenue • Average Revenue Per Retailer ('ARPR') • Operating profit and margin • Basic EPS • Cash generated from operations • Employee engagement	• Economy, market and business environment • Climate change • Employees • Reliance on third parties • IT systems and cyber security • Failure to innovate: disruptive technologies and changing consumer behaviours • Regulatory risks • Competition • Brand and reputation • External catastrophic and geo-political events

Creating an end-to-end online buying journey on Auto Trader



SEARCH

Creating a trusted and transparent search experience

We continue to evolve and improve our consumer experience, where we offer the largest choice of stock, with the highest level of transparency, helping buyers make the best decisions.

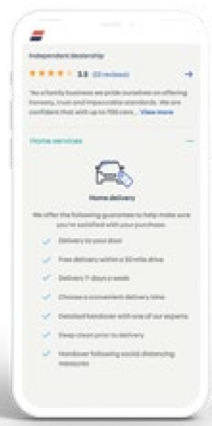
- We have evolved our advertising package structure, which now gives a consistent cross platform search experience powered by a relevancy algorithm.
- Market Extension allows retailers to sell outside their local area and appear in regional searches.
- In the year, we launched an electric vehicle hub to help car buyers better navigate their EV buying journey.

DELIVERY

Providing an efficient logistics marketplace for all vehicle moves

B2B and B2C delivery available on our AT Moves (formerly Motor Trade Delivery) platform.

- AT Moves allows retailers to arrange for their stock to be moved to and from auctions, other dealerships or delivered straight to a buyer's home.
- No longer limited to just their local area, retailers are now able to reach a greater number of buyers through Market Extension, supported by better delivery networks.



We strive to be the best place to find, buy and sell a car in the UK, on a platform that enables data-driven digital retailing.

"With car buyers continuing to do more online, our focus is to build an end-to-end deal builder journey on Auto Trader."

Nathan Coe
Chief Executive Officer

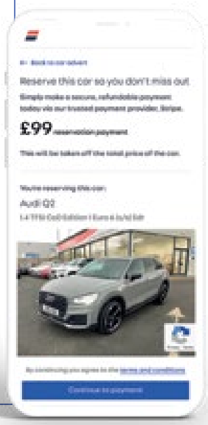
ENABLING DIGITAL RETAILING

We have built three individual components of Guaranteed Part-Exchange, reservations and finance, which are all in trials. We are next looking to bring them together in one end-to-end deal builder journey.

Reserve – Creating a quick and easy way to secure a car that's right for them

Online reservations are being trialled with a small number of customers. We have also introduced Auto Trader's Seller Promise with a subset of these customers.

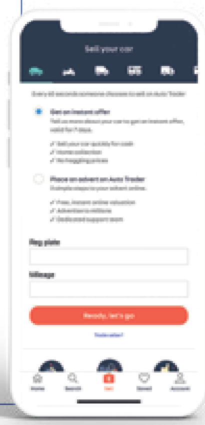
- Reserving a vehicle is a great indicator of intent from a buyer and gives Auto Trader clear attribution of a transaction that has occurred on the forecourt having originated on Auto Trader.
- The launch of Seller Promise is designed to give buyers greater peace of mind when completing more of the buying journey online and includes certain features offered by the retailer, such as warranties, 14-day moneyback guarantee and 12-month minimum MOT and service.



Part-exchange – Ensuring an accurate guaranteed price for a buyer's existing vehicle

We offer consumers the ability to get a guaranteed price for their existing vehicle underwritten by our partner Cox Automotive.

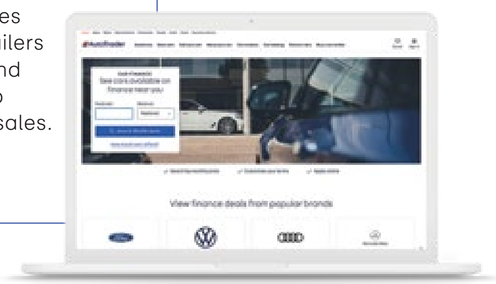
- GPX enables a consumer to visit a retailer's advert and get a guaranteed price for their part-exchange.
- Instant Offer gives consumers a convenient way to sell their car privately, with the added benefit of having their car collected from their own home or place of work.



Finance – Allowing consumers to check eligibility and apply for finance online

We have recently launched a small trial enabling the application and approval of a finance proposal on Auto Trader. This is expected to increase transparency for buyers and bring efficiencies to the forecourt experience.

- Auto Trader's retailer finance product allows our customers to use their captive lender in the application journey, helping them to sell more of their own ancillary products.
- Using AutoConvert's software which consolidates lenders and processes into one technology platform, retailers have the potential to save costs and gain insights which enable them to improve finance conversions and sales.



NON-FINANCIAL 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 within this Annual Report.

NON-FINANCIAL RISK	POLICIES, PROCEDURES AND EMPLOYEE GUILDS	SECTION WITHIN THIS ANNUAL REPORT	CULTURAL KPIS
ENVIRONMENTAL	• Sustainability Network	• Environmental sustainability: pages 42 to 48	• Total Scope 1, 2 & 3 CO_2 emissions
OUR PEOPLE	• Code of Conduct • Stakeholder engagement • Board Engagement Guild • Whistleblowing Policy • BAME Network • Women's Network	• Diversity and inclusion: pages 51 to 53 • Section 172(1) Statement: pages 19 to 21	• People who are proud to work at Auto Trader • Gender diversity • Ethnic diversity • Women in leadership roles • Ethnic diversity in leadership roles
SOCIAL AND COMMUNITY	• Ethical Procurement Policy • Customer Charter • Volunteering days • Diversity and Inclusion Guild • Make a Difference Guild • Wellbeing Guild	• Diversity and inclusion: pages 51 to 53 • Environmental sustainability: pages 42 to 48	• Gender diversity • Ethnic diversity • Women in leadership roles • Ethnic diversity in leadership roles • People who are proud to work at Auto Trader
HUMAN RIGHTS	• Modern Slavery Policy • Privacy Policy	• Governance and compliance: pages 54 to 57	
ANTI-BRIBERY AND ANTI-CORRUPTION	• Anti-bribery, Gifts and Hospitality Policy	• Governance and compliance: pages 54 to 57	
BUSINESS MODEL		• How we create value: pages 10 and 11	
PRINCIPAL RISKS		• Principal risks and uncertainties: pages 61 to 67	
NON-FINANCIAL KEY PERFORMANCE INDICATORS		• Operational and cultural KPIs: pages 26 to 29	

SECTION 172(1) STATEMENT

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 to Drive 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.

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.

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.

In order to achieve our purpose, we need to understand who our stakeholders are and what is important to them; we need to understand the long-term impact of our business on the industry and the environment; and we need to maintain our high standards of business conduct. All of these matters are taken into consideration by the Board in its discussions and decision making. In order to formalise this process, a stakeholder framework has been established which is applied to all Board papers and discussions, to enable the Board to consider 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: page 10 • Our purpose-driven strategy: page 12 • Material decisions made: page 22
CONSIDERING THE INTERESTS OF OUR EMPLOYEES	• How we create value: page 10 • Our stakeholders: page 20 • Our people and communities: page 49
THE NEED TO FOSTER GOOD RELATIONSHIPS WITH OUR STAKEHOLDERS	• How we create value: page 10 • Our stakeholders: page 20
CONSIDERING OUR IMPACT ON THE ENVIRONMENT AND OUR COMMUNITY	• Report of the Corporate Responsibility Committee: page 90 • Make a difference strategy: page 36 • TCFD disclosures: page 42
MAINTAINING HIGH STANDARDS OF CONDUCT	• Governance: page 70 • How we manage risk: page 58 • Our governance and compliance: page 54
ACTING FAIRLY BETWEEN STAKEHOLDERS	• How we create value: page 10 • Our stakeholders: page 20

Our stakeholders

Not all engagement takes place directly with the Board. However, the output of this engagement informs our decisions, with an overview of developments and relevant feedback being reported to the Board and/or a Board Committee. By understanding our stakeholders, and by considering their diverse needs, we factor into boardroom discussions the potential impact of our decisions on each stakeholder group.

Consumers

WHY ARE THEY IMPORTANT TO US?

Maintaining a large and highly engaged consumer audience of in-market car buyers, who have high levels of trust and confidence in Auto Trader, is critical to the success of our business model.

WHAT ARE THEIR NEEDS?

- Comprehensive choice of vehicles.
- Ease of buying or selling a vehicle.
- Clear and transparent information about the vehicle, about the seller and about the payment options.
- Offering good levels of consumer support when there is a problem.

HOW WE ENGAGE

- We speak to consumers for our Car Buyers Report, and biannual consumer brand trackers to gauge views on the car market.
- We hold consumer onsite surveys which provide constant feedback on our experience.
- Consumer user testing of new products, services and brand designs on our website.
- Workshops with people who are neurodiverse and potentially vulnerable consumers, which feeds into our consumer facing products (including how we display finance).
- Complaints and customer security teams operate seven days a week.
- We measure consumer brand sentiment and engagement scores.
- Consumer research is provided to the Board.
- Surveyed consumers for the completion of our materiality matrix.

MATERIAL ISSUES

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

Customers (retailers, manufacturers and other customers)

WHY ARE THEY IMPORTANT TO US?

Our partnerships with almost 14,000 car retailers, and with manufacturers, means that we continue to have the greatest choice of trusted vehicles for consumers. The majority of our revenue is generated from our customers.

WHAT ARE THEIR NEEDS?

- Making the car selling process more efficient.
- Access to data to make informed decisions.
- High-quality access to car buyers' response.
- Receiving value for money from Auto Trader.
- Sourcing vehicles.

HOW WE ENGAGE

- Monthly retailer sentiment surveys, which evaluate product improvements and value for money.
- Forums with CEOs of big retailers, OEMs, supermarkets, automotive finance companies and mid-tier franchises.
- Webinars for our smaller customers.
- Regular thought leadership, insight-driven reports, such as the Car Buyers Report, and the biannual Market Reports.
- Hosting industry insight events, dealer masterclasses, fortnightly webinars and conferences.
- Business partnering by the Operational Leadership Team ('OLT') and other senior management.
- Sales teams, both telesales and field sales.
- Attendance by customers at Board meetings.
- Enhanced and increased frequency of communication with retailers.
- Surveyed customers for the completion of our materiality matrix.

MATERIAL ISSUES

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

Our people

WHY ARE THEY IMPORTANT TO US?

Our continued success requires us to attract, recruit, motivate and retain our highly skilled workforce, with a particular focus on specialist technological and data skills whilst also ensuring that we continue to build a diverse and inclusive culture.

WHAT ARE THEIR NEEDS?

- Diversity and inclusion.
- Training and career development.
- Reward and benefits.
- Working conditions, environment and wellbeing.

HOW WE ENGAGE

- Board Engagement Guild engages directly with the Board.
- Biannual virtual conferences, regular CEO and OLT virtual business updates.
- Annual benefits roadshow, salary workshops and share scheme pulse survey.
- Save as you earn share schemes.
- D&I Guilds with networks with a focus on women, age, ethnic diversity, LGBT+, neurodiversity and disability with OLT sponsors. Including specific OLT and Board reverse mentoring by ethnically diverse employees.
- Regular employee check-in surveys.
- Health and safety assessments.
- Wellbeing forums.
- Inclusive Culture Development Programmes (inclusive leadership & diverse talent accelerator).
- Whistleblowing service.
- Surveyed our people for the completion of our materiality matrix.

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

HOW WE CREATE VALUE P10 →

MATERIALITY ASSESSMENT P38 →

We set out below who our key stakeholders are, why they are important to us, what their needs are, and the ways in which we engage with them.

Partners & suppliers

WHY ARE THEY 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.

WHAT ARE THEIR NEEDS?

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

HOW WE ENGAGE

- Regular engagement with suppliers and partners, including by a number of our Operational Leadership Team members.
- Supplier/procurement processes engage at the time of appointment and during the relationship.
- Regular monitoring and reviews of financial and operating resilience.
- Reporting on time taken to pay suppliers.
- Application of 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.
- Surveyed partners and suppliers for the completion of our materiality matrix.

MATERIAL ISSUES

4 Product innovation
13 Responsible supply chain
16 Ethics and integrity

The community & the environment

WHY ARE THEY 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 have a positive impact on the communities we operate in.

WHAT ARE THEIR NEEDS?

- Energy usage and carbon emissions.
- The move to electric vehicles.
- Giving back to the community.
- Environmental, Social and Governance ('ESG') factors.

HOW WE ENGAGE

- Make a difference strategy.
- Corporate Responsibility Committee.
- Sustainability Guild within the organisation.
- Carbon Literacy training for employees and customers.
- Work with industry bodies and government departments to help inform alternatively fuelled vehicles ('AFV') policy.
- Auto Trader community fund.
- Consumer research and user testing to understand what information is most helpful when buying an electric vehicle.
- Full scope GHG emission reporting, Carbon Disclosure Project ('CDP') and TCFD reporting.
- Signed up to Science Based Targets initiative (the 1.5°C Business Ambition).
- Volunteering days with local charities, including launch of a new volunteering platform.
- Supporting organisations such as Manchester Digital and the Automotive 30% Club, and involvement with local schools and colleges through STEM ambassadors.
- Business in the Community membership.
- Surveyed members of our community for the completion of our materiality matrix.

MATERIAL ISSUES

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

Investors

WHY ARE THEY IMPORTANT TO US?

Maintaining a transparent and trusted dialogue with current and potential future investors ensures our continued access to capital, allowing us to invest in the long term for the business.

WHAT ARE THEIR NEEDS?

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

HOW WE ENGAGE

- Open, honest and balanced communication available to all shareholders.
- Comprehensive investor relations programme including the formal presentation of results and subsequent roadshows, ongoing attendance at conferences, one-to-one and group meetings held with institutional investors, fund managers and analysts. Feedback is regularly provided to the Board.
- Meetings which relate to governance are attended by the Chair or another Non-Executive Director.
- Private shareholders encouraged to communicate with the Board through **ir@autotrader.co.uk**.
- Annual Report, AGM, corporate website and market announcements.
- Share relevant industry-related data with analysts.
- Engagement with proxy advisors and other agencies.
- Active consultation on remuneration framework and policies.
- Surveyed investors for the completion of our materiality matrix.

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

By understanding our stakeholders' diverse needs, we factor into boardroom discussions the potential impact our decisions could have on them. Below are three material decisions made during the financial year with explanation of how we considered the needs of our stakeholders in each.

ACQUISITION OF AUTORAMA

CONTEXT

The acquisition of Autorama complements our strategy by adding digital retailing on new cars and a capability to transact vehicles from order to delivery through a retailer. Auto Trader is focused on developing an end-to-end digital platform for all its customers, enabling car buyers to do more or all of the transaction online. The acquisition of Autorama strengthens those digital retailing ambitions as it has built a scalable end-to-end digital platform which enables buyers to transact online and choose from a wide range of new vehicles, bought on a lease.

BOARD CONSIDERATIONS

In deciding whether to proceed with the acquisition, the Board considered, amongst other matters, the long-term consequences of the decision, the need to maintain high standards of conduct and the impact on stakeholders.

The acquisition provides a large structural opportunity for a new car leasing marketplace driven by the growth of electric cars, lower take up of company car schemes and a shift towards new digital distribution models, which present the Company with long-term opportunities.

Before proceeding with the acquisition, a full programme of financial, tax, legal, regulatory, technology and commercial due diligence was performed, and the results were presented to the Board, together with key acquisition documents and terms.

> Leasing provides consumers with a cost-effective way to access a new car with a model that is consistent with any future move towards usership.
>
> **Nathan Coe**
> Chief Executive Officer

In terms of the impact on stakeholders, the Board believes that the acquisition will benefit consumers, as it will help to meet the demands of those who are considering leasing their next new vehicle. It will also improve the wider transparency and visibility of the different ways in which consumers can buy a new car. There were no material or negative impacts identified in respect of other stakeholder groups.

OUTCOME

The Board approved that the acquisition should proceed and therefore entered into an agreement to acquire Autorama (subject to regulatory approvals), as this was considered to be likely to promote the success of the Company for the benefit of shareholders, taking into account the considerations noted.

RELEVANT STRATEGIC PILLARS

RELEVANT STAKEHOLDERS

OUR STRATEGIC PILLARS

Marketplace | Digital retailing | Data as a platform | Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

RETURN TO THE OFFICE

CONTEXT

As COVID restrictions began to be lifted, the Board considered the approach for employees to return to the office.

BOARD CONSIDERATIONS

The Board considered the impact on employees of returning to the office post pandemic. The main aim was to protect the strong collaborative nature of our culture, and to ensure that employees remained connected with their teams and the wider Auto Trader community, whilst also recognising the benefits of flexible working for employees.

Our leadership team consulted widely with employees through various means, including surveys and in face-to-face meetings with business leaders, to gauge how people were feeling about both working from home and from our offices. The results were then shared with the Board. In addition, the Board discussed a proposed hybrid working approach directly with the Employee Engagement Guild.

Linked with the introduction of hybrid working, the Board considered a proposal by the leadership team to invest in technology to enable greater connectivity and collaboration in our physical office spaces. This ensures employees are provided with a more collaborative environment to support our culture.

OUTCOME

The Board approved the proposal to invest in the physical office environment and to invest in technology to better enable hybrid working. This also included an expansion of the Manchester office floor space by taking on an additional lease. The Board also approved the proposal to move to a hybrid approach to working, called Connected Working. These decisions were considered to be in the best interest of employees and to the longer-term success of the business.

RELEVANT STRATEGIC PILLARS

RELEVANT STAKEHOLDERS

EVOLVING OUR PACKAGE STAIRCASE AND NEW PRODUCT LAUNCHES

CONTEXT

Over the past few years, our product lever has been the largest revenue growth driver. Our product and technology teams are continually looking forward and we continue to enhance our offering which gives an improved car buying experience for our consumers and supports our retailer customers in successfully running their businesses.

BOARD CONSIDERATIONS

There have been many product and feature changes throughout the year, but the largest have been the evolution of our package staircase and the launch of Market Extension. In terms of the package staircase, we changed the way in which listings are presented using a relevancy algorithm and added a higher level package. The Board needed to consider how this change would impact both consumers and retailers, as a negative outcome could lead to a fall in audience and revenue.

Market Extension, where retailers are able to advertise outside of their local area, had similar challenges in that it needed to be very clear that the vehicle was not in the local area but could be delivered there, which is a new experience for buyers on Auto Trader. The monetisation of the product also needed careful consideration such that we didn't miss out on a strong commercial opportunity.

OUTCOME

The Board concluded that the package changes created an improved consumer experience, as our listings are now presented in the same order regardless what device a consumer is using. This has created a consistent cross platform search experience on Auto Trader. The penetration rates onto our previous higher level packages had started to slow, but with the launch of a higher level through this evolution, we have seen good levels of initial uptake and now have 31% of retailer stock on a package above Standard in March 2022. The Board asked Deloitte to complete an internal audit, where they looked at the way in which adverts are presented and that the correct controls are in place to ensure the integrity of our relevancy algorithm is upheld.

Market Extension has launched and has seen good levels of initial uptake. We have created two versions of the product, to support both customers who hold their stock centrally and distribute based on consumer interests and those who are selling vehicles from a forecourt but can facilitate the transaction in other parts of the UK.

Both these two product initiatives have been significant contributors to the FY22 product lever.

RELEVANT STRATEGIC PILLARS

RELEVANT STAKEHOLDERS

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

FINANCIAL

Revenue
£m

£432.7m
+65%

2022	£432.7m
2021	£262.8m
2020	£368.9m

RELEVANT STRATEGIC PILLARS

DEFINITION
The Group generates revenue from three different streams: 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.

PROGRESS
Revenue increased 65% year-on-year, with the main driver being our retailer line, but supported by all other revenue lines. The year-on-year variance was significantly impacted by the support we provided to our retailer customers in the prior year due to COVID-19. Compared to 2020, revenue increased 17%, with more customers opting to take more of our products being the main driver.

RELEVANT RISKS
- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
Yes

Average Revenue Per Retailer ('ARPR')
£ per month

£2,210
+67%

2022	£2,210
2021	£1,324
2020	£1,949

RELEVANT STRATEGIC PILLARS

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 £886 in the year. A large proportion of this growth was driven by the support provided to retailers in the prior year relating to COVID-19 restrictions. Underlying growth was driven by our product lever as retailers continued to purchase prominence through higher level packages. Market Extension and our Retailer Stores product also contributed to the product lever. Growth was further supported by a price increase, as well as higher levels of stock in the year despite well documented supply issues.

RELEVANT RISKS
- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
No

Operating profit
£m

£303.6m
+88%

2022	Margin 70%	£303.6m
2021	Margin 61%	£161.2m
2020	Margin 70%	£258.9m

RELEVANT STRATEGIC PILLARS

DEFINITION
Operating profit is as reported in the Consolidated income statement on page 119. This is defined as revenue less administrative expenses, plus share of profit from joint ventures. Operating profit margin is Operating profit as a percentage of revenue.

PROGRESS
Operating profit increased by 88% to £303.6m. The strong performance in the year was underpinned by strong top line revenue growth and well managed costs. The year-on-year variance was impacted by the support we provided to our retailer customers in the prior year due to COVID-19. Operating profit margin improved to 70%, in line with 2020 levels.

RELEVANT RISKS
- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
Yes

OUR STRATEGIC PILLARS

Marketplace · Digital retailing · Data as a platform · Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

Basic EPS
Pence per share

25.61p
+93%

	Basic EPS
2022	**25.61p**
2021	13.24p
2020	22.19p

RELEVANT STRATEGIC PILLARS

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 93%, much of which was driven by net income which increased 92%. The weighted average number of shares in issue decreased by 1% as we resumed our share buyback programme in the year, purchasing and cancelling 22 million shares.

RELEVANT RISKS
- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
No

Cash generated from operations
£m

£328.1m
+115%

	Cash generated from operations
2022	**£328.1m**
2021	£152.9m
2020	£265.5m

RELEVANT STRATEGIC PILLARS

DEFINITION
Cash generated from operations is as reported in the Consolidated statement of cash flows on page 123. It comprises net cash generated from operating activities, before income taxes paid.

PROGRESS
Cash generated from operations increased by 115% to £328.1m in the year primarily due to the increase in Operating profit but also a positive working capital movement, driven by VAT. After tax payments of £56.2m, the majority of cash was returned to shareholders through our share buyback programme of £163.5m and dividends of £73.6m.

RELEVANT RISKS
- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
No

OPERATIONAL

Cross platform visits
Monthly average visits spent across all platforms

63.8m
+9%

2022	63.8m
2021	58.3m
2020	50.8m

RELEVANT STRATEGIC PILLARS

DEFINITION
Monthly average visits made across all our platforms, as measured by Google Analytics.

PROGRESS
Cross platform visits increased by 9% year-on-year. Consumers' strong demand for cars and increased reliance on our platform as the best place to find their next car both contributed to audience growth. We continue to use Comscore for a comparison to competitors and our share of minutes remains over 75% across all automotive classified sites.

RELEVANT RISKS
- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
No

Cross platform minutes
Monthly average minutes spent across all platforms

588.1m
+5%

2022	588.1m
2021	561.1m
2020	492.5m

RELEVANT STRATEGIC PILLARS

DEFINITION
Monthly average minutes spent across all our platforms, as measured by Google Analytics.

PROGRESS
We measure consumer engagement by the time spent on our site. Cross platform minutes increased by 5% to 588.1 million as a result of increased visits and our market-leading consumer experiences that help individuals find their next car.

RELEVANT RISKS
- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
No

Number of retailer forecourts
Average number per month

13,964
+5%

2022	13,964
2021	13,336
2020	13,345

RELEVANT STRATEGIC PILLARS

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

PROGRESS
The number of retailers using our platform increased by 5%. The increase in the number of forecourts was due to lower levels of cancellation. Levels of new customer acquisition were largely consistent with prior periods.

RELEVANT RISKS
- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
No

OUR STRATEGIC PILLARS

Marketplace | Digital retailing | Data as a platform | Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

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

Average number (including contractors)

960

+6%

RELEVANT STRATEGIC PILLARS

DEFINITION

Full-time equivalent employees 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 (which includes contractors) is reported internally each calendar month, with the full-year number being generated from an average of those 12 time periods.

PROGRESS

FTEs have increased by 6% year-on-year as we further invested in our people to support the growth of our business in development and supporting services.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

Live car stock

Average number per month

430,000

-11%

RELEVANT STRATEGIC PILLARS

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

Live car stock on site decreased by 11% year-on-year. This was partially driven by a decline of 18,000 new cars to 29,000 on average for the year on Auto Trader due to well documented supply shortages. Additional decline was due to a stock offer in the previous year, where customers could advertise more than their contracted amounts without charge, which wasn't repeated this year.

RELEVANT RISKS

- Economy, market and business environment
- Climate change
- Employees
- Reliance on third parties
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Regulatory risks
- Competition
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

No

CULTURAL

Employee engagement
% of employees who are proud to work at Auto Trader

95%
+2% pts

2022	95%
2021	93%
2020	89%

RELEVANT STRATEGIC PILLARS

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 2022 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 and were collated through Culture Amp.

PROGRESS
By taking appropriate measures and keeping clear lines of communication open with our people, we have been able to maintain a high level of engagement at 95%, despite the challenging circumstances over the past two years.

RELEVANT RISKS
- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
No

Women as a % of total staff
As at March each year

40%
+1% pts

2022	40%
2021	39%
2020	39%

RELEVANT STRATEGIC PILLARS

DEFINITION
We calculate our diversity percentages using headcount (2022: 1,002, 2021: 953, 2020: 904). The percentage of employees who are women (both cis and trans) at the end of March. In calculating this percentage we take into account all gender identities, including non-binary.

PROGRESS
We recognise the importance of gender diversity. Over the past 12 months, the percentage of our employees who are women increased to 40%. We remain committed to improving gender diversity within our organisation.

RELEVANT RISKS
- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
Yes

Women as a % of leadership
As at March each year

38%
+4% pts

2022	38%
2021	34%
2020	32%

RELEVANT STRATEGIC PILLARS

DEFINITION
We calculate our diversity percentages using headcount (2022: 1,002, 2021: 953, 2020: 904). The percentage of those in leadership positions who are women (both cis and trans) at the end of March. We define leaders as those who are on our Operational Leadership Team ('OLT'), three divisional leaders and their direct reports. In calculating this percentage we take into account all gender identities, including non-binary.

PROGRESS
The percentage of employees who are women in leadership roles increased in the year to 38%. Of the 100 people in leadership positions who define their gender when asked, 38 were women.
We recognise there is a lot still to do in this area. We launched our Diverse Talent Accelerator programme to support our people, particularly women and those from an ethnically diverse background, develop into leadership roles.

RELEVANT RISKS
- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?
Yes

OUR STRATEGIC PILLARS

Marketplace · Digital retailing · Data as a platform · Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

Ethnically diverse representation as a % of total staff

As at March each year

14%

+3% pts

2022	14%
2021	11%
2020	10%

RELEVANT STRATEGIC PILLARS

Make a difference

DEFINITION

The percentage of our headcount that define themselves as ethnically diverse as at 31 March. In calculating this percentage we take into account those who have chosen not to specify their ethnicity.

PROGRESS

We recognise the importance of diversity. Over the past 12 months we have increased the percentage of our employees who define themselves as ethnically diverse to 14%. Of the 878 people who disclose their ethnicity when asked, 139 are ethnically diverse. There were 124 employees (21%) who have not yet disclosed their ethnicity or opted not to do so.

RELEVANT RISKS

- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

Yes

Ethnically diverse representation as a % of leadership

As at March each year

6%

0% pts

2022	6%
2021	6%
2020	4%

RELEVANT STRATEGIC PILLARS

Make a difference

DEFINITION

The percentage of those in leadership positions that define themselves as ethnically diverse at the end of March. We define leaders as those who are on our Operational Leadership Team ('OLT'), three divisional leaders and their direct reports. In calculating this percentage we take into account those who have chosen not to specify their ethnicity.

PROGRESS

The percentage of ethnically diverse employees in leadership roles remained flat in the year at 6%. Of the 100 people in leadership positions who define their ethnicity when asked, six were ethnically diverse. We recognise there is a lot to do in this area and we launched our Diverse Talent Accelerator programme to help people, particularly women and those from a ethnically diverse background, develop into leadership roles.

RELEVANT RISKS

- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to current year remuneration?

Yes

Total CO_2 emissions

Tonnes of carbon dioxide equivalent

11,659tCO_2e

+75%

2022	11,659
2021	6,673
2020	10,094

RELEVANT STRATEGIC PILLARS

Make a difference

DEFINITION

The methodology used to calculate our emissions is based on the financial consolidation approach, as defined in the GHG Protocol, a Corporate Accounting and Reporting Standard (Revised Edition). Emission factors used are from the UK Government's Department for Business, Energy and Industrial Strategy ('BEIS') conversion factor guidance for the year reported. The total amount of CO_2 emissions includes Scope 1, 2 and 3 across all relevant categories. See page 45 for our reported Scope 3 emissions.

PROGRESS

Climate change is treated as a Board-level governance issue. Our newly formed Corporate Responsibility Committee evidences our commitment to ensuring as a business we keep progressing with our climate change agenda. The total amount of CO_2 emissions increased in the year to 11,659 tonnes of carbon dioxide equivalent versus our benchmark of 2020, which was due to an increase in our cost base and higher capital expenditure. During the year we offset these emissions across all scopes using an accredited scheme and were therefore carbon neutral.

RELEVANT RISKS

- Economy, market and business environment
- Employees
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Brand and reputation
- External catastrophic and geo-political events

Linked to future years' remuneration?

Yes

> I am pleased with the progress we've made developing more of the components which make up the online car buying journey.

Catherine Faiers
Chief Operating Officer

Overview

The impact of COVID-19 on the performance of the business has not had the same effect as the previous financial year. Our decisive action early in the pandemic to protect our people, customers and business ensured that we emerged as a stronger business.

However, the effect of COVID-19 on the car market has meant there remains a number of transactions that were lost in 2020 that have still not occurred. Demand for both new and used cars has been strong, as reflected in our increased audience position, however the market has been hampered by limited supply, owing to the particularly well documented semi-conductor shortages which have heavily impacted the supply of new cars. These dynamics have led to significant levels of used car price growth, which has been part of the reason behind our retailer customers' increased profitability.

I am pleased with the progress we've made developing more of the components which make up the online car buying journey. Enabling more of the journey to be done online will provide us significant long-term opportunities for the future.

↑ **+22%** increase in our used car price index in 2022

↑ **+5%** increase in the volume of retailer forecourts using Auto Trader during 2022

During the year we have adapted our working policies to better reflect the way in which we will work in the future. Our new Connected Working policy looks to retain important aspects of our culture, such as collaboration, relationships, low-bureaucracy, agility and empowerment, while enabling people to better balance their work/life commitments. We are proud that our employee engagement score has remained high despite such challenging circumstances over the past two years, with 95% of employees saying they are proud to work at Auto Trader (March 2021: 93%).

Business performance

Our audience performance has strengthened with average monthly cross platform visits increasing by 9% to 63.8 million per month (2021: 58.3 million). Engagement, which we measure by total minutes spent on site, was also strong with an increase of 5% to an average of 588 million minutes per month (2021: 561 million minutes). We have 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 (2021: over 75%) and grew to be 8x larger than our nearest competitor (2021: 7x).

Demand for both new and used cars has been particularly strong for much of this last financial year. This demand has been fuelled by a catch up in transactions that didn't happen in 2020 due to COVID-related lockdowns, increased consumer interest in car ownership and good levels of consumer confidence. New car registrations, whilst seeing year-on-year growth of 4% versus 2021, were still 22% below 2020 levels, with the well documented new car supply constraints due to semi-conductor shortages. These trends fed through to live stock on site, which decreased by 11% to an average of 430,000 cars (2021: 485,000). Part of this decline was due to a fall in the volume of new car stock, which averaged 29,000 (2021: 47,000) for the year. These constraints also impacted used cars, particularly for our larger customers, as lower new car sales have meant fewer part-exchanges and a lower volume of cars sent to auction from wholesalers, with overall transactions being 2% lower than 2020, although were up 15% on 2021. The year-on-year decline in live used stock was also partly impacted by a stock offer in the previous year, where customers could advertise more than their contracted amounts without charge, which was not repeated this year.

High levels of demand combined with constrained supply have led to significant levels of used car price growth, with our used car price index seeing a 22% year-on-year increase in prices across the period. This contributed to very good trading conditions for our customers, with some of them achieving record profit levels.

The average number of retailer forecourts advertising on our platform increased by 5% to 13,964 (2021: 13,336). The increase in the number of forecourts was due to lower levels of cancellation, partly due to favourable market conditions but also driven by the current strength of our position and standing with customers. Levels of new customer acquisition were largely consistent with the prior year.

GROWING OUR CORE MARKETPLACE

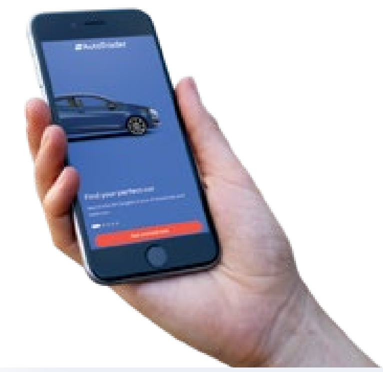
Marketplace

OUR PURPOSE-DRIVEN STRATEGY P12 →

> Our business performance has strengthened with growth in our audience, growth in our retailer customers and growth in the number of products being bought by our customers.

Catherine Faiers
Chief Operating Officer

64m
average cross platform minutes per month



£74
of price lever growth in FY2022

We successfully executed our annual pricing event in April 2021. This included an underlying price increase as well as the launch of our Retailer Stores product.

31%
of retailer stock on a package above our Standard level in March 2022

In the year, we evolved our advertising package staircase, creating a new higher level package. This saw good levels of upsell as customers sought more prominence on our marketplace.

>1,800
paying new car customers in March 2022

Despite supply shortages on new cars, we have managed to retain many of our paying customers on our new car product.

Auto Trader as a data platform

Since the acquisition of Kee Resources in 2019, where we took ownership of our underlying vehicle taxonomy, we have been looking to both increase the volume of data bought and used by our retailer customers but also to extend the use of our data to other customer sets. From a retailer perspective we have launched a sales insight tool, increased the volume of paying retail check and retail accelerator customers, and offered direct integration via APIs. We have entered into data sharing agreements with a number of OEMs, which has improved the quality of our data sets, and we now power Experian's iCache product which provides insurance companies with enriched data to provide more accurate consumer quotes. The integration of a new data partner is often a long process but we are making meaningful progress in providing the industry's leading data platform.

The next big milestone in this journey was the launch of Auto Trader Connect which was included in retailer packages in April 2022, alongside our annual pricing event. Auto Trader Connect gives customers access to our taxonomy, which improves advert quality and introduces real-time updates between our systems and those of our customers. This removes the inefficiencies of daily data feeds and we currently have integration with c.40% of third-party software providers with Auto Trader Connect. We see this product as a key enabler to support digital retailing.

We have made substantial progress during the year in migrating our platform and technology infrastructure to the cloud. This has enabled us to take advantage of improved performance, enhanced security and delivered a quicker product release cycle. We expect to have migrated all of our services to the cloud by the end of the current financial year. We saw an increase in the number of product releases to 46,000 (2021: 41,000).

ESG

Within our overall strategy we aim to 'make a difference' to our people, our communities, our industry, and to the wider environment, whilst holding ourselves to the highest standards when it comes to acting responsibly.

We have a Corporate Responsibility Committee with oversight for Auto Trader's focus on the Environmental, Social and Governance aspects of our business. Over the past 18 months we have identified focus areas around which we have created initiatives. These are monitored regularly and reported on using our cultural KPIs. While many of these changes take time, we are committed to making meaningful progress across all measures.

We will continue to improve the levels of diversity and inclusion within our organisation as we believe this improves individual and team performance and will allow us to identify and attract talent that we may not otherwise access. We are making progress, but there remains room for improvement. Our Board has marginally more women than men and as of the start of this calendar year we meet the recommendations of the Parker Review. At year end, women represented 40% of our organisation (March 2021: 39%) and in leadership roles, as defined by FTSE Women Leaders, there was meaningful improvement to 38% (March 2021: 34%).

We are committed to increasing the percentage of ethnically diverse employees, who currently represent 14% of the organisation (March 2021: 11%), with 12% of employees not disclosing their ethnicity. The percentage of ethnically diverse employees in leadership, again using the FTSE Women Leaders definition, remained at 6% (March 2021: 6%), highlighting the work we still have to do in this area. Much of our work around creating an inclusive culture and environment has been driven, supported and informed by our many employee networks and guilds representing women, diverse ethnicity, LGBT+, disability & neurodiversity, families and age.

The UK Government has a target to become net zero by 2050 and Auto Trader has a role to play in reaching this goal. There are two strands to our commitments around the environment which includes achieving net zero carbon emissions by 2040 and supporting consumers in making more sustainable vehicle choices.

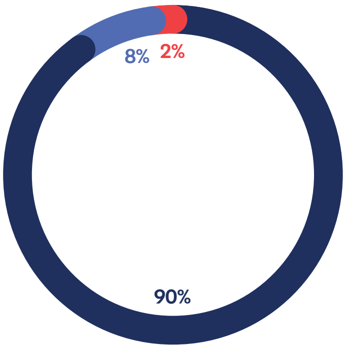
Catherine Faiers
Chief Operating Officer
26 May 2022

> Revenue in the prior year was impacted by our decision to provide free advertising to our retailer customers in April 2020, May 2020, December 2020 and February 2021, and at a 25% discount in June 2020, due to the closure of retailer forecourts given COVID-19 lockdown restrictions.

Jamie Warner
Chief Financial Officer

OVERVIEW

Our revenue streams



- **Trade**
  £388.3m
  +72%
  (2021: £225.2m)
- **Consumer Services**
  £33.3m
  +25%
  (2021: £26.6m)
- **Manufacturer and Agency**
  £11.1m
  +1%
  (2021: £11.0m)

Revenue
£432.7m
↑ +65%
(2021: £262.8m)

Operating profit
£303.6m
↑ +88%
(2021: £161.2m)

INCREASED RETAILER REVENUE
Revenue in the prior year was impacted by our decision to provide free advertising to our retailer customers in April 2020, May 2020, December 2020 and February 2021, and at a 25% discount in June 2020.

INCREASE IN UNDERLYING ARPR
Excluding COVID-19 discounts in the prior year, underlying ARPR increased by £247 per month, spread across our price, stock and product levers.

REDUCTION OF RCF COMMITMENTS
With effect from 24 September 2021, the Company reduced the total commitments of its Syndicated revolving credit facility ('Syndicated RCF') by £150m from £400m to £250m.

INCREASE IN JV PROFIT
Our share of profit generated by Dealer Auction, the Group's joint venture, increased in the year as auction activity saw improved levels following a reduction during periods of lockdown in the prior year.

Revenue
Revenue increased to £432.7m (2021: £262.8m), up 65% when compared to the prior year. Trade revenue, which comprises revenue from Retailers, Home Traders and other smaller revenue streams, increased by 72% to £388.3m (2021: £225.2m).

Retailer revenue increased by 75% to £370.4m (2021: £211.9m). Revenue in the prior year was impacted by our decision to provide free advertising to our retailer customers in April 2020, May 2020, December 2020 and February 2021, and at a 25% discount in June 2020, due to the closure of retailer forecourts given COVID-19 lockdown restrictions. There have been no discounts in relation to COVID-19 in 2022.

The average number of retailer forecourts advertising on Auto Trader was up 5% to 13,964 (2021: 13,336). We saw a steady increase in the number of retailers advertising on our platform throughout 2022 with lower cancellations in the period, and levels of acquisition remaining broadly flat.

Average Revenue Per Retailer ('ARPR') increased by 67% to £2,210 (2021: £1,324). The £886 increase was heavily impacted by the COVID-related discounts in the prior year which made a positive contribution of £639 due to their absence in 2022. Excluding these discounts, there was an underlying increase in ARPR of £247 spread across our price, stock and product levers:

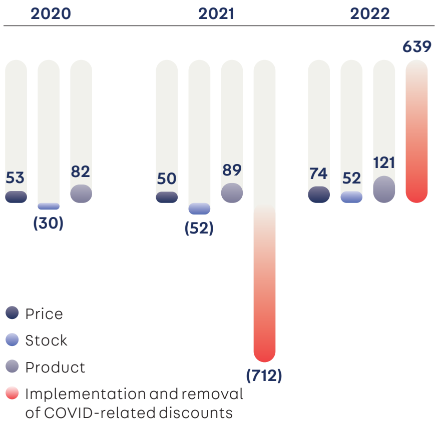
- Price: Our price lever contributed an increase of £74 (2021: £50) to total ARPR as we executed our annual pricing event for the majority of customers on 1 April 2021.
- Stock: The number of live cars advertised on Auto Trader decreased by 11% to 430,000 (2021: 485,000). This was partially driven by a decline of 18,000 new cars on Auto Trader due to well documented supply shortages. It is important to note though that the stock lever is not driven by live stock but by the number of paid stock units. Last year live used stock was impacted by a stock offer which allowed customers to double their stock for free from late March to mid-July 2020, which did not impact paid for stock. Whilst we did see some downgrades in paid stock during the first half, as a result of faster stock turn and limited supply, much came from our larger Franchise customers who generally have a lower cost per car. Stock levels partially recovered in the second half however, returning to similar levels seen at the start of FY22. These dynamics resulted in a £52 increase in the stock lever (2021: decline of £52).
- Product: Our product lever contributed an increase of £121 (2021: £89) to total ARPR. Most of this came from retailers choosing to purchase prominence products, including our higher yielding Enhanced, Super and Ultra packages with penetration increasing to 31% of retailer stock (March 2021 (Advanced and Premium): 26%). In addition to packages, retailers sought prominence through greater use of our Pay Per Click product. We also introduced a new digital retailing product called Market Extension, allowing retailers to sell outside of their local area, which also contributed to the product lever, with over 6% of retailer stock on the product by the end of the year. Finally, there was also some contribution from our Retailer Stores product, which was launched in April 2021 as part of our pricing event.

Home Trader revenue increased by 40% to £8.8m (2021: £6.3m). Other revenue increased by £2.1m to £9.1m (2021: £7.0m) with AutoConvert increasing £1.0m to £2.1m (2021: £1.1m).

Consumer Services revenue increased by 25% in the year to £33.3m (2021: £26.6m). Private revenue, which is generated from individual sellers who pay to advertise their vehicle on the Auto Trader marketplace, increased to £19.3m (2021: £16.6m). Motoring Services revenue also increased, up 32% to £13.1m (2021: £9.9m) as a result of strong growth in both our insurance and finance offerings. After launching in 2021, Instant Offer contributed £0.9m to Consumer Services revenue (2021: £0.1m).

Revenue from Manufacturer and Agency customers was effectively flat at £11.1m (2021: £11.0m). The pandemic had a significant impact on this revenue line in both 2021 and 2022. Manufacturers have lowered their marketing spend due to semi-conductor supply issues and the resulting lack of clarity on new car supply.

ARPR levers (£)



Costs
In 2021, the Group made the decision to reduce costs, mainly through the reduction of discretionary marketing spend, whilst our retail customers were closed due to COVID-19 restrictions. With a return to more normal levels in 2022, costs increased 27% to £132.0m (2021: £104.0m).

People costs, which comprise all staff costs and third-party contractor costs, increased by 16% to £69.8m (2021: £60.0m). The increase in people costs was primarily driven by an increase in the average number of full-time equivalent employees (including contractors) to 960 (2021: 909) as we invested in our people to support the growth areas of the business. The prior year was impacted by Executive Directors and the Board foregoing 50% or more of their salary and fees for the period of April to June 2020. Performance related pay increased in 2022, in addition to the resumption of annual pay reviews. Underlying salary costs continue to increase as we invest in the best digital talent.

Revenue (£m)	2022	2021	Change
Retailer	**370.4**	211.9	+75%
Home Trader	**8.8**	6.3	+40%
Other	**9.1**	7.0	+30%
Trade	**388.3**	225.2	+72%
Consumer Services	**33.3**	26.6	+25%
Manufacturer and Agency	**11.1**	11.0	+1%
Total	**432.7**	262.8	+65%

Costs (£m)	2022	2021	Change
People costs (including share-based payments)	**69.8**	60.0	+16%
Marketing	**20.5**	9.8	+109%
Other costs	**34.5**	27.9	+24%
Depreciation and amortisation	**7.2**	6.3	+14%
Total administrative expenses	**132.0**	104.0	+27%

Marketing spend increased by 109% to £20.5m (2021: £9.8m). The increase was driven by discretionary spend being reduced in the prior year in response to the pandemic as previously mentioned.

Other costs, which include data services, property related costs and other overheads, increased by 24% to £34.5m (2021: £27.9m). The increase was primarily due to higher overhead costs, including the return of travel, office & people related costs, as well as higher IT spend as we continue to move more of our services and applications to the cloud. Depreciation and amortisation increased to £7.2m (2021: £6.3m) mainly as a result of an additional office lease and office improvements.

Operating profit (£m)	2022	2021	Change
Revenue	**432.7**	262.8	+65%
Administrative expenses	**(132.0)**	(104.0)	+27%
Share of profit from joint ventures	**2.9**	2.4	+21%
Operating profit	**303.6**	161.2	+88%

Operating profit
During the year Operating profit increased by 88% to £303.6m (2021: £161.2m). Operating profit margin increased by nine percentage points to 70% (2021: 61%), back in line with 2020 levels.

Our share of profit generated by Dealer Auction, the Group's joint venture with Cox Automotive, increased to £2.9m (2021: £2.4m) as auction activity saw improved levels following a reduction during periods of lockdown in the prior year.

Net finance costs
Net finance costs decreased to £2.6m (2021: £3.8m). The decrease was driven by lower interest payable of £1.4m (2021: £2.9m). Amortisation of debt issue costs increased to £1.0m due to accelerated amortisation following the reduction of the Syndicated revolving credit facility ('Syndicated RCF') commitments as referenced below (2021: £0.6m). Interest on lease liabilities totalled £0.2m (2021: £0.3m) and interest relating to deferred consideration was £0.1m (2021: £0.1m). Interest receivable on cash was £0.1m (2021: £0.1m).

Reduction of RCF commitments
With effect from 24 September 2021, the Company reduced the total commitments of its Syndicated RCF by £150m from £400m to £250m. The facility will terminate in two tranches: £52.2m will mature in June 2023 and £197.8m will mature in June 2025. Additionally, there was an amendment to the Senior Facilities Agreement to reflect the discontinuation of LIBOR and the transition to SONIA (in respect of sterling loans); Loan Market Association updates; and to include the effect of IFRS 16 for the purposes of calculating financial covenants. There is no requirement to settle all, or part, of the debt earlier than the termination dates stated.

Profit before taxation
Profit before taxation increased by 91% to £301.0m (2021: £157.4m). The increase resulted from the Operating profit performance, with a further benefit from lower net finance costs of £2.6m (2021: £3.8m).

Taxation
The Group tax charge increased 90% to £56.3m (2021: £29.6m) which represents an effective tax rate of 19% (2021: 19%), in line with the average standard UK rate.

Earnings per share
Basic earnings per share increased by 93% to 25.61 pence (2021: 13.24 pence) based on a weighted average number of ordinary shares in issue of 955,532,888 (2021: 965,175,677). Diluted earnings per share of 25.56 pence (2021: 13.21 pence) increased by 93%, based on 957,534,145 shares (2021: 967,404,812) which takes into account the dilutive impact of outstanding share awards. The reduction in shares is due to the share buyback programme throughout 2022.

Cash flow and net cash
Cash generated from operations increased by 115% to £328.1m (2021: £152.9m) primarily due to the increase in Operating profit but also a positive working capital movement, driven by VAT. Corporation tax payments increased to £56.2m (2021: £28.2m), due to higher profit before taxation. Net cash generated from operating activities was £271.9m (2021: £124.7m).

As at 31 March 2022 the Group had net cash of £41.7m (31 March 2021: £10.3m), representing an increase of £31.4m. At the year end, the Group had drawn £nil of the Syndicated revolving credit facility (31 March 2021: £30.0m) and held cash and cash equivalents of £51.3m (2021: £45.7m).

Leverage, defined as the ratio of Net bank debt to EBITDA, remained at zero as we exit the year in a net cash position. Interest paid on these financing arrangements was £1.5m (2021: £3.0m).

"With effect from 24 September 2021, the Company reduced the total commitments of its Syndicated revolving credit facility by £150m from £400m to £250m. The facility will terminate in two tranches: £52.2m will mature in June 2023 and £197.8m will mature in June 2025.

Jamie Warner
Chief Financial Officer

AUTO TRADER AS A DATA PLATFORM

Data as a platform

OUR PURPOSE-DRIVEN STRATEGY P12 →

MORE RETAILER PRODUCTS
We have recently launched sales insight tools and increased the volume of paying Retail Check and Retail Accelerator customers. With prices increasing, this data has never been more valuable to our customers.

SELLING OUR DATA TO MORE CUSTOMER SETS
We have entered into data sharing agreements with a number of OEMs, improving our data sets, and now power Experian's iCache product which provides insurance companies with enriched data to provide more competitive consumer quotes.

CLOUD MIGRATION
We have made substantial progress during the year in migrating our platform and technology infrastructure to the cloud.

> Whilst stock limitations have impacted sales, compared to 'normal' pre-pandemic conditions, consumer demand, engagement, and prices all remain robust, which in turn is helping to drive strong margins.

Richard Walker
Data & Insight Director

c.40%
of third-party software providers integrated with Auto Trader Connect

c.1.2m
guaranteed valuations given to consumers in 2022

LAUNCHING AUTO TRADER CONNECT
We have launched Auto Trader Connect which was included in retailer packages in April 2022, as part of our annual pricing event. Auto Trader Connect gives customers access to our taxonomy, improving advert quality, and introduces real-time updates between our systems and those of our customers. This removes the inefficiencies of daily data feeds and we currently have integration with c.40% of third-party software providers with Auto Trader Connect.

Capital structure and dividends
During the year, a total of 24.9m shares (2021: nil) were purchased for a total consideration of £163.5m (2021: nil) before transaction costs of £0.8m (2021: nil). A further £73.6m (2021: nil) was paid in dividends, giving a total of £237.1m (2021: nil) in cash returned to shareholders.

The Directors are recommending a final dividend of 5.5 pence per share. Subject to shareholders' approval at the Annual General Meeting ('AGM') on 15 September 2022, the final dividend will be paid on 23 September 2022 to shareholders on the register of members at the close of business on 26 August 2022. The total dividend for the year is therefore 8.2 pence per share (2021: 5.0 pence per share).

In the coming year, it is expected that the Group will draw on its revolving credit facility to fund part of the initial consideration relating to the Autorama acquisition. The Group's long-term capital allocation policy remains broadly unchanged: continuing to invest in the business, enabling it to grow whilst returning around one third of net income to shareholders in the form of dividends. Any surplus cash following these activities will be used to continue our share buyback programme and steadily reduce gross indebtedness. It is the Board's long-term intention that over time the Group will return to a net cash position.

Going concern
The Group generated significant cash from operations during the period. At 31 March 2022 the Group had drawn £nil of its £250m (previously £400m) Syndicated RCF and had cash balances of £51.3m. The £250m Syndicated RCF is committed until June 2023, when it reduces to £197.8m through to maturity in June 2025. Financial projections for the next 12 months include the capital commitment to acquire Autorama (UK) Limited given the likelihood of the event. On the basis of facilities available and current financial projections for the next 12 months, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Commitment to acquire Autorama (UK) Limited
The Group has agreed to acquire, subject to regulatory approvals which at the date of this report had not all been received, the share capital of Autorama (UK) Limited. The transaction is expected to complete in the first half of financial year 2023. Auto Trader will pay initial consideration of £150m in cash, with a further £50m of deferred consideration to be settled in shares subject to customary performance conditions 12 months after the completion date. Once issued, the shares will vest over a period of two years in two 12-month instalments. At 31 December 2021, Autorama had £27m of gross assets and for the calendar year 2021, made net revenue of £26m, selling c.14,500 vehicles, and had an EBITDA loss of £6m, which included marketing costs of over £9m.

Jamie Warner
Chief Financial Officer
26 May 2022

Driving change together. Responsibly.

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 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.

Auto Trader's purpose is to Drive change together. Responsibly.

We are committed to being a responsible business and our purpose is driven by our resolve to do the right thing, measure and report transparently, and always act ethically and with integrity. As the UK and Ireland's largest automotive marketplace, we have a responsibility to create a more accessible, equitable and sustainable future.

We recognise that being a sustainable business for the long term is about ensuring we have the foundations we need for success as well as the ability to evolve to meet future challenges. 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. This involves changing how the UK shops for vehicles by providing the best online buying experience and supporting all our retailers with this online transition.

With this goal in mind, our ESG initiatives comprising our make a difference strategy focus on the material issues that have the greatest impact on our business whilst considering the expectations of our stakeholders. We can play a positive role in making a difference to our people, our communities, the industries we are part of and the environment.

OUR MAKE A DIFFERENCE STRATEGY

Drive change together. Responsibly.

Making a difference to our people, our communities, our industries and the wider environment to create a more accessible, equitable and sustainable future.

Our environment

Protect our business from the impact of climate change and work to reduce our own emissions to net zero.

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

Our people & communities

Build diverse teams and an inclusive culture.

Maintain high levels of employee satisfaction, 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.

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 a vehicle.

Assessing our material issues to inform our make a difference strategy.

MATERIALITY ASSESSMENT

ESG AREA	MATERIAL ISSUE	DEFINITION OF TOPICS
E OUR ENVIRONMENT	1 Climate	Reducing greenhouse gas emissions in our own business as well as influencing the wider automotive ecosystem. Mitigating the effects of long-term changes in the Earth's climate on Auto Trader's business.
S OUR PEOPLE & COMMUNITIES	2 Data privacy and security	Ensuring the safe collection, retention and use of confidential data of our retailers, consumers and employees. As well as safeguarding against data breaches and cyber crime.
	3 Employee wellbeing, engagement and safety	Maintaining high levels of employee satisfaction; supporting positive health and wellbeing.
	4 Product innovation	Continuously improve products and services to maintain our competitive edge.
	5 Customer satisfaction	Making sure our customers are happy using Auto Trader's products and services.
	6 Pricing fairness	Delivering value for money to our customers.
	7 Investment in talent	Promote professional and personal growth to attract, develop, retain and reward top talent.
	8 Advocacy	Partnering with industry bodies and lobbying government to shape legislation affecting the future of our industries.
	9 Making a difference to our local communities and industries	Partnering with charities, community groups and industry bodies to support their work through fundraising, volunteering and other projects.
	10 Diversity and inclusion	Nurture an inclusive company culture and enrich our workforce with diverse individuals across all levels of our organisation from the Board, leadership team and throughout our wider business, but also throughout the automotive and technology industries.
G OUR GOVERNANCE & COMPLIANCE	11 Driving transparency	Ensuring adverts describe vehicles accurately, the price/finance offer is clear and we are mitigating fraud risk.
	12 Digital infrastructure	Maintaining a strong digital infrastructure to withstand risks and futureproof the business.
	13 Responsible supply chain	Proactively seek suppliers who share our passion for community engagement and promoting diversity and inclusion within their own cultures and supply chains.
	14 Responsible tax strategy and total tax contribution	Complying with tax laws and regulations to pay the right amount of tax at the right time.
	15 Corporate governance	Having a well governed business, and disclosing information to all stakeholders in a transparent and balanced way.
	16 Ethics and integrity	Acting ethically and with integrity; working against corruption, bribery and fraud.
	17 Remuneration	Ensuring remuneration is based solely on skills, behaviours and contribution and not any other factor for all colleagues, Board members and the leadership team.

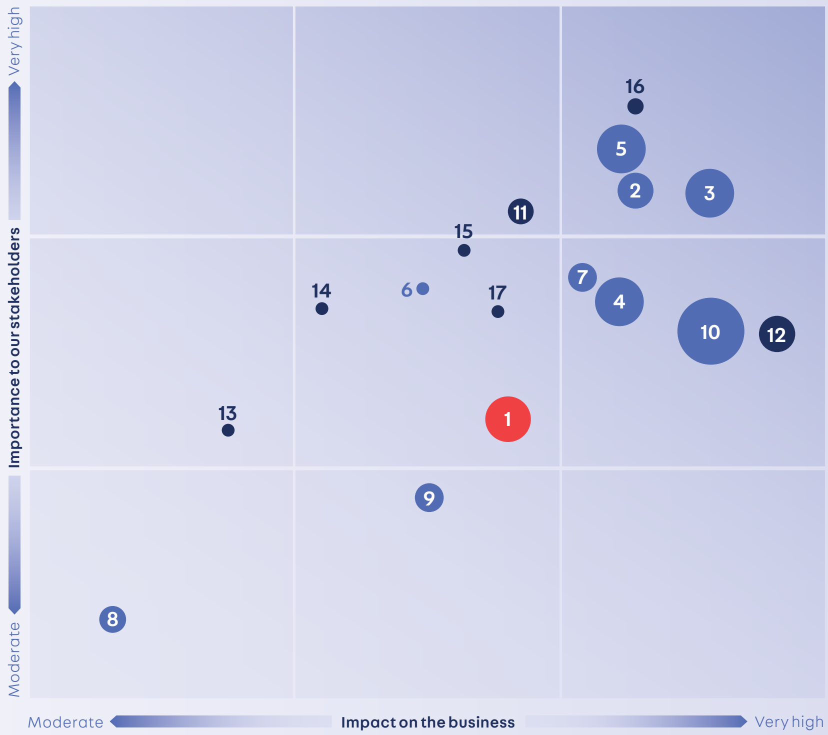
In order to remain successful in the long term, an understanding of what ESG topics matter most to our key stakeholders is essential. We conducted a materiality assessment to help inform our make a difference strategy. This was an inclusive process involving engagement with our employees and our external stakeholders, including consumers, retailers, employees and investors. Our aim in performing this analysis was to understand which ESG topics matter most to our internal and external stakeholders, to capture our impacts in a non-financial manner and help us prioritise matters on which to focus and inform our ESG strategic thinking.

For the initial materiality assessment we identified 17 areas of material importance to our business. An issue is material to us if it significantly impacts our business and our strategic priorities but also if it is viewed as being important to our stakeholders. We engaged with our key stakeholders via a survey to understand the issues they believed were most important for Auto Trader. We also considered the impact these issues would have on our business, taking into account current and future market trends and our overall strategic priorities.

Ongoing input and engagement from our stakeholders, both internal and external, helps us to ensure we are achieving positive results from implementing our make a difference strategy. Therefore, to ensure that the prioritisation of ESG topics continues to align with the importance to stakeholders and changes in our business strategy, we will refresh this exercise every three years.

Our make a difference strategy aligns our Environmental, Social and Governance activities to the material issues identified as most important to our stakeholders and most impactful to our business. We have then considered areas where we are focusing our activity to make improvements, which is designated by the size of the bubble.

OUR MATERIALITY MATRIX



The size of the bubbles on our materiality matrix highlight where our activities for this financial year have been focused and will continue to be focused over the coming 12 months.

Most notably, we have chosen to focus most of our activities and initiatives on: diversity and inclusion; employee wellbeing; engagement and safety; product innovation; 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, we believe we should be doing what we can to positively impact the world we live in. We recognise that we need to focus our efforts now to ensure we are progressing towards our longer-term goals, and it is an area which is likely to see growing levels of scrutiny.

Product innovation and customer satisfaction are also high on our agenda. Our focus on digital retailing is to bring more of the buying journey online, realising an improved consumer experience and efficiencies for our customers. We actively seek retailer feedback in all aspects of product and service development to ensure that we continue to provide market-leading solutions and also actively monitor consumer sentiment across our various products and channels.

Make a difference at a glance.

OUR PROGRESS DURING 2022

OUR ENVIRONMENT	OUR PEOPLE & COMMUNITIES	OUR GOVERNANCE & COMPLIANCE
OUR AMBITION		
• Achieve net zero in our own business as well as help our customers and suppliers as they transition to net zero • Ensure the majority of our business has completed Carbon Literacy training • Our customers can confidently sell more alternatively fuelled vehicles • Support our customers on their own net zero strategies with the Automotive 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	• 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 gap • 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 and partner with local and national charities	• Fully adopt the NIST framework • Continue to evolve with the requirements of both GDPR and FCA compliance • 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 SASB and TCFD reporting frameworks
2022 KEY HIGHLIGHTS		
• Our near-term Science Based Targets have been validated by the Science Based Targets initiative ('SBTi') • 50% of our employees are carbon literate, putting us at gold award level • Funded and launched the new Automotive Carbon Literacy Toolkit, developed in partnership with the Carbon Literacy Trust • Launched our Road to 2030 EV report, sharing the latest data and insight with all our stakeholders • Launched an electric vehicle hub within our top navigation, to give consumers the information they need in order to consider an electric car • Expansion of relationships across key industry bodies and government departments • Monthly EV car giveaway, with over two million entries	• Appointment of Jasvinder Gakhal as an Independent Non-Executive Director • 27 employees participated in our Diverse Talent Accelerator programme, developing the next level of leadership talent • 196 of our leaders participated in our inclusive leadership programme • Accredited Real Living Wage employer • Three colleagues recognised at the Automotive 30% Club Most Inspiring Automotive Women for 2021 • Highly commended at the Disability Smart awards • Community based funding of £356k including charitable donations and employee matched funding • Improved gender pay gap, although our ethnicity pay gap has widened • 95% employee engagement	• NIST framework implemented and reviewed by our internal auditors • Continued to make good progress with our cloud migration and we are on track to fully migrate by the end of our next financial year • First TCFD report completed • Launch of a new Supplier Code of Conduct, increased usage of Ethical Procurement questionnaires, and the launch of a new Carbon Emissions Survey
HOW THE UN SDGS ALIGN TO OUR ESG STRATEGY		
13	5, 8, 10	5, 8

There are 17 UN SDGs that form a shared global agenda to achieve a better and more sustainable future for all. Whilst all of the goals are important, we believe our ambitions and priorities best align with the above SDGs, which are most relevant to our strategy and where we believe we can have the greatest impact.

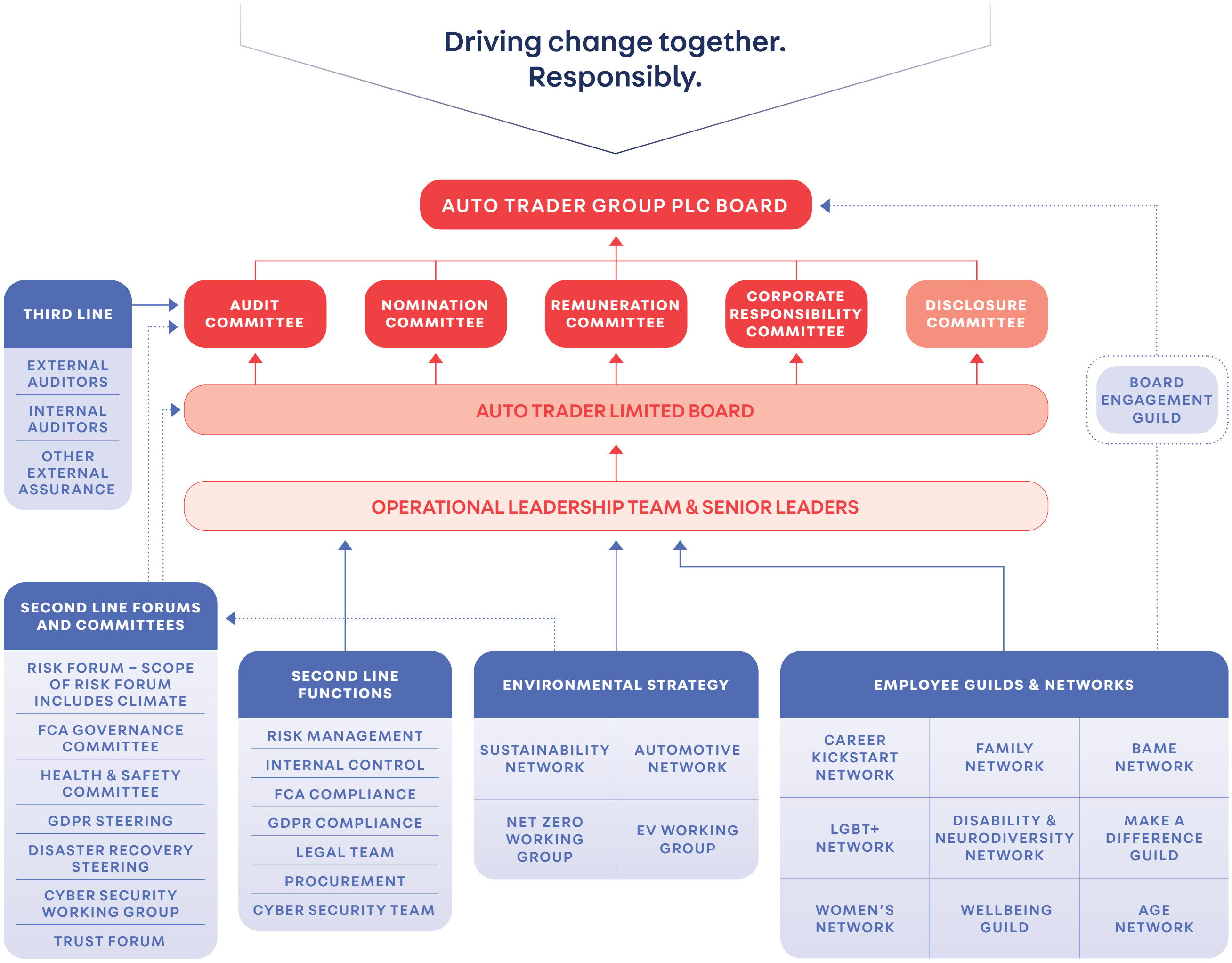
Governance of our make a difference strategy.

HOW WE GOVERN ESG

We recognise that our activities, and the way in which we carry them out, have impacts that reach well beyond our financial performance. There is increasing evidence that sustainable businesses drive greater profit and long-term value. With this in mind, in 2021 we 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 and sustainability targets. The Committee plays a crucial role in overseeing the progress towards fulfilling our ESG work, which is brought together as our make a difference strategy, and ensuring that the targets and goals are ambitious and realistic.

Responsibility for putting our make a difference strategy into action spans across the business, whether through specific functions within the business or our individual guilds and networks, which are empowered to drive change within the organisation.



HOW WE MANAGE RISK P58 →
GOVERNANCE OVERVIEW P70 →

Our environment

The impact of climate change is posing an ever-increasing threat. The UK Government has a target to become net zero by 2050. As a responsible business Auto Trader has a role to play in reaching this goal and we are committed to reaching net zero by 2040. Developing a climate resilient strategy aligned to the UK's ambitious environmental targets which considers the risks and opportunities of climate change is essential in order to protect our business from the impact of climate change.

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

The Group has prepared its TCFD disclosures in line with guidance in the 2021 updates to the TCFD Final Report and Annex, including the supplementary guidance for all sectors. We are building on our progress from previous years to develop a net zero strategy and we continue to evolve our reporting under the TCFD recommendations. At the time of publication, the Group has made climate related financial disclosures consistent with the TCFD recommendations and supporting recommended disclosures on pages 42 to 48, other than as follows. Whilst we have made good progress on our reporting we acknowledge that further work is required to enhance the identification, impact and reporting for climate related risks and opportunities, and how these map over the short, medium and long term. Further disclosure is required to include climate related scenario analysis, taking into consideration different climate related scenarios, including a 2°C or lower scenario. This work will be undertaken in the coming financial year.

Task Force on Climate-related Financial Disclosures ('TCFD')

Climate change and how we are responding to the risks and opportunities that it poses are at the forefront of the minds of our investors, regulators and other stakeholders of our business. We support the Task Force on Climate-related Financial Disclosures ('TCFD') and its recommendations and are committed to assessing the impacts of climate risks and opportunities across our operations and supply chains. This year, we have focused on establishing our internal process to manage climate risks, opportunities and reporting structure, which we plan to further enhance and improve as we evolve along the TCFD journey.

Our climate 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 in considering the climate issues our business faces, the risks and opportunities these present and our response to those risks and opportunities. These are considered and incorporated with our climate related strategy and commitments across four pillars which are: our own operations and people; our consumers; our customers; and the industries we work in.

Each of the four pillars has a targeted action plan to ensure the right steps are taken and progress is made towards our commitments. The working groups responsible for each pillar have set overall commitments that need to be achieved in order to have an impactful outcome. Key activities and milestones are set for each financial year and these are shared with the Corporate Responsibility Committee. The working groups meet individually as required but meet collectively on a quarterly basis, together with Operational Leadership Team sponsors to ensure a joined up approach and to monitor progress against the agreed commitments.

CLIMATE GOVERNANCE

1. BOARD RESPONSIBILITY

The Corporate Responsibility Committee, chaired by Jeni Mundy, plays a crucial role in overseeing the progress towards fulfilling the ambitions and targets of our make a difference strategy, which encompasses our Environmental, Social and Governance responsibilities. The Committee is responsible for holding the Executive Directors to account with respect to climate risks and their impacts to the business, and our environmental strategy in response to climate change is a standing agenda item.

2. EXECUTIVE RESPONSIBILITY

The responsibility for assessing and managing climate related risks sits at both executive and Board level. Executive responsibility for climate change impact is held by our Executive Directors, who have responsibility for oversight of our climate change agenda and are responsible for ensuring that climate related risks are integrated into the existing business strategy. Responsibility for the consideration of climate related risks on the financial performance of the Group and compliance with environmental reporting rests with our CFO, Jamie Warner.

3. RISK FORUM

The risk forum undertakes a review of climate related risks with the OLT.

4. REMUNERATION COMMITTEE

The Committee introduced ESG related metrics into the performance share plan in 2023. The 2023 PSP award will include a performance target linked to a reduction of our GHG emissions.

5. THIRD-PARTY ASSURANCE

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

6. ENVIRONMENTAL STRATEGY 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 groups, all of which are supported by members of our Operational Leadership Team:

- Net Zero Working Group (supported by Jamie Warner, CFO) – responsible for our commitment to net zero in line with our SBTi targets.
- EV working group (supported by Ian Plummer, Commercial Director) – responsible for helping consumers make more environmentally friendly vehicle choices.
- Automotive network (supported by Ian Plummer, Commercial Director) – responsible for helping our customers consider their carbon footprint and supporting them on their sustainability journey.

7. EMPLOYEE GUILDS AND NETWORKS

Our employees play a fundamental role in the success of our make a difference strategy. Through our networks and guilds, our ESG priorities and ambitions are championed and driven forward by our employees:

- Sustainability network – comprises passionate individuals from across the business who are focused on making life at Auto Trader more sustainable through increasing employee awareness and driving impactful changes for individuals as well as our business operations to support our overall goal of reducing our carbon emissions.
- Make a Difference Guild – committed to empowering our people to give back to local communities and supporting causes our employees are passionate about.

Strategy: building climate resilience into our business strategy

Our purpose is to Drive change together. Responsibly. We recognise that we have a role to play in the UK Government's target to become net zero by 2050. Reducing the impact our business has on the environment is embedded into our strategy and we are committed to being a net zero business by 2040. Our environmental commitments will help us to achieve this by reducing emissions across our own operations, through initiatives to raise environmental awareness with our employees, customers and consumers and supporting them in reducing their environmental impact. We will use our breadth of expertise, data and market insight to accelerate the transition to a low-carbon future and influence the automotive industry to support urgent action to tackle the climate crisis.

Climate related risks and opportunities

In order to build climate resilience into our business strategy we must identify climate related risks and opportunities. 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 regulations in the markets in which we operate. As an operator of an online marketplace, we have a relatively small carbon footprint and our business model is sustainable in a low-carbon environment. In the short to medium term, the journey to net zero presents opportunities for which our business must adapt, e.g. becoming the destination of choice for consumers searching for a more environmentally friendly vehicle, but we must also ensure we are managing transition risks.

To assess how various climate risk drivers may impact our business, we used the TCFD framework's categorisation of transition and physical climate risks. Our predominant focus is on transition risk as we consider this to have the greatest potential impact on our business. We consider the principal physical risk to our business to be severity of extreme weather, in particular flooding.

We have identified the climate related risks and opportunities set out in the table on the next page and have considered the potential impact each has on our marketplace, our technology, our customers, our consumers and our employees. We have assessed how the risks can be better managed, reduced or mitigated in line with the Group's risk management framework, resulting in the mitigated impact rating. We have included a specific scenario in our viability statement setting out the impact of an accelerated ban of the sale of new and used diesel cars. In 2023 we will continue to expand on our assessment of climate related risks and opportunities and the ways to mitigate and adapt to different possible outcomes. We will conduct climate related scenario analysis to understand the actual and potential impacts of the principal climate related risks and opportunities on our business model and strategy, including the financial impact, taking into consideration different climate related scenarios and time frames. The results of our scenario analysis will inform our long-term strategic business planning and will be overseen by the Corporate Responsibility Committee.

Risk management: embedding climate issues into our 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. We recognise climate change as a principal risk for Auto Trader (see page 62) as climate change poses a threat to our business and supply chain, mainly through regulatory changes. We have updated our risk management process to enhance our assessment of the potential implications of climate change on our business and its operations.

Our risk management framework, including the processes for identifying, assessing and managing risk, is described on pages 58 to 61.

CLIMATE RELATED RISKS & OPPORTUNITIES

Risk type	Potential change	Risk or opportunity?	Potential impact	Our response	Mitigated impact	Likelihood of change occurring 1.5°	Likelihood of change occurring 4.0°
Transition	Increased demand for sustainable products and services.	Both	Consumers stop buying petrol or diesel vehicles presenting a risk to the continuing relevance of our marketplace to our customers and consumers.	Adapt to changing preferences and become the largest marketplace for EVs.	Low	Mid	High
Transition	Increased demand for sustainable products and services.	Both	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.	Set clear reduction targets for our own operations and report progress to stakeholders. Work with customers, suppliers and the industry on reduction initiatives and education.	Low	Low	High
Transition	Achieving resource efficiency through cutting our carbon footprint and improving energy efficiency.	Opportunity	Reduced costs associated with energy use and avoid increased costs associated with carbon taxation.	Reduction initiatives to reduce our absolute usage, including moving our data storage to the cloud.	Low	Low	High
Transition	Increased reputational risk associated with the automotive industry and misrepresenting environmental claims.	Risk	As consumer consciousness around climate change rises, there is increased scrutiny on our industry's role on the environment.	As part of our net zero strategy we will focus not only on our own operational footprint but also on how we can positively support the industry.	Low	Low	High
Transition	Increased regulation relating to climate change.	Risk	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 legal exposure or regulatory sanctions.	We have formed a Corporate Responsibility Committee to oversee our environmental commitments. We will report in line with the TCFD recommendations and report progress towards our reduction targets as part of our Science Based Targets.	Low	Low	High
Physical	Increased frequency/severity of extreme weather and climate related natural disasters.	Risk	For the locations that Auto Trader operates in, this would include storms, flooding and water and heat stress which could impact our offices, jeopardise the safety of our people and significantly disrupt our operations.	Disaster recovery/business continuity planning in place, including tools and guidance to support our people in emergency situations.	Low	Mid	High

OUR TOTAL CO_2 EMISSIONS

Our total CO_2 emissions[1]

	2022		2021	
	UK	Global	UK	Global
Scope 1	38	56	34	45
Scope 2 (location based)	277	294	277	291
Total (Scopes 1 and 2)	315	350	311	336
KwH ('000s)	1,464	1,613	1,284	1,383
PG&S		9,000		5,217
Capital goods		1,476		364
Fuel & energy-related activities		117		83
Waste		1		1
Business travel		179		29
Employee commuting & working from home		521		634
Investments		15		9
Scope 3 (total)		11,309		6,337
Total (Scopes 1, 2 and 3)		11,659		6,673
Revenue		£432.7m		£262.8m
Tonnes of CO_2 equivalent per FTE[2]		12.14		7.34
Tonnes of CO_2 equivalent per £million turnover[3]		26.94		25.40
Scope 2 (market based)		0		
% renewable		100%[4]		

1. Scopes 1 and 2 are reported in tonnes of CO_2 equivalent.
2. Based on average number of employees in the Group throughout the year (2022: 960, 2021: 909).
3. Absolute carbon emissions divided by revenue in millions.
4. Emissions from our data centres are included within our Scope 2 emissions. It has been confirmed by our provider that our data centres continue to be powered by 100% renewable – we have received a certificate covering the period to 31 December 2021 and the period 1 Jan to 31 Mar 2022 is currently being verified by a third party.

Metrics & targets: measuring and managing our climate impact

Methodology

The Group is required to 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. The methodology used to calculate emissions is based on the financial 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 Department for Business, Energy and Industrial Strategy ('BEIS') conversion guidance for the year reported.

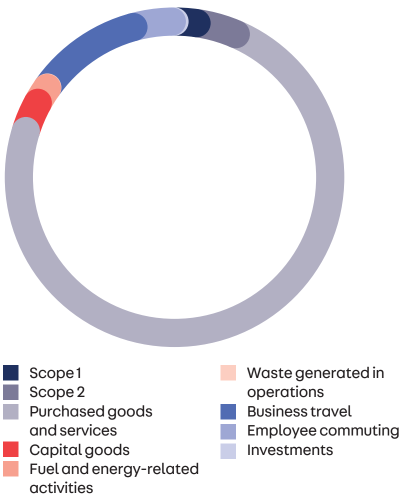
We have calculated our footprint using the official UK Government conversion factors. For Scope 3 purchased goods and services an Environmentally Extended Input Output database methodology was used to calculate the GHG footprint across total spend in the year. We have approximated and rounded up where necessary, reflecting this is a 'scoping exercise' to indicate the broad quantum of emissions rather than a precise calculation. The accuracy of our footprint will get better each year as we revisit and refine the methodology and underlying dataset. We have reported our Scope 2 emissions using both a location based and market based approach, with the latter taking into account renewable energy consumed.

Independent verification of our GHG emissions

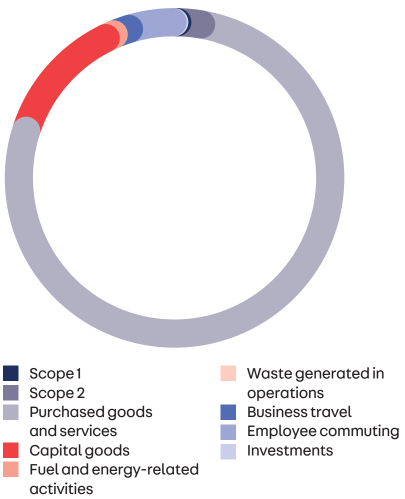
EcoAct has independently assessed and verified Auto Trader's GHG emissions following verification standard ISO 14064-3:2019. Based on the data and information provided by Auto Trader and the processes and procedures followed, nothing has come to EcoAct's attention to indicate that the GHG emissions totals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

Putting the brakes on carbon: our environmental strategy

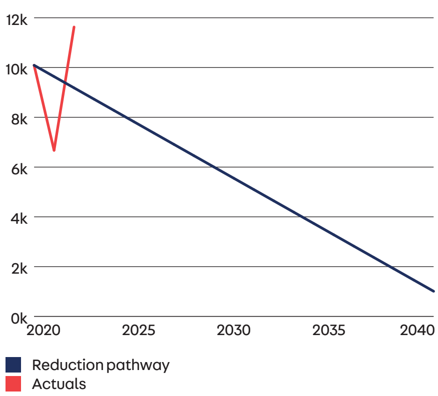
Our base year emissions (2020)



Our current year emissions (2022)



What will be required to meet net zero by 2040? (tCO_2e by year)



Overview

As the world transitions to a low carbon economy, regulatory change and changes in consumer behaviour will have an impact on the automotive market, which will mean we need to develop and adapt our business. We want to act responsibly in terms of our impact on the environment and protect our business from the impact of climate change. Our strategy is to put the brakes on carbon – not only across our direct operations and our supply chain, but also using our capabilities and voice to influence the government's electric vehicle related policies. We will approach this across four pillars:

1. Auto Trader and our people

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.

In June 2021, we 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 2050 and to reducing emissions in line with the Paris Agreement goals. Our goal at Auto Trader is to achieve net zero earlier than this and we are committing to achieving net zero across our entire value chain (Scopes 1, 2 and 3) by 2040 and every year thereafter. We have submitted our long-term net zero target to the SBTi and are awaiting validation of our commitment.

Our near-term Science Based Targets have already been validated by the SBTi and form a core component of our net zero strategy. We have committed to:

- Reduce absolute Scope 1 and 2 GHG emissions by 50% before 2030 from a 2020 base year.
- Reduce absolute Scope 3 GHG emissions by 46.2% over the same timeframe.

We have also signed up to the UN's 'Climate Neutral Now' initiative.

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.

During the year we built on the work to understand our full Scope 3 emissions, in addition to our Scope 1 and 2 emissions, providing us with a complete understanding of our carbon emissions throughout our value chain so that we can identify where we need to focus our efforts.

We have made further progress during the year to reduce our direct carbon footprint – our offices and data centres are now all on renewable energy tariffs and the majority are supported by certified REGOs. We made further progress with our data centre migration to the cloud with the final work due to take place in the next financial year.

Addressing our Scope 3 emissions is a bigger challenge and something we have less control over. The make up of our carbon emissions is heavily weighted towards Scope 3, and within that purchased goods and services and employee commuting are our major contributors.

In order to meet our 1.5°C commitments and net zero ambition, we will undertake targeted actions and a key focus will be on supplier engagement. Another priority will be business travel – reducing our fleet of vehicles and encouraging rail travel over flying where possible. The switch to Connected Working will result in less employee commuting and whilst we are still encouraging collaborative working, the advance in technology and communication tools will lead to less travel, be that commuting to the office or to visit a customer. During the year we successfully launched our employee salary sacrifice scheme to lease an electric vehicle, with over 5% of our employees joining the scheme to date.

Our Sustainability Network will continue to focus on other initiatives to further reduce emissions generated in our offices, for example, our obsolete IT equipment is disposed of responsibly and we've also recently found a way to donate our old, but still usable, laptops to schools and students through the Greater Manchester Technology Fund. The network is also continuing to work closely with the Carbon Literacy Project to increase employee knowledge on sustainability and their environmental impact. Over 50% of our employees have achieved Carbon Literacy accreditation and we have achieved Gold Standard CLO (Carbon Literate Organisation) status.

Carbon neutral
As part of our commitment to help reduce carbon emissions, during the year we offset 11,659 tonnes of CO_2 to neutralise our Scope 1, 2 and 3 emissions. The cost for offsetting the Group's 2022 emissions was £25k. We see carbon neutral as a point to pass through on our journey to net zero – we recognise that offsetting is not the only part of the solution – it's just one step we can take. We have continued to work with Ecologi, a UK based non-government organisation, to fund a combination of high-impact social and community initiatives (which are verified carbon projects) and projects to support tree planting, both in the UK and overseas. During the year we funded the planting of 10,253 trees overseas and 300 trees in the UK.

Offset and carbon removal projects
Carbon credits and environmental projects can support us in achieving our net zero ambitions and SBTi targets. However, if not approached well, they can have negative unintended impacts on humanity and the environment or appear as greenwashing and result in reputational damage for Auto Trader. Therefore we have established a set of guiding principles to adhere to when choosing which projects and initiatives to invest in.

2. Our customers
The automotive industry is under enormous pressure to reduce its carbon emissions and many OEMs, large retail groups and retailers have bold commitments to reduce emissions. Having seen the significant benefits of having Carbon Literacy training in our business, we wanted to share it with the rest of the industry and provide people with the tools they need to understand and tackle the climate crisis.

Therefore, this year we worked with the Carbon Literacy Project and some of our customers to put together a Carbon Literacy Toolkit for the UK automotive industry to use free of charge. By signing up for the toolkit, organisations are provided with training content and trainer manuals that enable them to run their own one-day Carbon Literacy training that is already accredited. Following a successful launch in November 2021, we have so far worked with over 50 businesses across the industry.

We are proud to sponsor the creation of the Carbon Literacy Toolkit and we hope that all individual participants and their businesses across our industry are inspired to take action on how they can influence climate change. Over the coming months we will focus on bringing together our partners from across the industry to knowledge share and collaborate to have an even greater impact going forward.

3. Our consumers
To support consumers in making the switch to more environmentally friendly vehicles we have increased the coverage and exposure we give electric vehicles ('EVs') across all our platforms. In particular, we have introduced an EV hub on our website where consumers can access articles and videos on electric vehicles, reviews and advice. We have been featuring more EVs in our 'Living with a...' series and filming more videos with EVs to go on our YouTube channel. We have launched a total cost of ownership page to help consumers see the true cost of an electric vehicle along with information to help them understand more about EVs. Throughout the year we also ran a monthly EV giveaway campaign to increase awareness and exposure of EVs, which saw over two million entries.

On our marketplace, we have taken steps to make it easier for car buyers to search for electric vehicles by adding 'Electric cars' to the top navigation of our site and improving electric search filters to include battery range and charge time, which also appears on the full page advert. The number of electric vehicles advertised on Auto Trader is steadily growing, with 90 models and over 7,800 adverts now appearing on our website. The demand for EVs is also increasing, with new EVs accounting for more than one in five of advert views and the volume of enquiries sent to retailers through Auto Trader hitting an all-time high of 30.7% during March 2022. We aim to continue with our content plan to increase the information available to consumers about EVs and aim to improve the information available on EV specific adverts to help consumers make more informed choices when considering an EV as their next vehicle.

4. Our industries
The government's ban of the sale of new petrol and diesel cars by 2030 is driving a lot of change not only within the industry but with the car buying public. The government's plans are ambitious and a lot needs to happen in the coming years to ensure the infrastructure is in place to support mass consumer adoption of EVs.

Therefore we actively support the industry's efforts to increase the consumer adoption of EVs. We regularly meet with various government departments, including HM Treasury, No 10, and the Department for Transport's Office for Low Emission Vehicles, to share our data and insights to help guide policy to support the transition to 2030 and mass consumer adoption of EVs. Our wealth of data and insight gives us a unique view of the consumer car buying intentions, and particularly consumer EV buying intentions. This data is extremely valuable to not only the government but also the industries involved in the EV transition.

We support industry trade bodies with their initiatives and have partnered with the National Franchise Dealers' Association ('NFDA') to feature its Electric Vehicle Accreditations ('EVA') on **autotrader.co.uk** – those retailers that meet the strict guidelines of the initiative are able to include a kitemark on their adverts, which gives consumers the confidence that the retailer has a high level of knowledge about EVs.

We produce a regular EV insight report, entitled Road to 2030, which we launched at an event in Glasgow during COP26. Chair of the Transport Select Committee, Huw Merriman MP, joined our panel discussion along with representatives from the SMMT, and other industry stakeholders to debate what's required to accelerate the pace of adoption of EVs. The data and insight compiled for each report is used to guide the industry, and key decision makers in the broader EV ecosystem, i.e. energy companies, local councils and financial institutions looking to invest in infrastructure.

Our environmental strategy metrics

OUR AREAS OF FOCUS	OUR AMBITION	METRIC	TARGET YEAR	OUR PROGRESS
AUTO TRADER & OUR PEOPLE	Our people are environmentally aware, and our business is 'Putting the Brakes on Carbon', with a goal to become net zero by 2040.	Volume of suppliers making a TCFD disclosure or equivalent.	2030	• Top suppliers identified. • Launch of carbon emissions survey.
		Achieve carbon neutrality for our emissions across all scopes.	2022	• Carbon neutral across Scopes 1 and 2 in 2021 and across all scopes in 2022.
		80% of employees to be carbon literate.	2025	• 50% of employees carbon literate – Gold Award Carbon Literate Organisation.
		All fleet vehicles to be EV or low emission.	2030	• New company car policy introduced for any newly ordered vehicles (must be fully electric or hybrid with emissions 75g/km or less). All company car drivers will be moved onto new policy at point of renewal cycle.
		Data centres to be fully migrated to the cloud.	2023	• Expectation of completion by March 2023.
		Reduce our carbon footprint by 50% across all our emissions.	2030	• Near-term targets validated by the SBTi.
		Achieve net zero for all emissions.	2040	• Net zero application submitted to SBTi with target of 2040.
OUR CUSTOMERS	Our customers can confidently sell more alternatively fuelled vehicles and are working on their own net zero strategies, supported by the Automotive Carbon Literacy Toolkit.	Volume of customers/partners/ suppliers to have engaged with the Automotive Carbon Literacy Toolkit.	Ongoing	• Funded and launched the new Automotive Carbon Literacy Toolkit, developed in partnership with the Carbon Literacy Trust.
		Launch EV module to support the education of retailers.	2023	• Developing the content of the module to be made available later in the year.
		Launch sustainability award at the Auto Trader Retailer Awards.	2023	• New self nomination sustainability award has been launched to the OEMs to enter in time for June's New Car Awards.
OUR CONSUMERS	To become the electric destination for the full consumer journey for EVs in the UK and to support consumers in making the switch to EVs by communicating product changes in a relatable and transparent way.	Increase electric content and volume of electric cars on our site.	2023	• Improved search filters. • Introduced EV hub on our marketplace. • Quarterly Road to 2030 report. • EV giveaway, reaching over 2 million entrants. • Acquisition of Autorama.
OUR INDUSTRIES	Our data & insight is being used by government and key EV industry stakeholders to shape policy and investment decisions to support the transition to EVs.	Establish a sustainability forum for the broader industry.	2023	• Gathering interest and shaping what the forum will look like.
		Shape the government's policies surrounding the mass adoption of EVs.	2022	• Our data has influenced the OZEV policy team in their development of the recent charging infrastructure plan.
		Issue data-led insight report, Road to 2030, to whole industry.	2022	• Launched first Road to 2030 report at COP26 via panel event with MP present.

Our people and communities

At Auto Trader, we recognise that our people are fundamental to our success. In order to attract, retain and develop the best people we focus on creating a highly collaborative culture where people feel motivated, valued and supported to succeed in their careers.

Overview

We pride ourselves on being a workplace where differences are celebrated and where everyone can thrive and progress in their careers based on their true potential. Diverse teams are key to our success, fuelling innovation, driving engagement and attracting talent, which benefits our people, our local communities, and our industries.

We are committed to supporting the communities and industries in which we operate and we actively engage with charities, community groups and industry bodies to support their goals.

Our values shape our culture and underpin what we stand for. Our culture is an important part of our strategy as we know it makes us a stronger, more dynamic and collaborative business.

Engaging our employees

We welcome open and honest feedback from our employees and employee surveys are conducted on a regular basis. We aim to understand job satisfaction, measure opinion and find where changes may be necessary. Summary results are made available and feedback acted upon by management, which is then presented to the Board. In our most recent survey we were pleased that 95% 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.

We have continued to strengthen our internal communications to ensure our employees stay connected and feel engaged. Slack proved a great tool for people to use to stay connected. We have held frequent CEO-led virtual updates: whole Company meetings led by relevant members of our OLT to ensure employees are kept up to date with strategic updates, business performance and key business activities. We also host bi-monthly AT Talks where people from across the business are able to update on what they are working on. The diversity and inclusion and sustainability networks also use that forum to share news about initiatives they are all working on, as well as using internal Slack channels. This year we also delivered our all-employee conference virtually due to social distancing restrictions in place at the time of hosting.

OUR VALUES

BE DETERMINED
We are passionate, resilient and have the conviction to do the right thing. We roll up our sleeves to get the job done.

BE RELIABLE
We are outcome-oriented and we do what we say we will do. We perform under pressure and have a strong work ethic.

BE COURAGEOUS
We are bold in our thinking, overcoming fears, challenging convention and embracing change.

BE HUMBLE
We are open, honest, approachable and we treat each other fairly. We recognise success in ourselves and others but admit and learn from mistakes.

BE CURIOUS
We are always learning. We question why, we search for better ways, ask questions and actively listen.

BE COMMUNITY-MINDED
We look after each other, respect diversity and advocate inclusion. We are committed to making a difference to the communities around us and think of others before ourselves.

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 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. This year the Guild met three times and discussed topics including digital retailing, employee engagement, Connected Working, sentiment around restructures and sustainability.

Wellbeing and safety of our employees

We are committed to supporting our employees in all aspects of their health and wellbeing. This means supporting their physical, mental and financial wellbeing and also ensuring our employees' physical safety while working in the office or at home. We aim to do this by positively engaging our employees with the tools, education and supportive pathways to empower them to have more good days.

Health benefits include private healthcare for employees and their families, subsidised gym memberships, subsidised health assessments and free flu jabs. All people leaders attend a training course on 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 or our Employee Assistance Programme. We provide access to financial guidance, tools and resources so our employees feel confident about the financial choices they make. Every Group employee can join the Group's Save As You Earn Scheme which allows employees to save money from their salary with the option to purchase shares at a discount after three years. 66% of Group employees currently participate in one of the current schemes.

We are committed to creating a safe space for our colleagues in the office environment, protecting our staff and others affected by our operations. We have a fully compliant Health and Safety policy and appropriate insurance for all employees. Whilst we recognise that the nature of our business is low risk relative to many in relation to health and safety, it is still a focus and we look to driving continuous improvement. Our principal objective is to prevent or minimise accidents, injury, and ill health to staff working at our premises or remotely. This includes contractors, and others, who work at, or visit our premises. 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.

During the year, we introduced Connected Working, which offers all employees greater flexibility in where and when they work. This approach allows people to stay connected with their team and the wider Auto Trader community and maintains our collaborative culture. A programme of ergonomic assessments was carried out to review homeworking arrangements and equipment was provided to those who needed it to support an effective and safe homeworking environment.

Investing in and supporting our talent

Our ambition is to make sure that everyone's career is supported by learning opportunities, including self-learning, mentoring, coaching and innovative programmes. Our learning academy platform provides a range of opportunities to support careers at Auto Trader and during the year 100% of our employees (including part time and contractors) were offered training.

Year	FY22
Hours of mandatory training (see page 55 for more information)	2,657
Hours of non-mandatory training	19,739
Annual cost of training[1]	£379k
Average cost per employee	£378
Employees studying for professional qualification	6
Employees on an apprenticeship/early careers	61

1. This includes external trainer and platform costs, but excludes the employment costs of our in-house L&D team.

Our non-mandatory training covers a broad range of learning and development, including awareness, technical skills, and more generic training of soft skills like coaching and presentation training. We also provide sponsorship for professional qualifications and access to continuing professional development for our finance, legal and compliance teams. The majority of the training was provided by our in-house L&D team but we also use external training where required.

Towards the end of the year we launched a programme of continuous leadership development within Auto Trader which supports our senior leaders and people managers. The programme is made up of a range of training interventions, including classroom training, self learning modules, psychometrics, executive coaching and sponsorship. 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.

We have continued with our two talent programmes; one focusing on Inclusive Leadership for all leaders across our organisation, and the second a Diverse Talent Accelerator programme designed to support the progression of mid-career colleagues. We have continued investing in our early career programmes, welcoming new graduates and apprentices to our business, as well as forming a new partnership with Ambitious About Autism to host two internships. Our mentoring and coaching programmes are available to all employees and we currently have six colleagues working towards their coaching qualification to build internal coaching capability.

We have relaunched our quarterly appraisal process and pride ourselves on having a community focused on development where everyone can be successful. Despite challenging times we still retain a strong level of retention and employee engagement. Our attrition rate remains low at 11% when compared to industry and national averages.

Diversity & inclusion

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. We have made significant progress on ensuring everyone at Auto Trader can bring their authentic and best selves to work and thrive as a result.

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 and 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, expecting to see improvements in metrics, but not being driven solely by the pursuit of metrics.

We appointed Jasvinder Gakhal as an Independent Non-Executive Director to the Board, taking us to over half the Board being women. Our representation of women at a total Company level increased by 1%, taking us to 40% of women overall. During the year, the percentage of women on our Operational Leadership Team ('OLT') increased from 40% to 44% although this was due to a member of the OLT leaving during the year. We also increased the percentage of women in leadership roles to 38% as at 31 March 2022 (March 2021: 34%), as defined by the FTSE Women Leaders Review (formerly the Hampton-Alexander review).

During the year we continued with our focus on ethnicity. We have met the Parker Review recommendation that all FTSE100 Boards should have at least one director from an ethnically diverse background by 2021. The percentage of the total Company who are from an ethnically diverse background has increased from 11% to 14% during the year, with the percentage of those from an ethnically diverse background in leadership remaining at 6%.

As at 31 March 2022	Men	Women	Non-binary/ other	Men as a % of total	Women as a % of total
Board	4	5	0	44%	56%
OLT	5	4	0	56%	44%
OLT direct reports[1]	57	34	0	63%	37%
Total Company	599	400	3	60%	40%

As at 31 March 2022	White	Ethnically diverse	Not disclosed	White as a % of total	Ethnically diverse as a % of total
Board	8	1	0	89%	11%
OLT	9	0	0	100%	0%
OLT direct reports[1]	79	6	6	87%	7%
Total Company	739	139	124	74%	14%

1. This includes three divisional leaders and their direct reports.

Gender and ethnicity pay gap

We released our second combined Gender and Ethnicity Pay Gap Report 2021 (published in March 2022, reporting the pay gap as at 5 April 2021).

Find out more online
plc.autotrader.co.uk/media/2388/april-2021-gender-pay-report-published-march-2022.pdf

Our gender pay gap in 2021 reduced due to better retention of women in our upper quartiles and the return of several women in the upper quartile, who were excluded from the reported figures for 2020 due to taking a period of leave, such as maternity. In addition to this we have made good progress in terms of recruitment. For the reported period, we welcomed 81 new starters between April 2020 and March 2021, 42% of whom were women, of whom approximately a third (31%) were in early career roles. One area in which we acknowledge more work is required is the recruitment of women within the upper middle and upper quartiles.

The mean and median ethnicity pay gaps in 2021 increased by 2.7% and 0.7% respectively. The key reason being that ethnically diverse colleagues in the upper quartiles left the business during the reporting period and many of the new ethnically diverse recruits were earlier on in their careers. Of the 81 new starters, 20% were ethnically diverse. The data is representative of 83% of people in our business who have disclosed their ethnicity. Our representation of ethnically diverse colleagues, reported for the purpose of the ethnicity pay gap 2021, is 14.5% (2020: 13.7%). While close to reflecting national demographics, these numbers are not yet reflective of the areas in which Auto Trader operates (London and Manchester).

Accreditations

We have received a number of accreditations over the year, most notably:

- Race at Work Charter
- Social Mobility Top 75
- Change the Race Ratio
- Disability Confident Leader
- Inclusive Companies
- Stonewall Champions

Our diversity and inclusion strategy

Diversity and inclusion is at the heart of everything we do. Our strategy and initiatives are focused on driving long-term changes, so we don't expect to see immediate results and we are prepared for our numbers to fluctuate whilst our plans take hold. Our Board Corporate Responsibility Committee and our OLT oversee the progress we make against our commitments. We review the cultural KPIs which are reported externally in our results, but also a broader culture scorecard on a quarterly basis.

Our diversity and inclusion strategy has two key commitments:

- foster an environment where everyone feels included with high levels of engagement, especially across the different diversity focus areas.
- have a representative workforce of the communities we operate in with a focus on: women, ethnic diversity, LGBT+, disability & neurodiversity, social mobility and age.

IN ORDER TO ACHIEVE OUR DIVERSITY AND INCLUSION STRATEGIC COMMITMENTS WE WILL:

TAKE ACTION

- Recruit more diverse individuals concentrating on our focus areas
- Support our people to grow through our Inclusive Culture Development programmes
- Educate each other and increase awareness via our training and employee network activities

MEASURE IMPACT

- Analyse and act on employee feedback through our guilds, networks and surveys
- Monitor the make up of our workforce across our focus areas
- Calculate the different pay gaps and report on our gender and ethnicity pay gap

DO MORE

- Keep increasing representation of diverse individuals across all levels of the organisation at a steady pace every year
- Improve the employee experience, remove systematic barriers and reduce the gender and ethnicity pay gaps
- Make a difference in our industries and communities

Driving our D&I strategy through our internal networks

We have a number of internal networks that support and align with our diversity and inclusion strategy. Everyone at Auto Trader is encouraged to join one of our employee-driven networks. These employee-driven 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. These networks feed into a wider Diversity and Inclusion Guild which helps to oversee Auto Trader's various networks to ensure they drive real change across our organisation.

bame BAME Network	Our BAME (Building A Multi-cultural Environment) Employee Network is a well-established group of Black, Asian and minority ethnic colleagues, and allies, that work to tackle inequalities and celebrate inclusivity.
wn 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.
dn Disability & Neurodiversity Network	In its fourth year, our Disability & Neurodiversity Network continues to create a more accessible and inclusive environment for our colleagues. 12.8% 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.
ckn 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.
lgbt+ LGBT+ Network	Our LGBT+ representation is currently 8.3% and, for a fourth consecutive year, our LGBT+ Network has continued to support our colleagues and connect with local LGBT+ charities, including The Proud Trust and the George House Trust.
an Age Network	Last year, we launched a new employee network that focuses on creating an inclusive environment for the multigenerational workforce of Auto Trader.
fn Family Network	Supporting parents and carers across our business, our Family Network works closely with our other networks, our People team and with charities such as Carers UK.

Making a difference to our communities

Our Make a Difference Guild is committed to empowering our employees to support our local communities and national charities. During the year we celebrated the fifth anniversary of the Auto Trader Community Fund at Forever Manchester that provides support for a wide range of volunteer-led community projects across Greater Manchester. The social investment from Auto Trader delivers meaningful social impact to a wide range of grassroot community projects. These range from support for Reach Out to the Community which assists homeless and rough sleepers to access help, Can-Survive, a cancer support group for Black, Asian and other ethnically diverse communities, Forget Me Not Buddies, who support those living with dementia, Wythenshawe Good Neighbours scheme and Cycling without Age amongst many others receiving funding awards.

We also continue to support a number of charities and community groups local to our London office, including Camden Giving and New Horizons Youth Centre.

During the year we launched our new make a difference platform, Alaya (which replaces our previous volunteering platform). The Alaya platform facilitates various ways for our employees to make a difference, including volunteering, completing purpose challenges, fundraising for charities and causes as well as providing a platform for employees to make donations.

We are pleased to report that community-based funding during the year, including charitable donations, employee matched funding and sponsorship, totalled £356k (2021: £263k).

Making a difference to the industries we operate in

We operate in both the automotive and technology industries. 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 health and physical health and wellbeing. As with all charities, BEN was heavily impacted by the pandemic making it even more important that we continue to support them.

We remain committed to driving long-term change to reach gender parity in both the technology and automotive industries. Our focus is on developing the next generation of women in these industries by investing in our early career strategy, as well as supporting several initiatives and partnerships, including DigitalHer with Manchester Digital, AUTO30% and our STEM Ambassador Programme. A number of our employees working in IT systems and product development are STEM ambassadors, giving their time to mentor and support individuals who want to pursue STEM careers.

Our governance and compliance

The Board recognises that the management of safety, wellbeing, environmental, social and ethical matters forms a key element of effective corporate governance, which in turn supports our strategy, long-term performance and the sustainability of our business.

Overview

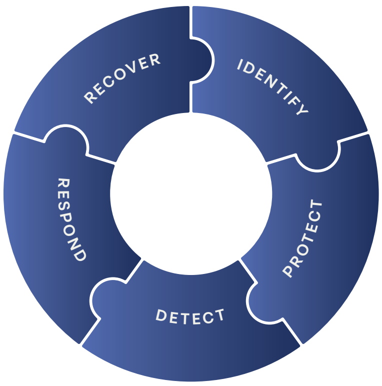
We aspire to conduct ourselves with the highest standards of honesty and integrity. To ensure that these standards are embedded across the business and are part of our culture, we have a compliance framework in place, consisting of policies, processes, guidance and training focused on a number of core compliance topics.

As an online marketplace, cyber security and protecting customer and consumer data is a primary area of focus for Auto Trader. As we shift to an accelerated adoption of digital retailing it is paramount that our data security and infrastructure evolve with our business priorities.

Cyber security

Attempts to breach our systems and access our data pose a significant and perpetual threat. Threats are increased given our digital presence and as the use of third-party cloud platforms grows. Furthermore, changes in ways of working, driven by the pandemic, have created more opportunities for cyber criminals. Therefore, our cyber security preparedness must continue to evolve to address the ever-changing environment. 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 data breach. Whilst cyber security risks cannot be fully mitigated, an effective cyber security risk and governance framework help to significantly reduce the impact of such events.

NIST CYBER SECURITY FRAMEWORK



Over the last 12 months we have adopted the NIST Cybersecurity 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.

The goal of introducing a cyber security framework into Auto Trader is to provide a commonly understood structure, reduce our exposure to cyberattacks, and identify the areas most at risk for data breaches and other compromising activity perpetrated by cyber criminals. We endeavour to increase awareness of risks at all levels and ensure that they are owned and reviewed in line with our risk strategy. A review of our critical and high risks is completed quarterly and other risks are reviewed at least annually. Our principal risks drive our efforts in remediation or mitigation. Our internal auditor, Deloitte, has carried out a review of our NIST framework to validate the status and perform an operating effectiveness review, the purpose of which is to provide confidence that it is robust, appropriate and effective. As we continue work towards full implementation of the framework, we will ensure robust governance and will engage with our internal auditor to perform regular reviews.

Protecting our customer and consumer data

Data is at the heart of everything we do and for that reason we take the protection of it very seriously. We have adopted the EU and UK Data Protection Act 2018 as our benchmark for data protection. When it comes to collecting and storing personal data, be that for consumers, customers or our employees, we have a comprehensive set of policies which reflect the applicable privacy legislation and abide by a clear set of principles. 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.

Read more online
www.autotrader.co.uk/privacy-notice
plc.autotrader.co.uk/privacy-and-cookies
www.carzone.ie/terms-and-conditions/privacy-policy

All Auto Trader employees, including part-time employees, contractors and all Board members, are required to complete annual training for GDPR and we have established processes to cover all aspects of the GDPR: Data Protection Impact Assessments ('DPIAs'). These are conducted to help identify and minimise any data protection risks for new or changed products or services; and all processes are recorded and records of processing activity ('ROPAs') are reviewed quarterly by data owners. These include the lawful basis for process 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 to 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.

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 in the course of our business and do not conduct business with any service provider, customer or supplier which does not meet the principles of our Anti-Bribery Policy. We require regular compliance training for all Auto Trader employees and contractors, including all Board members. We have a well established online training and awareness programme which includes compliance modules for information security, GDPR, anti-bribery and corruption, corporate criminal offence of facilitating tax evasion, anti-money laundering, modern slavery and whistleblowing to ensure all employees uphold our ethical standards in their day-to-day decision making and actions, remain up to date and are alert to unethical practices and potential risks to our consumers or customers.

OUR DATA SECURITY PRACTICES

- Rolling internal audit programme (outsourced to Deloitte) which includes annual reviews of cyber security.
- Dedicated security teams conduct application vulnerability testing and penetration testing.
- Enhanced backup solutions have been implemented across consumer facing and internal systems, to guard against the increasing threat of ransomware.
- Payment Card Industry Data Security Standards ('PCI DSS') compliant since 2013. Independent audits conducted every year to review our information security policies and processes. To maintain best practice, we use an external Quality Security Assessor to conduct annual audits.
- All user accounts are protected by multi factor authentication ('MFA') regardless of device and location, providing enhanced authentication.
- Privileged user accounts exist using a least privilege approach, all of which have MFA enabled on them.
- We have a number of third-party monitoring and security systems that monitor and manage security incidents.
- Fully documented processes to respond to any security or data incident and a variety of incident response exercises have been completed, with tests to ensure our processes for responding to a cyber incident are robust and fit for purpose.

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 also 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 per 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 69,205 reviews), iOS App Store (4.8/5 based on 108,904 reviews) and Android Play Store (4.7/5 based on 60,665 reviews).

TAG verification

This year we 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 participate in the Vehicle Safe Trading Advisory Group ('VSTAG'), an industry forum we founded over 15 years ago. 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.

Human rights

We are opposed to all forms of discrimination with respect to employment and occupation, 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 equal and fair treatment of all persons we come into contact with. All employees have historically been paid in excess of the Real Living Wage, ensuring that all employees and contractors working in our offices receive at least the Living Wage. This year we received accreditation as a 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.

Read more online
plc.autotrader.co.uk/media/2388/april-2021-gender-pay-report-published-march-2022.pdf
plc.autotrader.co.uk/media/2341/autotrader_modernslaverypolicy_2021.pdf
careers.autotrader.co.uk/how-we-hire

Grievance reporting or escalation procedures

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

We foster a culture of open and healthy conversations, mutual appreciation and respect. We treat any behaviour that undermines this aim as totally unacceptable and it will not be tolerated. We are committed to a culture where staff can freely report any issue that needs attention 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 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 can be directed to the Audit Committee Chair and the Company Secretary or via the independent hotline.

Read more online
plc.autotrader.co.uk/media/1961/auto-trader-whistleblowing-statement.pdf

Tax transparency

Auto Trader is committed to being a responsible taxpayer acting in a transparent manner at all times. Our detailed tax policy includes further transparency on our approach to risk management and governance. In 2022, our total tax contribution was £144m (2021: £106m). Taxes borne by the Group totalled £63m (2021: £34m) and consist of corporation tax, employer's NICs and stamp duty. Taxes collected by the Group totalled £80m (2021: £72m) and consist of PAYE deductions, employees' NICs and net VAT collected.

Read more online
plc.autotrader.co.uk/media/2387/group-tax-policy.pdf

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. During the year, we developed a new supplier engagement strategy. The information we collect through the new supplier engagement/onboarding process will provide greater insight into numerous aspects of our suppliers' performance, including Environmental, Social and Governance practices. We have engaged and shared our own experiences with our highest spending suppliers to understand: 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. This year we have expanded our discussions on sustainability with our highest spending suppliers to deep dive into understanding where our suppliers are on their own sustainability journeys, recording if they are monitoring and reporting emissions, what scopes are reported and calculating our own emissions related to the engagement. We have published a supplier code of conduct which outlines Auto Trader's stance on important matters and our expectations of our suppliers. All new suppliers are requested to review this at the onboarding stage, or a copy is issued directly to them.

Read more online
plc.autotrader.co.uk/media/1836/ethical-procurement-2019.pdf
plc.autotrader.co.uk/media/2192/1797_at_supplierconductcode_policy.pdf

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, be it dealers or commercial partners. We have specialist internal resource within our Governance, Risk and Compliance team 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. We have implemented the Senior Managers & Certification Regime, which came into effect in December 2019. Senior Managers at Auto Trader are Nathan Coe, Catherine Faiers, Jamie Warner and Claire Baty. Certain members of the Operational Leadership Team hold Certificated Functions. 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 Treating Customers Fairly.

Read more online
plc.autotrader.co.uk/media/1909/auto-trader-customer-charter-2020.pdf

The Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

Risk management and internal control
The Company does not have a separate Risk Committee; instead we consider the Board as a whole collectively responsible for determining the nature and extent of the principal risks Auto Trader is willing to take in achieving its strategic objectives.

The Board is also responsible for establishing and maintaining the Group's system of risk management and internal controls. It receives regular reports from management identifying, evaluating, and managing the risks within the business. The risk management framework is described opposite.

OUR RISK MANAGEMENT PROCESS

Effective risk management is critical to enable us to meet our strategic objectives, to achieve sustainable long-term growth, and ultimately to achieve our purpose to Drive change together. Responsibly.

A four-step process has been adopted to identify, monitor and manage the risks to which the Group is exposed. OLT members are responsible for identifying, assessing, monitoring, and reporting against their risks. The Governance, Risk and Compliance function facilitates this process and supports the OLT in designing responses to risks, thereby ensuring that the response is aligned to the Group's risk appetite. The risk management process can be summarised as follows:

EFFECTIVE RISK MANAGEMENT

1 Identify risks

A top-down and bottom-up approach is used to identify principal risks across the business. Whilst the Board has overall responsibility for the effectiveness of internal control and risk management, the detailed work is delegated to the Operational Leadership Team ('OLT') and support from the Governance, Risk and Compliance function is provided to OLT members.

2 Assess and quantify risks

Risks are identified and evaluated to establish the root causes, impact and likelihood of occurrence. Risks are categorised as:
- Contextual risks, driven by changes in the external environment
- Operational risks, arising out of the existing business
- Emerging risks relating to new initiatives or products

3 Respond to, manage and mitigate risks

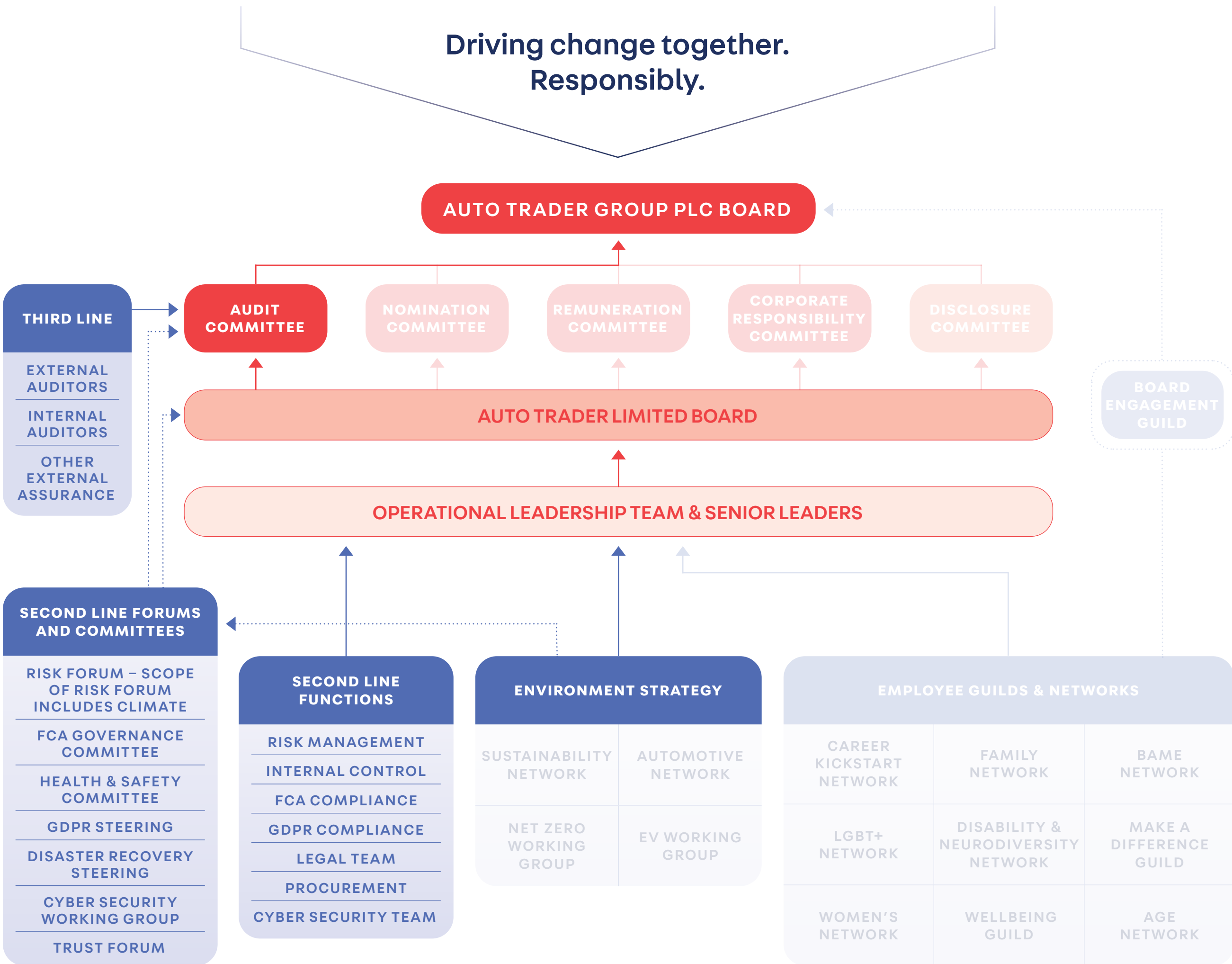
The adequacy of controls and other mitigations are assessed in the context of the risk appetite of the Group. If additional mitigations are required, then these are implemented and responsibilities assigned.

4 Monitor and review

The OLT is responsible for monitoring progress against principal risks in a continual process, in conjunction with the Group's Governance, Risk and Compliance function. The Board reviews the Group's risk register and assesses the adequacy of the principal risks identified and the mitigating controls and procedures adopted.

OUR RISK MANAGEMENT FRAMEWORK

Principal risks are identified, assessed, and monitored on a continuous basis and are recorded within a risk register. Within the risk register are fields capturing: details of the risk; likelihood of the risk occurring; the impact if it does occur; and details of the actions being taken to manage the risk to a level consistent with our risk appetite. The Board's role is to consider whether, given the risk appetite of the Group, the level of risk is acceptable in accordance with the overall strategy.



MAKE A DIFFERENCE P36 →
GOVERNANCE OVERVIEW P70 →

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 digital retailing strategy, and the wider market, economy, and business environment. The Board has set its risk appetite accordingly, which can be summarised as follows:

Risk appetite

Flexible

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

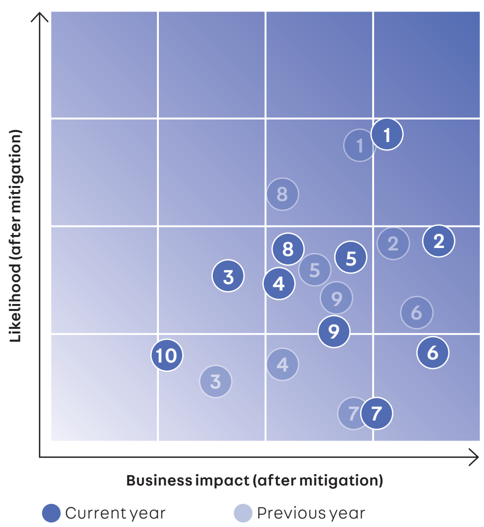
Cautious

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. We are cautious about taking risks in relation to such decisions and the risks that they generate.

Averse

We are averse to taking risks which conflict with our values or damage our reputation; risks where their impact could breach laws, regulations, or financial covenants; and/or risks where their impact could compromise the organisation's going concern status. Operationally, our business activities have not given rise to significant risk of damage to our stakeholders, and we are averse to taking on higher levels of risk knowingly.

OUR RISK ASSESSMENT MATRIX



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

The risk landscape has changed over the last 12 months, and we expect changes to continue in the coming year. Out of the 10 risks we reported in 2021, our view in 2022 is that four have increased in risk, three have decreased, two are unchanged, and one has been replaced. The most significant increases in risks relate to employees in the wake of COVID-19, and the threats posed by climate change. Factors such as the recent cost of living crisis and shortage of skills in the market, as well as an acceleration in demand for EVs and the ongoing carbon emissions within the automotive industry, are leading to increased risk in these areas.

The threat from competitors, brand and reputation, and failure to innovate remain as three of our principal risks. However, over the last year we have seen the threat posed by these risks reduce. For example, we have increased our market share and number of customers, and are progressing well on our journey to introduce digital retailing.

Overall, we consider the biggest area of risk relates to the economy, market and business environment. Most notably, significant threats remain from the ongoing shortage of semi-conductors and an increasing appetite for OEMs to move to an agency sales model.

Finally, by comparison to 2021 we no longer consider COVID-19 in isolation to be a principal risk. Instead, we consider there to be a broader risk to the Group posed by external catastrophic and geo-political events. As a result, we have added this as a new risk, replacing COVID-19, meaning there is no year-on-year comparison.

The following pages provide detail on each of our 10 principal risks and how we are responding to each risk.

Identifying, monitoring and managing the Group's principal risks.

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This included an assessment of the likelihood and impact of each risk identified, and the mitigating actions being taken. Risk levels were modified to reflect the current view of the relative significance of each risk.

The principal risks and uncertainties identified 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.

OUR STRATEGIC PILLARS

Marketplace | Digital retailing | Data as a platform | Make a difference

OUR PURPOSE-DRIVEN STRATEGY P12 →

MAKE A DIFFERENCE P36 →

1. Economy, market and business environment

↑ Increasing

Relevant strategic pillars: Marketplace, Digital retailing

Risk and potential impact	Key changes and outlook	How we manage the risk
Adverse economic conditions could lead to shrinking of the used and/or new car market, available used car stock, and reduction in retailer wallets. These could result in reduced retailer profitability, leading to a fall in advertising spend or a contraction in the number of retailers. It could also lead to a reduction in manufacturers' spend on digital display advertising. In addition, we are seeing an increasing appetite by OEMS to move to an agency model whereby sales are made direct to consumers, rather than via retailers. This could lead to a loss of revenue from retailers.	• There remains a global shortage of semi-conductors which is having an adverse impact on production for many vehicle brands. This has resulted in a shortage of new car stock which dealers have available to advertise. Furthermore, the current new car shortage is likely to result, in the coming years, in a reduction in used car stock. Nevertheless, during the last year, we saw that consumer sentiment towards vehicle ownership remains strong, and we saw the average price of a used car increase 22% year-on-year. • In the wake of COVID-19 and other ongoing events (including the conflict in Ukraine), inflation is resulting in a sharp rise in the cost of living. This increase in the cost of living has the potential to be a catalyst for changes in the ownership model of vehicles, potentially with a lower volume of vehicles per household. • We have been proactive in mitigating the threat of changes in how consumers might look to buy a new car. Most notably, our acquisition of Autorama (subject to regulatory approval) will help us remain relevant if more buyers opt for a lease. • As previously noted, we are making significant progress with our digital retailing strategy which aims to bring more of the car buying journey online by allowing consumers to reserve, part exchange, and access finance via our website. • The ongoing challenges in the supply chain, the global and UK economy, and customer and consumer sentiment have all contributed to increased risk in this area, which we expect to continue in the coming year.	• We monitor new and used car transactions closely, using data from SMMT, DVLA, and observing behaviour on our marketplace, and from engaging closely with our customers. • We use our own Auto Trader Retail Price Index and valuations data to monitor the pricing trends of used cars by trade sellers. • We continue to diversify into related and adjacent activities to reduce our reliance on core advertising listings and to improve the resilience of our business model. We have progressed significantly with our digital retailing strategy, helping our existing customer base leverage a more digital car buying journey. • The acquisition of Autorama (subject to regulatory approval) will improve our capabilities in providing leasing capabilities, as well as helping us to achieve our strategy relating to digital retailing on new cars. • The structure and culture of Auto Trader also provide us with natural mitigations to threats posed by changes in the economy, market and business environment. Our agile culture enables us to respond quickly to new and emerging threats, which could include reducing our cost base quickly, if needed. We have also maintained a strong balance sheet, and our low leverage should enable us to respond in the event of major threats crystallising.

2. Climate change

↑ Increasing

Relevant strategic pillars

Risk and potential impact

The impacts of climate change are emerging as a significant threat to the long-term resilience of our business and execution of our strategy.

Externally, regulatory and legislative changes, and consumers' environmental concerns, are having an impact on the automotive market, including an accelerated demand for electric vehicles ('EVs'). Additionally, the impacts of climate change on key stakeholders, including our employees, suppliers, and customers, pose a threat to our business resilience (see 'External catastrophic and geo-political events' for details).

Internally, risks arising from our own impact on the climate are growing. Our strategic objectives include a move towards net zero emissions, and failure to achieve this in a timely manner could impact adversely on our ability to operate and/or remain relevant to our customers and consumers. Failure to deliver our environmental commitments would undermine our reputation as a responsible business and may result in legal exposure or regulatory sanctions.

Key changes and outlook

- We have seen over the last year an accelerated demand for EVs which can be attributed, at least in part, to the government ban on new petrol and diesel cars by 2030, as well as increased awareness of climate change amongst the general public, spikes in fuel prices during 2021 and 2022, and improved EV charging infrastructure.
- We believe that further regulation and legislation relating to climate and the environment are likely, as are changes in consumer demand. Key to our strategic objectives is positioning Auto Trader as front-runners in industry-wide changes prompted by climate change.
- A move to EVs could mean that OEMs alter their business model to sell direct to consumers. As the second-hand market moves steadily towards newer electric models, our customers will have to evolve their forecourt mix accordingly.
- The growing demand for electric vehicles and the continued advancement of technology and improved infrastructure could change the vehicle ownership model. Consumer demand for short-term access to cars as and when they need them could increase, including through subscription deals and car-sharing apps.
- Subject to regulatory approval, our acquisition of Autorama adds digital retailing and leasing capabilities on new cars, including EVs.
- Overall, we consider the risks associated with climate change to be increasing, and managing these risks effectively is one of our key strategic pillars.

How we manage the risk

- We are evolving our product offering to help consumers when they are considering purchasing an EV.
- A working group has been established which focuses on leveraging our position in the industry to help consumers make environmentally friendly choices, and to identify key risks and opportunities in respect of climate change to both Auto Trader and to wider stakeholders (including customers and consumers).
- We have partnered with a local charity to deliver Carbon Literacy training to our employees and 50% of employees have now completed the training and submitted a personal commitment to reduce their own carbon footprint. Going forward, we are offering this training to third parties, including customers.
- Our Corporate Responsibility Committee oversees our environmental commitments.
- We have integrated KeeResources which has enabled us to make use of data tools to enable manufacturers to promote their electric vehicles as a viable alternative to petrol and diesel cars by highlighting the total cost of ownership.
- We actively support the industry's efforts to increase the consumer adoption of AFVs. We regularly meet with various government departments, including HM Treasury and the Department for Transport's Office for Zero Emission Vehicles, to share our data and insights to help guide policy around the topic; we also support the industry trade bodies with their initiatives and are working with academic institutions to develop our understanding around electrification.
- We have implemented the recommendations of the TCFD and further details can be found in the 'Our environment' section of the Annual Report on page 42.

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3. Employees

↑ Increasing

Relevant strategic pillars

Risk and potential impact	Key changes and outlook	How we manage the risk
To enable us to achieve our strategic objectives it is important that we 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, and a supportive, collaborative culture, in a safe environment, all of which will enable optimum performance from all our employees. Risks relating to employees could result in reduced employee engagement, reduced productivity, and loss of key talent, all of which could adversely impact on business performance.	• Our Glassdoor rating based on anonymous reviews is 4.5 out of 5. • In 2021 our workforce was mostly working remotely, although our offices remained open at a reduced capacity for those who were unable to work at home safely and effectively. We adhered to all relevant government guidance regarding COVID-19 protocols and kept employees updated on any changes to the guidance during the year. • In March 2022 we began Connected Working where guidance to employees was to be "in more than you are out". This aimed to bring our employees into the office to increase collaboration and innovation. We continue to monitor the impact Connected Working is having on engagement, inclusion, employee safety, and productivity, with reference to both pandemic and pre-pandemic levels. • The recent increases in costs of living, and skills shortages in the market, could expose us to the risk of heightened workforce costs. We are monitoring the market proactively to ensure that our salaries are fair, proportionate, and aligned to market rates. • In the marketplace, we are also seeing employees having higher expectations of their employers to act in a fair, responsible and sustainable manner, and we too are committed to ensuring that we conduct our business in a morally responsible way.	• A values-led culture which is embedded throughout the recruitment, induction, training and appraisal processes. • Long-term incentive plans for senior and key staff, including incentives with respect to diversity and inclusion. • Regular employee engagement surveys and monitoring of Glassdoor ratings. We have regular business updates, networks, guilds and all-employee conferences. • Regular health and safety updates provided to all employees, including in relation to the ongoing threats posed by COVID-19 and hybrid working. • Active succession planning and career development plans to retain and develop our executives. Talent development is part of the Terms of Reference of the Nomination Committee. • Diverse Talent Accelerator for colleagues reaching their mid-career with aspirations to progress into leadership roles.

4. Reliance on third parties

↑ Increasing

Relevant strategic pillars

Risk and potential impact	Key changes and outlook	How we manage the risk
We rely on third parties to support our technology infrastructure, supply of data about vehicles and their 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. If these suppliers were to suffer significant downtime or fail, this could lead to a loss of revenue from retailer customers and a loss of audience due to impaired consumer experience.	• We have performed a review of our critical suppliers and have revised our processes for supplier onboarding and monitoring thereafter. Despite the threats posed to our suppliers in the external environment, we have not experienced any material disruptions. • As we progress further into digital retailing we are likely to see an increased reliance on third parties, including physical services to support our online journeys. Ensuring that we manage these third parties appropriately will be crucial. • Within our crisis management and business continuity arrangements, we have identified key suppliers and have plans in place to respond to disruption. • Whilst we have not experienced any material risks crystallise in respect of our reliance on third parties, we consider there to be an increasing trend in the risks associated with them as we progress towards achieving our strategic objectives.	• Where possible, we limit reliance on a single supplier to reduce potential single points of failure. • 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.

5. IT systems and cyber security

—
Unchanged

Relevant strategic pillars

Risk and potential impact

As a digital business, we rely on our IT infrastructure to continue to operate. A disruptive event leading to significant downtime of our existing systems and IT infrastructure would cause a major interruption to the services we provide.

As we progress through delivery of our digital retailing strategy, it is crucial that we invest in appropriate IT systems to enable us to deliver the services needed, as well as ensuring that there are appropriate IT and cyber security safeguards over these systems. Failure to invest in appropriate IT and safeguards could lead to us failing to achieve our objectives relating to digital retailing.

Delivery of our strategic objectives also 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, car retailers and advertisers.

This could result in reputational damage, loss of audience, loss of revenue and potential financial losses in the form of penalties.

Key changes and outlook

- We have made significant progress in migrating our applications to the cloud, which increases the resilience of our systems and the security of our data. Our aim is to get all applications migrated to the cloud in the next year.
- Our Connected Working policy began in March 2022, where employees are working both on- and off-site. Under this policy, we are still exposed to data and cyber security risks associated with remote working. We continue to monitor the level of risk and implement mitigations.
- As we move further along the digital retailing journey, our exposure to a cyber attack and the impact of a data breach is likely to increase. As part of our plans for digital retailing we are identifying the systems which will provide the best customer and consumer experience, as well as ensuring that there is all necessary security over these systems to ensure they are resilient to the threats of cyber-attack.
- The constantly evolving threat of a cyber-attack means that overall the risk level is unchanged.
- We have adopted the NIST Cybersecurity Framework with the aim of reducing our exposure to cyber attacks, and to identify the area's most at risk for data breaches and other compromising activity perpetrated by cyber criminals.

How we manage the risk

- We have a disaster recovery and business continuity plan in place which is regularly reviewed and tested.
- We are continuing to migrate our key systems onto the cloud to reduce risks associated with on-site data centres.
- We continuously monitor the availability and resilience of processing systems and services. If required, we can restore the availability of, and access to, systems and data in a timely manner in the event of a physical or technical incident.
- We have dedicated security teams, including white hat hackers, and carry out regular penetration testing of key systems to identify vulnerabilities.
- We are investing in our IT and cyber security infrastructure to ensure it remains robust.
- All employees are required to undergo IT security awareness training on at least an annual basis.
- We use two-factor authentication for all our car retailers and employees to access our network.
- We have been PCI DSS (Payment Card Industry Data Security Standards) compliant since 2013 and use an external Quality Security Assessor to maintain best practice.
- We have now adopted the National Institute of Standards and Technology ('NIST') Cybersecurity Framework to manage and reduce cyber security risks.
- We have a rolling internal audit programme which is outsourced to Deloitte, and includes regular reviews of cyber security.
- Our digital retailing teams regularly review the IT systems and infrastructure required to deliver our strategy.

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6. Failure to innovate: disruptive technologies and changing consumer behaviours

↓ Decreasing

Relevant strategic pillars

Risk and potential impact	Key changes and outlook	How we manage the risk
Failure to develop and implement new products, services, and technologies, and/or failure to adapt to changing consumer behaviour towards car buying and ownership, could lead to us failing to deliver our strategic objectives. 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.	• We continue to focus on developing new products in both our core business and in respect of our digital retailing strategy. Doing so will enable more of the car buying process to be completed online. • Central to our strategy is launching digital retailing on our platform and we are continuing to develop and test new products to ensure that they maximise value for customers and consumers. • Our acquisition of Autorama (subject to regulatory approval) will enable us to respond to changing consumer behaviours, including in respect of an increasing trend towards leasing of new EVs. • In the last year we have launched new innovations including Market Extension, which enhances the reach of retailers whereby they can advertise stock within selected locations in the UK, meaning they no longer need to be constrained by their geographical location. • We also enhanced our package offerings with two new package levels which focused on providing customers with new ways of gaining prominence in the search listings. • Our existing products were enhanced through our Retailer Stores innovation, which enabled retailers to create a bespoke brand destination on the Auto Trader platform, helping to drive buyer engagement around both the retailer's stock and their brand.	• Continuous research into changing consumer behaviour, regular horizon scanning and monitoring of emerging trends, use of external resources where needed, and regular contact with similar businesses around the world. • 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 our digital retailing strategy aimed at developing the best products to meet the needs of the consumer and customer.

7. Regulatory risks

— Unchanged

Relevant strategic pillars

Risk and potential impact

The Group operates in a complex regulatory environment. There is a risk that the Group, or its subsidiaries, fail to comply with these requirements or to respond to changes in regulations, including GDPR and the Financial Conduct Authority's rules and guidance. This could lead to reputational damage, financial or criminal penalties and impact on our ability to do business.

Key changes and outlook

- Our strategic focus area to bring more of the car buying journey online has the potential to increase the Group's exposure to regulatory risks, in particular the amount of personal information that will be collected and in the execution of the online finance application journey.
- As we move further into digital retailing and following the acquisition of Autorama (subject to approvals), in the future we are likely to be exposed to increased risks in relation to FCA and GDPR.
- In the last year, in both response to, and anticipation of, changes in regulatory risk, we have increased our resource in relation to risk and compliance monitoring, and increased headcount in our Governance, Risk and Compliance function. Overall, we consider the level of risk unchanged.

How we manage the risk

- We have dedicated internal expertise within the business who are responsible for identifying, assessing and responding to upcoming changes in laws and regulations, and we utilise external specialists where necessary.
- We have a mature governance framework to oversee our legal and regulatory risks. The various governance forums receive regular internal reporting on our compliance with the principles, rules and guidance applicable to our regulated activities.
- We have a comprehensive suite of policies, training and monitoring procedures to ensure awareness of, and compliance with, regulatory requirements, including Information security, Data protection, Financial promotions, Product change management, Complaints handling and Vulnerable customers. We review these regularly to ensure that they remain relevant and in line with the latest laws and regulations.
- Auto Trader Limited has implemented the FCA's Senior Managers & Certification Regime, which came into effect in December 2019. 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. We review the SMCR framework regularly to ensure that any internal changes are captured in our framework.
- We have increased headcount in our Governance, Risk and Compliance function.
- Outsourced internal audit services provided by Deloitte regularly include internal audits of FCA and GDPR related areas.

8. Competition

↓ Decreasing

Relevant strategic pillars

Risk and potential impact

There are several online competitors in the automotive classified market, and alternative routes for consumers to sell cars, such as car buying services or part-exchange. If competitors develop a superior consumer experience or superior retailer products, we may lose our market share. Competitors could also influence change in consumer focus, expand their range of stock and provide products/services we are unable to compete with.

Key changes and outlook

- Data insights suggest that competitors are not taking significant market share. For example, our data shows that we have c.90% prompted brand awareness with consumers. We also 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. Nevertheless, the competitive landscape continues to develop, with low barriers to entry to the market. Previous concerns, however, over big players entering the market, such as Facebook, have not led to any notable decrease in our market share over the last year, albeit we do still consider this to be a threat. It therefore remains imperative that we are innovative in both our strategic initiatives as well as improving our existing, core advertising business.
- We continue to see retailers and manufacturers evolving their online offerings, and as we diversify our own product offering we broaden our competitive landscape, potentially leading to exposure to increased competition.

How we manage the risk

- Our data shows that we have the largest and most engaged audience of any UK automotive site. Our continued investment in our brand helps us to protect and grow our audience, to ensure that we remain 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 offering to improve the value we offer to consumers, retailers and manufacturers.
- We work in an agile way which enables us to respond quickly to emerging competitive threats.

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9. Brand and reputation

↓ Decreasing

Relevant strategic pillars

Risk and potential impact	Key changes and outlook	How we manage the risk
Our brand is one of our biggest assets. Our research shows that we are the most trusted automotive classified brand in the UK. Failure to maintain and protect our brand, or negative publicity affecting our reputation, such as from a data breach, could diminish the confidence that retailers, consumers and advertisers have in our products and services, and result in a reduction in audience and revenue.	• Our research shows that Auto Trader has c.90% prompted brand awareness with consumers. We are also voted regularly as the most influential automotive website by consumers in the car buying process. • As we venture further with our digital retailing strategy we will need to ensure that our branding positions us as the most suitable place to transact online. • We continue to see very low levels of fraudulent and misleading adverts, due to additional measures and monitoring techniques used by our security team. We also make use of a customer watch list which aims to manage our platforms proactively in line with our values and relevant regulations, to identify and stop customer behaviour that could harm consumers, retailers or the Auto Trader brand. • Overall, we consider there to be a decreasing risk to our brand and reputation.	• We have a clear and open culture with a focus on trust and transparency. • We have a dedicated customer security team, who closely monitor our site to identify and quickly remove fraudulent or misleading adverts. • 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. • 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 have well developed breach reporting and crisis management programmes that enable us to identify, escalate and appropriately handle any emerging issues that could result in reputational damage.

10. External catastrophic and geo-political events

↓ Decreasing

Relevant strategic pillars

Risk and potential impact	Key changes and outlook	How we manage the risk
In a connected, global industry, we are increasingly prone to the impacts of external events around the globe on our business, as are our customers. 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 loss of market share.	The impacts of unpreventable external catastrophic and geo-political events can be widespread and long-lasting for us and our customers. We consider the increasingly connected world to be more susceptible than ever to the knock-on impacts of these events. Examples of some external events in recent times which have, and continue to, impact adversely on our business include the following: • COVID-19 pandemic; • Supply shortages from the Suez Canal obstruction; • Brexit; • Military conflict in Ukraine; • Extreme weather events; and • Global semi-conductor shortage. It is of paramount importance to the resilience of our business that we can anticipate, and respond quickly to, the impacts of external events, particularly those which impact on our customers adversely. We are therefore continuously reviewing our business continuity and crisis management arrangements to ensure that they consider the impacts of external events. We have responded well to the impacts of COVID-19 and the government has removed most restrictions. We therefore consider that the threat posed by external catastrophic and geo-political events to be decreasing compared to last year. Nevertheless, we remain wary of the threats posed by external events and we continue to review our crisis and business continuity arrangements regularly.	• We monitor external events continuously and assess proactively the ways in which our business could be impacted, both in the short term, but also in the longer term. • Our PR team are responsible for liaising externally in the event of a crisis. • We have a business continuity plan, IT disaster recovery plan, and wider crisis management arrangements, all of which set out the key steps required for us to respond to the risk and restore operations in the event of downtime. • We have identified the key internal stakeholders who are responsible for crisis management across all areas of the business. We have also nominated delegates to minimise single person dependencies. • Our crisis management arrangements are tested regularly via simulated 'war games' scenarios. All key stakeholders within the organisation are involved and we capture lessons learned to continually improve our crisis management arrangements.

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 12 to 15, and pages 10 and 11, respectively, are central to assessing its future prospects. The Group's aim is to grow both its car buying and selling audiences, thereby strengthening its core advertising business. It will change how the UK shops for cars by providing the best online car buying experience and enabling all retailers to sell 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 leads to improvements for consumers, retailers and manufacturers;
- market position: the Group is the UK and Ireland's largest 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, with a particular focus on specialist technological and data skills.

The Board has determined that a period of five years to March 2027, which was previously a period of three years, is the most appropriate period to provide its viability statement due to:

- it allows consideration of the longer-term viability of the Group;
- it being more aligned with the Group's strategic planning process;
- 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 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 pillars and our make a difference 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 2022, which considered the Group's current position and its prospects over the forthcoming years.

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 2027. Funding requirements have also been considered, with particular focus on the ongoing compliance with the 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 2023 annual financial budget. The following years are prepared in detail and are flexed based on the actual results in year one. Progress against financial budgets, forecasts and strategic objectives are reviewed monthly by both the Operational Leadership Team and the Board.

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

- continued growth in our core marketplace, as we develop our advertising platform and we continue to invest in our search experience;
- growth in digital retailing, as we continue to evolve both our products and consumer experience, bringing more of the car buying journey online;
- 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;
- increase in costs through salaries as the Group continues to grow, supporting and developing new products; and
- the initial consideration of the Autorama acquisition has been included but no impact on revenue or profit as the transaction is still waiting for regulatory approval.

These key assumptions are reflected in the Group's principal risks and uncertainties, which are set out on pages 61 to 67. 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 below.

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 61 to 67. 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 1: returning pandemic

Link to risks: Economy, market and business environment

The COVID-19 global pandemic and the impact to the UK economy have been considered. Government restrictions resulted in the temporary closure of retailer forecourts and impacted on consumer buying behaviour for large portions of FY21. Through the lockdown periods, the Group provided free advertising for retailers to support our customers and maintain live stock on site.

In this scenario, we assume COVID-19 or a similar infectious disease returns resulting in a further lockdown, closing retailer forecourts, that lasts for a three-month period from December 2022 to February 2023. Through this period, we have assumed that retailer advertising is once again made free of charge, resulting in a 99% decrease in Retailer revenue across those months.

We have also assumed an 80% decrease in Consumer Services revenue and a 75% decrease in revenue from Manufacturer and Agency.

Following this period, it is assumed that there is a recovery and the Group reverts to its normal charging model. Minimal long-term impact is expected on retailer numbers as seen in previous lockdowns due to the support given.

Scenario 2: data breaches

Link to risks: IT systems and cyber security, Regulatory risks, Brand and reputation

The impact of any regulatory fines has been considered. The biggest of these is the General Data Protection Regulation ('GDPR') fine for data breaches, which was enacted in May 2018. This scenario assumes a data breach resulting in the maximum fine, coupled with a significant level of reputational damage to the Group's brand.

As a result of the data breach, a severe reduction in revenue was modelled through Trade, resulting in an initial 50% decrease in revenue driven by lost retailers. An initial 40% decrease in Consumer Services and a 60% decrease in Manufacturer and Agency revenue was also assumed through the loss of consumer and partner confidence. Modest recovery was assumed after the data breach for the remainder of the financial year to March 2023. Marketing costs were increased to model a potential need to increase traffic in H2 2023.

Scenario 3: banning the sale of diesel cars

Link to risks: Economy, market and business environment, Climate change and Failure to innovate

The impact of climate change has been considered, through the potential ban of diesel cars. The government has outlined plans to ban the sale of new conventional petrol and diesel cars from 2030. This scenario assumes the government brings forward the ban of diesel cars, and also applies it to used cars, in the financial year to March 2026. This would result in a significant impact on stock available as well as a loss of retailers who cannot operate viably without the sale of diesel cars.

As a result of the ban on diesel cars, approximately one third of retailers are lost, with underlying ARPR reducing through a loss of stock resulting in a 45% decrease in Trade revenue. A 35% decrease in Consumer Services was assumed through lost private diesel car volumes. A modest impact to Manufacturer and Agency was assumed with Manufacturers well progressed into the transition to selling electric vehicles. Modest recovery was assumed through retailers beyond the financial year to March 2026. Minimal cost impact was assumed due to the nature of the event and how the Group operates.

Scenario 4: a combination of all three scenarios above

Link to risks: All of the above

This is seen as a worst-case scenario, and highly unlikely.

The Russian invasion of Ukraine

The Russian invasion of Ukraine has the potential to materially impact the automotive value chain. As Russia is an exporter of key metals and other materials used in parts production, and Ukraine makes components used in production such as wiring harnesses, there is a direct disruption and rising price risk. The supply chain is already impacted by semi-conductor supply issues, and there could be a further impact to new car transactions. This scenario has not been modelled, as the Group does not feel there is currently sufficient plausible impact, however it will continue to monitor the situation.

Rising levels of inflation

Inflation is resulting in a sharp rise in the cost of living. This cost of living rise has the potential to impact short-term demand for vehicles and be a catalyst for longer-term changes in the ownership model of vehicles, potentially including a rise in subscription-based models. In the period of the viability assessment, the Group believes the scenarios modelled would have a more significant impact and therefore there is no specific scenario on changing inflation and cost of living.

Credit facility

The above scenarios consider the biannual 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 the 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 2027.

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 2 to 69, was approved by the Board on 26 May 2022 and signed on its behalf by:

Nathan Coe
Chief Executive Officer
26 May 2022

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').

Dear shareholder

Compliance with the Corporate Governance Code

The Company complied with all provisions set out in the Code for the period.

Board composition

The composition of the Board is kept under continual review to ensure that it has the skills, experience and balance required of the Board, including gender and ethnic diversity, in the context of the Group's strategy and for the effective oversight of the Group.

The Board comprises five Independent Non-Executive Directors, three Executive Directors and myself as Chair. We have increased the size of our Board by appointing an additional Non-Executive Director during the year, which helps the Board to prepare for the succession cycle that will result in two of our Non-Executive Directors reaching the end of their nine-year terms in 2024. All Directors will offer themselves for election or re-election by the shareholders at the forthcoming AGM.

Board evaluation

We carried out an internal evaluation process this year. The evaluation showed that the Board continues to operate very effectively, with only a few minor points for improvement. The results are included in the Corporate governance statement on page 76.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10:00am on Thursday 15 September 2022 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. Myself and the other Directors 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**.

Ed Williams
Chair
26 May 2022

63%
Board independence as at 31 March 2022 (excluding the Chair)

56%
of our Board are female as at 31 March 2022

KEY AREAS IN THIS SECTION

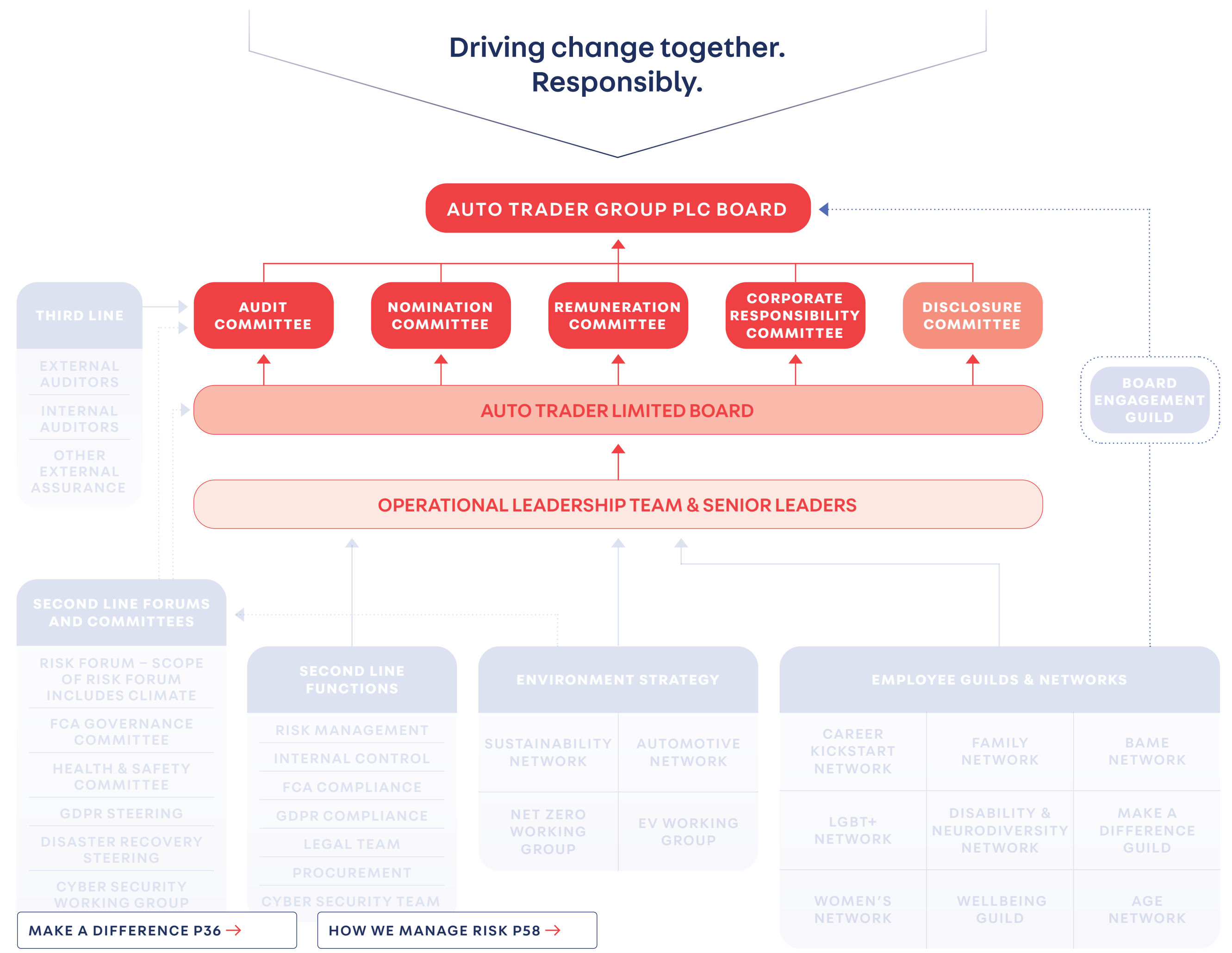
ROLES AND RESPONSIBILITIES

Enabling the Board and its Committees to operate efficiently and focus on the right areas of responsibility.

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.

A ROBUST CORPORATE GOVERNANCE FRAMEWORK



MAKE A DIFFERENCE P36 →
HOW WE MANAGE RISK P58 →

Committees of the Board

The Board has established the following Committees and has delegated certain functions and tasks within their approved Terms of Reference. This allows the Board to operate efficiently and focus on relevant areas of its responsibilities.

The membership of each Committee and a summary of its role is below. The full Terms of Reference of each Committee are published on the Company's website at **plc.autotrader.co.uk/investors**.

AUDIT COMMITTEE

Members
David Keens (Chair)
Jill Easterbrook
Jasvinder Gakhal
Jeni Mundy
Sigga Sigurdardottir

Role and Terms of Reference
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 auditors.

READ MORE P84 →

NOMINATION COMMITTEE

Members
Ed Williams (Chair)
Jill Easterbrook
Jasvinder Gakhal
David Keens
Jeni Mundy
Sigga Sigurdardottir

Role and Terms of Reference
Reviews the structure, size and composition of the Board and its Committees, and makes recommendations to the Board. Also covers diversity, talent development and succession planning.

READ MORE P82 →

REMUNERATION COMMITTEE

Members
Jill Easterbrook (Chair)
Jasvinder Gakhal
David Keens
Jeni Mundy
Sigga Sigurdardottir

Role and Terms of Reference
Responsible for all elements of the remuneration of the Executive Directors, the Chair and senior employees.

READ MORE P94 →

CORPORATE RESPONSIBILITY COMMITTEE

Members
Jeni Mundy (Chair)
Jill Easterbrook
Jasvinder Gakhal
David Keens
Sigga Sigurdardottir

Role and Terms of Reference
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 P90 →

DISCLOSURE COMMITTEE

Members
Nathan Coe
Jamie Warner
Claire Baty

Role and Terms of Reference
Assists the Board in discharging its responsibilities relating to monitoring the existence of inside information and its disclosure to the market.

FIND OUT MORE ONLINE
plc.autotrader.co.uk/investors

Ed Williams
Chair

Biography
Ed was appointed as Chair of Auto Trader Group plc in February 2015.

He was the founding Chief Executive of Rightmove plc, serving in that capacity from November 2000 until his retirement from the business in April 2013. Rightmove plc was floated on the London Stock Exchange in February 2006. Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co.

Ed holds an MA in Philosophy, Politics and Economics from St Anne's College, Oxford.

Appointed to PLC Board
February 2015

Independent on appointment?
Yes

External appointments
- Baltic Classifieds Group plc

Committee memberships
- Nomination (Chair)

Nathan Coe
Chief Executive Officer

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, following the announcement of former CEO Trevor Mather's retirement.

Nathan joined Auto Trader in 2007 to oversee the transition from a magazine business to a pure digital company. Prior to his appointment to the Board, Nathan was the joint Operations Director, sharing responsibility for the day-to-day operations of the 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

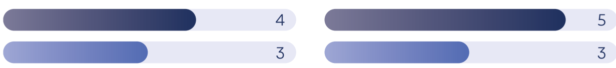
Independent on appointment?
N/A

External appointments
None

Committee memberships
- Disclosure

Independence[1]

As at 31 March 2021 → As at 31 March 2022



Percentage of independent Directors on the Board: 57.1%

Percentage of independent Directors on the Board: 62.5%

● Independent ● Non-independent

Gender diversity

As at 31 March 2021 → As at 31 March 2022

Percentage of women on the Board: 50.0%

Percentage of women on the Board: 55.6%

● Women ● Men

1. Excluding the Chair.

Catherine Faiers
Chief Operating Officer

Biography
Catherine joined Auto Trader in August 2017 and was appointed as Chief Operating Officer ('COO') 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
None

Committee memberships
- None

Jamie Warner
Chief Financial Officer

Biography
Jamie was appointed Chief Financial Officer ('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.

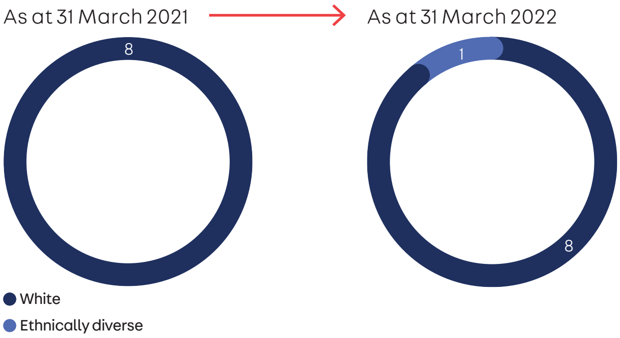
Appointed to PLC Board
March 2020

Independent on appointment?
N/A

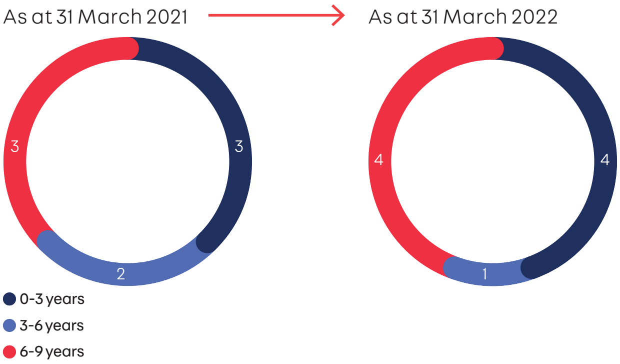
External appointments
None

Committee memberships
- Disclosure

Ethnic diversity[1]



Length of tenure[2]



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.

David Keens
Senior Independent Non-Executive Director

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

Committee memberships
- Audit (Chair)
- Corporate Responsibility
- Nomination
- Remuneration

Jill Easterbrook
Independent Non-Executive Director

Biography
Jill was appointed as a Non-Executive Director to the Board on 1 July 2015. Jill is also a Non-Executive Director of Ashtead Group plc, the FTSE100 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
- Headland Consultancy

Committee memberships
- Remuneration (Chair)
- Audit
- Corporate Responsibility
- Nomination

Jasvinder Gakhal
Independent Non-Executive Director

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

Jasvinder is currently Managing Director of Motor at Direct Line Group, leading Motor Insurance strategy and business delivery across household names such as Direct Line, Churchill and Privilege, and is a member of the Direct Line Group Executive Team. 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

Committee memberships
- Audit
- Corporate Responsibility
- Nomination
- Remuneration

Jeni Mundy
Independent Non-Executive Director

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
- Visa UK Ltd

Committee memberships
- Corporate Responsibility (Chair)
- Audit
- Nomination
- Remuneration

Sigga Sigurdardottir
Independent Non-Executive Director

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

Sigga has worked in the financial services industry since 2001, pioneering digital transformation at both American Express and Santander UK. She was responsible for the development and launch of Asto, a Santander Fintech business, providing innovative cash flow solutions to small businesses. Most recently, Sigga was at Tesco Bank from August 2019 to April 2022 in the role of Chief Customer Officer.

Sigga holds a doctorate in Leadership and Innovation from Manchester Business School, an MBA from IESE Business School as well as 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

Committee memberships
- Audit
- Corporate Responsibility
- Nomination
- Remuneration

Claire Baty
Company Secretary

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; customer security; 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 Institute of Chartered Secretaries and Administrators and holds an MBA from Manchester Business School.

This Corporate governance statement explains key features of the Company's governance framework and how it complies with the UK Corporate Governance Code published in 2018 by the Financial Reporting Council.

Introduction

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**.

Compliance with the 2018 Code

The Company has complied in full with all provisions of the 2018 Corporate Governance Code during the year. This report is structured to follow each of the sections of the Code:

Board leadership and company purpose

Strategy

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 2 to 69, sets out the Group's purpose, strategy, objectives and business model.

Culture

Auto Trader has a distinctive culture that is values-oriented 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.

Following a long period where the majority of employees were working remotely due to COVID-19 restrictions, the Board has discussed on a regular basis the plans for employees to return to the office on a hybrid basis, and how this may impact on the Group's culture, and in particular in preserving our highly collaborative ways of working.

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 and customer feedback. The Board receives and discusses this on a regular basis during Board meetings.

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 and canvasses views and opinions from their colleagues to share with the Board. They are all active members of the Company's other existing guilds, which cover areas such as family & wellbeing, diversity & inclusion and sustainability.

The Board has decided that it is not appropriate to designate a specific NED to carry out this role and instead shares this role across all NEDs, and so the Guild meets with the Chair and all Non-Executive Directors (without Executive Directors or any members of senior management present). Despite the ongoing restrictions which continued to be in place for parts of the year as a result of the COVID-19 pandemic, the Board continued to engage directly with the workforce over video conference and met three times, covering topics including sustainability and the environment, our hybrid working approach (Connected Working), digital retailing and our annual employee engagement survey. The Guild also provided feedback to the Remuneration Committee on the Remuneration Policy, framework and proposed structure and targets for FY23.

As well as the Guild there are already a number of established ways in which the Company engages with the workforce, for example, regular check-in surveys and an annual employee engagement survey; attendance by NEDS at some of our diversity and inclusion guild events; an annual conference (held virtually during 2021/22); regular sharing of information from the CEO via regular business updates, emails and videos; and informal open forums.

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 in November and May /June respectively. These updates are webcast live and then posted on the Group's investor relations website and are available to all shareholders.

The results presentations are followed by formal investor roadshows, taking place both virtually and in person during 2021/22, and 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, which continued to be held on a virtual basis throughout the year, cover a wide range of topics, including strategy, performance and governance, 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 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 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 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 2021 Annual General Meeting, all resolutions were passed with votes in support ranging from 93.55% to 99.99%. The 2022 AGM will take place at 10:00am on Thursday 15 September 2022 at the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. Myself and the other Directors 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.

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.

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. None of the Executive Directors has any external directorships as at the date of this report. The Board is comfortable that external appointments of the Chair and the Non-Executive Directors do not create any conflict of interest.

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.

DIVISION OF RESPONSIBILITIES

BOARD ROLES

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.

BOARD AND COMMITTEE RESPONSIBILITIES

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**.

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.

Composition, succession and evaluation

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

Ed Williams was considered to be independent on appointment. All of the Non-Executive Directors (David Keens, Jill Easterbrook, Jeni Mundy, Sigga Sigurdardottir and Jasvinder Gakhal) 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 106, and they received no additional remuneration from the Company during the year. Therefore, at 31 March 2022 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.

Attendance at meetings

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

1. David Keens was unable to attend two meeting dates due to other commitments, but had an opportunity to feed comments in to the Board and Committee Chairs prior to the meetings.
2. Appointed 1 January 2022; attendance relates to meetings post-appointment.
3. Committee membership was reviewed in December 2021 and the Chair and Executive Directors were removed as members of the Committee. Attendance aligns to Committee membership dates.

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 activities in 2022
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 20 and 21.

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. The table opposite sets out some of the Board's key activities during the year.

Board and Committee meetings and attendance
Board meetings are planned around the key events in the corporate calendar, including the half-yearly and final results, 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. Directors usually spend a day visiting customers; however, this was not possible in 2021/22, due to COVID-19 restrictions, and so instead we invited representatives from our main customer groups to join the Board as part of the annual strategy day.

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.

Time commitment
Any external appointments or other significant commitments of the Directors require the prior approval of the Board. None of the Executive Directors have any external directorships as at the date of this report. The Board is comfortable that external appointments of the Chair and the Non-Executive Directors do not impact on the time that any Director devotes to the Company.

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.

Due to the COVID-19 restrictions, the majority of the induction programme for our most recently appointed NED was delivered virtually. 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 focus areas 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.

KEY ACTIVITIES OF THE BOARD AND COMMITTEES DURING FY2022

STRATEGY AND GROWTH

- Review and approve the mid-term financial plan for viability scenarios.
- Strategy session focused on the impact of electrification and the evolution of Auto Trader.
- Reviewed the technology strategy with a focus on data platform.
- Review of the implications of digital retailing on organisational shape and capability.
- Acquisition of Autorama.

OPERATIONAL

- Deep dives into Guaranteed Part-Exchange, finance, online transactions, buy online and sourcing and disposal priorities.
- Deep dive into stock and prominence.
- Review of the evolution of retailer development and support.
- Overview of competitive landscape.
- Reviewed audience and marketing plans.
- Update provided from our joint venture, Dealer Auction.

FINANCIAL

- Review and approve FY22 Plan.
- Approval of Annual Report and Preliminary Results.
- Review of debt facility.
- Review of share buyback programme.
- Approval of half-yearly report.
- Review of tax compliance.

PEOPLE AND CULTURE

- Board Engagement Guild meetings covering topics including: sustainability and the environment, Connected Working, digital retailing and our annual employee engagement survey results.
- Review of people changes, recruitment, resourcing needs and employee engagement.
- Review of remuneration framework and target setting.
- Approval of FY21 bonus out-turn, and Single Incentive Plan vesting for senior management. PSP and Single Incentive Plan targets and grants.
- Succession planning.
- Director and senior management salary and fee reviews.

SHAREHOLDERS AND OTHER STAKEHOLDERS

- 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').
- Hosted the AGM on 17 September 2021.
- Review of CRC materiality matrix, rating agencies update, progress on net zero strategy.

GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

- Governance and regulatory updates including: training update in respect of FCA requirements, external training update in respect of ESG, external legal and regulatory update.
- Review and approval of Group risk register.
- Internal audit update including: cyber, GDPR, FCA.
- 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.
- Board evaluation feedback and action plan.
- Review of crisis management framework.
- Business continuity planning.
- Approval of material contracts.

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.

Appointments to the Board

The Board has established a Nomination Committee, chaired by Ed Williams, 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. The work of the Committee is described on pages 82 and 83.

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 in accordance with main principle K of the Code. Biographies of all members of the Board appear on pages 72 to 75.

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.

Board evaluation and effectiveness

An internal evaluation was conducted in 2021/22. The internal review included the completion of a detailed questionnaire by each of the Board Directors, covering the following areas:

- Board meetings and information flows;
- the Board's role, knowledge and skills;
- Board composition and succession planning;
- business strategy, performance and culture;
- risk management;
- engagement with shareholders and other stakeholders;
- the operation of each of the Board's Committees; and
- a follow up on the recommendations raised in the previous review.

The results were reviewed by the Chair and then discussed with the Board in March 2022.

In addition, an assessment of the Chair'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 both effectively and efficiently, that the past two years of COVID disruption have been managed well, and that each individual Director continues to make an effective contribution.

Results of the 2022 internal review

Areas of strength	Areas for improvement
Key relationships are excellent and open, so that constructive challenge is easy to make and well received. Discussions are inclusive and respectful.	Informal contact between Board members outside of Board meetings could be more consistent, as this has varied throughout the COVID period.
There is strong engagement with stakeholders (including through the Employee Engagement Guild and direct contact with customers). The wider consequences of decisions, and the impact on different stakeholder groups is well considered and articulated in Board papers and Board discussions.	Although Board papers generally are of outstanding quality and clarity, more work could be done to reduce jargon and make the papers even more focused.
The succession planning process is well considered and long term, with plans discussed and formalised years in advance.	The Board needs to ensure that it keeps under constant review the skills and experience that it needs as the business model evolves.
The induction process for newly appointed Board Directors has significantly improved, and there is a good focus on upskilling and updating the Board (for example, FCA regulatory training and TCFD requirements).	Due to evolving requirements and changing Terms of Reference, there is a risk of overlap between the Corporate Responsibility Committee, Nomination Committee, Remuneration Committee and Board, which is being kept under review.

Action points arising from the 2021 external review	Progress
Additional agenda items to be added including ESG, talent development, oversight of the regulated business and cyber risks.	These have been incorporated into agendas over the past year.
Whilst the Operational Leadership Team do regularly attend Board and Committee meetings, participation could further improve by bringing the right managers into the room so that the Board hears directly from those responsible.	Attendance has been wide in 2021/22, with attendance from managers as well as the relevant OLT members.
Whilst in general, the Board has adapted to virtual meetings well, these could be improved further. Post-pandemic, the Board will adopt a hybrid approach to make the best use of technology, maintain flexibility and optimise in-person time.	Virtual meetings have run well, and there is an agreed schedule for 2022/23 with a balance between face-to-face and virtual meetings.
The structure of Board discussions could be improved, by ensuring that the papers set out upfront the main areas that management would like the Board to consider, by upfront gathering of questions from the Board, and by reviewing the balance of time between presentations and debate.	Board papers all follow a standard format, where key questions and issues are set out upfront. Board discussions are structured so that questions are collated at the start of the session. This new structure has been working well.

The next external evaluation is due in 2023/24.

Tenure of Chair

The 2018 UK Corporate Governance Code contains a provision that the Chair should not remain in post beyond nine years from the date of their first appointment to the Board. Ed Williams joined the Auto Trader business as a Non-Executive Director in November 2010 when it was under private ownership. He joined the Auto Trader Group plc Board in February 2015 and the Company listed on the London Stock Exchange in March 2015.

As disclosed in previous Annual Reports, the Nomination Committee, led by David Keens as Senior Independent Director, considered this change in the Code and consulted with the FRC. The understanding of the Committee and the Board is that the nine-year period commences on the date that Auto Trader listed on the London Stock Exchange. The nine-year period for Ed Williams therefore runs to March 2024.

However, it should be noted that these comments are made in reference to the maximum term stipulated in the new Code and do not commit the Company or Ed Williams to him remaining as Chair until 2024.

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.

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 84 to 89.

Financial and business reporting

Assisted by the Audit Committee, the Board has carried out a review of the 2022 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 84 to 89 for details of the review process.

See pages 68 and 69 for the Board's statement on going concern and the viability statement.

Risk management and internal control

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.

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 61 to 67.

The Audit Committee reviews the system of risk management and internal controls through reports received from management, along with others from internal and external auditors. This year's internal audit plan included a specific review of the design of Auto Trader's system of enterprise risk management, which the Committee also took into account in its review.

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 2022 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.

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.

The work of the Committee is described on pages 94 to 107.

> We have a continual formal succession planning process to ensure orderly succession for the Board and senior management.

Ed Williams
Chair of the Nomination Committee

AT A GLANCE

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

2
meetings were held during the year

Member	Meetings attended/total meetings held	Percentage of meetings attended
Ed Williams (Committee Chair)	2/2	100%
Jill Easterbrook	2/2	100%
Jasvinder Gakhal[2]	2/2	100%
David Keens[1]	1/2	50%
Jeni Mundy	2/2	100%
Sigga Sigurdardottir	2/2	100%

1. David Keens was unable to attend one meeting due to other commitments, but had an opportunity to feed comments in to the Chair prior to the meeting.
2. Appointed 1 January 2022; attendance relates to meetings post-appointment.

For more information on the Committee's Terms of Reference:
plc.autotrader.co.uk/investors

OVERVIEW

- Composed of the Chair and five independent Non-Executive Directors.
- At least one meeting held per year.
- Meetings are attended by the Chief Executive Officer and other relevant attendees by invitation.

OUR PROGRESS IN 2022

- Review and updating of formal succession plans for the Chair, Non-Executive Directors, Executive Directors and senior management.
- Held an internal Board evaluation and reviewed the results.
- Appointment of an additional Non-Executive Director. This appointment brings the Board in line with the recommendations of the Parker Review, and further increases the representation of women on the Board.

FOCUS AREAS FOR 2023

- Progressing succession plans for Non-Executive Directors and the Chair.
- Following up on the Board evaluation recommendations.
- Continue to monitor Board and senior management succession in the context of the Company's long-term strategy.

BOARD OF DIRECTORS P72 →

Dear shareholders,

I am pleased to present the Report of the Nomination Committee for 2022.

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 of the Board in the context of the Group's strategy and 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') is invited to take 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.

Appointment of Non-Executive Director

As I reported in my statement last year, we made a decision during 2021 to appoint an additional Non-Executive Director to the Board, as we recognised the need to improve the ethnic diversity of the Board, and to enlarge the Board to ensure an orderly succession plan for the current Non-Executive Directors. The process for identifying candidates was led by the Committee as follows:

- A comprehensive candidate search brief was agreed, including the required industry skills, knowledge and experience, and taking into consideration the benefits of diversity on the Board.
- An external executive recruitment consultant, Ivy Street, was engaged, with whom the Group has no other relationship.
- The shortlisted candidates each met with members of the Board on a one-on-one basis. These meetings included an assessment of candidates in the context of the expected values and behaviours of Board members.

Following this process, Jasvinder Gakhal was identified as the Committee's preferred candidate, having extensive strategic and operational experience. Following recommendation to the Board, Jasvinder was appointed as a Non-Executive Director with effect from 1 January 2022.

Succession planning

The Committee believes that effective succession planning is critical to the Company's long-term success. We have a continual formal succession planning process to ensure orderly succession for the Board, including the Chair, Non-Executive Directors, Executive Directors and senior management. In preparing the formal succession plans, the Committee is mindful that the Directors who were appointed at the time of the IPO will reach their nine-year tenure in 2024. To this end, as noted above, we have increased the size of the Board, and now have five Non-Executive Directors which allows for us to be able to stagger the required new appointments over the coming years.

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.

At the end of our financial year, 56% of the Board Directors were women, in excess of the latest recommendations set by the FTSE Women Leaders Review (the 'Review'). Whilst we do not currently have a woman in one of the roles of Chair, Senior Independent Director, CEO or CFO, we do of course have Catherine Faiers in the role of COO, which we believe to be of equal status to those roles specified by the Review. At a leadership level, 44% of the Operational Leadership Team ('OLT') and 37% of the OLT's direct reports were women, a combined total of 38%.

With the appointment of Jasvinder, we have also met the recommendation of the Parker Review, although we recognise that there is more work to be done, as employees who are ethnically diverse continue to be underrepresented in senior management positions and throughout the organisation.

Board evaluation

We carried out an internal Board evaluation during the year, which included following up on the recommendations of the 2020 externally facilitated Board evaluation. This is described in detail on pages 80 and 81 of the Corporate governance statement.

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. Since the last report, Jeni Mundy has entered into her third three-year term, 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 therefore recommends that shareholders approve the resolutions to be proposed at the 2022 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.

Ed Williams
Chair of the Nomination Committee
26 May 2022

> We reviewed the content of the Annual Report, including: recognition of revenue, recoverability of receivables, impairment of assets, and the assumptions and scenarios in the viability statement.

David Keens
Chair of the Audit Committee

AT A GLANCE

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

4
meetings were held during the year

100%
meeting attendance by all Committee members

Member	Meetings attended/total meetings held	Percentage of meetings attended
David Keens (Committee Chair)	4/4	100%
Jill Easterbrook	4/4	100%
Jasvinder Gakhal[1]	1/1	100%
Jeni Mundy	4/4	100%
Sigga Sigurdardottir	4/4	100%

1. Appointed 1 January 2022; attendance relates to meetings post-appointment.

For more information on the Committee's Terms of Reference:
plc.autotrader.co.uk/investors

OVERVIEW

- Composed of 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 auditors and external auditors by invitation.

ACTIVITIES IN 2022

- Assess the Group's going concern and viability statements.
- Discuss key areas of financial judgement.
- Evaluation of the effectiveness and independence of external audit.
- Review the effectiveness of internal audit, internal controls and risk management.

PLANNING FOR 2023

- Agree with KPMG any changes for their 2023 audit.
- Consider the impact and timing of the BEIS Audit Reform and any other regulatory changes or implications.

HOW WE MANAGE RISK P58 →

Dear shareholders,
This is my seventh report to shareholders since the IPO of Auto Trader in 2015. The Committee is comprised entirely of Independent Non-Executive Directors. I fulfil the requirement for a Committee member to have recent and relevant financial experience. All members (and therefore the Committee as a whole) have competence in consumer and digital businesses.

The Board approves the Terms of Reference and duties of the Committee, which include: monitoring the integrity of the Group's financial reporting, effectiveness of the internal control and risk management framework, internal audit, and the independence and effectiveness of external audit. Our Internal Audit function is outsourced to Deloitte LLP, who provide us with specialist expertise in delivering a risk-based rolling review programme.

Our external auditors, KPMG LLP, and internal auditors regularly attend Audit Committee meetings. The Chair of the Board, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other members of management attend by invitation.

The Committee has reviewed the content of the Annual Report, including: the impact of the Group's response to COVID-19 on the recognition of revenue, recoverability of receivables, impairment of assets, and the assumptions and scenarios in the viability statement. The Annual Report explains our strategy, financial performance and position in a way which we believe is fair, balanced and understandable.

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 112 and the Auto Trader Group plc financial statements in general.

At the 2021 AGM, shareholders approved the re-appointment of KPMG as our external auditors. The Committee has carried out a review of the effectiveness and independence of KPMG and has recommended to the Board that they are re-appointed at the 2022 AGM.

David Keens
Chair of the Audit Committee
26 May 2022

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 2022 half-year statement and 2022 Annual Report.

The Committee, with assistance from management and KPMG, identified areas of financial statement risk and judgement as described below.

Description of significant area	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 schedules 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 2027. Financial projections for the next 12 months include the capital commitment to acquire Autorama (UK) Limited given the likelihood of the event. The Committee discussed with management the appropriateness of the revised five-year period, previously a three-year period in the prior year, and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 61 to 67. 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.
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 revenue recognition.
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.
Defined benefit pension scheme valuation The defined benefit pension scheme valuation requires the use of assumptions and estimates by management in conjunction with the external actuary. Management have reviewed and discussed the actuarial assumptions, which includes the discount rate, inflation rate, mortality rate and expected return of scheme assets and have concluded that they are appropriate. The triennial actuarial valuation of the Scheme was performed by an independent professional actuary at 30 April 2021.	The Committee reviewed the actuarial assumptions and disclosure and concluded that they are appropriate. The defined benefit pension scheme has a surplus of £3.7m which has been recognised in the financial statements. The materiality of the scheme's gross obligation and gross assets reduces the risk that accounting estimates may materially vary in future accounting periods.

Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the 2022 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 2022 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.

Risk management and internal control

The Committee's responsibilities include a review of Auto Trader's risk management arrangements and internal controls to ensure that they remain effective and that any identified weaknesses are remediated fully and in a timely manner. The Committee:

- reviews annually the effectiveness of the Group's risk management systems;
- reviews annually the effectiveness of the Group's internal control framework;
- monitors and oversees the response to any alleged instances of fraud, bribery, and whistleblowing complaints;
- commissions reports on the effectiveness of business processes and ensures recommendations are implemented where appropriate;
- receives reports from the Group's outsourced Internal Audit function and ensures recommendations are implemented where appropriate; and
- reviews reports from the external auditors on any issues identified in the course of their work, including any internal control reports received on control weaknesses, and ensures that there are appropriate responses from 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 below.

Element	Approach and basis for assurance
Risk management	Details of our governance structure 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 key risks 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 monthly Risk Forum meetings, to 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: third-party risk management, crisis management, enterprise risk management, Senior Managers and Certification Regime, and GDPR. 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 a review of the design of Auto Trader's system of enterprise risk management.
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 a quarterly basis by the Governance, Risk and Compliance function. The Risk Forum reviews and oversees these reports.
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 plan. A 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

Deloitte has been appointed as the Group's outsourced Internal Audit function. They are accountable to the Audit Committee and use a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment. The internal audit work plan for 2021 included internal audit assignments in relation to the following areas of risk:

- Cyber security;
- Enterprise risk management;
- Senior Managers and Certification Regime;
- Governance arrangements over the algorithm used by our website to organise search results; and
- GDPR.

The risk-based internal audit work plan for 2022 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 internal audit plan has been approved, the Audit Committee will continue to review it regularly to ensure that any new and emerging significant areas of risk are considered. The internal audit plan for 2022 includes areas relating to our principal risks, including Cyber, FCA and GDPR.

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 met with Deloitte without management present and with management without Deloitte present. There were no significant issues raised during these meetings.

A risk-based programme of key controls testing takes place on a quarterly basis. Resources within the Governance, Risk and Compliance function have been increased in response to the potential outcomes of the BEIS consultation into the future of audit and corporate governance.

External auditors

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 2021 and their audit of the financial statements for the year to 31 March 2022. 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. There were none.

One of the Committee's roles is to evaluate the effectiveness of audit services provided and ongoing independence. The Committee has carried out a review 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 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 2022 was the second year the Group's audit partner has been involved in the audit of the Group.

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.	Considered to be approved by the Committee up to a level 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. Any engagement of the external auditor to provide permitted services over these limits is subject to the specific approval in advance by the Audit Committee.
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, with the exception of certain services which are subject to derogation if certain conditions are met and will be assessed going forward in line with the new FRC Ethical and Auditing Standards.

Refer to **plc.autotrader.co.uk/investors** for full details of the policy. During the year, KPMG charged the Group £44,000 for audit-related assurance services directly relating to the audit for the review of the Group's interim report for the six months ended 30 September 2021.

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 auditors 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 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 Audit Committee
26 May 2022

> ESG issues have always been a focus for the Group, and the COVID-19 pandemic has further reinforced the importance of resilience and the role that ESG matters play in our strategic priorities.

Jeni Mundy
Chair of the Corporate Responsibility Committee

AT A GLANCE

Providing oversight, scrutiny and challenge on matters relating to our make a difference strategy

3
meetings were held during the year

Member	Meetings attended/total meetings held	Percentage of meetings attended
Jeni Mundy (Committee Chair)	3/3	100%
Jill Easterbrook	3/3	100%
Jasvinder Gakhal[2]	1/1	100%
David Keens[1]	2/3	67%
Sigga Sigurdardottir	3/3	100%
Ed Williams[3]	2/2	100%
Nathan Coe[3]	2/2	100%
Jamie Warner[3]	2/2	100%
Catherine Faiers[3]	2/2	100%

1. David Keens was unable to attend one meeting due to other commitments, but had an opportunity to feed comments in to the Chair prior to the meeting.
2. Appointed 1 January 2022; attendance relates to meetings post-appointment.
3. Membership of the Committee was reviewed in December 2021 to remove the Chair of the Board and the Executive Directors, as with other Committees. Subject to the approval of the Committee Chair, the Chair of the Board and Executive Directors will be invited to attend the CRC meetings as and when appropriate.

For more information on the Committee's Terms of Reference:
plc.autotrader.co.uk/investors

OVERVIEW

- Composed of five independent Non-Executive Directors.
- The Chair of the Board, Executive Directors and other relevant individuals are invited to attend the meetings when appropriate.
- The assistant Company Secretary acts as secretary to the Committee.
- At least three meetings held per year.

OUR PROGRESS IN 2022

- Materiality matrix developed based on stakeholder engagement to understand where we should focus our efforts.
- Our near-term carbon reduction targets have been validated by the Science Based Targets initiative ('SBTi').
- Introduction of ESG metrics in our remuneration.
- Disclosures developed in line with the Task Force on Climate-related Financial Disclosures ('TCFD').
- UN Sustainable Development Goals ('SDGs') reviewed and our strategy aligned to those where we can make a meaningful contribution.
- Appointment of Jasvinder Gakhal as an independent Non-Executive Director.
- Accredited Real Living Wage employer.

FOCUS AREAS FOR 2023

- Receive validation from the SBTi of our Science Based net zero target.
- Deliver on our FY23 commitments under each pillar of our environmental strategy.
- Continue to work towards achieving a representative workforce across all levels of the organisation.
- Committee to attend Carbon Literacy training.

MAKE A DIFFERENCE P36 →

Dear shareholders,

I am pleased to present the report of our Corporate Responsibility Committee for the year ended 31 March 2022.

We recognise that our activities – and the way we carry them out – have impacts that reach well beyond our financial performance. The Committee was formed to oversee the progress towards fulfilling our make a difference strategy, which encompasses our Environmental, Social and Governance ('ESG') responsibilities.

Our progress in 2022

Ongoing ESG training

The ESG landscape continues to evolve at pace, with a shift from voluntary codes to significant regulation. There is also an increased focus from institutional investors and other stakeholders on ESG specific risks and opportunities and an organisation's response to these. During the year we engaged an advisory team to deliver ESG specific training to the Corporate Responsibility Committee and the Group's Executive Directors. The main objective of the session was to help the participants understand more fully how the ESG regulatory and compliance landscape is evolving and what the implications are for the Board's responsibilities and Auto Trader's own reporting and disclosures. The Committee has agreed that due to the continually changing landscape and requirements surrounding ESG, an annual training session will take place. The Group has rolled out Carbon Literacy training to its employees and it is planned that the Committee will complete the training in the next financial year.

Materiality matrix

ESG issues have always been a focus for the Group, and the COVID-19 pandemic has further reinforced the importance of resilience and the role that ESG matters play in our strategic priorities. A key focus for the Committee this year has been the materiality assessment which was finalised during the year and has resulted in our materiality matrix (see page 39 for more detail). The materiality matrix has helped to shape the Group's make a difference strategy and the Committee supports the areas identified by management as areas of focus: diversity and inclusion; employee wellbeing; engagement and safety; product innovation; customer satisfaction; and climate.

Environmental strategy

The Committee has reviewed the Group's environmental strategy and recognises the progress made during the year. The drive to make a difference to the environment both within and outside our organisation is critical to tackling the climate crisis – the Group has adopted a multiple pillar approach, each with ambitious targets, in order to work towards having an impactful outcome.

Key achievements during the year include verification of our near-term (2030) reduction targets by the Science Based Targets initiative ('SBTi'), achievement of the Gold Award for Carbon Literacy (meaning 50% of our employees are now certified) and the creation and delivery of an Automotive Carbon Literacy Toolkit across the industry.

In the wake of COP26 there has been an increased focus on climate related risks and disclosures. This year we have made disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') and have enhanced our reporting through CDP's climate questionnaire. We also identified the UN Sustainable Development Goals which are most relevant to our strategy and where we can make a meaningful contribution. Our GHG emissions have been audited by a third party providing an assurance over our emissions reporting.

Looking ahead to next year, the Committee looks forward to seeing the progress made across all pillars of the Group's environmental strategy. The Group's commitment to net zero will require focused action to stay on track with its reduction pathway. To achieve our goal of becoming the destination where car buyers come to help them navigate their electric vehicle buying journey, we will continue to invest in our experience. We want to support consumers in making the transition to electric vehicles with enhanced information on adverts and increased coverage and exposure of EVs across all our communication channels and platforms.

Diversity and inclusion

There has been a growing emphasis on the 'Social' pillar within ESG and I am pleased that the Group has continued to focus on and make progress to improve the diversity and inclusion within the organisation. The talent programmes focusing on Inclusive Leadership and progression of mid-career colleagues via our Diverse Talent Accelerator have been running successfully throughout the year, as well as other initiatives to ensure recruitment from a diverse talent pool.

The Group has a greater percentage of women on the Board than men having appointed Jasvinder Gakhal as an Independent Non-Executive Director earlier this year.

In the coming year, the Group will continue to focus its efforts on achieving a representative workforce across all areas of the organisation and creating diverse and inclusive teams.

Measuring progress

We feel it is important to assess the progress being made across the Group's commitments and goals. Last year a set of cultural KPIs was introduced to sit alongside the existing financial and operational KPIs.

I am pleased to see that there has been positive progress with our diversity and inclusion KPIs. Whilst they may seem like small changes year on year, we recognise meaningful change takes a number of years and the main focus has to be continued progress.

It is encouraging to see that employee engagement scores remain high despite these challenging times.

Progress against the reduction targets as validated by the SBTi and against the longer-term goal of achieving net zero by 2040 will be monitored throughout the year to ensure that the Group is on target to reach these goals.

We have also introduced ESG metrics in our remuneration, with the focus for the performance measures being on two core areas: i) the diversity of our workforce and ii) reducing our carbon footprint (see Directors' remuneration report, page 94 for more information.

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 our make a difference strategy.

Jeni Mundy
Chair of the Corporate Responsibility Committee
26 May 2022

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 our make a difference section (page 42) 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 the 'Our climate governance' section at pages 42 and 43.
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 AFVs. Public policy is pushing de-carbonisation with the ban on petrol and diesel vehicles before 2030. We have also strengthened our environmental strategy to focus on four pillars: Auto Trader and its people, our customers, our consumers and our industry. See pages 43 to 45 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, oversight functions and committees and independent assurance. The Group Risk Register includes risk of climate change as a principal risk. We have considered various risks and opportunities (as shown on page 44, 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. For the first year we have modelled a climate related scenario in our viability statement. See page 44 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 carbon net zero, we have broadened the reporting of our GHG emissions to include a full inventory of Scope 3. We are committed to the Science Based Targets initiative and our near-term (2030) targets have been validated by the SBTi. We are committed to: (i) reduce absolute Scope 1 and 2 GHG emissions 50% by FY2030/31 from a FY2019/20 base year. (ii) reduce absolute Scope 3 GHG emissions 46.2% over the same timeframe. This year our GHG emissions have been audited by a third party providing an assurance of our emissions reporting. See page 45 for more information.

SASB Disclosure Topics & 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 45 for further information.
	Discussion of the integration of environmental considerations into strategic planning for data centre needs.	We have continued with the migration of our data centres to the cloud. We aim to complete our migration during financial 2023.
Data privacy, advertising standards and freedom of expression	Description of policies and practices relating to behavioural advertising and user privacy.	See pages 54 to 56 for more information on our approach to data privacy.
Data security	Description of approach to identifying and addressing data security risks, including use of third-party cyber security standards.	See pages 54 to 56 for our approach to data security and privacy. We are currently in the process of adopting 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 61 foreign nationals, representing 6.1% of total employees as at 31 March 2022.
	Employee engagement as a percentage.	See page 49 for further information.
	Percentage of gender and racial/ethnic group representation for: 1. Management. 2. Technical staff. 3. All other employees.	See page 51 for further information.
Intellectual property protection and competitive behaviour	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations.	No monetary losses as a result of legal proceedings.

> We continue to monitor our remuneration arrangements to ensure they remain aligned with our strategy, including our ESG ambitions, to create long-term sustainable value.

Jill Easterbrook
Chair of the Remuneration Committee

AT A GLANCE

Advising and overseeing all elements of remuneration for the Chair, Executive Directors and senior management

3
meetings were held during the year

Member	Meetings attended/total meetings held	Percentage of meetings attended
Jill Easterbrook (Committee Chair)	3/3	100%
Jasvinder Gakhal[1]	2/2	100%
David Keens	3/3	100%
Jeni Mundy	3/3	100%
Sigga Sigurdardottir	3/3	100%

1. Appointed 1 January 2022; attendance relates to meetings post-appointment.

Ed Williams was in attendance at all meetings by invitation.

For more information on the Committee's Terms of Reference:
plc.autotrader.co.uk/investors

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.

OUR PROGRESS IN 2022

- Continued to monitor our approach to remuneration to ensure it remains aligned with our strategy, including our ESG ambitions, and the creation of sustainable long-term value and that it is appropriate in the context of evolving shareholder guidance and corporate governance.
- Assessed the achievement of targets for the 2019 PSP awards.
- Set appropriate targets for the FY23 annual bonus and the PSP awards to be granted in 2022.

FOCUS AREAS FOR 2023

- Assess the achievement of targets for the FY23 bonus and 2020 PSP awards.
- Continue to monitor our remuneration arrangements in the context of our approach to the wider workforce, executive pay environment, governance developments and market practice.

KEY PERFORMANCE INDICATORS P24 →

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 2022.

Performance and reward in 2022

Annual bonus

As detailed in last year's Directors' remuneration report, the annual bonus plan was resumed in FY22 after not being operated for FY20 and FY21 in response to the COVID-19 pandemic. The FY22 annual bonus award was based 75% on Operating profit and 25% on measures relating to the take up of digital retailing products by retailers. Operating profit targets were exceeded and therefore this portion of the award will pay out in full. Due to a change in our approach to digital retailing, this element of the bonus targets was not met. Performance against annual bonus targets resulted in a payout of 75% of maximum.

Performance Share Plan ('PSP')

PSP awards granted in 2019 will vest in August 2022 based on performance over the three years to 31 March 2022. The award was based 75% on Operating profit growth and 25% on total Group Revenue growth. As detailed on page 102, Operating profit and Group Revenue performance was between target and maximum and this resulted in 50% of the award vesting. The net value of the vested awards is subject to a two-year holding period.

The Committee considered that the annual bonus and PSP outcomes were appropriate in the context of the performance of the business as a whole and as such no discretion was exercised during the period.

Variable pay in FY23

Following the adoption of the 2021 Directors' Remuneration Policy, the Committee continued to monitor the operation of variable pay, in particular the performance measures for our PSP awards for FY23. For FY22 awards we introduced a diversity measure which looked at progress against a basket of gender and ethnic diversity metrics. We have now worked with setting and monitoring diversity targets for a year. We remain focused on building a diverse and inclusive culture at Auto Trader, and although the intention of setting diversity targets was to accelerate our progress, our experience has found that setting appropriately stretching fixed targets at the start of the performance period can be challenging (for example, some of the measures have already been met a year into the performance period although we recognise that significant effort will be required to sustain this for the remaining period). In addition, fixed targets are inflexible as the business and wider social context changes, and can lead to unintended consequences.

For FY23 awards therefore we are going to measure our performance against our diversity ambitions as part of an underpin rather than as a standalone measure. This approach will allow the Committee to apply its judgement and reduce vesting levels where performance across a range of diversity metrics used for FY22 awards is not in line with the Board's expectations and our external commitments. We also hope that by moving to a structure where vesting across all PSP measures is dependent on progress on diversity measures, we continue to send an important message to employees and other stakeholders about the priorities of the business.

In last year's Annual Report we also committed to introduce carbon reduction targets for FY23 awards. The FY23 PSP award will therefore be based on the following measures:

70% linked to Operating profit growth	20% linked to Revenue growth	10% linked to Carbon reduction
Underpin linked to progress on diversity ambitions		

The PSP targets are disclosed in full on page 99.

The annual bonus for FY23 will continue to be based 75% on Operating profit and 25% on strategic measures linked to the achievement of stretching strategic and operational milestones against our digital retailing strategic pillar.

Our 2023 salary review

Salary increases of 3% are proposed for the Executive Directors. This is in line with the general increase received for other senior employees across the Group and lower than the average Company-wide pay increase of c.6%.

As noted in the Nomination Committee report we have commenced a succession planning process for the Chair and the NEDs that were on the Board at IPO. The fee for the Chair role was set at IPO reflecting the size and complexity of the business at that time and the Chair's equity stake in the business, it has not been increased significantly during his tenure. Since IPO the Company has grown significantly and the complexity of its operations have increased, such that the current Chair's fee is significantly behind market practice so will be reviewed alongside the succession planning process. NED fees are similarly positioned towards the lower end of market practice and will be reviewed in due course.

I hope that you will support our Directors' remuneration report at the AGM in September. I will be available at the AGM to answer any questions. 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 Remuneration Committee
26 May 2022

REMUNERATION AT A GLANCE: HOW EXECUTIVES WILL BE PAID IN FUTURE YEARS

An overview of our Policy and how it is proposed to apply in 2022/23 is set out below.

Fixed pay: to recruit and reward executives of a high calibre

Remuneration for the year ending 31 March 2023

Salary	CEO: £596,741 COO: £330,939 CFO: £346,698	A 3% increase in line with the general increase received by senior employees and below the average Company-wide increase of c.6%. The salary review date is 1 July 2022 to align with the approach for the wider workforce. Note that the COO's salary has been pro-rated to reflect that she works 4.5 days per week. Her full-time equivalent salary is £367,710.
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.

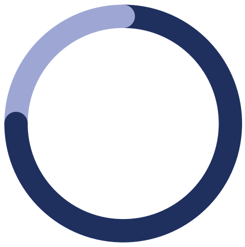
50% of bonus paid in cash

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.

FY23 bonus metrics



- **75%** Operating profit
- **25%** Strategic: milestones linked to our digital retailing strategic pillar

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

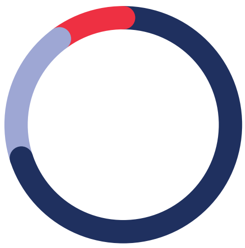
2-year holding period

Maximum opportunity
CEO: 200% of salary
COO and CFO: 150% of salary

Malus and clawback provisions apply.

FY23 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%** Operating profit growth
- **20%** Revenue growth
- **10%** Carbon reduction

NB: Any award will have a diversity underpin.

FY23 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.

Shareholding guidelines

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.

Annual Report on Remuneration.

This report 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 report is subject to an advisory shareholder vote at the AGM on 15 September 2022.

Summary of Directors' Remuneration Policy ('Policy') and implementation for 2023

Our Policy was put to shareholders for approval at the AGM on 17 September 2021 and applies to payments made from this date. We consulted with shareholders when designing and implementing this Policy and received a strong level of support with 99.69% of votes cast.

The following provides a summary of the Policy along with details of how the Policy will be implemented during 2023.

For full details of the Policy approved by shareholders please refer to the 2021 Annual Report and Accounts which can be found at **plc.autotrader.co.uk/investors**.

Element	Overview of operation	Maximum opportunity	Performance assessment	Implementation for 2023
Salary	Salaries are normally reviewed annually with changes effective from 1 July but may be reviewed at other times if considered appropriate.	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.	N/A	CEO Nathan Coe: £596,741 (2022: £579,360) COO Catherine Faiers: £330,939 (2022: £321,300) CFO Jamie Warner: £346,698 (2022: £336,600) A 3% increase in line with the general increase received by senior employees and below the average Company-wide increase of c.6%.
Benefits	Benefits include life assurance, income protection insurance, and private medical insurance.	The value of benefits is not capped as it is determined by the cost to the Company, which may vary.	N/A	No change.
Pension	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 a combination of the above) or similar arrangement.	Maximum contribution in line with other employees in the Group, currently 7% of salary.	N/A	7% of salary, aligned with the pension opportunity available to the wider workforce.
Annual bonus	Based predominantly on achievement of performance over the financial year. Half of any bonus earned is paid in cash with half deferred into shares under the Deferred Annual Bonus Plan ('DABP') subject to continued employment only. Dividend equivalents provision applies to DABP awards. Recovery and withholding provisions apply, described on page 100.	Maximum 150% of salary as determined by the Committee.	Financial measures will normally represent the majority of the bonus, with strategic or operational 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 for any exceptional events (including acquisitions or disposals) that may occur 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 over the period.	The maximum annual bonus opportunity for the CEO will be 150% of base salary and for the COO and CFO will be 130% of base salary. The FY23 award will continue to be based on the following measures: • 75% linked to Operating profit. • 25% linked to Strategic milestones linked to our digital retailing strategic pillar. Further detail on these measures can be found on page 98.

Element	Overview of operation	Maximum opportunity	Performance assessment	Implementation for 2023
Performance Share Plan ('PSP')	Awards normally vest after three years subject to performance conditions and continued employment. Awards will normally be made annually under the PSP and will take the form of nil-cost options or conditional share awards. Executive Directors are required to retain vested shares delivered under the PSP for at least two years from the point of vesting. Recovery and withholding provisions apply, as described on page 100. A dividend equivalent provision applies.	Normal circumstances: maximum of 200% of salary as determined by the Committee. Exceptional circumstances: maximum of 300% of salary as determined by the Committee.	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.	PSP awards for the CEO will be made at 200% of base salary and, for the COO and CFO, 150% of base salary. The FY23 PSP award will be based on the following measures: • 70% linked to Operating profit growth. • 20% linked to Revenue growth. • 10% linked to Carbon reduction. • Awards will be subject to a diversity and inclusion underpin. Further detail on these measures can be found on page 99.
All-employee share plans: SIP & SAYE	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. Executive Directors will be eligible to participate on the same basis as other employees.	Maximum permitted based on HMRC limits from time to time.	N/A	No change.
Share ownership guidelines	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. 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 if it is not considered to be appropriate in the specific circumstance.	The minimum share ownership guideline is 200% of salary for current Executive Directors.	N/A	No change.

Additional information

FY23 Annual bonus

The maximum annual bonus opportunity for the CEO will be 150% of base salary and for the COO and CFO will be at 130% of base salary. Awards will be subject to the following performance measures and targets:

Measure	Weighting	Basis	Threshold (0% vesting)	Stretch (100% vesting)
Operating profit	75%	Operating profit for the year ended 31 March 2023.	£300m	£340m
Strategic targets	25%	Progress made against our digital retailing strategy. In assessing whether the target has been satisfied, the Committee will consider a range of quantitative and qualitative indicators to inform its decision, including the achievement of stretching strategic and operational milestones against our digital retailing strategic pillar, and measures relating to the engagement of car buyers and retailer customers.		

PSP awards in FY23

PSP awards for the CEO will be made at the level of 200% of base salary and PSP awards for the COO and CFO will be made at the level of 150% of base salary. Awards will be subject to the following performance measures and targets:

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 2025.[1]	5.5%	10.5%
Revenue growth	20%	Revenue compound annual growth rate for the three years ended 31 March 2025.[1]	5.5%	10.5%
Carbon reduction	10%	Reduction of carbon emissions by 31 March 2025.[2]	23%	36%
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[3] 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, the Committee would consider whether a discretionary reduction in the number of shares vesting was required.		

1. Compound annual growth rate targets have been set as three-year growth targets with reference to performance for 31 March 2022 as the base year.
2. 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 2022 (the base year) have been independently verified. Refer to page 45 for further details.
3. Leadership is defined as OLT and OLT-1.

The Committee set these targets taking into account internal and external expectations of performance and organic growth of the business. The Committee believes that these targets are appropriately stretching. For performance between the threshold and stretch targets, vesting will be calculated on a pro-rata basis. There is no vesting for performance below the threshold target.

Each element will be assessed independently of the other at the end of the performance period. In line with best practice and shareholder expectations the Committee will then consider the wider context and retains the discretion to adjust the payout from the PSP 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.

UK Corporate Governance Code

The Directors' Remuneration Policy has been developed taking into account 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 as part of the Directors' Remuneration Policy in the 2021 Annual Report and Financial Statements.
- **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 FY23 PSP award includes Carbon reduction objectives with the vesting of the award subject to a diversity underpin.

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 in the event of the following negative events occurring within three years of the payment of a cash bonus, the grant date of an award under the DABP or the vesting date of PSP awards:

- a material misstatement of, or restatement to, the audited financial statements or other data;
- an error in calculation leading to over-payment of bonus;
- individual gross misconduct;
- serious reputational damage;
- corporate failure; or
- any other circumstance which the Committee considers is similar in nature or effect.

Should such an event be suspected, there will be a further two years in which the Committee may investigate the event. The amount to be recovered would generally be the excess payment over the amount which would otherwise be paid, and recovery may be satisfied in a variety of ways, including through the reduction of outstanding deferred awards, reduction of the net bonus or PSP vesting and seeking a cash repayment.

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 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.

Remuneration Policy for the Chair and Non-Executive Directors

Element	Overview of operation	Implementation for 2023
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 his 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.	Fees were reviewed and will be increased by 5% with effect from 1 July 2022 as follows: **Base fees** • Chair: £197,078 • Non-Executive Directors: £60,861 **Additional fees** • SID: £10,433 • Audit Committee Chair: £10,433 • Remuneration Committee Chair: £10,433 • Corporate Responsibility Committee Chair: £10,433 There is no additional fee payable to the Chair of the Nomination Committee as the Chair of the Board is currently Chair of the Nomination Committee.

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
Ed Williams	6 March 2021	5 March 2024
David Keens	1 May 2021	30 April 2024
Jill Easterbrook	1 July 2021	30 June 2024
Jeni Mundy	1 March 2022	28 February 2025
Sigga Sigurdardottir	1 November 2019	31 October 2022
Jasvinder Gakhal	1 January 2022	31 December 2024

Single figure of remuneration for the year ended 31 March 2022 (audited)

The table below shows the aggregate emoluments earned by the Directors of the Company in the year ended 31 March 2022.

£'000	Salary and fees	Benefits	Other	Annual bonus	Long-term incentives[2]	Pension	Total fixed remuneration	Total variable remuneration	Total
Executive									
Nathan Coe	**577**	**1**	**–**	**652**	**457**	**40**	**618**	**1,108**	**1,727**
Catherine Faiers[1]	**320**	**1**	**–**	**313**	**318**	**21**	**342**	**631**	**973**
Jamie Warner	**335**	**1**	**1**[3]	**328**	**109**[4]	**23**	**360**	**437**	**797**
Non-Executive									
Ed Williams	**187**	**–**	**–**	**–**	**–**	**–**	**187**	**–**	**187**
David Keens	**77**	**–**	**–**	**–**	**–**	**–**	**77**	**–**	**77**
Jill Easterbrook	**68**	**–**	**–**	**–**	**–**	**–**	**68**	**–**	**68**
Jeni Mundy	**68**	**–**	**–**	**–**	**–**	**–**	**68**	**–**	**68**
Sigga Sigurdardottir	**58**	**–**	**–**	**–**	**–**	**–**	**58**	**–**	**58**
Jasvinder Gakhal[5]	**14**	**–**	**–**	**–**	**–**	**–**	**14**	**–**	**14**

1. Catherine Faiers works a 4.5 day working week and her salary has been pro-rated accordingly.
2. 50.1% of PSP awards granted in 2019 will vest in 2022 for performance over the three-year period to 31 March 2022. For the purpose of the single figure the vested shares have been valued based on the three-month average share price to 31 March 2022 of 663.06p. Dividend equivalents to the value of £11,027 for Nathan Coe, £7,672 for Catherine Faiers and £2,612 for Jamie Warner have also been included. 15% of the vested value is due to share price growth of 18% since the date of award. No discretion was exercised in relation to share price appreciation.
3. Jamie Warner was granted 1,009 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 £1,484 and has been included in the 'Other' column above.
4. Jamie Warner's long-term incentive vesting in the year was granted before he joined the plc Board.
5. Jasvinder Gakhal was appointed to the Board on 1 January 2022.

Single figure of remuneration for the year ended 31 March 2021 (audited)

The table below shows the aggregate emoluments earned by the Directors of the Company in the year ended 31 March 2021.

£'000	Salary and fees[1]	Benefits	Other	Annual bonus[2]	Long-term incentives[3]	Pension	Total fixed remuneration	Total variable remuneration	Total
Executive									
Nathan Coe	497	1	–	–	–	25	523	–	523
Catherine Faiers	286	1	–	–	–	14	301	–	301
Jamie Warner[4]	289	1	1	–	–	14	305	–	305
Non-Executive									
Ed Williams	138	–	–	–	–	–	138	–	138
David Keens	57	–	–	–	–	–	57	–	57
Jill Easterbrook	58	–	–	–	–	–	58	–	58
Jeni Mundy	52	–	–	–	–	–	52	–	52
Sigga Sigurdardottir	50	–	–	–	–	–	50	–	50

1. Base salary and fees were reduced for a portion of the year due to the impact of COVID-19 as described overleaf. Furthermore, Catherine Faiers has reduced to a 4.5 day working week from 1 September 2020 and her salary has been pro-rated accordingly.
2. In response to the COVID-19 outbreak, no annual bonus plan operated for FY21.
3. PSP awards granted in 2018 did not vest, as the threshold performance was not met.
4. Jamie Warner was granted 1,345 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 £1,485 and has been included in the 'Other' column above.

Additional information to support the single figure

Base salary

In light of the impact of COVID-19 on the business and the wider workforce, our Executive Directors forewent 50% of their salary from 1 April 2020 to 1 July 2020. The Chair and Senior Independent Director (David Keens) waived their fees entirely during that period, and the remainder of the Board waived its fees by 50% during the same period. With a return to higher levels of revenue and profit, salaries and fees were returned to normal levels from 1 July 2020. The figures shown in the Single Total Figure of Remuneration table for the year ended 31 March 2021 on the previous page reflect these changes.

Benefits

Benefits include: private healthcare, life assurance and income protection insurance.

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. As disclosed last year, this increased from 5% of salary for the year ended 31 March 2021 following a review of wider workforce pension arrangements.

Annual bonus for the year ended 31 March 2022

The performance measures, targets and performance outcomes for the annual bonus for the year ended 31 March 2022 are shown in the following table:

Performance measures		Weighting	Threshold	Stretch	Actual performance	Payout (as a % of maximum)
Financial	Operating profit	75%	Below or equal to £260m	Equal to or above £300m	£304m	100%
Strategic targets	Milestones linked to our digital car buying strategy	25%	Below 1,750	Above 2,500	Below 1,750	0%
Total						75%

During 2022, Operating profit exceeded the stretch target and so this part of the annual bonus will be paid out in full. Operating profit is a key performance indicator of the business and the Board believes continuing to deliver Operating profit performance will generate long-term value for shareholders.

In 2021, the Committee decided that 25% of the annual bonus would be determined based on measures relating to the take up of our digital retailing products by retailers, measured by the number of instances paid for by retailers of our digital retailing components. However, since these strategic targets were set, the approach to digital retailing has changed. Where we had originally planned to launch and monetise the individual components of the transaction, we have pivoted to now bring all products into a full end-to-end digital retailing deal builder journey which we will then monetise, and therefore the threshold was not achieved and this part of the annual bonus will not result in a payout.

Performance Share Plan vesting for year ended 31 March 2022

The PSP award granted in 2019 was based on performance to 31 March 2022. 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 Compound annual growth rate for the three years ended 31 March 2022	75%	6.5% p.a.	Equal to or above 11% p.a.	7.6%	43.3%
Total Group revenue Compound annual growth rate for the three years ended 31 March 2022	25%	5% p.a.	Equal to or above 8% p.a.	6.8%	70.3%
Total vesting					50.1%

The Committee reviewed the formulaic outcome under the annual bonus and PSP and considered the overall bonus outcome and PSP vesting level for the year to be appropriate and so did not exercise any discretion in relation to outcomes for Executive Directors. In line with the Policy, the Committee has the ability to exercise malus and clawback with regards to incentive awards in certain circumstances as outlined in the Policy.

Overall, the Committee considers that the Remuneration Policy has operated as it was intended during 2021/22. 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	198,935	200%	£1,136,000	25%	1 April 2021 to 31 March 2024
Catherine Faiers	82,743	150%	£472,500	25%	1 April 2021 to 31 March 2024
Jamie Warner	86,683	150%	£495,000	25%	1 April 2021 to 31 March 2024

1. PSP awards will normally be eligible to vest three years from grant (17 June 2021) based on performance over the three years to 31 March 2024 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 (17 June 2021) of 571.0p. 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.

The performance conditions applying to the 2021 PSP awards shown in the table above are set out below:

Measure	Weighting	Basis	Threshold (25% vesting)	Stretch (100% vesting)
Operating profit	75%	Operating profit compound annual growth rate for the three years ended 31 March 2024.	5.5%	11%
Revenue growth	12.5%	Revenue compound annual growth rate for the three years ended 31 March 2024.	5%	9%
Diversity	12.5%	Progress made in respect of a basket of Diversity objectives by March 2024, including: • 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%. The Committee will determine the payout in relation to the Diversity measures in the round taking into account the progress made against the key objectives as set out above, considering 'how' performance has been achieved as well as 'what' performance has been achieved.	N/A	N/A

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 2022. There have been no changes in these interests up until 26 May 2022.

Director	Beneficially owned shares[1]	Number of awards held under the PSP conditional on performance	Number of awards held under the DABP and Single Incentive Plan[2] 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 2022[3]
Executive Directors								
Nathan Coe	3,098,403	602,487	–	–	96,672	–	200%	3,384%
Catherine Faiers	51,327	342,167	–	–	–	–	200%	101%
Jamie Warner	26,216	275,172	4,496	2,354	–	3,971	200%	49%
Non-Executive Directors								
Ed Williams	5,375,444	–	–	–	–	–	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. The Single Incentive Plan operates for senior executives below the Board.
3. Based on the Director's salary and the mid-market price at close of business on 31 March 2022 of 632.80p. Includes net (after tax) of options vested but not exercised.

Payments to former Directors (audited)

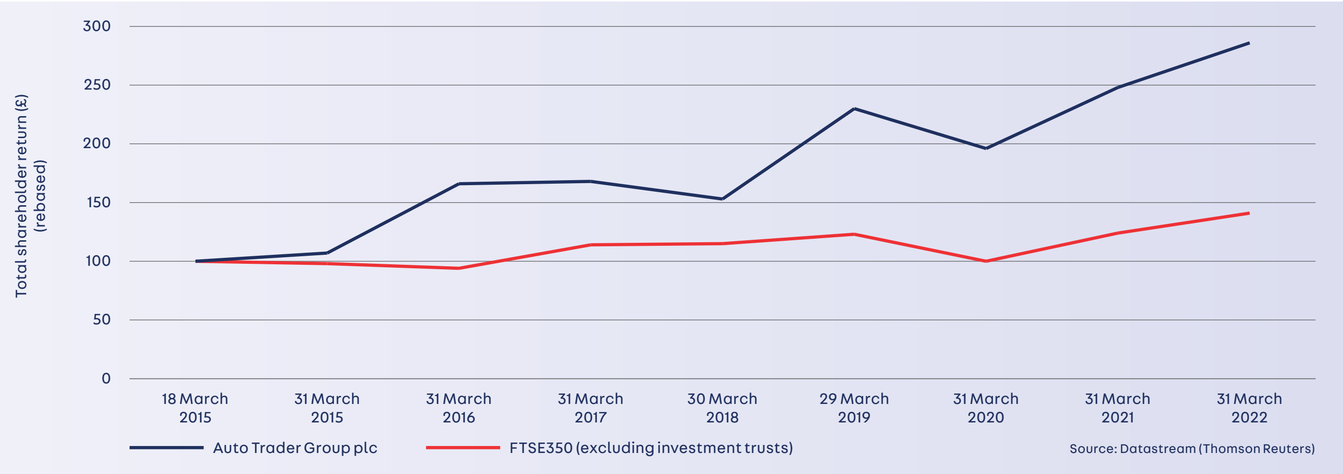
There were no payments made to former Directors during the year.

Payments for loss of office

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 FTSE350 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.

	2022	2021	2020[1,2]	2019	2018	2017	2016	2015[3]
CEO total remuneration (£'000)	**1,727**	523	1,659	2,052	2,929	980	1,339	20
Annual bonus (% of maximum)	**75%**	N/A[4]	N/A[5]	76.75%	50.3%	51.8%	100%	N/A[6]
PSP vesting (% of maximum)	**50%**	N/A[7]	73.6%	51.2%	100%	N/A[8]	N/A[8]	N/A[8]

1. 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. The 2020 CEO total remuneration has been updated to reflect the value of the PSP based on the share price on the date of vesting of 541.00p rather than the three-month average share price to 31 March 2020 of 529.38p.
3. From the date of Admission in March 2015.
4. No bonus plan operated in 2020/21.
5. The CEO elected to waive his bonus in respect of 2019/20.
6. Private company when bonus plan implemented in 2015.
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.

CEO pay ratio

The table below shows the ratio between the CEO's total single figure calculated as set out opposite and the median, lower and upper quartile total remuneration for our UK-based workforce. Our median all-employee to CEO pay ratio is 34.6:1.

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 2021 and 2022 has increased more significantly due to the fact that the CEO's single figure of remuneration in 2022 includes a full salary as well as both an annual bonus and a PSP award vesting. However, during FY21, the CEO waived 50% of his base salary for the first three months of the year, the annual bonus scheme did not operate, and the PSP awards did not vest in the year.

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
2022	**A**	**48:1**	**34.6:1**	**24.4:1**
2021	A	15.9:1	10.9:1	7.8:1
2020	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 2022, the salary for the P25 employee was £31,500 and total remuneration was £35,938. The salary for the P50 employee was £44,500 and total remuneration was £49,910. The salary for the P75 employee was £61,375 and total remuneration was £70,608.
- The P25, P50 and P75 employees were determined as at 31 March 2022 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 and share-based payments. Taxable benefits are based on the previous tax year (2020) for company cars and current tax year (2021) 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) are based on the date that the performance conditions were achieved, and valued using the three-month average share price to 31 March 2022 of 663.06p.
- 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.

Year-on-year change in pay for Directors compared to the average employee

In accordance with the new 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, and 2021 to 2022, compared to the average increase for the employees of the Group.

	2022-2021			2021-2020		
	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus
Executive Directors						
Nathan Coe[1,2]	**16%**	**(7%)**	**100%[8]**	26%	31%	(100%)
Catherine Faiers[1,3]	**12%**	**(7%)**	**100%[8]**	(11%)	43%	(100%)
Jamie Warner[1,4]	**16%**	**(7%)**	**100%[8]**	932%	1,477%	(100%)
Non-Executive Directors						
Ed Williams[1]	**36%**	**–**	**–**	(25%)	–	–
David Keens[1]	**35%**	**–**	**–**	(25%)	–	–
Jill Easterbrook[1]	**17%**	**–**	**–**	(13%)	–	–
Jeni Mundy[1,5]	**31%**	**–**	**–**	(9%)	–	–
Sigga Sigurdardottir[1,6]	**16%**	**–**	**–**	108%	–	–
Jasvinder Gakhal[1,7]	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Average employee	**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 FY20 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 FY20 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 FY20 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 last year.

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.

	2022 £m	2021 £m	% change
Employee costs (see note 7 to the consolidated financial statements)	**69.8**	59.9	17%
Average number of employees (see note 7 to the consolidated financial statements)	**960**	908	6%
Revenue (see Consolidated income statement)	**432.7**	262.8	65%
Operating profit	**303.6**	161.2	88%
Dividends paid and share buybacks (see notes 24 and 26 to the consolidated financial statements)	**237.1**	–	–

Fees for the Chair and Non-Executive Directors

Fees for the Chair and Non-Executive Directors were reviewed in early 2022 and will be increased by 5% with effect from 1 July 2022. The following table sets out the new fees in financial year 2023 compared to those which applied in financial year 2022.

Base fees	FY23	FY22	Percentage change
Chair	**£197,078**	£187,693	5%
Non-Executive Director	**£60,861**	£57,963	5%
Additional fees			
Senior Independent Director	**£10,433**	£9,936	5%
Audit Committee Chair	**£10,433**	£9,936	5%
Remuneration Committee Chair	**£10,433**	£9,936	5%
Corporate Responsibility Committee Chair	**£10,433**	£9,936	5%

Service contracts for Executive Directors

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.

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. 0.99% 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 2022, the Trust held 358,158 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. The Chair of the Board would approve any such directorships in advance to ensure that there was no conflict of interest.

Membership of the Committee
Jill Easterbrook is the Committee Chair, and its other members are David Keens, Jeni Mundy, Sigga Sigurdardottir and Jasvinder Gakhal. Refer to pages 71 and 94 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 £40,805 excluding VAT for advice provided to the Committee. Deloitte provided additional services to the Company in relation to internal audit, risk 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
2021 AGM: Annual Report on Remuneration (advisory)	746,866,155	97.27%	20,922,290	2,73%	14,406
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
26 May 2022

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 2022.

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 involvement	Strategic report: Make a difference (page 51)
Employees with disabilities	Strategic report: Make a difference (page 53)
Financial instruments	Financial statements: Note 2 to the consolidated financial statements (page 128)
Future developments of the business	Strategic report: Our purpose-driven strategy (page 17)
Greenhouse gas emissions	Strategic report: Make a difference (page 45)
Non-financial reporting	Strategic report: Non-financial information statement (page 18)

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 24 to the consolidated financial statements (page 149)
Directors' interests	Governance: Directors' remuneration report (page 103)
Significant shareholders	Governance: Directors' report (page 110)
Going concern	Strategic report: Principal risks and uncertainties (pages 68 and 69)
Long-term incentive schemes	Governance: Directors' remuneration report (pages 97 to 107)
Powers for the Company to buy back its shares	Governance: Directors' report (page 109)
Significant contracts	Governance: Directors' report (page 110)
Significant related party agreements	Governance: Directors' report (page 110)
Statement of corporate governance	Governance: Corporate governance statement (pages 76 to 81)

Management report
This Directors' report, on pages 108 to 111, together with the Strategic report on pages 2 to 69, form the Management Report for the purposes of DTR 4.1.5R.

Strategic report
The Strategic report, which can be found on pages 2 to 69, sets out the Group's strategy, objectives and business model; the development, performance and position of the Group's business (including financial and operating key performance indicators); a description of the principal risks and uncertainties; and the main trends and factors likely to affect the future development, performance and position of the Group's business.

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 76 to 107; all of which form part of this Directors' report and are incorporated into it by reference.

2022 Annual General Meeting
The 2022 AGM will take place at 10:00am on Thursday 15 September 2022 at the Company's registered office at 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 2022, and to the date of approving this report unless otherwise stated:

- Ed Williams.
- Nathan Coe.
- Catherine Faiers.
- Jamie Warner.
- David Keens.
- Jill Easterbrook.
- Jeni Mundy.
- Sigga Sigurdardottir.
- Jasvinder Gakhal (appointed 1 January 2022).

All Directors will stand for election or re-election at the 2022 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 119 to 168.

The Company declared an interim dividend on 11 November 2021 of 2.7 pence per share which was paid on 28 January 2022.

The Directors recommend payment of a final dividend of 5.5 pence per share (2021: 5.0 pence) to be paid on 23 September 2022 to shareholders on the register of members at the close of business on 26 August 2022, subject to approval at the 2022 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.

During the year, 63,795 additional shares were allotted for a consideration of £3.05 per share in relation to the exercise of share options under the Company's SAYE scheme. A further 2,615 additional shares were allotted in relation to a nil cost discretionary award.

The issued share capital of the Company as at 31 March 2022 comprised 946,892,976 shares of £0.01 each, and 3,826,928 shares were held in treasury. As at 26 May 2022, the issued share capital of the Company comprises 946,905,869 shares of £0.01 each, and 3,787,486 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 24 to the Group's financial statements. All the information detailed in note 24 forms part of this Directors' report and is incorporated into it by reference.

Details of employee share schemes are provided in note 28 to the Group 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 2021 AGM, special resolution 16 conferred upon Directors the authority to allot ordinary shares up to a maximum nominal amount of £483,393 (48,339,300 shares), for cash, on a non-pre-emptive basis.

In the Notice of the 2022 AGM (the 'AGM Notice'), ordinary resolution 15 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 16 and 17 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 16 and 17 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 35, the Company intends to continue its share buyback programme, under the authority passed at the 2021 AGM under which the Company is authorised to make market purchases of up to a maximum of 10% (96,678,535 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.

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.

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 Group 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. Since 30 September 2013, the Group has changed its approach to technology development such that the Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements, and as a result the amount of capitalised development costs has decreased as less expenditure 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 2022. 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 Make a difference section on page 45 and forms part of this report by reference.

Political donations
There were no political donations made during the year or the previous year.

Commitment to acquire Autorama (UK) Limited
The Group has agreed to acquire, subject to regulatory approvals which at the date of this report had not all been received, the share capital of Autorama (UK) Limited. The transaction is expected to complete in the first half of financial year 2023. Auto Trader will pay initial consideration of £150m in cash, with a further £50m of deferred consideration to be settled in shares subject to customary performance conditions 12 months after the completion date. Once issued, the shares will vest over a period of two years in two 12-month instalments. At 31 December 2021, Autorama had £27m of gross assets and for the calendar year 2021, made net revenue of £26m, selling c.14,500 vehicles and had an EBITDA loss of £6m, which included marketing costs of over £9m.

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 2022		At 26 May 2022	
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.	127,991,231	13.53%	127,991,231	13.53%
Kayne Anderson Rudnick Investment Management LLC.	66,149,562	6.99%	66,149,562	6.99%
Baillie Gifford & Co.	47,482,549	5.01%	56,107,221	5.95%

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 30 to the consolidated financial statements.

Disclosure of information to auditors
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 auditors are 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 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, in conformity with the requirements of the Companies Act 2006 and applicable law. They have elected to prepare the parent company financial statements in accordance 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 addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R and the requirements of UK-adopted international accounting standards, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation and EU ESEF Regulation.

The auditor's report on these financial statements provides no assurance over the ESEF format.

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 and 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.

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 Annual Report
The Strategic report and the Corporate governance report were approved by the Board on 26 May 2022.

Approved by the Board and signed on its behalf.

Claire Baty
Company Secretary
26 May 2022

1. Our opinion is unmodified

We have audited the financial statements of Auto Trader Group plc ('the Company') for the year ended 31 March 2022 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company balance sheet and Company statement of changes in equity, and the related notes, including the accounting policies.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2022 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-adopted international accounting standards (including FRS 101) and as applied in accordance with the provisions of the Companies Act 2006.
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 22 September 2016. The period of total uninterrupted engagement is for the six financial years ended 31 March 2022. 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.

No non-audit services prohibited by that standard were provided.

Overview	
Materiality: Group financial statements as a whole	£15.0m (2021: £7.8m) 5.0% (2021: 5.0%) of Group profit before tax
Coverage	98% (2021: 99%) of Group profit before tax

Key audit matters		vs 2021
Recurring risks	Revenue recognition (Trade Revenue)	▼
	Parent company: Recoverability of parent company's investment in subsidiary	◀▶

2. Key audit matters: our assessment of risks of material misstatement

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 summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Revenue recognition (Trade revenue: £388.3m; 2021: £225.2m) Refer to page 84 (Report of the Audit Committee), page 126 (accounting policy) and page 134 (financial disclosures).	**Data processing error** 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. In the prior year, we identified a significant fraud risk of material misstatement relating to Trade revenue. In prior years, there was a greater volume of pricing changes for certain customer arrangements as a result of the economic effect of COVID-19 restrictions, which increased the risk of whether revenue was recognised appropriately where changes had been made. In the current year, this has not been the case and we have not identified a significant fraud risk. Based on our cumulative audit experience, we have concluded that there is not material judgement or estimation in revenue recognition and no significant opportunity for fraudulent material misstatement, given the low value and high volume of individual transactions. We continue to consider Trade 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.	We performed the tests below rather than seeking to rely significantly on the Group's controls, other than bank reconciliations, because the nature of the Group's Trade revenue is such that we are able to obtain sufficient audit evidence through substantive audit procedures. Our procedures included: • **test of control:** 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; • **test of detail:** inspecting contractual terms, including modifications 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 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:** inspecting the level of credit notes raised during the year and after the year end to assess the adequacy of the credit note provision and to confirm that revenue recognised in the year is not reversed subsequent to year end; • **tests of detail:** using sampling techniques to test that accrued income (being uninvoiced trade receivables) has been earned in the year and is accurately recorded; and • **analytic sampling:** obtaining all journals posted to revenue and, using computer assisted audit techniques, analysing those entries with unusual attributes or those with corresponding postings to unexpected accounts. Agreeing any journals identified to relevant supporting documentation. **Our results:** We found the amount of revenue recognised to be acceptable (2021: acceptable).

2. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Recoverability of parent company's investment in subsidiary (£1,224.9m; 2021: £1,221.2m) Refer to page 84 (Report of the Audit Committee), page 165 (accounting policy) and page 166 (financial disclosures).	**Low risk, high value** The carrying amount of the parent company's investment in subsidiary represents 71% (2021: 71%) of the parent company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	We performed the test 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 included: • **comparing valuations:** Comparing the carrying amount of the investment to the market capitalisation of the Group, as a test for an indication of impairment, as all of the Group's trading operations are contained within the subsidiary and its subgroup; • **tests of detail:** Comparing the carrying amount of the investment with the relevant subsidiary's draft balance sheet to identify whether its net assets, being an approximation of its minimum recoverable amount, were in excess of its carrying amount and assessing whether the subsidiary has historically been profit-making; and • **assessing transparency:** Assessing the sufficiency of the Company's disclosure in respect of the recoverability of its investment in subsidiary. **Our results:** We found the Company's conclusion that there is no indication of impairment of its investment in subsidiary to be acceptable (2021: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £15.0m (2021: £7.8m), determined with reference to a benchmark of Group profit before tax of £301.0m (2021: £157.4m), of which it represents 5.0% (2021: 5.0%). The increase in materiality compared with the prior year is consistent with the increase in the profit before tax benchmark.

Materiality for the parent company financial statements as a whole was set at £6.1m (2021: £6.4m), determined with reference to a benchmark of Company total assets, of which it represents 0.5% (2021: 0.5%).

In line with our audit methodology, 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.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £11.3m (2021: £5.9m) for the Group and £4.6m (2021: £4.8m) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.8m (2021: £0.4m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

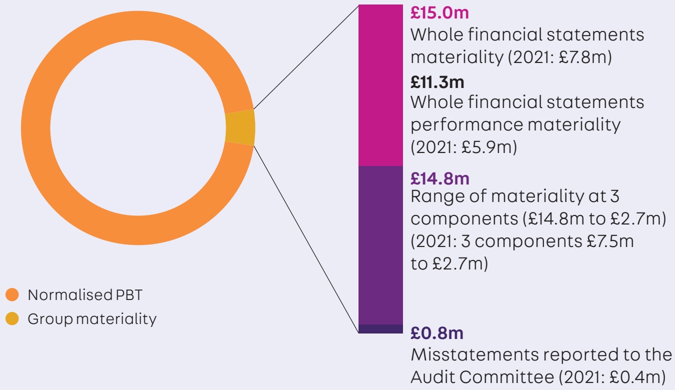
Of the Group's 5 (2021: 6) reporting components, we subjected 3 (2021: 3) to full scope audits for Group purposes. The work on these components was performed by the Group team. The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 3% (2021: 4%) of total Group revenue, 2% (2021: 1%) of Group profit before tax and 1% (2021: 1%) of total Group assets is represented by 2 (2021: 3) reporting components, none of which individually represented more than 2% (2021: 2%) of any of total Group revenue, Group profit before tax or total Group assets. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

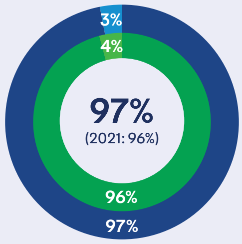
The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

Group profit before tax
£301.0m (2021: £157.4m)

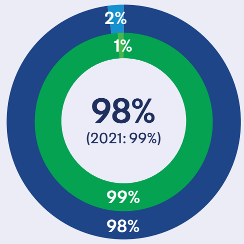
Group materiality
£15.0m (2021: £7.8m)



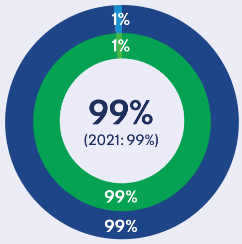
Group revenue



Group profit before tax



Group total assets



- Full scope for Group audit purposes 2022
- Residual components 2022
- Full scope for Group audit purposes 2021
- Residual components 2021

4. 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.

As part of our audit we performed a risk assessment of the impact of climate change risk and the commitments made by the Group in respect of climate change on the financial statements and our audit approach.

We concluded that climate risk has no significant effect this year on the financial statements due to the nature of the Group's current business operations, solvency of the Group, and, in particular, the headroom between the carrying value and recoverable amount of goodwill and parent company investment. As a result there was no impact from climate risk on our key audit matters.

We have read the disclosure of climate related information in the front half of the Annual Report and considered its consistency with the financial statements and our audit knowledge. There were no matters to report in respect of this procedure.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the 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').

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 risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was 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 the 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.

5. Going concern continued

Our conclusions based on this work:
- 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 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 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 108 is materially consistent with the financial statements and our audit knowledge.

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 Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud
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 minutes;
- considering remuneration incentive schemes and performance targets for management, such as the Group's share based incentive schemes; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account performance incentives and 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. 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 no significant opportunity for fraudulent material misstatement, given the low value and high volume of individual transactions.

We did not identify any additional 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 unusual accounts and those posted with unusual descriptions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
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.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the 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.

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: the General Data Protection Regulation, competition law, employment law, anti-bribery and anti-corruption, money laundering legislation and certain aspects of company legislation recognising the regulated nature of the Group's activities and its legal form. 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 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 these 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.

7. We have nothing to report on the 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.

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 in the other information.

Strategic report and directors' report
Based solely on our work on the other information:
- 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
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability
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 (page 68) 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 68, under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

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 Company's longer-term viability.

7. We have nothing to report on the other information in the Annual Report continued

Corporate governance disclosures
We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:
- 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.

We are 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.

8. We have nothing to report on the other matters on which we are required to report by exception

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.

9. Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 111, 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 using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

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
26 May 2022

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Revenue	5	**432.7**	262.8
Administrative expenses		**(132.0)**	(104.0)
Share of profit from joint ventures	15	**2.9**	2.4
Operating profit	6	**303.6**	161.2
Net finance costs	9	**(2.6)**	(3.8)
Profit before taxation		**301.0**	157.4
Taxation	10	**(56.3)**	(29.6)
Profit for the year attributable to equity holders of the parent		**244.7**	127.8
Basic earnings per share (pence)	11	**25.61**	13.24
Diluted earnings per share (pence)	11	**25.56**	13.21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Profit for the year		**244.7**	127.8
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**0.2**	(0.2)
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations, net of tax	23	**0.2**	1.6
Other comprehensive income for the year, net of tax		**0.4**	1.4
Total comprehensive income for the year attributable to equity holders of the parent		**245.1**	129.2

CONSOLIDATED BALANCE SHEET
At 31 March 2022

	Note	2022 £m	2021 £m
Assets			
Non-current assets			
Intangible assets	12	**355.6**	358.2
Property, plant and equipment	13	**14.7**	11.2
Deferred taxation assets	22	**1.4**	1.7
Retirement benefit surplus	23	**3.7**	3.2
Net investments in joint ventures	15	**49.7**	54.6
		425.1	428.9
Current assets			
Trade and other receivables	17	**65.9**	59.6
Current income tax assets		**0.6**	0.3
Cash and cash equivalents	18	**51.3**	45.7
		117.8	105.6
Total assets		**542.9**	534.5
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	24	**9.5**	9.7
Share premium	24	**182.6**	182.4
Retained earnings		**1,332.4**	1,307.3
Own shares held	25	**(22.4)**	(10.7)
Capital reorganisation reserve		**(1,060.8)**	(1,060.8)
Capital redemption reserve		**1.0**	0.8
Other reserves		**30.2**	30.0
Total equity		**472.5**	458.7
Liabilities			
Non-current liabilities			
Borrowings	20	**–**	27.6
Provisions for other liabilities and charges	21	**1.3**	1.1
Lease liabilities	14	**6.5**	5.0
Deferred income	5	**8.9**	9.4
Deferred consideration	29	**–**	7.9
		16.7	51.0
Current liabilities			
Trade and other payables	19	**42.0**	21.8
Provisions for other liabilities and charges	21	**0.7**	0.5
Lease liabilities	14	**3.0**	2.5
Deferred consideration	29	**8.0**	–
		53.7	24.8
Total liabilities		**70.4**	75.8
Total equity and liabilities		**542.9**	534.5

The financial statements were approved by the Board of Directors on 26 May 2022 and authorised for issue:

Jamie Warner
Chief Financial Officer
Auto Trader Group plc
Registered number: 09439967
26 May 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2022

	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 2020		**9.2**	**–**	**1,180.1**	**(17.9)**	**(1,060.8)**	**0.8**	**30.2**	**141.6**
Profit for the year		–	–	127.8	–	–	–	–	127.8
Other comprehensive income:									
Currency translation differences		–	–	–	–	–	–	(0.2)	(0.2)
Remeasurements of post-employment benefit obligations, net of tax	23	–	–	1.6	–	–	–	–	1.6
Total comprehensive income, net of tax		–	–	129.4	–	–	–	(0.2)	129.2
Transactions with owners									
Employee share schemes – value of employee services	28	–	–	3.3	–	–	–	–	3.3
Exercise of employee share schemes		–	–	(6.0)	7.0	–	–	–	1.0
Transfer of shares from ESOT	25	–	–	(0.2)	0.2	–	–	–	–
Tax impact of employee share schemes		–	–	0.7	–	–	–	–	0.7
Issue of ordinary shares	24	0.5	182.4	–	–	–	–	–	182.9
Total transactions with owners, recognised directly in equity		0.5	182.4	(2.2)	7.2	–	–	–	187.9
Balance at 31 March 2021		**9.7**	**182.4**	**1,307.3**	**(10.7)**	**(1,060.8)**	**0.8**	**30.0**	**458.7**
Profit for the year		–	–	244.7	–	–	–	–	244.7
Other comprehensive income:									
Currency translation differences		–	–	–	–	–	–	0.2	0.2
Remeasurements of post-employment benefit obligations, net of tax	23	–	–	0.2	–	–	–	–	0.2
Total comprehensive income, net of tax		–	–	244.9	–	–	–	0.2	245.1
Transactions with owners									
Employee share schemes – value of employee services	28	–	–	5.1	–	–	–	–	5.1
Exercise of employee share schemes		–	–	(4.8)	6.0	–	–	–	1.2
Transfer of shares from ESOT	25	–	–	(0.1)	0.1	–	–	–	–
Tax impact of employee share schemes		–	–	0.1	–	–	–	–	0.1
Purchase of own shares for treasury		–	–	–	(17.8)	–	–	–	(17.8)
Purchase of own shares for cancellation		(0.2)	–	(146.5)	–	–	0.2	–	(146.5)
Issue of ordinary shares	24	–	0.2	–	–	–	–	–	0.2
Dividends paid		–	–	(73.6)	–	–	–	–	(73.6)
Total transactions with owners, recognised directly in equity		(0.2)	0.2	(219.8)	(11.7)	–	0.2	–	(231.3)
Balance at 31 March 2022		**9.5**	**182.6**	**1,332.4**	**(22.4)**	**(1,060.8)**	**1.0**	**30.2**	**472.5**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Cash flows from operating activities			
Cash generated from operations	27	**328.1**	152.9
Income taxes paid		**(56.2)**	(28.2)
Net cash generated from operating activities		**271.9**	124.7
Cash flows from investing activities			
Purchases of intangible assets – software		**–**	(0.1)
Purchases of property, plant and equipment		**(2.8)**	(1.3)
Dividends received from joint ventures		**7.8**	–
Payment for acquisition of subsidiary, net of cash acquired	29	**–**	(10.0)
Net cash used in investing activities		**5.0**	(11.4)
Cash flows from financing activities			
Dividends paid to Company's shareholders	26	**(73.6)**	–
Drawdown of Syndicated revolving credit facility	20	**–**	64.5
Repayment of Syndicated revolving credit facility	20	**(30.0)**	(347.5)
Payment of refinancing fees	20	**–**	(0.5)
Payment of interest on borrowings	31	**(1.5)**	(3.0)
Payment of lease liabilities	31	**(3.2)**	(2.5)
Purchase of own shares for cancellation	24	**(145.8)**	–
Purchase of own shares for treasury	25	**(17.7)**	–
Payment of fees on purchase of own shares		**(0.8)**	–
Proceeds from the issue of shares net of bookrunner fees	24	**–**	183.2
Payment of fees on issue of own shares	24	**–**	(0.3)
Contributions to defined benefit pension scheme	23	**(0.1)**	(0.1)
Proceeds from exercise of share-based incentives		**1.4**	1.0
Net cash used in financing activities		**(271.3)**	(105.2)
Net increase in cash and cash equivalents		**5.6**	8.1
Cash and cash equivalents at beginning of year	18	**45.7**	37.6
Cash and cash equivalents at end of year	18	**51.3**	45.7

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 2022 comprise the Company and its interest in subsidiaries (together referred to as 'the Group').

The consolidated financial statements of the Group as at and for the year ended 31 March 2022 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 international accounting standards in conformity 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.

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.

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 2022 the Group has continued to generate significant cash from operations. The Group has an overall positive net asset position and had cash balances of £51.3m at 31 March 2022 (2021: £45.7m). During the year £237.1m was returned to shareholders through share buybacks and dividends (2021: nil).

The Group has access to a Syndicated revolving credit facility (the 'Syndicated RCF').At 31 March 2022 the Group had nil (2021: £30m) drawn of its £250m Syndicated RCF. The £250m Syndicated RCF is committed until June 2023, when it reduces to £197.8m through to maturity in June 2025.

Cash flow projections for a period of not less than 12 months from the date of this report have been prepared and include the capital commitment to acquire Autorama (UK) Limited given the likelihood of the event. Stress case scenarios have been modelled to make the assessment of going concern, taking into account severe but plausible potential impacts of a returning pandemic, a data breach and banning the sale of diesel cars. 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 IFRS 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 which are critical to the reporting of results of operations and financial position.

The accounting estimates and judgements believed to require the most subjectivity or complexity are as follows:

Carrying values of goodwill
The Group tests annually whether goodwill, held by the Group or its joint venture, has suffered any impairment in accordance with the accounting policy stated within note 2. Judgement is required in the identification and allocation of goodwill to cash-generating units. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates (note 12).

Recoverability of financial assets
IFRS 9 prescribes that historical expected credit losses should be adjusted for forward-looking information to reflect macro-economic and market conditions. Used car pricing could potentially decline after significant price growth throughout the financial year ended 31 March 2022; this may have an adverse effect on the cash flows of retailers and is likely to increase credit risk looking forward as less profit is made per vehicle sold.

Adjustments were made to the expected credit losses on financial assets to reflect this. Further details are set out in note 30.

Share-based payments
Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value and the Directors have therefore made estimates with regard to the inputs to that model. Estimation also arises over the number of share awards that are expected to vest, which is based whether non-market conditions are expected to be met (note 28).

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 2021:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

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 become mandatory in a subsequent accounting period including:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- IFRS 17 Insurance Contracts
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- 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 Income Taxes
- 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 significant impact on these consolidated financial statements.

2. Significant accounting policies continued

Existing significant accounting policies
The following accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2021.

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 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 utilising the Group's 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.

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 Motor Trade Delivery 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.

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.

(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 receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

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.

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. 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 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.

2. Significant accounting policies continued

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.

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

Under IFRS 9, on initial recognition, a financial asset is classified and measured at: amortised cost, fair value through profit or loss or fair value though other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 has elected to measure loss allowances for trade receivables and accrued income at an amount equal to lifetime expected credit losses ('ECLs'). Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. 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.

When required, ECLs are adjusted to take into account macro-economic factors. At 31 March 2022 ECLs were adjusted for the macro-economic uncertainty around retailer profitability driven by used car price volatility. At 31 March 2021, ECLs were adjusted for the macro-economic uncertainty caused by COVID-19.

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.

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, 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, 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 five years) at the point at which they come into use.

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

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.

2. Significant accounting policies continued

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.

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, short-term deposits held on call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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 obligation under the liability is discharged, cancelled or expired. 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 de-recognition 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.

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.

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).

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.

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.

Foreign currency translation
a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. 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.

b) 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.

c) Group companies
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.

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.

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 99% of the Group's revenue and 97% of costs are sterling-denominated. As the amounts are not significant, no sensitivity analysis has been presented.

The Group operates in Ireland. Foreign currency-denominated net assets of overseas operations are not hedged as they represent a relatively small proportion of the Group's net assets. The Group operates a dividend policy, ensuring any surplus cash is remitted to the UK and translated into sterling, thereby minimising the impact of exchange rate volatility.

ii. Interest rate risk
The Group's interest rate risk arises from long-term borrowings under the Syndicated revolving credit facility 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 £0.0m (2021: £0.8m).

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 customers is analysed before standard payment terms and conditions are offered. Policies and procedures exist to ensure that existing customers have an appropriate credit history and a significant number of balances are prepaid or collected via direct debit. In March, more than 87.4% (2021: 87.4%) of the Group's Retailer customers paid via monthly direct debit, minimising the risk of non-payment.

Sales to private customers are primarily settled in advance using major debit or credit cards which removes the risk in this area.

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 30.

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 actions taken to support customers through the current economic uncertainty.

ii. Cash and cash equivalents
As at 31 March 2022, the Group held cash and cash equivalents of £51.3m (2021: £45.7m). 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 and to ensure 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 Group treasury manager. 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 £250.0m. The £250m RCF is committed until June 2023, when it reduces to £197.8m through to maturity in June 2025. The facility allows the Group access to cash at one working day's notice. At 31 March 2022, £nil was drawn under the Syndicated RCF.

Capital management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total bank debt and lease financing, less cash and cash equivalents as shown in note 18. Total equity is as shown in the Consolidated balance sheet.

The calculation of total capital is shown in the table below:

	2022 £m	2021 £m
Total net (cash)/debt	**(41.7)**	(10.3)
Total equity	**472.5**	458.7
Total capital	**430.8**	448.4

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 2022, the Group had borrowings of £nil (2021: £30.0m) through its Syndicated revolving credit facility. 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. 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 in the year, it has been determined that there is only one operating segment being the Group, as the information reported includes operating results at a consolidated Group level only. This reflects the nature of the business, where the major cost is to support the IT platforms upon which all of the Group's customers are serviced. These costs are borne centrally and are not attributable to any specific customer type or revenue stream. There is also considered to be only one reportable segment, which is the Group, the results of which are shown in the Consolidated income statement.

Management has determined that there is one operating and reporting segment based on the reports reviewed by the Operational Leadership Team ('OLT') which is the chief operating decision-maker ('CODM'). The OLT is made up of the Executive Directors and Key Management and is responsible for the strategic decision-making of the Group.

The OLT primarily uses the statutory measures of Revenue and Operating profit to assess the performance of the one operating segment. To assist in the analysis of the Group's revenue-generating trends, the OLT reviews revenue at a disaggregated level as detailed within note 5. The revenue from external parties reported to the OLT is measured in a manner consistent with that in the income statement.

A reconciliation of the segment's Operating profit to Profit before tax is shown below:

	2022 £m	2021 £m
Total segment Revenue	**432.7**	262.8
Total segment Operating profit	**303.6**	161.2
Finance costs – net	**(2.6)**	(3.8)
Profit before tax	**301.0**	157.4

4. Segmental information continued

Geographic information

The Group is domiciled in the UK and the following tables detail external revenue by location of customers, trade receivables and non-current assets (excluding deferred tax) by geographic area:

Revenue	2022 £m	2021 £m
UK	**427.8**	259.0
Ireland	**4.9**	3.8
Total revenue	**432.7**	262.8

Trade receivables	2022 £m	2021 £m
UK	**25.3**	23.1
Ireland	**0.4**	0.2
Total net trade receivables	**25.7**	23.3

Non-current assets (excluding deferred tax)	2022 £m	2021 £m
UK	**417.5**	420.9
Ireland	**6.2**	6.3
Total non-current assets (excluding deferred tax)	**423.7**	427.2

Due to the large number of customers the Group serves, there are no individual customers whose revenue is greater than 10% of the Group's total revenue in all periods presented in these financial statements.

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.

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	2022 £m	2021 £m
Retailer	**370.4**	211.9
Home Trader	**8.8**	6.3
Other	**9.1**	7.0
Trade	**388.3**	225.2
Consumer Services	**33.3**	26.6
Manufacturer and Agency	**11.1**	11.0
Total revenue	**432.7**	262.8

Contract balances

The following table provides information about receivables and contract assets and liabilities from contracts with customers.

	2022 £m	2021 £m
Receivables, which are included in trade and other receivables	**28.2**	26.2
Accrued income	**35.8**	34.4
Deferred income	**(11.9)**	(12.7)

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. £3.0m (2021: £3.3m) of the deferred income balance is classified as a current liability within trade and other payables (note 19). Included within deferred income is £9.5m (2021: £10.0m) relating to consideration received from Auto Trader Autostock Limited (which forms part of the Group's joint venture Dealer Auction) for the provision of data services (note 15). 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 (2021: £0.6m).

6. Operating profit

Operating profit is after (charging)/crediting the following:

	Note	2022 £m	2021 £m
Staff costs	7	**(69.8)**	(59.9)
Contractor costs		**–**	(0.1)
Depreciation of property, plant and equipment	13	**(4.6)**	(3.7)
Amortisation of intangible assets	12	**(2.6)**	(2.6)
(Loss)/Profit on sale of property, plant and equipment		**–**	(0.2)

Services provided by the Company's auditors
During the year, the Group (including overseas subsidiaries) obtained the following services from the operating company's auditors:

	2022 £m	2021 £m
Fees payable for the audit of the Company and consolidated financial statements	**0.1**	0.1
Fees payable for other services		
The audit of the subsidiary undertakings pursuant to legislation	**0.3**	0.2
Total	**0.4**	0.3

Fees payable for audit-related assurance services in the year were £43,841 (2021: £37,370). Fees payable for other non-audit services in the year were £nil (2021: £nil).

7. Employee numbers and costs

The average monthly number of employees (including Executive Directors but excluding third-party contractors) employed by the Group was as follows:

	2022 Number	2021 Number
Customer operations	**422**	442
Product and technology	**384**	334
Corporate	**154**	132
Total	**960**	908

The aggregate payroll costs of these persons were as follows:

	Note	2022 £m	2021 £m
Wages and salaries		**54.8**	48.3
Social security costs		**5.7**	5.0
Defined contribution pension costs	23	**3.2**	2.3
		63.7	55.6
Share-based payments and associated NI (note 28)	28	**6.1**	4.3
Total		**69.8**	59.9

Wages and salaries include £25.2m (2021: £21.8m) relating to the product and technology teams; these teams spend a significant proportion of their time on innovation of our product proposition and enhancements to the Group's platforms.

8. Directors and Key Management remuneration

The remuneration of Directors is disclosed in the Directors' remuneration report on pages 94 to 107:

Key Management compensation
During the year to 31 March 2022, Key Management comprised the members of the OLT (who are defined in note 4) and the Non-Executive Directors (2021: OLT and the Non-Executive Directors). The remuneration of all Key Management (including all Directors) was as follows:

	2022 £m	2021 £m
Short-term employee benefits	**4.1**	3.1
Share-based payments	**3.6**	2.0
Pension contributions	**0.2**	0.1
Total	**7.9**	5.2

9. Net finance costs

	2022 £m	2021 £m
On bank loans and overdrafts	**1.4**	2.9
Amortisation of debt issue costs	**1.0**	0.6
Interest unwind on lease liabilities	**0.2**	0.3
Interest charged on deferred consideration	**0.1**	0.1
Interest receivable on cash and cash equivalents	**(0.1)**	(0.1)
Total	**2.6**	3.8

10. Taxation

	2022 £m	2021 £m
Current taxation		
UK corporation taxation	**56.5**	28.8
Foreign taxation	**0.2**	–
Adjustments in respect of prior years	**(0.4)**	–
Total current taxation	**56.3**	28.8
Deferred taxation		
Origination and reversal of temporary differences	**0.3**	0.5
Effect of rate changes on opening balance	**0.2**	–
Adjustments in respect of prior years	**(0.5)**	0.3
Total deferred taxation	**–**	0.8
Total taxation charge	**56.3**	29.6

The taxation charge for the year is lower than (2021: lower than) the effective rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £m	2021 £m
Profit before taxation	**301.0**	157.4
Tax on profit at the standard UK corporation tax rate of 19% (2020: 19%)	**57.2**	29.9
Expenses not deductible for taxation purposes	**0.2**	0.1
Income not taxable	**–**	(0.7)
Adjustments in respect of foreign tax rates	**(0.1)**	–
Effect of rate change on deferred tax	**0.1**	–
Adjustments in respect of OCI group relief	**(0.2)**	–
Adjustments in respect of prior years	**(0.9)**	0.3
Total taxation charge	**56.3**	29.6

Taxation on items taken directly to equity was a credit of £0.1m (2021: £0.7m) relating to tax on share-based payments.

Tax recorded in equity within the Consolidated statement of comprehensive income was a charge of £0.2m (2021: £0.8m) relating to post-employment benefit obligations.

The tax charge for the year is based on the standard rate of UK corporation tax for the period of 19% (2021: 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.

On 10 June 2021, Royal Assent to the Finance Act was given to increase the UK corporation tax from 19% to 25% from 1 April 2023. Management has performed an assessment, for all material deferred income tax assets and liabilities, to determine the period over which the deferred income tax assets and liabilities are forecast to be realised, which has resulted in an average deferred income tax rate of 20% being used to measure all deferred tax balances as at 31 March 2022 (2021: 19%).

11. 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 2022			
Basic EPS	**955,532,888**	**244.7**	**25.61**
Diluted EPS	**957,534,145**	**244.7**	**25.56**
Year ended 31 March 2021			
Basic EPS	965,175,677	127.8	13.24
Diluted EPS	967,404,812	127.8	13.21

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:

	2022	2021
Issued ordinary shares at 1 April	**969,024,186**	922,540,474
Weighted effect of ordinary shares purchased for cancellation	**(9,573,664)**	–
Weighted effect of ordinary shares held in treasury	**(3,572,833)**	(3,123,323)
Weighted effect of shares held in the ESOT	**(371,316)**	(455,995)
Weighted effect of ordinary shares issued for share-based payments	**26,515**	842
Weighted effect of shares issued on 3 April 2020 equity raise	**–**	46,213,679
Weighted average number of shares for basic EPS	**955,532,888**	965,175,677
Dilutive impact of share options outstanding	**2,001,257**	2,229,135
Weighted average number of shares for diluted EPS	**957,534,145**	967,404,812

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 under the Sharesave scheme 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, Single Incentive Plan Award, 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.

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.

12. Intangible assets

Cost	Goodwill £m	Software and website development costs £m	Financial systems £m	Database £m	Other £m	Total £m
At 31 March 2020	444.5	9.3	13.1	8.5	18.1	**493.5**
Acquired through business combinations	13.6	5.5	–	–	–	**19.1**
Additions	–	0.1	–	–	–	**0.1**
Disposals	–	(0.4)	–	–	–	**(0.4)**
Exchange differences	(0.2)	(0.1)	–	–	(0.1)	**(0.4)**
At 31 March 2021	457.9	14.4	13.1	8.5	18.0	**511.9**
At 31 March 2022	**457.9**	**14.4**	**13.1**	**8.5**	**18.0**	**511.9**
Accumulated amortisation and impairments						
At 31 March 2020	117.0	7.5	12.2	0.3	14.6	**151.6**
Amortisation charge	–	1.3	0.6	0.6	0.1	**2.6**
Disposals	–	(0.4)	–	–	–	**(0.4)**
Exchange differences	–	(0.1)	–	–	–	**(0.1)**
At 31 March 2021	117.0	8.3	12.8	0.9	14.7	**153.7**
Amortisation charge	–	0.9	0.3	0.6	0.8	**2.6**
At 31 March 2022	**117.0**	**9.2**	**13.1**	**1.5**	**15.5**	**156.3**
Net book value at 31 March 2022	**340.9**	**5.2**	**–**	**7.0**	**2.5**	**355.6**
Net book value at 31 March 2021	**340.9**	**6.1**	**0.3**	**7.6**	**3.3**	**358.2**
Net book value at 31 March 2020	**327.5**	**1.8**	**0.9**	**8.2**	**3.5**	**341.9**

Other intangibles include customer relationships, technology, trade names, trademarks, non-compete agreements and brand assets. 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 (3 to 15 years). The longest estimated useful life remaining at 31 March 2022 is 13 years (31 March 2021: 14 years).

For the year to 31 March 2022, the amortisation charge of £2.6m (2021: £2.6m) has been charged to administrative expenses in the income statement. At 31 March 2022, there were no software and website development costs representing assets under construction (2021: £nil).

In accordance with International Financial Reporting 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.

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. Only one CGU exists in the Group, being the Digital CGU, as all cash inflows are underpinned by the core operating asset of the Auto Trader platform.

The recoverable amount of the CGU is determined from value-in-use calculations that use cash flow projections from the latest five-year plan. The carrying value of the CGU is the sum of goodwill, property, plant and equipment (including lease assets), intangibles and lease liabilities, as follows:

	2022 £m	2021 £m
Digital	**360.8**	360.5
Total	**360.8**	360.5

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.

Key assumptions 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 budgeted period of five years (2021: five years) are extrapolated using the estimated growth rate stated into perpetuity; a rate of 2.0% (2021: 3.0%) has been used. This is lower than the rate of inflation in the UK; given the current economic conditions, this is more reflective of the relative longer-term growth potential of the industry as a whole. Other than as included in the financial budgets, it is assumed that there are no material adverse changes in legislation that would affect the forecast cash flows.

The pre-tax discount rate used within the Digital recoverable amount calculations was 8.6% (2021: 9.1%) and is based upon the weighted average cost of capital reflecting specific principal risks and uncertainties. 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.

The key assumptions used for value-in-use calculations are as follows:

	2022	2021
Annual growth rate (after plan period)	**2.0%**	3.0%
Risk free rate of return	**0.9%**	0.8%
Market risk premium	**6.1%**	6.1%
Beta factor	**0.90**	1.05
Cost of debt	**1.9%**	1.9%

Key drivers to future growth rates are dependent on the Group's ability to maintain and grow income streams whilst effectively managing operating costs. 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. Where the value-in-use calculations suggest an impairment, the Board would consider alternative use values prior to realising any impairment, being the fair value less costs to dispose.

Sensitivity analysis has been performed in assessing the recoverable amounts of goodwill. 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 2022 impairment review, no impairment has been recognised in relation to the CGU (2021: no impairment).

13. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Office equipment £m	Motor vehicles £m	Total £m
Cost				
At 31 March 2020	16.5	15.1	1.3	**32.9**
Additions	0.6	0.7	0.7	**2.0**
Disposals and modifications	(0.6)	(2.8)	(0.1)	**(3.5)**
At 31 March 2021	16.5	13.0	1.9	**31.4**
Additions	6.6	1.3	0.2	**8.1**
Disposals and modifications	–	(0.4)	(0.5)	**(0.9)**
At 31 March 2022	**23.1**	**13.9**	**1.6**	**38.6**
Accumulated depreciation				
At 31 March 2020	6.2	12.5	1.1	**19.8**
Charge for the year	2.5	0.9	0.3	**3.7**
Disposals	(0.5)	(2.8)	–	**(3.3)**
At 31 March 2021	8.2	10.6	1.4	**20.2**
Charge for the year	3.3	0.9	0.4	**4.6**
Disposals	–	(0.4)	(0.5)	**(0.9)**
At 31 March 2022	**11.5**	**11.1**	**1.3**	**23.9**
Net book value at 31 March 2022	**11.6**	**2.8**	**0.3**	**14.7**
Net book value at 31 March 2021	**8.3**	**2.4**	**0.5**	**11.2**
Net book value at 31 March 2020	**10.3**	**2.6**	**0.2**	**13.1**

Included within property, plant and equipment are £8.3m (2021: £5.6m) of assets recognised as leases under IFRS 16. Further details of these leases are disclosed in note 14. The depreciation expense of £4.6m for the year to 31 March 2022 (2021: £3.7m) has been recorded in administrative expenses.

During the year, £0.4m (2021: £3.3m) worth of property, plant and equipment with £nil net book value was disposed of.

14. Leases

The Group leases assets including land and buildings and motor vehicles that are held within property, plant and equipment. Information about leases for which the Group is a lessee is presented below:

	2022 £m	2021 £m
Net book value property, plant and equipment owned	**6.4**	5.6
Net book value right of use assets	**8.3**	5.6
	14.7	11.2

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 2020	6.5	0.1	0.2	6.8
Additions	–	–	0.7	0.7
Depreciation charge	(1.6)	–	(0.3)	(1.9)
Balance at 31 March 2021	4.9	0.1	0.6	5.6
Additions	5.1	–	0.2	5.3
Depreciation charge	(2.2)	–	(0.4)	(2.6)
At 31 March 2022	**7.8**	**0.1**	**0.4**	**8.3**

Lease liabilities in the balance sheet at 31 March	2022 £m	2021 £m
Current	**3.0**	2.5
Non-current	**6.5**	5.0
Total	**9.5**	7.5

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented within note 30. The term recognised for certain leases has assumed lease break options are exercised. Certain lease rentals are subject to periodic market rental reviews.

On 14 April 2021, the Group entered into a new lease arrangement to rent an additional 16,000 square feet in our Manchester office to support the needs of our growing workforce. The Group also extended the term of the existing lease of our Manchester office space. These changes resulted in a lease modification under IFRS 16. The right of use assets were increased by £5.1m with corresponding adjustments to the lease liability and dilapidations provision.

Amounts charged in the income statement	2022 £m	2021 £m
Depreciation charge of right of use assets	**2.6**	1.9
Interest on lease liabilities	**0.2**	0.3
Gain on disposal of right of use assets	**–**	–
Total amounts charged in the income statement	**2.8**	2.2

Cash outflow	2022 £m	2021 £m
Total cash outflow for leases	**3.2**	2.5

15. 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).

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	Group's share of net assets £m	Net investments in joint ventures £m
Carrying value			
As at 1 April 2020	48.1	4.1	52.2
Share of result for the year taken to the income statement	–	2.4	2.4
As at 31 March 2021	48.1	6.5	54.6
Share of result for the year taken to the income statement	–	2.9	2.9
Dividends received in the year	(7.8)	–	(7.8)
As at 31 March 2022	**40.3**	**9.4**	**49.7**

Set out below is the summarised financial information for the joint venture:

	2022 £m	2021 £m
Non-current assets	**96.8**	97.8
Current assets		
Cash and cash equivalents	**1.1**	0.3
Other current assets	**8.2**	19.7
Total assets	**106.1**	117.8
Liabilities		
Current liabilities	**4.0**	5.8
Total liabilities	**4.0**	5.8
Net assets	**102.1**	112.0

	2022 £m	2021 £m
Revenues	**12.0**	10.9
Profit for the year	**6.0**	4.9
Total comprehensive income	**6.0**	4.9

The above information reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts. They have been amended for differences in accounting policies between the Group and the joint venture.

Non-current assets principally comprise goodwill and other intangible assets. The carrying value is assessed annually using a methodology consistent with that disclosed in note 12. The recoverable amount of goodwill shows significant headroom compared with its carrying value.

Dealer Auction Limited declared a dividend of £10.0m on 29 April 2021. The Group owns 49% of the ordinary share capital of Dealer Auction Limited and therefore received payment of £4.9m on 14 May 2021. Dealer Auction Limited also declared a dividend of £6.0m on 3 February 2022 and therefore £2.9m was received on 23 March 2022.

A list of the investments in joint ventures, including the name, country of incorporation and proportion of ownership interest, is given in note 33.

16. Other investments

Shares in other undertakings

	£m
Investment in IAUTOS Company Limited	
At 31 March 2022 and 31 March 2021	–

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.

17. Trade and other receivables

	2022 £m	2021 £m
Trade receivables (invoiced)	**25.7**	23.3
Net accrued income	**34.6**	33.1
Trade receivables (total)	**60.3**	56.4
Prepayments	**5.5**	2.9
Other receivables	**0.1**	0.3
Total	**65.9**	59.6

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 £2.5m (2021: £2.9m).

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 £1.2m (2021: £1.3m).

Exposure credit risk and expected credit losses relating to trade and other receivables are disclosed in note 30.

18. Cash and cash equivalents

Cash at bank and in hand is denominated in the following currencies:

	2022 £m	2021 £m
Sterling	**51.0**	44.9
Euro	**0.3**	0.8
Cash at bank and in hand	**51.3**	45.7

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 0.2% (2021: 0.2%).

19. Trade and other payables

	2022 £m	2021 £m
Trade payables	**2.7**	5.0
Accruals	**14.4**	7.7
Other taxes and social security	**21.3**	5.1
Deferred income	**3.0**	3.3
Other payables	**0.5**	0.4
Accrued interest payable	**0.1**	0.3
Total	**42.0**	21.8

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.

20. Borrowings

Non-current	2022 £m	2021 £m
Syndicated RCF gross of unamortised debt issue costs	–	30.0
Unamortised debt issue costs on Syndicated RCF	–	(2.4)
Total	–	27.6

Unamortised debt issue costs on the Syndicated RCF, which are now within Prepayments (note 17) in 2022, reduced to £1.4m in the year (2021: £2.4m) partly due to accelerated amortisation following the reduction of the Syndicated RCF commitments.

The Syndicated RCF is repayable as follows:

	2022 £m	2021 £m
Two to five years	–	30.0
Total	–	30.0

The carrying amounts of borrowings approximate 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 £4.3m, with £3.3m being incurred at initiation and £1.0m of additional costs associated with extension requests. The syndicated RCF will terminate in two tranches as follows:

- £52.2m will mature at the original termination date of June 2023; and
- £197.8m will mature in June 2025.

With effect from 24 September 2021 the Group entered into an Amendment and Restatement Agreement to amend and restate the original Senior Facilities Agreement. The primary purpose of the Amended and Restated Senior Facilities Agreement is to incorporate LIBOR transition language to reflect the discontinuation of LIBOR and the transition to SONIA (in respect of sterling loans); Loan Market Association updates; and to include the effect of IFRS 16 for the purposes of calculating financial covenants.

The Group continues to be highly cash generative and remains in a net cash position, such that the size of the original £400m facility is not required. Therefore, the Group served notice to cancel £150m of the £400m total commitments under the Senior Facilities Agreement, such cancellation being pro-rated between the lenders. The Amended and Restated Senior Facilities Agreement incorporates the reduced total commitments of £250m.

Individual tranches are drawn down, in sterling, for periods of up to six months at the compounded reference rate (being the aggregate of SONIA and the applicable baseline credit adjustment spread for that interest period) plus a margin of between 1.2% and 2.1% depending on the consolidated leverage ratio of the Group. 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.

The Syndicated RCF has financial covenants linked to interest cover and the consolidated debt cover of the Group:

- Net bank Debt to Consolidated 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.

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:

	2022 £m	2021 £m
One month or less	–	30.0
Total	–	30.0

21. Provisions for other liabilities and charges

	Dilapidations provision £m	Holiday pay provision £m	Total £m
At 31 March 2021	1.1	0.5	1.6
Charged to the income statement	–	0.7	0.7
Recognised under IFRS 16	0.2	–	0.2
Utilised in the year	–	(0.5)	(0.5)
At 31 March 2022	**1.3**	**0.7**	**2.0**

	2022 £m	2021 £m
Current	**0.7**	0.5
Non-current	**1.3**	1.1
Total	**2.0**	1.6

The holiday pay provision relates to liabilities for holiday pay in relation to the UK and Ireland operations for leave days accrued and not yet taken at the end of the financial year, and is expected to be fully utilised in the year to 31 March 2023.

22. Deferred taxation

A net deferred tax asset of £1.4m has been recognised in the balance sheet at 31 March 2022. 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 2020	2.4	3.9	0.5	**6.8**
Debited to the income statement	(0.2)	(0.9)	(0.2)	**(1.3)**
Credited directly to equity	0.5	–	–	**0.5**
At 31 March 2021	2.7	3.0	0.3	**6.0**
Debited to the income statement	0.3	(0.2)	0.5	**0.6**
Credited directly to equity	(0.2)	–	–	**(0.2)**
At 31 March 2022	**2.8**	**2.8**	**0.8**	**6.4**

Deferred taxation liabilities	Share-based payments £m	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2020	–	–	2.9	**2.9**
Credited to the income statement	–	–	(0.4)	**(0.4)**
Debited to the statement of comprehensive income	–	–	0.8	**0.8**
Acquired through business combinations	–	–	1.0	**1.0**
At 31 March 2021	–	–	4.3	**4.3**
Credited to the income statement	–	–	0.5	**0.5**
Debited to the statement of comprehensive income	–	–	0.2	**0.2**
Acquired through business combinations	–	–	–	–
At 31 March 2022	–	–	**5.0**	**5.0**

The Group has estimated that £0.9m (2021: £1.0m) of the Group's net deferred income tax asset 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.

23. Retirement benefit obligations

(i) Defined contribution scheme
Across the UK and Ireland the Group operates a number of defined contribution schemes. In the year to 31 March 2022 the pension contributions to the Group's defined contribution schemes amounted to £3.1m (2021: £2.3m). At 31 March 2022, there were £0.5m (31 March 2021: £0.4m) 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 2022, approximately 57% of the defined benefit obligation ('DBO') is attributable to former employees who have yet to reach retirement (2021: 54%) and 43% to current pensioners (2021: 46%). 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 21 years.

Risks associated with the Scheme
The Scheme exposes the Company to some risks, the most significant of which are:

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 holds 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.

Funding requirements
UK legislation requires that pension schemes are funded prudently. The ongoing funding valuation of the Scheme was carried out by a qualified actuary as at 30 April 2021 and showed a surplus of £1.5m. Subsequently, as the Scheme is in surplus, deficit contributions have ceased with effect from 1 February 2022 which were put in place as a result of the 2018 recovery plan. The Company paid deficit contributions of £117,000 for the year ending 31 March 2022 (2021: £140,000) as per the Schedule of Contributions set out in the valuation at 30 April 2018. The next funding valuation is due as at 30 April 2024. The Company also pays expenses and PPF levies incurred by the Scheme.

Assumptions used
The last triennial actuarial valuation of the Scheme was performed by an independent professional actuary at 30 April 2021 using the projected unit method of valuation. For the purposes of IAS 19 (revised) the actuarial valuation as at 30 April 2021 has been updated on an approximate basis to 31 March 2022, 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 was measured using the projected unit credit method.

The principal financial assumptions used to calculate the liabilities under IAS 19 (revised) are as follows:

	2022 %	2021 %
Discount rate for scheme liabilities	**2.75**	2.10
CPI inflation	**3.00**	2.60
RPI inflation	**3.80**	3.40
Pension increases		
Post 1988 GMP	**2.35**	2.10
Pre 2004 non GMP	**5.00**	5.00
Post 2004	**3.55**	3.25

The financial assumptions reflect the nature and term of the Scheme's liabilities.

The Group has assumed that mortality will be in line with nationally published mortality table SAPS S3 Heavy tables with CMI 2020 projections related to members' years of birth with long-term rate of improvement of 1.5% per annum. These tables translate into an average life expectancy for a pensioner retiring at age 65 as follows:

	2022		2021	
	Men Years	Women Years	Men Years	Women Years
Member aged 65 (current life expectancy)	**86.6**	**88.3**	87.0	89.0
Member aged 45 (life expectancy at age 65)	**88.6**	**90.1**	88.7	90.8

It is assumed that 50% of non-retired members of the Scheme will commute the maximum amount of cash at retirement (2021: 50% of non-retired members of the Scheme will commute the maximum amount of cash at retirement).

Post-employment benefit obligations disclosures

The amounts charged to the Consolidated income statement are set out below:

	2022 £m	2021 £m
Past service cost	**–**	0.1
Settlement cost	**–**	0.1
Total amounts charged to the Consolidated income statement	**–**	0.2

Past service cost

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension ('GMP') benefits for the effect of unequal GMPs accrued between 1990 and 1997. The issues determined by the judgment affect many other UK defined benefit pension schemes.

A further court case was heard in 2020 concerning whether historic statutory transfer values paid out of the Scheme before 2018 need to be equalised. The court ruling made on 20 November 2020 confirmed that all transfers with GMPs built up between 17 May 1990 and 5 April 1997 need to be equalised. A liability of £110,000 was recognised within the Scheme's DBO at 31 March 2021.

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

During the course of the last financial year, the Company and Trustees of the Scheme implemented an Enhanced Transfer Value exercise, where members of the Scheme were given the option to transfer their benefits away from the Scheme, and provided with paid-for independent financial advice.

In the prior year, two members elected to take a transfer, and a total of £0.7m was paid out from the Scheme. These transfers settled £0.6m of defined benefit obligation, resulting in a settlement cost of £0.1m recognised in the Consolidated income statement for the year ended 31 March 2021. There were no transfers in the year to 31 March 2022.

The following amounts have been recognised in the Consolidated statement of comprehensive income:

	2022 £m	2021 £m
Return on Scheme assets (in excess of)/below that recognised in net interest	**1.6**	(3.6)
Actuarial losses/(gains) due to changes in assumptions	**(1.8)**	1.4
Actuarial gains due to liability experience	**(0.2)**	(0.2)
Effect of the surplus cap	**–**	–
Deferred tax on surplus	**0.2**	0.8
Total amounts recognised within the Consolidated statement of comprehensive income	**(0.2)**	(1.6)

23. Retirement benefit obligations continued

Amounts recognised in the balance sheet are as follows:

	2022 £m	2021 £m
Present value of funded obligations	**17.5**	19.6
Fair value of plan assets	**(21.2)**	(22.8)
Net asset recognised in the Consolidated balance sheet	**(3.7)**	(3.2)

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 £3.7m (2021: £3.2m) and an associated deferred tax liability of £1.3m (2021: £1.1m) in the Consolidated balance sheet.

Movements in the fair value of Scheme assets were as follows:

	2022 £m	2021 £m
Fair value of Scheme assets at the beginning of the year	**22.8**	19.7
Interest income on Scheme assets	**0.5**	0.5
Remeasurement gains/(losses) on Scheme assets	**(1.6)**	3.6
Contributions by the employer	**0.1**	0.1
Settlements	**–**	(0.7)
Net benefits paid	**(0.6)**	(0.4)
Fair value of Scheme assets at the end of the year	**21.2**	22.8

Movements in the fair value of Scheme liabilities were as follows:

	2022 £m	2021 £m
Fair value of Scheme liabilities at the beginning of the year	**19.6**	18.8
Past service cost	**–**	0.1
Interest expense	**0.5**	0.5
Actuarial losses/(gains) on Scheme liabilities arising from changes in assumptions	**(1.8)**	1.4
Actuarial gains on Scheme liabilities arising from experience	**(0.2)**	(0.2)
Settlements	**–**	(0.6)
Net benefits paid	**(0.6)**	(0.4)
Fair value of Scheme liabilities at the end of the year	**17.5**	19.6

Movements in post-employment benefit net obligations were as follows:

	2022 £m	2021 £m
Opening post-employment benefit surplus	**(3.2)**	(0.9)
Past service cost	**–**	0.1
Settlement cost	**–**	0.1
Interest	**–**	–
Contributions by the employer	**(0.1)**	(0.1)
Remeasurement and experience (gains)/losses	**(0.4)**	(2.4)
Closing post-employment benefit surplus	**(3.7)**	(3.2)

Plan assets are comprised as follows:

	2022		2021	
	£m	%	£m	%
Equities	–	–	12.4	54.0
Gilts	**13.7**	**65.0**	–	–
Bonds	**7.2**	**34.0**	8.8	39.0
Cash	**0.3**	**1.0**	0.5	2.0
Real estate	–	–	1.1	5.0
Total	**21.2**	**100.0**	22.8	100.0

All plan assets have a quoted market price.

Sensitivity to key assumptions
The key assumptions are deemed to be the discount rate and inflation rates. The tables below give an approximation of the impact on the IAS 19 (revised) pension scheme liabilities to changes in these assumptions and experience. Note that all figures are before allowing for any deferred tax. The sensitivity information shown has been prepared using the same method used to adjust the results of the latest funding valuation to the balance sheet date.

Following a 0.25% increase in the discount rate

	Change £m	New value £m
Assets of the Scheme at 31 March 2022	–	21.2
Defined benefit obligation at 31 March 2022	(0.8)	(16.7)
Surplus at 31 March 2022	**(0.8)**	**4.5**

Following a 0.25% increase in the RPI and CPI inflation assumptions

	Change £m	New value £m
Assets of the Scheme at 31 March 2022	–	21.2
Defined benefit obligation at 31 March 2022	0.2	(17.7)
Surplus at 31 March 2022	**0.2**	**3.5**

24. Share capital

	2022		2021	
Share capital	Number '000	Amount £m	Number '000	Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each				
At 1 April	**969,024**	**9.7**	922,541	9.2
Purchase and cancellation of own shares	**(22,198)**	**(0.2)**	–	–
Issue of shares	**67**	**0.0**	46,483	0.5
Total	**946,893**	**9.5**	969,024	9.7

In the year ended 31 March 2017, the Company commenced a share buyback programme. By resolutions passed at the 2021 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 96,678,535 of its ordinary shares, subject to minimum and maximum price restrictions. In the year ended 31 March 2022, a total of 24,915,813 ordinary shares of £0.01 were purchased. The average price paid was 656.3p with a total consideration paid (including fees of £0.8m) of £164.3m. Of all shares purchased, 2,718,193 were held in treasury with 22,197,620 being cancelled. In the year ended 31 March 2022, 66,410 ordinary shares were issued for the settlement of share-based payments.

Included within shares in issue at 31 March 2022 are 358,158 (2021: 404,653) shares held by the ESOT and 3,826,928 (2021: 2,422,659) shares held in treasury, as detailed in note 25.

On 1 April 2020 the Company announced its intention to conduct a non-pre-emptive placing of up to 5% of its issued share capital. On 3 April 2020 the placing was completed, and a total of 46,468,300 new ordinary shares were allotted for a consideration of 400.00 pence per Placing Share, a discount of 8.9% to the closing share price of 439.1 pence on 31 March 2020. The placing raised gross proceeds of £185.9m for the Company, or £182.9m net of all fees incurred. An additional £0.3m of other fees were incurred as a result of the placing. Share premium of £182.4m has been recorded. On 3 April 2020, the Placing Shares were admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of London Stock Exchange plc (together, 'Admission').

25. Own shares held

Own shares held – £m	ESOT shares reserve £m	Treasury shares £m	Total £m
Own shares held as at 1 April 2020	(0.7)	(17.2)	(17.9)
Transfer of shares from ESOT	0.2	–	0.2
Share-based incentives exercised	–	7.0	7.0
Own shares held as at 31 March 2021	(0.5)	(10.2)	(10.7)
Own shares held as at 1 April 2021	(0.5)	(10.2)	(10.7)
Transfer of shares from ESOT	0.1	–	0.1
Repurchase of own shares for treasury	–	(17.8)	(17.8)
Share-based incentives exercised	–	6.0	6.0
Own shares held as at 31 March 2022	**(0.4)**	**(22.0)**	**(22.4)**

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 1 April 2020	523,955	4,090,996	4,614,951
Transfer of shares from ESOT	(119,302)	–	(119,302)
Share-based incentives exercised	–	(1,668,337)	(1,668,337)
Own shares held as at 31 March 2021	404,653	2,422,659	2,827,312

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 1 April 2021	404,653	2,422,659	2,827,312
Transfer of shares from ESOT	(46,495)	–	(46,495)
Repurchase of own shares for treasury	–	2,718,193	2,718,193
Share-based incentives exercised	–	(1,313,924)	(1,313,924)
Own shares held as at 31 March 2022	**358,158**	**3,826,928**	**4,185,086**

26. Dividends

Dividends declared and paid by the Company were as follows:

	2022		2021	
	Pence per share	£m	Pence per share	£m
2021 final dividend paid	**5.0**	**48.0**	–	–
2022 interim dividend paid	**2.7**	**25.6**	–	–
	7.7	**73.6**	–	–

The proposed final dividend for the year ended 31 March 2022 of 5.5p per share, totalling £51.9m, 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 35.

27. Cash generated from operations

	2022 £m	2021 £m
Profit after tax	**244.7**	127.8
Adjustments for:		
Tax charge	**56.3**	29.6
Depreciation	**4.6**	3.7
Amortisation	**2.6**	2.6
Share-based payments charge (excluding associated NI)	**5.1**	3.3
Share of profit from joint ventures	**(2.9)**	(2.4)
Loss/(profit) on sale of property, plant and equipment	**–**	0.2
Difference between pension charge and cash contributions	**–**	0.2
Finance costs	**2.6**	3.8
RDEC	**(0.1)**	(0.1)
Changes in working capital (excluding the effects of exchange differences on consolidation):		
Trade and other receivables	**(5.3)**	(3.6)
Trade and other payables	**20.5**	(12.3)
Provisions	**–**	0.1
Cash generated from operations	**328.1**	152.9

28. Share-based payments

The Group currently operates four share plans: the Performance Share Plan, Deferred Annual Bonus and Single Incentive Plan, Share Incentive Plan 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. Monte Carlo or Black-Scholes pricing models have been used where appropriate to calculate the fair value of share-based incentives with market conditions. Sensitivity analysis has been performed in assessing the fair value of the share-based incentives. There are no changes to key assumptions that are considered by the Directors to be reasonably possible, which give rise to a material difference in the fair value of the share-based incentives.

The total charge in the year relating to the four schemes was £6.1m (2021: £4.3m) with a Company charge of £1.8m (2021: £0.6m). This included associated national insurance ('NI'), with each scheme charged at either 13.8% or 15.05% dependent on which management expects to be the prevailing rate when the awards are exercised, and apprenticeship levy at 0.5%, based on the share price at the reporting date.

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Share Incentive Plan ('SIP')	**–**	–	**–**	–
Sharesave scheme ('SAYE')	**0.7**	0.7	**–**	–
Performance Share Plan ('PSP')	**1.3**	0.3	**1.3**	0.3
Deferred Annual Bonus and Single Incentive Plan	**3.1**	2.3	**0.2**	0.1
NI and apprenticeship levy on applicable schemes	**1.0**	1.0	**0.3**	0.2
Total charge	**6.1**	4.3	**1.8**	0.6

During the year, the Directors in office in total had gains of £2.8m (2021: £nil) 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.

UK SIP

	2022 Number	2021 Number
Outstanding at 1 April	**163,157**	282,459
Released	**(46,349)**	(119,302)
Outstanding at 31 March	**116,808**	163,157
Vested and outstanding at 31 March	**116,808**	163,157

28. Share-based payments continued

The weighted average market value per ordinary share for SIP awards released in 2021 was 622.5p (2021: 558.0p). The SIP shares outstanding at 31 March 2022 have fully vested (2021: fully vested). Shares released prior to the vesting date relate to those attributable to good leavers as defined by the Scheme rules.

Irish SIP

	2022 Number	2021 Number
Outstanding at 1 April	**1,354**	1,354
Lapsed	**(1,354)**	–
Outstanding at 31 March	**–**	1,354
Vested and outstanding at 31 March	**–**	1,354

No Irish SIP options were exercised in 2022 (2021: nil).

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, for which an appropriate adjustment is made 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 17 June 2021, the Group awarded 368,361 nil cost options under the PSP scheme. For the 2021 awards, the Group's performance is measured by reference to the growth in Operating profit (75% of the award), growth in Revenue (12.5% of the award) and Diversity progress (12.5% of the award) over the three-year period April 2021 – March 2024.

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, the cumulative profit measure (Underlying operating profit for 2015 and 2016 awards, and Operating profit for 2017 awards) and total shareholder return relative to the FTSE250 share index.

The fair value of the 2021 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.

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 £
19 June 2015	TSR dependent	3.06	Nil	30	3.0	0.9	0.0	0.0	2.08
19 June 2015	UOP dependent	3.06	Nil	N/A	3.0	0.9	0.0	0.0	3.06
17 June 2016	TSR dependent	3.89	Nil	29	3.0	0.4	0.4	0.0	2.16
17 June 2016	UOP dependent	3.89	Nil	N/A	3.0	0.4	0.4	0.0	3.89
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

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 2022 was as follows:

	2022 Number	2021 Number
Outstanding at 1 April	**1,741,829**	2,380,589
Options granted in the year	**368,361**	591,580
Dividend shares awarded	**2,916**	63,826
Options forfeited in the year	**(344,766)**	(238,240)
Options exercised in the year	**(366,639)**	(1,055,926)
Outstanding at 31 March	**1,401,701**	1,741,829
Exercisable at 31 March	**181,875**	545,598

The weighted average market value per ordinary share for PSP options exercised in 2022 was 639.5p (2021: 546.2p). The PSP awards outstanding at 31 March 2022 have a weighted average remaining vesting period of 1.2 years (2021: 1.0 years) and a weighted average contractual life of 7.9 years (2021: 7.5 years).

Deferred Annual Bonus and Single Incentive Plan

The Group operates the Deferred Annual Bonus and Single Incentive Plan for Executive Directors, 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').

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.

No options were awarded in the period under the DABP scheme (2021: nil). 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 June 2016	3.89	Nil	2.0	0.4	0.4	0.0	3.89
16 June 2017	4.00	Nil	2.0	0.2	0.0	0.0	4.00
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

The number of options outstanding and exercisable as at 31 March was as follows:

	2022 Number	2021 Number
Outstanding at 1 April	**121,289**	166,614
Options granted in the year	**–**	–
Dividend shares awarded	**1,211**	1,902
Options exercised in the year	**(122,500)**	(47,227)
Outstanding at 31 March	**–**	121,289
Exercisable at 31 March	**–**	83,352

The weighted average market value per ordinary share for DABP options exercised in 2022 was 640.7p (2021: 549.0p).

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 17 June 2021, the Group awarded 718,634 nil cost options under the SIPA scheme. For the 2021 awards, 75% of the award value is dependent on FY22 Operating profit and the remaining 25% is subject to successful implementation of digital retailing related products by 31 March 2021. The fair value of the 2021 options granted was determined to be £6.29 per option, being the share price at grant date.

The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date. SIPA award holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares.

28. 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

The number of options outstanding and exercisable as at 31 March was as follows:

	2022 Number	2021 Number
Outstanding at 1 April	**1,012,199**	1,136,660
Options granted in the year	**718,634**	568,891
Dividend shares awarded	**5,440**	4,930
Options exercised in the year	**(429,283)**	(168,161)
Options forfeited in the year	**(15,122)**	(530,121)
Outstanding at 31 March	**1,291,868**	1,012,199
Exercisable at 31 March	**179,065**	143,799

The weighted average market value per ordinary share for SIPA options exercised in 2022 was 646.2p (2021: 558.0p). The SIPA awards outstanding at 31 March 2022 have a weighted average remaining vesting period of 0.8 years (2021: 0.5 years) and a weighted average contractual life of 8.6 years (2021: 4.9 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 2021 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 £
25 September 2015	3.28	2.64	30	3.0	1.0	0.0	33	0.96
13 December 2017	3.48	2.59	31	3.0	0.6	1.3	14	1.12
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	0.9	10	2.05

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.

	2022		2021	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 April	**1,505,816**	**3.88**	1,440,757	3.31
Options granted in the year	**482,325**	**5.88**	542,982	4.41
Options exercised in the year	**(446,884)**	**3.21**	(415,050)	2.59
Options lapsed in the year	**(94,675)**	**4.38**	(62,873)	3.80
Outstanding at 31 March	**1,446,582**	**4.72**	1,505,816	3.88
Exercisable at 31 March	**242,707**	**3.49**	138,013	2.59

The weighted average market value per ordinary share for Sharesave options exercised in 2022 was 646.2p (2021: 535.7p). The Sharesave options outstanding at 31 March 2022 have a weighted average remaining vesting period of 1.7 years (2021: 1.7 years) and a weighted average contractual life of 2.2 years (2021: 2.1 years).

29. Business combinations

Blue Owl Network Limited (business combination in the prior year)
On 31 July 2020, the Group acquired the entire share capital of Blue Owl Network Limited ('Blue Owl') for consideration of £18.2m, of which £8.1m was deferred until 31 July 2022. The deferred consideration was discounted using a rate of 1.7% and recognised on the balance sheet at £8.0m.

Blue Owl owns 'AutoConvert', a finance, insurance and compliance software platform with integrated customer relationship management solutions for the automotive sector. The total consideration paid and payable of £18.2m excludes acquisition costs of £0.4m which were recognised within administrative expenses 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:

	2021 £m
Cash paid for subsidiary	10.1
Less: cash acquired	(0.1)
Net cash outflow	10.0

In 2022, Blue Owl contributed a loss of £0.4m to the Group's Operating profit (2021: £0.3m) and revenue of £3.4m (2021: £1.7m).

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 resulting in a fair value adjustment to recognise intangible software assets acquired and related deferred tax. No other 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:	
Software	5.5
Deferred tax liability arising on intangible assets	(1.0)
Intangible assets recognised and related deferred tax	4.5
Current assets	
Trade and other receivables	0.3
Cash and cash equivalents	0.1
Current assets	0.4
Current liabilities	
Trade and other payables	0.6
Total net assets acquired	4.3
Goodwill	13.6
Total assets acquired	17.9
Fair value of cash and deferred consideration	17.9

The goodwill recognised on acquisition relates to value arising from revenue and cost synergies and intangible assets that are not separately identifiable under IFRS 3, including non-contractual relationships and the acquired workforce. None of the acquired intangible assets were deductible for tax purposes.

In addition to the goodwill recognised, the software asset obtained through the acquisition met the requirements to be separately identifiable under IFRS 3. The asset represents the 'AutoConvert' finance, insurance and compliance software platform that enables automotive dealers and brokers to connect with multiple lenders. The fair value was based on the estimated present value of the cost to recreate the asset, allowing for a developer's margin.

30. Financial instruments

Financial assets

	Note	2022 £m	2021 £m
Net trade receivables (invoiced)	17	**25.7**	23.3
Net accrued income	17	**34.6**	33.1
Net trade receivables (total)	17	**60.3**	56.4
Other receivables	17	**0.1**	0.3
Cash and cash equivalents	18	**51.3**	45.7
Total		**111.7**	102.4

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2022 was £111.7m (2021: £102.4m). The maximum exposure to credit risk for trade receivables and accrued income at the reporting date by geographic region was:

	2022 £m	2021 £m
UK	**59.5**	56.0
Ireland	**0.8**	0.4
Total	**60.3**	56.4

The maximum exposure to credit risk for trade receivables and accrued income at the reporting date by type of customer was:

	2022 £m	2021 £m
Retailers	**50.6**	47.4
Manufacturer and Agency	**3.7**	2.6
Other	**6.0**	6.4
Total	**60.3**	56.4

The Group's most significant customer accounts for £1.2m (2021: £0.9m) of net trade receivables as at 31 March 2022.

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 2022.

	Expected credit loss rate	Gross carrying amount £m	Loss allowance £m	Credit-impaired
Accrued income	3.4%	35.8	(1.2)	No
Current	2.6%	23.4	(0.6)	No
Past due 1–30 days	9.5%	2.1	(0.2)	No
Past due 31–60 days	14.3%	0.7	(0.1)	No
Past due 61–90 days	50.0%	0.2	(0.1)	No
More than 91 days past due	83.3%	1.8	(1.5)	No
		64.0	**(3.7)**	

At both the current and prior year end, actual credit loss experience over the past three years was adjusted to take into account current macro-economic uncertainty due to the impact of COVID-19.

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 2021 is set out below:

	Expected credit loss rate	Gross carrying amount £m	Loss allowance £m	Credit-impaired
Accrued income	3.6%	34.4	(1.3)	No
Current	3.6%	21.8	(0.8)	No
Past due 1–30 days	8.3%	1.5	(0.1)	No
Past due 31–60 days	33.6%	0.9	(0.3)	No
Past due 61–90 days	74.9%	0.1	(0.1)	No
More than 91 days past due	82.5%	1.9	(1.6)	No
		60.6	**(4.2)**	

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	2022 £m	2021 £m
At 1 April	17	**2.9**	3.4
Charged during the year		**0.5**	0.4
Acquired through business combinations		**–**	–
Utilised during the year		**(0.9)**	(0.9)
At 31 March	17	**2.5**	2.9

The movement in the allowance for impairment in respect of accrued income during the year was as follows.

	Note	2022 £m	2021 £m
At 1 April	17	**1.3**	1.0
Charged during the year		**0.1**	0.4
Utilised during the year		**(0.2)**	(0.1)
At 31 March	17	**1.2**	1.3

30. Financial instruments continued

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

	2022			2021		
	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	**17.7**	**–**	**17.7**	13.4	–	13.4
Borrowings (gross of debt issue costs)	**–**	**–**	**–**	30.0	–	30.0
Deferred consideration	**8.0**	**0.1**	**8.1**	7.9	0.2	8.1
Leases	**9.5**	**0.4**	**9.9**	7.5	0.4	7.9
Total	**35.2**	**0.5**	**35.7**	58.8	0.6	59.4

Trade and other payables are as disclosed within note 19, excluding other taxation and social security liabilities and deferred income.

IFRS 7 requires the contractual future interest cost of a financial liability to be included within the above table. As disclosed in note 20 of these consolidated financial statements, all 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% and 2.1%. Interest paid in the year in relation to borrowings amounted to £1.4m (2021: £3.0m).

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 2022	Trade and other payables £m	Borrowings £m	Deferred consideration £m	Leases £m	Total £m
Due within one year	**17.7**	–	**8.1**	**3.0**	**28.8**
Due within one to two years	–	–	–	**2.8**	**2.8**
Due within two to five years	–	–	–	**2.1**	**2.1**
Due after more than five years	–	–	–	**2.0**	**2.0**
Total	**17.7**	–	**8.1**	**9.9**	**35.7**

As at 31 March 2021	Trade and other payables £m	Borrowings £m	Deferred consideration £m	Leases £m	Total £m
Due within one year	13.4	–	–	2.7	16.1
Due within one to two years	–	–	8.1	2.6	10.7
Due within two to five years	–	30.0	–	2.4	32.4
Due after more than five years	–	–	–	0.2	0.2
Total	13.4	30.0	8.1	7.9	59.4

Fair values

The fair values of all financial instruments in both years are equal to the carrying values.

31. Net debt

Analysis of net debt

Net debt is calculated as total borrowings less cash and cash equivalents. Non-cash changes represent the effects of the recognition and subsequent amortisation of fees relating to the bank facility which is now within Prepayments in 2022 (note 17), changing maturity profiles, and new leases entered into during the year.

March 2022	At 1 April 2021 £m	Cash flow £m	Non-cash changes £m	At 31 March 2022 £m
Debt due after more than one year	**27.6**	**(30.0)**	**2.4**	**–**
Accrued interest	**0.3**	**(1.5)**	**1.3**	**0.1**
Lease liabilities	**7.5**	**(3.2)**	**5.2**	**9.5**
Total debt and lease financing	**35.4**	**(34.7)**	**8.9**	**9.6**
Cash and cash equivalents	**(45.7)**	**(5.6)**	**–**	**(51.3)**
Net debt/(cash)	**(10.3)**	**(40.3)**	**8.9**	**(41.7)**

March 2021	At 1 April 2020 £m	Cash flow £m	Non-cash changes £m	At 31 March 2021 £m
Debt due after more than one year	310.5	(283.5)	0.6	27.6
Accrued interest	0.4	(3.0)	2.9	0.3
Lease liabilities	9.1	(2.5)	0.9	7.5
Total debt and lease financing	320.0	(289.0)	4.4	35.4
Cash and cash equivalents	(37.6)	(8.1)	–	(45.7)
Net debt/(cash)	282.4	(297.1)	4.4	(10.3)

Reconciliation of movements in liabilities to cash flows arising from financing activities

	Liabilities/(Assets)		Equity				
	Borrowings and accrued interest	Lease liabilities	Share capital	Retained earnings	Own shares held	Other reserves	Total
Balance as of 1 April 2021	**27.9**	**7.5**	**9.7**	**1,307.3**	**(10.7)**	**(847.6)**	**494.1**
Changes from financing cash flows							
Dividends paid to Company shareholders	–	–	–	(73.6)	–	–	(73.6)
Repayment of Syndicated RCF	(30.0)	–	–	–	–	–	(30.0)
Payment of interest on borrowings	(1.5)	–	–	–	–	–	(1.5)
Payment of lease liabilities	–	(3.2)	–	–	–	–	(3.2)
Purchase of own shares for cancellation	–	–	(0.2)	(145.8)	–	0.2	(145.8)
Purchase of own shares for treasury	–	–	–	–	(17.7)	–	(17.7)
Fees on repurchase of own shares	–	–	–	(0.8)	(0.1)	–	(0.9)
Issue of ordinary shares	–	–	–	–	–	0.2	0.2
Proceeds from exercise of share-based incentives	–	–	–	1.4	–	–	1.4
Total changes from financing cash flows	(31.5)	(3.2)	(0.2)	(218.8)	(17.8)	0.4	(271.1)
Other changes – liability related							
Interest expense	2.4	0.2	–	–	–	–	2.6
Other	–	5.0	–	–	–	–	5.0
Total liability-related other changes	2.4	5.2	–	–	–	–	7.6
Total equity-related other changes	–	–	–	243.9	6.1	0.2	250.2
Balance as of 31 March 2022	**(1.2)**	**9.5**	**9.5**	**1,332.4**	**22.4**	**847.0**	**480.8**

31. Net debt continued

	Liabilities		Equity				
	Borrowings and accrued interest	Lease liabilities	Share capital	Retained earnings	Own shares held	Other reserves	Total
Balance as of 1 April 2020	**310.9**	**9.1**	**9.2**	**1,180.1**	**(17.9)**	**(1,029.8)**	**461.6**
Changes from financing cash flows							
Drawdown of Syndicated RCF	64.5	–	–	–	–	–	64.5
Repayment of Syndicated RCF	(347.5)	–	–	–	–	–	(347.5)
Payment of refinancing fees	(0.5)	–	–	–	–	–	(0.5)
Payment of interest on borrowings	(3.0)	–	–	–	–	–	(3.0)
Payment of lease liabilities	–	(2.5)	–	–	–	–	(2.5)
Issue of ordinary shares	–	–	0.5	–	–	182.4	182.9
Proceeds from exercise of share-based incentives	–	–	–	1.0	–	–	1.0
Total changes from financing cash flows	(286.5)	(2.5)	0.5	1.0	–	182.4	(105.1)
Other changes – liability related							
Interest expense	3.5	0.3	–	–	–	–	3.8
Other	–	0.6	–	–	–	–	0.6
Total liability-related other changes	3.5	0.9	–	–	–	–	4.4
Total equity-related other changes	–	–	–	126.2	7.2	(0.2)	133.2
Balance as of 31 March 2021	**27.9**	**7.5**	**9.7**	**1,307.3**	**(10.7)**	**(847.6)**	**494.1**

32. 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 (2021: £0.6m) and has been recognised within revenue. At 31 March 2022, deferred income outstanding in relation to the licence agreement was £9.5m (2021: £10.0m).

The Group provided services to Dealer Auction as per the Transitional Services Agreement entered into on its formation. The Group did not recharge Dealer Auction for the provision of these services, the total value of which is estimated to be £0.1m (2021: £0.2m).

The Group also provided invoicing and collection services for Dealer Auction. Cash is collected by the Group and passed through to Dealer Auction. The total amount invoiced on behalf of Dealer Auction during the period was £5.1m (2021: £4.1m).

During the period Dealer Auction provided no data services to the Group (2021: £0.5m). Services in the prior period were provided to the Group on an arm's length basis and recorded as administrative expenses within the Consolidated income statement.

The Group had a creditor of £0.0m (2021: £0.6m) outstanding with Dealer Auction as at 31 March 2022.

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 23.

33. Subsidiaries and joint ventures

Subsidiaries

At 31 March 2022 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	Financing 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%
Webzone Limited[2]	Republic of Ireland	Online marketplace	Ordinary	–	100%
KeeResources Limited[1]	England and Wales	In liquidation	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 Paramount Court, Corrig Road, Sandyford Industrial Estate, Dublin 18, D18 R9C7.

All subsidiaries have a year end of 31 March.

Joint ventures

At 31 March 2022 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 which is consistent with the year end of the majority shareholder.

34. Commitment to acquire Autorama (UK) Limited

The Group has agreed to acquire, subject to regulatory approvals which at the date of this report had not all been received, the share capital of Autorama (UK) Limited. The transaction is expected to complete in the first half of financial year 2023. Auto Trader will pay initial consideration of £150m in cash, with a further £50m of deferred consideration to be settled in shares subject to customary performance conditions 12 months after the completion date. Once issued, the shares will vest over a period of two years in two 12-month instalments. At 31 December 2021, Autorama had £27m of gross assets and for the calendar year 2021, made net revenue of £26m, selling c.14,500 vehicles, and had an EBITDA loss of £6m, which included marketing costs of over £9m.

COMPANY BALANCE SHEET
At 31 March 2022

	Note	2022 £m	2021 £m
Fixed assets			
Investments	3	**1,224.9**	1,221.2
		1,224.9	1,221.2
Current assets			
Debtors	4	**487.6**	487.7
Cash and cash equivalents	5	**0.2**	–
		487.8	487.7
Creditors: amounts falling due within one year	6	**(664.2)**	(425.9)
Net current assets		**(176.4)**	61.8
Net assets		**1,048.5**	1,283.0
Capital and reserves			
Called-up share capital	9	**9.5**	9.7
Share premium	9	**182.6**	182.4
Own shares held	10	**(22.4)**	(10.7)
Capital redemption reserve		**1.0**	0.8
Retained earnings		**877.8**	1,100.8
Total equity		**1,048.5**	1,283.0

The loss for the year of the Company was £3.2m (2021: loss £1.1m). The financial statements were approved by the Board of Directors on 26 May 2022 and authorised for issue:

Jamie Warner
Chief Financial Officer
Auto Trader Group plc
Registered number: 09439967
26 May 2022

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2022

	Share capital £m	Share premium £m	Own shares held £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
Balance at 31 March 2020	9.2	–	(17.9)	0.8	1,104.8	1,096.9
Loss for the year	–	–	–	–	(1.1)	(1.1)
Total comprehensive expense, net of tax	–	–	–	–	(1.1)	(1.1)
Transactions with owners:						
Share-based payments	–	–	–	–	3.3	3.3
Exercise of employee share schemes	–	–	7.0	–	(6.0)	1.0
Transfer of shares from ESOT	–	–	0.2	–	(0.2)	–
Issue of ordinary shares	0.5	182.4	–	–	–	182.9
Total transactions with owners recognised directly in equity	0.5	182.4	7.2	–	(2.9)	187.2
Balance at 31 March 2021	9.7	182.4	(10.7)	0.8	1,100.8	1,283.0
Loss for the year	–	–	–	–	(3.2)	(3.2)
Total comprehensive expense, net of tax	–	–	–	–	(3.2)	(3.2)
Transactions with owners:						
Purchase and cancellation of own shares	(0.2)	–	–	0.2	(146.5)	(146.5)
Dividends paid	–	–	–	–	(73.6)	(73.6)
Share-based payments	–	–	–	–	5.1	5.1
Exercise of employee share schemes	–	–	6.0	–	(4.8)	1.2
Transfer of shares from ESOT	–	–	0.1	–	(0.1)	–
Acquisition of treasury shares	–	–	(17.8)	–	–	(17.8)
Issue of ordinary shares	–	0.2	–	–	–	0.2
Tax on share-based payments	–	–	–	–	0.1	0.1
Total transactions with owners recognised directly in equity	(0.2)	0.2	(11.7)	0.2	(219.8)	(231.3)
Balance at 31 March 2022	**9.5**	**182.6**	**(22.4)**	**1.0**	**877.8**	**1,048.5**

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 Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 12.

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 2022. The comparative financial information presented is at and for the year ended 31 March 2021.

The Company's accounting policies are the same as those set out in note 1 of the Group financial statements.

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 £3.2m (2021: loss of £1.1m).

Amounts paid to the Company's auditors in respect of the statutory audit were £77,000 (2021: £64,000). 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are:

- share-based payments; and
- carrying value of investments.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The accounting policies of such arrangements are disclosed in note 1 of the Group accounts. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value and the Directors have therefore made estimates with regard to the inputs to these models. Estimation also arises over the number of share awards that are expected to vest, which is based on whether non-market conditions are expected to be met (see note 28 of the consolidated financial statements).

Where equity-settled share-based payments are granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and the investments in subsidiaries are adjusted to reflect this capital contribution.

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.

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.

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 timing 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 timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing 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 assets
Under IFRS 9, on initial recognition, a financial asset is classified and measured at: amortised cost, fair value through profit or loss or fair value though other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Under IFRS 9, trade receivables and 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 loss allowances for expected credit losses ('ECLs') on financial assets measured at amortised cost. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment.
If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

b) Financial liabilities
A financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. Financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1. Accounting policies continued

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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 94 to 107.

3. Investments in subsidiaries

	2022 £m	2021 £m
At beginning of the period	**1,221.2**	1,218.3
Additions	**3.7**	2.9
At end of the period	**1,224.9**	1,221.2

The additions in the year and prior year relate to equity-settled share-based payments granted to the employees of subsidiary companies. Consistent with their trading performance in the year and future forecasts, no impairment indicators were identified in respect of investments in subsidiaries at 31 March 2022.

Subsidiary undertakings are disclosed within note 33 to the consolidated financial statements. The Company directly owns shares in one subsidiary, Auto Trader Holding Limited.

4. Debtors

	2022 £m	2021 £m
Amounts owed by Group undertakings	**486.6**	486.7
Other receivables	**0.2**	0.2
Deferred tax asset	**0.8**	0.8
Total	**487.6**	487.7

Amounts owed by Group undertakings are non-interest-bearing, unsecured and have no fixed date of repayment.

5. Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**0.2**	–

6. Creditors: amounts falling due within one year

	2022 £m	2021 £m
Amounts owed to Group undertakings	**660.5**	424.5
Accruals and deferred income	**3.7**	1.4
Total	**664.2**	425.9

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 2022 and the year ended 31 March 2021 may be analysed as follows:

Financial assets	2022 £m	2021 £m
Financial assets measured at amortised cost	**486.8**	486.9

Financial liabilities	2022 £m	2021 £m
Financial liabilities measured at amortised cost	**664.2**	425.9

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:

	2022		2021	
	Pence per share	£m	Pence per share	£m
2021 final dividend paid	**5.0**	**48.0**	–	–
2022 interim dividend paid	**2.7**	**25.6**	–	–
	7.7	**73.6**	–	–

The proposed final dividend for the year ended 31 March 2022 of 5.5p per share, totalling £51.9m, 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 2022 interim dividend paid on 28 January 2022 was £25.6m.

The 2021 final dividend paid on 24 September 2021 was £48.0m.

The Directors' policy with regard to future dividends is set out in the Financial review on page 35.

9. Called-up share capital

	2022		2021	
Share capital	Number '000	Amount £m	Number '000	Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each				
At 1 April	**969,024**	**9.7**	922,541	9.2
Purchase and cancellation of own shares	**(22,198)**	**(0.2)**	–	–
Issue of shares	**67**	**–**	46,483	0.5
Total	**946,893**	**9.5**	969,024	9.7

In the year ended 31 March 2017, the Company commenced a share buyback programme. By resolutions passed at the 2021 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 96,678,535 of its ordinary shares, subject to minimum and maximum price restrictions. In the year ended 31 March 2022, a total of 24,915,813 ordinary shares of £0.01 were purchased. The average price paid was 656.3p with a total consideration paid (inclusive of all costs) of £164.3m. Of all shares purchased, 2,718,193 were held in treasury with 22,197,620 being cancelled. In the year ended 31 March 2022, 66,410 ordinary shares were issued for the settlement of share-based payments.

Included within shares in issue at 31 March 2022 are 358,158 (2021: 404,653) shares held by the ESOT and 3,826,928 (2021: 2,422,659) shares held in treasury, as detailed in note 25.

On 1 April 2020 the Company announced its intention to conduct a non-pre-emptive placing of up to 5% of its issued share capital. On 3 April 2020 the placing was completed, and a total of 46,468,300 new ordinary shares were allotted for a consideration of 400.00 pence per Placing Share, a discount of 8.9% to the closing share price of 439.1 pence on 31 March 2020. The placing raised gross proceeds of £185.9m for the Company, or £182.9m net of all fees incurred. An additional £0.3m of other fees were incurred as a result of the placing. Share premium of £182.4m has been recorded. On 3 April 2020, the Placing Shares were admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of London Stock Exchange plc (together, 'Admission').

10. Own shares held

Own shares held – £m	ESOT shares reserve £m	Treasury shares £m	Total £m
Own shares held as at 1 April 2020	(0.7)	(17.2)	(17.9)
Transfer of shares from ESOT	0.2	–	0.2
Share-based incentives	–	7.0	7.0
Own shares held as at 31 March 2021	(0.5)	(10.2)	(10.7)
Own shares held as at 1 April 2021	(0.5)	(10.2)	(10.7)
Transfer of shares from ESOT	0.1	–	0.1
Repurchase of own shares for treasury	–	(17.8)	(17.8)
Share-based incentives	–	6.0	6.0
Own shares held as at 31 March 2022	**(0.4)**	**(22.0)**	**(22.4)**

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 1 April 2020	523,955	4,090,996	4,614,951
Transfer of shares from ESOT	(119,302)	–	(119,302)
Share-based incentives exercised in the year	–	(1,668,337)	(1,668,337)
Own shares held as at 31 March 2021	404,653	2,422,659	2,827,312
Own shares held as at 1 April 2021	404,653	2,422,659	2,827,312
Transfer of shares from ESOT	(46,495)	–	(46,495)
Repurchase of own shares for treasury	–	2,718,193	2,718,193
Share-based incentives exercised in the year	–	(1,313,924)	(1,313,924)
Own shares held as at 31 March 2022	**358,158**	**3,826,928**	**4,185,086**

11. Related parties

During the year, a management charge of £4.9m (2021: £2.4m) was received from Auto Trader Limited in respect of services rendered.

At the year end, balances outstanding with other Group undertakings were £486.6m and £660.5m respectively for debtors and creditors (2021: £486.7m and £424.5m) as set out in notes 4 and 6.

12. Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2022 and the comparative information presented in these financial statements for the year ended 31 March 2021. The transition from FRS 102 to FRS 101 has not affected the reported financial position and financial performance of the Company, and therefore no opening FRS 101 balance sheet has been prepared.

UNAUDITED FIVE-YEAR RECORD

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Trade	**388.3**	225.2	324.3	304.6	281.2
Consumer Services	**33.3**	26.6	28.3	28.0	29.8
Manufacturer and Agency	**11.1**	11.0	16.3	22.5	19.1
Revenue	**432.7**	262.8	368.9	355.1	330.1
Costs	**(132.0)**	(104.0)	(113.2)	(112.3)	(108.8)
Share of profit from joint ventures	**2.9**	2.4	3.2	0.9	–
Operating profit	**303.6**	161.2	258.9	243.7	221.3
Net interest expense	**(2.6)**	(3.8)	(7.4)	(10.2)	(10.6)
Profit on disposal of subsidiary	**–**	–	–	8.7	–
Profit before taxation	**301.0**	157.4	251.5	242.2	210.7
Taxation	**(56.2)**	(29.6)	(46.4)	(44.5)	(39.6)
Profit after taxation	**244.8**	127.8	205.1	197.7	171.1
Net assets/(liabilities)	**472.5**	458.7	141.6	59.0	5.6
Net bank (cash)/debt (gross bank debt less cash)	**(51.3)**	(15.7)	275.4	307.1	338.7
Cash generated from operations	**328.1**	152.9	265.5	258.5	228.4
Basic EPS (pence)	**25.6**	13.2	22.2	21.0	17.7
Diluted EPS (pence)	**25.6**	13.2	22.1	20.9	17.7
Dividend per share (pence)	**8.2**	5.0	2.4	6.7	5.9

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Financial calendar 2022–2023

Investor day	6 September 2022
Annual General Meeting	15 September 2022
2023 half-year results	10 November 2022
2023 full-year results	1 June 2023

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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