

Driving Change Together. Responsibly.



Auto Trader Group plc

is the UK's largest automotive marketplace

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

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

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This is my ninth and final statement as Chair of Auto Trader Group plc. As such, rather than focus on the year just gone, I would like to offer a longer perspective regarding Auto Trader's history and future. It has been my privilege to serve as the Auto Trader Chair throughout our eight years as a public company.

A reflection on my tenure as Chair

I first got to know Auto Trader around 15 years ago when I was chief executive of Rightmove Plc. I first attended an Auto Trader Board meeting as a guest. That meeting decided to sell Auto Trader's last remaining print plant, though Auto Trader would continue to publish weekly magazines for a few years after that. Auto Trader had a successful website but it contributed a small amount to our overall revenues. Our online product offering was simple and focused on tools to help car retailers get their adverts online and monitor their success. We had a number of small wholly owned or partly owned businesses in other countries. We operated out of a number of physical offices spread around the UK.

Today, we operate a sophisticated online automotive marketplace, with our car retailers able to select from a range of advertising options and data products that not only help them sell vehicles but manage the effectiveness of their operations including the stock they hold. We operate in a single country with the considerable majority of our office-based staff in a single office in Manchester.

During the previous year we took a number of steps to complete the simplification of our business, including the sale of Webzone Limited (trading as 'Carzone'), our Irish business, reducing and simplifying our property holdings and starting the process

to exit our legacy defined benefit pension scheme. I would particularly like to thank Warren Cray and his team at Carzone in Ireland for their contribution to the Group over many years.

2023 saw the completion of one of the largest product development projects in the Company's history, enabling our car retailer customers to provide a complete transactional service to car buyers on the Auto Trader platform. This includes the ability to reserve a car online with a deposit, arrange finance, obtain a trade-in valuation on an existing car and delivery to a buyer's home or other convenient location.

2023 also saw the purchase of Autorama, which offers new vehicles on leases to the public. This gives us a substantial potential position in the online transactional market for new cars. A current priority is the integration of the Autorama offering into our existing new car proposition and further developments to that combined offering.

So not only have we successfully transitioned from a print to digital, advertising-only to data business, but we have also embarked on the journey from a used car advertising service to a platform for advertising and transacting in both used and new cars. It will take time for all these businesses to realise their potential and if the past is any guide, we will be both pleasantly surprised in the long term and sometimes disappointed at the speed of adoption and the path to full commercial value being realised.

It is unhelpful for outgoing Chairs to seek to tie the hands of their successors. It is the job of future Auto Trader Board members to exercise their judgement in pursuing the course that makes most sense to them at the time in the knowledge of the marketplace as they then see it. I hope, though, that they will come to the view that the current Board has left the business stronger, simpler and with a wider range of opportunities open to them than when they first became involved.

Board succession

As announced on 1 June 2023, the Board has approved the appointment of Matt Davies as Chair Designate with effect from 1 July 2023, to succeed me as Chair at the conclusion of the 2023 Annual General Meeting, prior to me becoming non-independent and in line with good corporate governance. Therefore, I will not be standing for re-election at our September 2023 AGM and expect a smooth transition to the new Chair.

As a result of the Company becoming public in 2015 we put in place a new Board; as such over the next two years, three further Non-Executive Directors will be deemed to have become non-independent under the nine-year rule. We have plans in place to recruit new Non-Executives, staggering renewal dates to mitigate against large changes in the Board and to preserve and build on diversity and experience which will best serve the business moving forward.

This is covered in more detail in the Nomination Committee report.

Dividend and capital return strategy

We are recommending to shareholders a final dividend of 5.6p, bringing the total dividend for the year to 8.4p. The value of dividends paid in respect of the 2023 financial year totals c.£77.7m, with a further £147.3m returned through share buybacks at an average share price of 582.1p.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at our Manchester office on 14 September 2023 at 10am.

A big thank you

As this is my last statement as Chair, it remains for me to say a big thank you to everyone involved with Auto Trader over the last eight years, including car buyers and sellers, our business customers, past and present employees, the current and previous executive teams, our Board of Directors and our shareholders, many of whom have held our shares continuously since the Company went public in 2015.

In particular, I would like to thank those with whom I have worked closely, including a large number of executives outside the Board. From the start of my involvement with Auto Trader one thing was obvious: an enormous commitment and enthusiasm to simply "get stuff done". I am sure the new Board members, who will replace those of us reaching the end of our Board service, will value this as much as we have. It has allowed us to focus a huge proportion of our time and attention on opportunities and not problems, making it critical to our success and such a pleasure to be part of.

Ed Williams

Chair
1 June 2023

I'm pleased to report that our business is in as strong a position as it has ever been, and we are embarking on a journey where used and new car buyers can not only complete their research on Auto Trader, but complete more of the transaction too.

Summary of Group financial performance

Revenue in the core Auto Trader business increased by 9% to £473.0 million as customers are increasingly using our data, platform and advertising products to support their businesses. At a Group level revenue grew 16% to £500.2 million (2022: £432.7 million), the difference being the inclusion of the Autorama business, acquired in June 2022, with revenue of £27.2 million. Auto Trader growth was ahead of expectations and has been achieved despite both the new and used car markets experiencing low transaction volumes, although this headwind has been somewhat offset by robust levels of retailer profitability. The brilliant work of our people continues to strengthen our position with car buyers, build true partnerships with our customers and support an industry-leading data and technology platform.

Operating profit in the core Auto Trader business was £332.9 million, up 10% on last year, with a continued margin of 70% as a result of careful management of costs despite inflationary pressures. Group operating profit declined by 9% to £277.6 million (2022: £303.6 million), due to an operating loss of £11.2 million from Autorama, and £44.1 million of Group central costs relating to the acquisition of Autorama, which were £38.8 million of deferred consideration and amortisation of acquired intangibles of £5.3 million. Group operating profit margin was 55% (2022: 70%).

Strategy and purpose

Our purpose continues to be "Driving Change Together. Responsibly" which guides strategy and decisions across the organisation. At our 2022 Investor Day, we outlined our strategy using three concentric circles to illustrate that they are all elements of Auto Trader's central business strategy, rather than three distinct opportunities. Our technology and data platform and digital retailing build on the strengths of our core marketplace business. As an example, our platform strategy embeds our technology and data into retailers' businesses enabling them to make quicker decisions, which ultimately improves the value they get from advertising on Auto Trader. Digital retailing provides a deeper buying experience on Auto Trader that is more efficient for retailers and harder for others to replicate.



The UK car market

New car registrations at 1.7 million were 3% above financial year 2022 (2022: 1.6 million) but 19% lower than financial year 2020 with supply chain challenges continuing to impact the volume of new cars available for sale in the UK. New light commercial vehicle ('LCV') registrations were down 11% year on year. Used car transactions at 6.9 million were 8% below financial year 2022 levels (2022: 7.5 million) due to the knock-on impact of low volumes of new car supply, which has reduced the availability of younger cars.

Despite the weakness seen in supply throughout the period, demand has been resilient and used car prices have remained strong. Our used car Retail Price Index saw a 12% like for like, year on year increase in prices over the past 12 months, which has contributed to favourable trading conditions for our customers.

Being a responsible business

We hold ourselves to the highest standards when it comes to acting responsibly. We have a Corporate Responsibility Committee with oversight of Auto Trader's focus on the environmental, social and governance ('ESG') aspects of our business. We have identified focus areas and created a range of initiatives which are monitored regularly, and reported on externally with our cultural KPIs. While recognising that many of these changes take time, we remain committed to making meaningful progress across all measures.

We continue to focus on our people, ensuring that those from all backgrounds can fully realise their potential. We have carefully constructed learning and development programmes focusing on supporting early careers, mid-management and a continuous leadership programme for senior leaders. All of these programmes are specifically designed to recruit, support and develop diverse talent in our business.

There are two strands to our commitment around the environment: achieving net zero carbon emissions by 2040, and supporting consumers in making more environmentally friendly vehicle choices.

Outlook

The new financial year has started well and the Board is therefore confident of meeting its growth expectations for the year.

We expect another good year of retailer revenue growth, by far the largest part of our Auto Trader business. This will come from a similar ARPR growth rate to that achieved in financial year 2023. We expect the product lever to be consistent with the £137 achieved last year and the price lever to be slightly higher than last year's £90. The stock lever is likely to remain flat. We anticipate a slight decline in retailer numbers, mostly due to the full year impact of the disposal of Webzone Limited.

Over time we aim to grow share in the new car leasing market through our new Autorama segment. Our short-term focus is on significantly reducing the current annualised operating losses of £15 million through deeper integration with Auto Trader and being disciplined on costs. Group central costs, which are non-cash and relate to the acquisition of Autorama, will be c.£18 million for the year.

Auto Trader operating profit margins should be consistent year on year at 70%, despite continued investment in product development and inflationary pressures. Group margins are expected to increase year on year.

Nathan Coe

CEO
1 June 2023

On behalf of myself, the Board and everyone at Auto Trader we want to say thank you for years of dedicated service, over which time the business has completely transformed to the benefit of our people, customers, car buyers, shareholders and other stakeholders.

As we say at Auto Trader, you have every reason to feel **#proud**.

2019

- January: Auto Trader market capitalisation reached £4.2bn as we became a FTSE100 business.
- November: Following the appointment of Sigga Sigurdardottir, Auto Trader's Board became 50:50 male to female, one of only seven FTSE100 businesses at the time, exceeding the Hampton-Alexander recommendations for gender diversity on boards.

2020

Along with the rest of the world, Auto Trader was hit by the COVID-19 pandemic, with retailers closing their forecourts in late March 2020. The business acted swiftly to protect its people, support its customers and reduce risk given the significant unknowns at the time. This included pausing charging retailers for over four months, pausing

dividends and share buybacks, raising capital, reducing debt and waiving Board fees, salaries and bonuses. Ed's leadership of the Board at this time was more important than at any time in our history given the magnitude of decisions made. The impact of these actions still benefit us today – with our people, retailers, car buyers and our shareholders.

2020

As Chair, Ed oversaw the planning and execution of a comprehensive succession plan from the then CEO, Trevor Mather, to current CEO, Nathan Coe.

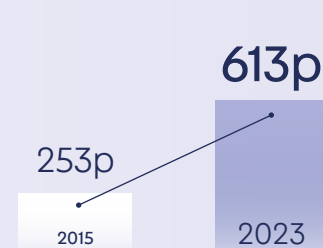
2022

- January: Following the appointment of Jasvinder Gakhal, the Board met the Parker review recommendation for ethnic diversity on boards.
- September: The business announces an evolved strategy at its Investor Day, outlining future growth in its core marketplace

and the opportunity to grow further through digital retailing – bringing more of the car buying journey onto Auto Trader – and our platform strategy to enable the industry to benefit from the data and technology we use to run Auto Trader.

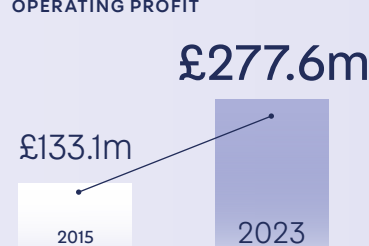
MONTHLY AVERAGE CROSS PLATFORM VISITS

31 MARCH SHARE PRICE



REVENUE

OPERATING PROFIT



£995.1m

cash returned to shareholders through dividends and share buybacks

Our stakeholders

We highlight below some of our key stakeholders, and we discuss why they are important to us, what their significant areas of interest are and, more importantly, the ways in which we as an organisation, and the Board, effectively engage with them.

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, underpins the success of our business model.

SIGNIFICANT AREAS OF INTEREST

- 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.

HOW DO WE ENGAGE WITH THEM?

- Speaking to consumers for our Car Buyers Report, and biannual consumer brand trackers to gauge views on their car buying intentions. The outputs are shared with the Board.
- Hosting consumer surveys onsite, which provide constant feedback on our user experience.
- Regular consumer user testing of new products, services and brand designs of our website.
- Holding workshops with people who are neurodiverse and potentially vulnerable consumers, which feeds into our consumer facing products (for example, their thoughts on how we display finance).
- Consumer complaints and customer security teams operating seven days a week.



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 vehicle retailers, with manufacturers and other customers (such as leasing companies), means that we continue to have the greatest choice of vehicles for consumers. The majority of our revenue is generated from our customers.

SIGNIFICANT AREAS OF INTEREST

- Making the car selling process more efficient.
- Access to data to make informed sourcing and disposing decisions.
- High-quality access to car buyers.
- Receiving value for money from Auto Trader, product quality and cost.
- Sourcing vehicles.
- Building strong partnerships.

HOW DO WE ENGAGE WITH THEM?

- Hosting monthly retailer sentiment surveys, evaluating product improvements and value.
- Hosting regular forums with CEOs of big and mid-tier retailers, OEMs, car supermarkets and automotive finance companies to share latest data and insight.
- Regular thought leadership and insight-driven reports, such as the Road to 2030 Report.
- Hosting industry insight events, retailer performance masterclasses, webinars and conferences to share latest views of the market and news.
- Operational Leadership Team ('OLT') engages in a business partnering programme and the Board visited customers this year.
- Sales teams, both telesales and field sales, are in constant dialogue with all our customers.
- Customers attend select Board meetings.



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

SIGNIFICANT AREAS OF INTEREST

- Diversity and inclusion.
- Training, career development and progression.
- Fair reward, recognition and benefits.
- Working conditions, environment and wellbeing.

HOW DO WE ENGAGE WITH THEM?

- Board Engagement Guild engages directly with the Board (without management present) on matters such as the cost of living crisis.
- Hosting biannual all-employee conferences, and regular CEO and OLT virtual business updates.
- Annual employee benefits roadshows and salary workshops.
- Annual Save As You Earn share scheme for all employees.
- Regular employee check-in surveys.
- Health and safety assessments.
- Wellbeing forums.
- Inclusive Leadership Programme and Diverse Talent Accelerator, which focuses on developing diverse talent across the business.
- Independent whistleblowing service.



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

OUR STRATEGIC PRIORITIES  **Classified marketplace**  **Platform**  **Digital retailing**  **Being a responsible business**

OUR PRINCIPAL RISKS AND UNCERTAINTIES

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

CULTURAL

Employee engagement¹

% of employees who are proud to work at Auto Trader



Link to strategic priorities:    

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 February 2023 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.

Linked to remuneration? 

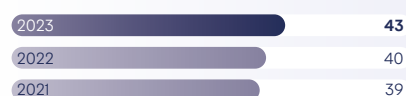
Progress

We are pleased that we have been able to maintain high levels of engagement from employees, with 91% of employees saying they are proud to work for Auto Trader. We continue to survey employees regularly and seek to improve the employee experience as we continue to operate a hybrid working environment.

Link to risks:  

Women as a % of total staff

% as at March each year



Link to strategic priorities: 

Definition

We calculate our diversity percentages using total Group headcount, and in 2023 this included Autorama (2023: 1,226, 2022: 1,002, 2021: 953). Based on 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.

Linked to remuneration? 

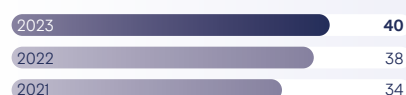
Progress

We are committed to having a representative workforce across all levels of our business and recognise the importance of gender diversity. Over the past 12 months, the percentage of our employees who are women increased to 43% (2022: 40%). We remain committed to improving gender diversity across our organisation.

Link to risks:  

Women as a % of leadership

% as at March each year



Link to strategic priorities: 

Definition

We calculate our diversity percentages using total Group headcount, and in 2023 this included Autorama (2023: 1,226, 2022: 1,002, 2021: 953). Based on 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') and their direct reports.

Linked to remuneration? 

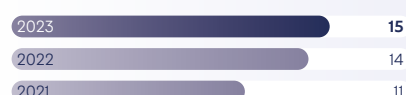
Progress

The percentage of employees who are women in leadership roles increased to 40% (2022: 38%). Of the 85 people in leadership positions who define their gender when asked, 34 are women. Our Diverse Talent Accelerator and Continuous Leadership Development programmes are aimed at supporting and developing employees into leadership roles.

Link to risks:  

Ethnically diverse representation as a % of total staff

% as at March each year



Link to strategic priorities: 

Definition

We calculate our diversity percentages using total Group headcount, and in 2023 this included Autorama (2023: 1,226, 2022: 1,002, 2021: 953). Based on the percentage of our headcount that define themselves as ethnically diverse as at the end of March. In calculating this percentage we take into account those who have chosen not to specify their ethnicity.

Linked to remuneration? 

Progress

Over the past 12 months we have increased the percentage of our employees who define themselves as ethnically diverse to 15%. Of the 1,060 people who disclose their ethnicity when asked, 184 are ethnically diverse. There were 166 employees (14%) who have not yet disclosed their ethnicity or opted not to do so.

Link to risks:  

Ethnically diverse representation as a % of leadership

% as at March each year



Link to strategic priorities: 



Definition

We calculate our diversity percentages using total Group headcount, and in 2023 this included Autorama (2023: 1,226, 2022: 1,002, 2021: 953). Based on 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') and their direct reports.

Linked to remuneration? 

Progress

The percentage of ethnically diverse employees in leadership roles increased in the year to 8%. Of the 85 people in leadership positions who define their ethnicity when asked, seven are ethnically diverse. We recognise there is a lot to do in this area. Our Diverse Talent Accelerator and Continuous Leadership Development programmes are aimed at supporting and developing employees into leadership roles.

Link to risks:  

Total CO₂ emissions²

Tonnes of carbon dioxide equivalent




2. Our emissions have been restated to include Autorama, including prior year (2022) and our base year (2020).

Link to strategic priorities: 

Definition

The methodology 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 CO₂ emissions includes Scope 1, 2 and 3 across all relevant categories.

Linked to remuneration? 

Progress

Calculations of our GHG emissions have been restated to include Autorama, including prior year (2022) and our base year (2020) calculations. GHG emissions during the year total 79.5k tonnes of CO₂ across Scopes 1, 2 and 3 (March 2022 restated: 129.4k tonnes). The majority of our emissions are predominantly due to the emissions associated with the vehicles sold by Autorama which temporarily pass through their balance sheet. This was the main driver for the year-on-year decline with fewer vehicles sold having passed through their balance sheet.

Link to risks:   

1. The employee engagement score excludes employees of Autorama. Autorama currently conduct their own survey with a different question set. In their March 2023 survey, Autorama employees were asked to rate the question "How likely is it you would recommend Vanarama as a place to work?" Answers were given on a 10-point scale, 10 representing highly recommend. The survey had a 71% response rate and 62% responded 9 or above.

overhead costs, including the cost associated with completing the buy-in of our legacy defined benefit pension scheme, return of travel and higher office and people related costs. Depreciation and amortisation decreased by 7% to £6.7m (2022: £7.2m).

Operating profit bridge (£m)	2023	2022	Change
Revenue	473.0	432.7	9%
Operating costs	(142.6)	(132.0)	8%
Share of profit from joint ventures	2.5	2.9	(14%)
Auto Trader operating profit	332.9	303.6	10%
Group central costs – relating to Autorama acquisition	(44.1)	-	-
Autorama operating loss	(11.2)	-	-
Group operating profit	277.6	303.6	(9%)

Operating profit increased by 10% to £332.9m during the year (2022: £303.6m). Operating profit margin remained flat at 70% (2022: 70%).

Our share of profit generated by Dealer Auction, the Group's joint venture, decreased 14% to £2.5m (2022: £2.9m) in the year due to lower levels of auction activity as a result of supply constraints.

Autorama results

Autorama revenue (£m)	2023
Vehicle & Accessory Sales	16.0
Commission & Ancillary	11.2
Autorama revenue	27.2

Autorama revenue was £27.2m, with Vehicle and Accessory Sales contributing £16.0m, and Commission and Ancillary revenue contributing £11.2m.

Total deliveries amounted to 6,895 units, which comprised 4,295 cars, 2,253 vans and 347 pickups. Average commission and ancillary revenue per unit delivered was £1,624.

Autorama costs (£m)	2023
Cost of goods sold	15.7
People costs	10.5
Marketing	4.7
Other costs	5.4
Depreciation & amortisation	2.1
Autorama costs	38.4

The Autorama business delivered c.700 vehicles which were temporarily taken on balance sheet in the period from 22 June 2022 to 31 March 2023. This represented just over 10% of total vehicles delivered in the period. The cost of these vehicles was taken through cost of goods sold, with the corresponding revenue in Vehicle and Accessory Sales. People costs of £10.5m related to the 209 FTEs employed on average through the year. As a result of the acquisition being on 22 June 2022, the contribution to the Group's average number of FTEs in the year was 164. Marketing in the year was £4.7m. Other costs include IT services, property, other overheads and some depreciation and amortisation of developed software. The Autorama operating segment made an operating loss of £11.2m.

Autorama operating loss (£m)	2023
Revenue	27.2
Administrative expenses	(38.4)
Operating loss	(11.2)

Group net finance costs

Group net finance costs increased to £3.1m (2022: £2.6m). Interest costs on the Group's Syndicated Revolving Credit Facility ('Syndicated RCF') totalled £2.6m (2022: £1.4m) with the year-on-year increase due to higher utilisation of the facility across the year. At 31 March 2023 the Group had drawn £60.0m of its available facility (31 March 2022: £nil). Other finance costs comprised amortisation of debt issue costs of £0.5m (2022: £0.1m). Interest costs relating to leases totalled £0.2m (2022: £0.2m), which was offset by interest receivable on cash and cash equivalents of £0.2m (2022: £0.1m).

Amendment of Syndicated RCF commitments

On 1 February 2023, the Group amended and extended its Syndicated RCF, reducing the commitment from £250.0m to £200.0m. The facility was due to terminate in two tranches: £52.2m maturing in June 2023 and £197.8m maturing in June 2025. The facility has now been extended to February 2028 plus additional extension options with no tranche terminations. There is no requirement to settle all or part of the debt earlier than the termination dates stated.

Taxation

Profit before taxation decreased by 2% to £293.6m (2022: £301.0m), with the decrease being lower than operating profit predominantly due to a £19.1m profit on disposal from the sale of Webzone Limited. The Group tax charge of £59.7m (2022: £56.3m) represents an effective tax rate of 20% (2022: 19%). This is higher than the average standard UK rate principally due to the Autorama deferred consideration charge being non-deductible. With revenue exceeding £500.0m for the first time, the Group is potentially within scope of the UK's digital services tax ('DST'), however certain revenue streams, such as vehicle and accessory sales, would be exempt, meaning we do not meet the threshold in financial year 2023. It is HMRC's intention that the current UK DST will be repealed during financial year 2024 and replaced with an OECD model for which the Group would not be in scope.

Earnings per share

Basic earnings per share decreased by 2% to 25.01 pence (2022: 25.61 pence) based on a weighted average number of ordinary shares in issue of 935,138,578 (2022: 955,532,888). Diluted earnings per share of 24.77 pence (2022: 25.56 pence) also decreased by 3%, based on 944,144,242 shares (2022: 957,534,145) which takes into account the dilutive impact of outstanding share awards.

Adjusted EPS (£m)	2023	2022	Change
Net income	233.9	244.7	(4%)
Autorama deferred consideration	38.8	-	-
Profit on the sale of subsidiary	(19.1)	-	-
Adjusted net income	253.6	244.7	4%
Adjusted earnings per share (pence)	27.12	25.61	6%

Adjusted earnings per share, before Autorama deferred consideration, profit on the sale of subsidiary, and net of the tax effect in respect of these items, increased by 6% to 27.12 pence (2022: 25.61 pence).

Cash flow and net debt

Cash generated from operations decreased to £327.4m (2022: £328.1m). Corporation tax payments increased to £60.5m (2022: £56.2m). Cash generated from operating activities was £266.9m (2022: £271.9m).

As at 31 March 2023 the Group had net bank debt of £43.4m (31 March 2022: net cash £51.3m), an increase of £94.7m due to the acquisition of Autorama. At the year end, the Group had drawn £60.0m of its Syndicated RCF (31 March 2022: £nil) and held cash and cash equivalents of £16.6m (31 March 2022: £51.3m).

Leverage, defined as the ratio of Net bank debt to EBITDA (adjusted for the Autorama deferred consideration), was 0.1 times (2022: zero) and interest paid was £3.4m (2022: £1.5m).

Capital structure and dividends

During the year, a total of 25.3m shares (2022: 24.9m) were purchased for a consideration of £147.3m (2022: £163.5m) before transaction costs of £0.7m (2022: £0.8m). A further £77.7m (2022: £73.6m) was paid in dividends, giving a total of £225.0m (2022: £237.1m) in cash returned to shareholders. The Directors are recommending a final dividend of 5.6 pence per share. Subject to shareholders' approval at the Annual General Meeting ('AGM') on 14 September 2023, the final dividend will be paid on 22 September 2023 to shareholders on the register of members at the close of business on 25 August 2023. The total dividend for the year is therefore 8.4 pence per share (2022: 8.2 pence per share).

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

Going concern

The Group generated significant cash from operations during the year. At 31 March 2023 the Group had drawn £60.0m of its £200.0m unsecured Syndicated RCF and had cash balances of £16.6m. The Group has a strong balance sheet and flexibility in terms of uses of cash to manage increased economic uncertainty and higher interest rates. The £200.0m Syndicated RCF is committed until February 2028. Based on the facilities available and current financial projections for the next 12 months the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Jamie Warner

Chief Financial Officer
1 June 2023



Our environment

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

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



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

The Group has prepared its TCFD disclosures in line with guidance from the 2021 updates to the TCFD Final Report and Annex, including the supplementary guidance for all sectors. At the time of publication, the Group has made climate related financial disclosures consistent with the TCFD recommendations set out on pages 30 to 34. We have built on our progress from previous years to develop a net zero strategy and we continue to identify the risks and opportunities to our business as a result of climate change and their potential financial impact.

TCFD: Governance

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

TCFD: Strategy

As the world transitions to a low carbon economy, regulatory change and changes in consumer behaviour will have an impact on the automotive market, meaning we need to develop and adapt our business strategy accordingly. Reducing the impact our business has on the environment is embedded into our wider business strategy of acting responsibly and we are committed to being a net zero business by 2040. As well as reducing our own emissions, we are also raising environmental awareness with both our customers and consumers, encouraging them to reduce their own environmental impact.

We use our breadth of expertise, data and market insight to accelerate the transition to low carbon transport, working with the automotive industry.

How we govern this area



1. BOARD RESPONSIBILITY

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

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 all our Executive Directors, who have responsibility for overseeing our climate change agenda and are responsible for ensuring that climate related risks are integrated into our 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

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

4. REMUNERATION COMMITTEE

The Committee introduced ESG related targets into the Performance Share Plan ('PSP') for the first time in 2021. In 2022, the PSP included a performance target linked to a reduction of our GHG emissions and it will also be included in the 2023 PSP.

5. THIRD-PARTY ASSURANCE

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

6. ENVIRONMENTAL WORKING GROUPS

Our environmental strategy not only focuses on our own environmental impact, but also aims to support our customers, consumers and the industry 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 various working groups, which are supported by members of our OLT. Key activities and milestones are set for each financial year and these are shared with the Corporate Responsibility Committee. The working groups meet individually as required but meet collectively on a quarterly basis:

- Net Zero working group (sponsored by Jamie Warner, CFO): responsible for our commitment to net zero in line with our SBTi targets.
- Environmental strategy working group (sponsored by Ian Plummer, Commercial Director): responsible for helping consumers make more environmentally friendly vehicle choices.

7. EMPLOYEE GUILDS & NETWORKS

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

Climate related risks and opportunities

To build climate resilience into our business strategy we identify climate related risks and opportunities. As an online marketplace, we have a relatively small carbon footprint and our business model is sustainable in a low carbon environment. However, with the acquisition of Autorama, our emissions have increased due to the vehicles sold by Autorama that temporarily pass through their balance sheet. The nature of the risks and opportunities that we face depends not just on the physical aspects of climate change, but also on transition risks. These are driven by the trajectory of our customers and consumers in responding to climate change and the regulations applied to the market we operate in.

During the year we refined our assessment of the risks and opportunities posed by climate change and how they might impact our business. We considered the transitional and physical climate risks and opportunities presented by rising temperatures, climate related policy and emerging technologies. We agreed the methodology for assessing and quantifying financial impacts. For the purposes of our assessment, the time horizons we used were as follows:

- Short term: 0–5 years
- Medium to long term: 5 years +

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

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

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

The results of our scenario analysis inform our long-term strategic business planning and are overseen by the Corporate Responsibility Committee.

How we govern this area



1. BOARD RESPONSIBILITY

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

2. EXECUTIVE RESPONSIBILITY

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

3. OPERATIONAL LEADERSHIP TEAM

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

4. REMUNERATION COMMITTEE

The Committee introduced diversity related metrics into the Performance Share Plan ('PSP') for the 2021 PSP award, and introduced an underpin for the 2022 PSP award. For the 2023 PSP award performance will again be measured against our diversity ambitions as part of an underpin rather than as a standalone measure.

5. EMPLOYEE GUILDS & NETWORKS

Our employees play a fundamental role in the success of our ESG strategy. Through our thriving networks and guilds, our ESG priorities and ambitions are championed and driven forward by our employees. See page 42 for more information about our networks. These networks feed into a wider Diversity and Inclusion Guild which oversees the various networks to ensure they drive real change across our organisation.

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

6. THIRD-PARTY CHARTERS & ACCREDITATIONS

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

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

Engaging our employees

We welcome open and honest feedback from our employees and 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 91% (2022: 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.¹

Wellbeing and safety of our employees

We are committed to supporting our employees in all aspects of their health and wellbeing. We provide a comprehensive range of healthcare benefits as well as access to tools and education, mental health support and supportive pathways to empower our employees to have more good days. We have tools to support employees with their financial wellbeing and all employees can join the Group's Save As You Earn Scheme, with 68% (2022: 66%) of eligible employees participating in one of the current schemes. A Group personal pension plan is offered to all employees, under which they can contribute between 3% and 5% (or higher) of their salary and Auto Trader contributes between 5% and 7%.

We are committed to creating a safe space for our colleagues in the office environment.

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 have a fully compliant Health and Safety Policy and appropriate insurance for all employees. We can report that we have had no fatalities or serious injuries during the year, and there was no impact to our operations due to work-related incidents or work-related occupational disease.

Following the introduction of our Connected Working approach, which offers all employees greater flexibility in where and when they work, a programme of ergonomic assessments was carried out to review and ensure effective and safe homeworking environments. This approach allows people to stay connected with their team and the wider Auto Trader community and maintains our collaborative culture.

1. The employee engagement score excludes employees of Autorama. Autorama currently conduct their own survey with a different question set. In their March 2023 survey, Autorama employees were asked to rate the question "How likely is it you would recommend Vanarama as a place to work?" Answers were given on a 10-point scale, 10 representing highly recommend. The survey had a 71% response rate and 62% responded 9 or above.

Gender and ethnicity pay gap

We released our third combined Gender and Ethnicity Pay Gap Report 2022 (published in November 2022, reporting the pay gap as at 5 April 2022). This year we joined forces with other FTSE 100 companies to encourage more companies to report and to campaign to make ethnicity pay gap reporting mandatory in the same way that it is for gender. Please see our website, plc.autotrader.co.uk, for more information.

We continue to make progress in reducing our gender pay gap. Our mean gender pay gap decreased by 0.3% (2021: 2.7% decrease), however, our median pay gap increased by 0.4% (2021: 0.7% decrease). During the reporting period, we performed well in retaining women in our upper quartiles (25% women leavers compared to 57% for men), and of the 136 new hires included in the report, 43% were women (2021: 81 new starters, 42% women). We believe that hiring women early on in their careers and progressing them through the business, taking into consideration the fact that women are greatly underrepresented in both the technology and automotive sectors, is the most sustainable way to reduce the pay gaps in the long term. Between April 2021 and March 2022, we were pleased to see that women accounted for 41% of all promotions, and we continue to strive to increase this further.



During the reporting period, the mean and median ethnicity pay gaps have decreased by 0.8% and 1.2% respectively (2021: increased by 2.7% and 0.7% respectively). The main drivers include the retention of ethnically diverse colleagues in the upper quartiles while also hiring new talent across the

business. The highest representation for ethnically diverse colleagues is still in the lower quartile pay bands, mainly driven by our early careers intake. 33% (2021: 31%) of early career hires during the reporting period were ethnically diverse.

At a Board level, over half of our Board are women, exceeding the FTSE Women Leaders Review recommendation, which has a target of 40% women's representation. We also satisfied the recommendation of the Parker Review that at least one Director should be from an ethnically diverse background.

The percentage of the total company who are from an ethnically diverse background has increased from 14% to 15% during the year, with the percentage of those from an ethnically diverse background in leadership increasing from 6% to 8%.

	As at 31 March 2023							As at 31 March 2022						
	Board		Executive management OLT ²		OLT direct reports		Total company	Board		Executive management OLT ²		OLT direct reports		Total company
	Number	% of senior positions ¹	Number	%	Number	%	Number %	Number	% of senior positions ¹	Number	%	Number	%	Number %
Men	4	44%	4	44%	45	62%	696 57%	4	44%	4	56%	57	63%	599 60%
Women	5	56%	5	56%	28	38%	524 43%	5	56%	4	44%	34	37%	400 40%
Non binary /other	-	-	-	-	-	-	6 -	-	-	-	-	-	-	3 -

	As at 31 March 2023							As at 31 March 2022						
	Board		Executive management OLT ²		OLT direct reports		Total company	Board		Executive management OLT ²		OLT direct reports		Total company
	Number	% of senior positions ¹	Number	%	Number	%	Number %	Number	% of senior positions ¹	Number	%	Number	%	Number %
White British or other White	8	78%	3	100%	62	85%	876 72%	8	78%	3	100%	79	87%	739 74%
Mixed ethnic groups	-	-	-	-	1	1%	29 2%	-	-	-	-	1	1%	23 2%
Asian /Asian British	1	11%	-	-	4	6%	103 8%	1	11%	-	-	3	3%	79 8%
Black/African /Caribbean /Black British	-	-	-	-	2	3%	37 3%	-	-	-	-	1	1%	26 3%
Other	-	-	-	-	-	-	15 1%	-	-	-	-	1	1%	11 1%
Not disclosed	-	11%	1	-	4	6%	166 14%	-	11%	1	-	6	7%	124 12%

1. Senior positions defined as CEO, CFO, SID and Chair of the Board.

2. Excludes CEO, COO and CFO who are included in the Board numbers.

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 shareholders

Compliance with the Corporate Governance Code

The reports on the following pages, including the Committee reports, set out the governance arrangements we have in place, and detail how we have met the Code requirements. Once again, the Company complied with all provisions set out in the Code for the period.

Board succession planning

Succession planning has been a major focus area during the year. The Board has approved the appointment of Matt Davies as Chair Designate with effect from 1 July 2023, to succeed me as Chair prior to the conclusion of the 2023 AGM. Two of our Non-Executive Directors (David Keens and Jill Easterbrook) will reach the end of their third three-year terms in 2024, the ninth anniversary of Auto Trader Group plc's admission to the London Stock Exchange's official list. Jeni Mundy will reach the end of her third three-year term in 2025. The Nomination Committee report sets out in some detail the succession plan for these changes, including the overarching goals, skills and experience requirements and the expected timelines. The Company will continue to update on our progress at the appropriate time, as suitable candidates are identified and appointments are made.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 10:00am on Thursday 14 September 2023 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
1 June 2023

Independence¹

Number of Directors as at 31 March 2023²



Percentage of independent Directors on the Board: 62.5%

● Independent ● Non-independent

Gender diversity

Number of Directors as at 31 March 2023²



Percentage of women on the Board: 55.6%

● Women ● Men

Ethnic diversity³

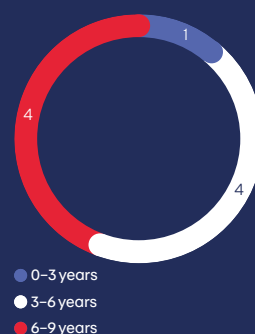
Number of Directors as at 31 March 2023²



● Ethnically diverse
● White

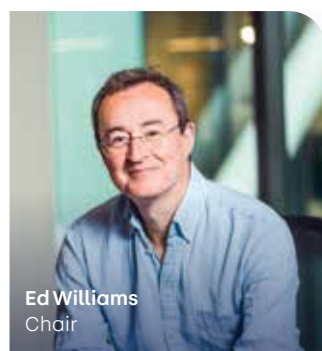
Length of tenure⁴

Number of Directors as at 31 March 2023



● 0-3 years
● 3-6 years
● 6-9 years

1. Excluding the Chair.
2. No change from 31 March 2022.
3. As per the Parker Review, a Director was defined as being ethnically diverse if they identified as Asian, Black, Mixed or Other.
4. Refers to the period since appointment to the PLC Board.



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.

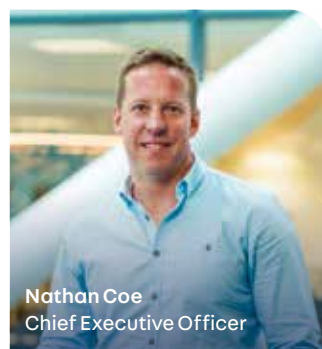
Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co. Ed holds an MA in Philosophy, Politics and Economics from St Anne's College, Oxford.

Appointed to PLC Board
February 2015

Independent on appointment?
Yes

External appointments
• Baltic Classifieds Group plc
Committee memberships

N



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.

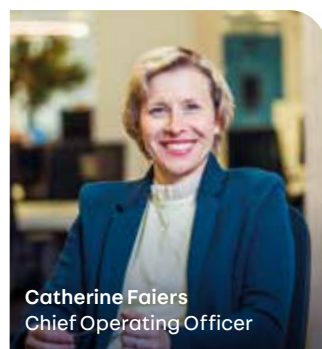
He was previously a consultant at PwC, having graduated from the University of Sydney with a B.Com (Hons).

Appointed to PLC Board
April 2017

Independent on appointment?
N/A

External appointments
None
Committee memberships

D



Catherine Faiers
Chief Operating Officer

Biography

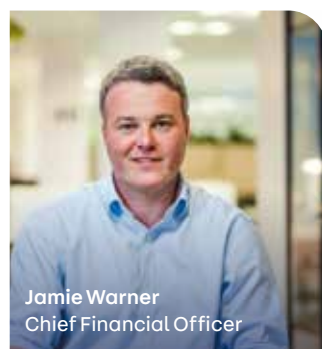
Catherine joined Auto Trader in August 2017 and was appointed as Chief Operating Officer ('COO') in May 2019. Catherine is responsible for the day-to-day operations of Auto Trader's business. She is also focused on guiding the Group's strategy and development.

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
• Allegro.eu Group
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

D



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

A CR N R



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 FTSE 100 international equipment rental company; a Non-Executive Director of UP Global Sourcing Holdings plc, a FTSE small cap consumer goods business; a Non-Executive Director of Tracsis plc, an AIM listed provider of software, hardware, data analytics/

GIS and services for the transport industries; and is Chair of Headland, a PR and Communications agency.

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

Appointed to PLC Board
July 2015

Independent on appointment?
Yes

External appointments

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

Committee memberships

R A CR N



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 BAME100 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

A CR N R



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

None

Committee memberships

CR A N R



Sigga Sigurdardottir
Independent
Non-Executive Director

Biography

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

Sigga is currently part of the UK executive team at Experian and is responsible for their UK Direct to Consumer Business. 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.

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

A CR N R



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.

Committee memberships

D

Committee memberships

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



Jeni Mundy
Chair of the Committee

AT A GLANCE

Providing oversight, scrutiny and challenge on matters relating to the Group's ESG strategy.

OVERVIEW

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

OUR PROGRESS IN 2023

- Long-term net zero targets validated and approved by the SBTi.
- Carbon Literacy training completed by all members of the Board.
- Continued roll out of the Diverse Talent Accelerator programme.
- Launch of the Continuous Leadership Development programme.
- Launch of our Social Mobility Network.
- Review of our cyber security controls.

FOCUS AREAS FOR 2024

- Review our materiality assessment to ensure we are prioritising and focusing on the right issues.
- Oversee and monitor the development of the Group's carbon reduction plan.
- Continued education and training for the Board as new ESG challenges emerge and ESG regulation continues to grow.

Being a responsible business P26



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



We continue to make good progress on setting our near-term and longer-term goals across all ESG matters, but we know there is still more to do.

Dear shareholders,

I am pleased to present the Report of the Corporate Responsibility Committee for March 2023.

The Committee was formed to oversee the progress towards fulfilling our Environmental, Social and Governance ('ESG') strategy.

We recognise that our activities – and the way we carry them out – have impacts that reach well beyond our financial performance. Our business activities impact a wide range of stakeholders and we strive to make this impact a positive one.

Our progress in 2023

We continue to make good progress with our ESG strategy and our cultural KPIs:

Materiality assessment

In the prior year, the Group identified the ESG issues that mattered most to its stakeholders and where our ESG activities should focus. The Committee continues to support 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. Each of the pillars making up the environmental strategy has achieved key milestones and the Committee commends the positive progress made towards the Group's ambitious targets. Key achievements during the year include verification of our long-term (2040) net zero targets by the Science Based Targets initiative ('SBTi') and the achievement of the Platinum Award for Carbon Literacy (meaning 80% of our employees are now certified).

We have continued to report consistently with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'). As part of this, the Group has undertaken climate scenario analysis and refined its assessment of the risks and opportunities posed by climate change and how they might impact our business. The Committee has reviewed the analysis conducted and recognises that this analysis will need to continually evolve as the Group grows and changes and as we respond to the risks and opportunities identified.

In addition, the Group has undertaken work to understand the impact of the Autorama acquisition on the Group's carbon footprint and has included them in the calculation of our GHG emissions for the year. Our GHG emissions have been audited by a third party, EcoAct, providing an assurance over our emissions reporting.

I am pleased to see the progress made in our aim to become the number one electric car destination and it is encouraging to see the Group meet significant milestones in this area.

Looking ahead to next year, the Committee looks forward to seeing the Group's progress with its carbon reduction plan – with the Group's commitment to net zero and the increased volume of emissions as a result of the Autorama acquisition, a clear plan and focused action will be required if we are to achieve our ambitious target to be net zero by 2040.

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 Group has targeted programmes for employees at different stages of their careers including early careers, mid-career and senior leaders. During the year, the Committee received an update on the Diverse Talent Accelerator programme and it is encouraging to see positive progress with a high proportion of participants benefiting from opportunities within the business. The Continuous Leadership Development programme launched during the year which is focused on supporting senior leaders within the business.

I am pleased that work has already begun to roll out our diversity and inclusion courses and initiatives within Autorama, including our 'One Auto Trader' workshops, and further work will continue in the coming year.

As we face the additional challenges of a growing opportunity gap in the wake of COVID-19 and the cost of living crisis, Auto Trader is committed to ensuring everyone has the opportunity to succeed, regardless of their background, and this includes socio-economic diversity. This year we launched our Social Mobility Network. The Group has supported social mobility for a number of years and has made many changes to its outreach, recruitment, application and onboarding processes. The Social Mobility Network is committed to taking steps to boost opportunities at a time when social mobility is more challenging than ever. This commitment has been recognised by the Group being featured in the Top 75 Employers in the Social Mobility Index by the Social Mobility Foundation.

Ongoing ESG training

During the year all Board members completed Carbon Literacy training – the course covers a broad range of climate change related topics and creates greater awareness of the carbon costs and impacts of everyday activities, as well as understanding how individuals and organisations can reduce their emissions.

ESG continues to receive heightened stakeholder focus and disclosure requirements for companies continue to evolve, requiring companies to enhance and standardise their disclosures, particularly in relation to climate. In addition, as the Group continues to evolve its ESG strategy to incorporate risks and opportunities and their impact on the long-term business strategy, it is essential that the Committee remains abreast of ESG issues and regulation. To assist the Committee in successfully overseeing the Group's ESG strategy, the Committee will continue to receive regular training and education as new ESG challenges and regulations emerge.

Non-financial reporting frameworks

We continue to evolve our Environmental, Social and Governance ('ESG') reporting to meet the requirements of leading industry frameworks and our stakeholders' expectations. Our reporting focuses on the Task Force on Climate-related Financial Disclosures ('TCFD') and the Sustainability Accounting Standards Board ('SASB') standards referencing the SASB's reporting framework for the Internet and Media Services and Media & Entertainment industries. We have also identified the UN Sustainable Development Goals ('SDGs'), which we believe Auto Trader can make a meaningful contribution to.

Measuring progress

We feel it is important to assess the progress being made across the Group's commitments and goals. This is the third year that we have reported our cultural KPIs to sit alongside the existing financial and operational KPIs and I am pleased to see that there has been positive progress with all of 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 systemic change resulting in sustainable progress.

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

Progress towards our net zero target will continue to be monitored throughout the year to ensure that the Group is on target to reach our goals.

Over the next year the Committee will continue to oversee and monitor the business's commitments in relation to ESG and continue to push forward our ESG strategy.

Jeni Mundy

Chair of the Corporate Responsibility Committee
1 June 2023

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 2023 comprise the Company and its interest in subsidiaries (together referred to as 'the Group'). The Group's principal business is the operation of the Auto Trader platforms which form the UK's largest automotive marketplace.

The Consolidated financial statements of the Group as at and for the year ended 31 March 2023 are available upon request to the Company Secretary from the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN or are available on the corporate website at plc.autotrader.co.uk.

Basis of preparation

The Consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards.

The Consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, except for equity investments which are carried at fair value.

Functional and presentation currency

The Consolidated financial statements are presented in sterling (£), which is the Group's presentation currency, and rounded to the nearest hundred thousand (£0.1m) except when otherwise indicated.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the Consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

When the Group disposes of a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in the income statement.

Intercompany transactions and balances between Group companies are eliminated on consolidation.

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as: joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where significant influence is not demonstrated but the shareholding is between 20% and 50%, the Group would account for its interest as an investment. All investments are initially recognised at cost and the carrying value is reviewed for impairment.

Going concern

During the year ended 31 March 2023 the Group has continued to generate significant cash from operations. The Group has an overall positive net asset position and had cash balances of £16.6m at 31 March 2023 (2022: £51.3m). During the year £225.0m was returned to shareholders through share buybacks and dividends (2022: £237.1m).

The Group has access to a Syndicated revolving credit facility (the 'Syndicated RCF'). At 31 March 2023 the Group had £60.0m (2022: nil) drawn of its £200.0m Syndicated RCF. The £200.0m Syndicated RCF is committed through to maturity in February 2028.

Cash flow projections for a period of not less than 12 months from the date of this report have been prepared. Stress case scenarios have been modelled to make the assessment of going concern, taking into account severe but plausible potential impacts of a severe economic downturn and a data breach within the next 12 months. The results of the stress testing demonstrated that due to the Group's significant free cash flow, access to the Syndicated RCF and the Board's ability to adjust the discretionary share buyback programme, the Group would be able to withstand the impact and remain cash generative. Subsequent to the year end, the Group has generated cash flows in line with its forecast and there are no events that have adversely impacted the Group's liquidity.

The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for a period not less than 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.