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AUTO TRADER GROUP PLC

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Auto Trader Group plc ('the Group'), the UK's largest automotive marketplace, announces half year results for the six months ended 30 September 2023

Strategic overview

- Auto Trader's core marketplace business grew revenue at 9% and operating profit at 10%, with operating profit margins remaining above 70%. Total Group revenue increased by 12% and Group operating profit increased by 10%.
- Average revenue per retailer ('ARPR') grew 12% due to continued strong adoption of our additional products and services and a successful annual pricing and product event in April 2023. This event was supported by our second Auto Trader Connect module, Valuations, which makes our market leading retail valuations available to all customers via API or within our Retailer Portal.
- The used car market continues to be resilient. The volume of buyers on Auto Trader is at record levels, supported by stable consumer sentiment towards car buying and the continued availability of finance. The supply of used cars has gradually improved as new car registrations grow; used car pricing has remained robust; and vehicles continue to sell on Auto Trader quicker than pre-pandemic levels.
- We are making good progress scaling our Deal Builder product, which allows car buyers to value their part-exchange, apply for finance and reserve the car online. We had c.500 retailers trialling the service at the end of September 2023 (March 2023: c.50), have completed c.2,100 deals in the period (FY 2023: c.200) and consumer feedback remains positive.
- Structural changes in the new car market are providing opportunities for the Group. We have launched a new car market extension product, allowing manufacturers operating an agency model to advertise new cars directly to consumers. We continue to integrate our new car leasing proposition, Autorama, which has yielded some cost savings and should benefit from volume growth when supply returns to this channel.

Financial results

£m (unless otherwise specified)	H1 2024	H1 2023	Change
Auto Trader[1]	259.4	238.2	9%
Autorama[2]	21.1	11.6	82%
Group revenue	**280.5**	**249.8**	**12%**
Auto Trader[1]	184.9	168.8	10%
Autorama[2]	(5.6)	(4.0)	(40%)
Group central costs[3] – relating to Autorama acquisition	(14.7)	(15.7)	6%
Group operating profit	**164.6**	**149.1**	**10%**
Auto Trader operating profit margin	71%	71%	0% pts
Group operating profit margin	59%	60%	(1%) pts
Basic earnings per share (pence)	**12.74p**	**12.23p**	**4%**
Cash generated from operations[4]	**184.2**	**164.6**	**12%**

Adjusted EBITDA[5]	182.1	167.7	9%
Adjusted earnings per share (pence)[6]	13.96p	13.70p	2%

- £117.1 million was returned to shareholders (H1 2023: £82.3 million) through £65.8 million of share buybacks and dividends paid of £51.3 million.
- Interim dividend declared of 3.2p (H1 2023: 2.8p).
- In July 2023, an outcome statement was published with an update to the timeline for the replacement of the UK's digital services tax ('DST'). Currently we do not believe that our in-scope revenue will exceed £500m in financial year 2024, but it is likely the Group will exceed this threshold and have to pay DST in financial year 2025. It is currently envisaged that the implementation of Pillar One, as part of the global two-pillar tax reform, could occur during calendar year 2025, at which point the Group would fall below a much higher qualifying threshold and cease to pay UK DST in financial year 2026 and beyond.

Operational results

- Over 75% of all minutes spent on automotive classified sites were spent on Auto Trader[7] (H1 2023: over 75%). Cross platform visits[8,9] were up 14% to 77.0 million per month (H1 2023: 67.7 million). Cross platform minutes[8,9] were up 11% to 555 million minutes per month (H1 2023: 498 million minutes).
- The average number of retailer forecourts[8] in the period was down 3% to 13,710 (H1 2023: 14,161). However, excluding the impact of the Webzone Limited disposal in October 2022 (which meant a loss of 543 retailers over the period), like-for-like retailer numbers were up 1%.
- Average Revenue Per Retailer[8] ('ARPR') per month was up 12% (or £279) to £2,683 (H1 2023: £2,404). This was driven by the price and product levers, with a slight decline in the stock lever.
- Live car stock[8,11] on site was broadly flat at 439,000 cars (H1 2023: 440,000) on average, within which our listings product for new cars was 23,000 on average (H1 2023: 22,000).
- The average number of employees[8] ('FTEs') in the Group increased to 1,220 during the period (H1 2023: 1,112), with a net increase of 30 from the acquisition of Autorama and the disposal of Webzone Limited.

Cultural KPIs

- Employees that are proud to work at Auto Trader[12] remained high at 92% (March 2023: 91%).
- We believe diverse teams and an inclusive culture are key to attracting, retaining and maximising the potential of our people and therefore our business, which is broken down as follows:
    - Board: We continue to have more women than men on our Board (March 2023: five women and four men) and one ethnically diverse Board member (March 2023: one).
    - Leadership: The percentage of women leaders[13,15] was 42% (March 2023: 40%), and those who are ethnically diverse[13,14,15] was 7% (March 2023: 8%).
    - Organisation: The percentage of employees who are women was at 43%[15] (March 2023: 43%), and those who are ethnically diverse[14,15] was 16% (March 2023: 15%).
- We are aiming to achieve net zero across our entire value chain (Scopes 1, 2 and 3) before 2040, and to halve our carbon emissions before the end of 2030. We have recently amended our base year to financial year 2023 to reflect the addition of Autorama to the Group. Total Group emissions for the period are estimated at 37.3k tonnes of carbon dioxide equivalent[16] (FY 2023: 79.5k tonnes).

Nathan Coe, Chief Executive Officer of Auto Trader, said:

"It has been a strong start to the year with more buyers spending more time and completing more of their car buying journey on Auto Trader. We are working in partnership with record numbers of retailers and manufacturers, who are turning to our platform as the most effective and efficient way to source, price and sell their vehicles.

"We remain confident in our long-term prospects given the strength of our business and the opportunities to deliver meaningful value for car buyers, customers, our people and shareholders."

2024 Outlook

The Board is confident for the second half of the year. The majority of the Group's revenues are recurring in nature and the major growth event for the year has been successfully delivered in the first half.

We expect another good year of retailer revenue growth, which is by far the largest part of our Auto Trader business. Both price and product levers were inflated in H1 due to the Webzone Limited disposal. The price lever is expected to be £110-£120 for the full year and the product lever should be slightly better than the £137 achieved last year. The stock lever is likely to be flat. We anticipate a modest decline in retailer numbers for the full year from the number reported in the first half. The other smaller revenue areas within the main Auto Trader business are likely to see mid-single to low double-digit growth.

Auto Trader's operating profit margin is expected to be consistent with that achieved in the first half. Group margins are expected to increase year-on-year.

For Autorama, our 2024 outlook remains unchanged for the year. Group central costs, which are non-cash charges relating to the acquisition of Autorama, are expected to be c.£21 million.

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

Analyst presentation
A presentation for analysts will be held via audio webcast and conference call at 9.30am, Thursday 9 November 2023. Details below:

Audio webcast:

https://edge.media-server.com/mmc/p/ccpe6iam

Conference call registration:

https://register.vevent.com/register/BI1bd4c988d2da4b4a9d6e8fc2317c72b2

If you have any trouble registering or accessing either the conference call or webcast, please contact Powerscourt on the details below.

For media enquiries
Please contact the team at Powerscourt on +44 (0)20 7250 1446 or email autotrader@powerscourt-group.com

About Auto Trader
Auto Trader Group plc is the UK's largest automotive marketplace. It listed on the London Stock Exchange in March 2015 and is a member of the FTSE 100 Index.

Auto Trader's purpose is Driving Change Together. Responsibly. Auto Trader is committed to creating a diverse and inclusive culture, to build stronger partnerships with customers and use its 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.

Auto Trader publishes a monthly used car Retail Price Index which is based on pricing analysis of circa 800,000 unique vehicles. This data is used by the Bank of England to feed the broader UK economic indicators.

For more information, please visit https://plc.autotrader.co.uk/

Cautionary statement

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.

To the extent available, the industry and market data contained in this announcement has come from third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. In addition, certain parts of the industry and market data contained in this announcement come from the Company’s own internal research and estimates based on the knowledge and experience of the Company’s management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this announcement.

Summary financial performance

Group results	Units	H1 2024	H1 2023	Change
Revenue	£m	280.5	249.8	12%
Adjusted EBITDA[5]	£m	182.1	167.7	9%
Operating profit	£m	164.6	149.1	10%
Operating profit margin	%	59%	60%	(1%) pts
Profit before tax	£m	162.8	148.0	10%
Basic earnings per share	Pence	12.74	12.23	4%
Adjusted earnings per share[6]	Pence	13.96	13.70	2%
Dividend per share	Pence	3.2	2.8	14%

Group cash flow				
Cash generated from operations[4]	£m	184.2	164.6	12%
Net bank debt at September 2023/September 2022[10]	£m	27.3	57.4	(30.1m)

Auto Trader results[1]				
Trade	£m	233.0	214.3	9%
Consumer Services	£m	20.1	18.7	7%
Manufacturer & Agency	£m	6.3	5.2	21%
Revenue	£m	259.4	238.2	9%
People costs	£m	39.3	36.9	7%
Marketing	£m	12.3	11.4	8%
Other costs	£m	21.4	18.9	13%
Depreciation & amortisation	£m	2.8	3.3	(15%)
Operating costs	£m	75.8	70.5	8%
Share of profit from joint ventures	£m	1.3	1.1	18%
Operating profit	£m	184.9	168.8	10%
Operating profit margin	%	71%	71%	0% pts

Autorama results[2]				
Vehicle & Accessory Sales	£m	14.0	7.1	97%
Commission & Ancillary	£m	7.1	4.5	58%
Revenue	£m	21.1	11.6	82%
Cost of goods sold	£m	14.0	7.0	100%
People costs	£m	6.7	3.7	81%
Marketing	£m	2.6	1.7	53%
Other costs	£m	2.1	2.5	(16%)
Depreciation & amortisation	£m	1.3	0.7	86%
Operating costs	£m	26.7	15.6	71%
Operating loss	£m	(5.6)	(4.0)	(40%)

Group central costs – relating to Autorama acquisition				
Autorama deferred consideration	£m	11.1	13.8	(20%)
Depreciation & amortisation	£m	3.6	1.9	89%
Operating costs	£m	14.7	15.7	(6%)
Operating loss	£m	(14.7)	(15.7)	6%

1. Auto Trader includes the results of Auto Trader and AutoConvert (H1 2023 also includes Carzone) in respect of online classified advertising of motor vehicles and other related products and services in the digital automotive marketplace, including the Dealer Auction joint venture.
2. H1 2023 Autorama results are from acquisition date of 22 June 2022, therefore include just over three months of results.
3. Group central costs which are not allocated within either of the segments' operating profit/(loss) comprise a £11.1 million (H1 2023: £13.8 million) charge to settle the Autorama deferred consideration and a £3.6 million (H1 2023: £1.9 million) amortisation expense relating to the fair value of intangible assets acquired in the Group's business combination of Autorama.
4. Cash generated from operations is defined as net cash generated from operating activities, before corporation tax paid.
5. Adjusted EBITDA is earnings before interest, taxation, depreciation and amortisation, share of profit from joint ventures and Autorama deferred consideration.
6. Adjusted earnings per share is calculated before Autorama deferred consideration.
7. Share of minutes is a custom metric based on Comscore minutes (MM) and is calculated by dividing Auto Trader's total minutes volume by the entire custom-defined competitive set's total minutes volume. Comscore MMX® Multi-Platform, Total Audience, Custom-defined list includes: Auto Trader, Gumtree.com - Motors, Pistonheads sites, Motors.co.uk & CarGurus, April 2023 through September 2023, UK.
8. Average during the period.
9. As measured internally through Snowplow.

10. Net bank debt/(cash) represents gross bank debt before amortised debt costs, less cash and does not include amounts relating to leases, non-bank loans or vehicle stocking loans.
11. Physical car stock advertised on autotrader.co.uk.
12. Based on a survey to all Auto Trader employees in October 2023 asking our people to rate the statement "I am proud to work for Auto Trader". Answers are given on a five-point scale from strongly disagree to strongly agree.
13. We define leaders as those who are on our Operational Leadership Team ('OLT')and their direct reports.
14. We have asked our employees to voluntarily disclose their ethnicity; at the period end we had 230 employees (18% of total Group headcount) who had not yet disclosed.
15. We calculate all our diversity percentages using total Group headcount of 1,066 as at 30 September (September 2023: 1,252, March 2023: 1,226). At the period end, we had 541 employees who were women, 706 employees who were men and 5 who were non-binary.
16. The total amount of CO_2 emissions includes Scope 1, 2 and 3. From the 15 different emission categories that fall within Scope 3, the following have been identified as relevant to Auto Trader: Purchased goods and services (for general procurement categories an Environmentally Extended Input Output database methodology was used to calculate the GHG footprint across total spend in the year. For vehicle purchases a bottom-up, life cycle assessment-based approach has been used.); Capital goods; Fuel and energy related activities (not included in Scope 1 and Scope 2); Upstream transportation & distribution; Waste generated in operations; Business travel; Employee commuting; Downstream transportation & distribution; Use of sold products; End of life treatment of sold products; and Investments.

Summary of Group operating performance

Revenue in the core Auto Trader business grew by 9% to £259.4 million (H1 2023: £238.2 million) underpinned by a strong performance in retailer revenue as customers continue to see value in advertising on our marketplace and taking additional products. At a Group level, revenue increased by 12% to £280.5 million (H1 2023: £249.8 million), with Autorama contributing £21.1 million (H1 2023: £11.6 million).

Operating profit in the core Auto Trader business increased by 10% to £184.9 million (H1 2023: £168.8 million), with a margin of 71% (H1 2023: 71%). The strong revenue performance has led to a 10% increase in Group operating profit of £164.6 million (H1 2023: £149.1 million), including Autorama's operating loss of £5.6 million (H1 2023: £4.0 million). Group central costs of £14.7 million (H1 2023: £15.7 million) relate to the Autorama acquisition, including £11.1 million of deferred consideration (H1 2023: £13.8 million) and amortisation of acquired intangibles of £3.6 million (H1 2023: £1.9 million). Group operating profit margins were 59% (H1 2023: 60%).

Group profit before tax increased 10% to £162.8 million (H1 2023: £148.0 million) and basic earnings per share increased 4% to 12.74p (H1 2023: 12.23p). The lower earnings per share growth reflects the impact of an increased corporation tax rate in April 2023. Cash generated from operations increased 12% to £184.2 million (H1 2023: £164.6 million).

Despite concerns over the UK economy, consumer engagement remained strong and we continue to have the UK's largest and most engaged audience for new and used vehicles. Over 75% of all minutes spent on automotive classified sites were spent on Auto Trader (H1 2023: over 75%) and we were 10x larger than our nearest competitor (H1 2023: 6x). Our average monthly cross platform visits increased by 14% to 77.0 million per month (H1 2023: 67.7 million). Engagement, which is measured by total minutes spent onsite, increased by 11% to 555 million minutes per month (H1 2023: 498 million minutes).

The average number of retailer forecourts advertising on our platform declined by 3% to 13,710 (H1 2023: 14,161). However, excluding the Webzone Limited disposal in October 2022 (an impact of 543 retailers in the prior period), like-for-like retailer numbers grew by 1%.

Live car stock on site was broadly flat at an average of 439,000 cars (H1 2023: 440,000). New car stock was also flat at an average of 23,000 (H1 2023: 22,000), although this number declined towards the end of the half, as we changed our commercial model from being 'all you can eat' to 'slot-based.' Used car stock volumes improved slightly throughout the half, which was partly driven by stronger private listings.

New car registrations were 21% above H1 2023 levels as supply chain challenges have begun to ease. This growth has been in the fleet segment, with private registrations up only 3%. Despite the year-on-year growth, new car registrations remained 18% below pre-pandemic levels (April 2019 – September 2019).

Used car transactions were up 5% versus H1 2023 levels but remained 10% below pre-pandemic levels. Whilst the amount of live car stock on Auto Trader has been broadly flat year-on-year, cars are selling quicker than last year, which has supported transaction volumes but has been a headwind to live stock on site. Throughout the last six months, demand has remained robust which has resulted in resilient used car prices. Our used car Retail Price Index recorded average price growth of 2% across the six-month period, with the average price of a used car across the period at £17,800.

We have continued to see constrained supply in the leasing segment, with Autorama delivering 4,593 vehicles (H1 2023: 2,747). Due to the timing of the acquisition in the prior period, comparators are not like-for-like, with just over three months being reported in H1 2023. Average commission and ancillary revenue per vehicle delivered was £1,546 (H1 2023: £1,635), with lower volumes over the past 12 months resulting in tiered commission thresholds also being lower.

Our strategy

Our purpose continues to be "Driving Change Together. Responsibly", which guides the strategy and decision-making across the organisation. Our strategy comprises three areas of focus: our marketplace; our platform; and digital retailing. These areas are closely interconnected, as our platform and our digital retailing capabilities build on the strengths of our marketplace and deepen our relationships with customers and car buyers.

Marketplace

The Auto Trader marketplace is the foundation of our business, where we provide UK car buyers with the best choice of vehicles and tools to navigate their buying journey, including valuations, price flags, reviews and the best search experience across all devices and channels.

Our marketplace saw strong operating profit and revenue growth, which was underpinned by our retailer revenue performance. Retailer numbers have been resilient, reflecting robust trading conditions, but with a slightly more challenging backdrop than the prior year. As part of our annual pricing and product event in April, we have gone further to embed our data into our customers' processes to enable them to make better, faster decisions. Our advertising packages continue to perform well for retailers looking to increase their speed of sale, with penetration of packages above standard increasing from 32% of retailer stock (September 2022) to 37% at September 2023. We held the number of retailers on our new car stock product with c.1,900 paying retailers at the end of September 2023 (September 2022: c.1,900). Alongside this new car stock product, we have launched a new car market extension product, allowing manufacturers operating an agency model to advertise new cars directly to consumers, the revenue for which comes through Manufacturer & Agency.

Despite the government delaying the ban on the sale of new petrol and diesel vehicles, we remain committed to ensuring our marketplace evolves as electric vehicles ('EV') make up a greater percentage of the UK car parc. We continue to invest in developing EV content, evolving our search filters and site experience to ensure we are the destination people use to find their first, and every subsequent EV. During the period, we have actively started to incorporate EVs into our above the line campaigns as well as broader consumer marketing activity, including live events where consumers could test drive EVs and our monthly EV giveaway on social media. We also launched a new E-Bike platform to support consumers to make more environmentally friendly vehicle choices.

Platform

We continue to invest in our technology and data platform which supports both our marketplace and digital retailing strategy. Over time we have increasingly made these solutions available to the industry, enabling them to benefit from the services that power Auto Trader. These might otherwise be unattainable or require a significant reallocation of investment. We have supported our customers in reaching car buyers for many years, but more recently we have become as recognised for our data that supports them sourcing, pricing and driving sales performance of their vehicles.

As mentioned above, we launched the second module of Auto Trader Connect, Valuations, which makes specification and condition adjusted valuations available within our Retailer Portal, where many of our retailers manage their inventory. This data can also be accessed through an API via our platform, enabling third parties and retailers to directly integrate valuations into the core systems they use to manage their businesses. The next development of our Auto Trader Connect offering will see us provide retailers with Trended Valuations and enhanced Retail Check functionality. Combined, this powerful new layer of intelligence will help retailers confidently adapt and respond to changes in today's fast paced market, enabling them to make quicker and more profitable sourcing, advertising, and pricing decisions.

Making our platform accessible also enables our customers to benefit from the multi-year investment we have made in our data platform and data science capability. Valuations was one of our first use cases for machine learning back in 2014. The combination of our capability, platform and unique data sets presents future opportunities for AI-related products. Beyond valuations, we utilise AI technology in many areas, including: creating a retail rating for every vehicle on Auto Trader, ordering our search listings using a relevancy algorithm, ranking relative advert performance and more recently starting to personalise our search experience.

Digital retailing

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

Our main focus has been to develop and scale our Deal Builder product for used cars, where car buyers can carry out as much of the journey as they want on Auto Trader, completing the rest of the transaction on the forecourt, over the phone or through a combination of those channels. We launched Deal Builder last year, which uses Auto Trader technology to enable car buyers to get a part-exchange valuation, apply for finance and reserve a car online. Launched as a small trial, we have increased the volume of customers with the product from c.50 at the end of March 2023 to just over 500 retailers with over 20,000 cars live at the end of September 2023. In the six-month period we have generated c.2,100 deals compared with c.200 in the last full financial year. Consumer feedback has continued to be positive and deals are converting at a significantly higher rate into a sale than any other enquiry type, with many deals being completed out of retail hours.

Alongside scaling retailer numbers on Deal Builder, we are working with a number of platform providers to enable Deal Builder through APIs leveraging retailers' existing systems and processes. We are also testing and iterating the front-end user experience to drive greater engagement from car buyers and thereby the share of a retailer's transactions supported by Deal Builder. The goal is still to monetise a number of retailers by the end of financial year 2024.

A key constraint to growth for retailers is their sales reach due to their physical location. We are looking to enable retailers to expand this reach through our Market Extension product. Retailer stock on Market Extension at the end of September 2023 declined slightly to 5% (September 2022: 6%).

In parallel to Deal Builder, following our acquisition of Autorama, we are looking to enable digital retailing on new cars. While near term supply has been constrained, we believe we are well placed to provide services as the new car market undergoes fundamental structural changes, including: the growth in electric vehicles; new market entrants; a move to more direct and digital sales channels; and the implementation of agency agreements by a number of manufacturers. We believe we can provide a compelling proposition for manufacturers, retailers and funders, with an opportunity to drive direct sales, reduce customer acquisition costs and grow their businesses profitability.

Throughout the first half we have further integrated leasing into the Auto Trader search experience. Leasing deals appear within relevant searches, our car leasing tab consolidates all available deals, and a full checkout journey is available on all leasing adverts on Auto Trader. The personal leasing market has seen continued tight supply throughout H1, although we expect some improvement in H2 due to improved monthly prices, further consumer experience changes and the ability to lease a van and pickup on Auto Trader.

Being a responsible business

Being a responsible business is central to our purpose and strategy. Our Corporate Responsibility Committee has oversight of our numerous environmental, social and governance ('ESG') work-streams. We have identified key areas and created a range of initiatives which are monitored regularly and reported on externally through our cultural KPIs.

In September we announced an all-employee share scheme that rewards employees with an extra 10% of their salary in shares each year, vesting over a three-year period. This builds on our already strong ownership culture, aligns all our people with our shareholders and can be accommodated within our long-term Auto Trader margin target of remaining above 70%. The proportion of employees that are proud to work at Auto Trader remained high at 92% (March 2023: 91%). At the end of September, women represented 43% of our organisation (March 2023: 43%) and 42% (March 2023: 40%) of leadership roles as defined by the FTSE Women Leaders Review. We are committed to increasing the percentage of ethnically diverse employees, who currently represent 16% of our organisation (March 2023: 15%), with 18% of employees not disclosing their ethnicity. The percentage of ethnically diverse employees in leadership decreased to 7% (March 2023: 8%), using the Parker Review definition, which highlights the work still to be done in this area.

Our employee-driven networks (representing women, ethnicity, LGBT+, early careers, disability & neurodiversity, social mobility, family and age) have continued their impressive work with high engagement and are key to creating a culture in which people feel they belong and can achieve their full potential. Our ethnicity network helped Auto Trader to achieve Bronze Trailblazer Status with Race Equality Matters, which highlights organisations that have made progress tackling race inequality.

There are three strands to our environmental commitment: achieving net zero carbon emissions by 2040, helping consumers to make more environmentally friendly vehicle choices and supporting retailers and the broader industry with the transition to the mass adoption of electric vehicles.

We have committed to being net zero by 2040 and halving our carbon emissions by 2030 - targets which were validated by the Science Based Targets initiative ('SBTi') in January 2023. Due to the acquisition of Autorama and changes that the SBTi have made, we have rebased our comparator year to financial year 2023 and resubmitted our net zero plans to the SBTi for secondary validation. Initial calculations of our GHG emissions during the six-month period to September 2023 total 37.3k tonnes of CO_2 across Scopes 1, 2 and 3 (FY 2023: 79.5k tonnes). The majority of our emissions are Scope 3, predominantly attributable to our suppliers and emissions relating to the small number of vehicles sold by Autorama that pass through their balance sheet.

Our consumer-centric strand has been focused on developing the content and user journeys on Auto Trader that consumers need for them to make more environmentally friendly vehicle choices. We also launched a new platform for E-Bikes as another means for consumers to decarbonise their transport choices.

Our work in the third strand is focused on us sharing our data and insights with retailers, the industry and government to help inform public policy and regulation to support the mass adoption of electric vehicles. During the period we continued our programme of political engagement, which included giving evidence to a House of Lords Committee, presenting our data to key ministers, and supporting Transport for London's ULEZ expansion and the associated scrappage scheme.

The Board

At our AGM in September, Ed Williams did not stand for re-election having served his third three-year term. Matt Davies succeeded him as Chair of the Board and Chair of the Nomination Committee, as announced on 1 June 2023. We continue to work on our succession plan for both David Keens, Audit Committee Chair and Senior Independent Director, and Jill Easterbrook, Remuneration Committee Chair, as both will reach the end of their third three-year term within the next 12 months.

Investor calendar

The Group's full year results for the year ending 31 March 2024 will be announced on 30 May 2024.

Financial review

Group Results

	H1 2024 £m	H1 2023 £m	Change %
Revenue	280.5	249.8	12%
Operating costs	117.2	101.8	15%
Share of profit from joint ventures	1.3	1.1	18%
Operating profit	164.6	149.1	10%

Group revenue increased by 12% to £280.5m (H1 2023: £249.8m) driven by Auto Trader revenue which increased by 9% to £259.4m (H1 2023: £238.2m). Autorama contributed £21.1m (H1 2023: £11.6m). Group operating profit increased by 10% to £164.6m (H1 2023: £149.1m). Auto Trader operating profit increased by 10% to £184.9m (H1 2023: £168.8m) which included £1.3m share of profit from joint ventures (H1 2023: £1.1m). Autorama had an operating loss of £5.6m (H1 2023: £4.0m).

Group central costs included a charge of £11.1m (H1 2023: £13.8m) which was part of the £49.9m share-based payment expense relating to the deferred consideration for Autorama, which was fully settled in the period, and an amortisation charge of £3.6m (H1 2023: £1.9m) relating to the Autorama intangible assets recognised. Having accelerated the integration work between Autorama and Auto Trader, we have reviewed the useful economic life of the intangible assets and have shortened the life of the Vanarama brand to five years from the date of acquisition, which brings forward the future amortisation charge. The full year amortisation charge in relation to all Autorama intangibles is expected to be £10.0m for financial year 2024 and c.£13.0m for each of the following three financial years.

Group operating profit margin declined slightly to 59% (H1 2023: 60%).

	H1 2024 £m	H1 2023 £m	Change %
Operating profit	164.6	149.1	10%
Add back:			
Depreciation & amortisation	7.7	5.9	31%
Share of profit from joint ventures	(1.3)	(1.1)	(18%)
Autorama deferred consideration	11.1	13.8	(20%)
Adjusted EBITDA	182.1	167.7	9%

Adjusted earnings before interest, taxation, depreciation and amortisation, share of profit from joint ventures and Autorama deferred consideration increased by 9% to £182.1m (H1 2023: £167.7m).

Group profit before tax was £162.8m (H1 2023: £148.0m) and cash generated from operations was £184.2m (H1 2023: £164.6m).

Auto Trader Results

Revenue increased to £259.4m (H1 2023: £238.2m), up 9% when compared to the prior year. Trade revenue, which comprises revenue from Retailers, Home Traders and other smaller revenue streams, increased by 9% to £233.0m (H1 2023: £214.3m).

	H1 2024 £m	H1 2023 £m	Change %
Retailer	220.7	204.2	8%
Home Trader	6.2	5.2	19%
Other	6.1	4.9	24%
Trade	233.0	214.3	9%
Consumer Services	20.1	18.7	7%
Manufacturer & Agency	6.3	5.2	21%
Auto Trader revenue	**259.4**	**238.2**	**9%**

Retailer revenue increased by 8% to £220.7m (H1 2023: £204.2m). The average number of retailer forecourts advertising on our platform declined 3% to 13,710 (H1 2023: 14,161). However, after adjusting for the disposal of Webzone limited in October 2022 (an impact of 543 fewer retailers), like-for-like retailer numbers increased by 1% on average over the period.

Average Revenue per Retailer ('ARPR') per month increased by 12% to £2,683 (H1 2023: £2,404). This was driven by both the product and price levers, with the stock lever declining slightly.

- Price: Our price lever increased £146 (H1 2023: £72) as we delivered our annual pricing and product event for all customers on 1 April 2023, which included additional products but also a like-for-like price increase.

- Stock: Our stock lever decreased £32 (H1 2023: £nil). The number of live cars advertised on Auto Trader was broadly flat at 439,000 (H1 2023: 440,000), made up of 23,000 new car stock (H1 2023: 22,000) and 416,000 used car stock (H1 2023: 418,000). Within the used car stock number, private listings grew year-on-year whilst underlying trade used car stock, which is correlated to the stock lever, saw a small decline.

- Product: Our product lever increased £165 (H1 2023: £133). Just over half of this product growth was from our Auto Trader Connect: Valuations product, which was included in retailer packages as part of our annual pricing and product event in April 2023. The remaining product lever growth was largely a result of seeing a continued increase in retailers who use our prominence products. Penetration of our higher yielding Enhanced, Super and Ultra packages increased to 37% (September 2022: 32%).

Home Trader revenue increased by 19% to £6.2m (H1 2023: £5.2m). Other revenue increased by 24% to £6.1m (H1 2023: £4.9m).

Consumer Services revenue increased by 7% in the period to £20.1m (H1 2023: £18.7m). Private revenue, which is largely generated from individual sellers who pay to advertise their vehicle on the Auto Trader marketplace, increased by 11% to £13.6m (H1 2023: £12.3m). Motoring Services revenue increased 2% to £6.5m (H1 2023: 6.4m).

Revenue from Manufacturer & Agency customers increased 21% to £6.3m (H1 2023: £5.2m) largely as a result of manufacturers moving to an agency model using our recently launched new car market extension product, allowing them to advertise and sell new cars directly to consumers.

Total costs increased 8% to £75.8m (H1 2023: £70.5m).

	H1 2024 £m	**H1 2023 £m**	**Change %**
People costs	39.3	36.9	7%
Marketing	12.3	11.4	8%
Other costs	21.4	18.9	13%
Depreciation & amortisation	2.8	3.3	(15%)
Auto Trader costs	**75.8**	**70.5**	**8%**

People costs increased by 7% to £39.3m (H1 2023: £36.9m). The increase in people costs was primarily driven by an increase in the average number of full-time equivalent employees to 1,032 (H1 2023: 990) as we continue to invest in people to support the growth of the business. In addition to the increased headcount, underlying salary costs have increased as we invest in the best digital talent and ensure we are taking account of the current increases in cost of living. Marketing spend increased by 8% in H1 2024 to £12.3m (H1 2023: £11.4m).

Other costs, which include data services, property-related costs and other overheads, increased by 13% to £21.4m (H1 2023: £18.9m). The increase was primarily due to people-related costs, disposal of fixed assets relating to the head office refurbishment and general inflationary increases. Depreciation and amortisation decreased to £2.8m (H1 2023: £3.3m).

	H1 2024 £m	H1 2023 £m	Change %
Revenue	259.4	238.2	9%
Operating costs	(75.8)	(70.5)	8%
Share of profit from joint ventures	1.3	1.1	18%
Auto Trader operating profit	**184.9**	**168.8**	**10%**
Group central costs - relating to Autorama acquisition	**(14.7)**	**(15.7)**	**(6%)**
Autorama operating loss	**(5.6)**	**(4.0)**	**(40%)**
Group operating profit	**164.6**	**149.1**	**10%**

Auto Trader operating profit increased by 10% to £184.9m during the period (H1 2023: £168.8m), with Auto Trader operating profit margin remaining flat at 71% (H1 2023: 71%).

Our share of profit generated by Dealer Auction, the Group's joint venture, increased 18% to £1.3m (H1 2023: £1.1m) in the period due to higher levels of auction activity as supply improved slightly.

Autorama Results

	H1 2024 £m	H1 2023 £m	Change %
Vehicle & Accessory Sales	14.0	7.1	97%
Commission & Ancillary	7.1	4.5	58%
Autorama revenue	**21.1**	**11.6**	**82%**

Autorama revenue was £21.1m (H1 2023: £11.6m), with vehicle & accessory sales contributing £14.0m (H1 2023: £7.1m) and commission and ancillary revenue contributing £7.1m (H1 2023: £4.5m). Due to the timing of the acquisition in the prior period, comparators are not like-for-like as H1 2023 includes just over three months of results.

Total deliveries amounted to 4,593 units (H1 2023: 2,747) which comprised 1,572 cars (H1 2023: 1,887), 2,793 vans (H1 2023: 627) and 228 pickups (H1 2023: 233). Average commission and ancillary revenue per unit delivered was £1,546 (H1 2023: £1,635).

	H1 2024 £m	H1 2023 £m	Change %
Cost of goods sold	14.0	7.0	100%
People costs	6.7	3.7	81%
Marketing	2.6	1.7	53%
Other costs	2.1	2.5	(16%)
Depreciation & amortisation	1.3	0.7	86%
Autorama costs	**26.7**	**15.6**	**71%**

The Autorama business delivered 565 vehicles which were taken on balance sheet in the period (270 vehicles in the period from 22 June to 30 September 2022). This represented 12% (H1 2023: 10%) of total vehicles delivered in the period. The cost of these vehicles was taken through cost of goods sold, with the corresponding revenue in vehicle and accessory sales. People costs of £6.7m (H1 2023: £3.7m) was through the 188 FTEs (H1 2023: 218) which were employed on average through the period. Marketing in the period was £2.6m (H1 2023: £1.7m). Other costs of £2.1m (H1 2023: £2.5m) related to IT services, property, people-related costs and other overheads. Depreciation and amortisation totalled £1.3m (H1 2023: £0.7m).

The Autorama operating segment made an operating loss of £5.6m (H1 2023: £4.0m).

	H1 2024 £m	H1 2023 £m	Change %
Revenue	21.1	11.6	82%
Costs	26.7	15.6	71%
Operating loss	(5.6)	(4.0)	(40%)

Group net finance costs

Group net finance costs increased to £1.8m (H1 2023: £1.1m). Interest costs on the Group's RCF totalled £1.5m (H1 2023: £0.8m), with the year-on-year movement due to an increase in underlying SONIA. At 30 September 2023, the Group had drawn £52.0m of its available facility (30 September 2022: £75.0m). Other finance costs comprised amortisation of debt issue costs of £0.3m (H1 2023: £0.3m), vehicle stocking loan interest of £0.1m (H1 2023: £0.1m) and interest costs relating to leases of £0.1m (H1 2023: £0.1m). This was offset by interest receivable on cash and cash equivalents of £0.2m (H1 2023: £0.2m).

Taxation

Profit before taxation increased by 10% to £162.8m (H1 2023: £148.0m). The Group tax charge of £46.0m (H1 2023: £32.8m) represents an effective tax rate of 28.1% (H1 2023: 22.2%). This is higher than the average standard UK rate of 25% (H1 2023: 19%) due to the Autorama deferred consideration charge being non-deductible.

At our full year results in June 2023, we stated that the Group was potentially in scope for the UK's digital services tax ('DST') with revenues exceeding £500m. The UK government continues to work towards implementing a global two-pillar tax solution addressing the tax challenges arising from the digitalisation of the economy. In July, an outcome statement was published which gave an updated timeline and an expectation that Pillar One would come into force during calendar year 2025. We do not believe that our in-scope revenue will exceed £500m in financial year 2024, but it is likely that the Group will exceed that threshold and have to pay DST in financial year 2025. This would result in an additional operating expense equivalent to 2% of in-scope revenue. Once Pillar One is implemented the Group would cease to pay UK DST on the basis that the UK Government have committed to repeal the UK DST on the implementation of Pillar One and the Group falls significantly below the Pillar One thresholds. We therefore currently only expect to pay DST in financial year 2025.

Earnings per share

Basic earnings per share increased by 4% to 12.74 pence (H1 2023 12.23 pence) based on a weighted average number of ordinary shares in issue of 916,651,179 (H1 2023: 942,056,280). Diluted earnings per share of 12.71 pence (H1 2023: 12.17 pence) increased by 4%, based on 918,647,739 shares (H1 2023: 946,494,793) which takes into account the dilutive impact of outstanding share awards.

	H1 2024 £m	H1 2023 £m	Change %
Net income	116.8	115.2	1%
Autorama deferred consideration	11.1	13.8	(20%)
Adjusted Net income	127.9	129.0	(1%)
Adjusted earnings per share (pence)	13.96	13.70	2%

Adjusted earnings per share, before Autorama deferred consideration (net of tax), increased by 2% to 13.96 pence (H1 2023: 13.70 pence).

Cash flow and net bank debt

Cash generated from operations increased to £184.2m (H1 2023: £164.6m) as a result of the increase in operating profit and movements in working capital. Corporation tax payments increased to £45.1m (H1 2023: £31.4m). Cash generated from operating activities was £139.1m (H1 2023: £133.2m).

As at 30 September 2023, the Group had net bank debt of £27.3m (30 September 2022: net bank debt of £57.4m), a decrease of £30.1m. At 30 September 2023, the Group had drawn £52.0m of its Syndicated RCF (30 September 2022: £75.0m) and held cash and cash equivalents of £24.7m (30 September 2022: £17.6m).

Capital structure and dividends

The final dividend for the year ended 31 March 2023 of 5.6 pence per share (H1 2023: 5.5 pence per share) was paid on 19 September 2023, totaling £51.3m (H1 2023: £51.7m). The Board continued its share buyback programme with a total of 10.4m shares repurchased in the period (H1 2023: 4.9m shares). The average price per share was 632.6p (H1 2023: 619.5p) for a total consideration of £65.8m (H1 2023: £30.6m) before transaction costs of £0.3m (H1 2023 £0.2m).

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 intention that the Group will return to a net cash position.

For H1 2024, the Board has declared an interim dividend of 3.2 pence per share. The interim dividend will be paid on 26 January 2024 to members on the register on 5 January 2024.

Going concern

The Group generated significant cash from operations during the period. At 30 September 2023 the Group had drawn £52.0m of its £200.0m unsecured Syndicated RCF and had cash balances of £24.7m. The Group has a strong balance sheet and flexibility in terms of uses of cash to manage increased economic uncertainty and higher interest rates. The £200.0m Syndicated RCF is committed until February 2028. Based on the facilities available and current financial projections for the next twelve months the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;

- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so

Nathan Coe **Chief Executive Officer** **9 November 2023**	**Jamie Warner** **Chief Financial Officer** **9 November 2023**

Consolidated interim income statement

For the six months ended 30 September 2023

	Note	**6 months to September 2023 £m**	6 months to September 2022 £m	Year to March 2023 £m
Revenue	3	**280.5**	249.8	500.2
Operating costs		**(117.2)**	(101.8)	(225.1)
Share of profit from joint ventures, net of tax		**1.3**	1.1	2.5
Operating profit	2	**164.6**	149.1	277.6
Net finance costs	4	**(1.8)**	(1.1)	(3.1)
Profit on disposal of subsidiary		**-**	-	19.1
Profit before taxation		**162.8**	148.0	293.6
Taxation	5	**(46.0)**	(32.8)	(59.7)
Profit for the period attributable to equity holders of the parent		**116.8**	115.2	233.9
Earnings per share:				
Basic EPS (pence)	6	**12.74**	12.23	25.01
Diluted EPS (pence)	6	**12.71**	12.17	24.77

Consolidated interim statement of comprehensive income

For the six months ended 30 September 2023

	6 months to September 2023 £m	6 months to September 2022 £m	Year to March 2023 £m
Profit for the period	**116.8**	115.2	233.9
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations	**-**	(0.3)	(0.3)
Realisation of cumulative currency translation differences	**-**	-	0.4
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations, net of tax	**(0.1)**	(0.6)	(0.4)
Other comprehensive income for the period, net of tax	**(0.1)**	(0.9)	(0.3)
Total comprehensive income for the period attributable to equity holders of the parent	**116.7**	114.3	233.6

Consolidated interim balance sheet
As at 30 September 2023

	Note	**September 2023 £m**	September 2022 £m	March 2023 £m
Assets				
Non-current assets				
Intangible assets	7	**496.1**	512.1	501.0
Property, plant and equipment	8	**15.9**	18.4	15.9
Retirement benefit surplus	11	**0.5**	2.0	0.5
Net investments in joint ventures		**50.6**	50.8	49.3
Other investments		**2.3**	1.0	2.3
		565.4	584.3	569.0
Current assets				
Inventory		**4.2**	1.9	3.6
Trade and other receivables	9	**79.7**	72.9	72.9
Current income tax assets		**–**	–	0.6
Cash and cash equivalents		**24.7**	17.6	16.6
		108.6	92.4	93.7
Total assets		**674.0**	676.7	662.7
Equity and liabilities				
Equity attributable to equity holders of the parent				
Share capital	15	**9.3**	9.4	9.3
Share premium		**182.6**	182.6	182.6
Retained earnings		**1,400.8**	1,387.9	1,390.3
Own shares held	16	**(23.7)**	(27.5)	(26.0)
Capital reorganisation reserve		**(1,060.8)**	(1,060.8)	(1,060.8)
Capital redemption reserve		**1.3**	1.1	1.2
Other reserves		**30.6**	30.3	30.7
Total equity		**540.1**	523.0	527.3
Liabilities				
Non-current liabilities				
Borrowings	14	**49.8**	73.9	57.5
Provisions		**1.2**	1.3	1.3
Lease liabilities	8	**3.6**	5.4	4.6
Deferred income		**8.0**	8.6	8.3
Deferred taxation liabilities		**5.0**	7.2	5.8
		67.6	96.4	77.5
Current liabilities				
Trade and other payables	10	**60.4**	52.6	53.6
Current income tax liabilities		**1.7**	0.9	–
Provisions		**0.7**	0.7	0.7
Lease liabilities	8	**2.4**	3.1	2.5
Borrowings		**1.1**	–	1.1
		66.3	57.3	57.9
Total liabilities		**133.9**	153.7	135.4
Total equity and liabilities		**674.0**	676.7	662.7

Consolidated interim statement of changes in shareholders' equity
For the six months ended 30 September 2023

	Share Capital £m	Share premium £m	Retained earnings £m	Own shares held £m	Capital reorg reserve £m	Capital redem reserve £m	Other reserves £m	Total Equity £m
Balance at March 2022	**9.5**	**182.6**	**1,332.4**	**(22.4)**	**(1,060.8)**	**1.0**	**30.2**	**472.5**
Profit for the period	–	–	115.2	–	–	–	–	**115.2**
Other comprehensive income:								
Currency translation differences	–	–	–	–	–	–	(0.3)	**(0.3)**
Remeasurements of post-employment benefit obligations, net of tax	–	–	(0.6)	–	–	–	–	**(0.6)**
Total comprehensive income, net of tax	–	–	114.6	–	–	–	(0.3)	**114.3**
Transactions with owners:								
Employee share schemes, value of employee services	–	–	17.3	–	–	–	–	**17.3**
Purchase of own shares for cancellation	(0.1)	–	(22.0)	–	–	0.1	–	**(22.0)**
Purchase of own shares for treasury	–	–	–	(8.7)	–	–	–	**(8.7)**
Tax impact of employee share schemes	–	–	0.2	–	–	–	–	**0.2**
Exercise of employee share schemes	–	–	(2.9)	3.6	–	–	0.4	**1.1**
Dividends paid	–	–	(51.7)	–	–	–	–	**(51.7)**
Total transactions with owners, recognised directly in equity	(0.1)	–	(59.1)	(5.1)	–	0.1	0.4	**(63.8)**
Balance at September 2022	**9.4**	**182.6**	**1,387.9**	**(27.5)**	**(1,060.8)**	**1.1**	**30.3**	**523.0**
Profit for the period	–	–	118.7	–	–	–	–	**118.7**
Other comprehensive income:								
Realisation of cumulative currency translation difference	–	–	–	–	–	–	0.4	**0.4**
Remeasurements of post-employment benefit obligations	–	–	0.2	–	–	–	–	**0.2**
Total comprehensive income, net of tax	–	–	118.9	–	–	–	0.4	**119.3**
Transactions with owners:								
Employee share schemes, value of employee services	–	–	27.3	–	–	–	–	**27.3**
Tax impact of employee share schemes	–	–	0.2	–	–	–	–	**0.2**
Purchase of own shares for cancellation	(0.1)	–	(117.3)	–	–	0.1	–	**(117.3)**
Exercise of share-based incentives	–	–	(0.7)	1.5	–	–	–	**0.8**
Dividends paid	–	–	(26.0)	–	–	–	–	**(26.0)**
Total transactions with owners, recognised directly in equity	(0.1)	–	(116.5)	1.5	–	0.1	–	**(115.0)**
Balance at March 2023	**9.3**	**182.6**	**1,390.3**	**(26.0)**	**(1,060.8)**	**1.2**	**30.7**	**527.3**
Profit for the period	–	–	116.8	–	–	–	–	**116.8**
Other comprehensive income:								
Remeasurements of post-employment benefit obligations	–	–	(0.1)	–	–	–	–	**(0.1)**
Total comprehensive income, net of tax	–	–	116.7	–	–	–	–	**116.7**
Transactions with owners:								
Employee share schemes, value of employee services	–	–	14.0	–	–	–	–	**14.0**
Tax impact of employee share schemes	–	–	(0.7)	–	–	–	–	**(0.7)**
Purchase of own shares for cancellation	(0.1)	–	(66.1)	–	–	0.1	–	**(66.1)**
Exercise of share-based incentives	–	–	(2.1)	2.3	–	–	–	**0.2**
Issue of ordinary shares	0.1	–	–	–	–	–	(0.1)	**–**
Dividends paid	–	–	(51.3)	–	–	–	–	**(51.3)**
Total transactions with owners, recognised directly in equity	–	–	(106.2)	2.3	–	0.1	(0.1)	**(103.9)**
Balance at September 2023	**9.3**	**182.6**	**1,400.8**	**(23.7)**	**(1,060.8)**	**1.3**	**30.6**	**540.1**

Consolidated interim statement of cash flows

For the six months ended 30 September 2023

	Note	**6 months to September 2023 £m**	6 months to September 2022 £m	Year to March 2023 £m
Cash flows from operating activities				
Cash generated from operations	13	**184.2**	164.6	327.4
Income taxes paid		**(45.1)**	(31.4)	(60.5)
Net cash generated from operating activities		**139.1**	133.2	266.9
Cash flows from investing activities				
Purchases of intangible assets		**(0.6)**	–	(1.0)
Purchases of property, plant and equipment		**(2.4)**	(1.1)	(2.4)
Dividends received from joint ventures		**–**	–	2.9
Proceeds from sale of property, plant and equipment		**–**	–	1.8
Payment for acquisition of subsidiary, net of cash acquired		**–**	(144.2)	(144.2)
Payment of deferred consideration for acquisition of subsidiary		**–**	(8.1)	(8.1)
Payment for acquisition of shares in investment entities		**–**	–	(1.3)
Proceeds on disposal of subsidiary, net of cash disposed		**–**	–	25.6
Net cash used in investing activities		**(3.0)**	(153.4)	(126.7)
Cash flows from financing activities				
Dividends paid to Company's shareholders	12	**(51.3)**	(51.7)	(77.7)
Drawdown of Syndicated revolving credit facility	14	**29.0**	75.0	110.0
Repayment of Syndicated revolving credit facility	14	**(37.0)**	–	(50.0)
Repayment of other debt		**–**	(3.9)	(4.0)
Proceeds from loan		**–**	–	1.1
Payment of refinancing fees		**(0.2)**	–	(1.4)
Payment of interest on borrowings		**(1.2)**	(1.6)	(3.0)
Payment of lease liabilities		**(1.4)**	(1.6)	(2.9)
Purchase of own shares for cancellation	15	**(65.8)**	(21.9)	(138.6)
Purchase of own shares for treasury	16	**–**	(8.7)	(8.7)
Payment of fees on purchase of own shares	15	**(0.3)**	(0.2)	(0.7)
Contributions to defined benefit pension scheme	11	**–**	–	(1.0)
Proceeds from exercise of share-based incentives		**0.2**	1.1	2.0
Net cash used in financing activities		**(128.0)**	(13.5)	(174.9)
Net increase/(decrease) in cash and cash equivalents		**8.1**	(33.7)	(34.7)
Cash and cash equivalents at beginning of period		**16.6**	51.3	51.3
Cash and cash equivalents at end of period		**24.7**	17.6	16.6

Notes to the Condensed Consolidated interim financial statements

1 General information

Auto Trader Group plc ('the Company') is a company incorporated in the United Kingdom and its registered office is 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN.

These condensed Consolidated interim financial statements have been prepared as at, and for the six months ended, 30 September 2023. The comparative financial information presented has been prepared as at, and for the six months ended, 30 September 2022.

The condensed Consolidated interim financial information presented as at, and for the six months ended, 30 September 2023 comprise the Company and its subsidiaries (together referred to as the Group). The Consolidated financial statements of the Group as at, and for the year ended, 31 March 2023 are available on request from the Company's registered office and via the Company's website.

These condensed Consolidated interim financial statements are unaudited but have been reviewed by the Auditor whose report is set out on pages 40-41. They have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim Financial Reporting" issued by the IASB and adopted for use in the UK. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Consolidated financial statements of the Group as at and for the year ended 31 March 2023 which were prepared in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006 and applicable law.

As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published Consolidated financial statements for the year ended 31 March 2023.

The comparative financial information for the year ended 31 March 2023 included in this interim statement of results does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the 'Act'). The statutory accounts for the year ended 31 March 2023 have been reported on by the Company's Auditor and were delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Judgements and estimates

The preparation of the condensed Consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed Consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated financial statements for the year ended 31 March 2023 with the exception that judgments and estimates relating to acquisition accounting do not apply.

Going concern

The Group generated significant cash from operations during the period. At 30 September 2023, the Group had £52.0m drawn of its £200.0m unsecured revolving credit facility ('RCF') and had cash balances of £24.7m. The £200.0m Syndicated RCF is committed through to maturity in February 2028.

The combination of significant free cash flow and the discretionary nature of dividend payments and share buybacks provide the Group with significant liquidity and ability to comply with the RCF's financial covenants. On the basis of facilities available and current financial projections for the next twelve months, the Directors have concluded that it is appropriate to prepare the condensed interim financial statements on a going concern basis.

1 General information (continued)

Changes in accounting policies

There are no material changes in accounting policies applied in these interim financial statements to those accounting policies applied in the Group's Consolidated financial statements as at and for the year ended 31 March 2023. Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected total annual profit or loss.

The Group is required to comply with the requirements of IFRS 17 Insurance Contracts for reporting periods beginning on or after 1 April 2023. The new accounting standard sets out the requirements that the Group should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group has undertaken an assessment of its third party contracts which meet the definition of an insurance contract. The impact of the accounting standard does not have any material impact on the Consolidated financial statements.

The Group has early adopted the amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants, which are required to be effective from 1 January 2024. The amendments do not have any material impact on the financial statements. Amendments to other existing standards do not have a material impact on the Group's financial statements.

2 Segmental information

IFRS 8 'Operating segments' requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there are two operating segments (September 2022: two operating segments):

- Auto Trader – includes the results of Auto Trader and AutoConvert in respect of online classified advertising of motor vehicles and other related products and services in the digital automotive marketplace including the Dealer Auction joint venture.
- Autorama – the results of Autorama in respect of advertising new leasing vehicles and other related products and services.

Management has determined that there are two operating segments in line with the nature in which the Group is managed. The reports reviewed by the Operational Leadership Team ('OLT'), which is the chief operating decision-maker ('CODM') for both segments, splits out operating performance by segment. The OLT is made up of the Executive Directors and key management and is responsible for the strategic decision-making of the Group. Revenue and cost streams for each operating segment are largely independent.

The OLT primarily uses the measures of revenue and operating profit to assess the performance of each operating segment. Segment revenue comprises revenue from external customers. The revenue from external parties reported to the OLT is measured in a manner consistent with that in the income statement. Inter-segment revenue and costs are not reported to the OLT. In the period to 30 September 2023, inter-segment revenue earned by Auto Trader from Autorama for vehicles leased via a journey initiated on the Auto Trader platform was not material (£nil in both comparative periods reported).

Analysis of the Group's revenue and results for both reportable segments, with a reconciliation to Group profit before tax is shown below:

6 months to September 2023	**Autotrader segment £m**	**Autorama segment £m**	**Group central costs £m**	**Group £m**
Total segment revenue	259.4	21.1	–	**280.5**
People costs	(39.3)	(6.7)	(11.1)	**(57.1)**
Marketing	(12.3)	(2.6)	–	**(14.9)**
Costs of goods sold	–	(14.0)	–	**(14.0)**
Other costs	(21.4)	(2.1)	–	**(23.5)**
Depreciation & amortisation	(2.8)	(1.3)	(3.6)	**(7.7)**
Total segment costs	(75.8)	(26.7)	(14.7)	**(117.2)**
Share of profit from joint ventures	1.3	–	–	**1.3**
Total segment operating profit/(loss)	184.9	(5.6)	(14.7)	**164.6**
Finance costs – net				**(1.8)**
Profit before tax				**162.8**

2 Segmental information (continued)

Group central costs which are not allocated within either of the segment operating profit/(loss) reported to the CODM comprise:

(i) People costs: £11.1 million charge for the settlement of the Autorama deferred consideration (note 18).

(ii) Depreciation & amortisation: £3.6 million of amortisation expense relating to the fair value of intangible brand, technology and other intangible assets acquired in the Group's business combination of Autorama.

6 months to September 2022	**Autotrader segment £m**	**Autorama segment £m**	**Group central costs £m**	**Group £m**
Total segment revenue	238.2	11.6	–	249.8
People costs	(36.9)	(3.7)	(13.8)	(54.4)
Marketing	(11.4)	(1.7)	–	(13.1)
Costs of goods sold	–	(7.0)	–	(7.0)
Other costs	(18.9)	(2.5)	–	(21.4)
Depreciation & amortisation	(3.3)	(0.7)	(1.9)	(5.9)
Total segment costs	(70.5)	(15.6)	(15.7)	(101.8)
Share of profit from joint ventures	1.1	–	–	1.1
Total segment operating profit/(loss)	168.8	(4.0)	(15.7)	149.1
Finance costs – net				(1.1)
Profit before tax				148.0

Year to March 2023	**Auto Trader segment £m**	**Autorama segment £m**	**Group central costs £m**	**Group £m**
Total segment revenue	473.0	27.2	–	**500.2**
People costs	(74.0)	(10.5)	(38.8)	(123.3)
Marketing	(22.3)	(4.7)	–	(27.0)
Costs of goods sold	–	(15.7)	–	(15.7)
Other costs	(39.6)	(5.4)	–	(45.0)
Depreciation & amortisation	(6.7)	(2.1)	(5.3)	(14.1)
Total segment costs	(142.6)	(38.4)	(44.1)	(225.1)
Share of profit from joint ventures	2.5	–	–	2.5
Total segment operating profit/(loss)	332.9	(11.2)	(44.1)	277.6
Finance costs – net				(3.1)
Profit on disposal of subsidiary				19.1
Profit before tax				293.6

3 Revenue

The Group's revenue is derived from contracts with customers. All revenues were earned from activities and customers in the United Kingdom.

In the following table, the Group's revenue is detailed by customer type. This level of detail is consistent with that used by management to assist in the analysis of the Group's revenue-generating trends.

	September 2023 £m	September 2022 £m	March 2023 £m
Retailer	**220.7**	204.2	406.8
Home Trader	**6.2**	5.2	10.1
Other	**6.1**	4.9	10.5
Trade	**233.0**	214.3	427.4
Consumer Services	**20.1**	18.7	34.5
Manufacturer and Agency	**6.3**	5.2	11.1
Autorama	**21.1**	11.6	27.2
Total revenue	**280.5**	249.8	500.2

4 Net finance costs

	September 2023 £m	September 2022 £m	March 2023 £m
On bank loans and overdrafts	**1.5**	0.8	2.5
Amortisation of debt issue costs	**0.3**	0.3	0.5
Interest unwind on lease liabilities	**0.1**	0.1	0.2
Interest on vehicle stocking loan	**0.1**	0.1	0.1
Interest receivable on cash and cash equivalents	**(0.2)**	(0.2)	(0.2)
Total net finance costs	**1.8**	1.1	3.1

5 Income taxes

	September 2023 £m	September 2022 £m	March 2023 £m
Total income tax expense	**46.0**	32.8	59.7

The taxation charge recognised is based on management's best estimate of the effective tax rate for the full year of 28.1% (September 2022: 22.2%) applied to the profit before taxation of the interim period. The taxation charge for the period is higher than (2022: higher than) the standard rate of UK corporation tax of 25% (September 2022: 19%) primarily due to the deferred consideration relating to the acquisition of Autorama being a non-deductible expense for tax.

6 Earnings per share

	Weighted average number of ordinary shares	**Total earnings £m**	**Pence per share**
Six months ended September 2023			
Basic EPS	**916,651,179**	**116.8**	**12.74**
Diluted EPS	**918,647,739**	**116.8**	**12.71**
Six months ended September 2022			
Basic EPS	942,056,280	115.2	12.23
Diluted EPS	946,494,793	115.2	12.17
Year ended March 2023			
Basic EPS	935,138,578	233.9	25.01
Diluted EPS	944,144,242	233.9	24.77

The difference between the basic and diluted weighted average number of shares represents the dilutive impact of the Share Incentive Plan, Performance Share Plan, Deferred Annual Bonus, Single Incentive Plan Award and Sharesave scheme, which are conditional on a service condition and, in the comparative periods, the dilutive impact of shares issued as deferred consideration for the acquisition of Autorama, which were conditional on a service condition.

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:

	6 months ended September 2023 Number of shares
Weighted average ordinary shares in issue	**921,172,753**
Less weighted effect of shares held by the ESOT	(338,014)
Less weighted effect of shares held in treasury	(4,183,560)
Weighted average number of shares for basic EPS	**916,651,179**
Dilutive impact of share options outstanding	1,996,560
Weighted average number of shares for diluted EPS	**918,647,739**

The average market value for the Group's shares for the purpose 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.

7 Intangible assets

	Goodwill £m	Software & website development costs £m	Brand £m	Other £m	Total £m
Opening balance at 1 April 2023	427.6	17.4	43.9	12.1	501.0
Additions	-	0.6	-	-	0.6
Amortisation charge	-	(1.6)	(2.4)	(1.5)	(5.5)
Closing balance at 30 September 2023	**427.6**	**16.4**	**41.5**	**10.6**	**496.1**

	Goodwill £m	Software & website development costs £m	Brand £m	Other £m	Total £m
Opening balance at 1 April 2022	340.9	5.2	0.5	9.0	355.6
Acquired through business combinations	92.5	13.7	47.6	5.6	159.4
Additions	-	0.3	-	-	0.3
Amortisation charge	-	(1.0)	(1.3)	(1.1)	(3.4)
Exchange differences	0.2	-	-	-	0.2
Closing balance at 30 September 2022	433.6	18.2	46.8	13.5	512.1

At 30 September 2023, the Group assessed indicators over the impairment of goodwill relating to its Digital and Autorama cash generating units. No indicators were identified at this date. A full annual impairment test will be carried out by the financial year end in line with IAS 36: Impairment of non-financial assets.

During the last six months, the integration of Autorama, our new car leasing proposition, has accelerated at a faster rate than originally anticipated at acquisition. As a result, the useful economic life of the 'Vanarama' brand has been reduced from ten years to five years from the date of acquisition. This change in accounting estimate will be applied prospectively from 1 October 2023 in line with IAS 38: Intangible assets. The integration of Autorama has yielded some cost savings and should benefit from volume growth when new car supply returns to this channel. Despite the government delaying the ban on the sale of new petrol and diesel vehicles in October 2023, the pace of structural changes impacting the new vehicle market in the UK continues and we remain committed to ensuring our marketplace evolves as electric vehicles ('EVs') make up a greater percentage of the UK car parc.

8 Leases and property, plant and equipment

The Group has right-of-use assets which comprise of property and motor vehicles which are held within property, plant and equipment. Information about leases for which the Group is a lessee is presented below.

Analysis of property, plant and equipment between owned and leased assets	**September 2023 £m**	September 2022 £m	March 2023 £m
Property plant and equipment owned	**10.4**	10.9	9.4
Right-of-use assets	**5.5**	7.5	6.5
	15.9	18.4	15.9

8 Leases and property, plant and equipment (continued)

Right-of-use assets

	Property £m	Vehicles £m	Office equipment £m	Total £m
Opening balance at 1 April 2023	5.8	0.5	0.2	6.5
Additions	–	0.1	–	0.1
Depreciation	(0.9)	(0.2)	–	(1.1)
Closing balance at 30 September 2023	**4.9**	**0.4**	**0.2**	**5.5**

	Property £m	Vehicles £m	Office equipment £m	Total £m
Opening balance at 1 April 2022	7.8	0.4	0.1	8.3
Acquired through business combinations	0.1	0.3	–	0.4
Additions	–	0.1	–	0.1
Depreciation	(1.1)	(0.2)	–	(1.3)
Closing balance at 30 September 2022	6.8	0.6	0.1	7.5

Lease liabilities	**September 2023 £m**	September 2022 £m	March 2023 £m
Current	**2.4**	3.1	2.5
Non-current	**3.6**	5.4	4.6
Total	**6.0**	8.5	7.1

9 Trade and other receivables

	September 2023 £m	September 2022 £m	March 2023 £m
Trade receivables (invoiced)	**31.1**	29.4	28.5
Net accrued income	**42.7**	38.3	38.7
Trade receivables (total)	**73.8**	67.7	67.2
Prepayments	**5.6**	4.8	5.4
Other receivables	**0.3**	0.4	0.3
Total	**79.7**	72.9	72.9

10 Trade and other payables

	September 2023 £m	September 2022 £m	March 2023 £m
Trade payables	**3.6**	5.1	8.0
Accruals	**20.7**	15.7	15.8
Other taxes and social security	**20.4**	18.5	16.9
Deferred income	**6.5**	5.6	5.7
Vehicle stocking loan	**4.3**	1.0	3.0
Other payables	**4.6**	6.6	3.9
Accrued interest payable	**0.3**	0.1	0.3
Total	**60.4**	52.6	53.6

11 Retirement benefit obligations

The Group operates several pension schemes in the UK. All except one are defined contribution schemes.

Defined contribution scheme

In the period, the pension contributions to the Group's defined contribution scheme amounted to £1.9m (September 2022: £1.7m; March 2023: £3.5m). At 30 September 2023, £0.7m (September 2022: £0.6m; March 2023: £0.6m) of pension contributions were outstanding relating to the Group's defined contribution scheme.

Defined benefit scheme

The defined benefit pension scheme provides benefits based on final pensionable pay and this scheme was closed to new joiners with effect from May 2002. New employees after that date have been offered membership of the Group's defined contribution scheme.

In October 2022, the Scheme purchased a bulk annuity policy (known as a buy-in) from Just Retirement Limited ('Just Retirement') for £15.4m, which was funded by a £1.0m contribution by the Company along with existing Scheme assets. This policy secured the full benefits of all Scheme members, which as at the remeasurement date amounted to £13.7m. Given the financial strength of Just Retirement, this buy-in substantively removes the risk of further contributions being required from the Company to provide benefits to members, beyond those noted below.

The most recent actuarial valuation of the defined benefit obligations was performed as at 30 September 2023 by a qualified independent actuary. The amounts recognised in the Consolidated balance sheet are determined as follows:

	September 2023 £m	September 2022 £m	March 2023 £m
Present value of funded obligations	**12.4**	12.8	13.6
Fair value of plan assets	**(12.9)**	(14.8)	(14.1)
Net asset recognised in the Consolidated balance sheet	**(0.5)**	(2.0)	(0.5)

During the year ending 31 March 2020, the Trustees of the Scheme sought legal advice which concluded that the Company 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 the recognition restrictions of IFRIC14 do not apply, and therefore has recognised the accounting surplus of £0.5m and an associated deferred tax liability of £0.2m in the Consolidated balance sheet.

The amounts charged to the Consolidated income statement are set out below:

	September 2023 £m	September 2022 £m	March 2023 £m
Past service cost	**–**	0.5	0.5
Settlement cost	**–**	–	2.2
Total amounts charged to the Consolidated income statement	**–**	0.5	2.7

The amounts recognised in the Consolidated statement of comprehensive income are as follows:

	September 2023 £m	September 2022 £m	March 2023 £m
Return on Scheme assets recognised in net interest	**1.3**	6.3	5.9
Actuarial gains due to changes in assumptions	**(1.7)**	(5.3)	(4.8)
Actuarial losses due to liability experience	**0.5**	0.2	0.4
Deferred tax on surplus	**–**	(0.6)	(1.1)
Total amounts recognised within the Consolidated statement of comprehensive income	**0.1**	0.6	0.4

11 Retirement benefit obligations (continued)

Movements during the period in the post-employment defined benefit obligations are set out as below:

	September 2023 £m	September 2022 £m	March 2023 £m
At beginning of period	**(0.5)**	(3.7)	(3.7)
Past service cost	**–**	0.5	0.5
Settlement cost	**–**	–	2.2
Contributions paid to scheme	**–**	–	(1.0)
Remeasurement and experience losses	**–**	1.2	1.5
Closing post-employment benefit obligation	**(0.5)**	(2.0)	(0.5)

12 Dividends

Dividends declared and paid in the period were as follows:

	September 2023		September 2022	
	Pence per share	**£m**	Pence per share	£m
2023 final dividend paid	**5.6**	**51.3**	–	–
2022 final dividend paid	**–**	**–**	5.5	51.7
Total	**5.6**	**51.3**	5.5	51.7

An interim dividend of 3.2 pence per share for the six months to September 2023 (September 2022: 2.8 pence per share) has been declared by the Directors, totalling £29.5m (September 2022: £26.3m) based on the number of shares eligible for the distribution as at 30 September 2023. The interim dividend is payable on 26 January 2024 to shareholders on the register at the close of business on 5 January 2024. No provision has been made for the interim dividend and there are no income tax consequences.

13 Cash generated from operations

	6 months to September 2023 £m	6 months to September 2022 £m	Year to March 2023 £m
Profit after taxation	**116.8**	115.2	233.9
Adjustments for:			
Taxation	**46.0**	32.8	59.7
Depreciation	**2.2**	2.5	4.9
Amortisation	**5.5**	3.4	9.2
Share-based payments charge (excluding associated NI)	**3.6**	3.5	5.8
Deferred contingent consideration	**10.4**	13.8	38.8
Post-employment expenses relating to the defined benefit scheme	**–**	0.4	2.7
Share of profit in joint ventures	**(1.3)**	(1.1)	(2.5)
Loss/(profit) on sale of property, plant and equipment	**0.2**	–	(0.7)
Net lease disposals and modifications	**–**	–	(0.1)
Net finance costs	**1.8**	1.1	3.1
Research and Development Expenditure Credit	**–**	–	(0.1)
Profit on disposal of a subsidiary	**–**	–	(19.1)
Changes in working capital:			
Trade and other receivables	**(6.8)**	(3.0)	(3.6)
Trade and other payables	**6.4**	(3.9)	(1.9)
Inventory	**(0.6)**	(0.1)	(2.7)
Cash generated from operations	**184.2**	164.6	327.4

14 Borrowings

Non-current	**September 2023 £m**	September 2022 £m	March 2023 £m
Syndicated RCF gross of unamortised debt issue cost	**52.0**	75.0	60.0
Unamortised debt issue costs on Syndicated RCF	**(2.2)**	(1.1)	(2.5)
Total borrowings	**49.8**	73.9	57.5

Current	**September 2023 £m**	September 2022 £m	March 2023 £m
Loan from other investment	**1.1**	-	1.1
Total	**1.1**	-	1.1
Total borrowings	**50.9**	73.9	58.6

Borrowings are repayable as follows:

	September 2023 £m	September 2022 £m	March 2023 £m
Less than one year	**1.1**	-	1.1
Within two to five years	**52.0**	75.0	60.0
Total	**53.1**	75.0	61.1

The carrying amounts of borrowings approximate their fair values.

Syndicated revolving credit facility ('Syndicated RCF')

The Group has access to an unsecured Syndicated RCF. Associated debt transaction costs total £5.9m, with £3.3m being incurred at initiation and £2.6m of additional costs associated with extension requests.

With effect from 1 February 2023 the Group entered into an Amendment and Restatement Agreement to extend the term of the facility for five years from the date of signing and to further reduce the capacity of the facility to £200.0m. There is no requirement to settle all or part of the facility before the termination date of February 2028. The associated debt transaction costs were £1.6m, of which £1.4m was paid in the period to 31 March 2023, and the remaining £0.2m was paid in the six month period to 30 September 2023.

Individual tranches are drawn down, in sterling, for periods of up to six months at the compounded reference rate (being the aggregate of SONIA for that interest period) plus a margin of between 1.2% and 2.1% depending on the consolidated leverage ratio of the Group. 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 EBITDA must not exceed 3.5:1.
- EBITDA to Net Interest Payable must not be less than 3.0:1.

EBITDA is defined as earnings before interest, taxation, depreciation and amortisation, share-based payments and associated NI, share of profit from joint ventures and exceptional items.

All financial covenants of the facility have been complied with through the period.

Loan from other investment

During the year ended 31 March 2023, the Group's wholly owned subsidiary, Autorama Holding (Malta) Limited, elected to transfer the insurance portfolio held in a protected insurance cell with Advent Insurance PCC Limited to Atlas Insurance PCC Limited. As part of this process, Advent Insurance PCC Limited issued a loan to Autorama Holding (Malta) Limited to fund the investment in the new protected insurance cell until the portfolio transfer was complete. This process is likely to be completed within the next twelve months. As at 30 September 2023, £1.1m was recognised on the Consolidated balance sheet (September 2022: £nil; March 2023: £1.1m).

15 Share capital

	As at 30 September 2023		As at 30 September 2022		As at 31 March 2023	
	Number ’000	**Amount £m**	Number ’000	Amount £m	Number ’000	Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each						
At beginning of period	923,075	9.3	946,893	9.5	946,893	9.5
Purchase and cancellation of own shares	(10,404)	(0.1)	(3,512)	(0.1)	(23,831)	(0.2)
Issue of ordinary shares	7,850	0.1	13	-	13	-
Total	**920,521**	**9.3**	943,394	9.4	923,075	9.3

During the period, 10.4m shares were purchased for cancellation (September 2022: 3.5m; March 2023: 23.8m) and no shares were purchased for treasury (September 2022: 1.4m; March 2023: 1.4m). The average price per share was 632.6p (H1 2023: 619.5p) for a total consideration of £65.8m (H1 2023: £30.6m) before transaction costs of £0.3m (H1 2023: £0.2m). During the period, 7.8m shares were purchased to settle the deferred consideration relating to the Autorama acquisition in the prior period as detailed in note 18.

Included within shares in issue at 30 September 2023 are 336,195 (September 2022: 348,034; March 2023: 340,196) shares held by the ESOT and 3,970,907 (September 2022: 4,629,543; March 2023: 4,371,505) shares held in treasury, as detailed in note 16.

16 Own shares held

Own shares held £m	**ESOT shares reserve £m**	**Treasury shares £m**	**Total £m**
Own shares held as at 1 April 2022	(0.4)	(22.0)	(22.4)
Repurchase of own shares for treasury	–	(8.7)	(8.7)
Share-based incentives exercised in the period	–	3.6	3.6
Own shares held as at 30 September 2022	(0.4)	(27.1)	(27.5)
Own shares held as at 1 October 2022	(0.4)	(27.1)	(27.5)
Share-based incentives exercised in the period	–	1.5	1.5
Own shares held as at 31 March 2023	(0.4)	(25.6)	(26.0)
Own shares held as at 1 April 2023	(0.4)	(25.6)	(26.0)
Share-based incentives exercised in the period	–	2.3	2.3
Own shares held as at 30 September 2023	**(0.4)**	**(23.3)**	**(23.7)**

Own shares held - number	**ESOT shares reserve Number of shares**	**Treasury shares Number of shares**	**Total Number of shares**
Own shares held as at 1 April 2022	358,158	3,826,928	4,185,086
Transfer of shares from ESOT	(10,124)	–	(10,124)
Repurchase of own shares for treasury	–	1,430,372	1,430,372
Share-based incentives exercised in the period	–	(627,757)	(627,757)
Own shares held as at 30 September 2022	348,034	4,629,543	4,977,577
Own shares held as at 1 October 2022	348,034	4,629,543	4,977,577
Transfer of shares from ESOT	(7,838)	–	(7,838)
Share-based incentives exercised in the period	–	(258,038)	(258,038)
Own shares held as at 31 March 2023	340,196	4,371,505	4,711,701
Own shares held as at 1 April 2023	340,196	4,371,505	4,711,701
Transfer of shares from ESOT	(4,001)	–	(4,001)
Share-based incentives exercised in the period	–	(400,598)	(400,598)
Own shares held as at 30 September 2023	**336,195**	**3,970,907**	**4,307,102**

17 Share-based payments

The Group currently operates five share plans: the Share Incentive Plan, Performance Share Plan, Deferred Annual Bonus, Single Incentive Plan Award and the Sharesave scheme.

All share-based incentives are subject to a service condition. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value of share-based incentives with market conditions.

The total charge in the period relating to the five schemes was £3.5m (September 2022: £3.6m; March 2023: £6.6m). This included associated national insurance ('NI') at the rate at which management expects to be effective when the awards are exercised (13.80%), and apprenticeship levy at 0.5%, based on the share price at the reporting date.

In addition to this charge, the share-based payment charge reported this period includes £10.4m (September 2022: £13.8m; March 2023: £38.8m) relating to deferred share-based payment consideration relating to the acquisition of Autorama, making a total combined charge of £14.0m (excluding associated NI).

	September 2023 £m	September 2022 £m	March 2023 £m
Share Incentive Plan ('SIP')	**–**	–	–
Performance Share Plan ('PSP')	**1.1**	1.0	1.9
Deferred Annual Bonus Plan and Single Incentive Plan Award	**2.1**	2.2	3.4
Sharesave scheme ('SAYE')	**0.4**	0.3	0.5
NI and apprenticeship levy on applicable schemes	**(0.1)**	0.1	0.8
Total charge from ongoing share schemes	**3.5**	3.6	6.6
Share-based payments relating to Autorama acquisition	**10.4**	13.8	38.8
Total charge	**13.9**	17.4	45.4
Total charge excluding NI	**14.0**	17.3	44.6

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. Shares issued to satisfy the SIP were purchased by the Employee Share Option Trust ('ESOT').

UK SIP	**September 2023 Number**	September 2022 Number	March 2023 Number
Outstanding at beginning of period	**96,315**	116,808	116,808
Options exercised in the period	**(4,001)**	(10,270)	(18,108)
Options forfeited in the period	**–**	(2,385)	(2,385)
Outstanding at period ending	**92,314**	104,153	96,315

Performance Share Plan

The Group operates a Performance Share Plan ('PSP') for Executive Directors and 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 22 June 2023, the Group awarded 355,183 nil cost options under the PSP scheme. For the 2023 awards, the Group's performance is measured by reference to growth in Operating profit (70% of the award), Revenue (20% of the award) and Carbon Reduction (10% of the award) over a three-year period to March 2026.

17 Share-based payments (continued)

	September 2023 Number	September 2022 Number	March 2023 Number
Outstanding at beginning of period	**1,399,984**	1,401,701	1,401,701
Options granted in the period	**355,183**	360,695	360,695
Dividend shares awarded	**–**	8,319	8,319
Options exercised in the period	**(9,130)**	(241,047)	(241,047)
Options forfeited in the period	**(591,580)**	(129,684)	(129,684)
Outstanding at period ending	**1,154,457**	1,399,984	1,399,984

Deferred Annual Bonus and Single Incentive Plan Award

The Group operates the Deferred Annual Bonus and Single Incentive Plan Award for the Executive Directors, the Operational Leadership Team and certain key employees. The Plan consists of two schemes, the Deferred Annual Bonus Plan ('DABP') and the Single Incentive Plan Award ('SIPA').

Deferred Annual Bonus Plan

The Group operates a Deferred Annual Bonus Plan ('DABP') for Executive Directors. Awards under the plan are contingent on the satisfaction of pre-set internal targets relating to financial and operational objectives. The extent to which the awards vest will depend upon the satisfaction of the Group's financial and operational performance in the financial year of the award date (the 'Performance Conditions'). The awards will vest on the second anniversary of the date the Remuneration Committee determines that the Performance Conditions have been satisfied (the 'Vesting Period'). Awards are potentially forfeitable during that period should the employee leave employment. The DABP awards have been valued using the Black-Scholes method where appropriate and the resulting share-based payments charge is being spread evenly over the combined Performance Period and Vesting Period of the shares, being three years.

On 22 June 2023, the Group awarded 103,330 nil cost options under the DABP.

	September 2023 Number	September 2022 Number	March 2023 Number
Outstanding at beginning of period	**108,704**	–	–
Options granted in the period	**103,330**	108,704	108,704
Outstanding at period ending	**212,034**	108,704	108,704

Single Incentive Plan Award

The Group operates a Single Incentive Plan Award ('SIPA') for the Operational Leadership Team and certain key employees. The extent to which awards vest will depend upon the satisfaction of the Group's financial and operational performance in the financial year of the award date (the "Performance Conditions"). The awards will vest in tranches, with the first tranche vesting on the date on which the Remuneration Committee determines that the Performance Conditions have been satisfied, and subsequent tranches vesting on the first and second anniversary of this date, subject to continuing employment.

On 22 June 2023, the Group awarded 618,497 nil cost options under the SIPA scheme. The fair value of the 2023 award was determined to be £6.22 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.

	September 2023 Number	September 2022 Number	March 2023 Number
Outstanding at beginning of period	**1,517,766**	1,291,868	1,291,868
Options granted in the period	**618,497**	681,586	681,586
Dividend shares awarded	**10,180**	5,710	5,710
Options exercised in the period	**(337,214)**	(177,183)	(214,290)
Options forfeited in the period	**(142,859)**	(205,153)	(247,108)
Outstanding at period ending	**1,666,370**	1,596,828	1,517,766

17 Share-based payments (continued)

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.

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.

	September 2023 Number	September 2022 Number	March 2023 Number
Outstanding at beginning of period	**1,366,352**	1,446,582	1,446,582
Options granted in the period	**–**	–	688,115
Options exercised in the period	**(54,254)**	(235,323)	(406,060)
Options lapsed in the period	**(57,304)**	(89,878)	(362,285)
Outstanding at period ending	**1,254,794**	1,121,381	1,366,352

18 Prior period business combination

In the prior period, the Group acquired the entire share capital of Autorama UK Limited ('Autorama') for initial consideration of £150.0m, with an additional £50.0m deferred until 22 June 2023 and settled in shares subject to employment and performance conditions.

Autorama, one of the UK's largest marketplaces for leasing new vehicles, is a leading end-to-end digital platform, which aggregates leasing deals from multiple funders and Manufacturers (under its 'Vanarama' brand), enabling buyers to transact online across a wide range of vehicles.

The total consideration of £150.0m excludes acquisition costs of £2.1m which were recognised within costs in the Consolidated income statement in the prior period. The following table provides a reconciliation of the amounts included in the Consolidated statement of cash flows for the prior period:

	September 2022 £m
Cash paid for subsidiary	150.0
Less: cash acquired	(5.8)
Payment for acquisition of subsidiary, net of cash acquired	144.2

As the settlement of the deferred £50.0m consideration was subject to condition for continuing employment to 22 June 2023, the amount was not included in the business combination but was recorded as a post-acquisition income statement expense over the period of service, which extended to the first anniversary of the acquisition. The deferred consideration was fully settled at 30 September 2023 and the final settlement was reduced to £49.9m due to the associated performance conditions not being met.

The purchase was accounted for as a business combination under the acquisition method in accordance with IFRS 3. The fair value of net assets acquired was assessed and, other than in respect of the intangible assets and related deferred tax, described below, no material adjustments from book value were made to existing assets and liabilities. The goodwill calculation is summarised below:

18 Prior period business combination (continued)

	Fair value £m
Intangible asset recognised on acquisition	
Brand	47.6
Technology	13.7
Customer relationships	2.9
Order book	2.3
Deferred tax liability arising on intangible assets	(16.3)
	50.2
Other non-current assets	
Investments	1.0
Property, plant and equipment	5.3
Intangible assets	0.4
Deferred tax asset	6.8
	13.5
Current assets	
Cash and cash equivalents	5.8
Trade and other receivables	4.5
Inventory	0.9
Other debtors	0.9
	12.1
Current liabilities	
Trade and other payables	11.6
Deferred income	2.3
	13.9
Non-current liabilities	
Borrowings	4.0
Lease liabilities	0.4
	4.4
Total net assets acquired	57.5
Goodwill on acquisition	92.5
Total assets acquired	150.0
Fair value of cash consideration	**150.0**

The brand, technology, customer relationships and order book obtained through the acquisition met the requirements to be separately identifiable under IFRS 3. The brand operates under the Vanarama brand name and is one of the UK's longest running e-commerce brands; the asset was valued using Multi-period Excess Earnings Method and crosschecked using relief from royalty. The technology is Autorama's propriety technology which helps manage a complex vehicle lease purchasing process into a seamless online transaction via a customer friendly user interface, which has been developed in house; the asset was valued using the cost approach specifically replacement costs and crosschecked using relief from royalty. The order book is customer orders not yet delivered, which is expected to unwind; the asset was valued using Multi-period Excess Earnings Method.

The goodwill recognised on acquisition principally relates to value arising from intangible assets that are not separately identifiable under IFRS 3. Such assets include the value of the acquired workforce (including technical experience); returning customers and future market growth opportunities.

None of the acquired intangible assets or goodwill is expected to be deductible for tax purposes. A deferred tax liability has been recorded on the fair value of the intangible assets recognised, other than goodwill, measured at the substantively enacted UK rate of corporation tax from April 2023 of 25%. This deferred tax liability has been debited against and increased the value of goodwill recognised.

19 Related party transactions

The Company is the ultimate parent entity of the Group. Intercompany transactions with wholly owned subsidiaries have been excluded from this note, as per the exemption offered in IAS 24.

Dealer Auction Limited

The Group transacted the following related party transactions with its joint venture, Dealer Auction Limited (previously Dealer Auction (Holdings) Limited) and its subsidiaries (together ‘Dealer Auction’), during the period.

The Group provided data services to Dealer Auction under a license agreement established as part of the formation of the joint venture in January 2019. The value of services provided to Dealer Auction was £0.3m (September 2022: £0.3m) and has been recognised within revenue. At 30 September 2023, deferred income outstanding in relation to the license agreement was £8.6m (September 2022: £9.2m).

Key management personnel

Key management personnel share plan awards have been outlined in note 17.

20 Forward looking statements

This report includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring after the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK	POTENTIAL IMPACT	CHANGES IN THE PERIOD
1. **Automotive economy, market and business environment**	An adverse change in supply and demand in the new/used car market could lead to reduced retailer profitability and reduced retailer wallets, resulting in reduced advertising spend. Adverse movements in supply and demand of vehicles could also lead to a contraction in the number of retailers. In addition, we continue to see the movement towards an agency model whereby Manufacturers' sell new vehicles directly to consumers, with the retailer acting as an agent to facilitate the transaction. This could lead to a loss of revenue from our retailer customers.	New car supply has improved with registration volumes up 21% year-on-year in the six month period. New car supply has implications for our Autorama segment and impacts the wider automotive market. Low new car supply since 2020 has led to low availability of 3-5 year old cars. Demand for vehicles remains high with used cars in H1 2024 selling on average 1 day faster than 2023 and 2 days faster than 2019. However, sourcing remains a challenge for some retailers. Used vehicle pricing trends varied across age cohorts, due to differing supply and demand. September 2023 saw the first fall in used car prices in 41 months, when overall prices fell by 0.4%, however older vehicles continued to see prices rise year-on-year. The move to agency in 2023 from some Manufacturers has coincided with the successful launch of our National New Car product, enabling Manufacturers to advertise stock on Auto Trader for the first time. Higher rates of inflation, as well as rises in interest rates, has led to increased finance costs and higher overall purchase costs for consumers and retailers.
2. **Climate change**	The automotive industry is intrinsically linked with climate change and there is pressure from consumers and government for the industry to reduce its impact on the climate. Failure to deliver on our environmental commitments could negatively impact our brand as a responsible business or result in regulatory sanctions. Failure to overcome the changes caused by the shift from internal combustion engines ('ICE') to electric vehicles ('EVs') could inhibit their take-up or lead to changes in buying behaviour. Factors include the high purchase price of most EVs, potential for improvements in public transport, new and expanded emissions zones, increasing EV running costs, and consumer uncertainty over the residual value of used EVs. Changing and more stringent regulatory requirements could increase our cost base. Increased frequency and severity of extreme weather events could lead to heightened costs, including costs associated with heating/air-conditioning, insurance, and cloud infrastructure. Extreme weather events could also lead to short-term closure of retailer forecourts (for example, due to flooding).	In May 2023, through our partnership with the Carbon Literacy Project, we reached the milestone of 1,000 employees and employees from 100 businesses having received Carbon Literacy training. In our emissions reporting, we have amended our base year to 2023 to reflect the addition of Autorama to the Group and we continue to work towards our carbon reduction commitments. We have engaged with a 3rd party to support us with these plans. The announcement in September 2023 to delay the ban on new ICE cars to 2035 was unexpected, however we do not expect significant adverse impacts or changes to Manufacturers strategies. The Zero Emissions Vehicle ("ZEV") Mandate will require Manufacturers to continue to increase the proportion of their sales made from ZEV up until 2035. At Auto Trader, our strategy is unchanged: we are continuing to establish our site as the go-to destination for consumers looking to obtain an EV. There are early indications that "barriers" to EV adoption are lessening. The price disparity

		between EV and ICE equivalents has begun to reduce both for new and used vehicles. Private demand has slightly reduced for new EVs, with 14.2% of leads sent to retailers on new cars in September being electric, down from 15.5% one year ago. However, in contrast, demand for new EVs via fleet and salary sacrifice lease schemes is high, where consumers look to take advantage of low benefit-in-kind taxes on salary sacrifice leases.
3. **Employees**	To enable us to achieve our strategic objectives it is important that we continue to attract, retain and motivate a highly skilled workforce, including those with specialist skillsets in data and technology. Delivery of our strategy is also dependent on us building a diverse and inclusive workforce; a supportive, collaborative culture, and a safe environment, all of which will enable optimum performance from all our employees.	We continued to operate our Connected Working model where employees are in the office for two 'fixed' days per week plus an additional 'flex' day per week on a day of their choice, increasing efficiency, collaboration and innovation whilst also allowing flexibility and maximising inclusion. Connected Working has also included a 'remote first' policy. For periods in July, August, and December, employees can work from anywhere, including overseas subject to consideration of relevant risks including taxation, work permits/visas, productivity, cyber security, and inclusion. In September 2023 we held our annual all-employee virtual conference. Two major announcements were made: the evolution of our company values; and a new all-employee share scheme. Our Glassdoor rating based on anonymous reviews remains high at 4.6/5 in October 2023. Autorama people policies, rewards / benefits, and contracts are in the process of being aligned to Auto Trader's. Some teams across Auto Trader and Autorama have been merged, including product and technology, consumer marketing, risk & compliance and finance. We received 'Role model' accreditation from Manchester Pride's All Equals Charter, the highest award available. The programme aims to ensure organisations understand, recognise, and challenge discrimination in the workplace.
4. **Reliance on third parties**	To achieve our strategic objectives, we are reliant on partners to support certain product initiatives, for example having lenders integrated with our Deal Builder journey is a key dependency. We also rely on third parties to support our technology infrastructure, 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 and key strategic partners.	Despite the threats posed to our suppliers in the external environment, we have experienced no material disruptions to our critical suppliers. Our business continuity and IT disaster recovery processes require monitoring of critical suppliers regularly to ensure the impact, should they fail, is as low as possible. As we work towards digitising the automotive retail market we are increasingly reliant on 3rd parties and partners who support retailers with developing the necessary technology to integrate with our systems. Working collaboratively with these partners is therefore essential and we have continued to do so in the

		first half of this financial year.
5. **IT systems and cyber security**	As a digital business, we rely on our IT infrastructure to provide our services. A disruptive cyber security and/or business continuity event could lead to downtime of our systems and infrastructure. Execution of our strategy also relies on us making appropriate investments in secure systems and technologies. Failure to invest in appropriate technology and safeguards could lead to us failing to achieve our objectives. Delivery of our strategic objectives 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, retailers and advertisers.	We have completed a multi-year project to migrate all of Auto Trader's key applications to the cloud, which increases the resilience, security, and reliability of our systems. It also enhances our IT disaster recovery arrangements with the ability to fail-over to alternative data centres in the event of a major incident. We have migrated all Autorama employees to the Auto Trader environment, providing enhanced enterprise-wide security protections as well as improving efficiency and collaboration across the Auto Trader business. As previously mentioned, our cyber security teams were involved in the planning of the "remote first" period and this passed without incident.
6. **Failure to innovate: disruptive technologies and changing consumer behaviours**	The automotive industry is changing at pace. Should we fail to innovate our business and product offerings, we could lose relevance with our key stakeholders, including consumers and customers. It is crucial that we develop and implement new products, services and technologies, and adapt to changing consumer behaviour towards car buying and ownership. Failure to provide both customers and consumers with the best possible products and online journey, including an online buying experience, could lead to reduced website traffic and loss of revenue.	After initial trials during 2023, we are now scaling Deal Builder, with over 500 retailers onboard compared to c.50 as at March 2023. c.2,100 deals were submitted via Deal Builder in H1 2024. We are continuing to test and refine this product as it scales up. Autorama's leasing journey can now be completed on autotrader.co.uk. Senior leadership and Board strategy days focused on changing consumer buying behaviours and on how advancements in artificial intelligence can impact Auto Trader.
7. **Regulatory risks**	The Group operates in a complex regulatory environment. As we progress in executing our strategy, we are likely to be exposed to increased legal and regulatory risks, particularly those relating to FCA and GDPR. There is a risk that the Group, or its subsidiaries, fail to comply with legal and regulatory requirements. This could lead to reputational damage, financial or criminal penalties and impact on our ability to do business.	We have had no reportable data breaches across the Auto Trader Group during H1 2024. We have continued to work to mitigate GDPR risks brought about by the acquisition of Autorama and growth of Deal Builder, both of which require us to collect and store more consumer personal data. We adopted the FCA's Consumer Duty in advance of the July 2023 deadline. This involved a review of our policies, products and processes to ensure that we can demonstrate delivery of good outcomes to consumers. We have also refreshed our mandatory all-employee compliance training to capture the requirements of Consumer Duty with specific, tailored training provided to those with day-to-day responsibilities under the regulation.
8. **Competition**	Our data continues to show that there is a low competitive threat to our classified marketplace. Nevertheless, we remain wary of the risk that competitors could develop superior consumer experience or superior retailer products. This	We remain the UK's largest and most engaged digital automotive marketplace with over 75% of all minutes spent on automotive classified sites spent on Auto Trader. Consumer audience increased, with each month's audience higher in

	could lead to a loss of market share. Further, as the automotive industry evolves, an agency model could change the way that vehicles are bought and sold. Under an agency model, cars are sold by Manufacturers directly to consumers via retailers. As we progress with our own objectives surrounding digital retailing, an agency model could mean that Manufacturers themselves emerge as a direct competitor in the vehicle retail industry. Failure to manage this emerging threat could inhibit our ability to achieve our objectives.	H1 2024 than the corresponding month in 2023. Nevertheless, competitive threat is a perpetual risk which we monitor continuously.
9. **Brand and reputation**	Our brand is one of our biggest assets. Our research shows that we are the largest and most trusted automotive classified brand in the UK. Failure to maintain and protect our brand, and/or negative publicity affecting our reputation could diminish the confidence that retailers, consumers and advertisers have in our products and services. This could result in a reduction in audience and revenue.	Our Trustpilot rating remains high at 4.7 out of 5 and there continues to be a low level of fraudulent activity on our site owing to the monitoring performed by our security team. We also make use of a customer watchlist which enables us to identify and remove from those customers bringing harm to consumers, other retailers, or the Auto Trader brand. In H1 2024 we have embarked on new consumer marketing campaigns across various media, including traditional formats such as television, but also podcasts and social media.
10. **External catastrophic and geo-political events**	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.	It is important to respond quickly to the impacts of external events, particularly those which impact on our customers adversely. We regularly review our critical suppliers and business continuity and crisis management arrangements to ensure that they consider the impacts of external events. There remains uncertainty within our customer base over a potential recession with inflation and interest rates remaining high throughout H1 2024. This is largely attributed to recent events such as Covid-19 and Brexit. Additionally, a UK general election in c.12 months could lead to new political policies which we and our customers need to respond to. The impacts of economic conditions and political policies are assessed continuously to ensure that we are well positioned to support our customers.

INDEPENDENT REVIEW REPORT TO AUTO TRADER GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 which comprises the consolidated interim income statement, consolidated interim statement of comprehensive income, consolidated interim balance sheet, consolidated interim statement of changes in shareholders' equity and consolidated interim statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

David Derbyshire
for and on behalf of KPMG LLP
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Manchester
M2 3AE
9 November 2023