



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

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

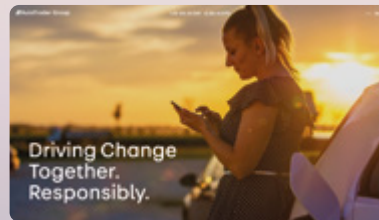
With the largest number of car buyers and the largest choice of trusted stock, Auto Trader's marketplace sits at the heart of the UK car buying process. That marketplace is built on an industry-leading technology and data platform, which is increasingly used across the automotive industry. Auto Trader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

How to use this report

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

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plc.autotrader.co.uk

01 Strategic report

01	At a glance
02	Chair's statement
03	CEO's statement
06	Market overview
09	How we create value
10	Strategic progress
14	Section 172(l) statement
18	Key performance indicators
21	Non-financial and sustainability information statement
22	Financial review
25	Working responsibly
50	How we manage risk
53	Principal risks and uncertainties

61 Governance

61	Governance overview
63	Board of Directors
66	Corporate governance statement
70	Report of the Nomination Committee
73	Report of the Audit Committee
78	Report of the Corporate Responsibility Committee
81	Directors' remuneration report
100	Directors' report

104 Financial statements

104	Independent auditor's report to the members of Auto Trader Group plc
116	Consolidated income statement
117	Consolidated statement of comprehensive income
118	Consolidated balance sheet
119	Consolidated statement of changes in equity
120	Consolidated statement of cash flows
121	Notes to the consolidated financial statements
155	Company balance sheet
156	Company statement of changes in equity
157	Notes to the Company financial statements
161	Unaudited five-year record
162	Shareholder information



At a glance

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

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

- OUR PURPOSE-DRIVEN STRATEGY P10
- WORKING RESPONSIBLY P25
- OUR VALUES P41

01 – 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties

WHY WE EXIST

Driving Change Together. Responsibly.

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

WHAT WE DO

Delivering on our strategic focus areas

Alongside working responsibly, we have three strategic focus areas:

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

HOW WE WORK

Working responsibly, working together

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

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

WHO WE ARE

Our values define who we are

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

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

Chair's statement

—— “It’s a privilege to succeed Ed Williams as Chair of Auto Trader.”

**INTRODUCTION**

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

RESULTS OVERVIEW

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

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

BOARD CHANGES

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

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

CAPITAL STRUCTURE AND DIVIDENDS

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

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

ANNUAL GENERAL MEETING

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

Matt Davies
Chair
30 May 2024

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

CEO's statement

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



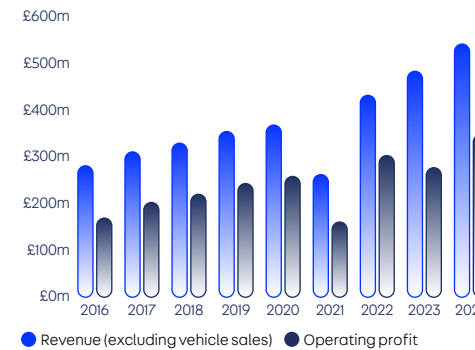
STRATEGIC AND OPERATING REVIEW

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

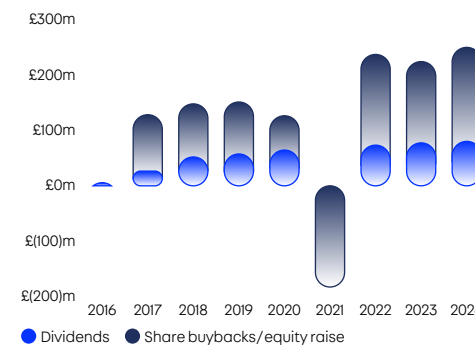
Since Auto Trader's IPO the business has delivered consistent execution and performance. During the first few years of being a public company, revenue grew steadily whilst much of the focus was on transitioning to a pure digital business and changing the cost base from a model that had remnants of our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

Our profits have been consistently distributed through a combination of dividends and share buybacks, which is something we expect

Group revenue and operating profit



Cash returned to shareholders



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

1. A GROWING AUTOMOTIVE MARKET

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

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

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

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

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

CEO's statement continued

2. OUR MARKET LEADING POSITION

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

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

3. OUR HERITAGE OF INNOVATION

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



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

has underpinned much of our past success and we know there are significant opportunities to further enhance the consumer experience.

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

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

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

4. A FOCUSED AND CONSISTENT STRATEGY

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

5. OUR PURPOSE AND CULTURE

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

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

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

CEO's statement continued

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

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

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

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

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

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



OUTLOOK

The new financial year has started well.

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

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

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

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

Nathan Coe
CEO
30 May 2024

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

Market overview

A changing new and used car market

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

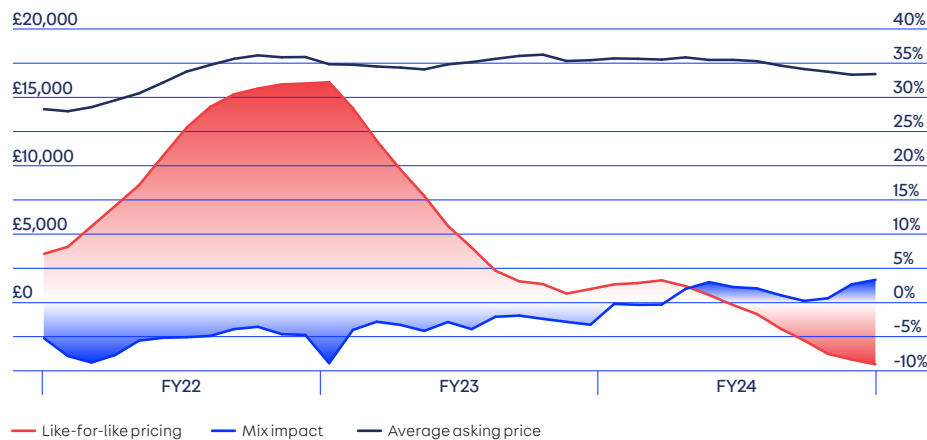
RETAIL PRICE INDEX

The Auto Trader Retail Price Index tracks the average retail price of used cars based on c.800,000 daily pricing observations. Despite strong levels of demand on Auto Trader, like-for-like average retail prices have softened over the past 12 months. This has been due to increasing supply of both new and used vehicles impacting trade prices which have then fed into the retail market, coupled with an increasing level of discounts on new

electric vehicles. The average price of a used car on Auto Trader for the 12 months ending March 2024 was £17,833, a like-for-like decline of 1.3% year on year (2023: £17,544).

£17,833¹

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



[VIEW THE FULL INDEX
plc.autotrader.co.uk/news-views/retail-price-index](https://plc.autotrader.co.uk/news-views/retail-price-index)

NEW CAR REGISTRATIONS

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

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

2.0m² ↑

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

USED CAR TRANSACTIONS

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

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

7.3m³ ↓

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

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Market overview continued

Key trends shaping the future of our industry

1

More of the buying journey moving online



KEY TREND

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

AUTO TRADER PROGRESS

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

STAKEHOLDER PERSPECTIVE

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

NIAZ KANJI

General Manager, SR Motors

FUTURE OPPORTUNITIES

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



2

The increasing importance of data



KEY TREND

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

AUTO TRADER PROGRESS

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



STAKEHOLDER PERSPECTIVE

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

ANDREW MUFFETT

Group Used Car Buyer, Allen Motor Group

FUTURE OPPORTUNITIES

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

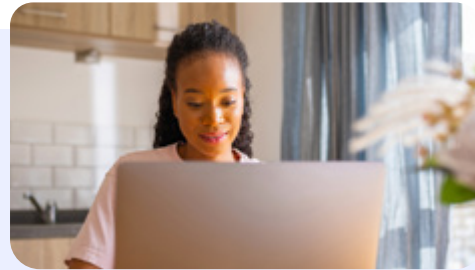
53 Principal risks and uncertainties

Market overview continued

Key trends shaping the future of our industry continued

3

Significant changes within the new car market



KEY TREND

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

AUTO TRADER PROGRESS

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

STAKEHOLDER PERSPECTIVE

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

PAUL SHARP

Retailer Principal of Hyundai Stockport

FUTURE OPPORTUNITIES

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

4

Supporting the transition to electric



KEY TREND

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

AUTO TRADER PROGRESS

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

STAKEHOLDER PERSPECTIVE

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

ABDUL CHOWDHURY

Head of Vehicle Policy, Office for Zero Emission Vehicles

FUTURE OPPORTUNITIES

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

01 – 60

01 At a glance

02 Chair’s statement

03 CEO’s statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties



How we create value

Our unique network effect

The drivers that set us apart

BRAND & AUDIENCE

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

TECHNOLOGY

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

DATA

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



WORKING RESPONSIBLY

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

PEOPLE & CULTURE

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

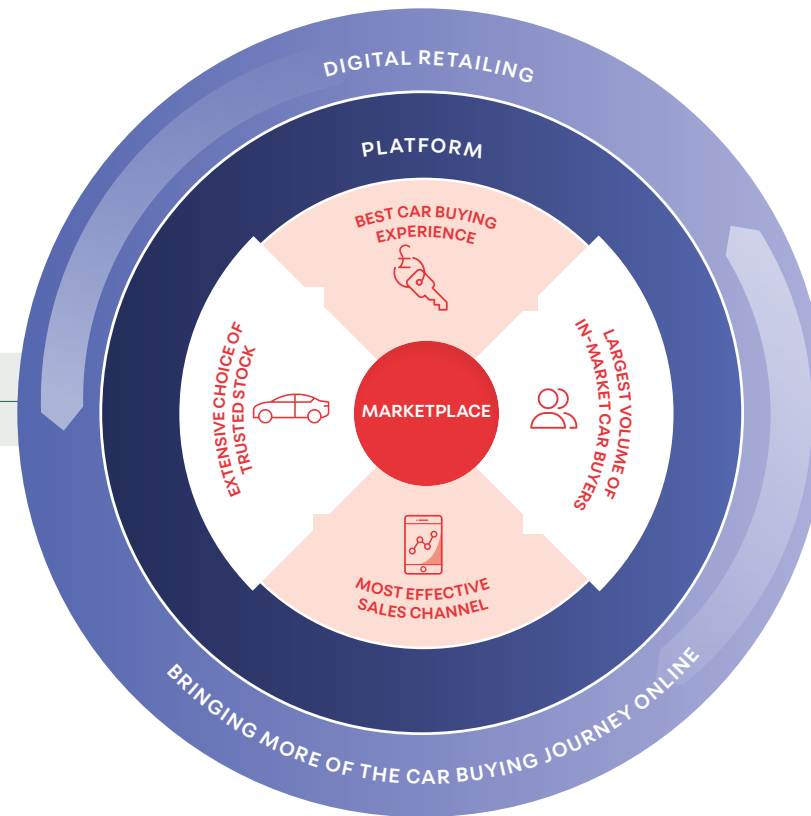
INVESTMENT

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

LONG-TERM FOCUS

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

The core activities we undertake to create value



The value created for our stakeholders



FOR CONSUMERS

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



FOR CUSTOMERS

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



FOR OUR PEOPLE

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



FOR PARTNERS & SUPPLIERS

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



FOR THE COMMUNITY & THE ENVIRONMENT

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



FOR INVESTORS

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Strategic progress



“We’ve made significant progress this year across all three of our strategic focus areas.”

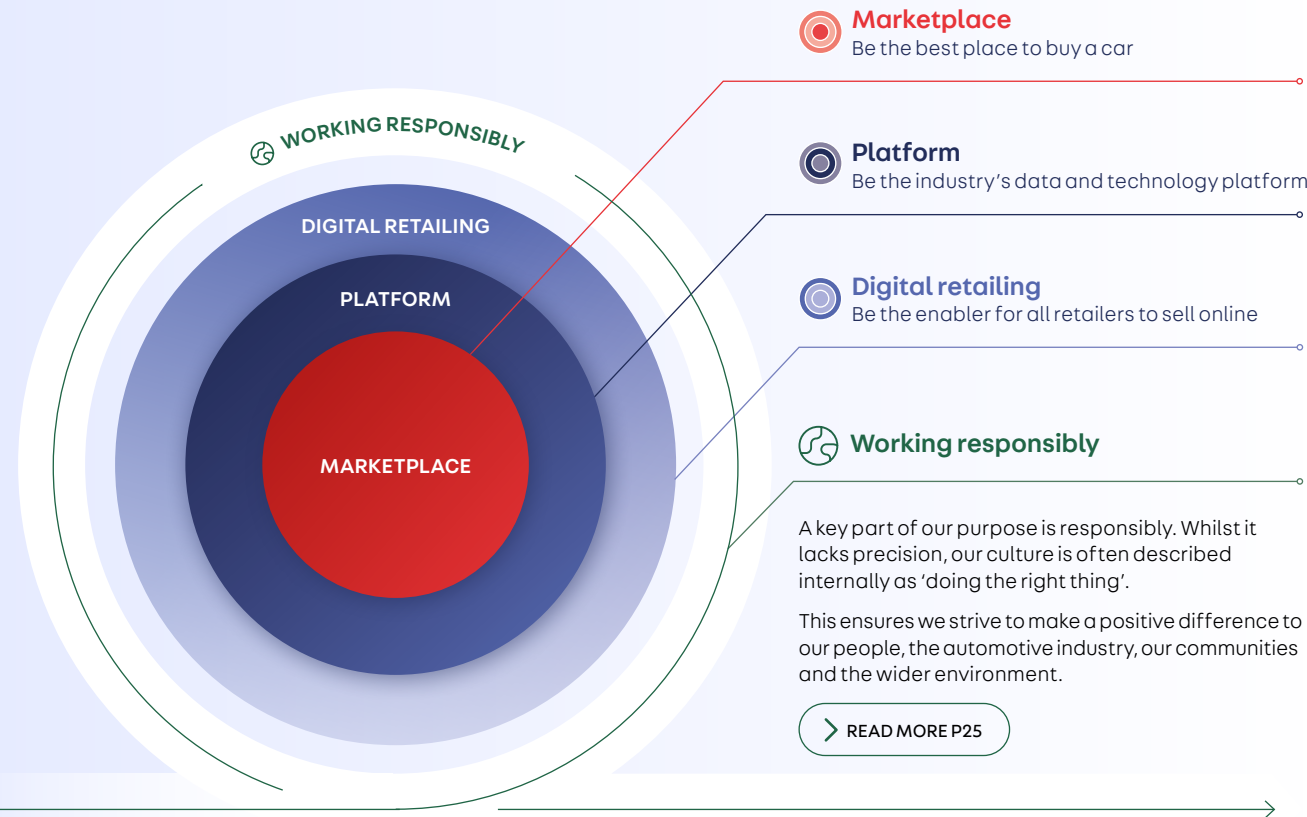
INTRODUCTION

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

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

Driving Change Together. Responsibly.

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



01 – 60

- [01 At a glance](#)
- [02 Chair's statement](#)
- [03 CEO's statement](#)
- [06 Market overview](#)
- [09 How we create value](#)
- [10 Strategic progress](#)
- [14 Section 172\(1\) statement](#)
- [18 Key performance indicators](#)
- [21 Non-financial and sustainability information statement](#)
- [22 Financial review](#)
- [25 Working responsibly](#)
- [50 How we manage risk](#)
- [53 Principal risks and uncertainties](#)

Strategic progress continued

KPI SP18

RISK SP53



Marketplace

2024 PROGRESS

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

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

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

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

12%

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

35%

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

HOW WE MEASURE PROGRESS

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

ASSOCIATED RISKS

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



FUTURE OPPORTUNITIES

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

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



01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Strategic progress continued

[KPI SP18](#)[RISK SP53](#)

Platform

2024 PROGRESS

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

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

Making our platform accessible also enables our customers to benefit from the multi-year investment we have made in our data platform and data science capability. Over many years we have improved the quality of our data, most of which is proprietary. We acquired Kee Resources for vehicle taxonomy, have integrated build-level data from manufacturers, collated

many observations on our platform and more recently have sourced granular vehicle data to provide our own provenance checks. As part of our platform strategy, we continue to integrate with lenders to enable a full digital automotive finance journey on Auto Trader. While we are not directly impacted by the current FCA investigation into discretionary commission arrangements, we believe it should lead to a more consistent and transparent car buying journey for consumers, which we are well placed to provide on Auto Trader.

HOW WE MEASURE PROGRESS

- Auto Trader Connect integrations
- Number of lender integrations
- Number of product releases

ASSOCIATED RISKS

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

65,000

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

>75%

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



FUTURE OPPORTUNITIES

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



01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

Strategic progress continued

[> KPISP18](#)[> RISKP53](#)

Digital retailing

2024 PROGRESS

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

Our main focus has been to develop and scale our Deal Builder product for used cars, where car buyers can carry out as much of the journey as they want on Auto Trader, completing the rest of the transaction on the forecourt, over the phone or through a combination of channels. We launched

c.1,100

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

Deal Builder last year, which uses Auto Trader technology to enable car buyers to get a part-exchange valuation, apply for finance and reserve a car online. Launched as a trial, we have increased the volume of customers to c.1,100 retailers (March 2023: c.50) with over 40,000 cars live at the end of March 2024. Over the past 12 months, we have continued to improve the onsite experience and generated 16,000 deals with a reservation in the period (2023: c.200). Consumer feedback continues to be positive and deals are converting at roughly double the rate of any other enquiry type, with many deals being completed outside of retail hours. In January

c.16,000

deals in the period (2023: c.200)

2024, we trialled monetisation with a small cohort of customers paying a transaction fee (0.25%) linked to the price of the vehicle which is charged on submission of a deal.

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

HOW WE MEASURE PROGRESS

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

ASSOCIATED RISKS

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

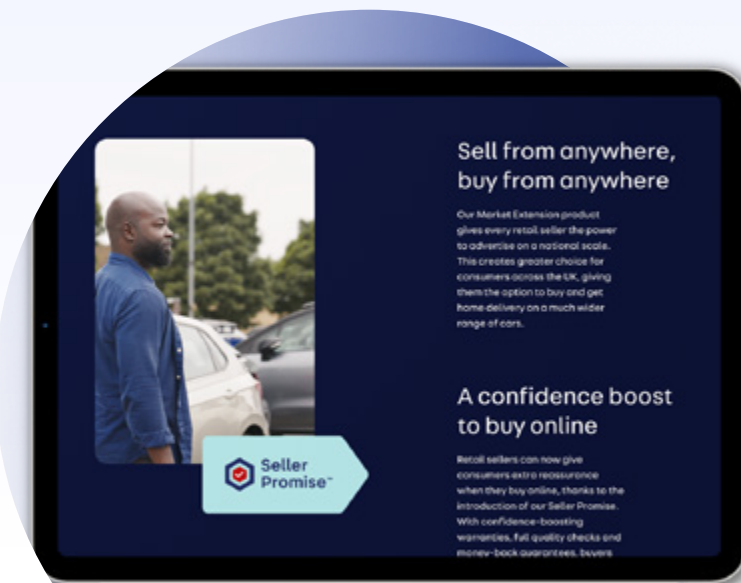
Catherine Faiers
COO
30 May 2024



FUTURE OPPORTUNITIES

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

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

Section 172(1) statement

Considering our stakeholders

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

SECTION 172 MATTERS

Our purpose is
Driving Change Together. Responsibly.



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

> MARKET OVERVIEW P06



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

> HOW WE CREATE VALUE P09



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

> WORKING RESPONSIBLY P25

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

A well established stakeholder framework is applied to all papers submitted to the Board and is at

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

CONSIDERING THE LONG-TERM CONSEQUENCES OF OUR DECISIONS

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

CONSIDERING THE INTERESTS OF OUR EMPLOYEES

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

THE NEED TO FOSTER GOOD RELATIONSHIPS WITH OUR STAKEHOLDERS

How we create value P09 Our stakeholders P16

CONSIDERING OUR IMPACT ON THE ENVIRONMENT AND OUR COMMUNITY

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

MAINTAINING HIGH STANDARDS OF CONDUCT

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

ACTING FAIRLY BETWEEN STAKEHOLDERS

How we create value P09 Our stakeholders P16

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Section 172(1) statement continued

Material decisions taken by the Board

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

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

[OUR PURPOSE-DRIVEN STRATEGY P10](#)

ALL-EMPLOYEE SHARE AWARD

RELEVANT STRATEGIC PRIORITIES:



An extra
10%
of salary awarded in
shares each year

CONTEXT

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

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

BOARD CONSIDERATIONS

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

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

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

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

OUTCOME

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

RELEVANT STAKEHOLDERS

- Our people
- Investors

NEW CAR PRODUCTS ON AUTO TRADER

RELEVANT STRATEGIC PRIORITIES:



c.2,100
paying new car retailers in
March 2024 (March 2023: c.1,900)

CONTEXT

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

BOARD CONSIDERATIONS

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

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

OUTCOME

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

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

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

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

RELEVANT STAKEHOLDERS

- Customers
- Consumers
- The community & the environment

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Section 172(1) statement continued

Maintaining stakeholder relationships

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

MATERIAL ISSUES

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

[OUR MATERIALITY ASSESSMENT P26](#)

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

CONSUMERS

WHY ARE OUR CONSUMERS IMPORTANT TO US?

Maintaining a large, engaged consumer base of in-market car buyers, sellers and researchers who have high levels of trust and confidence in Auto Trader, underpins the success of our business model.

WHAT MATTERS TO OUR CONSUMERS?

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

HOW DO WE ENGAGE WITH THEM?

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

WHAT ACTIONS DID WE TAKE?

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

MATERIAL ISSUES

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



CUSTOMERS

(retailers, manufacturers and other customers)

WHY ARE OUR CUSTOMERS IMPORTANT TO US?

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

WHAT MATTERS TO OUR CUSTOMERS?

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

HOW DO WE ENGAGE WITH THEM?

- Retailer sentiment surveys, evaluating product improvements and value.

MATERIAL ISSUES

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



OUR PEOPLE

WHY ARE OUR PEOPLE IMPORTANT TO US?

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

WHAT MATTERS TO OUR PEOPLE?

- Fair reward, recognition and benefits.
- Training, career development and progression.
- Working conditions, environment and wellbeing.
- An inclusive values-led culture.

HOW DO WE ENGAGE WITH THEM?

- Board Engagement Guild engages directly with the Board (without management present) on matters which are important to our people or topics which are current and relevant.

MATERIAL ISSUES

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



Section 172(1) statement continued

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

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

MATERIAL ISSUES

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

> OUR MATERIALITY ASSESSMENT P26

01 – 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties



PARTNERS & SUPPLIERS

WHY ARE OUR PARTNERS AND SUPPLIERS IMPORTANT TO US?

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

WHAT MATTERS TO OUR PARTNERS AND SUPPLIERS?

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

HOW DO WE ENGAGE WITH THEM?

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

WHAT ACTIONS DID WE TAKE?

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

MATERIAL ISSUES

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



THE COMMUNITY & THE ENVIRONMENT

WHY OUR COMMUNITY AND OUR ENVIRONMENT ARE IMPORTANT TO US?

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

WHAT MATTERS TO OUR COMMUNITY AND OUR ENVIRONMENT?

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

HOW DO WE ENGAGE WITH THEM?

- Employee networks managing our charitable support including our Auto Trader Community Fund and our sustainability strategy.

MATERIAL ISSUES

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

- Supporting organisations such as Manchester Digital and the Automotive 30% Club, and local schools and colleges through our STEM ambassadors.
- Sharing data and insight with industry bodies and Government departments to support policy required to enable the mass adoption of electric vehicles.

WHAT ACTIONS DID WE TAKE?

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



INVESTORS

WHY ARE OUR INVESTORS IMPORTANT TO US?

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

WHAT MATTERS TO OUR INVESTORS?

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

HOW DO WE ENGAGE WITH THEM?

- Open, honest and balanced communication available to all shareholders.
- Private shareholders encouraged to communicate with the Board through ir@autotrader.co.uk.
- Comprehensive investor relations programme.

MATERIAL ISSUES

- 4 Product innovation
- 12 Digital infrastructure
- 14 Responsible tax strategy and total tax contribution

- Annual Report, AGM, corporate website and regulatory news announcements.
- Dialogue with proxy advisors and other agencies.
- The Chair and the Chair of the Remuneration Committee made contact and corresponded with investors throughout the year.
- Governance-related meetings attended by the Chair or another Non-Executive Director.
- Feedback regularly provided to the Board.
- Relevant industry-related data and internally produced market reports shared with analysts.

WHAT ACTIONS DID WE TAKE?

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

- 15 Corporate governance
- 16 Ethics and integrity
- 17 Remuneration

Key performance indicators

Measuring our performance

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

OUR STRATEGIC PRIORITIES

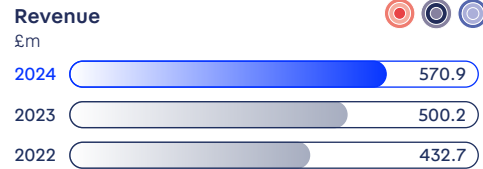
- Marketplace
- Platform
- Digital retailing
- Working responsibly

OUR PRINCIPAL RISKS AND UNCERTAINTIES

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

1-10. All principal risks could impact this KPI

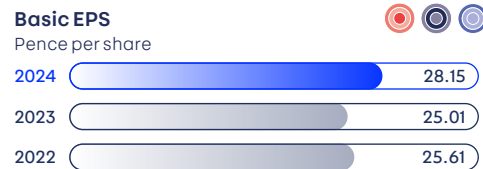
FINANCIAL



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

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

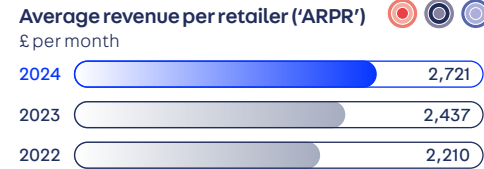
Linked to remuneration? **Yes** Link to risks: **1-10**



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

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

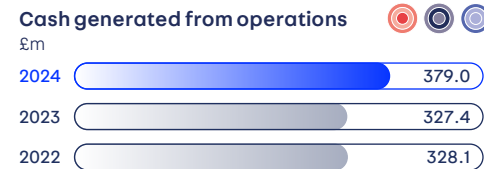
Linked to remuneration? **No** Link to risks: **1-10**



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

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

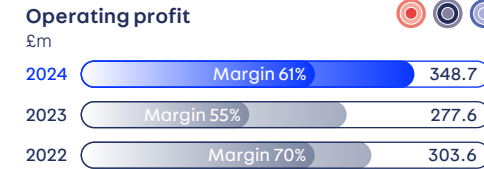
Linked to remuneration? **No** Link to risks: **1-10**



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

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

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



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

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

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

01 - 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties



Key performance indicators continued

OUR STRATEGIC PRIORITIES

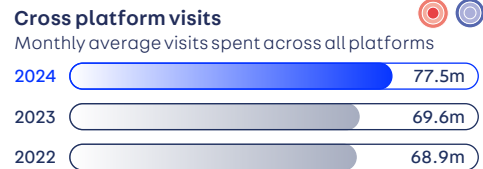
- Marketplace
- Platform
- Digital retailing
- Working responsibly

OUR PRINCIPAL RISKS AND UNCERTAINTIES

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

1-10. All principal risks could impact this KPI

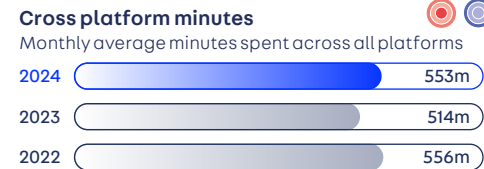
OPERATIONAL



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

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

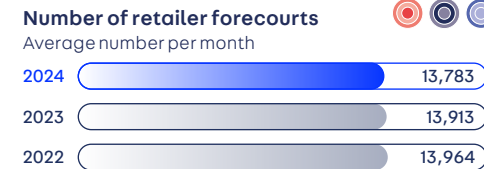
Linked to remuneration? **No** Link to risks: **1, 6, 8, 9**



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

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

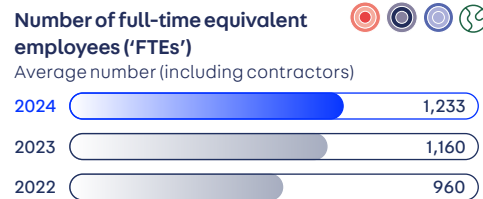
Linked to remuneration? **No** Link to risks: **1, 6, 8, 9**



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

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

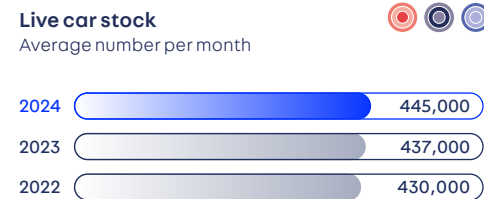
Linked to remuneration? **No** Link to risks: **1, 6, 8, 9**



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

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

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



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

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

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

01 - 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties

Key performance indicators continued

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

OUR PRINCIPAL RISKS AND UNCERTAINTIES

1. Automotive economy, market and business environment
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9. Brand and reputation
10. External catastrophic and geo-political events

1-10. All principal risks could impact this KPI

1. We calculate our diversity percentages using total Group headcount, and since 2023 this has included Autorama (2024: 1,255, 2023: 1,226, 2022: 1,002).
 2. We define leaders as those who are on our Operational Leadership Team ('OLT') and their direct reports.
 3. Emissions include Autorama. The base year has been restated to include Autorama.
 Δ This KPI has been subject to limited assurance - see plc.autotrader.co.uk/esg/policies-reports for a copy of the report and methodology.

CULTURAL

Employee engagement

% of employees who are proud to work at Auto Trader



DEFINITION

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

PROGRESS

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

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

Ethnically diverse representation

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



DEFINITION¹

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

PROGRESS

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

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

Women as a % of total staff

% as at March each year



DEFINITION¹

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

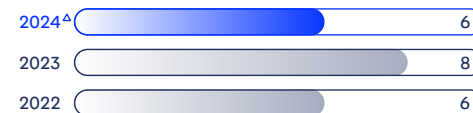
PROGRESS

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

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

Ethnically diverse representation

as a % of leadership (% as at March each year)



DEFINITION²

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

PROGRESS

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

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

Women as a % of leadership

% as at March each year



DEFINITION²

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

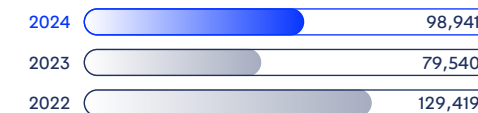
PROGRESS

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

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

Total CO₂ emissions³

Tonnes of carbon dioxide equivalent



DEFINITION

The total amount of CO₂ emissions includes Scope 1, 2 and 3 across all relevant categories.

PROGRESS

GHG emissions during the year total 98.9k tonnes of CO₂ across Scopes 1, 2 and 3 (March 2023: 79.5k tonnes). Most of our CO₂ emissions are Scope 3, attributable to both our suppliers and the emissions related to the small number of vehicles sold by Autorama that pass through the balance sheet. This was the main driver for the year-on-year increase with a higher volume of these vehicles being sold.

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

01 - 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties

Non-financial and sustainability information statement

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

NON-FINANCIAL RISK	POLICIES AND PROCEDURES	WHERE TO READ MORE WITHIN THIS ANNUAL REPORT	EMPLOYEE GUILDS, NETWORKS AND WORKING GROUPS
ENVIRONMENTAL	<ul style="list-style-type: none"> Environmental Policy 	<p>More information on our impact on the environment can be found in the Environmental sustainability section, pages 29 to 39, which also sets out our statutory carbon emissions and energy data (page 35).</p>	<ul style="list-style-type: none"> Environmental Strategy working group Sustainability Network
OUR PEOPLE	<ul style="list-style-type: none"> Whistleblowing Policy Equality & Diversity Policy Inclusive Recruitment Disability Confident Leader Health & safety HR policies including adoption leave, parental leave, flexible working Gender Pay Gap reports 	<ul style="list-style-type: none"> Diversity and inclusion: pages 41 to 45 Section 172(1) statement: pages 14 to 17 	<ul style="list-style-type: none"> Stakeholder engagement Board Engagement Guild Ethnicity Network Women's Network LGBT+ Network Age Network Parents' Network Disability & Neurodiversity Network Social Mobility Network Career Kickstart Network Wellbeing Guild
SOCIAL AND COMMUNITY	<ul style="list-style-type: none"> Ethical Procurement Policy Customer Charter Volunteering days Environmental Policy 	<ul style="list-style-type: none"> Diversity and inclusion: pages 41 to 45 Environmental sustainability: pages 29 to 39 	<ul style="list-style-type: none"> Make a Difference Guild Age Network Parents' Network Disability & Neurodiversity Network Social Mobility Network Wellbeing Guild
HUMAN RIGHTS	<ul style="list-style-type: none"> Modern Slavery Policy Data Privacy Policy Data Retention and Destruction Policy Data Handling and Data Quality Policy 	<ul style="list-style-type: none"> Governance & compliance: pages 46 to 49 	–
ANTI-BRIBERY AND ANTI-CORRUPTION	<ul style="list-style-type: none"> Anti-bribery, Gifts and Hospitality Policy Whistleblowing Policy 	<ul style="list-style-type: none"> Governance & compliance: pages 46 to 49 	–
BUSINESS MODEL	–	<ul style="list-style-type: none"> How we create value: page 09 	–
PRINCIPAL RISKS	–	<ul style="list-style-type: none"> Principal risks and uncertainties: pages 53 to 58 	–
NON-FINANCIAL KEY PERFORMANCE INDICATORS	–	<ul style="list-style-type: none"> Operational and cultural KPIs: pages 19 to 20 	–

Please note, certain Group policies are not published externally.

01 – 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties

Financial review

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



GROUP RESULTS

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

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

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

£571m

Group revenue
(2023: £500m)

£349m

Group operating profit
(2023: £278m)

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

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

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

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

AUTO TRADER RESULTS

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

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

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

01 – 60

[01 At a glance](#)
[02 Chair’s statement](#)
[03 CEO’s statement](#)
[06 Market overview](#)
[09 How we create value](#)
[10 Strategic progress](#)
[14 Section 172\(1\) statement](#)
[18 Key performance indicators](#)
[21 Non-financial and sustainability information statement](#)
[22 Financial review](#)
[25 Working responsibly](#)
[50 How we manage risk](#)
[53 Principal risks and uncertainties](#)

Financial review continued

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

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

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

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

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

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

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

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

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

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

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

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

AUTORAMA RESULTS

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

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

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

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

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

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

01 – 60

[01 At a glance](#)
[02 Chair's statement](#)
[03 CEO's statement](#)
[06 Market overview](#)
[09 How we create value](#)
[10 Strategic progress](#)
[14 Section 172\(1\) statement](#)
[18 Key performance indicators](#)
[21 Non-financial and sustainability information statement](#)
[22 Financial review](#)
[25 Working responsibly](#)
[50 How we manage risk](#)
[53 Principal risks and uncertainties](#)

Financial review continued

GROUP NET FINANCE COSTS

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

EXTENSION OF SYNDICATED RCF COMMITMENTS

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

TAXATION

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

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

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

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

EARNINGS PER SHARE

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

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

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

CASH FLOW AND NET BANK DEBT

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

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

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

CAPITAL STRUCTURE AND DIVIDENDS

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

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

GOING CONCERN

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

Jamie Warner

Chief Financial Officer
30 May 2024

01 – 60

[01 At a glance](#)
[02 Chair's statement](#)
[03 CEO's statement](#)
[06 Market overview](#)
[09 How we create value](#)
[10 Strategic progress](#)
[14 Section 172\(1\) statement](#)
[18 Key performance indicators](#)
[21 Non-financial and sustainability information statement](#)
[22 Financial review](#)
[25 Working responsibly](#)
[50 How we manage risk](#)
[53 Principal risks and uncertainties](#)

Working responsibly

Ensuring we make a positive impact

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

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

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

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

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

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

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



OUR ENVIRONMENT

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

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

Report comprehensively in line with TCFD recommendations.

[READ MORE P29](#)



OUR PEOPLE & COMMUNITIES

Build diverse teams and evolve our inclusive culture.

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

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

[READ MORE P40](#)



OUR GOVERNANCE & COMPLIANCE

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

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

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

[READ MORE P46](#)

01 – 60

[01 At a glance](#)

[02 Chair's statement](#)

[03 CEO's statement](#)

[06 Market overview](#)

[09 How we create value](#)

[10 Strategic progress](#)

[14 Section 172\(1\) statement](#)

[18 Key performance indicators](#)

[21 Non-financial and sustainability information statement](#)

[22 Financial review](#)

[25 Working responsibly](#)

[50 How we manage risk](#)

[53 Principal risks and uncertainties](#)

Working responsibly continued

Our materiality assessment

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

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

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

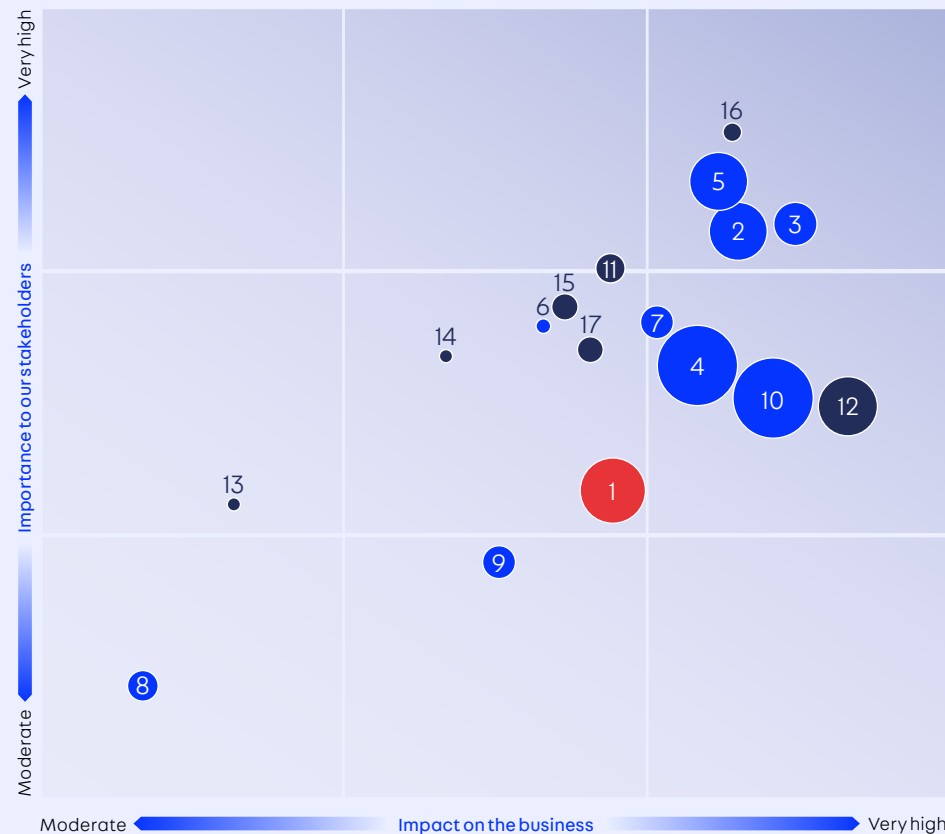
Product innovation, digital infrastructure and customer satisfaction are key to our business strategy. Our focus on digital retailing is to bring more of the buying and selling journeys online, realising both an improved consumer experience and efficiencies for our retailer customers.

OUR FUTURE FOCUS

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

OUR MATERIALITY ASSESSMENT

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



THE MATERIAL ISSUES THAT MATTER MOST

Our environment

- 1 Climate

Our people & communities

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

Our governance & compliance

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

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

plc.autotrader.co.uk/esg

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Working responsibly continued

ESG at a glance



OUR ENVIRONMENT

OUR AMBITIONS

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

HIGHLIGHTS OF OUR PROGRESS DURING FINANCIAL YEAR 2024

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

OUR FOCUS FOR FINANCIAL YEAR 2025

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

SUPPORTING THE UN SDGS MOST RELEVANT TO OUR STRATEGY



OUR PEOPLE & COMMUNITIES

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

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

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



OUR GOVERNANCE & COMPLIANCE

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

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

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



01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

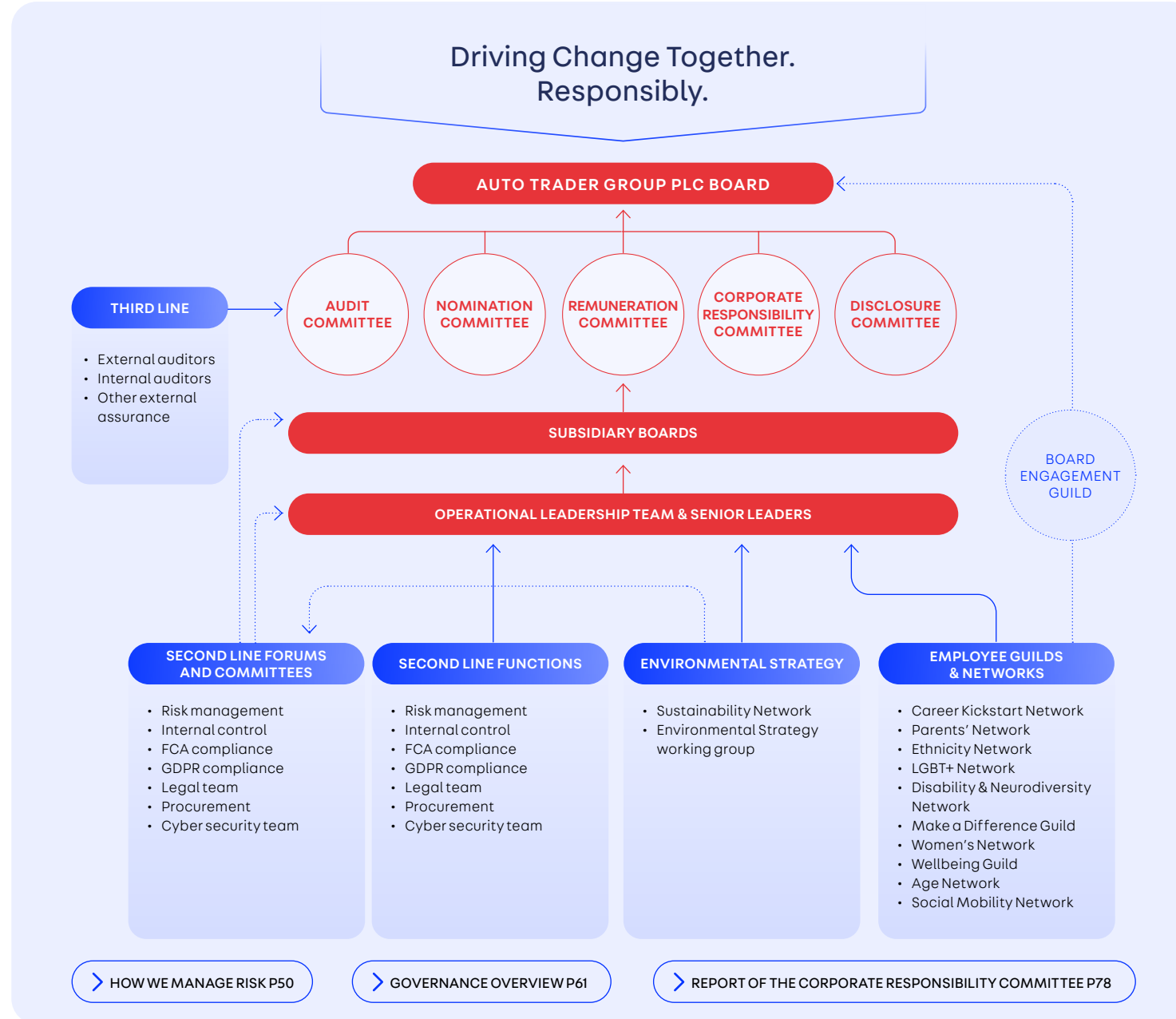
53 Principal risks and uncertainties

Working responsibly continued

Governance of our ESG strategy

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

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



01 – 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties

Working responsibly continued



Our environment

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

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

Report comprehensively in line with TCFD recommendations.

TCFD: GOVERNANCE

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

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

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

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

HOW WE GOVERN THIS AREA



1. BOARD RESPONSIBILITY

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

2. EXECUTIVE RESPONSIBILITY

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

3. RISK FORUM

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

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

4. REMUNERATION COMMITTEE

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

5. THIRD-PARTY ASSURANCE

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

6. ENVIRONMENTAL WORKING GROUPS

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

7. EMPLOYEE GUILDS & NETWORKS

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

01 - 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Working responsibly continued

TCFD REPORTING GOVERNANCE STRATEGY RISK MANAGEMENT METRICS AND TARGETS

TCFD: STRATEGY

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

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

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

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

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

PUTTING THE BRAKES ON CARBON



1 Our net zero commitment – our operations

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

c.80%

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



2 Supporting the automotive industry

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

>22,500

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



3 Supporting consumers

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

>105m

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Working responsibly continued

TCFD REPORTING GOVERNANCE STRATEGY RISK MANAGEMENT METRICS AND TARGETS

CLIMATE RELATED RISKS AND OPPORTUNITIES

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

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

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

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

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

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

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

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

CLIMATE RELATED SCENARIO ANALYSIS

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

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



KEY TRANSITION RISKS:

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

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

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

KEY PHYSICAL RISKS:

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

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

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

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

01 - 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties



Climate related scenario analysis

01 – 60

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

Impact	Mitigation/response	Financial impact			Inherent likelihood
		Short term 0-5 years	Medium term 5-10 years	Long term 10+ years	

PHYSICAL RISK – Increased frequency/severity of extreme weather and climate related natural disasters

<ul style="list-style-type: none"> Offices closed Data centre disruption Customers cannot open their showrooms 	All technology infrastructure is cloud based. Disaster recovery/business continuity planning in place, including tools and guidance to support our people in emergency situations. COVID-19 proved the sales process can be completed without physical showrooms, plus development of digital retailing will enable all retailers to compete on our digital market.	>2°C	●	●	●	Low
		1.5°C	●	●	●	
<ul style="list-style-type: none"> Weather has the potential to disrupt the supply chain and limit vehicles entering the UK car parc 	We have experienced the impact of disrupted supply chains as a result of recent external catastrophic and geo-political events. These significant supply side challenges have constrained new and used car transactions for much of the past four years. However, our business has remained healthy as market dynamics have adjusted and OEMs and retailers learnt to adapt their business models. We would anticipate weather related disruption to be more intermittent and comparatively less severe than the disruption caused by recent events.	>2°C	●	●	●	Low
		1.5°C	●	●	●	
<ul style="list-style-type: none"> Costs - increased operational costs such as heating/aircon, insurance, cloud costs 	In order to have a significant impact on our business, costs would need to increase significantly. We are continually reviewing our cost base such that any increases can be managed and profit margins retained.	>2°C	●	●	●	Medium
		1.5°C	●	●	●	

TRANSITION RISK – Increased regulation relating to climate change

<ul style="list-style-type: none"> Regulation banning the sale of new internal combustion engine ('ICE') vehicles from 2035 is existing UK regulation and the industry is already working towards this milestone 	We already closely monitor the implementation of policies related to our core business. We will continue to monitor policies with a view to identifying potential risks and opportunities and related financial impacts. We are already evolving our product offering and provision of information to support the effectiveness of EVs on our marketplace and will continue to meet changing preferences of car buyers.	>2°C	●	●	●	High
		1.5°C	●	●	●	
<ul style="list-style-type: none"> Increased regulatory scrutiny and introduction of new legislation could result in increased reputational risk but also increased compliance costs. Failure to deliver against our environmental commitments would undermine our reputation as a responsible business and may result in loss of revenue, legal exposure or regulatory sanctions 	We have formed a Corporate Responsibility Committee to oversee our environmental strategy and commitments. We will report in line with the TCFD recommendations and report progress towards our net zero ambitions against our science based targets.	>2°C	●	●	●	Low
		1.5°C	●	●	●	

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties



Working responsibly continued

Impact	Mitigation/response		Financial impact			Inherent likelihood
			Short term 0-5 years	Medium term 5-10 years	Long term 10+ years	
TRANSITION RISK – Regulation discouraging the use of internal combustion engine ('ICE') vehicles						
<ul style="list-style-type: none"> Cost of ownership increases, making ICE vehicles less appealing Consumers stop buying petrol or diesel vehicles, demand switches over to electric If EVs remain expensive some consumers could be priced out of the market presenting a risk to demand 	We will continue with our strategy to adapt our marketplace to meet changing preferences of all car buyers. It is likely that used car prices will continue to move in line with supply and demand dynamics such that lower demand will make vehicles more affordable.	>2°C	Minor	Moderate	Major	Low/Medium
		1.5°C	Minor	Minor	Minor	
TRANSITION RISK – Demand for sustainable products & services						
<ul style="list-style-type: none"> Consumers' preferences shift away from ICE vehicles; steep decline in purchase of petrol or diesel vehicles in favour of EVs Potential opportunity: Support our audience to find the sustainable options they are seeking 	We will continue with our strategy to adapt our marketplace to meet changing preferences of all car buyers and continue to be the largest marketplace for EVs.	>2°C	Minor	Minor	Minor	Low/Medium
		1.5°C	Minor	Minor	Minor	
TRANSITION RISK – Increased reputational risk associated with the automotive industry and misrepresenting environmental claims						
<ul style="list-style-type: none"> As consumer consciousness around climate change rises, there is increased scrutiny on our industry's role on the environment Failure to appropriately demonstrate that as a business we are committed and moving towards net zero carbon emissions could negatively impact our brand and also impact our ability to operate and/or remain relevant to our customers and consumers 	As part of our goal to be net zero by 2040 we will focus on our own operational footprint and also on how we can positively support our industry. We have set clear reduction targets for our own operations and report progress to stakeholders. We work with customers, suppliers and the industry on education and policy.	>2°C	Minor	Minor	Major	Low
		1.5°C	Minor	Minor	Minor	
TRANSITION RISK – Achieving resource efficiency through cutting our carbon footprint and improving energy efficiency						
<ul style="list-style-type: none"> Reduced costs associated with energy use and avoid increased costs associated with carbon taxation 	Reduction initiatives to reduce our absolute usage, including successfully moving our technology infrastructure to the cloud.	>2°C	Minor	Minor	Minor	Medium
		1.5°C	Minor	Minor	Minor	
TRANSITION RISK – Increased reputational risk associated with the automotive industry and misrepresenting environmental claims						
<ul style="list-style-type: none"> Consumers may stop buying vehicles if they no longer require one Potential opportunity: Consumers' desire/need to switch to EV 	Likely the risk and opportunity would be taken together, and stock/demand would be maintained as the desire for personal transportation/vehicle ownership remains strong. We will continue with our strategy to adapt our marketplace to meet changing preferences for all car buyers and continue to be the largest marketplace for EVs.	>2°C	Minor	Minor	Minor	Low/Medium
		1.5°C	Minor	Minor	Minor	

OUR FUTURE FOCUS

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

- Policy/regulation: It is likely that increased policy and regulation will have the most significant financial impact on Auto Trader over the longer term.

The most significant action we can take is to reduce our exposure to this risk and continue with our strategy to adapt our marketplace to meet the changing preferences of all car buyers. We also need to make sure we continue to remain abreast of regulatory requirements to ensure we are compliant with all relevant reporting obligations.

- Market: Driven by its net zero ambitions, the Government announced the ban on the sale of new petrol and diesel vehicles by 2035, and this

is already changing the make up of the car parc as consumers begin to buy electric vehicles as an alternative.

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

01 – 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties



Working responsibly continued

TCFD: RISK MANAGEMENT

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

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

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

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

HOW WE MANAGE RISK P50

EFFECTIVE RISK MANAGEMENT

1 IDENTIFY

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

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

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

2 ASSESS & QUANTIFY

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

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

3 RESPOND & MITIGATE

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

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

4 MONITOR, REVIEW & ASSURE

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

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

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

CLIMATE CHANGE IS A PRINCIPAL RISK FOR THE GROUP RISK AND POTENTIAL IMPACT

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

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

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

HOW WE MANAGE THE RISK

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

01 - 60

- 01 At a glance
02 Chair's statement
03 CEO's statement
06 Market overview
09 How we create value
10 Strategic progress
14 Section 172(1) statement
18 Key performance indicators
21 Non-financial and sustainability information statement
22 Financial review
25 Working responsibly
50 How we manage risk
53 Principal risks and uncertainties

Working responsibly continued

TCFD REPORTING [GOVERNANCE](#) [STRATEGY](#) [RISK MANAGEMENT](#) [METRICS AND TARGETS](#)

TCFD: METRICS AND TARGETS

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

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

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

METHODOLOGY

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

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

INDEPENDENT VERIFICATION OF OUR GHG EMISSIONS

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

ENERGY AND EMISSIONS REPORTING

OUR TOTAL CO₂ EMISSIONS¹

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

1. Scopes 1, 2 & 3 are reported in tonnes of CO₂ equivalent.

2. The methodology for calculating use of sold goods has changed in 2024. We will recalculate 2023 on the same basis in the coming year.

3. This includes Autorama revenue for the period 1 April to 31 March for each period reported.

4. Based on average number of employees in the Group throughout the year 2024: 1,233 (2023: 1,160, 2022: 1,199). The average number of employees included Autorama FTEs for the period 1 April to 31 March for each period reported.

01 - 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

1 Our net zero commitment – our operations

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

2040

is the year we are committed to achieving net zero



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

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

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

HOW WE'RE TAKING ACTION

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

The make up of our carbon emissions is heavily weighted towards Scope 3, and within that, purchased goods and services and use of sold goods are the biggest contributors. During the year, our GHG emissions totalled 98.9ktCO₂. This was an increase on 2023 (2023: 79.5ktCO) and is primarily due to an increase in the volume of cars passing through Autorama's balance

sheet. In respect of our other emissions, we have a committed climate action plan and our targets and progress are set out on the next page. Our Sustainability Network comprises passionate individuals from across the business who are focused on making life at Auto Trader more sustainable through increased employee awareness and driving impactful changes for both individuals and our business, supporting our overall goal of reducing our carbon emissions. We want to foster an environmentally responsible culture through awareness and by encouraging employee-led environmental actions and initiatives. We have rolled out Carbon Literacy training for all employees and have a c.80% completion rate. During the year we completed the migration of our data centres to the cloud and also started work on installing solar panels at our Hemel Hempstead office.



01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties



Working responsibly continued

Metric	Emission type	Target year	Our progress	Current status
Switch 100% of our fleet vehicles (Auto Trader and Autorama fleet) to be EV or low emission.	SCOPE 1	2030	Base year Current year 353 tCO ₂ e → 221 tCO ₂ e	ON TRACK
Auto Trader data centres to be fully migrated to the cloud.	SCOPE 2	2024	Base year Current year 67 tCO ₂ e → 15 tCO ₂ e	COMPLETE
Energy: reduce overall electricity usage by 50% (against a 2023 baseline) and procure 100% renewable energy for our remaining needs.	SCOPE 2	2030	Base year Current year 1,602 Kwh ('000s) → 920 Kwh ('000s)	ON TRACK
Business travel emissions: achieve a 50% reduction (against a 2023 baseline).	SCOPE 3	2030	Base year Current year 374 tCO ₂ e → 1,041 tCO ₂ e	MORE WORK NEEDED
Commuting emissions (including emissions generated from working from home): achieve a 50% reduction (against a 2023 baseline).	SCOPE 3	2030	Base year Current year 1,746 tCO ₂ e → 982 tCO ₂ e	ON TRACK
Suppliers: require 50% of suppliers, by spend, to have meaningful carbon reduction targets.	SCOPE 3	2030	<ul style="list-style-type: none"> One of the Group's strategic objectives is to transition our value chain to net zero emissions, bringing suppliers on the journey and embedding sustainability within our procurement processes. We are improving our data quality so we can start taking action to address our Scope 3 emissions relating to purchased goods and services. Ethical procurement questionnaires completed covering 75% of our supplier spend. 	MORE WORK NEEDED
Autorama Scope 3 emissions.	SCOPE 3	2030	<ul style="list-style-type: none"> A significant part of the Group's Scope 3 emissions relate to the purchased vehicles that temporarily pass through Autorama's balance sheet. During the year, vehicles taken on balance sheet increased. As supply improves we expect to become less reliant on vehicles where we are required to take them on balance sheet. 	MORE WORK NEEDED
Climate contribution strategy.	NET ZERO	2030	<ul style="list-style-type: none"> Taking responsibility for our carbon emissions by contributing to climate action. Partnered with the Greater Manchester Environmental Fund to support community projects that make big improvements to green spaces across Greater Manchester. Worked with a third party to identify suitable projects for investment during the year - more work is needed to identify further projects for us to support. Further work needed to adopt an appropriate internal carbon price and implementation within the business. 	ON TRACK

01 – 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties

Working responsibly continued

TCFD REPORTING GOVERNANCE STRATEGY RISK MANAGEMENT METRICS AND TARGETS

2 Supporting the automotive industry

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

>3,200

people in the automotive community have completed Carbon Literacy training



METRICS

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

SUPPORTING THE TRANSITION TO EVS

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

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

CARBON LITERACY TOOLKIT

The automotive industry is under enormous pressure to reduce its carbon emissions and whilst many of our industry partners have clear and bold plans to reduce emissions, many are still very early on in their sustainability journeys and require support to help them develop a carbon reduction plan. Through our partnership with the Carbon Literacy Trust, we have created and fund the Automotive Carbon Literacy Toolkit which has gone from strength to strength. We're now looking to launch a Technology Sector Toolkit with a new

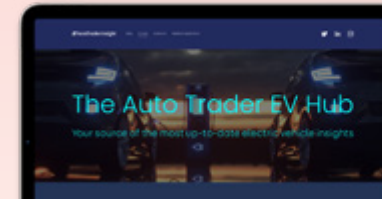
set of sector partners. In the automotive space, 208 organisations have now completed the training (as at 31 March 2024) which our customers view as an important step in their sustainability journey, as well as a key employee engagement initiative. Once an individual in a business has been accredited as 'carbon literate', the business is then provided with training content and trainer manuals that enable them to run their own one-day Carbon Literacy training. After a significant jump this year, over 3,200 people in these businesses have now completed the training (2023: over 1,000).

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

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

OUR 'ELECTRIC VEHICLE HUB'

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

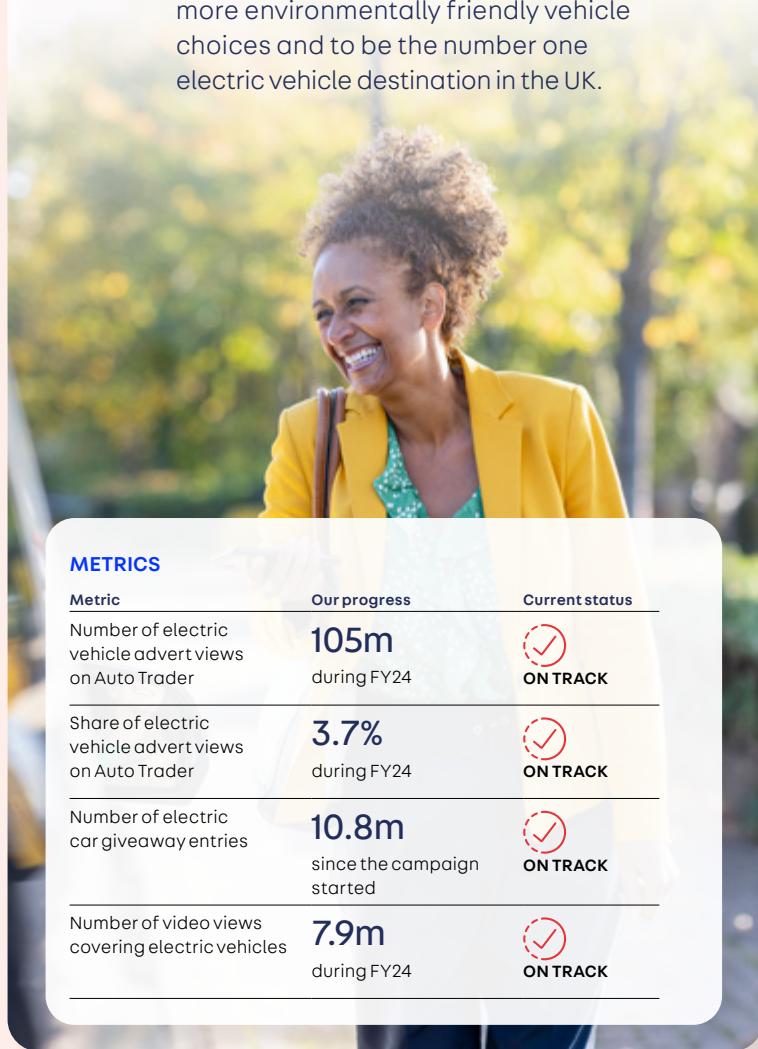


01 - 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties

3 Supporting consumers

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



METRICS

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

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

>10.8m

entries to our EV monthly giveaway since the campaign started

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

LAUNCH OF A NEW E-BIKE PLATFORM

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

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

ERIN BAKER
Editorial Director, Auto Trader



NO DRIVER LEFT BEHIND

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

By launching multiple media partnerships with titles including the Guardian, Cosmopolitan and Good Housekeeping, we surfaced Auto Trader's electric content to new audiences, specifically in the lifestyle and women's press. By establishing

relationships in these sectors, we have also increased the volume of PR coverage in women's lifestyle titles, a key goal of our electric communications strategy.

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

01 - 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties

Working responsibly continued



Our people & communities

Continue to build diverse teams and evolve our inclusive culture.

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

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

HOW WE GOVERN THIS AREA



1. BOARD RESPONSIBILITY

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

2. EXECUTIVE RESPONSIBILITY

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

3. OPERATIONAL LEADERSHIP TEAM

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

4. REMUNERATION COMMITTEE

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

5. EMPLOYEE GUILDS & NETWORKS

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

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

6. THIRD-PARTY CHARTERS & ACCREDITATIONS

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

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

ENGAGING OUR EMPLOYEES

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

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

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

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

Working responsibly continued

Our values underpin everything we do

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

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



Reflecting our culture and commitment to making a positive impact

Community

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

Curious

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

Humble

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

Determined

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

Decisive

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

Adaptable

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Working responsibly continued

WELLBEING AND SAFETY OF OUR EMPLOYEES

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

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

period. This builds on our already strong ownership culture and aligns our people with our shareholders.

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

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



INVESTING IN AND SUPPORTING OUR TALENT



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

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

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

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

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

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

01 – 60

[01 At a glance](#)
[02 Chair's statement](#)
[03 CEO's statement](#)
[06 Market overview](#)
[09 How we create value](#)
[10 Strategic progress](#)
[14 Section 172\(1\) statement](#)
[18 Key performance indicators](#)
[21 Non-financial and sustainability information statement](#)
[22 Financial review](#)
[25 Working responsibly](#)
[50 How we manage risk](#)
[53 Principal risks and uncertainties](#)

Working responsibly continued

GENDER AND ETHNICITY DIVERSITY

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

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

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

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

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

	As at 31 March 2024									As at 31 March 2023								
	Board			Executive management OLT ²		OLT direct reports		Total company		Board			Executive management OLT ²		OLT direct reports		Total company	
	Number	%	Number of senior positions ¹	Number	%	Number	%	Number	%	Number	%	Number of senior positions ¹	OLT ²	%	Number	%	Number	%
Men	4	44%	4	4	44%	41	59%	701	57%	4	44%	4	4	44%	45	62%	696	57%
Women	5	56%	-	5	56%	28	41%	548	43%	5	56%	-	5	56%	28	38%	524	43%
Non binary/ other	-	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-	6	-
	As at 31 March 2024									As at 31 March 2023								
	Board			Executive management OLT ²		OLT direct reports		Total company		Board			Executive management OLT ²		OLT direct reports		Total company	
	Number	%	Number of senior positions ¹	Number	%	Number	%	Number	%	Number	%	Number of senior positions ¹	OLT ²	%	Number	%	Number	%
White British or other	8	89%	4	9	100%	59	86%	909	72%	8	78%	3	9	100%	62	85%	876	72%
White	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1%	29	2%
Mixed ethnic groups	-	-	-	-	-	-	-	26	2%	-	-	-	-	-	-	-	-	-
Asian /Asian British	1	11%	-	-	-	4	6%	129	10%	1	11%	-	-	-	4	6%	103	8%
Black/ African /Caribbean /Black British	-	-	-	-	-	1	1%	42	3%	-	-	-	-	-	2	3%	37	3%
Other	-	-	-	-	-	-	-	19	2%	-	-	-	-	-	-	-	15	1%
Not disclosed	-	-	-	-	-	5	7%	130	11%	-	-	-	-	-	4	6%	166	14%

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

01 – 60

[01 At a glance](#)
[02 Chair's statement](#)
[03 CEO's statement](#)
[06 Market overview](#)
[09 How we create value](#)
[10 Strategic progress](#)
[14 Section 172\(1\) statement](#)
[18 Key performance indicators](#)
[21 Non-financial and sustainability information statement](#)
[22 Financial review](#)
[25 Working responsibly](#)
[50 How we manage risk](#)
[53 Principal risks and uncertainties](#)

Working responsibly continued

GENDER AND ETHNICITY PAY GAP

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

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

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

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

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

DIVERSITY AND INCLUSION

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

We define diversity as any classification that can be used to differentiate groups or individuals from one another, including: gender; sex; age; sexual orientation; disability & neurodiversity; race & ethnic origin; religion & faith; marital status; and social/educational

DEVELOPMENT PROGRAMMES

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

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

background and way of thinking. We define inclusion as a state of being valued, respected and supported for who you are. We, and our people, strongly believe in pursuing this aim authentically and systemically, which we expect in time to be evidenced in our metrics. We are committed to driving long-term change in both the technology and automotive industries. Our focus is on developing diverse leaders as well as representative workforces in these industries. We invest heavily in our early careers programmes, as well as supporting several initiatives and partnerships, including DigitalHer with Manchester Digital, the Automotive 30% Club and our STEM Ambassador Programme.

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

To increase our representation across all levels of the organisation, we aim to stimulate the flow of diverse talent from early careers through to senior leadership by both targeted development

programmes and equipping our leaders to get the very best out of everyone on their team and support their development through the organisation. Our Continuous Leadership Development programme, made up of a range of training interventions, supports our senior leaders and people managers. We have also continued with our Diverse Talent Accelerator programme designed to support the progression of mid-career colleagues.



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



01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

Working responsibly continued

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

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



Our Age Network was launched last year and focuses on creating an inclusive environment for the multigenerational workforce of Auto Trader.



The Career Kickstart Network brings together colleagues from across the business to learn and grow together through shared experiences, resources and discussion.



Our Disability & Neurodiversity Network continues to create a more accessible and inclusive environment for our colleagues. 13.5% (2023: 13.5%) of our colleagues have disclosed a disability or neurodiverse condition. The network partners with various charities including Leonard Cheshire, the Royal National Institute for Deaf People and the Business Disability Forum to educate colleagues and raise awareness.



The Ethnicity Network brings together colleagues from across the business to raise awareness and drive positive change for our colleagues, customers and communities who are currently underrepresented ethnically. With an aim to create an even more inclusive workplace where everyone feels valued, respected and empowered to contribute to their fullest potential.



Our LGBT+ Network representation is currently 10.0% (2023: 9.1%) and the network has continued to support our colleagues and connect with local LGBT+ charities, including The Proud Trust and the George House Trust.



Through building an internal community within the business, the Parents' Network helps create an environment for colleagues to support each other in navigating the challenges of being working parents.



Our Social Mobility Network is focused on understanding how socio-economic background can influence individuals in the workplace and working to remove barriers and open opportunities. Auto Trader has signed the Social Mobility Pledge, committing to putting social mobility at the heart of what we do with 71% of our people sharing social mobility data.



Our Women's Network is focused on improving and evolving representation of women at all levels in Auto Trader, the automotive industry and the digital communities within which we operate, by recruiting, retaining and developing female talent.

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

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

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

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

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



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

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

FURTHER INFORMATION

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

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Working responsibly continued



Our governance & compliance

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

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

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

HOW WE GOVERN THIS AREA



1. BOARD RESPONSIBILITY

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

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

2. EXECUTIVE RESPONSIBILITY

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

3. OPERATIONAL LEADERSHIP TEAM

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

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

4. AUDIT COMMITTEE

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

5. SECOND LINE FORUMS & COMMITTEES

We operate the following second line forums and committees:

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

6. INTERNAL AUDIT PROGRAMME

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



OVERVIEW

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

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

CYBER SECURITY

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

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

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

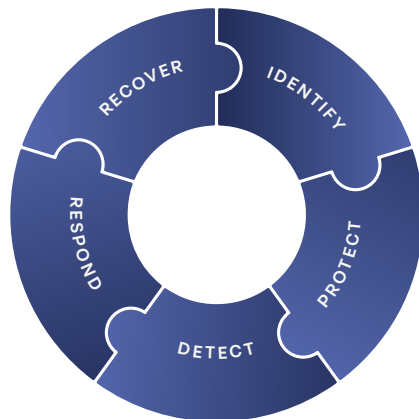
Working responsibly continued

NIST Cyber Security Framework

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

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

NIST CYBERSECURITY FRAMEWORK



Policies and procedures

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

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

PROTECTING OUR CUSTOMER AND CONSUMER DATA

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



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

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

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

All Auto Trader employees, including part-time employees, contractors and all Board members, are required to complete annual data privacy and information security training and we have established processes to cover all aspects of the UK GDPR including: Data Protection Impact

Assessments ('DPIAs') to help identify and minimise any data protection risks for new or changed products or services where personal data is collected, processed, stored or shared. All processes are recorded and records of processing activity ('ROPAs') are reviewed quarterly by data owners. These include the lawful basis for processing and data retention periods; our privacy notices are reviewed and updated regularly. We have separate notices for consumers, employees and retailers; and we have processes in place to respond to Subject Access Requests ('SAR') and Erasure requests.

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

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

FCA COMPLIANCE

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

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)



Working responsibly continued

MAINTAINING A TRUSTED MARKETPLACE

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

RETAILER FEEDBACK

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

PRODUCT RESEARCH AND TESTING

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

SENTIMENT TRACKING

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

VOICE OF THE CUSTOMER

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

CONSUMER SENTIMENT

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

TAG VERIFICATION

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

VSTAG FORUM

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

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

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

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

IMPLEMENTING CONSUMER DUTY

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

We established a cross-functional steering group and developed an implementation plan which was approved by the relevant governing body for each regulated entity. Some of the key activities included appointing a Senior Manager as Consumer Duty champion; defining the nature and target market for each of our regulated products; engaging with other

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

firms in our distribution chain; carrying out product reviews to ensure that they deliver demonstrable good outcomes for consumers; reviewing and improving the transparency of information within our consumer journeys and the support we offer to consumers; refreshing our policies and procedures; training and embedding within the business; review of management information and metrics for ongoing monitoring; and integration with existing governance frameworks. We engaged our internal audit partners to carry out both a readiness review in early 2023, and an effectiveness review in March 2024. We are confident that we have successfully implemented and embedded the Duty and are well set up to meet the ongoing requirements.

01 - 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties



Working responsibly continued

BUSINESS ETHICS AND COMPLIANCE

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

HUMAN RIGHTS

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



MODERN SLAVERY

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

TAX TRANSPARENCY

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

PAYMENT PRACTICES REPORTING

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

SUPPLIER ESG ENGAGEMENT

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

GRIEVANCE REPORTING OR ESCALATION PROCEDURES

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

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

WHISTLEBLOWING

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

FURTHER INFORMATION

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

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

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

autotrader.co.uk/privacy-notice

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

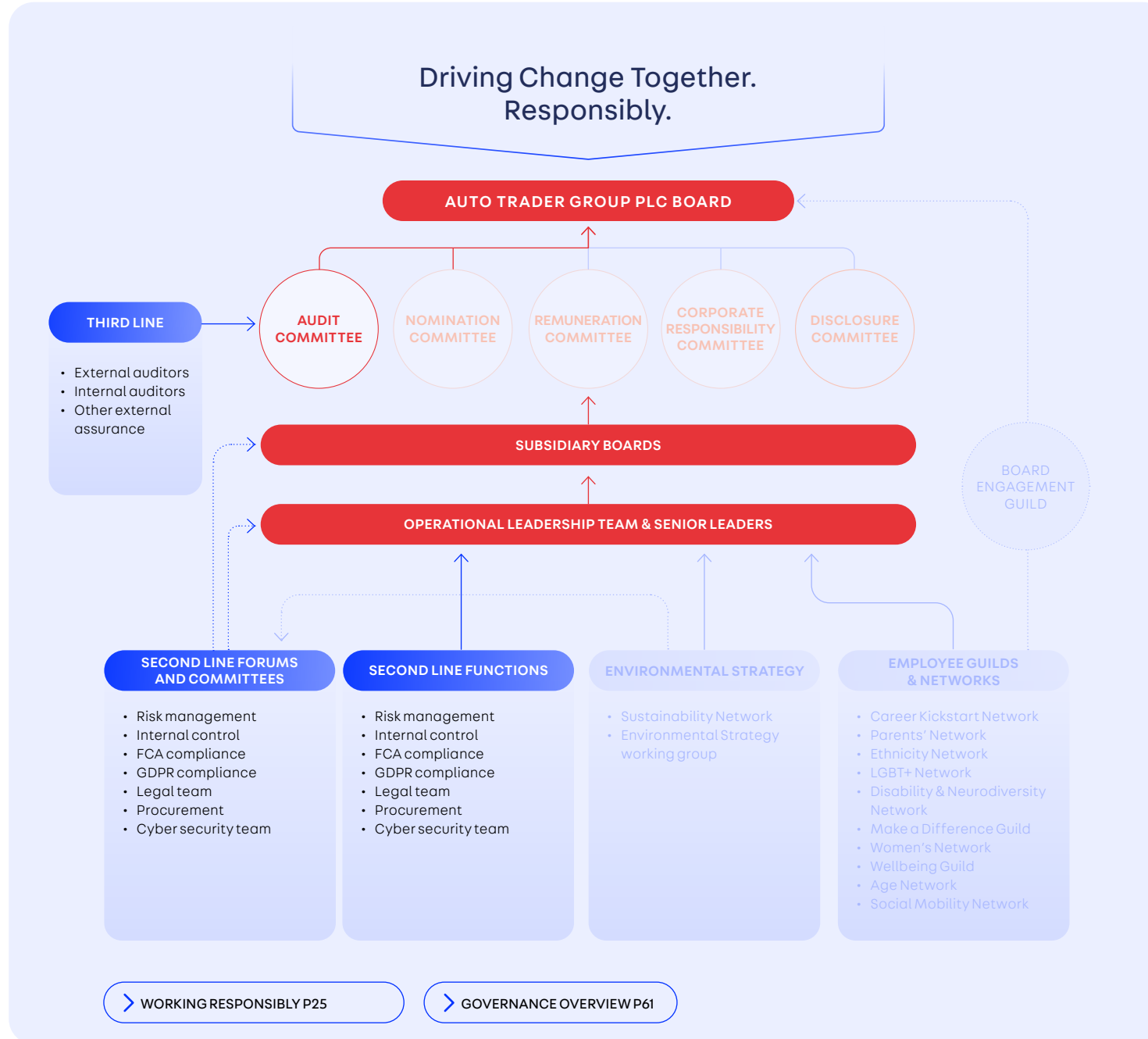


How we manage risk

Our risk management arrangements

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

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



01 – 60

- 01 At a glance
- 02 Chair's statement
- 03 CEO's statement
- 06 Market overview
- 09 How we create value
- 10 Strategic progress
- 14 Section 172(1) statement
- 18 Key performance indicators
- 21 Non-financial and sustainability information statement
- 22 Financial review
- 25 Working responsibly
- 50 How we manage risk
- 53 Principal risks and uncertainties

How we manage risk continued

OUR RISK MANAGEMENT PROCESS

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

EFFECTIVE RISK MANAGEMENT

1 IDENTIFY

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

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

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

2 ASSESS & QUANTIFY

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

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

3 RESPOND & MITIGATE

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

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

4 MONITOR, REVIEW & ASSURE

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

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

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

RISK APPETITE

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

FLEXIBLE

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

CAUTIOUS

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

AVERSE

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

[PRINCIPAL RISKS AND UNCERTAINTIES P53](#)

01 – 60

[01 At a glance](#)

[02 Chair's statement](#)

[03 CEO's statement](#)

[06 Market overview](#)

[09 How we create value](#)

[10 Strategic progress](#)

[14 Section 172\(1\) statement](#)

[18 Key performance indicators](#)

[21 Non-financial and sustainability information statement](#)

[22 Financial review](#)

[25 Working responsibly](#)

[50 How we manage risk](#)

[53 Principal risks and uncertainties](#)

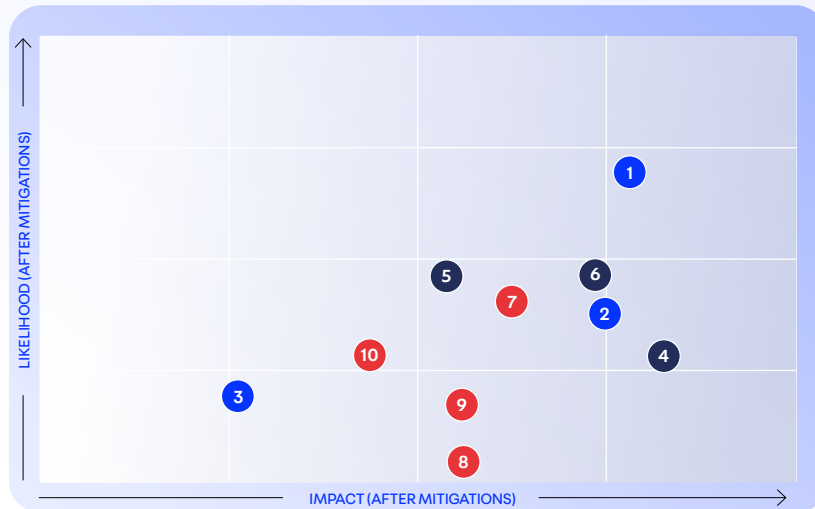
How we manage risk continued

OUR VIEW IN 2024

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

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

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



● Risks which could affect the wider industry:

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

● Risks we face from external sources:

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

● Risks we face from internal sources:

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

The evolving risk landscape & emerging risks

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



RISKS AFFECTING THE AUTOMOTIVE INDUSTRY

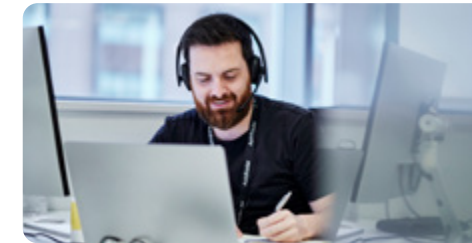
- With the improved supply of new vehicles in FY24, and new OEM entrants in the UK market, it is important that we continue to build relationships with OEMs, as well as their retailer networks, to mitigate the risks of the agency model.
- There continues to be a risk to the automotive industry centred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

INTERNAL RISKS

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

➤ PRINCIPAL RISKS AND UNCERTAINTIES P53

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



EXTERNAL RISKS

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Principal risks and uncertainties

How we mitigate our emerging and principal risks

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

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

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

[> STRATEGIC PROGRESS P10](#)[> KPIS P18](#)

OUR STRATEGIC PRIORITIES

Marketplace

Platform

Digital retailing

Working responsibly

1. AUTOMOTIVE ECONOMY, MARKET AND BUSINESS ENVIRONMENT

Increasing

RISK AND POTENTIAL IMPACT

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

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

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

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

Principal risks and uncertainties continued

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

Unchanged

2. CLIMATE CHANGE

RISK AND POTENTIAL IMPACT

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

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

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Principal risks and uncertainties continued

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

3. EXTERNAL CATASTROPHIC AND GEO-POLITICAL EVENTS

Increasing

RISK AND POTENTIAL IMPACT

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

4. LEGAL AND REGULATORY COMPLIANCE

Unchanged

RISK AND POTENTIAL IMPACT

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

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Principal risks and uncertainties continued

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

5. COMPETITION

Increasing

RISK AND POTENTIAL IMPACT

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

6. IT SYSTEMS AND CYBER SECURITY

Increasing

RISK AND POTENTIAL IMPACT

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

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

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Principal risks and uncertainties continued

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

7. EMPLOYEES

Decreasing

RISK AND POTENTIAL IMPACT

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

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

8. BRAND AND REPUTATION

Unchanged

RISK AND POTENTIAL IMPACT

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Principal risks and uncertainties continued

OUR STRATEGIC PRIORITIES

- Marketplace
- Platform
- Digital retailing
- Working responsibly

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

Unchanged

RISK AND POTENTIAL IMPACT

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

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

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

10. RELIANCE ON THIRD PARTIES AND PARTNERS

Decreasing

RISK AND POTENTIAL IMPACT

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

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

KEY CHANGES AND OUTLOOK

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

HOW WE MANAGE THE RISK

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

01 – 60

01 At a glance

02 Chair's statement

03 CEO's statement

06 Market overview

09 How we create value

10 Strategic progress

14 Section 172(1) statement

18 Key performance indicators

21 Non-financial and sustainability information statement

22 Financial review

25 Working responsibly

50 How we manage risk

53 Principal risks and uncertainties

Principal risks and uncertainties continued

Viability statement

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

ASSESSMENT OF PROSPECTS

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

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

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

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

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

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

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

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

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

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

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

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)

Principal risks and uncertainties continued

ASSESSMENT OF VIABILITY

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

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

Scenario modelled	Links to principal risks
<p>Scenario 1: Severe economic downturn</p> <p>Given the continued uncertainty created by macro-economic factors such as persistent inflation, high interest rates and the upcoming UK general election, the impact of a severe economic downturn has been considered. We assume a severe suppression of consumer confidence, pressuring the used and new car markets, with retailers impacted due to significantly reduced demand from consumers and a collapse in vehicle prices.</p> <p>Revenue assumptions: Approximately one third of retailers are lost, with underlying average revenue per retailer ('ARPR') reducing through a loss of stock resulting in a c.40% decrease in Trade revenue. A c.30% decrease in all other revenue streams, including Autorama, was assumed due to reduced demand. Modest recovery was assumed for the financial year ended March 2027.</p> <p>Cost assumptions: Cost of sales and marketing decreased in line with revenue.</p>	<p>Risk 1: Automotive economy, market and business environment</p> <p>Risk 3: External catastrophic and geo-political events</p>
<p>Scenario 2: Ransomware attack</p> <p>A ransomware attack could result in the loss of data and downtime of the Group's systems and infrastructure. This would result in reduced revenue and associated additional costs of regulatory fines, remediation and reputational damage.</p> <p>This scenario assumes a ransomware attack resulting in the maximum General Data Protection Regulation ('GDPR') fine (4% of Group revenue), coupled with a significant level of reputational damage to the Group's brand. This diminishes confidence in the Group's products and services, resulting in a reduction in audience and revenue.</p> <p>Revenue assumptions: A severe reduction was modelled through Trade revenue, resulting in an initial c.45% decrease in revenue driven by lost retailers. A c.30% decrease in Consumer Services, Manufacturer and Agency and Autorama revenue was also assumed through the loss of consumer and partner confidence. Slow recovery was assumed from the financial year ended March 2027.</p> <p>Cost assumptions: Cost of sales decreased in line with revenue. Overheads increased due to the regulatory fine for the data breach, consultancy costs and remediation costs. Marketing spend increased as a percentage of revenue in earlier years to counter reputational damage.</p>	<p>Risk 4: Legal and regulatory compliance</p> <p>Risk 6: IT systems and cyber security</p> <p>Risk 8: Brand and reputation</p>

Scenario modelled	Links to principal risks
<p>Scenario 3: Increased competition</p> <p>This scenario assumes a change in the competitive landscape as a result of the takeover of a competitor by a well-capitalised third party or the entry of a new player. The competitor could develop a superior consumer experience or retailer products. This could disrupt the Group's total market share and change retailer behaviour, impacting the Group's ability to grow revenues due to a reduction in retailer numbers and/or impact underlying ARPR due to a loss of pricing power.</p> <p>Revenue assumptions: Approximately 25% of retailers are lost, with underlying ARPR reducing through a loss of stock and pricing power, resulting in a c.40% decrease in Trade revenue. A c.25% decrease in all other revenue streams, including Autorama, was also assumed through the loss of market share and pricing power. Recovery was assumed through retailers for the financial year ended March 2027 and beyond.</p> <p>Cost assumptions: Marketing spend increased as a percentage of revenue in a bid to counter competitive threat. Cost of sales decreased in line with revenue.</p>	<p>Risk 1: Automotive economy, market and business environment</p> <p>Risk 5: Competition</p> <p>Risk 9: Failure to innovate</p>
<p>Scenario 4: Combination of all three scenarios as above</p> <p>This is seen as a worst-case scenario, and highly unlikely.</p>	<p>All of those listed in other scenarios</p>

SYNDICATED REVOLVING CREDIT FACILITY ('SYNDICATED RCF')

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

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

VIABILITY STATEMENT

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

GOING CONCERN

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

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

Nathan Coe
Chief Executive Officer
30 May 2024

01 – 60

[01 At a glance](#)[02 Chair's statement](#)[03 CEO's statement](#)[06 Market overview](#)[09 How we create value](#)[10 Strategic progress](#)[14 Section 172\(1\) statement](#)[18 Key performance indicators](#)[21 Non-financial and sustainability information statement](#)[22 Financial review](#)[25 Working responsibly](#)[50 How we manage risk](#)[53 Principal risks and uncertainties](#)