Embargoed until 7.00am, 11 November 2021

AUTO TRADER GROUP PLC

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Auto Trader Group plc ('Auto Trader', 'the Group'), the UK's largest digital automotive marketplace, announces half year results for the six months ended 30 September 2021

Strategic overview

- We have achieved our highest ever six-monthly revenue and profits
- Consumer engagement and retailer numbers are at record levels, our competitive position has strengthened and product uptake by customers has been strong
- In April 2021, we launched our Retailer Stores product as part of our successful annual pricing event, these have seen strong traffic volumes throughout H1
- We implemented a new higher-level advertising package and a product that allows our retailers to reach car buyers outside their local area (Market Extension). Both have seen good levels of adoption, contributing to a record level of spending by our retailer customers (Average Revenue Per Retailer)
- Our strategic focus on supporting an increasingly online car buying journey continues to gather pace. Vehicles can be advertised nationally for local delivery (Market Extension and Motor Trade Delivery); car owners are able to get a guaranteed trade-in price (through Guaranteed Part-Exchange and Instant Offer); online reservations are being trialled with a small number of customers; and our online finance solution, offering finance collaboratively with car retailers (Retailer Finance), is scheduled for trial later this financial year

Financial results

- Revenue of £215.4 million up 82% (H1 2021: £118.2 million), and up 15% on H1 2020 (£186.7 million). Trade revenue of £192.3 million up 92% (H1 2021: £100.2 million) and up 19% on H1 2020 (£161.8 million). In H1 2021, we provided free advertising to retailer customers in April and May 2020, as well as at a discounted rate in June 2020
- Operating profit of £151.7 million up 121% (H1 2021: £68.5 million) and up 15% on H1 2020 (£131.4 million). Operating profit margin increased to 70%, up from 58% in H1 2021, and was consistent with H1 2020
- Basic EPS of 12.63p up 126% (H1 2021: 5.58p) and up 13% on H1 2020 (11.13p)
- Cash generated from operations up[1] 157% to £169.9 million (H1 2021: £66.1 million), and up 28% on H1 2020 (£132.7 million)
- £148.4 million returned to shareholders (H1 2021: Nil) through £100.4 million of share buy-backs and dividends paid of £48.0 million
- Interim dividend declared of 2.7p (H1 2021: no interim dividend declared)

Operational results

- Cross platform visits[3,4] increased by 20% to 68.7 million per month on average (H1 2021: 57.3 million)
- Cross platform minutes[3,4] increased by 14% to 633 million per month on average (H1 2021: 557 million). Our share of cross platform minutes[3,5] remains strong at over 75% (H1 2021: over 75%) and we grew to be almost 9x larger than our nearest competitor (H1 2021: 7x)

- Continued growth in retailer forecourts[3] from the end of FY21 due to both our strong position and favorable market conditions, up 6% to 13,892 (H1 2021: 13,056)
- Average Revenue Per Retailer[3] (ARPR) per month of £2,199 up £993 (H1 2021: £1,206) and up 13% on H1 2020. Excluding COVID-19 discounts in the prior year, underlying ARPR increased by £353 per month, with good growth from all three ARPR levers
- Physical car stock[3,6] on site down 9% to 436,000 (H1 2021 478,000) on average. Our listings product for new cars declined to 39,000 on average (H1 2021: 46,000). The remaining decline was due to stock offers in the prior year, where customers were able to advertise more cars than their contracted amounts without charge
- Number of employees (FTEs)[3] increased to 941 on average during the period (H1 2021: 893) partly due to the acquisition of Auto Convert in July 2020

Cultural KPIs

- Employees that are proud to work at Auto Trader[7] remained high at 92% (March 2021: 93%)
- Diverse teams and an inclusive culture are critical to attracting, identifying and maximising the potential of our people and therefore our business:
    - Board: The proportion of women on the board continued to be 50% (March 2021: 50%). We announced the appointment of Jasvinder Gakhal as an Independent Non-Executive Director to the Board, with effect from 1 January 2022
    - Leadership: The percentage of women leaders[8] was 36% (March 2021: 34%), and those who are BAME[9] were 5% (March 2021: 6%)
    - Organisation: The percentage of employees who are women was at 39%[10] (March 2021: 39%), and those who are BAME[9,10] were 12% (March 2021: 11%)
- In June 2021, we signed up to the Science Based Target Initiative Business Ambition for 1.5°C. By doing so we have committed to achieving net zero before 2050 and to reduce emissions in line with the Paris Agreement goals. Our near term targets, which have been validated, are to halve carbon emissions before the end of 2030 and we continue to work on the initiatives to help us achieve our longer term targets

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

“Early in the pandemic we acted decisively to protect our people, customers, and business. As a result of these actions, we have emerged as a stronger business which can be seen in our results for the first half of this financial year.

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

“This positions us well as we look to partner with retailers to bring more of the car buying journey online, which we believe will provide significant long term growth opportunities.”

Outlook

The Board is confident for the second half of the year. The majority of revenues are recurring in nature and most of the significant growth events for the year have been successfully delivered in the first half. Notable events were our annual pricing event, the launch and initial uptake of new products, which have occurred alongside low levels of retailer churn.

For the full year, we now expect modest year on year growth in retailer forecourt numbers and low double-digit ARPR growth on FY20 levels. The stock lever, which shows the year on year movement, is likely to represent a small headwind for the full year, as we lap a strong second half last year.

Operating profit margins for the full year are expected to be in line with FY20 levels.

Analyst presentation
A presentation for analysts will be held at the offices of Numis at 9.30am, Thursday 11 November 2021. If you wish to attend, please contact Powerscourt on the details below. Alternatively, you can listen to the presentation via audio webcast at the following link:

Audio webcast: https://edge.media-server.com/mmc/p/uk4tziry

Conference call details:

Location	Purpose	Phone Type	Number
United Kingdom, London	Participant	Local	+44 (0) 2071 928338
United Kingdom	Participant	Tollfree / Freephone	08002796619
United States, New York	Participant	Local	16467413167
United States	Participant	Tollfree / Freephone	18778709135

Passcode: 4095590

Please note: Questions will only be taken from in the room at Numis. Participants on the conference call who plan on following the slides via the webcast should switch the webcast to *Phone mode* using the cogwheel icon located on the bottom right corner of the webcast screen to ensure the slides are synced to the phone audio rather than the webcast audio.

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

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

About Auto Trader
Auto Trader Group plc is the UK and Ireland's largest digital automotive marketplace. Our marketplace sits at the heart of the vehicle buying process, with the largest number of car buyers and the largest choice of trusted stock. Auto Trader exists to grow both its car buying audience and core advertising business. It will change how the UK shops for cars by providing the best online car buying experience, enabling all retailers to sell online. We aim to build stronger partnerships with our customers, use our voice and influence to drive more environmentally friendly vehicle choices and create an inclusive and diverse culture. Auto Trader listed on the London Stock Exchange in March 2015 and is now a member of the FTSE 100 Index.

For more information, please visit https://plc.autotrader.co.uk/who-we-are/about-us/

Cautionary statement

Certain statements in this announcement constitute forward looking statements (including beliefs or opinions). “Forward looking statements” are sometimes identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “aims” “anticipates”, “expects”, “intends”, “plans”, “predicts”, “may”, “will”, “could”, “shall”, “risk”, “targets”, forecasts”, “should”, “guidance”, “continues”, “assumes” or “positioned” or, in each case, their negative or other variations or comparable terminology. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company’s future expectations, operations, financial performance, financial condition and business is a forward looking statement. Such forward looking statements are subject to known and unknown risks and uncertainties, because they relate to events that may or may not occur in the future, that may cause actual results to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this results announcement. As a result, you are cautioned not to place reliance on such forward looking statements, which are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward looking statements set out in this announcement. Except as is required by applicable laws and regulatory obligations, no undertaking is given to update the forward looking statements contained in this announcement, whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement has been prepared for the Company's group as a whole and, therefore, gives greater emphasis to those matters which are significant to the Company and its subsidiary undertakings when viewed as a whole.

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

Summary financial performance

	Units	H1 2022	H1 2021	Change
Income statement				
Trade	£m	192.3	100.2	92%
Consumer services	£m	18.0	12.9	40%
Manufacturer & Agency	£m	5.1	5.1	0%
Revenue	£m	215.4	118.2	82%
Operating profit	£m	151.7	68.5	121%
Operating profit margin	%	70%	58%	12% pts
Profit before tax	£m	150.0	66.2	127%
Basic earnings per share	Pence	12.63	5.58	126%
Dividend per share	Pence	2.7p	-	-

Cash flow				
Cash generated from operations[1]	£m	169.9	66.1	157%
Net bank debt/(cash) at September 2021/March 2021[2]	£m	(9.2)	(15.7)	(41%)

Selected key performance indicators				
Average Revenue Per Retailer[3]	£ per month	2,199	1,206	82%
Physical car stock on site[3,6]	Number	436,000	478,000	(9%)
Retailer forecourts[3]	Number	13,892	13,056	6%
Cross platform visits[3,4]	million per month	68.7	57.3	20%
Cross platform minutes[3,4]	million per month	633.0	556.6	14%
Full-time equivalent employees (including contractors)[3]	Number	941	893	5%

1. Cash generated from operations is defined as net cash generated from operating activities, before corporation tax paid.
2. Net bank debt/(cash) is Net debt before amortised debt fees and excluding accrued interest and amounts owed under lease arrangements.
3. Average during the period.
4. Measured by Google analytics.
5. Share of minutes is a custom metric based on Comscore minutes and is calculated by dividing Auto Trader's total minutes volume by the entire custom-defined competitive set's total minutes volume. The custom-defined list includes: Auto Trader, Gumtree motors, Pistonheads, Motors.co.uk & CarGurus.
6. Physical car stock advertised on autotrader.co.uk.
7. Based on a survey to all Auto Trader employees in October 2021 asking our people to rate the statement "I am proud to work for Auto Trader?". Answers are given on a five-point scale from strongly disagree to strongly agree.
8. We define leaders as those who are on our Operational Leadership Team ('OLT'), three divisional leaders and their direct reports.
9. Throughout 2021 we have asked our employees to voluntarily disclose their ethnicity, at the period end we had 141 employees (14%) who had not yet disclosed.
10. We calculate all our diversity percentages using total group headcount (September 2021: 980, March 2021: 953) as at 30th September.

Summary of operating performance in H1 2022

Revenue grew by 82% to £215.4 million (H1 2021: £118.2 million). The abnormally high rate of growth principally reflects the COVID-related discounts we gave to our retailer customers during the first wave of the pandemic early in calendar year 2020. A better comparison is that of two years ago, against which revenue grew by 15% (H1 2020: £186.7 million), with a greater number of customers using Auto Trader and choosing to spend more on our platform. Operating profit grew 121% to £151.7 million (H1 2021: £68.5 million), again with a better comparison being H1 2020 where growth was 15% (H1 2020: £131.4 million). Operating profit margin grew to 70% (H1 2021: 58%) and was consistent with the level seen in H1 2020.

Our audience performance has strengthened with average monthly cross platform visits increasing by 20% to 68.7 million per month (H1 2021: 57.3 million). Engagement, which we measure by total minutes spent on site, was also strong with an increase of 14% to an average of 633 million minutes per month (H1 2021: 557 million minutes). We have maintained our position as the UK's largest and most engaged automotive marketplace for new and used cars, with over 75% of all minutes spent on automotive classified sites spent on Auto Trader (H1 2021: over 75%) and grew to be almost 9x larger than our nearest competitor (H1 2021: 7x).

The average number of retailer forecourts advertising on our platform increased by 6% to 13,892 (H1 2021: 13,056). The increase in the number of forecourts was due to lower levels of cancellation, partly due to favourable market conditions and the current strength of our position and standing with customers. Levels of new customer acquisition were largely consistent with prior periods.

Total live stock on site decreased by 9% to an average of 436,000 cars (H1 2021: 478,000). Part of the decline was due to a fall in the volume of new car stock, which averaged 39,000 (H1 2021: 46,000) due to the well documented shortage of new car supply. Used car stock was also impacted by supply shortages, particularly amongst our larger, lower yielding customers. Despite this supply pressure, the year on year decline in used car live stock was due to a stock offer in the previous year, where customers could advertise more than their contracted amounts without charge, which wasn't repeated this year.

The UK car market

As the UK emerged from the most recent national lockdown in June 2021, demand for both new and used cars has been particularly strong. This demand has been fuelled by a catch up in transactions that didn't happen in 2020 due to COVID-related lockdowns, increased consumer interest in car ownership and good levels of consumer confidence. These factors, combined with limited supply, give us confidence that favourable market conditions are likely to remain for some time to come.

New car registrations, whilst seeing year on year growth of 17% versus H1 2021, were still 23% below H1 2020 levels as semi-conductor shortages impacted the supply of new cars. These constraints have also impacted used cars, particularly for our larger customers, as lower new car sales have meant fewer part-exchanges and a lower volume of cars sent to auction from wholesalers. High levels of demand combined with constrained supply have led to significant levels of price growth, with our used car price index seeing an 11% year on year increase in prices across the period.

Despite these unusual conditions most of our customers have been able to trade profitably, with some customers at record levels, making significantly more profit per vehicle and selling those vehicles significantly faster. In the medium to long term the financial health of our customers is clearly important, however short-term these conditions have been less favourable for Auto Trader given the direct impact on our business model of fewer cars being advertised for less time.

Our core marketplace

In April 2021, we successfully executed our annual pricing event including the launch of Retailer Stores, which offers retailers their own dedicated, customisable location on Auto Trader. We have seen over 28m visits to these pages in H1 2022. As we build our digital retailing journey, we envisage these becoming an area that customers can use as part of their own e-commerce journey.

In the first half, we have evolved our advertising package structure and changed the sort order for listings. Our packages previously promoted adverts depending on the device a consumer was searching on, we have now created a consistent cross platform experience with adverts appearing in search based on a relevancy algorithm, which takes package level into account. As part of this change, we have discontinued our Basic package, introduced a higher level and re-branded our top three levels Enhanced, Super and Ultra. We have increased the penetration of our higher yielding packages with 25% of retailer stock on a package above Standard in September 2021 (September 2020: 22%). We also launched a new product, Market Extension, that allows customers to sell vehicles outside their local area, which has seen some initial uptake from our larger Independent customers, exiting the period with over 4% of retailer stock on this product. Whilst the supply and demand dynamics during the past six months have not been the best catalyst for upselling, we have nonetheless seen customers continue to invest further in our prominence products.

Our new car proposition has been impacted by supply shortages created by the challenge sourcing semi-conductors. This has seen the number of new cars advertised decrease to 39,000 (H1 2021: 46,000). However due to our “all you can eat” charging model we have not seen this directly impact revenue and the number of paying dealers ended the half at c.2,100 (H1 2021: over 1,500). Despite lower stock levels, awareness that Auto Trader is a destination for new cars continues to grow with 1.5m unique visitors viewing a new car on average each month across the period.

Investing in the future

We remain committed to being the best place to find, buy and sell a car in the UK on a platform that enables data-driven digital retailing for our customers. This involves changing how the UK shops for cars by providing the best online car buying experience and enabling all retailers to sell online. With this goal in mind, we continue to make good progress in developing the most important components of the online car buying journey, all built on our trusted, industry leading marketplace.

In the last six months, we have improved our offering for consumers who want to conveniently sell their car for cash through our Instant Offer product and connected it with our Guaranteed Part-Exchange (‘GPX’) product. Customers who subscribe to GPX have access to our B2B auction platform, Dealer Auction, where the vehicles acquired through Instant Offer are sold to dealers. The ability to source more stock from consumers is a key differentiator for online car retailers and this innovation enables our customers the same benefit by leveraging Auto Trader’s brand and technology. These products enable consumers to get an accurate and guaranteed price for their existing vehicle whilst shopping on Auto Trader, eliminating either the need to haggle over a part-exchange or look for other disposal routes for their current vehicle. Over the past six months, we have provided c.520,000 guaranteed valuations and purchased c.5,000 vehicles on Instant Offer. At the reporting date we had c.500 customers using GPX, with 20% of them paying for the product.

Having last year acquired AutoConvert, a finance, insurance and compliance software platform, we continue to work towards having both a point-of-sale finance system and a finance application journey live on Auto Trader. We expect to have both products live and in trial during the second half of this financial year. This is by some distance the most complex product we have ever built and we expect it to continuously evolve and form a key component of facilitating an online transaction. Currently, the existing finance process is somewhat opaque and can be a time-consuming experience when completed on the forecourt. These products aim to improve that process by driving greater transparency and self-service for consumers, as well as realising improved efficiencies for our retailers.

As mentioned at our full year results, we have launched a trial for vehicle reservations during the first half, completing over 100 successful transactions and will continue to make progress building on that functionality to make the product scalable. We believe the willingness of consumers to complete more of the car buying process online has meaningfully changed. Having the three critical components of GPX, reservations and finance, either live or close to being live, our focus is now on optimising these products, adapting them for larger customers and bringing them together into an end to end journey on Auto Trader that compliments the forecourt experience.

Making a difference

Within our overall strategy we aim to ‘make a difference’ to our people, our communities, our industry, and to the wider environment, whilst holding ourselves to the highest standards when it comes to acting responsibly. We have a Corporate Responsibility Committee with oversight for Auto Trader’s focus on the environmental, social and governance aspects of our business. Over the past 12 months we have identified focus areas around which we have created initiatives. These are monitored regularly and reported on using our cultural KPIs. While many of these changes take time, we are committed to making meaningful progress across all measures.

We want to continue to improve the diversity and inclusion within our organisation as we believe this improves individual and team performance and will allow us to identify and attract talent that we may not otherwise access. We are making progress, but there remains significant room for improvement. We are pleased to have a 50:50 gender parity on the Board and have announced the appointment of Jasvinder Gakhal as an Independent Non-Executive Director, with effect from 1 January 2022. Women represented 39% of our organisation (March 2021: 39%) and in leadership roles, as defined by Hampton-Alexander, there was some improvement to 36% (March 2021: 34%). We are committed to increasing the percentage of BAME employees, who currently represent 12% of the organisation (March 2021: 11%), with 14% of employees not disclosing their ethnicity. The percentage of BAME employees in leadership, again using the Hampton-Alexander definition, was 5% (March 2021: 6%). Much of our work around creating an inclusive culture and environment has been supported and informed by our many employee networks and guilds representing women, BAME, LGBT+, disability & neurodiversity and age.

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

In June 2021, we signed up to the Science Based Target initiative (SBTi) Business Ambition for 1.5°C. By doing so, we have committed to achieving net zero before 2050 and to reduce emissions in line with the Paris Agreement goals. We have built on the work we completed in the last financial year to understand our full Scope 3 emissions, in addition to our Scope 1 and 2 emissions, such that we can form science-based emission reduction targets. These near term targets, which have been validated, form a core component of our net zero strategy. We have committed to reduce absolute scope 1 and 2 emissions by 50% and absolute Scope 3 emissions by 46% before the end of financial year 2031, using financial year 2020 as the base year. Alongside the reduction in emissions, we are working on a carbon removal plan to help us achieve our long term net zero goal. In terms of helping consumers make more sustainable vehicle choices we have engaged 1.2 million consumers in our monthly EV giveaway campaign, launched an electric car hub on Auto Trader and have been educating both employees and customers with our carbon literacy training.

As lockdown restrictions began to ease in the UK at the beginning of the financial year, we decided to adapt our working policies to reflect the way in which we will work in future. Our people have been able to better balance their work and home life and we aim to see our employees retain some of these benefits as we transition back to a hybrid working environment. Employee engagement remains high, with 92% of employees who say they are proud to work at Auto Trader (March 2021: 93%).

The Board

In September, we announced the appointment of Jasvinder Gakhal to the Board as an Independent Non-Executive Director, with effect from 1 January 2022. Following Jasvinder's appointment, the Board will comprise five Independent Non-Executive Directors, three Executive Directors and a Non-Executive Chairman.

Investor calendar

The Group’s full year results for the year ending 31 March 2022 will be announced on 26 May 2022.

Financial review

Revenue increased to £215.4m (H1 2021: £118.2m), up 82% when compared to the prior year. Trade revenue, which comprises revenue from Retailers, Home Traders and other smaller revenue streams, increased by 92% to £192.3m (H1 2021: £100.2m).

	H1 2022 £m	H1 2021 £m	Change %
Retailer	183.3	94.5	94%
Home Trader	4.5	2.7	67%
Other	4.5	3.0	50%
Trade	192.3	100.2	92%
Consumer Services	18.0	12.9	40%
Manufacturer & Agency	5.1	5.1	–
Total	**215.4**	**118.2**	**82%**

Retailer revenue increased by 94% to £183.3m (H1 2021: £94.5m). Revenue in H1 2021 was impacted by a 100% discount for retailers in April 2020 and May 2020 as we supported customers who were required to close their forecourts due to COVID-19. This was followed by a 25% discount for customers in June 2020 as initial restrictions were lifted. There have been no discounts in relation to COVID-19 in H1 2022.

The average number of retailer forecourts advertising on our platform increased 6% to 13,892 (H1 2021: 13,056), with lower cancellations in the period. Average Revenue Per Retailer ('ARPR') increased by 82% to £2,199 (H1 2021: £1,206). Much of the increase came from COVID related discounts which were offered to customers in the prior year and due to their absence in 2022 contributed £640 of growth. Taking account of those discounts there was an underlying increase in ARPR of £353 which was spread across our price, stock and product levers:

- Price: Our price lever contributed an increase of £74 (H1 2021: £49) to total ARPR as we delivered our annual pricing event for all customers on 1 April 2021, which included additional products but also a like-for-like price increase.

- Stock: The number of live cars advertised on Auto Trader decreased by 9% to 436,000 (H1 2021 478,000). It is important to note though that the stock lever is not driven by live stock but by the number of paid stock units. Last year live stock was impacted by a stock offer which allowed customers to double their stock for free from late March to mid-July 2020, which did not impact paid for stock. We saw the full conversion of that stock offer in September 2020, which was followed by strong growth in paid for stock units throughout H2 2021, meaning we entered this financial year with a very strong run rate. Whilst we have seen some downgrades in paid stock during the first half, as a result of faster stock turn and limited supply, much has come from our larger Franchise customers who generally have a lower cost per car and overall paid for stock units have averaged above prior year levels. These dynamics resulted in a £160 increase in the stock lever (H1 2021: decline of £156). There have been no stock offers in H1 2022.

- Product: Our product lever contributed an increase of £119 (H1 2021: £57) to total ARPR. Part of this product growth was as a result of seeing an increase in retailers purchasing prominence products including our higher yielding Enhanced, Super and Ultra packages with penetration increasing to 25% (September 2020 (Advanced and Premium): 22%). We also introduced a new Market Extension product, allowing retailers to sell outside of their local area, which also contributed to the product lever with 4% of retailer stock on the product by the end of the period. There was also some contribution from our Retailer Stores product, which was launched in April 2021 as part of our pricing event. Finally, there was a positive contribution from our New Car product, with c.2,100 Franchise retailers paying for the product (September 2020: over 1,500 retailers).

Home Trader revenue increased by 67% to £4.5m (H1 2021: £2.7m). Other revenue increased by 50% to £4.5m (H1 2021: £3.0m).

Consumer Services revenue increased by 40% in the period to £18.0m (H1 2021: £12.9m) and we now expect 10-20% growth versus FY21 for the full year. Private revenue, which is generated from individual sellers who pay to advertise their vehicle on the Auto Trader marketplace, increased by 33% to £11.0m (H1 2021: £8.3m) with a further increase in Motoring Services revenue, up 52% to £7.0m (H1 2021: £4.6m) as a result of strong growth in both our insurance and finance offerings.

Revenue from Manufacturer & Agency customers was flat at £5.1m (H1 2021: £5.1m). The pandemic had a significant impact on this revenue line in H1 2021, as did the removal of standard format display advertising to improve our onsite experience. New car advertising in H1 2022 has been impacted by semi-conductor supply issues, with Manufacturers lowering their marketing spend until there is more clarity on the supply of new cars into the market. We expect full year revenue to be in line with FY21.

Costs

In H1 2021, the Group made the decision to reduce costs, mainly through discretionary marketing spend, whilst our retailer customers were closed in the first quarter of 2021. With a return to more normal levels in 2022, total costs increased by 29% to £65.4m (H1 2021: £50.8m), which was a 15% increase versus H1 2020.

	H1 2022 £m	H1 2021 £m	Change %
People costs	35.0	30.2	16%
Marketing	10.6	3.5	203%
Other costs	16.2	14.0	16%
Depreciation & amortisation	3.6	3.1	16%
Total administrative expenses	**65.4**	**50.8**	**29%**

People costs, which comprise all staff costs and third-party contractor costs, increased by 16% to £35.0m (H1 2021: £30.2m). The increase in people costs was primarily driven by an increase in the average number of full-time equivalent employees (including contractors) to 941 (H1 2021: 893). This increase was partly driven by the acquisition of AutoConvert in July 2020 accounting for an increase of 18. The average cost per employee increased by 10% due to an increase in performance related pay and as a result of the Executive Directors and the Board foregoing 50% or more of their salary and fees for the period of April to June 2020, as well as annual pay reviews resuming in July 2021 having not occurred last financial year. Underlying salary costs continue to increase as we invest in the best digital talent.

Marketing spend increased by 203% in H1 2022 to £10.6m (H1 2021: £3.5m) as discretionary spend was reduced in response to the pandemic in H1 2021 but has since resumed. However, as a percentage of revenue at 4.9%, it remains below the 5.4% seen in H1 2020.

Other costs, which include data services, property related costs and other overheads, increased by 16% to £16.2m (H1 2021: £14.0m). The increase was primarily due to increased overhead costs; including the return of travel, office & people related costs, as well as higher IT spend as we continue to move more of our services and applications to the cloud. Depreciation and amortisation increased to £3.6m (H1 2021: £3.1m) mainly driven by office improvements and an additional office lease.

Profit from the share in joint ventures

Our share of profit generated by Dealer Auction, the Group's joint venture, increased 55% to £1.7m (H1 2021: £1.1m) in the period as a result of higher auction activity following a reduction through H1 2021 due to lockdown restrictions.

Operating profit

	H1 2022 £m	H1 2021 £m	Change %
Revenue	215.4	118.2	82%
Administrative expenses	(65.4)	(50.8)	(29%)
Share of profit from joint ventures	1.7	1.1	55%
Operating profit	**151.7**	**68.5**	**121%**

During the period, Operating profit increased by 121% to £151.7m (H1 2021: £68.5m). Operating profit margin increased by twelve percentage points to 70% (H1 2021: 58%) and is back in line with H1 2020 levels.

Net finance costs

Net finance costs decreased to £1.7m (H1 2021: £2.3m). Interest costs on the Group's RCF totalled £0.9m (H1 2021: £2.0m), with a reduction in interest payable being offset by higher amortised debt issue costs. At 30 September 2021 the Group had drawn £nil of its available facility (30 September 2020: £89.5m). Amortisation of debt issue costs amounted to £0.8m (H1 2021: £0.3m) with the increase driven by an acceleration of amortisation following the reduction of the Syndicated Revolving Credit Facility ('RCF') commitments as referenced below. Interest costs relating to leases totalled £0.1m (H1 2021: £0.1m). This was offset by interest receivable on cash and cash equivalents of £0.1m (H1 2021: £0.1m).

Reduction of RCF commitments

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

Taxation

Profit before taxation increased by 127% to £150.0m (H1 2021: £66.2m). The Group tax charge of £28.3m (H1 2021: £12.4m) represents an effective tax rate of 18.9% (H1 2021: 18.7%) in line with the average standard UK rate.

Earnings per share

Basic earnings per share increased by 126% to 12.63 pence (H1 2021 5.58 pence) based on a weighted average number of ordinary shares in issue of 963,162,476 (H1 2021: 964,532,317). Diluted earnings per share of 12.61 pence (H1 2021: 5.55 pence) increased by 127%, based on 965,070,560 shares (H1 2021: 969,927,775) which takes into account the dilutive impact of outstanding share awards.

Cash flow

Cash generated from operations increased to £169.9m (H1 2021: £66.1m) as a result of the growth in Operating profit. Corporation tax payments increased to £27.8m (H1 2021: £18.0m). Cash generated from operating activities was £142.1m (H1 2021: £48.1m).

Capital structure and dividends

The final dividend for the year ended 31 March 2021 of 5.0 pence per share (H1 2021: £nil) was paid on 24 September 2021, totaling £48.0m (H1 2021: £nil). The Board resumed its share-buyback programme in July 2021 following the suspension of share-buybacks in response to the COVID-19 outbreak. During the period, a total of 15.8m shares were repurchased in the period (H1 2021: nil). The average price per share was 636.1p (H1 2021: £nil) for a total consideration of £100.4m (H1 2021: £nil) before transaction costs of £0.5m (H1 2021: £nil).

The Group's long-term capital allocation policy remains broadly 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. Any surplus cash following these activities will be used to continue our share buyback programme.

For H1 2022, the Board has declared an interim dividend of 2.7 pence per share. The interim dividend will be paid on 28 January 2022 to members on the register on 7 January 2022.

Going concern

The Group generated significant cash from operations during the period. At 30 September 2021 the Group had drawn £nil of its £250m (previously £400m) unsecured revolving credit facility ('RCF') and had cash balances of £9m. The £250m RCF is committed until June 2023, when it reduces to £197.8m through to maturity in June 2025. On the basis of facilities available and current financial projections for the next twelve months, the Directors have concluded that it is appropriate to prepare the condensed interim financial statements on a going concern basis.

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

We confirm that to the best of our knowledge:

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

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

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

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

Nathan Coe	**Jamie Warner**
Chief Executive Officer	**Chief Financial Officer**
11 November 2021	**11 November 2021**

Consolidated interim income statement

For the six months ended 30 September 2021

	Note	**6 months to September 2021 £m**	6 months to September 2020 £m	Year to March 2021 £m
Revenue	3	**215.4**	118.2	262.8
Administrative expenses		**(65.4)**	(50.8)	(104.0)
Share of profit from joint ventures		**1.7**	1.1	2.4
Operating profit	2	**151.7**	68.5	161.2
Net finance costs	4	**(1.7)**	(2.3)	(3.8)
Profit before taxation		**150.0**	66.2	157.4
Income tax expense	5	**(28.3)**	(12.4)	(29.6)
Profit for the period attributable to equity holders of the parent		**121.7**	53.8	127.8
Earnings per share:				
Basic EPS (pence)	6	**12.63**	5.58	13.24
Diluted EPS (pence)	6	**12.61**	5.55	13.21

Consolidated interim statement of comprehensive income

For the six months ended 30 September 2021

	6 months to September 2021 £m	6 months to September 2020 £m	Year to March 2021 £m
Profit for the period	**121.7**	**53.8**	127.8
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	**0.1**	**0.2**	(0.2)
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	**0.6**	**(0.2)**	1.6
Other comprehensive income for the period, net of tax	**0.7**	–	1.4
Total comprehensive income for the period attributable to equity holders of the parent	**122.4**	**53.8**	129.2

Consolidated interim balance sheet
As at 30 September 2021

	Note	**September 2021 £m**	September 2020 £m	March 2021 £m
Assets				
Non-current assets				
Intangible assets	7	**357.0**	359.9	358.2
Property, plant and equipment	8	**16.2**	11.8	11.2
Deferred taxation assets		**1.7**	7.1	1.7
Retirement benefit surplus	11	**4.4**	0.4	3.2
Net investments in joint ventures		**51.4**	53.3	54.6
		430.7	432.5	428.9
Current assets				
Trade and other receivables	9	**63.9**	57.2	59.6
Current income tax assets		–	6.1	0.3
Cash and cash equivalents		**9.2**	31.4	45.7
		73.1	94.7	105.6
Total assets		**503.8**	527.2	534.5
Equity and liabilities				
Equity attributable to equity holders of the parent				
Share capital	15	**9.6**	9.7	9.7
Share premium		**182.5**	182.4	182.4
Retained earnings		**1,297.5**	1,231.0	1,307.3
Capital reorganisation reserve		**(1,060.8)**	(1,060.8)	(1,060.8)
Own shares held	16	**(24.1)**	(12.9)	(10.7)
Capital redemption reserve		**0.9**	0.8	0.8
Other reserves		**30.1**	30.4	30.0
Total equity		**435.7**	380.6	458.7
Liabilities				
Non-current liabilities				
Borrowings	14	–	86.8	27.6
Deferred taxation liabilities		–	3.6	–
Lease liabilities	8	**7.8**	6.1	5.0
Deferred income		**9.7**	9.7	9.4
Deferred consideration	18	**8.0**	7.8	7.9
Provisions for other liabilities and charges		**1.3**	1.1	1.1
		26.8	115.1	51.0
Current liabilities				
Trade and other payables	10	**36.9**	28.7	21.8
Current income tax liabilities		**0.8**	–	–
Lease liabilities	8	**3.1**	2.4	2.5
Provisions for other liabilities and charges		**0.5**	0.4	0.5
		41.3	31.5	24.8
Total liabilities		**68.1**	146.6	75.8
Total equity and liabilities		**503.8**	527.2	534.5

Consolidated interim statement of changes in shareholders' equity
For the six months ended 30 September 2021

	Share Capital £m	Share premium £m	Retained earnings £m	Own shares held £m	Capital reorg reserve £m	Capital redem reserve £m	Other reserves £m	Total equity £m
Balance at March 2020	**9.2**	**–**	**1,180.1**	**(17.9)**	**(1,060.8)**	**0.8**	**30.2**	**141.6**
Profit for the period	–	–	53.8	–	–	–	–	**53.8**
Other comprehensive income:								
Currency translation differences	–	–	–	–	–	–	0.2	**0.2**
Remeasurements of post-employment benefit obligations	–	–	(0.2)	–	–	–	–	**(0.2)**
Total comprehensive income, net of tax	–	–	53.6	–	–	–	0.2	**53.8**
Transactions with owners:								
Share-based payments (note 17)	–	–	1.8	–	–	–	–	**1.8**
Deferred tax on share-based payments	–	–	0.5	–	–	–	–	**0.5**
Exercise of share-based incentives (note 17)	–	–	(4.9)	4.9	–	–	–	**–**
Issue of ordinary shares (note 15)	0.5	182.4	–	–	–	–	–	**182.9**
Transfer of shares from ESOT	–	–	(0.1)	0.1	–	–	–	**–**
Total transactions with owners, recognised directly in equity	0.5	182.4	(2.7)	5.0	–	–	–	**185.2**
Balance at September 2020	**9.7**	**182.4**	**1,231.0**	**(12.9)**	**(1,060.8)**	**0.8**	**30.4**	**380.6**
Profit for the period	–	–	74.0	–	–	–	–	**74.0**
Other comprehensive income:								
Currency translation differences	–	–	–	–	–	–	(0.4)	**(0.4)**
Remeasurements of post-employment benefit obligations	–	–	1.8	–	–	–	–	**1.8**
Total comprehensive income, net of tax	–	–	75.8	–	–	–	(0.4)	**75.4**
Transactions with owners:								
Share-based payments (note 17)	–	–	1.5	–	–	–	–	**1.5**
Tax credit in respect of share-based payments	–	–	0.2	–	–	–	–	**0.2**
Cancellation of shares (note 15)	–	–	–	–	–	–	–	–
Exercise of share-based incentives	–	–	(1.1)	2.1	–	–	–	**1.0**
Transfer of shares from ESOT	–	–	(0.1)	0.1	–	–	–	**–**
Dividends paid (note 12)	–	–	–	–	–	–	–	**–**
Total transactions with owners, recognised directly in equity	–	–	0.5	2.2	–	–	–	**2.7**
Balance at March 2021	**9.7**	**182.4**	**1,307.3**	**(10.7)**	**(1,060.8)**	**0.8**	**30.0**	**458.7**
Profit for the period	–	–	121.7	–	–	–	–	**121.7**
Other comprehensive income:								
Currency translation differences	–	–	–	–	–	–	0.1	**0.1**
Remeasurements of post-employment benefit obligations	–	–	0.6	–	–	–	–	**0.6**
Total comprehensive income, net of tax	–	–	122.3	–	–	–	0.1	**122.4**
Transactions with owners:								
Share-based payments (note 17)	–	–	3.2	–	–	–	–	**3.2**
Cancellation of shares (note 15)	(0.1)	–	(83.1)	–	–	0.1	–	**(83.1)**
Purchase of own shares for treasury (note 16)	–	–	–	(17.8)	–	–	–	**(17.8)**
Deferred tax on share-based payments	–	–	(0.1)	–	–	–	–	**(0.1)**
Exercise of share-based incentives (note 17)	–	–	(4.0)	4.3	–	–	–	**0.3**
Issue of ordinary shares (note 15)	–	0.1	–	–	–	–	–	**0.1**
Transfer of shares from ESOT	–	–	(0.1)	0.1	–	–	–	**–**
Dividends paid (note 12)	–	–	(48.0)	–	–	–	–	**(48.0)**
Total transactions with owners, recognised directly in equity	(0.1)	0.1	(132.1)	(13.4)	–	0.1	–	**(145.4)**
Balance at September 2021	**9.6**	**182.5**	**1,297.5**	**(24.1)**	**(1,060.8)**	**0.9**	**30.1**	**435.7**

Consolidated interim statement of cash flows

For the six months ended 30 September 2021

	Note	**6 months to September 2021 £m**	6 months to September 2020 £m	Year to March 2021 £m
Cash flows from operating activities				
Cash generated from operations	13	**169.9**	66.1	152.9
Income taxes paid		**(27.8)**	(18.0)	(28.2)
Net cash generated from operating activities		**142.1**	48.1	124.7
Cash flows from investing activities				
Purchases of intangible assets – software		–	–	(0.1)
Purchases of property, plant and equipment		**(2.2)**	(0.2)	(1.3)
Proceeds from interest on cash and cash equivalents		–	0.1	–
Payment for acquisition of subsidiary, net of cash acquired	18	–	(10.0)	(10.0)
Dividends received from Joint Ventures		**4.9**	–	–
Net cash used in investing activities		**2.7**	(10.1)	(11.4)
Cash flows from financing activities				
Dividends paid to Company's shareholders	12	**(48.0)**	–	–
Drawdown/(Repayment) of revolving credit facility	14	**(30.0)**	(223.5)	(283.0)
Payment of lease liabilities		**(1.6)**	(1.2)	(2.5)
Payment of refinancing fees	14	–	(0.5)	(0.5)
Payment of interest on borrowings		**(1.0)**	(1.8)	(3.0)
Purchase of own shares for cancellation	15	**(82.7)**	–	–
Purchase of own shares for treasury	16	**(17.7)**	–	–
Payment of fees on repurchase of own shares	15	**(0.5)**	–	–
Proceeds from exercise of share-based incentives		**0.3**	–	1.0
Proceeds from issue of ordinary shares net of bookrunner fees	15	–	183.2	183.2
Payment of other fees on issue of ordinary shares		–	(0.3)	(0.3)
Contributions to defined benefit pension scheme	11	**(0.1)**	(0.1)	(0.1)
Net cash used in financing activities		**(181.3)**	(44.2)	(105.2)
Net (decrease)/increase in cash and cash equivalents		**(36.5)**	(6.2)	8.1
Cash and cash equivalents at beginning of period		**45.7**	37.6	37.6
Cash and cash equivalents at end of period		**9.2**	31.4	45.7

Notes to the Condensed Consolidated interim financial statements

1 General information

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

These condensed consolidated interim financial statements have been prepared as at, and for the six months ended, 30 September 2021. The comparative financial information presented has been prepared as at, and for the six months ended, 30 September 2020.

The condensed consolidated interim financial information presented as at, and for the six months ended, 30 September 2021 comprise the Company and its subsidiaries (together referred to as the Group). The consolidated financial statements of the Group as at, and for the year ended, 31 March 2021 are available on request from the Company's registered office and via the Company's website.

These condensed consolidated interim financial statements are unaudited but have been reviewed by the Auditor whose report is set out on page 35. They have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim Financial Reporting" issued by the IASB and adopted for use in the UK. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2021 which were prepared in accordance with international Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The comparative financial information for the year ended 31 March 2021 included in this interim statement of results does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the 'Act'). The statutory accounts for the year ended 31 March 2021 have been reported on by the Company's Auditor and were delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Act.

Judgements and estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

Going concern

The Group generated significant cash from operations during the period. At 30 September 2021 the Group had nil drawn of its £250m unsecured revolving credit facility ('RCF') and had cash balances of £9m. The £250m Revolving Credit Facility ('RCF') is committed until June 2023, when it reduces to £197.8m through to maturity in June 2025.

In making their assessment of going concern, the Directors reviewed financial projections for a period of 12 months from the date of this report. Stress cases were modelled to take into account severe but plausible scenarios including impacts of COVID-19. The results of stress testing demonstrated that the combination of significant free cash flow, existing cash resources and the discretionary nature of dividend payments and share buybacks were sufficient for the Group to withstand such impacts and continue to comply with the RCF's financial covenants with significant headroom. For these reasons, the Directors continue to adopt the going concern basis in preparing these financial statements.

1 General information (continued)

Changes in accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 March 2021. Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected total annual profit or loss.

2 Segmental information

IFRS 8 'Operating segments' requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group in the period, it has been determined that there is only one operating segment being the Group, as the information reported includes operating results at a consolidated Group level only. This reflects the nature of the business, where the major cost is to support the IT platforms upon which all of the Group's customers are serviced. These costs are borne centrally and are not attributable to any specific customer type or revenue stream. There is also considered to be only one reportable segment, which is the Group, the results of which are shown in the Consolidated income statement. This assessment was determined at 31 March 2021 and is a change from the H1 2021 where Auto Trader, Webzone, KeeResources and AutoConvert were reported as separate Operating segments. The Group has restated the corresponding items for the prior six-month period.

Management has determined that there is one operating and reporting segment based on the reports reviewed by the Operational Leadership Team ('OLT') which is the chief operating decision-maker ('CODM'). The OLT is made up of the Executive Directors and Key Management and is responsible for the strategic decision-making of the Group.

The OLT primarily uses the statutory measures of Revenue and Operating profit to assess the performance of the one operating segment. To assist in the analysis of the Group's revenue-generating trends, the OLT reviews revenue at a disaggregated level as detailed within note 3. The revenue from external parties reported to the OLT is measured in a manner consistent with that in the income statement.

A reconciliation of the one segment's Operating profit to Profit before tax is shown below.

	Note	**September 2021 £m**	September 2020 £m	March 2021 £m
Total segment operating profit		**151.7**	68.5	161.2
Finance costs – net	4	**(1.7)**	(2.3)	(3.8)
Profit before tax		**150.0**	66.2	157.4

Group adjustments which are borne centrally and are not attributable to any specific operating segment include finance costs on the Group's RCF, share of profit from joint ventures, the elimination of transactions and consolidation adjustments. Consolidation adjustments include the amortisation of intangible assets recognised under IFRS 3 business combinations.

3 Revenue

In the following table the Group's revenue is disaggregated by customer type. This level of disaggregation is consistent with that used by the OLT to assist in the analysis of the Group's revenue-generating trends.

	September 2021 £m	September 2020 £m	March 2021 £m
Trade	**192.3**	100.2	225.2
Consumer services	**18.0**	12.9	26.6
Manufacturer & Agency	**5.1**	5.1	11.0
Total revenue	**215.4**	118.2	262.8

4 Net finance costs

	September 2021 £m	September 2020 £m	March 2021 £m
Interest payable on borrowings	**0.9**	2.0	2.9
Amortised debt issue costs	**0.8**	0.3	0.6
Interest charge on lease liabilities	**0.1**	0.1	0.3
Interest charged on deferred consideration	–	–	0.1
Interest receivable on cash and cash equivalents	**(0.1)**	(0.1)	(0.1)
Total net finance costs	**1.7**	2.3	3.8

5 Income taxes

	September 2021 £m	September 2020 £m	March 2021 £m
Total income tax expense	**28.3**	12.4	29.6

The taxation charge for the period is based on the standard rate of UK corporation tax for the period of 19% (March 2021: 19%). The taxation charge recognised is based on management's best estimate of the effective tax rate for the full year of 18.9% (September 2020: 18.7%) applied to the profit before taxation of the interim period.

6 Earnings per share

	Weighted average number of ordinary shares	**Total earnings £m**	**Pence per share**
Six months ended September 2021			
Basic EPS	**963,162,476**	**121.7**	**12.63**
Diluted EPS	**965,070,560**	**121.7**	**12.61**
Six months ended September 2020			
Basic EPS	964,532,317	53.8	5.58
Diluted EPS	969,927,775	53.8	5.55
Year ended March 2021			
Basic EPS	965,175,677	127.8	13.24
Diluted EPS	967,404,812	127.8	13.21

The difference between the basic and diluted weighted average number of shares represents the dilutive impact of the Share Incentive Plan, Performance Share Plan, Deferred Annual Bonus, Single Incentive Plan Award and the Sharesave scheme. Shares issued to satisfy the Share Incentive Plan were purchased by the Employee Share Option Trust ('ESOT').

6 Earnings per share

The number of shares in issue at the start of the year is reconciled to the basic and diluted weighted average number of shares below:

	6 months ended September 2021 Number of shares
Weighted average ordinary shares in issue	**966,653,052**
Less weighted effect of shares held by the ESOT	(382,554)
Less weighted effect of shares held in treasury	(3,108,022)
Weighted average number of shares for basic EPS	**963,162,476**
Dilutive impact of share options outstanding	1,908,084
Weighted average number of shares for diluted EPS	**965,070,560**

The average market value for the Group's shares for the purposes of calculating the dilutive effect of share-based incentives was based on quoted market prices for the period during which the share-based incentives were outstanding.

7 Intangible assets

	Goodwill £m	Software & website development costs £m	Financial systems £m	Database £m	Other £m	Total £m
Opening balance at 1 April 2020	327.5	2.1	0.9	8.2	3.2	341.9
Additions	13.6	5.5	-	-	-	19.1
Amortisation charge	-	(0.3)	(0.2)	(0.3)	(0.4)	(1.2)
Exchange differences	0.1	-	-	-	-	0.1
Closing balance at 30 September 2020	341.2	7.3	0.7	7.9	2.8	359.9

	Goodwill £m	Software & website development costs £m	Financial systems £m	Database £m	Other £m	Total £m
Opening balance at 1 April 2021	**340.9**	**6.1**	**0.3**	**7.6**	**3.3**	**358.2**
Amortisation charge	**-**	**(0.3)**	**(0.3)**	**(0.3)**	**(0.4)**	**(1.3)**
Exchange differences	**0.1**	**-**	**-**	**-**	**-**	**0.1**
Closing balance at 30 September 2021	**341.0**	**5.8**	**0.0**	**7.3**	**2.9**	**357.0**

8 Leases and property, plant and equipment

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

Analysis of property, plant and equipment between owned and leased assets	**September 2021 £m**	September 2020 £m	March 2021 £m
Property plant and equipment owned	**6.7**	5.5	5.6
Right-of-use assets	**9.5**	6.3	5.6
	16.2	11.8	11.2

Right-of-use assets	**Property £m**	**Vehicles £m**	**Other £m**	**Total £m**
Opening balance at 1 April 2020	6.5	0.2	0.1	6.8
Additions	–	0.5	–	0.5
Depreciation	(0.8)	(0.2)	–	(1.0)
Closing balance at 30 September 2020	5.7	0.5	0.1	6.3
Opening balance at 1 April 2021	**4.9**	**0.6**	**0.1**	**5.6**
Additions	**5.1**	**0.1**	**–**	**5.2**
Depreciation	**(1.1)**	**(0.1)**	**(0.1)**	**(1.3)**
Closing balance at 30 September 2021	**8.9**	**0.6**	**–**	**9.5**

Lease liabilities	**September 2021 £m**	September 2020 £m	March 2021 £m
Current	**3.1**	2.4	2.5
Non-current	**7.8**	6.1	5.0
Total	**10.9**	8.5	7.5

9 Trade and other receivables

	September 2021 £m	September 2020 £m	March 2021 £m
Trade receivables (net of provision)	**25.6**	24.9	23.3
Accrued income (net of provision)	**33.4**	28.9	33.1
Prepayments	**4.9**	3.4	2.9
Other receivables	**–**	–	0.3
Total	**63.9**	57.2	59.6

10 Trade and other payables

	September 2021 £m	September 2020 £m	March 2021 £m
Trade payables	**4.5**	4.7	5.0
Accruals	**11.3**	7.4	7.7
Other taxes and social security	**18.1**	12.7	5.1
Deferred income	**2.6**	3.0	3.3
Other payables	**0.3**	0.4	0.4
Accrued interest payable	**0.1**	0.5	0.3
Total	**36.9**	28.7	21.8

11 Retirement benefit obligations

Across the UK and Ireland the Group operates several pension schemes. All except one are defined contribution schemes.

Defined contribution scheme

In the period the pension contributions to the Group's defined contribution scheme amounted to £1.6m (September 2020: £1.1m; March 2021: £2.3m). At 30 September 2021, there were £0.5m (September 2020: £0.3m; March 2021: £0.4m) of pension contributions outstanding relating to the Group's defined contribution scheme.

Defined benefit scheme

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

The most recent actuarial valuation of the defined benefit obligations was performed as at 30 September 2021 by a qualified independent actuary. The amounts recognised in the balance sheet are determined as follows:

	September 2021 £m	September 2020 £m	March 2021 £m
Present value of funded obligations	**19.6**	20.9	19.6
Fair value of plan assets	**(24.0)**	(21.3)	(22.8)
Net (asset) recognised in the balance sheet	**(4.4)**	(0.4)	(3.2)

During the year ending 31 March 2020, the Trustees of the Scheme sought legal advice which concluded that the Company has an unconditional right to a refund of surplus from the Scheme, if the Scheme were to be run-off until the final beneficiary died. As a result, the Group has concluded that IFRIC14 does not apply, and therefore has recognised the accounting surplus of £4.4m and an associated deferred tax liability of £1.5m in the Consolidated balance sheet.

11 Retirement benefit obligations (continued)

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

	September 2021 £m	September 2020 £m	March 2021 £m
Past service cost	**–**	–	0.1
Settlement cost	**–**	0.1	0.1
Total amounts charged to the income statement	**–**	0.1	0.2

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

	September 2021 £m	September 2020 £m	March 2021 £m
Return on Scheme assets (in excess of) / below that recognised in net interest	**(1.1)**	(2.3)	(3.6)
Actuarial losses/(gains) due to changes in assumptions	**0.2**	2.8	1.4
Actuarial (gains)/losses due to liability experience	**(0.1)**	(0.1)	(0.2)
Deferred tax on surplus	**0.4**	(0.2)	0.8
Total amounts recognised in the statement of other comprehensive income	**(0.6)**	0.2	(1.6)

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

	September 2021 £m	September 2020 £m	March 2021 £m
At beginning of period	**(3.2)**	(0.9)	(0.9)
Expense recognised in the income statement	–	0.1	0.1
Past service cost	–	–	0.1
Contributions paid to scheme	**(0.1)**	(0.1)	(0.1)
Remeasurement and experience (gains)/losses	**(1.1)**	0.5	(2.4)
Closing post-employment benefit obligation	**(4.4)**	(0.4)	(3.2)

12 Dividends

Dividends declared and paid in the period were as follows:

	September 2021		September 2020	
	Pence per share	**£m**	Pence per share	£m
2021 final dividend paid	**5.0**	**48.0**	**–**	**–**
Total	**5.0**	**48.0**	**–**	**–**

An interim dividend of 2.7p per share for the six months to September 2021 (September 2020: nil) has been declared by the Directors', totaling £25.7m (September 2020: £nil) based on the number of shares eligible for the distribution as at 30 September 2021. The interim dividend is payable on 28 January 2022 to shareholders on the register at the close of business on 7 January 2022. No provision has been made for the interim dividend and there are no income tax consequences.

13 Cash generated from operations

	6 months to September 2021 £m	6 months to September 2020 £m	Year to March 2021 £m
Profit before taxation	**150.0**	66.2	157.4
Adjustments for:			
Depreciation	**2.3**	1.9	3.7
Amortisation	**1.3**	1.2	2.6
Share-based payments charge (excluding associated NI)	**3.2**	1.8	3.3
Profit on sale of property, plant and equipment	**–**	–	0.2
Difference between pension charge and cash contributions	**–**	–	0.2
Post-employment expense relating to defined benefit pension	**0.1**	0.1	–
Share of profit in joint ventures	**(1.7)**	(1.1)	(2.4)
Net finance costs	**1.7**	2.3	3.8
RDEC	**–**	–	(0.1)
Changes in working capital:			
Trade and other receivables	**(2.5)**	(0.9)	(3.6)
Trade and other payables	**15.5**	(5.4)	(12.3)
Provisions	**–**	–	0.1
Cash generated from operations	**169.9**	66.1	152.9

14 Borrowings

Non-current	**September 2021 £m**	September 2020 £m	March 2021 £m
Syndicated revolving credit facility gross of unamortised debt issue cost	**–**	89.5	30.0
Unamortised debt issue costs on Syndicated revolving credit facility	**–**	(2.7)	(2.4)
Total borrowings	**–**	86.8	27.6

The Syndicated revolving credit facility is repayable as follows:

	September 2021 £m	September 2020 £m	March 2021 £m
Within two to five years	**–**	89.5	30.0
Total	**–**	89.5	30.0

The carrying amounts of borrowings approximate their fair values.

Syndicated revolving credit facility

With effect from 24 September 2021 the Group entered into an Amendment and Restatement Agreement to amend and restate the original Senior Facilities Agreement. The primary purpose of the Amended and Restated Senior Facilities Agreement is to incorporate LIBOR transition language to reflect the discontinuation of LIBOR and the transition to SONIA (in respect of sterling loans); Loan Market Association updates; and to include the effect of IFRS 16 for the purposes of calculating financial covenants.

The Group continues to be highly cash generative and remains in a net cash position, such that the size of the original £400m facility is not required. Therefore, the Group served notice to cancel £150m of the £400m total commitments under the Senior Facilities Agreement, such cancellation being pro-rated between the lenders. The Amended and Restated Senior Facilities Agreement incorporates the reduced total commitments of £250m.

The Group has access to an unsecured Syndicated revolving credit facility (the 'Syndicated RCF'). Associated debt transaction costs total £4.3m, with £3.3m being incurred at initiation and £1.0m of additional costs associated with extension requests. The Group has extended the termination date of the Syndicated RCF by two years and it will terminate in two tranches as follows:

- £52.2m will mature at the original termination date of June 2023; and
- £197.8m will mature in June 2025.

14 Borrowings (continued)

Individual tranches are drawn down, in sterling, for periods of up to six months at the compounded reference rate (being the aggregate of SONIA and the applicable baseline credit adjustment spread for that interest period) plus a margin of between 1.2% and 2.1% depending on the consolidated leverage ratio of the Group. A commitment fee of 35% of the margin applicable to the Syndicated RCF is payable quarterly in arrears on unutilised amounts of the total facility.

The Syndicated RCF has financial covenants linked to interest cover and the consolidated debt cover of the Group:

- Net bank Debt to Consolidated EBITDA must not exceed 3.5:1.
- EBITDA to Net Interest Payable must not be less than 3.0:1.

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

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

15 Share capital

	As at 30 September 2021		As at 30 September 2020		As at 31 March 2021	
	Number ’000	**Amount £m**	Number ’000	Amount £m	Number ’000	Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each						
At beginning of period	969,024	9.7	922,541	9.2	922,541	9.2
Purchase and cancellation of own shares	(13,071)	(0.1)	–	–	–	–
Issue of ordinary shares	34	0.0	46,468	0.5	46,483	0.5
Total	**955,987**	**9.6**	969,009	9.7	969,024	9.7

During the period, 13.1m shares were purchased for cancellation (September 2020: nil; March 2021: nil) and 2.7m shares were purchased for treasury (September 2020: nil; March 2021: nil). The average price per share was 636.1p (H1 2021: £nil) for a total consideration of £100.4m (H1 2021: £nil) before transaction costs of £0.5m (H1 2021: £nil).

Included within shares in issue at 30 September 2021 are 365,068 (September 2020: 445,319; March 2021: 404,653) shares held by the ESOT and 4,125,530 (September 2020: 2,930,542; March 2021: 2,422,659) shares held in treasury, as detailed in note 16.

16 Own shares held

Own shares held £m	**ESOT shares reserve £m**	**Treasury shares £m**	**Total £m**
Own shares held as at 1 April 2020	(0.7)	(17.2)	(17.9)
Transfer of shares from ESOT	0.1	–	0.1
Share-based incentives exercised in the period	–	4.9	4.9
Own shares held as at 30 September 2020	(0.6)	(12.3)	(12.9)
Own shares held as at 1 October 2020	(0.6)	(12.3)	(12.9)
Transfer of shares from ESOT	0.1	–	0.1
Share-based incentives exercised in the period	–	2.1	2.1
Own shares held as at 31 March 2021	(0.5)	(10.2)	(10.7)
Own shares held as at 1 April 2021	(0.5)	(10.2)	(10.7)
Transfer of shares from ESOT	0.1	–	0.1
Repurchase of own shares for treasury	–	(17.8)	(17.8)
Share-based incentives exercised in the period	–	4.3	4.3
Own shares held as at 30 September 2021	**(0.4)**	**(23.7)**	**(24.1)**

16 Own shares held (continued)

Own shares held - number	ESOT shares reserve number of shares	Treasury shares number of shares	Total number of shares
Own shares held as at 1 April 2020	523,955	4,090,996	4,614,951
Transfer of shares from ESOT	(78,636)	–	(78,636)
Share-based incentives exercised in the period	–	(1,160,454)	(1,160,454)
Own shares held as at 30 September 2020	445,319	2,930,542	3,375,861
Own shares held as at 1 October 2020	445,319	2,930,542	3,375,861
Transfer of shares from ESOT	(40,666)	–	(40,666)
Share-based incentives exercised in the period	–	(507,883)	(507,883)
Own shares held as at 31 March 2021	404,653	2,422,659	2,827,312
Own shares held as at 1 April 2021	404,653	2,422,659	2,827,312
Transfer of shares from ESOT	(39,585)	–	(39,585)
Repurchase of own shares for treasury	–	2,718,193	2,718,193
Share-based incentives exercised in the period	–	(1,015,322)	(1,015,322)
Own shares held as at 30 September 2021	**365,068**	**4,125,530**	**4,490,598**

17 Share-based payments

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

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

The total charge in the period relating to the five schemes was £3.9m (September 2020: £2.6m; March 2021: £4.3m). This included associated national insurance ('NI') at the rate at which management expects to be effective when the awards are exercised (13.8% up until April 2022 and 15.05% thereafter), and apprenticeship levy at 0.5%, based on the share price at the reporting date.

	September 2021 £m	September 2020 £m	March 2021 £m
Share Incentive Plan	**-**	-	-
Sharesave scheme	**0.3**	0.3	0.7
Performance Share Plan	**0.8**	0.3	0.3
Deferred Annual Bonus and Single Incentive Plan Award	**2.1**	1.2	2.3
Total share-based payment charge	**3.2**	1.8	3.3
NI and apprenticeship levy on applicable schemes	**0.7**	0.8	1.0
Total charge	**3.9**	2.6	4.3

Share Incentive Plan

In 2015, the Group established a Share Incentive Plan ('SIP'). All eligible employees were awarded free shares (or nil-cost options in the case of employees in Ireland) valued at £3,600 each based on the share price at the time of the Company's admission to the Stock Exchange in March 2015, subject to a three-year service period ('Vesting Period'). The SIP shareholders are entitled to dividends over the Vesting Period. There are no performance conditions applicable to the vesting of SIP shares. The fair value of the SIP awards at the grant date was measured to be £2.72 using the Black-Scholes model. The resulting share-based payments charge was spread evenly over the Vesting Period.

17 Share-based payments (continued)

UK SIP	**September 2021 Number**	September 2020 Number	March 2021 Number
Outstanding at beginning of period	**163,157**	282,459	282,459
Exercised in the period	**(36,445)**	(78,636)	(119,302)
Outstanding at period ending	**126,712**	203,823	163,157

Irish SIP	**September 2021 Number**	September 2020 Number	March 2021 Number
Outstanding at beginning of period	**1,354**	1,354	1,354
Outstanding at period ending	**1,354**	1,354	1,354

Performance Share Plan

The Group operates a Performance Share Plan ('PSP') for Executive Directors, the Operating Leadership Team and certain key employees. The extent to which awards vest will depend upon the Group's performance over the three-year period following the award date. Both market based and non-market based performance conditions may be attached to the options, for which an appropriate adjustment is made when calculating the fair value of an option. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest, unless under exceptional circumstances.

On 8 July 2021, the Group awarded 368,361 nil cost options under the PSP scheme. For the 2021 awards, the Group's performance is measured by reference to growth in Operating profit (75% of the award), Revenue (12.5% of the award) and progress in Diversity (12.5% of the award) over a three-year period to March 2024. The Operating profit and Revenue will be measured using FY20 as the base year, rather than FY21, due to the impact of COVID-19 on last year's financial performance.

For other previous awards, the Group's performance had been measured by reference to growth in Operating profit and Revenue over a three year period, the cumulative profit measure (Underlying operating profit for 2015 and 2016 awards, and Operating profit for 2017 awards) and total shareholder return relative to the FTSE 250 share index. For the 2020 awards the Group's performance is measured by reference to total shareholder return relative to the FTSE 350 share index over the three-year period April 2020 – March 2023.

	September 2021 Number	September 2020 Number	March 2021 Number
Outstanding at beginning of period	**1,741,829**	2,380,589	2,380,589
Options granted in the period	**368,361**	591,580	591,580
Dividend shares awarded	**2,916**	63,826	63,826
Options exercised in the period	**(366,639)**	(985,745)	(1,055,926)
Options forfeited in the period	**(344,766)**	(238,240)	(238,240)
Outstanding at period ending	**1,401,701**	1,812,010	1,741,829

Deferred Annual Bonus and Single Incentive Plan Award

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

Deferred Annual Bonus

The Group operates a Deferred Annual scheme for Executive Directors and certain key senior executives. Awards under the plan are contingent on the satisfaction of pre-set internal targets relating to financial and operational objectives. Awards have a vesting period of two years from the date of the award (the 'Vesting Period') and are potentially forfeitable during that period should the employee leave employment. The DAB awards' fair value have been calculated using the Black-Scholes method where appropriate and the resulting share-based payments charge is being spread evenly over the combined performance period and Vesting Period of the shares, being three years.

17 Share-based payments (continued)

	September 2021 Number	September 2020 Number	March 2021 Number
Outstanding at beginning of period	**121,289**	166,614	166,614
Dividend shares awarded	**1,211**	1,902	1,902
Options exercised in the period	**(122,500)**	(47,227)	(47,227)
Outstanding at period ending	**-**	121,289	121,289

Single Incentive Plan Award

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

On 17 June 2021, the Group awarded 718,634 nil cost options under the SIPA scheme. For the 2021 awards, the Group's performance is measured by reference to growth in Operating profit (75% of the award) and the success within digital retailing (25% of the award) by 31 March 2022.

The fair value of the 2021 award was determined to be £6.29 per option, being the share price at grant date. The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date. SIPA award holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares.

	September 2021 Number	September 2020 Number	March 2021 Number
Outstanding at beginning of period	**1,012,199**	1,136,660	1,136,660
Options granted in the period	**718,634**	436,891	568,891
Dividend shares awarded	**5,440**	4,930	4,930
Options forfeited in the year	**(10,406)**	(124,267)	(530,121)
Options exercised in the year	**(427,816)**	(530,121)	(168,161)
Outstanding at period ending	**1,298,051**	924,093	1,012,199

Sharesave scheme

The Group operates a Sharesave ('SAYE') scheme for all employees under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at invitation, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. Options are granted and are linked to a savings contract with a term of three years. These funds are used to fund the option exercise. No performance criteria are applied to the exercise of Sharesave options.

Fair value is measured by use of a Black-Scholes model and the resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date.

	September 2021 Number	September 2020 Number	March 2021 Number
Outstanding at beginning of period	**1,505,816**	1,440,757	1,440,757
Options granted in the period	**-**	-	542,982
Options exercised in the period	**(122,710)**	(3,215)	(415,050)
Options lapsed in the period	**(35,936)**	(19,432)	(62,873)
Outstanding at period ending	**1,347,170**	1,418,110	1,505,816

18 Business combinations

On 31 July 2020, the Group acquired the entire share capital of BlueOwl Network Limited ('BlueOwl') for consideration of £18.2m, of which £8.1m will be deferred until 31 July 2022. The deferred consideration has been discounted using a rate of 1.7% and recognised on the balance sheet at £8.0m.

BlueOwl owns 'AutoConvert', a finance, insurance and compliance software platform with integrated customer relationship management solutions for the automotive sector.

The total consideration paid of £18.2m excludes acquisition costs of £0.4m which were recognised within administrative expenses in the Consolidated income statement.

The following table provides a reconciliation of the amounts included in the Consolidated statement of cash flows for the period:

	September 2020 £m
Cash paid for subsidiary	10.1
Less: cash acquired	(0.1)
Net cash outflow	10.0

From the acquisition date to 30 September 2020, BlueOwl contributed £nil to the Group's operating profit and revenue of £0.4 million.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. The fair value of net assets acquired was assessed resulting in a fair value adjustment to recognise intangible software assets acquired and related deferred tax. No other material adjustments from book value were made to existing assets and liabilities.

	Fair value £m
Intangible asset recognised on acquisition:	
Software	5.5
Deferred tax liability arising on intangible assets	(1.0)
Intangible assets recognised and related deferred tax	4.5
Current assets	
Trade and other receivables	0.3
Cash and cash equivalents	0.1
	0.4
Current liabilities	
Trade and other payables	0.6
Total net assets acquired	**4.3**
Goodwill	13.6
Total assets acquired	**17.9**
Fair value of cash and deferred consideration	**17.9**

The goodwill recognised on acquisition relates to value arising from revenue, cost synergies and intangible assets that are not separately identifiable under IFRS 3, including non-contractual relationships and the acquired workforce. None of the acquired intangible assets or goodwill is expected to be deductible for tax purposes.

In addition to the goodwill recognised, the software asset obtained through the acquisition met the requirements to be separately identifiable under IFRS 3. The asset represents the 'AutoConvert' finance, insurance and compliance software platform that enables automotive dealers and brokers to connect with multiple lenders. The fair value is based on the estimated present value of the cost to recreate the asset, allowing for a developer's margin.

19 Related party transactions

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

Dealer Auction Limited

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

The Group provided data services to Dealer Auction under a license agreement established as part of the formation of the joint venture in January 2019. The value of services provided to Dealer Auction was £0.3m and has been recognised within revenue. At 30 September 2021, deferred income outstanding in relation to the license agreement was £9.7m.

The Group provided services to Dealer Auction as per the Transitional Services Agreement entered into on its formation. The Group did not recharge Dealer Auction for the provision of these services, the total value of which is estimated to be £0.1m.

The Group has recharged Dealer Auction for development time spent on the SingleView billing system as well as use of office space and services per the service agreement effective from 1 July 2021, the total value during the period was £0.1m.

The Group also provided invoicing and collection services for Dealer Auction. Cash is collected by the Group and passed through to Dealer Auction. The total amount invoiced on behalf of Dealer Auction during the period was £3.7m.

The Group had a creditor of £0.7m outstanding with Dealer Auction as at 30 September 2021.

Key management personnel

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

20 Forward looking statements

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

PRINCIPAL RISKS AND UNCERTAINTIES

RISK	POTENTIAL IMPACT	CHANGES IN THE PERIOD
1. COVID-19	Over the previous 18 months, the COVID-19 pandemic caused unprecedented levels of disruption to every aspect of the UK economy, the automotive market, our customers, our consumers, our suppliers, our employees and the way we operate our business. There is a risk that further disruption may be experienced over future months, despite the ongoing vaccination programme and the lifting of restrictions.	All non-essential retailers were able to reopen from 12 April 2021, and our employees began to return to the office in accordance with government guidance, on a hybrid basis. In the event of a future lockdown, we are well prepared to be able to continue to operate the business seamlessly. Overall, the risk level on all COVID-19 related risks has decreased during the year, and up to the date of this report.
2. Economy, market and business environment	There are a number of scenarios which could lead to a contraction in the number of new or used car transactions. These could result in reduced levels of stock and lower retailer profitability, leading to a fall in advertising spend or a contraction in the number of retailers. It could also lead to a reduction in manufacturers' spend on digital display advertising.	New car registrations, whilst seeing year on year growth of 17% versus H1 2021, was still 23% below H1 2020 levels as semi-conductor shortages impacted the supply of new cars. These supply constraints have also impacted used cars, particularly for our larger customers, as lower new car sales have meant fewer part-exchanges and a lower volume of cars sent to auction from wholesalers. However, high levels of consumer demand combined with constrained supply have led to significant levels of price growth, with our used car price index seeing an 11% year on year increase in prices across the period. We have not seen material evidence of consolidation by retailers during the period. The final Trade and Cooperation Agreement between the UK and the EU removed significant levels of uncertainty, as vehicles will be able to be freely traded without tariffs applying (although with an increased administration burden). However, the requirements around the Rules of Origin have the potential to create a barrier to trade, particularly in respect to the manufacture of batteries, where there is a lack of domestic production facilities.
3. Brand and reputation	Our brand is one of our biggest assets. Our research shows that we are the most trusted automotive classified brand in the UK. Failure to maintain and protect our brand, or negative publicity that affects our reputation (for example, a data breach), could diminish the confidence that retailers, consumers and advertisers have in our products and services, and result in a reduction in audience and revenue.	Our research shows that Auto Trader has over 90% prompted brand awareness with consumers for new and used cars and is consistently voted as the most influential automotive website by consumers in the car buying process. We continue to see very low levels of fraudulent and misleading adverts, due to additional measures and monitoring techniques used by our security team. We have strengthened our processes around crisis management, complaints handling and monitoring techniques.
4. Increased competition	There are several online competitors in the automotive classified market, and alternative routes for consumers to sell cars, such as car buying services or part-exchange. Competitors could develop a superior consumer experience or retailer products that we are unable to replicate; or change focus to try to expand their range of stock	The competitive landscape continues to develop, with new business models emerging. Big media players, such as Facebook, have entered the marketplace, mostly competing for lower-value private sales. Retailers and manufacturers are also evolving their online offerings. Our diversification into other adjacent activities also results in a wider competitor set.

	and disrupt our market position. This could impact our ability to grow revenue due to the loss of audience or customers, or erosion of our paid-for business model.	During the period, we held more than a 75% share of minutes spent on automotive classified sites, and our cross platform visits grew by over 20% as measured by Google Analytics.
5. Failure to innovate: disruptive technologies and changing consumer behaviours	Failure to develop and launch new products or technologies, or to adapt to changing consumer behaviour towards car buying, or ownership, could have an adverse impact. For example, this could lead to missed opportunities should we fail to be at the forefront of industry developments.	We remain at the forefront of innovation in the digital automotive marketplace. We are developing products to enable more of the car-buying journey to be done online, including Guaranteed Part-Exchange, Reservations and online finance agreements.
6. IT systems and cyber security	As a digital business, we are reliant on our IT infrastructure to continue to operate. Any significant downtime of our systems would result in an interruption to the services we provide. A significant data breach, whether as a result of our own failures or a malicious cyber attack, would lead to a loss in confidence by the public, car retailers and advertisers. This could result in reputational damage, loss of audience, loss of revenue and potential financial losses in the form of penalties.	We continue to make significant progress in migrating our applications to the cloud, which increases the resilience of our systems and the security of our data. Our aim is to get all applications migrated to the cloud in the next year. As we move further along the digital retailing journey, our exposure to a cyber attack and the impact of a breach will increase.
7. Employees	Our continued success requires us to attract, recruit, motivate and retain our highly skilled workforce, with a particular focus on specialist technological and data skills whilst also ensuring that we continue to build a diverse and inclusive culture. Failure to do so could result in a reduction in employee engagement and the loss of key talent, and could also have a negative impact on business performance.	As we return to the office, we are implementing a hybrid approach, working partly remotely and partly in our offices, with a focus on protecting our collaborative culture and remaining connected. Employee engagement remains high, with 92% of employees completing our engagement survey saying they are proud to work at Auto Trader. Our Glassdoor rating based on anonymous reviews is 4.5 out of 5. We continued to focus on investing in the personal and professional development of our colleagues during the year, and adapted our induction, learning and development programmes to be delivered virtually. We have two main talent programmes; one focusing on Inclusive Leadership for all leaders across our organisation and the second a Diverse Talent Accelerator programme designed to support the progression of mid-career colleagues. Trends towards more remote working across the technology industry has offered more flexibility, increasing the recruitment pool, which presents both an opportunity and a risk.
8. Reliance on third parties	We rely on third parties with regard to technology infrastructure, supply of data about vehicles and their financing, and in the fulfilment of some of our revenue generating products, so it is important that we manage relationships with, and performance of, key suppliers. If these suppliers were to suffer significant downtime or fail, this could lead to a loss of revenue from retailer customers and a loss of	Our reliance on third parties has increased as we continue to develop partnerships to support our digital retailing journeys and to provide physical elements of the buying journey. We have well established risk monitoring processes over critical and material suppliers and partners and have not experienced any material disruptions.

	audience due to impaired consumer experience.	
9. Response to climate change	Risks associated with climate change are emerging as a major factor affecting the long-term resilience of our businesses and could impact the execution of our strategy. Regulatory change and environmental concerns from car buyers could significantly impact the automotive market, with demand shifting away from internal combustion engine ('ICE') vehicles towards electric vehicles ('EV'). These changes present a risk to the continuing relevance of both our existing customer base and car buyers, if we do not adapt for these changing preferences. 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. Failure to deliver against our environmental commitments would undermine our reputation as a responsible business and may result in legal exposure or regulatory sanctions. We are at risk of new policies that seek to mitigate climate change or promote climate change adaptation, all the more so now that governments are starting to legislate for net zero by 2050.	Consumer and societal expectations for low carbon transport are increasing at a faster pace, as we move towards the ban on the sale of new petrol and diesel cars from 2030. A move to EVs could mean that OEMs shift more quickly to a business model of selling direct to consumers and as the second hand market steadily moves towards newer electric models, our customers will have to evolve their forecourt mix accordingly. The speed at which this change takes place will also dictate whether there is an impact on the residual value of ICE vehicles being held by our customers. The growing penetration of electric vehicles and the continued advancement of technology has the potential to change the future of vehicle ownership, with the possibility that people pay for short-term access to cars as and when they need them, including through subscription deals and car-sharing apps. In June 2021, we signed up to the Science Based Target initiative (SBTi) Business Ambition for 1.5°C. By doing so, we are committed to achieving net zero before 2050 and to reduce emissions in line with the Paris Agreement goals. We have built on the work we completed in the last financial year to understand our full Scope 3 emissions, in addition to our Scope 1 & 2 emissions, such that we can form science-based emission reduction targets. These near term targets, which have been validated, form a core component of our net zero strategy. We have committed to reduce absolute scope 1 and 2 emissions by 50% and absolute Scope 3 emissions by 46% before the end of financial year 2031, using financial year 2020 as the base year. Alongside the reduction in emissions, we are working on a carbon removal plan to help us achieve our long term net zero goal. In terms of helping consumers make more sustainable vehicle choices we have engaged 1.2 million consumers in our monthly EV giveaway campaign, launched an electric car hub on Auto Trader and have been educating both employees and customers with our carbon literacy training.
10. Regulatory and compliance	The Group operates in a constantly changing and complex regulatory environment. There is a risk that the Group, or its subsidiaries, fail to comply with these requirements or to respond to changes in regulations, including GDPR and the Financial Conduct Authority's rules and guidance. This could lead to reputational damage, financial or criminal penalties and impact on our ability to do business.	Our strategic focus of bringing more of the car buying journey online has the potential to increase the Group's exposure to regulatory risks, in particular the nature and extent of personal information that will be collected and in the execution of the online finance application journey. We continue to mitigate these risks as we develop products.

INDEPENDENT REVIEW REPORT TO AUTO TRADER GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises the consolidated interim income statement, consolidated interim statement of comprehensive income, consolidated interim balance sheet, consolidated interim statement of changes in shareholders' equity and consolidated interim statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

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

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

Directors' responsibilities

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

As disclosed in note 1, the latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

David Derbyshire
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
11 November 2021