

Identify, evaluate and manage the Group's risks

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

This included an assessment of the likelihood and impact of each risk identified, and the mitigating actions being taken. Risk levels were modified to reflect the current view of the relative significance of each risk.

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

Operating priorities relevant to our risks

- 1 Increase consumer audience, advert views and use of our valuation tools
- 2 Promote trust and fairness in the marketplace
- 3 Grow ARPR in a balanced, sustainable way by creating value for our customers
- 4 Extend the penetration of products outside of our core classified proposition
- 5 Enhance our relevance and value to manufacturers
- 6 Operate a simpler, leaner and more data-oriented business

[→ Read more on page 13.](#)

| Principal risk | Description | Key mitigations | Operating priorities | Change |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|
| Macroeconomic risks | | | | |
| 1. Economy, market and business environment | <p>If the UK car market contracts this could result in a reduction in new and used car transactions which could result in a reduction in the number of retailers or reduce retailers' desire to advertise their vehicles on the marketplace. In addition, a contraction in the UK car market could reduce manufacturers' spend on advertising.</p> <p>The result of the EU Referendum has increased the level of uncertainty around customer and consumer spending power.</p> <p>Although there are no short-term indicators of a downturn, in the longer term the industry now expects new car registrations to plateau or decline from recent record highs, and so this risk level has been slightly increased.</p> <p>In considering the potential implications of the Referendum result on the business the Directors considered the time lag between the registration of new cars and the entry of cars into the used car marketplace; the resilience of our business model; the strength of our value proposition; and the Group's ability to reduce costs.</p> | <ul style="list-style-type: none"> - Regular review of market conditions. - Resilient business model. - Ability to reduce costs. - Diversification into other advertiser needs. | <p>1 2 3 4 5 6</p> | <p>↗</p> |

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|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------|
| Competitive risks | | | | |
| 2. Increased competition | Increased competition could impact the Group's ability to grow revenue due to the potential loss of audience, trade and consumer advertisers, or demand for additional services. | <ul style="list-style-type: none"> - Demonstration of value to customers. - Regular review of audience data. - Maintenance of investment in products and in marketing campaigns. - Resilient business model. | 1 2 3 4 5 6 | — |
| 3. Brand | Failure to maintain and protect the brand or negative publicity surrounding the Group's products or services could impede the Group's ability to retain or expand its base of retailers, consumers and advertisers or could diminish confidence in and the use of the Group's services. | <ul style="list-style-type: none"> - Maintenance of investment in marketing campaigns. - Clear and open culture with focus on trust and transparency. | 1 2 3 4 5 6 | — |
| 4. New or disruptive technologies and changing consumer behaviours | Failure to innovate and develop new technologies or products, to execute product launches and improvements or to adapt to changing consumer behaviour towards car buying or ownership could lead to the Group's business being adversely impacted. | <ul style="list-style-type: none"> - Monitoring of emerging trends in automotive and other verticals worldwide. - Monitoring of audience figures and consumer functionality relative to competitors. - Continuous investment in technology. | 1 2 3 4 5 6 | — |

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|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------|
| Operational risks | | | | |
| 5. IT systems | Failure in one system as a result of malicious attack, our own failures or those of third-party suppliers, could disrupt others and could impact the availability or performance of Group platforms and could cause reputational damage with consumers and/or customers. | <ul style="list-style-type: none"> - Adherence to strict industry standards. - Internal team focused on mitigating security threat. - Maintenance of a business continuity plan. | 1 2 3 4 5 6 | — |
| 6. Employee retention | Our continued success and growth is dependent on our ability to attract, recruit, retain and motivate our highly skilled workforce, with a particular focus on specialist technological and data skills. Failure to do so could result in the loss of key talent. | <ul style="list-style-type: none"> - Long-term incentive plans for key senior staff. - Active succession planning and career development plans to retain and develop the next level of executives. - Strong value-led culture embedded throughout recruitment, induction and training. - Employee engagement surveys and other activities. | 1 2 3 4 5 6 | — |

