Embargoed until 7.00am, 1 June 2023

AUTO TRADER GROUP PLC

FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2023

Auto Trader Group plc ('the Group'), the UK's largest automotive marketplace, announces full year results for the year ended 31 March 2023

Strategic overview

- Auto Trader's core marketplace business grew revenue by 9%, operating profit by 10% and maintained 70% operating profit margins. Despite constrained new and used vehicle supply, revenue from retailers grew 10%, with strong adoption of our additional products and services.
- Our annual pricing and product event took effect from 1st April 2023, underpinning revenue growth expectations for the coming year. We continue to see further adoption of our Auto Trader Connect platform, which enables better connected buying experiences and improved operational efficiencies for our customers.
- Retailer forecourt numbers were up 1% after adjusting for the disposal of Webzone Limited in October 2022. The number of UK forecourts continued to be at record levels, with over 800 more retailers paying to advertise on Auto Trader than before the pandemic.
- The number of visits continued to be significantly above pre-pandemic levels and were up 1% year-on-year. Robust consumer demand has led to cars selling faster than at any time since our IPO in 2015, which has suppressed the average number of cars listed on Auto Trader.
- We completed the initial development of our Deal Builder product allowing car buyers to value their part-exchange, apply for finance and reserve vehicles online. We are now growing customer numbers with over 50 retailers trialling the service at the end of March. Autorama operating losses were as expected and the integration is progressing well.

Financial results

£m (unless otherwise specified)	**2023**	**2022**	**Change**
Auto Trader[1]	473.0	432.7	9%
Autorama	27.2	-	-
Group revenue	**500.2**	**432.7**	**16%**
Auto Trader[1]	332.9	303.6	10%
Autorama	(11.2)	-	-
Group central costs[2] – relating to Autorama acquisition	(44.1)	-	-
Group operating profit	**277.6**	**303.6**	**(9%)**
Auto Trader operating profit margin	70%	70%	0% pts
Group operating profit margin	55%	70%	(15%) pts
Basic earnings per share (pence)	**25.01**	**25.61**	**(2%)**
Cash generated from operations[3]	**327.4**	**328.1**	**(0%)**
Adjusted EBITDA[4]	328.0	307.9	7%
Adjusted earnings per share (pence)[5]	27.12	25.61	6%

- £225.0 million was returned to shareholders (2022: £237.1 million) through £147.3 million of share buybacks and dividends paid of £77.7 million.

- Proposed final dividend of 5.6 pence per share (2022: 5.5 pence per share) giving total dividends of 8.4 pence per share for the year (2022: 8.2 pence per share). The dividend increase takes into consideration the transition to a significantly higher corporation tax rate from April 2023.

Operational results

- Over 75% of all minutes spent on automotive classified sites were spent on Auto Trader[9] (2022: over 75%). Cross platform visits[7,8] were up 1% to 69.6 million per month (2022: 68.9 million) and cross platform minutes[7,8] were down 8% to 513.6 million minutes per month (2022: 556.3 million minutes). Both visits and minutes were up significantly versus pre-pandemic levels (up 24% and 16% respectively versus 2020).

- The average number of retailer forecourts[7] in the year was broadly flat at 13,913 (2022: 13,964). After removing the impact of the Webzone Limited disposal in the year (a loss of 245 retailers over the period), like-for-like retailer numbers were up 1%.

- Average Revenue Per Retailer[7] (ARPR) per month was up £227 (or 10%) to £2,437 on average per month (2022: £2,210). This was driven by both price and product levers, with the stock lever being flat.

- Physical car stock[7,10] on site was up 2% to 437,000 cars (2022: 430,000) on average, within which our listings product for new cars declined to 25,000 on average (2022: 29,000).

- We delivered 6,895 new vehicles under lease agreements, at an average yield of £1,624, whilst facing continued new vehicle supply constraints.

- The average number of employees (FTEs[7]) in the Group increased to 1,160 during the year (2022: 960), with a net increase of 148 from the acquisition of Autorama and the disposal of Webzone Limited.

Cultural KPIs

- 91% of employees are proud to work at Auto Trader[11] (March 2022: 95%)

- We believe diverse and inclusive teams improve our ability to attract, retain and maximise the potential of our people and business, which is made as follows:

    - Board: We have more women than men on our Board (March 2022: five women and four men) and one ethnically diverse Board member.

    - Leadership: 40% of our leaders are women[12,14] (March 2022: 38%) and 8% are ethnically diverse[12,13,14] (March 2022: 6%).

    - Organisation: 43%[14] of employees are women (March 2022: 40%) and 15% are ethnically diverse[13,14] (March 2022: 14%).

- The majority of our CO_2 emissions are Scope 3, predominantly attributable to our suppliers and emissions related to the small number of vehicles sold by Autorama that pass through their balance sheet. Total Group emissions for the period were 79.5k tonnes of carbon dioxide equivalent[15] (2022 restated: 129.4k tonnes). We are aiming to achieve net zero across our entire value chain (Scopes 1, 2 and 3) before 2040 and to halve our carbon emissions before the end of 2030.

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

"This year marks another strong financial and operational performance for Auto Trader. Given the challenging economic backdrop and historically low levels of vehicle supply, these results are a credit to our people and the close partnerships we've developed with our customers.

"The prospects for our marketplace are as strong as they have ever been, underpinned by the significant number of car buyers and retailers using Auto Trader. We have also made good progress on improving the new and used car buying experience by moving more of the journey online, on Auto Trader.

"As a result, despite continued economic uncertainty and automotive industry changes we feel confident about the year ahead."

Outlook

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

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

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

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

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

Analyst presentation
A presentation for analysts will be held in person at Numis and also via audio webcast at 9.30am, Thursday 1 June 2023. Details below:

Audio webcast: https://edge.media-server.com/mmc/p/jq62eeh7

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

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

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

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

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

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

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

Cautionary statement

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

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

Summary financial performance

Group results	Units	2023	2022	Change
Revenue	£m	500.2	432.7	16%
Adjusted EBITDA[4]	£m	328.0	307.9	7%
Operating profit	£m	277.6	303.6	(9%)
Operating profit margin	%	55%	70%	(15%) pts
Profit before tax	£m	293.6	301.0	(2%)
Basic earnings per share	Pence	25.01	25.61	(2%)
Adjusted earnings per share[5]	Pence	27.12	25.61	6%
Dividend per share	Pence	8.4	8.2	2%

Group cash flow				
Cash generated from operations[3]	£m	327.4	328.1	0%
Net bank debt/(cash)[6]	£m	43.4	(51.3)	94.7m

Auto Trader results				
Trade	£m	427.4	388.3	10%
Consumer Services	£m	34.5	33.3	4%
Manufacturer & Agency	£m	11.1	11.1	0%
Revenue	£m	473.0	432.7	9%
People costs	£m	74.0	69.8	6%
Marketing	£m	22.3	20.5	9%
Other costs	£m	39.6	34.5	15%
Depreciation & amortisation	£m	6.7	7.2	(7%)
Operating costs	£m	142.6	132.0	8%
Share of profit from joint ventures	£m	2.5	2.9	(14%)
Operating profit	£m	332.9	303.6	10%
Operating profit margin	%	70%	70%	0% pts

Autorama results				
Vehicle & Accessory Sales	£m	16.0	-	-
Commission & Ancillary	£m	11.2	-	-
Revenue	£m	27.2	-	-
Cost of goods sold	£m	15.7	-	-
People costs	£m	10.5	-	-
Marketing	£m	4.7	-	-
Other costs	£m	5.4	-	-
Depreciation & amortisation	£m	2.1	-	-
Operating costs	£m	38.4	-	-
Operating loss	£m	(11.2)	-	-

Group central costs – relating to Autorama acquisition				
Autorama deferred consideration	£m	38.8	-	-
Depreciation & amortisation	£m	5.3	-	-
Operating costs	£m	44.1	-	-
Operating loss	£m	(44.1)	-	-

1. Auto Trader includes the results of Auto Trader, AutoConvert and Webzone (up to the date of disposal) in respect of online classified advertising of motor vehicles and other related products and services in the digital automotive marketplace, including the share of profit from the Dealer Auction joint venture.
2. Group central costs which are not allocated within either of the two segmental operating profit/(loss) comprise a £38.8 million charge for the expense of Group shares expected to be issued to settle the Autorama deferred consideration and a £5.3 million amortisation expense relating to the fair value of intangible assets acquired in the Group's business combination of Autorama.
3. Cash generated from operations is defined as net cash generated from operating activities, before corporation tax paid.
4. Adjusted EBITDA is earnings before interest, taxation, depreciation and amortisation, share of profit from joint ventures, Autorama deferred consideration and profit on the sale of subsidiary.

5. Adjusted earnings per share is calculated before Autorama deferred consideration, profit on the sale of subsidiary, and net of the tax effect in respect of these items.
6. Net bank debt/(cash) represents gross bank debt before amortised debt costs, less cash and does not include amounts relating to leases, non-bank loans or vehicle stocking loans.
7. Average during the year.
8. Measured by Snowplow.
9. 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, eBay Motors & CarGurus.
10. Physical car stock advertised on autotrader.co.uk.
11. Based on a survey to all Auto Trader employees (excluding Autorama) in February 2023 asking our people to rate the statement "I am proud to work for Auto Trader?". Answers are given on a five-point scale from strongly disagree to strongly agree. The employee engagement score excludes employees of Autorama. Autorama currently conduct their own survey with a different question set. In their March 2023 survey, Autorama employees were asked to rate the question "How likely is it you would recommend Vanarama as a place to work" and answers were given on a 10 point scale from 1-10, 10 representing highly recommend. The survey had a 71% response rate and 62% responded 9 or above.
12. We define leaders as those who are on our Operational Leadership Team ('OLT') and their direct reports.
13. Throughout the year we have asked our employees to voluntarily disclose their ethnicity, at the year end we had 166 employees (14%) who had not yet disclosed.
14. We calculate all our diversity percentages using total group headcount, 1,226 (March 2022: 1,002) as at 31st March. At the period end, we had 524 employees who are women, 696 employees who are men and 6 who are non-binary.
15. The total amount of CO_2 emissions includes Scope 1, 2 and 3. From the 15 different emission categories that fall within Scope 3, the following have been identified as relevant to Auto Trader: Purchased goods and services (For general procurement categories an Environmentally Extended Input Output database methodology was used to calculate the GHG footprint across total spend in the year. For vehicle purchases a bottom-up, life cycle assessment-based approach has been used.); Capital goods; Fuel and energy related activities (not included in Scope 1 and Scope 2); Upstream transportation & distribution; Waste generated in operations; Business travel; Employee commuting; Downstream transportation & distribution; Use of sold products; End of life treatment of sold products; and Investments.

Summary of Group operating performance

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

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

Group profit before tax decreased by 2% to £293.6 million (2022: £301.0 million) which included a £19.1 million profit on disposal of Webzone Limited in October 2022. Cash generated from operations was £327.4 million (2022: £328.1 million).

Consumer engagement remained strong; we have maintained our position as the UK's largest and most engaged automotive marketplace for new and used cars. Over 75% of all minutes spent on automotive classified sites were spent on Auto Trader (2022: over 75%) and we were 7x larger than our nearest competitor (2022: 8x). Our average monthly cross platform visits increased by 1% to 69.6 million per month (2022: 68.9 million) and were 24% above pre-pandemic levels recorded in 2020 (56.3 million). Engagement, measured by total minutes spent onsite, decreased by 8% to an average of 514 million minutes per month (2022: 556 million minutes), although was 16% ahead of pre-pandemic levels (2020: 443 million minutes). For both visits and minutes, we have changed the data source from Google Analytics to Snowplow to give us a deeper understanding of our user events.

The average number of retailer forecourts advertising on our platform was broadly flat at 13,913 (2022: 13,964). However, excluding the Webzone Limited disposal (a negative impact of 245 retailers over the period), like-for-like retailer numbers grew by 1% year-on-year, representing the highest level of UK retailers we have ever had using our platform. Though there continues to be some merger and acquisition activity among car retailers, we see no evidence of meaningful industry consolidation, nor any increase in barriers for those wishing to enter the industry.

Total live stock on site increased by 2% to an average of 437,000 cars (2022: 430,000). New car stock declined to an average of 25,000 (2022: 29,000) due to constrained new car supply. Used car live stock increased 3% on average across the year although was 35,000 cars lower than pre-pandemic levels.

Autorama delivered 6,895 vehicles across the period, which comprised 4,295 cars, 2,253 vans and 347 pickups. Both vans and pickups were particularly impacted by supply challenges in the year. Average commission and ancillary revenue per vehicle delivered was £1,624.

The UK car market

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

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

Strategic overview

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

Our marketplace

Our core Auto Trader marketplace saw strong revenue and operating profit growth despite ongoing supply challenges, which shows the resilience of our business through economic cycles. We successfully executed our annual pricing event in April 2022, which included the launch of Retail Essentials, the first module of our Auto Trader Connect platform. This product uses our proprietary taxonomy data to ensure that vehicles are well described and that their specification is accurate, helping retailers to optimise margins. It also enables real-time stock management to ensure that all stock records are up to date on Auto Trader and all other digital channels, improving sales conversion and the experience of car buyers.

Our UK customer numbers are at record levels due to good market conditions, our strong position with car buyers and the partnerships formed with our customers. We have further embedded our partnership approach by ensuring that we capture our customers’ own business goals, be that stock turn, sales volumes or target margins, and then use this as a basis to recommend products and performance improvements. Penetration of our higher yielding packages increased during the year, with 33% of retailer stock now above our Standard package as at the end of March 2023 (March 2022: 31%). We also saw an increase in the uptake of our Pay-Per-Click product which allows stock items to appear at the top of our search listings.

With the sale of new and used electric vehicles increasing, we continue to invest in electric vehicle (EV) content to ensure we are the number one destination for car buyers interested in purchasing an EV. We inform consumers about electric vehicles through social media channels and raise awareness through our monthly EV giveaway which achieved over 3.5 million entries this year. We have also focused on improving the EV charging information to help give consumers simpler, more consistent data to make informed decisions.

At the end of March 2023, we had over 1,900 retailers (March 2022: over 1,800) paying to advertise new cars on our site which is a robust performance given the challenges sourcing new car stock due to supply shortages.

Platform

We continue to invest in our technology, data and product platform which supports our core marketplace. As mentioned above, we launched Retail Essentials which enables real-time stock management and makes our vehicle taxonomy available to retailers through our own Retailer Portal or our platform via APIs. At the end of March 2023, we had integrations with over 90 third-party software providers with Auto Trader Connect.

As part of our April 2023 pricing event, we launched our second module of Auto Trader Connect, Valuations. This makes specification adjusted valuations available within Retailer Portal, where many of our retailers manage their inventory. Our valuations benefit from machine learning technology which continuously improves and optimises results based on c.500,000 obervations that we see each day. This enables customers to drive pricing performance as the market moves. This data can also be accessed through an API via our platform, enabling third parties and retailers to directly integrate valuations into the systems used to manage their businesses. These modules are an important part of how we are using our platform to power retailers’ businesses, which strengthens our marketplace and is a key enabler for digital retailing.

We continued to see an increase in the number of software releases to 51,000 over the year (2022: 46,000).

Digital retailing

Last year, we launched a new product, Market Extension, which allows customers to sell vehicles outside their local area, beyond the physical constraints of their forecourt. This product is a key part of our longer-term aspiration to enable digital retailing for all customers. We had over 7% of retailer stock on this product at the end of March 2023 (March 2022: 6%), with the product being most relevant for those customers with either delivery capability or multiple forecourt locations.

Building on both our strong classified marketplace and platform capability, we continue to bring more of the car buying journey online. Our approach to digital retailing is to be “car first” and to enable any retailer (including manufacturers and leasing companies) to sell their cars online. With this goal in mind, we will initially offer two digital retailing consumer journeys on Auto Trader: a used car Deal Builder journey and an online retailing journey for consumers to lease a new car.

The used car Deal Builder journey

During the year, we launched Deal Builder which uses Auto Trader technology to enable car buyers to do more of their car buying journey online, including valuing their part-exchange, applying for finance and reserving the car. Importantly, all of these interactions can be easily carried out either online, over the phone or on the forecourt. Currently these tools are available in Retailer Portal, but over time they will be made available via APIs as part of our platform strategy, enabling these transactions to be picked up in retailers’ existing sales systems and processes. Our focus is on enabling the car buyer to complete as much of the journey as they are comfortable with on Auto Trader, completing the rest of the transaction on the forecourt, over the phone or a combination of these channels.

In summer 2022, we began running a Deal Builder trial with a handful of retailers and have been encouraged by how the trial has performed to date. Towards the end of the year we started to scale the number of customers on the product and by the end of the financial year there were over 50 retailers live. We saw over 200 deals submitted in the year. We are encouraged by the percentage of deals that converted into a sale and the positive feedback from both consumers and retailers. We are seeing strong buyer engagement out of retail hours, seven days a week, which supports the case that this should build sales capacity for our retailers.

We will continue to scale the number of retailers on Deal Builder, and iterate the product during this financial year, with the goal to monetise some retailers by the end of financial year 2024.

Online retailing journey for consumers to lease a new car

There are significant structural changes impacting the new vehicle market in the UK. These include the growth of electric cars, new manufacturers entering the UK market and a shift towards new digital distribution models. These changes present an opportunity for Auto Trader to play a more significant role in the new vehicle market, and were part of the strategic rationale behind the acquisition of Autorama, which completed during the financial year. Autorama’s capabilities combined with Auto Trader’s platform and scale will provide a compelling proposition for manufacturers, retailers and funders, with an opportunity to drive direct sales, reduce customer acquisition costs and grow their businesses profitability.

Following the acquisition, Autorama has been heavily impacted by the supply challenges particularly in the pickup and van markets. The business has largely been run standalone throughout 2023, delivering 6,895 vehicles, which comprised 4,295 cars, 2,253 vans and 347 pickups, with average commission and ancillary revenue per vehicle of £1,624. During the latter part of 2023, we successfully tested driving traffic into the Autorama journey and have recently completed the work to enable the full check out of a leasing deal on Auto Trader.

Being a responsible business

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

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

Trader remained high at 91% (March 2022: 95%) and our gender and ethnicity make up has improved year-over-year. At year end, women represented 43% of our organisation (March 2022: 40%) and 40% (March 2022: 38%) of leadership roles as defined by the FTSE Women Leaders Review. We are committed to increasing the percentage of ethnically diverse employees, who currently represent 15% of the organisation (March 2022: 14%), with 14% of employees not disclosing their ethnicity. The percentage of ethnically diverse employees in leadership increased to 8% (March 2022: 6%) again using the FTSE Women Leaders definition, which highlights the work still to be done in this area.

Our employee-driven networks (representing women, ethnicity, LGBT+, early careers, disability & neurodiversity, social mobility, families and age) have continued their impressive work with high engagement and are key to creating an Auto Trader where people feel they belong and can achieve their full potential. Each network sets its own commitments aligned to our broader strategy which is reviewed by the leadership team bi-annually.

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

On the first strand, we have committed to reducing absolute Scope 1 and 2 emissions by 50% and absolute Scope 3 emissions by 46% before the end of financial year 2031 and continue to include these reduction plans as part of our remuneration targets. Alongside the reduction in emissions, we are working on a carbon removal plan to help us achieve our long-term net zero goal by 2040. These targets were validated by the Science Based Targets initiative in January 2023. Absolute emission levels have increased from last year as we have updated our calculations to include the impact of Autorama. Initial calculations of our GHG emissions during the year total 79.5k tonnes of CO_2 across Scopes 1, 2 and 3 (2022 restated: 129.4k). The majority of our emissions are Scope 3, predominantly attributable to our suppliers and emissions relating to the small number of vehicles sold by Autorama that pass through their balance sheet. The year-on-year reduction is predominantly due to lower volumes of these vehicles passing through the balance sheet, which we expect to reduce further over time.

On the second strand, initiatives include using our data and voice within the industry and government to help inform public policy and better decision making. We have improved our SEO ranking for electric vehicles, continued our EV giveaway (with over 3.5 million entries this year) and have significantly improved the EV charging and battery range information on our product pages.

The Board

Auto Trader is pleased to announce that, following a comprehensive search and selection process, Matt Davies will be appointed to the Board as Non-Executive Director, Chair Designate and as a member of the Nomination Committee. The appointment is part of the Board's long-term succession planning given Ed Williams will come to the end of his third three-year term in 2024. Matt will join the Board with effect from 1 July 2023 and will succeed Ed Williams as Chair of the Board and Nomination Committee at the conclusion of the Company's Annual General Meeting on 14 September 2023, subject to shareholder approval. Ed will not stand for election at the 2023 AGM, stepping down as a Director from that date. As such, we want to take a moment to thank him for the pivotal role he has played before, during and since Auto Trader's IPO. Ed has created a board that has enabled the business, its leaders and the people at Auto Trader to thrive while also maintaining high standards of governance and an outstanding performance for shareholders and stakeholders.

Investor calendar

The Group's results for the half year ending 30 September 2023 will be announced on 9 November 2023.

2023 financial performance
Group Results

	2023 £m	2022 £m	Change %
Revenue	**500.2**	**432.7**	**16%**
Operating costs	**(225.1)**	**(132.0)**	**71%**
Share of profit from joint ventures	**2.5**	**2.9**	**(14%)**
Operating profit	**277.6**	**303.6**	**(9%)**

Group revenue increased by 16% to £500.2m (2022: £432.7m) driven by Auto Trader revenue which increased by 9% to £473.0m (2022: £432.7m), and £27.2m from Autorama following its acquisition on 22 June 2022.

Group operating profit declined by 9% to £277.6m (2022: £303.6m). Auto Trader operating profit increased by 10% to £332.9m (2022: £303.6m), which included £2.5m share of profit from joint ventures (2022: £2.9m). Autorama had an operating loss of £11.2m.

Group central costs included a charge of £38.8m, which is part of the £50.0m share-based payment expense relating to the deferred consideration for Autorama (which will be settled in shares 12 months after the completion date), and an amortisation charge of £5.3m relating to the Autorama intangible assets recognised under IFRS 3 business combinations. This resulted in Group operating profit margin of 55% (2022: 70%).

	2023 £m	2022 £m	Change %
Operating profit	**277.6**	**303.6**	**(9%)**
Depreciation & amortisation	**14.1**	**7.2**	**96%**
Share of profit from joint ventures	**(2.5)**	**(2.9)**	**(14%)**
Autorama deferred consideration	**38.8**	**-**	**-**
Adjusted EBITDA	**328.0**	**307.9**	**7%**

Adjusted earnings before interest, taxation, depreciation and amortisation, share of profit from joint ventures and Autorama deferred consideration increased by 7% to £328.0m (2022: £307.9m).

Group profit before tax decreased by 2% to £293.6m (2022: £301.0m), which included a £19.1m profit on disposal of Webzone Limited (trading as 'Carzone'), which was sold on 24 October 2022. Cash generated from operations was £327.4m (2022: £328.1m).

Auto Trader Results

Revenue increased to £473.0m (2022: £432.7m), up 9% when compared to the prior year. Trade revenue, which comprises revenue from Retailers, Home Traders and other smaller revenue streams, increased by 10% to £427.4m (2022: £388.3m).

	2023 **£m**	**2022** **£m**	**Change** **%**
Retailer	406.8	370.4	10%
Home Trader	10.1	8.8	15%
Other	10.5	9.1	15%
Trade	427.4	388.3	10%
Consumer Services	34.5	33.3	4%
Manufacturer & Agency	11.1	11.1	0%
Auto Trader revenue	**473.0**	**432.7**	**9%**

Retailer revenue increased by 10% to £406.8m (2022: £370.4m). The average number of retailer forecourts advertising on our platform was broadly flat at 13,913 (2022: 13,964). However, after accounting for the disposal of Webzone Limited (an impact of 245 fewer retailers over the period), like-for-like retailer numbers increased by 1% on average across the year.

Average Revenue Per Retailer (‘ARPR’) per month increased by 10% to £2,437 (2022: £2,210). This was driven by both the product and price levers, with the stock lever being flat.

- Price: Our price lever contributed growth of £90 (2022: £74) to total ARPR as we delivered our annual pricing event for all customers on 1 April 2022, which included additional products but also a like-for-like price increase.

- Stock: The number of live cars advertised on Auto Trader increased by 2% to 437,000 (2022: 430,000). New car stock declined to an average of 25,000 (2022: 29,000) due to the well documented shortage of new car supply. Underlying used car live stock increased by 3% on average across the year, although much of this increase came from a higher volume of private listings. The stock lever is not impacted by private listings, but by the number of retailer paid stock units which were broadly flat for the year (2022: increase £52).

- Product: Our product lever contributed growth of £137 (2022: £121) to total ARPR. Broadly half of this product growth was due to more retailers purchasing prominence products, including our higher yielding Enhanced, Super and Ultra packages where penetration increased to 33% (March 2022: 31%); Our Market Extension product, allowing retailers to sell outside of their local area, also contributed to the product lever with 7% (March 2022: 6%) of retailer stock on the product by the end of the year. Finally, there was also some contribution from our Pay-Per-Click product, where retailers can boost visibility of their stock in search through pay-per-click campaigns. The other half of the product lever was made up from our Auto Trader Connect: Retail Essentials product included in our annual pricing event in April 2022 and also smaller contributions from Auto Convert finance and data products.

Home Trader revenue increased by 15% to £10.1m (2022: £8.8m). Other revenue increased by 15% to £10.5m (2022: £9.1m).

Consumer Services revenue increased by 4% in the year to £34.5m (2022: £33.3m). Private revenue, which is largely generated from individual sellers who pay to advertise their vehicle on the Auto Trader marketplace, increased by 11% to £22.4m (2022: £20.2m) which was partially offset by Motoring Services revenue, which decreased 8% to £12.1m (2022: £13.1m). Instant Offer contributed £0.8m to Consumer Services (2022: £0.9m), which is included in Private revenue.

Revenue from Manufacturer & Agency customers was flat at £11.1m (2022: £11.1m). New car advertising in 2023 continued to be impacted by new car supply shortages.

Total costs increased 8% to £142.6m (2022: £132.0m).

	2023 £m	2022 £m	Change %
People costs	**74.0**	**69.8**	**6%**
Marketing	**22.3**	**20.5**	**9%**
Other costs	**39.6**	**34.5**	**15%**
Depreciation & amortisation	**6.7**	**7.2**	**(7%)**
Auto Trader costs	142.6	132.0	8%

People costs, which comprise all staff and contractor costs, increased by 6% to £74.0m (2022: £69.8m). The increase in people costs was partly driven by an increase in the average number of full-time equivalent employees (‘FTEs’) to 996 (2022: 960), and an increase in underlying salary costs.

Marketing spend increased by 9% in the year to £22.3m (2022: £20.5m).

Other costs, which include data services, property related costs and other overheads, increased by 15% to £39.6m (2022: £34.5m). The increase was primarily due to increased overhead costs; including the cost associated with completing the buy-in of our legacy defined benefit pension scheme, return of travel and higher office and people related costs. Depreciation and amortisation decreased by 7% to £6.7m (2022: £7.2m).

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

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

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

Autorama Results

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

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

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

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

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

The Autorama operating segment made an operating loss of £11.2m.

	2023 £m
Revenue	**27.2**
Operating costs	**(38.4)**
Operating loss	**(11.2)**

Group net finance costs

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

Amendment of Syndicated RCF commitments

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

Taxation

Profit before taxation decreased by 2% to £293.6m (2022: £301.0m), with the decrease being lower than Operating profit predominantly due to a £19.1m profit on disposal from the sale of Webzone Limited. The Group tax charge of £59.7m (2022: £56.3m) represents an effective tax rate of 20% (2022: 19%). This is higher than the average standard UK rate principally due to the Autorama deferred consideration charge being non-deductible. With revenue exceeding £500m for the first time, the Group is potentially within scope of the UK's digital services tax ('DST'), however certain revenue streams, such as Vehicle and Accessory Sales, would be exempt, meaning we do not meet the threshold in financial year 2023. It is HMRC's intention that the current UK DST will be repealed during financial year 2024 and replaced with an OECD model for which the Group would not be in scope.

Earnings per share

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

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

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

Cash flow and net bank debt

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

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

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

Capital structure and dividends

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

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

Going concern

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £m	2022 £m
Revenue	3	**500.2**	432.7
Operating costs		**(225.1)**	(132.0)
Share of profit from joint ventures, net of tax	12	**2.5**	2.9
Operating profit	4	**277.6**	303.6
Net finance costs	5	**(3.1)**	(2.6)
Profit on disposal of subsidiary	6	**19.1**	-
Profit before taxation		**293.6**	301.0
Taxation	7	**(59.7)**	(56.3)
Profit for the year attributable to equity holders of the parent		**233.9**	244.7
Basic earnings per share (pence)	8	**25.01**	25.61
Diluted earnings per share (pence)	8	**24.77**	25.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £m	2022 £m
Profit for the year	**233.9**	244.7
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(0.3)**	0.2
Realisation of cumulative currency translation differences	**0.4**	-
	0.1	0.2
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations, net of tax	**(0.4)**	0.2
Other comprehensive income for the year, net of tax	**(0.3)**	0.4
Total comprehensive income for the year attributable to equity holders of the parent	**233.6**	245.1

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2023

	Note	2023 £m	2022 £m
Assets			
Non-current assets			
Intangible assets	9	**501.0**	355.6
Property, plant and equipment	10	**15.9**	14.7
Deferred taxation assets		**–**	1.4
Retirement benefit surplus		**0.5**	3.7
Net investments in joint ventures	12	**49.3**	49.7
Other investments		**2.3**	–
		569.0	425.1
Current assets			
Inventory		**3.6**	–
Trade and other receivables		**72.9**	65.9
Current income tax assets		**0.6**	0.6
Cash and cash equivalents		**16.6**	51.3
		93.7	117.8
Total assets		**662.7**	542.9
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	14	**9.3**	9.5
Share premium		**182.6**	182.6
Retained earnings		**1,390.3**	1,332.4
Own shares held	15	**(26.0)**	(22.4)
Capital reorganisation reserve		**(1,060.8)**	(1,060.8)
Capital redemption reserve		**1.2**	1.0
Other reserves		**30.7**	30.2
Total equity		**527.3**	472.5
Liabilities			
Non-current liabilities			
Borrowings	13	**57.5**	–
Provisions		**1.3**	1.3
Lease liabilities	11	**4.6**	6.5
Deferred income		**8.3**	8.9
Deferred taxation liabilities		**5.8**	–
		77.5	16.7
Current liabilities			
Trade and other payables		**53.6**	42.0
Provisions		**0.7**	0.7
Lease liabilities	11	**2.5**	3.0
Borrowings	13	**1.1**	–
Deferred consideration		**–**	8.0
		57.9	53.7
Total liabilities		**135.4**	70.4
Total equity and liabilities		**662.7**	542.9

The financial statements were approved by the Board of Directors on 1 June 2023 and authorised for issue:

Jamie Warner
Chief Financial Officer

Auto Trader Group plc
Registered number: 09439967

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Share capital £m	Share premium £m	Retained earnings £m	Own shares held £m	Capital reorganisation reserve £m	Capital redemption reserve £m	Other reserves £m	Total equity £m
Balance at 31 March 2021		**9.7**	**182.4**	**1,307.3**	**(10.7)**	**(1,060.8)**	**0.8**	**30.0**	**458.7**
Profit for the year		–	–	244.7	–	–	–	–	244.7
Other comprehensive income:									
Currency translation differences		–	–	–	–	–	–	0.2	0.2
Remeasurements of post-employment benefit obligations, net of tax		–	–	0.2	–	–	–	–	0.2
Total comprehensive income, net of tax		–	–	244.9	–	–	–	0.2	245.1
Transactions with owners									
Employee share schemes – value of employee services		–	–	5.1	–	–	–	–	5.1
Exercise of employee share schemes		–	–	(4.8)	6.0	–	–	–	1.2
Transfer of shares from ESOT		–	–	(0.1)	0.1	–	–	–	–
Tax impact of employee share schemes		–	–	0.1	–	–	–	–	0.1
Purchase of own shares for treasury		–	–	–	(17.8)	–	–	–	(17.8)
Purchase of own shares for cancellation		(0.2)	–	(146.5)	–	–	0.2	–	(146.5)
Issue of ordinary shares	14	–	0.2	–	–	–	–	–	0.2
Dividends paid		–	–	(73.6)	–	–	–	–	(73.6)
Total transactions with owners, recognised directly in equity		(0.2)	0.2	(219.8)	(11.7)	–	0.2	–	(231.3)
Balance at 31 March 2022		**9.5**	**182.6**	**1,332.4**	**(22.4)**	**(1,060.8)**	**1.0**	**30.2**	**472.5**
Profit for the year		–	–	233.9	–	–	–	–	233.9
Other comprehensive income:									
Currency translation differences		–	–	–	–	–	–	(0.3)	(0.3)
Realisation of cumulative currency translation differences		–	–	–	–	–	–	0.4	0.4
Remeasurements of post-employment benefit obligations, net of tax		–	–	(0.4)	–	–	–	–	(0.4)
Total comprehensive income, net of tax		–	–	233.5	–	–	–	0.1	233.6
Transactions with owners									
Employee share schemes – value of employee services		–	–	44.6	–	–	–	–	44.6
Exercise of employee share schemes		–	–	(3.6)	5.1	–	–	0.4	1.9
Tax impact of employee share schemes		–	–	0.4	–	–	–	–	0.4
Purchase of own shares for treasury		–	–	–	(8.7)	–	–	–	(8.7)
Purchase of own shares for cancellation		(0.2)	–	(139.3)	–	–	0.2	–	(139.3)
Dividends paid		–	–	(77.7)	–	–	–	–	(77.7)
Total transactions with owners, recognised directly in equity		(0.2)	–	(175.6)	(3.6)	–	0.2	0.4	(178.8)
Balance at 31 March 2023		**9.3**	**182.6**	**1,390.3**	**(26.0)**	**(1,060.8)**	**1.2**	**30.7**	**527.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £m	2022 £m
Cash flows from operating activities			
Cash generated from operations	17	**327.4**	328.1
Income taxes paid		**(60.5)**	(56.2)
Net cash generated from operating activities		**266.9**	271.9
Cash flows from investing activities			
Purchases of intangible assets		**(1.0)**	-
Purchases of property, plant and equipment		**(2.4)**	(2.8)
Dividends received from joint ventures		**2.9**	7.8
Proceeds from sale of property, plant and equipment		**1.8**	–
Payment for acquisition of subsidiary, net of cash acquired	18	**(144.2)**	–
Payment of deferred consideration for acquisition of subsidiary	18	**(8.1)**	–
Payment for acquisition of shares in investment entities		**(1.3)**	–
Proceeds on disposal of subsidiary, net of cash disposed	6	**25.6**	–
Net cash used in investing activities		**(126.7)**	5.0
Cash flows from financing activities			
Dividends paid to Company's shareholders	16	**(77.7)**	(73.6)
Drawdown of Syndicated revolving credit facility	13	**110.0**	–
Repayment of Syndicated revolving credit facility	13	**(50.0)**	(30.0)
Repayment of other debt		**(4.0)**	–
Proceeds from loan	13	**1.1**	–
Payment of refinancing fees	13	**(1.4)**	–
Payment of interest on borrowings	13	**(3.0)**	(1.5)
Payment of lease liabilities	11	**(2.9)**	(3.2)
Purchase of own shares for cancellation	14	**(138.6)**	(145.8)
Purchase of own shares for treasury	15	**(8.7)**	(17.7)
Payment of fees on purchase of own shares		**(0.7)**	(0.8)
Contributions to defined benefit pension scheme		**(1.0)**	(0.1)
Proceeds from exercise of share-based incentives		**2.0**	1.4
Net cash used in financing activities		**(174.9)**	(271.3)
Net increase in cash and cash equivalents		**(34.7)**	5.6
Cash and cash equivalents at beginning of year		**51.3**	45.7
Cash and cash equivalents at end of year		**16.6**	51.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Basis of preparation
The Consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards. The Consolidated financial statements have been prepared on the going concern basis and under the historical cost convention except for equity investments which are carried at fair value. The Group's principal business is the operation of the Auto Trader platforms which form the UK's largest automotive marketplace.

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 April 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

The adoption of these amendments has had no material effect on the Group's Consolidated financial statements.

There are a number of amendments to IFRS that have been issued by the IASB that, when endorsed in the UK, will become effective in a subsequent accounting period including:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The Group has evaluated these changes and none are expected to have a material impact on the Consolidated financial statements.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2023 or 31 March 2022 but is derived from those accounts. Statutory accounts for 31 March 2022 have been delivered to the registrar of companies, and those for 31 March 2023 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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

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

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

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

Accounting estimates and judgements

The preparation of financial statements in conformity with UK-adopted international accounting standards requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believe that the estimates and assumptions listed below were significant in the preparation of the Consolidated balance sheet at the financial year end.

Acquisition accounting (judgement and estimate)

The Group acquired Autorama UK Limited ('Autorama') in the year. Business combination accounting has been adopted in line with IFRS 3. Judgement was required to determine the acquired intangible assets to be separately identified. In particular, it was concluded that supplier relationships with funders and car manufacturers did not meet the criteria for recognition as separate intangible assets and their value would form part of the goodwill arising on acquisition. For those acquired intangible assets which are separately identified, principally the Vanarama brand, estimation was then required to determine the appropriate methodology, assumptions and data to measure their fair value at the acquisition date.

The purchase of Autorama gave rise to a deferred payment in shares of £50.0m, with payment contingent on post-acquisition employment and service conditions. This element of consideration payable has been determined to be a post-acquisition income statement expense over the period of service, in accordance with IFRS 3. There is no significant estimate relating to the contingency, which expires in June 2023.

There are no accounting estimates or judgements at the financial year end which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Other accounting estimates and judgements include:

Carrying values of goodwill (judgement and estimate)

The Group tests annually whether goodwill, held by the Group or its joint venture, has suffered any impairment. Judgement is required in the identification and allocation of goodwill to cash-generating units and the recoverable amounts of cash-generating units require the use of estimates.

2. Segmental information

IFRS 8 'Operating segments' requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there are two operating segments (2022: one operating segment). The acquisition of Autorama in June 2022 has led to Autorama being reported as a separate segment during the period. The Group's reportable operating segments have therefore been identified as follows:

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

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

The OLT primarily uses the measures of Revenue and Operating profit to assess the performance of each operating segment. The revenue from external parties reported to the OLT is measured in a manner consistent with that in the income statement. There are no inter-segment revenues in the current or comparative periods.

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

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

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

(i) People costs: A £38.8m charge for the expense of Group shares expected to be issued to settle the Autorama deferred consideration.

(ii) Depreciation & amortisation: £5.3m of amortisation expense relating to the fair value of intangible brand and technology assets acquired in the Group's business combination of Autorama.

Year to March 2022	**Auto Trader segment £m**	**Autorama segment £m**	**Group central costs £m**	**Group £m**
Total segment revenue	432.7	–	–	432.7
People costs	(69.8)	–	–	(69.8)
Marketing	(20.5)	–	–	(20.5)
Other costs	(34.5)	–	–	(34.5)
Depreciation & amortisation	(7.2)	–	–	(7.2)
Total segment costs	(132.0)	–	–	(132.0)
Share of profit from joint ventures	2.9	–	–	2.9
Total segment operating profit	303.6	–	–	303.6
Finance costs – net				(2.6)
Profit before tax				**301.0**

3. Revenue

The Group's revenue is derived from contracts with customers. Other than disclosed in note 6, all revenues were earned from activities and customers in the United Kingdom.

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

Revenue	2023 £m	2022 £m
Retailer	**406.8**	370.4
Home Trader	**10.1**	8.8
Other	**10.5**	9.1
Trade	**427.4**	388.3
Consumer Services	**34.5**	33.3
Manufacturer and Agency	**11.1**	11.1
Autorama	**27.2**	–
Total revenue	**500.2**	432.7

4. Operating profit

Operating profit is after (charging)/crediting the following:

	Note	2023 £m	2022 £m
Staff costs		**(84.1)**	(69.8)
Contractor costs		**(0.4)**	–
Depreciation of property, plant and equipment	10	**(4.9)**	(4.6)
Amortisation of intangible assets	9	**(9.2)**	(2.6)
Profit on sale of property, plant and equipment		**0.7**	–

5. Net finance costs

	2023 £m	2022 £m
On bank loans and overdrafts	**2.5**	1.4
Amortisation of debt issue costs	**0.5**	1.0
Interest unwind on lease liabilities	**0.2**	0.2
Interest on vehicle stocking loan	**0.1**	–
Interest charged on deferred consideration	**–**	0.1
Interest receivable on cash and cash equivalents	**(0.2)**	(0.1)
Total	**3.1**	2.6

6. Disposal of a subsidiary

Sale of Webzone Limited
On 24 October 2022, the Group announced the sale of one of its subsidiaries, Webzone Limited, which trades in the Republic of Ireland under the Carzone brand. The business was sold to Mediahuis Ireland for consideration of €30.0m.

Revenue generated from Webzone Limited in the period to 24 October 2022 was £2.9m (year ended 31 March 2022: £4.9m). The disposal of Webzone Limited does not represent a discontinued operation under IFRS 5 as the entity was neither a separate major line of business nor a material geographical area of operation.

A profit on disposal has been recognised in the Group's Consolidated income statement:

	24 October 2022
	£m
Goodwill	**5.7**
Property, plant and equipment	**0.6**
Deferred taxation assets	**0.1**
Trade and other receivables	**0.9**
Cash and cash equivalents	**0.8**
Lease liabilities	**(0.7)**
Trade and other payables	**(0.5)**
Net identifiable assets/(liabilities) disposed of	**6.9**
Cash consideration received	**26.4**
Net identifiable assets disposed of	**(6.9)**
Realisation of cumulative currency translation difference	**(0.4)**
Gain on disposal of subsidiary	**19.1**

7. Taxation

	2023 £m	2022 £m
Current taxation		
UK corporation taxation	**61.2**	56.5
Foreign taxation	**0.1**	0.2
Adjustments in respect of prior years	**(0.2)**	(0.4)
Total current taxation	**61.1**	56.3
Deferred taxation		
Origination and reversal of temporary differences	**(1.3)**	0.3
Effect of rate changes on opening balance	**–**	0.2
Adjustments in respect of prior years	**(0.1)**	(0.5)
Total deferred taxation	**(1.4)**	–
Total taxation charge	**59.7**	56.3

The taxation charge for the year is higher than (2022: lower than) the effective rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £m	2022 £m
Profit before taxation	**293.6**	301.0
Tax on profit at the standard UK corporation tax rate of 19% (2022: 19%)	**55.8**	57.2
Expenses not deductible for taxation purposes	**8.5**	0.8
Income not taxable – gain on disposal of subsidiary	**(3.6)**	–
Share of joint venture taxation	**(0.5)**	(0.6)
Adjustments in respect of foreign taxation rates	**(0.1)**	(0.1)
Effect of rate change on deferred taxation	–	0.1
Adjustments in respect of OCI group relief	**(0.1)**	(0.2)
Adjustments in respect of prior years	**(0.3)**	(0.9)
Total taxation charge	**59.7**	56.3

Expenses non-deductible for taxation purposes in the current year principally includes the share-based payment expense relating to the deferred consideration and amortisation of intangible assets arising on acquisition of Autorama.

Taxation on items taken directly to equity was a credit of £0.4m (2022: £0.1m) relating to tax on share-based payments.

Taxation recorded in equity within the Consolidated statement of comprehensive income was a release of £0.4m (2022: charge of £0.2m) relating to post-employment benefit obligations.

The taxation charge for the year is based on the standard rate of UK corporation tax for the period of 19% (2022: 19%). Deferred income taxes have been measured at the tax rate expected to be applicable at the date the deferred income tax assets and liabilities are realised.

On 10 June 2021, Royal Assent to the Finance Act was given to increase the UK corporation tax from 19% to 25% from 1 April 2023. Management has performed an assessment, for all material deferred income tax assets and liabilities, to determine the period over which the deferred income tax assets and liabilities are forecast to be realised, which has resulted in an average deferred income tax rate of 25% being used to measure all deferred tax balances as at 31 March 2023 (2022: 20%).

8. Earnings per share

Basic earnings per share is calculated using the weighted average number of ordinary shares in issue during the year, excluding those held in treasury and by the Employee Share Option Trust ('ESOT'), based on the profit for the year attributable to shareholders.

	Weighted average number of ordinary shares	Total earnings £m	Pence per share
Year ended 31 March 2023			
Basic EPS	**935,138,578**	**233.9**	**25.01**
Diluted EPS	**944,144,242**	**233.9**	**24.77**
Year ended 31 March 2022			
Basic EPS	955,532,888	244.7	25.61
Diluted EPS	957,534,145	244.7	25.56

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:

	2023	2022
Issued ordinary shares at 1 April	**946,892,976**	969,024,186
Weighted effect of ordinary shares purchased for cancellation	**(7,112,698)**	(9,573,664)
Weighted effect of ordinary shares held in treasury	**(4,304,401)**	(3,572,833)
Weighted effect of shares held in the ESOT	**(348,989)**	(371,316)
Weighted effect of ordinary shares issued for share-based payments	**11,690**	26,515
Weighted average number of shares for basic EPS	**935,138,578**	955,532,888
Dilutive impact of share options outstanding	**9,005,664**	2,001,257
Weighted average number of shares for diluted EPS	**944,144,242**	957,534,145

For diluted earnings per share, the weighted average number of shares for basic EPS is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has potentially dilutive ordinary shares arising from share options granted to employees and shares issued as deferred consideration. Options are dilutive under the Sharesave scheme where the exercise price together with the future IFRS 2 charge is less than the average market price of the ordinary shares during the year. Options under the Performance Share Plan, the Single Incentive Plan Award, the Deferred Annual Bonus Plan and the Share Incentive Plan are contingently issuable shares and are therefore only included within the calculation of diluted EPS if the performance conditions are satisfied.

The average market value of 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.

9. Intangible assets

	Goodwill £m	Software and website development costs £m	Financial systems £m	Brand £m	Other £m	Total £m
Cost						
At 31 March 2021	457.9	14.4	13.1	1.2	25.3	**511.9**
At 31 March 2022	457.9	14.4	13.1	1.2	25.3	**511.9**
Acquired through business combinations	92.5	13.7	–	47.6	5.6	**159.4**
Additions	–	1.0	–	–	–	**1.0**
Disposals	(5.7)	(1.8)	–	(0.6)	(1.2)	**(9.3)**
Exchange differences	(0.1)	–	–	–	–	**(0.1)**
At 31 March 2023	**544.6**	**27.3**	**13.1**	**48.2**	**29.7**	**662.9**

	Goodwill £m	Software and website development costs £m	Financial systems £m	Brand £m	Other £m	Total £m
Accumulated amortisation and impairments						
At 31 March 2021	117.0	8.3	12.8	0.6	15.0	**153.7**
Amortisation charge	–	0.9	0.3	0.1	1.3	**2.6**
At 31 March 2022	117.0	9.2	13.1	0.7	16.3	**156.3**
Amortisation charge	–	2.5	–	4.2	2.5	**9.2**
Disposals	–	(1.8)	–	(0.6)	(1.2)	**(3.6)**
At 31 March 2023	**117.0**	**9.9**	**13.1**	**4.3**	**17.6**	**161.9**
Net book value at 31 March 2023	**427.6**	**17.4**	**–**	**43.9**	**12.1**	**501.0**
Net book value at 31 March 2022	**340.9**	**5.2**	**–**	**0.5**	**9.0**	**355.6**
Net book value at 31 March 2021	**340.9**	**6.1**	**0.3**	**0.6**	**10.3**	**358.2**

Other intangibles include customer relationships, technology, trade names, trademarks and non-compete agreements. Intangible assets which have a finite useful life are carried at cost less accumulated amortisation. Amortisation of these intangible assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives (principally between 3 to 15 years). The longest estimated useful life remaining at 31 March 2023 is 12 years (31 March 2022: 13 years).

For the year to 31 March 2023, the amortisation charge of £9.2m (2022: £2.6m) has been charged to operating costs in the Consolidated income statement. At 31 March 2023, there were no software and website development costs representing assets under construction (2022: £nil).

In accordance with UK-adopted international accounting standards, goodwill is not amortised, but instead is tested annually for impairment, or more frequently if there are indicators of impairment. Goodwill is carried at cost less accumulated impairment losses.

10. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Office equipment £m	Motor vehicles £m	Total £m
Cost				
At 31 March 2021	16.5	13.0	1.9	**31.4**
Additions	6.6	1.3	0.2	**8.1**
Disposals and modifications	–	(0.4)	(0.5)	**(0.9)**
At 31 March 2022	23.1	13.9	1.6	**38.6**
Acquired through business combinations	4.0	0.3	1.0	**5.3**
Additions	2.2	2.0	0.3	**4.5**
Disposals	(7.6)	(3.0)	(0.9)	**(11.5)**
At 31 March 2023	**21.7**	**13.2**	**2.0**	**36.9**
Accumulated depreciation				
At 31 March 2021	8.2	10.6	1.4	**20.2**
Charge for the year	3.3	0.9	0.4	**4.6**
Disposals	–	(0.4)	(0.5)	**(0.9)**
At 31 March 2022	11.5	11.1	1.3	**23.9**
Charge for the year	3.3	1.1	0.5	**4.9**
Disposals	(4.4)	(2.8)	(0.6)	**(7.8)**
At 31 March 2023	**10.4**	**9.4**	**1.2**	**21.0**
Net book value at 31 March 2023	**11.3**	**3.8**	**0.8**	**15.9**
Net book value at 31 March 2022	**11.6**	**2.8**	**0.3**	**14.7**
Net book value at 31 March 2021	**8.3**	**2.4**	**0.5**	**11.2**

Included within property, plant and equipment are £6.5m (2022: £8.3m) of assets recognised as leases under IFRS 16. The depreciation expense of £4.9m for the year to 31 March 2023 (2022: £4.6m) has been recorded in operating costs. During the year, £2.6m (2022: £0.4m) worth of property, plant and equipment with £nil net book value was disposed of.

11. Leases

The Group's lease assets including land and buildings and motor vehicles are held within property, plant and equipment. Information about leases for which the Group is a lessee is presented below.

	2023 £m	2022 £m
Net book value property, plant and equipment owned	**9.4**	6.4
Net book value right of use assets	**6.5**	8.3
	15.9	14.7

Net book value of right of use assets	Land, buildings and leasehold improvements £m	Office equipment £m	Motor vehicles £m	Total £m
Balance at 31 March 2021	4.9	0.1	0.6	**5.6**
Additions	5.1	–	0.2	**5.3**
Depreciation charge	(2.2)	–	(0.4)	**(2.6)**
At 31 March 2022	7.8	0.1	0.4	**8.3**
Acquired through business combination	0.1	–	0.3	**0.4**
Additions	1.5	0.1	0.3	**1.9**
Disposals	(1.4)	–	(0.1)	**(1.5)**
Depreciation charge	(2.2)	–	(0.4)	**(2.6)**
At 31 March 2023	**5.8**	**0.2**	**0.5**	**6.5**

Lease liabilities in the balance sheet at 31 March	2023 £m	2022 £m
Current	**2.5**	3.0
Non-current	**4.6**	6.5
Total	**7.1**	9.5

The term recognised for certain leases has assumed lease break options are exercised. Certain lease rentals are subject to periodic market rental reviews.

During the year, the Group relocated its London office to a new premises and exited its existing lease. In accordance with IFRS 16, the difference between the carrying value of the right of use asset and the lease liability at the date of the lease termination (£0.1m) was recognised in the Consolidated income statement as a gain on disposal.

Amounts charged in the income statement	2023 £m	2022 £m
Depreciation charge of right of use assets	**2.6**	2.6
Interest on lease liabilities	**0.2**	0.2
Gain on disposal of right of use assets	**(0.1)**	–
Total amounts charged in the income statement	**2.7**	2.8

Cash outflow	2023 £m	2022 £m
Total cash outflow for leases	**2.9**	3.2

12. Net investments in joint ventures

Joint ventures are contractual arrangements over which the Group exercises joint control with partners and where the parties have rights to the net assets of the arrangement, irrespective of the Group's shareholding in the entity.

The Group owns 49% of the ordinary share capital of Dealer Auction Limited (previously Dealer Auction (Holdings) Limited). The basis of the Group's joint control is through a shareholder agreement and an assessment of the substantive rights of each shareholder, including operational barriers or incentives that would prevent or deter rights being exercised.

Net investments in joint ventures at the reporting date include the Group's equity investment in joint ventures and the Group's share of the joint ventures' post acquisition net assets. The table below reconciles the movement in the Group's net investment in joint ventures in the year:

	Equity investments in joint ventures £m	Share of post acquisition net assets £m	Net investments in joint ventures £m
Carrying value			
As at 31 March 2021	48.1	6.5	**54.6**
Share of result for the year taken to the income statement	–	2.9	**2.9**
Dividends received in the year	(7.8)	–	**(7.8)**
As at 31 March 2022	40.3	9.4	**49.7**
Share of result for the year taken to the income statement	–	2.5	**2.5**
Dividends received in the year	(2.9)	–	**(2.9)**
As at 31 March 2023	**37.4**	**11.9**	**49.3**

Set out below is the summarised financial information for the joint venture, adjusted for differences in accounting policies between the Group and the joint venture. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture.

	2023 £m	2022 £m
Non-current assets	**95.6**	96.8
Current assets		
Cash and cash equivalents	**6.4**	1.1
Other current assets	**1.3**	8.2
Total assets	**103.3**	106.1
Liabilities		
Current liabilities	**2.0**	4.0
Total liabilities	**2.0**	4.0
Net assets	**101.3**	102.1
Group's share of net assets	**49.3**	49.7

	2023 £m	2022 £m
Revenues	**10.5**	12.0
Profit for the year	**5.2**	6.0
Total comprehensive income	**5.2**	6.0
Group’s share of comprehensive income	**2.5**	2.9
Dividends received by the Group	**2.9**	7.8

13. Borrowings

Non-current	2023 £m	2022 £m
Syndicated RCF gross of unamortised debt issue costs	**60.0**	–
Unamortised debt issue costs on Syndicated RCF	**(2.5)**	(1.4)
Total	**57.5**	(1.4)

Current	2023 £m	2022 £m
Loan from other investment	**1.1**	–
Total	**1.1**	–
Total borrowings	**58.6**	(1.4)

Unamortised debt issue costs on the Syndicated RCF increased to £2.5m in the year (2022: £1.4m) following the amendment and extension of the Group's Syndicated RCF facility.

Borrowings are repayable as follows:

	2023 £m	2022 £m
Less than one year	**1.1**	–
Two to five years	**60.0**	–
Total	**61.1**	–

The carrying amounts of borrowings approximate their fair values.

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

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

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

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

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

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

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

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

Exposure to interest rate changes
The exposure of the Group's borrowings (excluding debt issue costs) to SONIA rate changes and the contractual repricing

dates at the balance sheet date are as follows:

	2023 £m	2022 £m
One month or less	**60.0**	–
Total	**60.0**	–

14. Share capital

	2023		2022	
Share capital	Number '000	Amount £m	Number '000	Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each				
At 1 April	**946,893**	**9.5**	969,024	9.7
Purchase and cancellation of own shares	**(23,831)**	**(0.2)**	(22,198)	(0.2)
Issue of shares	**13**	**0.0**	67	0.0
Total	**923,075**	**9.3**	946,893	9.5

In the year ended 31 March 2017, the Company commenced a share buyback programme. By resolutions passed at the 2022 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 96,678,535 of its ordinary shares, subject to minimum and maximum price restrictions. In the year ended 31 March 2023, a total of 25,261,584 ordinary shares of £0.01 were purchased. The average price paid was 582.1p with a total consideration paid (including fees of £0.7m) of £148.0m. Of all shares purchased, 1,430,372 were held in treasury with 23,831,212 being cancelled. In the year ended 31 March 2023, 12,893 ordinary shares were issued for the settlement of share-based payments.

Included within shares in issue at 31 March 2023 are 340,196 (2022: 358,158) shares held by the ESOT and 4,371,505 (2022: 3,826,928) shares held in treasury, as detailed in note 15.

15. Own shares held

Own shares held – £m	ESOT shares reserve £m	Treasury shares £m	Total £m
Own shares held as at 31 March 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	–	6.0	6.0
Own shares held as at 31 March 2022	(0.4)	(22.0)	(22.4)
Repurchase of own shares for treasury	–	(8.7)	(8.7)
Share-based incentives exercised	–	5.1	5.1
Own shares held as at 31 March 2023	**(0.4)**	**(25.6)**	**(26.0)**

Own shares held – number	ESOT shares reserve Number of shares	Treasury shares Number of shares	Total Number of shares
Own shares held as at 31 March 2021	404,653	2,422,659	2,827,312
Transfer of shares from ESOT	(46,495)	–	(46,495)
Repurchase of own shares for treasury	–	2,718,193	2,718,193
Share-based incentives exercised	–	(1,313,924)	(1,313,924)
Own shares held as at 31 March 2022	358,158	3,826,928	4,185,086
Transfer of shares from ESOT	(17,962)	–	(17,962)
Purchase of own shares for treasury	–	1.430,372	1,430,372
Share-based incentives exercised	–	(885,795)	(885,795)
Own shares held as at 31 March 2023	**340,196**	**4,371,505**	**4,711,701**

16. Dividends

Dividends declared and paid by the Company were as follows:

	2023		2022	
	Pence per share	**£m**	**Pence per share**	**£m**
2022 final dividend paid	**5.5**	**51.7**	5.0	48.0
2023 interim dividend paid	**2.8**	**26.0**	2.7	25.6
	8.3	**77.7**	7.7	73.6

The proposed final dividend for the year ended 31 March 2023 of 5.6p per share, totalling £51.4m, is subject to approval by shareholders at the Annual General Meeting ('AGM') and hence has not been included as a liability in the financial statements.

17. Cash generated from operations

	2023 £m	2022 £m
Profit after tax	**233.9**	244.7
Adjustments for:		
Tax charge	**59.7**	56.3
Depreciation	**4.9**	4.6
Amortisation	**9.2**	2.6
Share-based payments charge (excluding associated NI)	**5.8**	5.1
Deferred contingent consideration	**38.8**	–
Share of profit from joint ventures	**(2.5)**	(2.9)
Profit on sale of property, plant and equipment	**(0.7)**	–
Net lease disposals and modifications	**(0.1)**	–
Post employment expenses relating to the defined benefit scheme	**2.7**	–
Finance costs	**3.1**	2.6
RDEC	**(0.1)**	(0.1)
Profit on disposal of a subsidiary	**(19.1)**	–
Changes in working capital (excluding the effects of exchange differences on consolidation):		
Trade and other receivables	**(3.6)**	(5.3)

	2023 £m	2022 £m
Trade and other payables	**(1.9)**	20.5
Inventory	**(2.7)**	–
Cash generated from operations	**327.4**	328.1

18 Business combinations

Purchase of Autorama UK Limited
On 22 June 2022, the Group acquired the entire share capital of Autorama UK Limited ('Autorama') for initial consideration of £150.0m, with an additional £50.0m deferred until 22 June 2023 and settled in shares to the value of £50.0m, subject to employment and customary performance conditions.

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

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

	2023 £m
Cash paid for subsidiary	150.0
Less: cash acquired	(5.8)
Payment for acquisition of subsidiary, net of cash acquired	**144.2**

As the settlement of the deferred £50.0m consideration is subject to a condition for continuing employment to 22 June 2023, the amount is not included in the business combination but is recorded as a post-acquisition income statement expense over the period of service, which extends to the first anniversary of the acquisition. A charge of £38.8m has been recorded in the period from acquisition to 31 March 2023.

From the period of acquisition to 31 March 2023, Autorama contributed revenue of £27.2m and a loss of £11.2m to the Group's results.

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 and, other than in respect of the intangible assets and related deferred tax, described below, no material adjustments from book value were made to existing assets and liabilities. The period in which measurement adjustments could be made is still open on this acquisition and the provisional goodwill calculation is summarised below:

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

The brand, technology, customer relationships and order book obtained through the acquisition met the requirements to be separately identifiable under IFRS 3.

The business operates under the Vanarama brand name and is one of the UK's longest running leasing e-commerce brands. This asset was valued using Multi-period Excess Earnings Method and crosschecked using relief from royalty. A useful economic life and obsolescence decline period of 10 years was assumed. Revenue forecasts were discounted using a post-tax discount rate of 14%. This discount rate is lower than that for Autorama as a whole at the date of acquisition and reflects factors including the finite brand forecast period, compared to cash flows into perpetuity used to support the goodwill.

The technology is Autorama's propriety technology which helps manage a complex vehicle lease purchasing process into a streamlined online transaction via a customer friendly user interface, which has been developed in-house. The asset was valued using the cost approach specifically replacement costs and crosschecked using relief from royalty. The order book is customer orders not yet delivered, which is expected to unwind.

The goodwill recognised on acquisition principally relates to value arising from intangible assets that are not separately identifiable under IFRS 3. Such assets include the value of the acquired workforce (including technical experience), returning customers and future market growth opportunities. Customer lists have not been valued separately on the basis they are inseparable in their own right from the brand. Supplier relationships are not separately valued on the basis that their terms are in line with industry standards of what would be typically agreed with a market participant.

The valuation of the Vanarama brand name is sensitive to a change in the obsolescence rate assumption. An obsolescence profile has been assumed which is considered to be a representative curve for a consumer asset in the absence of continued marketing spend, showing a slow decline in the early years due to the benefit of historic spend, then decline accelerating in the middle years as consumer brand consciousness falls, before slowing in the final years to reflect a slower drop off of residual awareness. Slowing or accelerating the assumed rate of obsolescence by one year, with all other factors being unchanged, would increase or decrease the valuation of the brand by £14m or £16m respectively. Residual goodwill would be adjusted by an equal and opposite amount, net of taxation. The discount rate used in the brand valuation is less sensitive to change, reflecting the finite useful economic life of ten years and the lower positive cash flows in the latter years due to the obsolescence decline.

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

Settlement of deferred consideration in relation to BlueOwl Network Limited

In addition, in July 2022, the deferred consideration of £8.1m was settled in respect of the acquisition of BlueOwl Network Limited (‘BlueOwl’). On 31 July 2020, the Group acquired the entire share capital of BlueOwl for consideration of £18.2m, of which £8.1m was deferred until 31 July 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK	POTENTIAL IMPACT	CHANGES IN THE YEAR
1. Automotive economy, market and business environment	An adverse change in supply and demand in the new/used car market could lead to reduced retailer profitability and reduced retailer wallets, resulting in reduced advertising spend. Adverse movements in supply and demand of vehicles could also lead to a contraction in the number of retailers. In addition, we continue to see the movement towards an agency model whereby retailers facilitate OEM sales directly to consumers. This could lead to a loss of revenue from our retailer customers.	• The low level of supply of new vehicles since 2020 has continued for much of the last year. However, new car registrations in Q1 (Jan – Mar) 2023 increased by 18% compared to Q1 2022. Looking to the future, more reliable supply of new vehicles will be importantto the future success of Autorama's integration into the Auto Trader Group. • The low level of new car supply since 2020 will likely affect the availability of used car stock in the coming years. In contrast, consumer demand remains high and retailer profitability, in the main, remains high. In March 2023, used car retail prices increased by 2% year-on-year, being the 36th consecutive month of price growth. • In 2023 some OEMs began operating under an agency model. We are aware that each OEM encounters unique challenges if they switch to an agency model and we have been working with OEMs to develop bespoke solutions. •Overall, the risks posed by changes to the automotive economy, market, and business environment continue to evolve, however metrics and performance indicators suggest that we are managing these risks to an acceptable level through our strategic actions.
2. Climate change	The automotive industry is intrinsically linked to climate change and there is increasing pressure from consumers and government for the industry to reduce its impact on the climate. However, failure to deliver on our environmental commitments will negatively impact our brand as a responsible business and may result in legal exposure or regulatory sanctions. Failure to overcome the uncertainty created by the shift from internal combustion engines ('ICE') to electric vehicles ('EVs') could inhibit their take-up, potentially leading to changes in buying behaviours. Factors include the high purchase price of most EVs, potential for improvement in public transport, new and expanded emissions zones, increasing EV running costs, and consumer uncertainty over the residual value of EVs. Changing and more stringent regulatory requirements could increase our cost base and increased frequency and severity of extreme weather events could lead to heightened costs, including heating/air-conditioning, insurance, and cloud infrastructure. Extreme weather events could also lead to short-term closure of retailer forecourts (for example, due to flooding).	• Updates to our website in the last year position us as front-runnersin the switch to EVs and enable us to respond to potential changes in OEM and retailer business models. • There is still a relatively small amount of data informing the residual values of used EVs. We have positioned ourselves well by leveraging Autorama's capabilities, providing those consumers switching to EVs for the first time a viable alternative to outright purchase. • Despite ongoing uncertainty surrounding EVs, the electric share of ad-views has a gradual upwards trend. Supply in the used EV market increased this year as those EVs purchased on three- and four-year agreements enter the used EV market. • Looking ahead, widespread take-up of EVs could be affected by: -the availability of public charging for those drivers unable to access private charging - EV purchase costs, which are still around 37% more expensive than ICE equivalents on a like-for-like basis. - Increases in EV running costs owing to increased taxation and charging costs (especially those EV drivers without private charging). • Further regulation and legislation] are likely, such as the introduction of new clean air zones and congestion charges. • At Autorama, some vehicles are pre-registered and held temporarily on their balance sheet. Consequently, we capture the lifetime emissions of these vehicles when calculating the Group's

		carbon emissions. This has led to a material increase in our reported carbon emissions. • Overall, the risks associated with climate change have decreased in the last year owing to the actions we continue to take. Nevertheless, looking to the future, the impact of climate change means that managing these risks effectively remains a key strategic priority.
3. Employees	To enable us to achieve our strategic objectives it is important that we attract, retain and motivate a highly skilled workforce, including those with specialist skillsets in data and technology. Delivery of our strategy is also dependent on us building a diverse and inclusive workforce, and a supportive, collaborative culture, conducted in a safe environment, all of which will enable optimum performance from all our employees.	• Our Glassdoor rating based on anonymous reviews is 4.4 out of 5 and in our latest Culture Amp survey, 91% of respondents said that they are proud to work at Auto Trader. This year our employee turnover has remained low. We now operate a Connected Working model where employees are in the office for two 'fixed' days per week plus an additional 'flex' day per week on a day which suits them best. The aim of this working model is to increase efficiency, collaboration and innovation whilst also allowing flexibility and maximising inclusion. • Connected Working also includes a 'remote first' policy. For periods in July, August and December, employees can work fully remotely to increase flexibility at times when there are increased levels of annual leave. • The cost of living crisis and skills shortages in the marketcontinue to affect workforce costs. We monitor the market proactively to ensure that our salaries are fair, proportionate and aligned to market rates. In 2022 we made a cost-of-living payment to all employees (except for the OLT and the Board) and increased the size of our annual salary review. • In the marketplace, employees have increasing expectations of their employers to act in a fair, responsible and sustainable manner and we remain committed to ensuring that we conduct our business in a morally responsible way. • Overall, the employee-related risks remain a principal risk and we acknowledge that managing this risk effectively is crucial to achieving our strategic objectives.
4. Reliance on third parties and partners	To achieve our strategic objectives, we are reliant on partners engaging with the changes we are introducing to the industry. Getting lenders on-board with our digital retailing aspirations, for example, is a key dependency. We also rely on third parties to support our technology infrastructure, supply of data about vehicles and their financing, and in the fulfilment of some of our revenue generating products. Consequently, it is important that we manage relationships with, and performance of, key suppliers and key strategic partners.	• We have implemented a refreshed onboarding and monitoring process for critical suppliers. Despite the threats posed to our suppliers in the external environment, we have not experienced any material disruptions in the last year. • As we progress further into digital retailing, we are likely to see an increased reliance on third parties. Some of the products we intend to launch will rely on partners and lenders, and these could be barriers to growth should these partners not engage with us. Ensuring that we manage our relationships with these third parties will be crucial. • Overall, our significant strategic initiatives in relation to platform and commercial data represent good progress in reducing the level of reliance we have on third parties. However, we remain aware of the importance of our partners in achieving our aspirations in digital retailing.

5. IT systems and cyber security	As a digital business, we rely on our IT infrastructure to provide our services. A disruptive cyber security and/or business continuity event could lead to downtime of our systems and infrastructure. Execution of our strategy also relies on us making appropriate investments in secure systems and technologies. Failure to invest in appropriate technology and safeguards could lead to us failing to achieve our objectives. Delivery of our strategic objectives also relies on us using data to provide valuable insights to customers. A significant data breach, whether because of our own failures or a malicious cyber-attack, would lead to a loss in confidence by the public, retailers and advertisers.	• We have completed a multi-year migration of our applications to the cloud. This increases the resilience of our systems and the security of our data. • Development of new products carries the threat of cyber-attack and with digital retailing the impact of a potential data breach is likely to increase. We are therefore developing systems which provide not just the best customer and consumer experience, but all necessary security to ensure we remain resilient. • Integration of Autorama's leasing deals onto the Auto Trader platform is complex, and we are mindful of IT and cyber security threats during the integration. We are also committed to continuously reviewing, testing and updating Autorama's IT disaster recovery and business continuity arrangement. • Whilst we have used artificial intelligence ('AI') for many years, the recent emergence generative AI poses a great opportunity for us to enhance our products, customer and consumer experience, and to improve efficiency. However, it is important we use AI in a manner which does not expose us to excessive security, compliance and or reputational risks. • AI being used by criminals maliciously in future. Deepfake technology, for example, increases the risks of social engineering against stakeholders. • The cyber security landscape is constantly evolving. We continue to make significant investments in safeguarding our systems and data, as well as implementing best-in-class systems to support the achievement of our strategic objectives.
6. Failure to innovate: disruptive technologies and changing consumer behaviours	The automotive industry is changing at unprecedented pace. Should we fail to innovate our business and product offerings, we could lose relevance with our key stakeholders, including consumers and customers. It is crucial that we develop and implement new products, services and technologies, and adapt to changing consumer behaviour towards car buying and ownership. Failure to provide both customers and consumers with the best possible products and online journey, including an online buying experience, could lead to reduced website traffic and loss of revenue.	• We continue to develop new products in our marketplace platform and digital retailing. In the last year we have launched a trial of Deal Builder with a small number of retailers. This provides consumers with an omni-channel buying journey where they can find, reserve, finance and part-exchange online. • Leveraging Autorama's systems, we launched a leasing check-out journey on the Auto Trader site. Providingconsumers with a leasing option positions us to meet their needs as buying behaviours change, particularly those consumers wary about buying an EV for the first time. • We have continued to develop our AT Connect solution. This online tool leverages our platform and data to provide retailers with real-time connections to Auto Trader systems which can be used to inform vehicle valuations, maintain stock on our website in real-time and access our vehicle taxonomy. • Our data has been recognised nationally through the provision of our market pricing data to the ONS. We also work with government to provide information about EV demand to inform potential locations for EV chargers. • Overall, we have continued to manage the risks well over the last year and continue to provide new and updated solutions to both customers and consumers.
7. Legal and regulatory compliance	The Group operates in a complex regulatory environment. As we progress in executing our strategy, we are likely to be exposed to increased legal and regulatory risks, particularly those relating to FCA and GDPR.	• Providing consumers with an online car buying journey will increase our exposure to regulatory risks, in particular the amount of personal information we collect and in the provision of the online finance application journey.

	There is a risk that the Group, or its subsidiaries, fail to comply with legal and regulatory requirements. This could lead to reputational damage, financial or criminal penalties and impact on our ability to do business.	• Autorama exposes us to increased FCA and GDPR risks. This relates to both the leasing journey itself, as well as the ancillary products offered as part of leasing, such as gap insurance. Our compliance teams have been working to ensure that Autorama's policies and procedures are compliant. • We are regularly 'horizon scanning' to prepare us for upcoming changes to regulations and legislation. Upcoming legislative and regulatory changes which may affect us, albeit to varying degrees, include the UK Online Safety Bill Digital Markets, Competition and Consumers Bill, Data Protection and Digital Information Bill, the UK Audit Reform Bill, FCA Consumer Duty regulations, and changes to the UK Corporate Governance Code. • In the last year, in both response to, and in anticipation of, changes in regulatory risk, we have increased our resource in relation to risk and compliance monitoring, and increased headcount in our Governance, Risk and Compliance function. Overall, we consider the level of risk has increased.
8. Competition	Our data continues to show that there is a low competitive threat in our classified marketplace. Nevertheless, we remain wary of the risk that competitors could develop a superior consumer experience or superior retailer products. This could lead to loss of market share. Further, as the automotive industry evolves, an agency model could change the way that vehicles are bought and sold. Under an agency model cars are sold by OEMs directly to consumers via retailers. As we progress with our own objectives surrounding digital retailing, an agency model could mean that OEMs themselves emerge as a direct competitor in the vehicle retail industry. Failure to manage this emerging threat could inhibit our ability to achieve our objectives.	• Large technology companies such as Facebook, eBay and Amazon continue to operate in the automotive marketplace. In the last year, however, we maintained our position as the UK's largest and most engaged automotive marketplace for new and used cars, with over 75% of all minutes spent on automotive classified sites spent on Auto Trader. • On Boxing Day 2022 we launched a new marketing campaign which focusses on helping consumers to find the right car for them. This was supported by social media and digital audio content. We estimated that our advertising reached 99% of the UK population between Boxing Day and 31 March 2023. • In 2023 we have worked with certain OEMs to provide them with advertising solutions following their switch to an agency model. • Overall, we continue to see retailers and manufacturers evolving their online offerings, and as we diversify our own product offering, we broaden our competitive landscape, potentially leading to exposure to increased competition. It therefore remains imperative that we are innovative across the our classified marketplace, our platform and digital retailing.
9. Brand and reputation	Our brand is one of our biggest assets. Our research shows that we are the largest and most trusted automotive classified brand in the UK. Failure to maintain and protect our brand, and/or negative publicity affecting our reputation could diminish the confidence that retailers, consumers and advertisers have in our products and services. This could result in a reduction in audience and revenue.	• Our research shows that Auto Trader has c.90% prompted brand awareness with consumers. We are also voted regularly as the most influential automotive website by consumers in the car buying process. • We are supporting digital retailing product development with marketing to ensure that consumers see us as the most suitable place to transact online. • Owing to measures and monitoring tehchniques used by our security team, we continue to see very low levels of fraudulent and misleading adverts on our website. We use a customer watch list which aims to manage our platforms proactively in line with our values and relevant regulations, to identify and stop customer behaviour that could harm consumers, retailers or the Auto Trader brand. • To date, the trial of our Deal Builder product has been provided to only a select number of retailers.

		All retailers trialing this new product undergo enhanced checks before being granted access, including reviews on consumer feedback. • Overall, we consider there to be a decreasing risk to our brand and reputation.
10. External catastrophic and geo-political events affecting customer and consumer behaviours	In a connected, global industry, we are increasingly prone to the impacts of external events around the globe, as are our customers and consumers. We consider there to be a threat to the short-to-mid-term performance of our business posed by external, unpreventable, catastrophic and geo-political events. Such events could result in our customers being unable to trade, leading to loss of revenue, stock, audience and market share.	• In the last year, adverse market reaction to UK Government policy, the enduring impacts of Covid-19 and the conflict in Ukraine have all led to high inflation. Should the resultant rise in the cost of living be sustained for a lengthy period, it could have an impact on the ownership model of vehicles, potentially with a lower volume of vehicles per household. However, our exposure to high interest rates is minimal owing to our low levels of debt. • It is of paramount importance to the resilience of our business that we can anticipate, and respond quickly to, the impacts of external events, particularly those which impact on our customers. We are therefore continuously reviewing our business continuity and crisis management arrangements to ensure that they consider the impacts of external events. • Overall, we have performed well despite the uncertain economy. Nevertheless, we remain wary of the threats posed by external events, and we continue to review our crisis and business continuity arrangements regularly.