

Appendix 4E

carsales.com Ltd

ABN 91 074 444 018

Results for Announcement to the Market

Full-year ended 30 June 2022

(Previous corresponding period: Full-year ended 30 June 2021)

				A\$'000
Revenue from continuing operations	Up	19%	to	509,077
Profit for the year after tax	Up	23%	to	161,454
Net profit for the period attributable to members	Up	23%	to	160,816
Adjusted net profit ¹ for the period attributable to members	Up	27%	to	194,828

Dividends / Distribution	Amount per security	Franked amount per security
2021 Final Dividend paid	22.5 cents	22.5 cents
2022 Interim Dividend paid	25.5 cents	25.5 cents
2022 Final Dividend declared	24.5 cents	24.5 cents

2022 final dividend dates

Record date for determining entitlements to the dividends	19 September 2022
Latest date for dividend reinvestment plan participation	20 September 2022
Dividend payable	17 October 2022

	30 June 2022	30 June 2021
Net tangible assets backing per ordinary share ²	125.0 cents	102.1 cents

¹ The Directors believe the presentation of adjusted net profit provides a useful measure to assess the performance of the Group. Adjusted net profit excludes certain non-recurring or non-cash items. This is further detailed in Note 4(b) of the 30 June 2022 Financial Report.

² Net tangible assets exclude all right-of-use assets leased by the Group.

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2022 Financial Report.

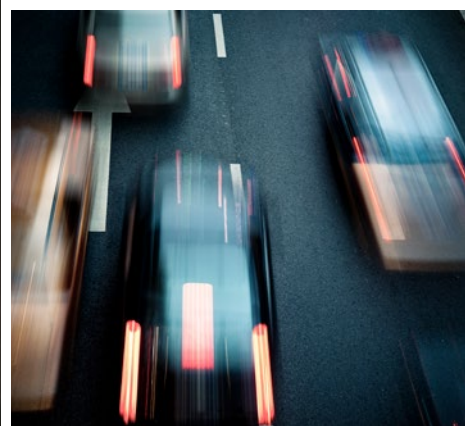
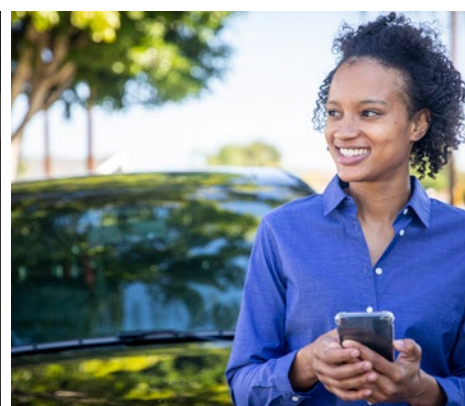
Annual Report 2022



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Founded in 1997, carsales.com Ltd (ASX: CAR) is the number one online automotive classifieds business in Australia with a growing global presence in Asia and the Americas. carsales.com Ltd also operates a number of market leading websites in non-automotive verticals including motorcycles, boats, caravans, trucks and heavy machinery.

We seek to empower our customers, making buying and selling vehicles as easy as possible for everyone – consumers, dealers and manufacturers alike. Headquartered in Melbourne, Australia carsales employs over 1700 people across the world and is a member of the S&P/ASX100.

OUR OPERATIONAL HIGHLIGHTS

(FY22 METRICS COMPARED TO FY21 UNLESS OTHERWISE STATED)



1.3 billion

Total sessions



46 thousand

Subscribed dealers



2.1 million

Vehicles online



Launched Select

carsales' digital retail product in August 2021



Great place to work[®]

Awarded for the fifth consecutive year



385 thousand

Cars inspected by Encar



6% increase

In employee engagement per our Employee Opinion Survey



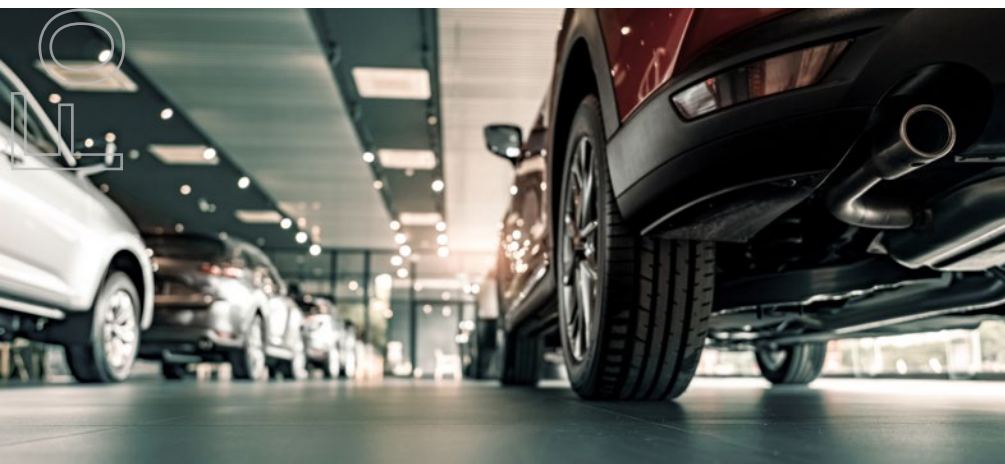
Nifty Fifty

Trader Interactive Innovation award for digital retail product



Carbon Neutral

In our Australian Operations



OUR STRATEGY

Our Purpose

Make Buying and Selling A Great Experience

Our Strategic Pillars



Digital Marketplaces

Grow our leadership in digital marketplaces



Value-added Services

Build a compelling ecosystem of services that support our customers through the buying, selling and ownership of vehicles



Future Horizons

Leverage consumer insights and emerging industry trends to explore new opportunities

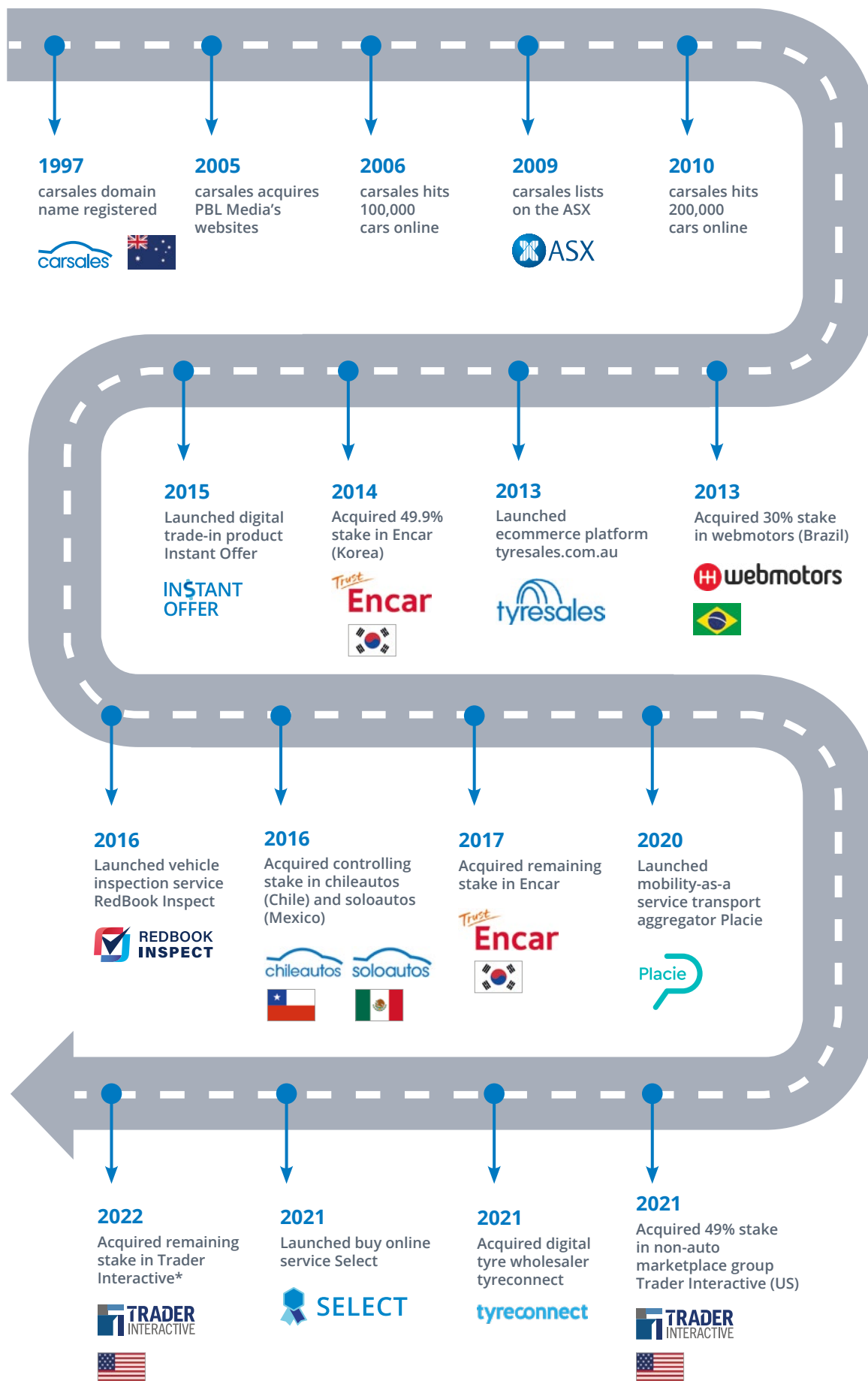
Our Drivers

Data

People

Technology

THE EVOLUTION OF OUR STRATEGY



* Transaction due to complete in late Q1/early Q2 of FY23

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CHAIR AND CEO LETTER



Pat O'Sullivan
Non-Executive Chair

Cameron McIntyre
Managing Director and CEO

FY22 has been a transformational year for carsales as we celebrate our 25th anniversary. We have delivered outstanding results despite ongoing disruptions and volatility caused by COVID-19. The acquisition of the remaining 51% of Trader Interactive in North America is an incredibly exciting evolution of our international growth strategy and strengthens carsales' position as a truly global leader in digital vehicle marketplaces. From a group strategy perspective, we are committed to delivering on our purpose of making 'buying and selling a great experience' across all our marketplaces. COVID has accelerated digitisation, which is creating new growth opportunities for carsales as we strive to bring more and more of the vehicle buying journey online. At the start of the pandemic, carsales adopted three core decision making principles which it continues to abide by: supporting our customers, protecting our people and driving the long term objectives of the company. This has enabled us to emerge as a stronger business which is reflected in the breadth of opportunities in front of us as we move into FY23.

Industry context

Automotive and non-automotive vehicle inventory levels continue to be impacted by supply chain constraints, primarily due to ongoing semi-conductor chip and other component shortages, freight costs, production and logistics constraints. As a result, used car prices have risen at unprecedented rates and we expect inventory levels to be an ongoing challenge for the next 6-12 months at least. With less new cars being sold, there have also been fewer trade-ins, driving more competition for used car supply between dealers. Despite these challenges as well as the

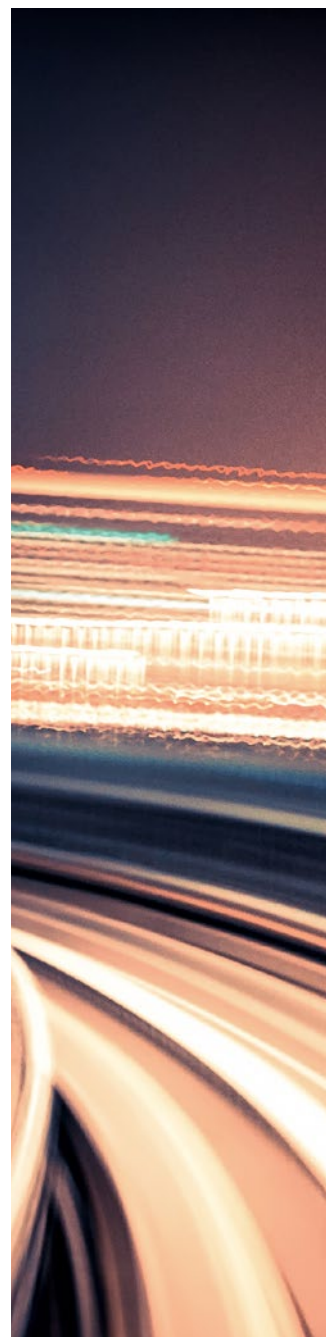
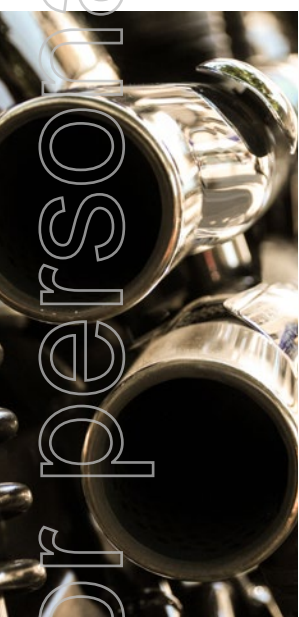
impact of inflation and rising interest rates, we have continued to see robust levels of demand in all our key markets, reflecting the resilience of marketplace business models through economic cycles.

Trader Interactive Acquisition and Capital Raising

During the course of the last 12 months we have become even more excited about the value of the Trader Interactive business and its growth potential. As a result we chose to exercise our call option in June to acquire the remaining 51% of Trader Interactive for US\$809m or approximately A\$1,172m. Trader Interactive is a leading platform of branded non-automotive marketplaces in the United States, providing digital marketing solutions across the commercial truck, recreational vehicle, power sports and equipment industries. Trader Interactive is a clear leader in large markets that have upside from both a digital adoption and monetisation perspective. Culturally, there is strong alignment between the carsales and Trader Interactive teams and we have demonstrated an excellent track record of delivering shareholder value by diversifying into international markets. Moving to 100% ownership will enable shareholders to capture the significant upside potential in the Trader Interactive business.

We successfully executed a \$1,207m accelerated non-renounceable entitlement offer to fund the transaction which was very well supported by our retail and institutional shareholders. We anticipate completing the deal late in the first quarter or early in the second quarter of FY23.

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FY22 has been a transformational year for the company as we celebrate our 25th anniversary. We have delivered outstanding results despite ongoing disruptions and volatility caused by COVID-19.

Financial Performance and Capital Management

The Group's results reflect the strength of our business model and core value proposition. The Group delivered excellent growth across our three primary financial metrics of Adjusted Revenue, Adjusted EBITDA and Adjusted NPAT, demonstrating the continued strength of our Australian and International businesses. FY22 Adjusted Revenue was up 16% on pcp to \$510m, driven by solid performance in our Australian business and excellent growth in our International businesses. Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was up 7% to \$272m with EBITDA margins of 53%. The earnings performance reflects the ongoing strength of our business model as the company continues to utilise its operating leverage and exercise strong cost discipline, whilst continuing to invest in key growth projects.

Adjusted Net Profit After Tax (NPAT) increased 27% to \$195m driven by our EBITDA growth and the profit contribution from our 49% ownership of Trader Interactive. The Board has declared a final FY22 dividend of 24.5c per share bringing total dividends paid to shareholders for FY22 to 50.0c per share for the year.

From a balance sheet perspective, the Trader Interactive acquisition will be partly funded by replacing debt at the Trader Interactive level with debt at the carsales level. We are looking to increase our facility size from \$900m to \$1,400m which provides us with ongoing funding flexibility post completion of the acquisition. We expect to maintain a strong balance sheet post acquisition with leverage of approximately 2.7x net debt to EBITDA. We will also retain our existing dividend payout policy of 80% of Adjusted NPAT.

Operational Highlights

Australia

Growth has accelerated in our Australian business which is predicated on our ability to continuously innovate and deliver product improvements for consumers, dealers and manufacturers.

A good illustration of this is the continued development, enhancement and growth of our private seller value proposition through the traditional private sell process as well as our 'Instant Offer' selling option for consumers. Volumes have grown strongly in each of these areas, with units sold increasing by more than 16% in FY22, a result of continued user improvements, a strong trust and safety environment, enhancements to our pricing engine, adding more dealers to the Instant Offer platform, expanding the range of cars covered by Instant Offer and developing consumer awareness through our recent advertising campaigns. We only see continued upside potential over the next few years for this area of our business, particularly given it is digitising the sale of vehicles which is becoming increasingly attractive for consumers.

The growth in our media business has also been very pleasing this year. Our strategy of diversifying into more native ad placements as well as into non-automotive segments is paying dividends and is reflected in our third consecutive half year of double digit revenue growth. From a dealer perspective, there is strong momentum with our digital car buying experience, carsales Select and we are making steady progress in developing our value proposition for both consumers and dealers alike. With rising interest rates it is important for dealers to be able to showcase their finance offerings to potential car buyers to differentiate their vehicles from those of their competitors and our finance offering has continued to make good progress and has excellent momentum heading into FY23.

International

Our international growth strategy continues to deliver. We have an enviable portfolio of assets, which are key pillars of our long term growth strategy. Our three largest international assets in South Korea, the United States and Brazil continue to demonstrate impressive growth profiles, with each delivering double digit growth in revenue and EBITDA in FY22.

In South Korea, we had another outstanding year from a business performance perspective, with constant currency revenue up 17% and Adjusted EBITDA up 16%. The key strategic focus areas of the business are to increase the penetration of Guarantee Inspection, Dealer Direct and Home Delivery products and the business has been successful in growing all three of these in the last twelve months.

In the US, we have delivered excellent constant currency revenue and Adjusted EBITDA growth of 11% and 16% respectively. This reflects a very strong performance in RVs, a good and improving result in Powersports and flat growth in Trucks due to ongoing inventory issues. There is significant upside potential for the business, particularly under 100% carsales ownership moving forward.

In Brazil, the business has performed very strongly over the last twelve months and has increased its market leadership and grown its number of dealer customers. The business has executed a regional expansion program which will grow the brand in regions outside of Sao Paulo and Rio de Janeiro where the webmotors brand has not been as strong over the coming financial year. There is significant long term financial upside if we execute this plan well.

In Chile, business conditions and financial performance have started to improve with inventory growing strongly. Mexico remains challenging with new car sales and inventory levels still remaining suppressed.

Our people

Our success is directly attributable to the capability, loyalty and culture of our team. I am proud that our people continue to remain highly engaged, showing resilience and determination in what has been another challenging year.

In a highly competitive talent market, we have remained focused on retaining our incredibly talented people as well as continuing to attract new talent to support our growth.

As a business we have always prided ourselves on our inclusive work environment. This has enabled us to successfully introduce a new way of working this year, providing our people the autonomy to choose where they do their best work – office, hybrid or anywhere. This approach has seen many added benefits for our people and the business, including providing us access to even wider and more diversified talent pools outside of our traditional office locations.

A few highlights from the last year include:

- Being recognised as a Great Place to Work® for the fifth consecutive year;
- Maintaining our Workplace Gender Equality Agency (WGEA) Employer of Choice for an eighth consecutive year and becoming a certified Family Inclusive Workplace™;
- Being named as an Australian Association of Graduate Employers (AAGE) Top Graduate Employer; and
- Achieving a 6% uplift in overall employee engagement in our 2022 employee opinion survey.

Governance

Environmental, Social and Governance ('ESG') issues are rightly taking a more prominent role in the corporate world and community more broadly. We take these matters very seriously and as a result have recently established a new Sustainability Board Sub-Committee to oversee the Group's ESG strategy. We are dedicated to building an environmentally friendly business that has a strong social conscience. We are focused on reducing carsales' impact

on climate change and this year we achieved carbon neutral status in our Australian business operations. Our focus now turns to achieving this in our international businesses as well as providing the best available information for our consumers to make environmentally friendly vehicle purchases, to support Australia's transition to an electric vehicle future.

The Audit Committee has overseen the competitive tender for carsales' external auditor and has reappointed PwC. The Board Risk Committee continues to focus on identifying and monitoring our key risks as a business. As an online vertical marketplace business, cybersecurity and protecting customer and consumer data are critical focus areas for carsales. We continue to invest heavily in our security infrastructure to ensure the integrity of our customer data and provide policies, training and education to our employees on responsible data use and cyber security. We cannot become complacent in this area and will continue to invest to ensure we keep pace with the changing risk management and security landscape.

Towards a successful FY23

We are incredibly proud of our achievements in FY22 and even more excited about the year ahead as we move to 100% ownership of Trader Interactive. Thank you to our wonderful carsales people who are responsible for all we have achieved in the last twelve months. And finally, on behalf of the board, thank you to our customers and shareholders for their continued support and we look forward to working with you all in FY23.

Pat O'Sullivan
Non-Executive Chair

Cameron McIntyre
Managing Director and CEO



We are dedicated to building an environmentally friendly business that has a strong social conscience.

WHAT WE DO

carsales.com Ltd is the #1 online automotive marketplace business in Australia with a growing global presence in Asia and the Americas. carsales.com Ltd also operates a number of market leading websites in non-automotive verticals including motorcycles, boats, caravans, trucks and heavy machinery.

Our aim is to make buying and selling vehicles a great experience. We achieve this by leveraging our consumer audience and technology platform to bring together dealers, consumers and Original Equipment Manufacturers (OEMs) in one environment.

OUR MARKETS

carsales built its name in Australia but over the last 10 years we have increasingly become a global player. Our global markets have a combined population of 750 million people and car sales volumes of approximately 25 million per annum. The markets we have entered have been carefully selected based on criteria including macroeconomic attractiveness, digital maturity and market dynamics. We leverage our world-class technology and intellectual property to accelerate the growth in these businesses and have a strong track record of delivery.

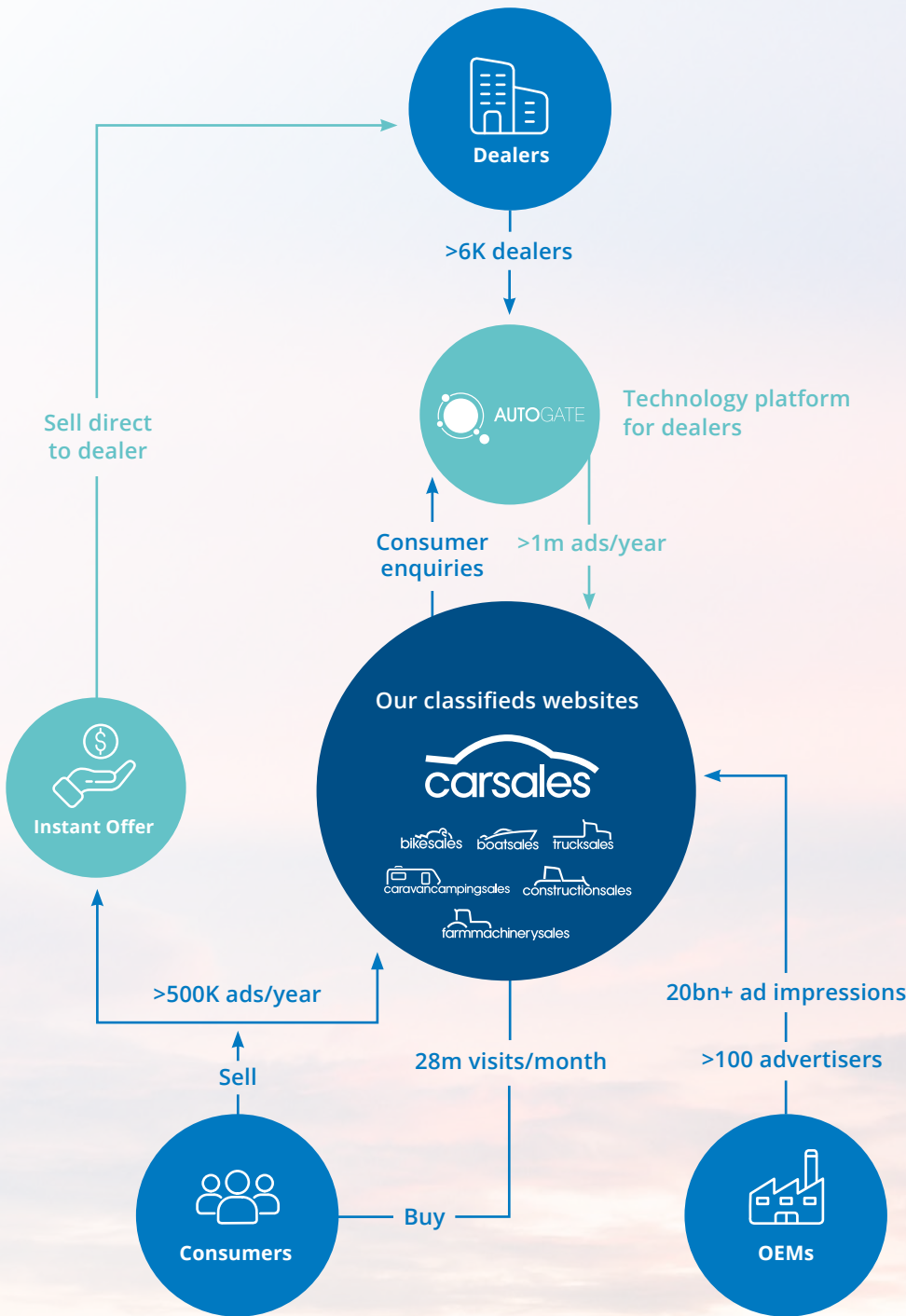
Our recent acquisition of Trader Interactive, has allowed us to deepen our exposure to the very attractive non-automotive vehicle markets in the US including caravans, powersports, trucks and commercial equipment.



OUR AUSTRALIAN BUSINESS

In Australia, we are market leaders in online classifieds in a number of industries including cars, motorbikes, boats, trucks and commercial equipment.

Our ecosystem



OUR AUSTRALIAN BUSINESS CONTINUED



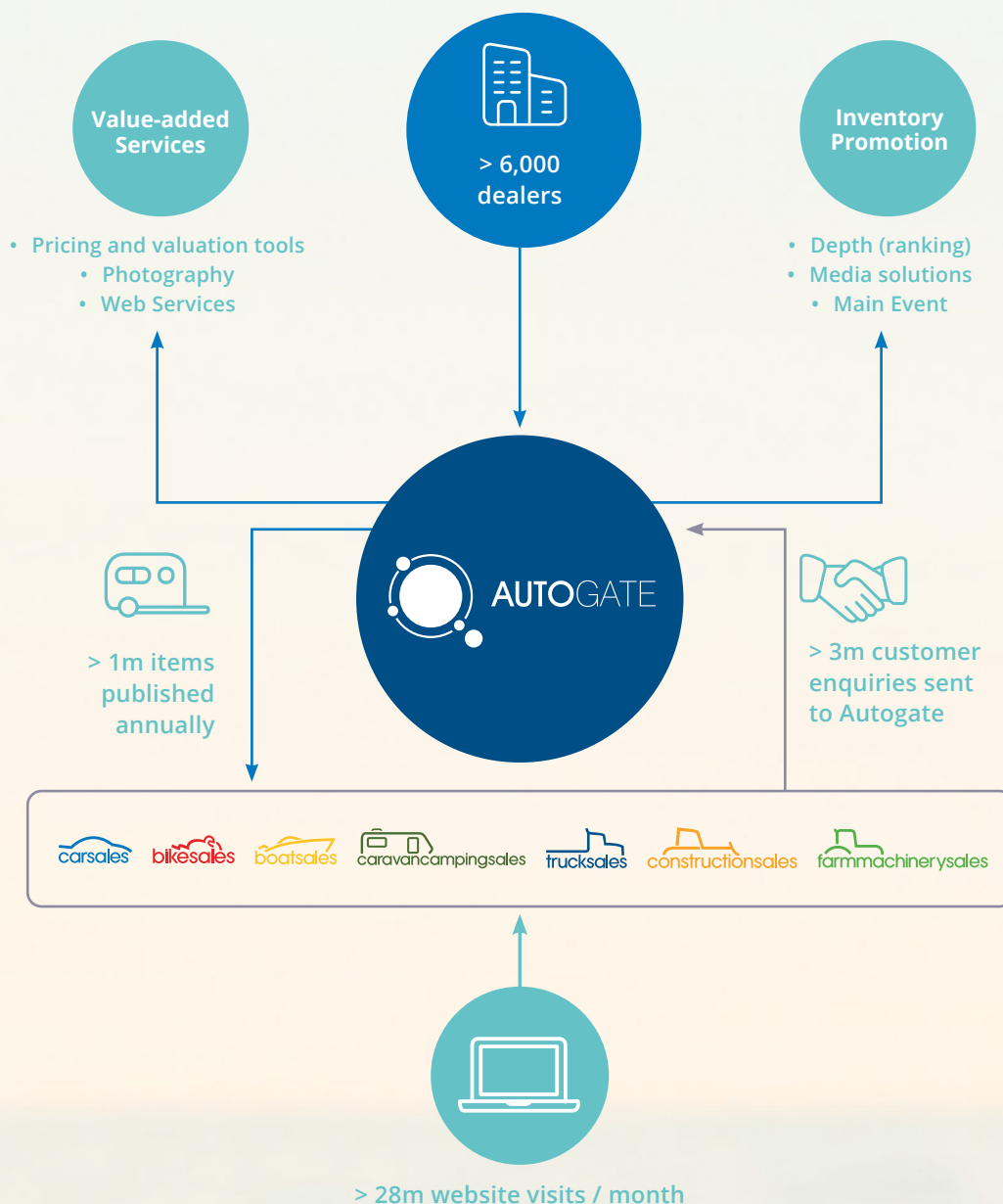
DEALER BUSINESS

Our dealers are key stakeholders and a critical part of carsales' success. Our more than 6,000 dealers advertise over 1 million new and used vehicles per year on which they receive over 3 million enquiries from consumers.

Our proprietary inventory and lead management technology platform, called AutoGate, allows dealers to:

- manage, publish and promote inventory items to our network of websites;
- receive and manage enquiries from consumers; and
- analyse and understand their market by accessing digital insights and reporting from carsales.

Our dealer community





PRIVATE BUSINESS

Approximately 5 million consumers visit our network of websites every month – that's ~20% of the Australian population! We aim to make buying and selling a great experience for our consumers.

A private seller on carsales can choose to run the sales process by themselves, utilising our suite of value-added tools including pricing analysis and vehicle inspections. Alternatively, they can sell directly to dealers through our Instant Offer program which facilitates a quick sale at a transparent price.

Our private seller platform

Post an ad

PRIVACY PROTECT

Hide your personal number from buyers

PRICEASSIST

Tools to help you price your car to sell

FACTS+

Get car information you won't find anywhere else

REDBOOK INSPECT

Build buyer confidence with a vehicle inspection



OR

Instant Offer

We sell it for you

If you don't have the time to sell your car, we can sell it fast for you.
We price the car, our dealer network buys it.

Get your price

Enter in your details and answer a few questions to get your official Instant Offer

We collect the car

You can drop off your car for free or we'll pick it up for you

Get paid fast

Payment is made the next business day, once the car is collected

OUR AUSTRALIAN BUSINESS CONTINUED

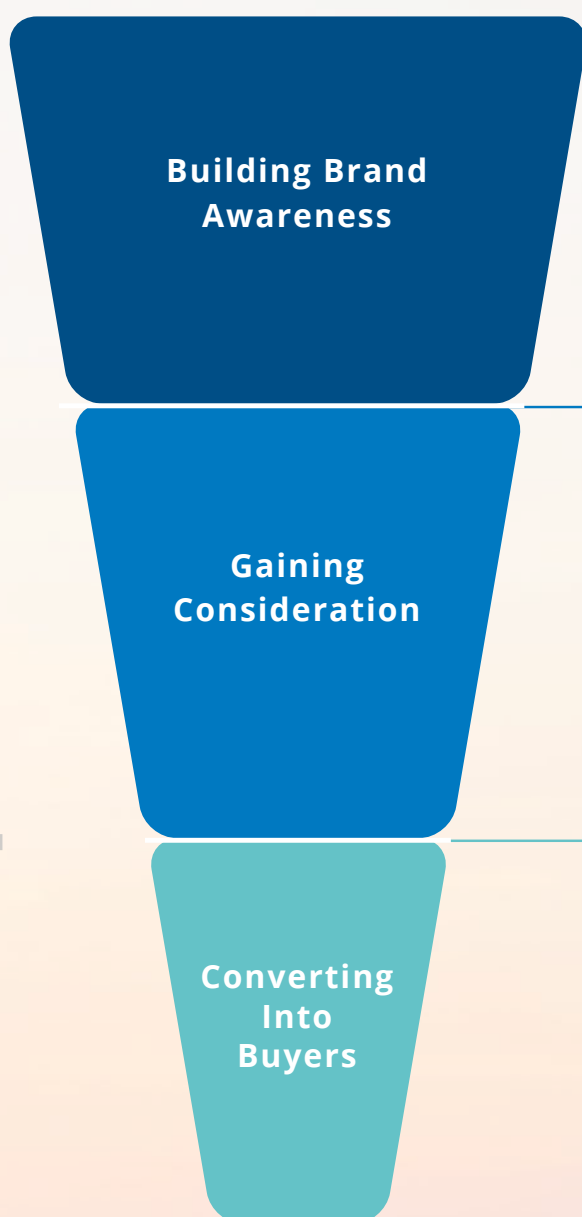


MEDIA BUSINESS

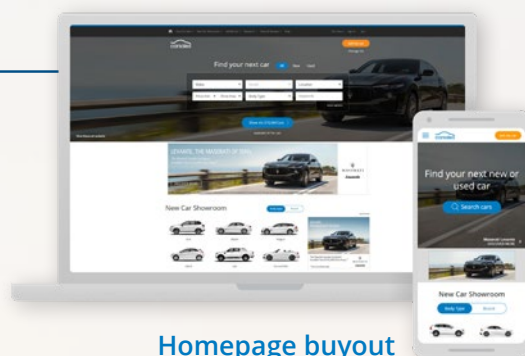
The quality and quantity of our audience has made carsales the number one destination to buy new and used cars.

We help our 100+ OEMs to achieve their goals by ensuring they're reaching consumers at each stage of the vehicle buying journey. We do this by leveraging our editorial program, our online new car showroom as well as specialised audience targeting in our listings environment.

Our media offering

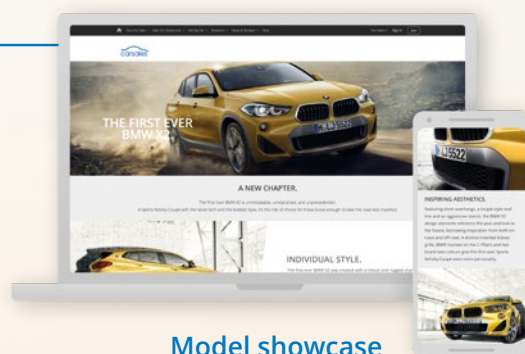


Building Brand Awareness



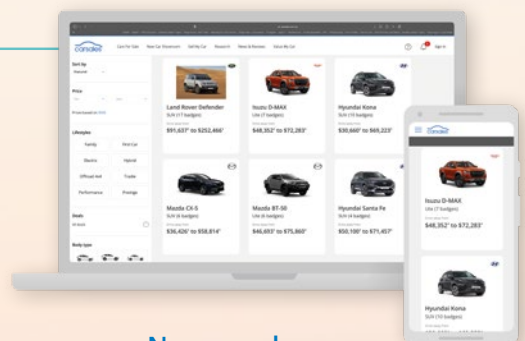
Homepage buyout

Gaining Consideration



Model showcase

Converting Into Buyers



New car showroom

AUSTRALIAN HIGHLIGHTS

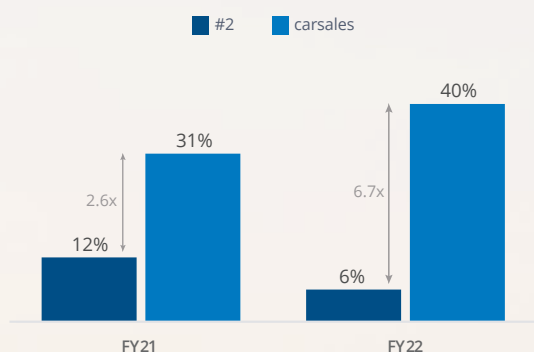
Multiple Domestic Growth Opportunities



Marketplaces

carsales has extended its lead as the most preferred website to buy and sell cars in Australia.

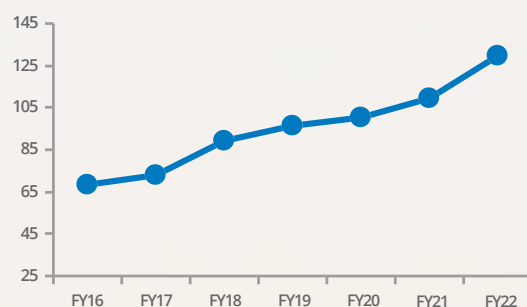
Most Preferred Website¹



Dynamic Pricing

Our dynamic pricing strategy aims to better align the price charged with value delivered. This has enabled us to charge more for higher priced cars where the value we deliver is very strong, resulting in a significant uplift in private ad yield.

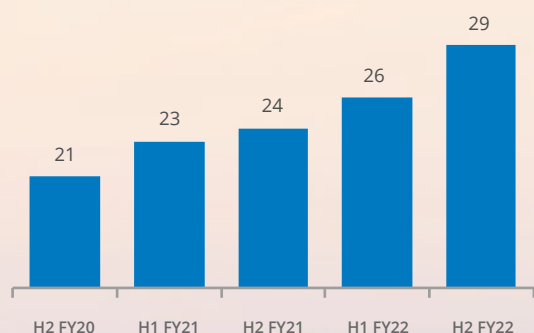
Private Ad Yield (\$)



Media & Membership

We are executing on our strategy to diversify our media customer base and improve our mobile and native advertising products.

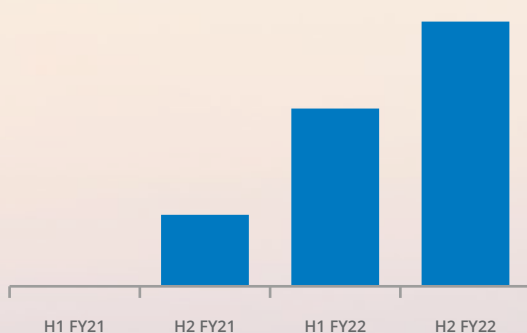
Media Revenue (\$m)



Dealer Finance

Helping dealers to increase their finance penetration through integrated finance placements on carsales is a key priority.

Dealer Finance Listings



1. Study conducted by independent research agency, Nature Pty Ltd, "market brand health tracker June 2022". If you had to choose one tomorrow, which one would you most prefer for buying or selling a new / used car?

AUSTRALIAN HIGHLIGHTS CONTINUED



- Demand for a fully online buying experience is increasing and in response we launched online buying service 'carsales Select' in August 2021
- More than 2,000 cars are currently listed on the Select platform and time to sell is approximately 2x faster than a standard listing
- Trade-in pricing has now been integrated into Select and dealer finance is being integrated now

✓ Pre-negotiated price	✓ Certified inspection report	✓ Instantly reserve online	✓ 7-day money-back guarantee	✓ 3-month limited warranty
Using carsales' pricing algorithm to ensure pricing is competitive	Car accompanied by Inspection & Facts+ Report and imperfection photos	carsales holds refundable reservation fee and listing is de-listed	Instils confidence by replicating test drive experience	Showcase dealer statutory warranties

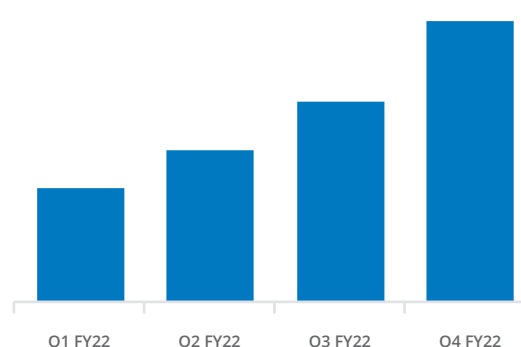


- Instant Offer provides a fast, convenient and transparent way for people to sell their car. Consumers can sell their car quickly at a price offered by carsales, and drop-off at one of our participating dealers
- FY22 transaction volume grew 19% vs pcp, and we released our new pricing engine which allows broader and more accurate pricing of cars, improving conversion

Key Sales Funnel Steps

Growth Drivers

FY22 Quarterly volumes

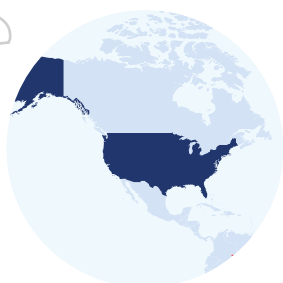


Demand for a fully online buying experience is increasing and in response we launched our online buying service 'carsales Select' in August 2021



INTERNATIONAL BUSINESSES

We have an international portfolio of market-leading, fast-growing businesses that present a significant long-term growth opportunity.



TRADER
INTERACTIVE

- Market leading platform of non-automotive marketplaces across RV, powersports, truck and equipment industries in the US
- Non-automotive classifieds are less digitally mature than automotive markets, meaning the business is well positioned to capture upside from further dealer penetration, monetisation and synergies across its key verticals

14m

Monthly visits

763k

Published inventory



Trust
Encar

- Clear market leader in automotive classifieds in South Korea with a strong track record of growth over the last 7 years
- Strategy is to increase the penetration of premium services for dealers, consumers and OEMs. Key growth drivers include Guaranteed inspection, Dealer Direct and Home Delivery products

23m

Monthly visits

152k

Published inventory



H webmotors

- No.1 position in the large Brazil automotive market, with very strong growth over the last 4 years since the major recession in Brazil ended
- Substantial growth opportunity given the size and immaturity of the market. Key growth drivers include increased dealer and consumer penetration particularly in areas outside Sao Paulo and Rio. Dealer Finance is also a significant revenue opportunity

28m

Monthly visits

407k

Published inventory



chileautos

soloautos

- Chileautos is a profitable and strong number one player in the Chile market with a strong growth trajectory through increased penetration and monetisation of dealers
- Mexico is an earlier stage investment. The focus is to grow market leadership

8m

Monthly visits

133k

Published inventory

INTERNATIONAL HIGHLIGHTS

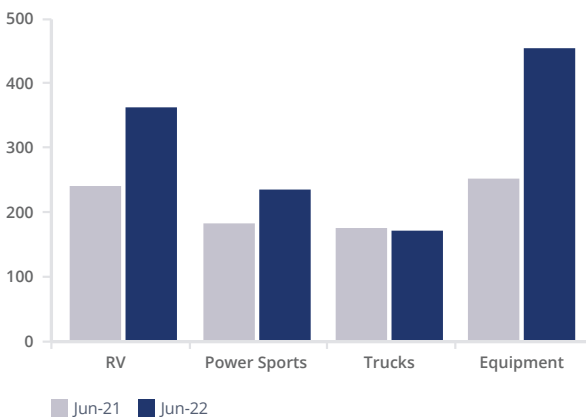


In June 2022, we exercised the call option over the remaining 51% stake in Trader Interactive with completion expected in late Q1/early Q2 of FY23

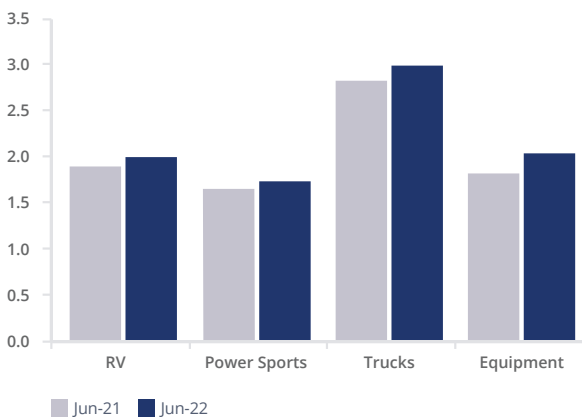
FY22 key highlights

- Excellent financial performance with constant currency Adjusted Revenue and EBITDA up 11% and 16% respectively
- Grown our audience market leadership position in RVs and Powersports and strong progress in closing the gap in our Commercial verticals
- Good progress in enhancing our technology and product capability, highlighted by the launch of an end-to-end digital retailing product on cycletrader.com
- Increased our customer base by 7% and improving inventory levels

Published Inventory (000)¹



Subscribed Dealers (000)



1. Monthly Unique Listings

INTERNATIONAL HIGHLIGHTS CONTINUED



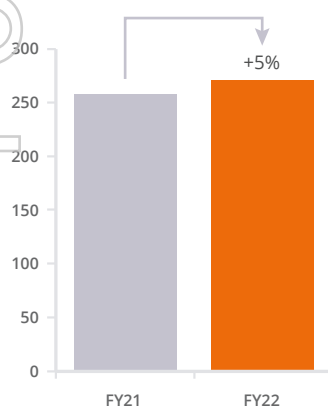
Trust
Encar

Excellent FY22 performance, achieving double-digit revenue growth and continued expansion of key products and services

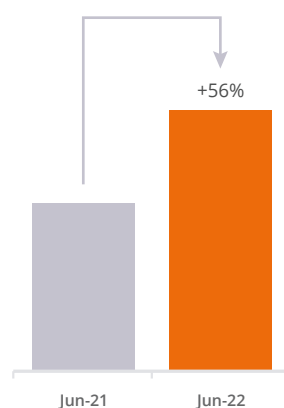
FY22 key highlights

- Good growth in our consumer audience
- Digital trade in product, Dealer Direct, continued to grow strongly supported by a growing number of buyers and sellers
- Excellent growth in the number of cars inspected through our "Guarantee" inspection program

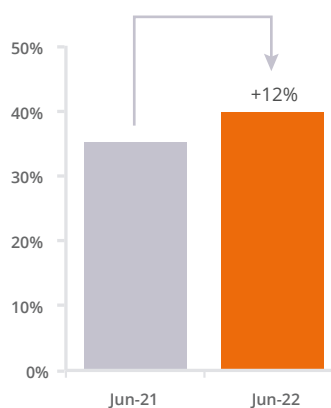
Visits (m)



Dealer Direct Volume



Guarantee Inspection Penetration



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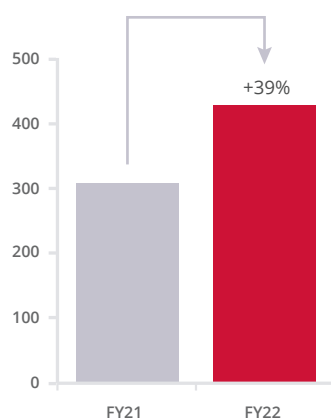


webmotors' growth accelerated in FY22 driven by the continued enhancement of our consumer and dealer value proposition

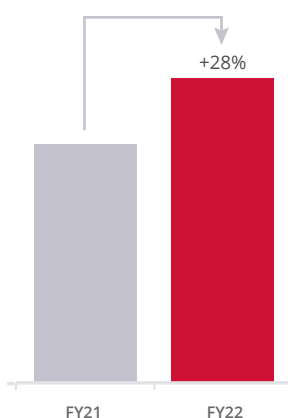
FY22 key highlights

- Inventory and dealer volumes increased significantly with private volumes doubling and dealer volumes up 30% vs. pcg. Regional expansion plan continued successfully with ~750 new dealers signed. Total subscribed dealers are approximately 18,000
- Excellent growth in our value added CRM and training products
- Increased monetisation with revenue per dealer up 28% vs. pcg, with increasing contribution from listing depth products which is becoming a material contributor

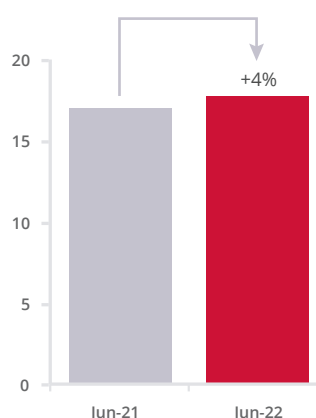
Inventory (000)



Dealer Yield



Subscribed Dealers (000)



OUR PEOPLE. OUR CULTURE.

269

people joined the carsales group

1001

graduate program applications

91%

of our people would recommend carsales a great place to work

50%

of promotions and internal appointments went to female team members

93%

of our people feel genuinely supported to make use of flexible working arrangements

138

mentors and mentees across two Mentor Program intakes



3,125 hours

of formalised training sessions and professional development workshops delivered to

2,191 attendees globally

300

Over 300 #wearecarsales Award nominations across the carsales group

AI Hackathon

203 participants, 18 projects



Things that make us incredibly proud

Over the past year, we have worked hard to deliver on our goal of being a destination for talent by continuing to attract and retain incredible people. We have been:

- Great Place to Work® certified for five consecutive years;
- A Workplace Gender Equality Agency (WGEA) Employer of Choice and certified Breastfeeding Friendly Workplace for eight consecutive years;
- An Australian Association of Graduate Employers (AAGE) Top Graduate Employer in 2019, 2020 and 2022; and
- Most recently we became a Family Inclusive Workplace™ and were named on the 2022 AAGE Top Intern Programs list, placing 5th across all of Australia.

Additionally, our Australian business operations were recently certified carbon neutral under the Australian Government's carbon-neutral certification program Climate Active.

Many of these accolades have been achieved through our people being surveyed and sharing their experiences of working at carsales, which makes them particularly meaningful.

Be a big part of something big

One of the best things about carsales is that our people get to be a big part of something big. We may be a global ASX100 business, but we're still small enough for everyone to be heard, work on projects with meaning and make real impact. Our uniqueness comes from having the rare combination of being able to provide all the benefits of a big tech company – being growth, security and resource – coupled with the feeling of a small organisation, which gives agility, opportunity and autonomy to our people. Our openness to new thinking coupled with our flat structure and accessible leadership team means that every good idea can become a reality.

For the past 25 years we've backed our people to make new ideas happen and have created an environment in which every team member has the chance to do work that delivers significant customer value. We aim to provide our people with a dynamic workplace experience which transcends a mere list of perks and benefits.

This, in conjunction with our caring and inclusive culture, is what we believe sets us apart and makes us a great place to work. Whether we are talking about our people,

our customers or our community, the initiatives and programs that we run considers whether what we are doing is going to be equally accessible to all. Why do we do it? Not only is it the right thing to do, but we know that if our team feels cared for and a sense of belonging, then so will our customers.

Autonomy to choose

One of our key learnings from the COVID-19 pandemic was that our people can work from anywhere successfully - which is why we now give our Australian and New Zealand team members the autonomy to choose their working location. Our people have three working options:



office

You come into the office 3+ days per week and have a dedicated desk for your laptop, monitor and whatever personal items you need to make your space personal to you.



hybrid

You come into the office 1-2 days per week and hot desk on the days that you come in. The remainder of your week is spent working from home.



anywhere

You spend the majority of your working time at home and rarely, if ever, work from our offices.

OUR PEOPLE. OUR CULTURE. CONTINUED

We believe in creating a culture where our people can do their best work, irrespective of their physical location. We recognise that some of us do our best work in an office setting, and some of us work best from somewhere else. The reason Autonomy to Choose works for us is because of the trust that we have in one another.

To ensure that we can still nurture the human connection that we all care about so much, we bring our whole team together in-person at various points throughout the year for companywide events. These events are a great opportunity to collaborate and learn from each other, foster team connection, and get together for some relaxed, social fun.

An added benefit of Autonomy to Choose is that because there is no longer a requirement to work from an office, our team members have the opportunity to work from overseas for periods of time. This is particularly beneficial to those who have family living overseas. We've also seen some team members permanently relocate regionally and interstate, and it's opened up our ability to hire incredible talent outside of the cities where our offices are located.

The response from our team since implementing Autonomy to Choose has been overwhelmingly positive. In our March 2022 Employee Opinion Survey, we saw a 6% uplift in our overall engagement score. Other highlights included:

- "I would recommend carsales as a great place to work" 91% favourable response (+7% YoY)
- "We are genuinely supported if we choose to make use of flexible working arrangements" 93% favourable response (+13% YoY)
- "We have enough autonomy to perform our jobs effectively" 92% favourable response (+7% YoY)



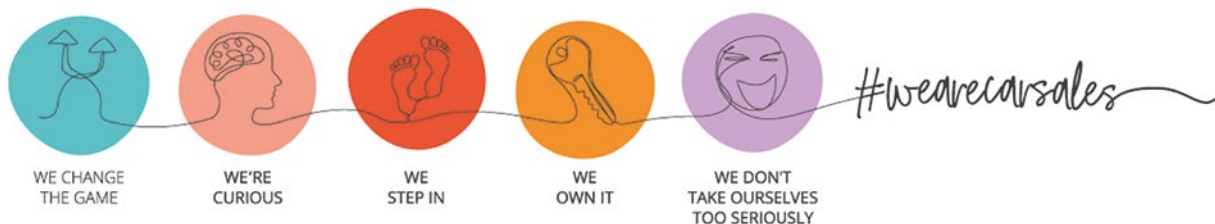
As we move forward as a team – whether we work together in-person, virtually or a mix of both – we know that it's crucial that we're mindful of others and continue to be inclusive of everyone, no matter where they choose to work from. To support our leaders through this transition and ensure we reset as we move forward, our people managers have been undertaking a bespoke training program called Leading for Inclusion and Belonging. This training addresses how we can continue to foster a sense of inclusion and belonging in geographically dispersed teams and helps our leaders think about how their leadership style may need to adapt to ensure that our teams continue to perform at their full potential.

Investment in our people

This year, we were proud to introduce an Employee Share Plan (ESP) for all permanent Australian team members. We want our people to be able to share in the success and growth of carsales. Our ESP is a matched plan which allows team members the opportunity to sacrifice pre-tax salary to purchase carsales shares, and this investment is matched by the company. 63% of eligible team members opted into our ESP in year one. This result shows us that our people believe in our business and what we are collectively working towards.

In early 2022 we welcomed our fifth cohort of Technology graduates into the business, and we were recognised as a Top Graduate Employer for the third time by the Australian Association of Graduate Employers. Our program gives graduates broad carsales experience and provides formal mentoring and support from our talented leaders who are passionate about investing in their development. We were also pleased to see all our 2021 graduates be offered permanent roles within carsales at the conclusion of their 18-month graduate program.





As we continue to operate in a tight talent market, we explore new and alternate pathways to attract highly talented individuals to carsales. One of the ways in which we are fostering a pipeline of digital talent is through internships – both at the early and mid-career level. This year we welcomed 13 interns through three different programs:

- The Victorian Government's Digital Jobs program – which aims to build the state's digital workforce by training and upskilling mid-career Victorians so they can transition into digital careers;
- CareerSeekers - a non-profit organisation supporting refugees and asylum seekers, who are either mid-career or university students, to transition into professional careers in Australia; and
- The Monash University Industry Based Learning (IBL) program - providing undergraduate IT students with work opportunities in a corporate setting, allowing them to develop sought-after employability skills.

Of the interns who have completed their internships to-date, 100% have resulted in permanent employment opportunities within carsales. This demonstrates that investing in internships is proving to be a successful talent pathway for us. We were also thrilled to learn that carsales was named on the 2022 Australian Association of Graduates Employers Top Intern Programs list, placing in the top five employers across Australia.

Our annual hackathon this year was AI themed with 203 team members across the globe working on 18 different projects. We're passionate about hackathons because they bring our people together to collaborate, invent, innovate, experiment with new ideas and learn. Seeing many hackathon ideas develop into tangible

product innovation for our customers is another reason why they are so important to us.

We have continued to embed our behaviours into everything we do through the #wearecarsales Awards. These quarterly awards are peer nominated and designed to recognise those living our carsales behaviours and bringing them to life. Throughout the year we received over 300 nominations across the carsales group and celebrated 20 worthy winners – five per quarter.

In 2022, we announced three members of the carsales team as recipients of our annual CEO Scholarship – two from Australia and one from Chile. The CEO scholarship is open to all team members globally and is an opportunity to receive a grant to complete a further education or learning opportunity of their choice. This year's winners will be undertaking a wide range of learning opportunities including Graduate Certificates in Marketing, Professional Certificates in Digital Transformation and courses in Design Strategy and Service Futures.



The Victorian Digital Jobs Program gave me the opportunity to pivot my career, explore and deep dive into the world of Tech and Product Management. Securing a Product Management internship with carsales is a greatly desired position to be in, and I feel so fortunate to be here. As soon as I joined I felt welcomed and part of the carsales family, and have been well supported in my career journey thus far. Working within the Retail team helped setup a strong foundation of knowledge and experience, and I was able to explore the many facets of Product Management. It felt great adding value and contributing to projects, even at this early stage of my new career path. To my delight I was offered a permanent position and look forward to continually learning and developing my career within the Dealer tribe with such skilled and wonderful group of people.

— Rose Peart, Associate Product Manager

OUR PEOPLE. OUR CULTURE. CONTINUED



Women in Tech

Our Women in Tech group is made up of females across the carsales group in technical, non-technical and general business roles. The group has gone from strength to strength with the introduction of our new Women on the Move program. The goal of this program is to provide practical skills development workshops covering personal brand, career goal setting, optimising strengths, communicating with assertiveness, generating influence, and building networks and visibility.

The Women in Tech group has also attended external events such as the recent Girls In Tech conference and we have re-signed as a sponsor of the Go Girl Go For IT conference – a free one-day technology conference for girls in years 5-12 across Australia. We look forward to continuing to support initiatives such as these which aim to encourage students to pursue a career in technology.

Diversity, Equity and Inclusion

We continue to foster a workplace that values diversity, equity and inclusion and are proud to have scored a 95% favourable response to the Diversity statements posed in our March 2022 engagement survey. In 2022 we were awarded the WGEA Employer of Choice citation for a further two years. We have been awarded the citation every year since 2015 and are one of only 120 organisations in Australia to hold it at present. Our CEO, Cameron McIntyre, has continued to lead our efforts in this space as a WGEA Pay Equity Ambassador and board member for Inclusive Australia. We are also proud to have maintained 40% female representation at the Australian Senior Leadership Team level.

In addition, we remain a Best Practice Breastfeeding Friendly Workplace and a business that is inclusive and welcoming of the LGBTIQ+ community via the

Welcome Here Project. We have continued to celebrate important events such as International Women's Day and International Day Against Homophobia, Biphobia, Interphobia and Transphobia with guest speakers who inspire and educate our people.

This year, we also became a certified Family Inclusive Workplace™ for the first time. Family Friendly Workplaces™ is a partnership between Parents At Work and UNICEF Australia to improve work life wellbeing, inclusion and equity outcomes for families by introducing a set of six certifiable standards for employers. Our certification submission outperformed the cohort in five of the six standards. Achieving this accolade recognises that our policies, practices, guidelines, leadership and culture support our people regardless of what stage of life they are at in their family. We are thrilled to be one of the first 70 organisations to be certified as a Family Inclusive Workplace™ in Australia.



Climate Active certified

This year, our Australian business operations were certified carbon neutral under the Australian Government's carbon-neutral certification program Climate Active. Climate Active curates what is considered one of the world's most rigorous carbon neutrality certifications programs and this achievement solidifies our commitment to minimising environmental impact, reducing emissions, and championing positive climate action.

We achieved carbon neutrality by offsetting 100% of our Australian carbon emissions by investing in four important carbon offset projects. As a global business, our approach to carbon offsetting is to support a mix of community, conservation, and renewable energy projects both locally and internationally. In Australia, it was important for carsales to align with a project that provides environmental, cultural, economic and social benefits to the Traditional Custodians of our lands - the Aboriginal and Torres Strait Islander communities. The Karantijpa North Savanna Burning project does just this by combining traditional knowledge with innovative techniques to reduce emissions associated with savanna fires.

Overseas, we have invested in two conservation projects being NIHT Topaiyo REDD+ and Pacajai REDD+. The former conserves endangered tropical rainforests in Papua New Guinea, which is Australia's closest neighbour and a country with whom Australia shares a rich history and strong bilateral relationship. The latter is helping to reduce deforestation in the Amazonian rainforests of Brazil. Brazil is a country that we have had close ties to since 2013 when we acquired a 30% stake in webmotors. From a renewable energy perspective, we have invested in the Midilli Hydroelectric Power Plan in Turkey. This project demonstrates our commitment to supporting low emission electricity generation. This is important to us given the continued rise of electric, hybrid and low emission vehicle sales around the globe and the role that we play in partnering with manufacturers, dealers and consumers as this transformation takes place.

We are taking a number of steps towards reducing emissions, which includes developing a detailed emissions reduction strategy with time-bound targets. Our head office building in Melbourne is also certified carbon neutral through the National Australian Built Environment Rating System (NABERS). We continue to work with our building owners and landlords around Australia to explore ways that we can continue to reduce our energy consumption and waste impact. We also intend to be strategic when looking at any future tenancies in terms of their location and proximity to public transport and ensuring they have high NABERS base building ratings.



Community

We are proud to have continued our partnership with CS in Schools for a third consecutive year. CS in School's mission is to create sustainable change in Australian digital technical education by providing a complete DigiTech pathway for secondary students and developing teacher confidence in relation to delivering digital technology classes. Our team enjoy volunteering their time to support this cause, and we were thrilled to be recognised by CS in Schools at their 2021 awards night as their Supporter of the Year.

We have also continued to mentor students via the Monash Postgraduate Industry Experience mentoring program, and this year for the first time have supported headspace's Work and Study support program. headspace provides early intervention mental health services to 12-25 year-olds, and we have volunteered our time by participating in mock interviews with their clients who are being supported to find employment opportunities.

Our partnership with Swinburne University has also continued through our sponsorship of a second female student to undertake a degree in Computer Science and Information Technology at Swinburne University through our carsales Foundation Women in IT scholarship. Similarly, our partnership with The Smith Family has continued and we have sponsored seven school children around Australia through the Learning for Life program and raised much needed funds for their Christmas Appeal.



DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group or carsales) consisting of carsales.com Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2022 (FY22).

Operational and Financial Review

Principal Activities

carsales is the leading digital automotive and non-automotive vehicle marketplace in Australia, with a growing global presence in Asia, Latin America and North America. We are the go-to place to buy and sell cars, bikes, boats, trucks, caravans and much more across our network of sites.

Our key services, customers and geographies for continuing operations include:

Online Advertising Services

carsales' Online Advertising Services can be broken into two key product sets – classified advertising and display advertising services.

- Classified advertising allows our private and dealer customers to advertise automotive and non-automotive goods and services for sale across the carsales network. This segment includes products such as subscriptions, lead fees, listing fees and priority placement services (depth products).
- Display advertising involves carsales' corporate customers, such as automotive manufacturers and finance companies, placing display advertising for their brand or vehicle on carsales' websites. These advertisements typically display the product or service offerings of the corporate advertiser as banner advertisements, video content or other sponsored links.

Data, Research and Services

This segment comprises a diverse range of solutions for our customers including software as a service, research and reporting, valuations, appraisals, website development and hosting and photography services.

International

carsales has multiple operations in overseas countries through subsidiaries, equity accounted associate investments and available-for-sale financial assets as set out below (subsidiaries unless otherwise stated):

carsales Asia

- South Korea – Encar.com. This is our major business in this segment. Encar.com is the market leading digital automotive classified business in South Korea (100% owned).
- Redbook Asia – provides automotive data services in New Zealand, Malaysia, Thailand and China.

carsales Americas

carsales operates digital non-automotive marketplaces in the United States and Canada through its subsidiary Trader Interactive. carsales owned 49% of Trader Interactive during FY22 but has recently exercised a call option to acquire the remaining 51% which will complete in late Q1/early Q2 of FY23. carsales also operates digital automotive marketplaces in Brazil, Mexico and Chile. carsales owns 30% of webmotors S.A., our operating entity in Brazil and equity accounts this interest accordingly. carsales owns 100% of its operating entities in Mexico and Chile.

carsales Investments

This segment comprises our standalone investments in the consumer and wholesale tyre markets, vehicle inspections and mobility as a service. The subsidiaries included in this segment are tyresales.com.au, tyreconnect, Redbook Inspect and Placie.

In addition the Group has investment stakes in Plenti Ltd, PromisePay Pte Ltd and MX51 Pty Ltd, all of which are accounted for as financial asset investments. These three businesses provide innovative fintech products to consumer and commercial customers.

carsales is the leading digital automotive and non-automotive vehicle marketplace in Australia, with a growing global presence in Asia, Latin America and North America.



Review of Results and Operations

	\$A Millions		Growth	
	FY21	FY22	\$'s	%
Adjusted Revenue	437.8	509.5	71.7	16%
Total operating expenses	183.6	237.8	(54.2)	(30%)
Adjusted EBITDA	254.2	271.7	17.5	7%
EBITDA margin	58%	53%	-	-
Depreciation & amortisation	31.9	38.6	(6.7)	(21%)
EBIT	222.3	233.1	10.8	5%
Net finance costs	13.9	13.8	0.1	1%
Profit Before Tax	208.4	219.3	10.9	5%
Income tax expense	59.4	64.1	(4.7)	(8%)
Profits from associates	4.3	40.0	35.7	826%
Fair Value Revaluation	-	0.2	0.2	-
Non-controlling interests (NCI)	(0.5)	(0.6)	(0.1)	(26%)
Adjusted NPAT	152.8	194.8	42.0	27%
Adjusted Earnings per share (cents)	61.5	69.0	7.4	12%
Final Dividend per share (cents)	22.5	24.5	2.0	9%
Summary of Reported Results				
Reported Revenue	427.2	509.1	81.9	19%
Reported EBITDA	241.5	269.9	28.4	12%
Reported NPAT	130.7	160.8	30.1	23%
Reported Earnings per share (cents)	52.6	56.9	4.3	8%

Financial Summary

In FY22, the Group achieved Reported Revenue growth of 19%, Reported EBITDA growth of 12% and Reported Net Profit After Tax (Reported NPAT) growth of 23% compared to the year ended 30 June 2021 (FY21 or the prior comparative period (pcp)). In FY22, the Group achieved Adjusted Revenue growth of 16%, Adjusted EBITDA growth of 7% and Adjusted Net Profit After Tax (Adjusted NPAT) growth of 27% compared to FY21.

The Directors believe the additional information on International Financial Reporting Standards (IFRS) measures included in this report is relevant and useful in measuring the financial performance of the Group. In particular, the presentation of 'Adjusted Revenue', 'Adjusted EBITDA', 'Adjusted NPAT' and 'Adjusted earnings per share' provides the best measure to assess the

performance of the Group by excluding certain non-recurring or non-cash items relating to rebates, M&A costs, restructuring, financing, investments and acquired intangible amortisation from the reported IFRS measures. A reconciliation of reported net profit to adjusted net profit is set out in Note 4(b).

Key drivers

Adjusted Revenue growth of 16% reflects the continued strength of the Group's operating model through all economic environments. Adjusted EBITDA growth of 7% reflects this excellent revenue performance combined with a good balance of investing in key strategic growth areas while sensibly managing discretionary costs. Adjusted NPAT was up 27% which reflects the EBITDA growth as well as the contribution from Trader Interactive's profit throughout the year.

DIRECTORS' REPORT CONTINUED

Segment Review

	\$A Millions		Growth	
	FY21	FY22	\$'s	%
Adjusted Revenue				
Online Advertising	276.9	307.7	30.8	11%
Dealer	174.1	183.8	9.7	6%
Private	55.3	69.4	14.1	26%
Media	47.5	54.5	7.0	15%
Data, Research and Services	42.8	44.1	1.3	3%
Carsales investment	27.1	56.5	29.4	109%
Asia	84.3	95.4	11.1	13%
Americas	6.7	6.0	(0.7)	(11%)
Adjusted Revenue	437.8	509.5	71.7	16%
Adjusted EBITDA				
Online Advertising	182.3	198.4	16.0	9%
Data, Research and Services	28.6	28.8	0.2	1%
Carsales investment	1.0	(1.9)	(2.9)	(292%)
Asia	43.1	48.1	(5.0)	12%
Americas	(0.8)	(1.6)	(0.8)	(100%)
Adjusted EBITDA	254.2	271.7	17.5	7%
EBITDA Margin	58%	53%	-	(5%)

Online Advertising Services

- Overall Adjusted Revenue for the segment was up 11%, reflecting excellent growth in our key Dealer, Private and Media businesses, recording double digit revenue growth in each segment in H2. Adjusted EBITDA growth of 9% is lower than revenue growth due to receiving a ~\$6m wage subsidy via the JobKeeper program in FY21. Excluding this impact, margins have grown which reflects good cost management whilst continuing to invest in key growth projects.
- Dealer Adjusted Revenue was up 6% on pcp to \$183.8m reflecting both solid growth in revenue from traditional transactional revenue products (particularly leads), a resilient result for premium listing and depth products and the growth in our dealer finance product. We have continued to provide a compelling return on investment for our dealer customers throughout FY22.
- Private revenue was up 26% on pcp to \$69.4m reflecting strong growth in private ad volumes and yield and increasing penetration of our Instant Offer product.
- Media revenue was up 15% to \$54.5m which is testament to the execution of our strategy to diversify our product and customer portfolio.

Data, Research and Services

Data, Research and Services revenue was up 3% to \$44.1m, reflecting the continued demand for our Data, Research and Services from OEMs, dealers and corporate customers. There was solid growth from our core Redbook data business which continued to grow volume and yield. Segment Adjusted EBITDA was up 1% on pcp reflecting continued prudent cost management and operating cost leverage.

carsales International carsales Asia

carsales Asia revenue was up 13% to \$95.4m primarily reflecting the performance of the Encar.com business in South Korea. Revenue growth in South Korea was driven by the increased uptake of the Guarantee vehicle inspection service, more vehicles listed on the site and increasing penetration of the Dealer Direct (online trade-in) product. Lower growth in Adjusted EBITDA of 11% reflects growth in underlying margins, offset by brand marketing investment in the online trade in market which should deliver long term shareholder value.

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OUR OPERATIONAL HIGHLIGHTS
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OUR PEOPLE AND CULTURE CHAIRS MESSAGE
REMUNERATION REPORT
OTHER DIRECTORS' REPORT DISCLOSURES
AUDITORS' INDEPENDENCE DECLARATION

carsales Americas

The Company holds controlling interests in online automotive advertising companies operating in Chile and Mexico. Combined constant currency revenue growth of 7% in the region reflects good growth in Chile offset by weakness in Mexico. Revenue growth rates in all countries have been impacted by constrained inventory since the onset of COVID-19, but there are positive signs of recovery in Chile, whilst Mexico remains challenging. Combined losses in the region of \$1.6m in FY22, reflecting continued investment to grow our customers, product and audience.

The Group holds equity stakes in Trader Interactive (49%) and webmotors (30%). These businesses are not consolidated for accounting purposes, and accordingly the revenue and EBITDA contributions are not included in the financial performance above. Nevertheless, we will provide some commentary on the underlying performances of the businesses as they do materially contribute to our net

profit results. In June 2022, we announced that we would be exercising our call option to acquire the remaining 51% of Trader Interactive for US\$809m. This will complete in late Q1/early Q2 FY23.

Trader Interactive constant currency revenue was up 11% to \$195.5m primarily reflecting the excellent growth in dealer volume, dealer yield and private ads. All sites are consistently delivering strong audience traffic growth on pre-COVID levels. Excellent constant currency growth in Adjusted EBITDA of 16% reflects the strong operating leverage potential of the business as it continues to build scale.

webmotors recorded strong underlying constant currency revenue growth of 26% on pcp reflecting the continued expansion of dealer numbers and website traffic as well as an increasing contribution from finance revenues.



carsales is committed to being ethical, transparent and accountable in everything we do.

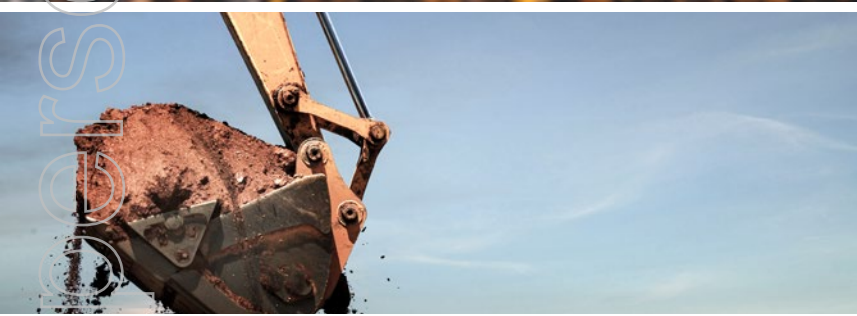
We believe this is essential for the long-term performance and sustainability of our Company and supports the interests of our shareholders and other stakeholders. The Board of Directors is responsible for ensuring that the Company has an appropriate corporate governance framework to protect and enhance Company performance and build sustainable value for shareholders.

This corporate governance framework acknowledges the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles and Recommendations) and is designed to support our business operations, deliver on our strategy, monitor performance and manage risk. Our FY22 Corporate Governance Statement addresses the recommendations contained in the fourth edition of the ASX Principles and Recommendations and is available on our website at <https://shareholder.carsales.com.au/governance/>.

At carsales, we take our ability to have a positive impact on society extremely seriously.

carsales is pleased that many of its shareholders are interested to learn more about the Company's approach to governance, and its social and environmental impact. To this end, carsales has published its 2022 Sustainability Report, available on our Corporate Governance page of our investor website at <https://shareholder.carsales.com.au/governance/>.

This report outlines the Company's approach to assessing, mitigating and managing a range of social, environmental and governance ESG risks, which is overseen by the Company's Board and managed by the carsales' Executive Leadership Team. It provides insight into our unique culture, how we attract and retain the very best talent, and seek to have a positive impact on our industry and community. Finally, while we have a low environmental impact as an online business, it addresses the Company's environmental efforts.



At carsales, we take our ability to have a positive impact on society extremely seriously. carsales is pleased that many of its shareholders are interested to learn more about the Company's approach to governance, and its social and environmental impact.

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OUR OPERATIONAL HIGHLIGHTS	OUR STRATEGY	CHAIR AND CEO LETTER	WHAT WE DO OUR MARKETS	OUR AUSTRALIAN BUSINESS	AUSTRALIAN HIGHLIGHTS	OUR INTERNATIONAL BUSINESS	INTERNATIONAL HIGHLIGHTS	OUR PEOPLE, OUR CULTURE	DIRECTORS' REPORT	CORPORATE GOVERNANCE	SUSTAINABILITY REPORT	OUR BOARD	OUR PEOPLE AND CULTURE CHAIRS MESSAGE	REMUNERATION REPORT	OTHER DIRECTORS' REPORT DISCLOSURES	AUDITORS' INDEPENDENCE DECLARATION
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OUR BOARD



Patrick O'Sullivan
Non-Executive Chair

Pat is the Chair of the carsales Board of Directors, a position he has held since 2019, having been a Director of the Company since 2007.

Pat is a member of The Institute of Chartered Accountants in Ireland and Australia, and a graduate of the Harvard Business School's Advanced Management Program.

Pat is currently the Chair of the Board of Technology One Limited and SiteMinder Ltd and a non-executive director of The Little Company of Mary Health Care Limited.

Previously Pat was the Chief Operating Officer and Finance Director of Nine Entertainment Co Pty Limited (formerly PBL Media Pty Ltd), a position he held from February 2006 until June 2012. He also served as a Director and Company Secretary of Nine Entertainment Co Pty Limited and was Chair of Ninemsn.

Pat brings immense financial, regulatory and governance expertise to the Board, and was the Chair of the Audit and Risk Management Committee prior to being appointed as Chair of the Board. Pat also provides the Board with valuable insights relating to operations of global companies.



Cameron McIntyre
Chief Executive Officer
and Managing Director

Cameron was appointed Managing Director and CEO of carsales.com Ltd in 2017. Prior to this, Cameron held the positions of Chief Operating Officer (from October 2014), and Chief Financial Officer and Company Secretary for the previous seven years, including for the IPO of the Company in 2009. Cameron has over 29 years' of finance and operational experience.

Cameron holds a degree in Economics from La Trobe University, Melbourne, is a graduate of the General Management Program at Harvard Business School and is a Fellow Certified Practising Accountant (FCPA).

Cameron brings unparalleled knowledge of the business and significant experience in strategy, mergers and acquisitions and management to the Board.



Wal Pisciotto OAM
Non-Executive Director
and Co-Founder

Wal has more than 35 years' experience in supplying computer services to the automotive industry and was Chair of the Company's Board from its inception until August 2015.

Wal holds a Bachelor of Science degree in Business Administration from the University of Alabama (United States). He was recognised with the Medal of the Order of Australia for his services to the Australian Automotive Industry in the 2016 Queen's Birthday Honours.

Wal brings to the Board consummate knowledge of the IT needs of the automotive industry as well as his extensive knowledge of the business, having been a driving force from its founding.



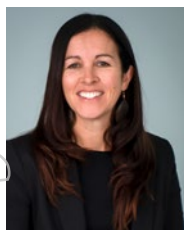
Kim Anderson
Non-Executive
Director

Kim has more than 30 years' of experience as a CEO and senior executive in a range of marketing and media companies including Southern Star Entertainment, PBL and Ninemsn and Reading Room Inc (bookstr.com) of which she was CEO and founder.

Kim is currently a Non-Executive Director of Invocare Limited, Infomedia Limited, SiteMinder Limited and the Sax Institute, a national not-for profit leader in promoting the use of research evidence in health policy. She was formerly a Non-Executive Director of Marley Spoon AG and WPP AUNZ until the completion of its takeover by WPP PLC in April 2021. She has also served as a Fellow of the University of Sydney Senate.

Kim holds a Bachelor of Arts from the University of Sydney and a Graduate Diploma in Library Information Science from UTS.

Kim provides an abundance of experience and knowledge in the marketing, media and entertainment industries. Kim also has extensive experience on ASX listed Boards, including as Chair of Remuneration Committees and is the Chair of the Company's People & Culture Committee.



Edwina Gilbert
Non-Executive Director

Edwina holds a Bachelor of Laws and Bachelor of Arts from Sydney University, practising commercial law before transitioning into the automotive industry. Edwina has worked in the automotive industry since 2003 as Managing Director until 2020 and is currently the Executive Chair of the Phil Gilbert Motor Group.

Edwina has held numerous Industry Advisory positions including NSW Chair of the Hyundai Dealer Council from 2010 to 2015. She is currently on the Board of the peak industry body representing franchised new car dealers in Australia, the Australian Automotive Dealer's Association and joined the Board of emerging digital fintech Till Payments in December 2021.

Edwina brings significant OEM knowledge along with executive experience operating dealerships with a digital first marketing approach and has deep operational and commercial acumen. Edwina has chaired the Company's Risk Committee since it was established in January 2019.



Kee Wong
Non-Executive Director

Kee is an entrepreneur with a Bachelor of Engineering (Hons.), a Graduate Diploma in Computing and an MBA. Kee was awarded a Fellow of Monash University in 2010 and Distinguished Alumni in 2014. He has started several businesses and has made investments across a number of industries which include technology services, retail, food and beverage, trading and property.

Kee was a senior executive at IBM running part of its e-business group in the Asia Pacific region, including Australia and New Zealand. He is founder and managing director of e-Centric Innovations, an IT/Management consulting firm operating in Australia, Malaysia and Singapore. Kee is currently a Non-Executive Director of the Australian Institute of Company Directors and InvoCare Limited and is the Chair of the Company's Sustainability Committee.

Kee expands the Board's knowledge of technology and product, and enhances the entrepreneurial spirit of the Board, as well as providing valuable insight into markets outside of Australia in which the Company operates.



David Wiadrowski
Non-Executive Director

David has over 25 years' experience as a partner of PwC, including 5 years as the Chief Operating Officer of PwC Assurance where he was responsible for managing the firm's largest business unit, and 5 years practicing in the firm's Indonesian office, where in addition to his responsibility as an audit partner he was responsible for the firm's IT platform.

David has extensive experience working with companies in the technology, infocoms and entertainment and media industries, having been the lead audit partner for clients including Network Ten, APN News & Media and Yahoo during his time with PwC.

David holds a Bachelor of Commerce from the University of NSW and is currently a Non-Executive Director of oOh!Media Ltd and Life 360 Inc and Chair of WageSplitter Pty Ltd.

In addition to his outstanding financial credentials, David brings strong commercial acumen to the Board, derived from his extensive experience at PwC and board roles.



Steve Kloss
Alternate Non-Executive Director

Steve has 30 years' experience in the innovation and services industries, including more than 25 years' experience in supplying computer services to the automotive industry.

Steve holds a Bachelor of Business degree from Monash University and is an experienced board Director. He is currently Chief Executive Officer at Pentana Solutions Pty Ltd.



Nicole Birman
Company Secretary

Nicole is an experienced General Counsel and Company Secretary with 20 years' experience in the law, primarily working with online businesses and intellectual property.

Nicole holds a Bachelor of Laws (Hons) and Bachelor of Arts from Monash University. Before joining carsales, Nicole was in-house legal counsel for Medibank Private Ltd and REA Group Ltd. Prior to this Nicole worked for Minter Ellison, one of Australia's premier legal firms.

OUR PEOPLE AND CULTURE CHAIR'S MESSAGE

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2022 (FY22).

The business has again delivered strong financial growth during FY22 and the Board remains committed to taking a remuneration approach that enables us to attract, motivate and retain the best talent that is aligned to long-term shareholder value creation.

Company performance

The Company has again produced strong results in FY22, summarised as follows:

- 19% Reported Revenue growth, 12% Reported EBITDA growth and 23% NPAT growth.
- 36% Look through revenue growth and 25% look through EBITDA growth on a constant currency basis.
- 69.0 cents Adjusted Earnings Per Share (EPS) from continuing operations, up 12% compared to the prior year.
- 77% Total Shareholder Return (TSR) in FY22.

Executive KMP Changes in FY22

In March 2022, the Company announced changes to its leadership structure which reflects the increasing profile of its international businesses and delivery of Australian growth opportunities.

As part of these changes, the Board was pleased to appoint Paul Barlow to Managing Director – carsales Australia on 1 April 2022. Paul has assumed responsibilities for all carsales' Australian operations. Paul is a highly experienced leader and has a proven track record of strong performance during his 13 years with the Company.

William Elliott, carsales' Chief Financial Officer, assumed responsibility for carsales' Investments from 1 April 2022, which includes Tyresales, TyreConnect, Redbook Inspect and iMotor. This expanded portfolio provides further breadth and growth opportunities for William, as well as increased focus for the Investments area of the business.

The Board was pleased to be able to make these changes following Ajay Bhatia's, formerly MD – carsales Australia, resignation in March 2022. These changes are a testament to the depth of talent we have in the business and the clear succession plans we have in place.

Remuneration Outcomes

The FY22 remuneration outcomes align with the strategic objectives and performance outcomes of the Company for the fiscal year. The Board's approach to remuneration ensures alignment between employee and shareholder outcomes. No discretion, either positive or negative, has been applied by the Board.

Below is a summary of Fixed Remuneration, STI and LTI outcomes:

FY22 Remuneration Changes

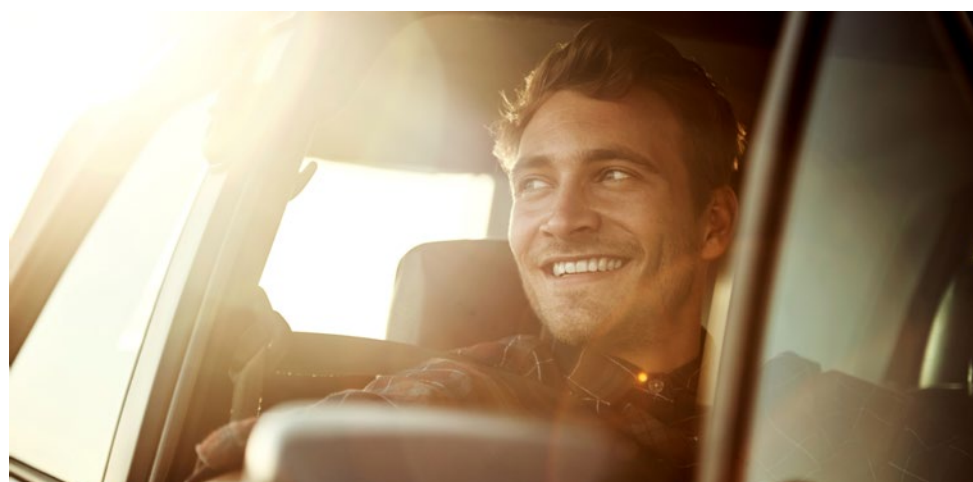
- Managing Director & Chief Executive Officer Cameron McIntyre's fixed remuneration remained unchanged in FY22.
- Chief Financial Officer, William Elliott, received a 22.2% increase on 1 July 2021, better aligning his fixed remuneration to market in accordance with his continued strong performance in the role. On 1 April 2022, William received a 9.1% increase, recognising additional responsibility for areas of carsales Investments, including Tyresales, Tyreconnect, Redbook Inspect and iMotor.
- Whilst MD – International, Paul Barlow received a 4.9% increase on 1 July 2021, reflecting strong performance in the role and better market alignment. In April 2022, upon commencement of his new role as MD – carsales Australia, Paul received a further 23.1% increase, recognising an increase in his role and responsibilities and reflecting his industry skills and experience.
- In FY22, the Board also reviewed the Executive KMP Short Term Incentive Plan design and introduced an accelerator to the financial component of that plan. This was designed to drive outperformance in financial achievement, over and above the Company's 5-year CAGR growth rate. This is aligned with shareholder outcomes, and rewards Executive KMP for delivering even stronger financial results.

FY22 STI

- Financial (70% of the plan) – The Company has delivered a strong result for shareholders, exceeding target for look through revenue and delivering on target performance for look through EBITDA. 119% achievement for the financial objective measure resulted in an 83% payment outcome.
- Strategic (30% of the plan) – A measured scorecard outcome of 67%, resulting in a 20% achievement for the strategic objectives measure was achieved.
- A total outcome of 103% payout was achieved compared to an FY21 STI outcome of 100% payout.



Our focus remains on continuing to engage, motivate and retain Executives in a highly competitive talent market, whilst also aligning with shareholder interests.



FY20-22 LTI

- Financial (70% of the plan) – Achieved solid performance for look through revenue and strong CAGR growth in Adjusted EPS, resulting in 79.5% achievement for the measure and a 55.7% vesting outcome of performance rights.
- Strategic (30% of the plan) – A scorecard outcome of 67% was achieved for the measure, resulting in 20% of options vesting under the plan.
- A total vested outcome of 75.7% was achieved compared to an FY19-21 outcome of 30%.

When assessing strategic objectives in both the LTI and STI plans, the Board uses a scorecard of three key measures: on-time delivery, on budget, and a positive contribution to the bottom line.

We believe this approach fairly recognises the outcomes and value creation that our Executive KMP's and leadership team have delivered for the business and shareholders.

Company culture

We would like to acknowledge the exceptional talent we have throughout the business, and our appreciation for the strong leadership and engagement of our Executive team, who continue to deliver great outcomes each year for our shareholders.

The Company's culture continues to strengthen with increased engagement levels and we are proud to be recognised again as a Workplace Gender Equality Agency Employer of Choice, a certified Great Place to Work® in Australia, an AAGE Top Intern program employer, Top Graduate Employer and a certified Family Inclusive Workplace™. The strength of leadership and culture within the Company is a credit to the Group.

Committee priorities for FY23

The People and Culture Committee will continue to closely monitor the effectiveness of the Executive KMP remuneration framework. Our focus remains on continuing to engage, motivate and retain Executives in a highly competitive talent market, whilst also aligning with shareholder interests.

As always, we welcome your feedback on our Remuneration Report and look forward to discussions with many of you over the coming year.

Yours sincerely

Kim Anderson

Chair of the People and Culture Committee

REMUNERATION REPORT 2022

In this Report

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Independent Audit of the Report

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

1. Who is Covered in this Report

This remuneration report details the performance and remuneration of Key Management Personnel (KMP), comprising Non-Executive Directors and members of the Executive Leadership Team (herein referred to as Executive KMP) who had the authority and responsibility for planning, directing, and controlling the activities of the Company during FY22.

1.1 Key Management Personnel

As detailed in the People and Culture Committee Chair's opening letter, the Board was pleased to appoint Paul Barlow to Managing Director – carsales Australia on 1 April 2022. As a highly experienced leader, Paul assumed responsibilities for all carsales' Australian operations.

William Elliott, carsales' Chief Financial Officer, assumed responsibility for carsales' Investments, which includes Tyresales, TyreConnect, Redbook Inspect and iMotor, on 1 April 2022. This change provides further breadth to William's role, as well as increased focus for the Investments area of the business.

The Board were pleased to be able to make these changes to the Executive KMP following Ajay Bhatia's, formerly MD – carsales Australia, resignation. Ajay ceased as a KMP on 1 April 2022 and commenced gardening leave until July 2022.

The Company's KMP in FY22 are listed in the table below:







Name	Position	Term as KMP
Non-Executive Directors		
Patrick O'Sullivan	Non-Executive Chair	Full year
Walter Pisciotta	Non-Executive Director	Full year
Kim Anderson	Non-Executive Director	Full year
Edwina Gilbert	Non-Executive Director	Full year
Kee Wong	Non-Executive Director	Full year
David Wiadrowski	Non-Executive Director	Full year
Steve Kloss	Non-Executive Director (Alternate)	Full year
Executive KMP		
Cameron McIntyre	Managing Director (MD) and Chief Executive Officer (CEO)	Full year
Paul Barlow	Managing Director – carsales Australia (from 1 April 2022) Managing Director – International (until 31 March 2022)	Full year
William Elliott	Chief Financial Officer (CFO)	Full year
Ajay Bhatia	Managing Director – Australia (ceased as KMP 1 April 2022)	Part year

2. Summary of the Executive KMP Remuneration Framework

2.1 Executive remuneration strategy and link to Company performance

When designing remuneration plans and making decisions within our remuneration framework, we are guided by our remuneration principles which support the execution of our business strategy.

The strategic measures for our Company's remuneration plans are taken from areas of focus from our Company Global Positioning Strategy (GPS) 2022 strategy. This ensures we align priorities across the wider company in both remuneration and strategy.

Purpose: Making buying and selling a great experience					
Delivered through three strategic pillars:		Enabled by:			
 Grow digital marketplaces	 Build value-added services	 Seek future mobility horizons	 Our people	 Best-in-class data	 Best-in-class technology
Underpinned by our Remuneration Principles					
	Market competitive	Ensure the Company has the flexibility to attract, motivate and retain high-calibre talent in a competitive market.			
	Alignment	The alignment of Executive KMP and Senior Executive interests with those of shareholders' and our customers are paramount to business success. We believe in a pay for performance culture and through this encourage Senior Executives to build and maintain a reasonable shareholding.			
	Link to Company strategy	Our focus is on value-add objectives that contribute to achieving our purpose so that we reward what truly impacts business growth.			
	Reward the right outcomes	We encourage responsible decision making that is made in the best interests of our customers and shareholders and align reward outcomes accordingly.			
Reinforcing business goals and objectives via our Remuneration Framework					
Remuneration Component		Alignment to performance		Alignment to principles and strategy	
Fixed Remuneration (FR) Comprises base salary and superannuation.		Set at a market competitive level in relation to the scope, complexity, capabilities and individual performance in the role. Provides recognition for day to day, operational activities in the role.		Set to attract, retain and engage the best people to design and lead the delivery of our strategy.	
Short-Term Incentive (STI) Annual incentive opportunity. Delivered as 75% cash and 25% deferred performance rights for a 12-month period, subject to continued service.		Performance assessed using a Group Performance scorecard against: <ul style="list-style-type: none">Financial measures (70%) – Look through EBITDA and Look through revenue, weighted equally.Strategic measures (30%) – Pre-determined projects, business and people objectives.		Linked to the Company's key strategic priorities which directly contribute towards the execution of long-term strategy each year. The 25% of the award that is deferred into equity supports Executives' alignment with shareholder interests, as well as Executive retention.	
Long-Term Incentive (LTI) Granted in 70% performance rights and 30% options with a three-year vesting period for FY20-22. Granted in 100% Performance rights for FY21-23 and FY22-24.		Performance assessed against: <ul style="list-style-type: none">Financial measures (70%) comprising Cumulative Annual Growth Rate (CAGR) for: Look through revenue and Adjusted NPAT (FY20-22), Adjusted EPS and Relative TSR (FY21-23 and FY22-24).Strategic milestone measures (30%) including International revenue growth, growth in Australian non-classified automotive products and projects that address development in the auto industry.		Targeting profitable, sustained growth in revenue and shareholder wealth creation. The three-year vesting period encourages consideration of long-term decision making and value creation, as well as operating as a retention tool. With a significant portion of potential remuneration based on carsales equity, the Board provides alignment between the interests of Executives with shareholders.	
Non-monetary benefits: Employees are provided with salary continuance insurance cover. It is not allocated on an individual basis.					

REMUNERATION REPORT 2022 CONTINUED

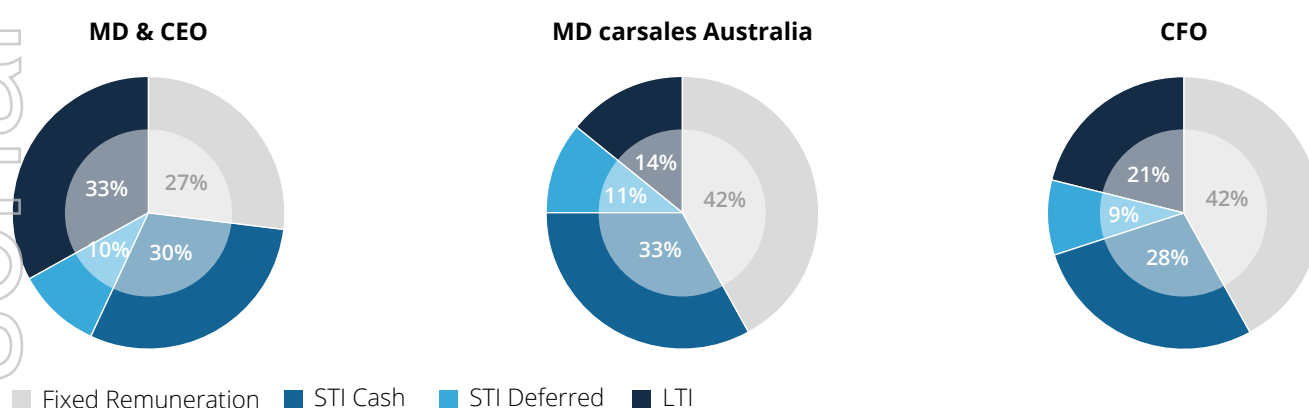
To ensure remuneration is market competitive to retain high-calibre talent, the Company will seek advice from external remuneration consultants on an as needs basis to benchmark Executive KMP remuneration against relevant peers, being ASX listed companies that are relative in size, structure and industry to that of carsales. The Company accepts that while this peer group is small, it is the most relevant group from which the competition for talent arises. Increasingly, the Company also considers global competitors for talent to be relevant, but has focused on companies with an Australian presence for the purpose of this remuneration framework in the current year.

In FY22, the Board engaged Ernst & Young (EY) and Mercer Consulting as its independent Remuneration Advisors. While carsales sought input from EY and Mercer Consulting, no remuneration recommendations, as defined by the *Corporations Act 2001*, were provided by our Remuneration Advisors. External advice is used as a guide only and does not serve as a substitute for Directors' thorough consideration of remuneration outcomes.

2.2 Remuneration Mix (percentage of total remuneration)

Within the remuneration framework, a focus has been on strengthening the levels of performance-based remuneration. As such, our remuneration mix (at maximum) includes at least 50% in the form of variable remuneration.

The figure below shows the remuneration mix at maximum opportunity for FY22, comprising Fixed Remuneration, STI cash, STI deferred and LTI granted.



The actual remuneration mix will vary based on Group and individual performance each year.

2.3 Timeline for Delivery of Remuneration

The diagram below provides a summarised timeline of when the FY22 remuneration opportunity is delivered.

Fixed Remuneration	Base salary/Super (100%)		
Short-Term Incentive	Cash (75%)		Deferred performance rights (25%)
Long-Term Incentive	Performance rights/Options (100%)		
Performance Year	Year 1	Year 2	Year 3

3. Remuneration Outcomes and Link to Performance

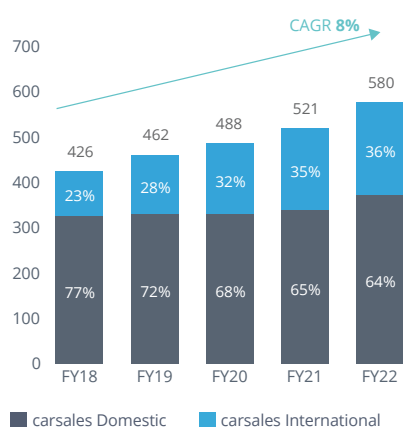
One of the key principles of the Company's remuneration framework is to align Executive KMP remuneration outcomes with Company performance. This section provides a summary of the Company's five-year financial performance outcomes and the link to remuneration outcomes over this period.

3.1 Company Five-year Financial Performance

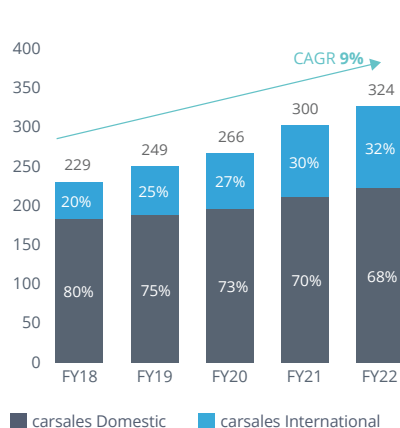
The Company's financial performance over the past five years along with how that performance has translated to shareholders in the form of earnings per share (EPS) and total shareholder return (TSR) is demonstrated in the graphs below.

Remuneration Performance Measures

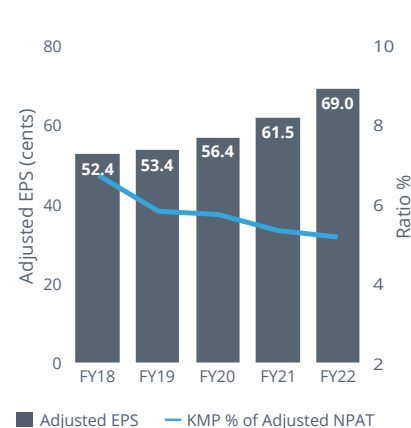
Look through¹ Revenue² (\$m)



Look through EBITDA (\$m)

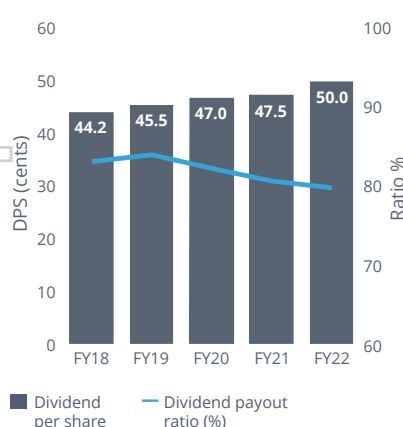


Adjusted EPS and KMP remuneration

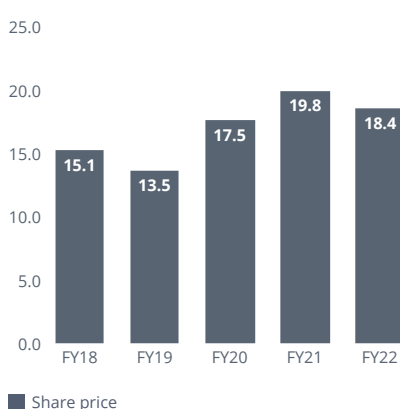


Other Performance Metrics

Dividend and payout ratio



Share price year end (\$)²



Cumulative TSR (last 5 years)



Five-year Incentive Outcomes

Executive KMP Remuneration Outcomes	FY18	FY19	FY20	FY21	FY22
STI outcome (average % of maximum)	85.3%	31.9%	28.0%	100.0%	103.1%
LTI vesting outcome (% of maximum)	72.9%	49.4%	76.0%	30.0%	75.7%

- carsales "look through" methodology: For equity accounted associates and consolidated subsidiaries, add the total revenue or EBITDA for the period of ownership within the reporting period multiplied by the % ownership over the period. Some "look through" numbers involve the disclosure of non-IFRS information. Look through revenue and EBITDA includes 49% of Trader Interactive in each period to show the performance of the business on an underlying basis. TyreConnect revenue and EBITDA is excluded.
- No adjustment has been made for the potential dilutive impact for the issue of 35.3 million shares that occurred in FY21 as part of a capital raise for the purchase of 49% of Trader Interactive.

REMUNERATION REPORT 2022 CONTINUED

3.2 Executive KMP Realised Remuneration Snapshot – FY22

The table below provides actual amounts received by the Executive KMP for FY22. This table is an additional disclosure to those required under the Australian Accounting Standards and the *Corporations Act 2001*. It has been provided to assist shareholders in understanding realised outcomes.

Name	Year	Fixed remuneration ¹ \$	Other \$	Cash STI earned ² \$	Vested deferred STI ³ \$	Vested LTI ⁴ \$	Total \$
Executive Director							
Cameron McIntyre	FY22	1,500,000	-	1,280,348	389,202	1,556,227	4,725,777
	FY21	1,500,000	-	1,241,325	96,864	868,620	3,706,809
Other Senior Executives							
Paul Barlow	FY22	685,000	-	385,731	108,467	207,931	1,387,129
	FY21	619,500	-	345,945	33,039	128,685	1,127,169
William Elliott	FY22	562,500	-	278,223	76,425	-	917,148
	FY21	450,000	-	243,750	13,713	19,301	726,764
Former Senior Executives							
Ajay Bhatia ⁵	FY22	642,454	573,004	549,141	164,607	-	1,929,206
	FY21	850,000	-	525,000	50,961	225,199	1,651,160
Total FY22		3,389,954	573,004	2,493,443	738,701	1,764,158	8,959,260
Total FY21		3,419,500	-	2,356,020	194,577	1,241,805	7,211,902

1. Fixed remuneration earned in the financial year (base salary and superannuation). Pro rata fixed remuneration figures provided for Paul Barlow and William Elliott in accordance with their newly appointed roles and associated new remuneration effective 1 April 2022. Ajay Bhatia resigned from the business with his last day as KMP being 1 April 2022. From this date Ajay commenced gardening leave that concluded in July 2022. A further breakdown of Ajay's remuneration following termination is provided in section 5.1.

2. Cash STI earned in relation to performance under the STI plan during the financial year. A prorata STI figure has been provided for Paul Barlow and William Elliott, reflecting their change in remuneration effective 1 April 2022.

3. Vested deferred STI is the value of deferred STI earned as a result of performance in the prior financial year, subject to a restriction period that ends in August 2022. The STI value is calculated as the number of rights that vested multiplied by the 30 June 2022 closing share price (30 June 2021 closing share price for the FY21 financial year).

4. Vested LTI is the value of performance rights and options that vest in August 2022. Values are calculated as the number of rights and options received multiplied by the 30 June 2022 closing share price (30 June 2021 closing share price for the FY21 financial year), less the exercise cost of converting options to shares. For example, FY22 is reported as the FY20 LTI grant which vest in August 2022. William Elliott did not participate in the FY20-22 LTI plan because he was not in the CFO role at the time of the grant.

5. Ajay Bhatia ceased to be KMP effective 1 April 2022. From this time, Ajay remained on gardening leave concluding on 29 July 2022. The 'Other' column includes the gardening leave and all other payments that were expensed in FY22.

3.3 Fixed Remuneration Outcomes

Fixed remuneration is generally positioned between the median and the 75th percentile of the relevant market, which allows flexibility required to attract and retain high calibre Executives. The annual fixed remuneration entitlements of the Executive KMP for FY22 is set out below:

Name	Annual fixed remuneration from 1 July 2021 to 31 March 2022 \$	Annual fixed remuneration from 1 April 2022 to 30 June 2022 \$
Cameron McIntyre	1,500,000	1,500,000
Paul Barlow	650,000	800,000
William Elliott	550,000	600,000
Ajay Bhatia	850,000	n/a

Actual fixed remuneration paid to members of the Executive KMP is shown in the remuneration tables in section 3.2 of this report.

A benchmarking exercise was undertaken in FY22. Mercer Consulting were engaged to extract market data based on outcomes from an agreed ASX-listed peer group. This peer group consisted of 23 ASX-listed companies that were selected with consideration to organisation size and industry. Market data was presented in accordance with appropriate job size of each role, allowing for a relevant market review to be undertaken.

In the FY22 annual review, effective 1 July 2021, there was no change made to the CEO's fixed remuneration. Whilst in the former role of MD – International, Paul Barlow received an increased fixed remuneration of 4.9% on 1 July 2021 to position him competitively to market and in accordance with strong performance in the role. On 1 April 2022, upon commencement of the role of MD – carsales Australia, Paul received a 23.1% increase, recognising the increased accountability in his role, along with Paul's broad business knowledge and extensive skillset. William Elliott, the Company's CFO received a 22.2% increase on 1 July 2021, better aligning his fixed remuneration to market in accordance with his continued strong performance in the role. On 1 April 2022, William received a 9.1% increase, recognising additional responsibility for areas of carsales Investments, including Tyresales, Tyreconnect, Redbook Inspect and iMotor.

3.4 Short-Term Incentive Plan – Key Features and Outcomes

The key features of the STI plan for the year ended 30 June 2022 are detailed in the table below.

Feature	Approach													
Description	Eligible Executive KMPs participate in the annual STI plan with an earning opportunity that is ‘at risk’ subject to specific pre-determined Group measures being met. All performance measures chosen support the delivery of our strategy and create sustainable value for all stakeholders.													
Performance period	Aligned with the financial year, 1 July 2021 to 30 June 2022.													
STI Opportunity	<p>The STI opportunity varies in accordance with role size, complexity and direct accountability. Market benchmarking references are also taken into consideration. The STI Target opportunity represents expected performance for the Group. The maximum (capped) opportunity represents outstanding levels of performance. Executive KMP capped levels, referenced as a percentage of Fixed Remuneration (FR) are:</p> <table><tr><th>Role</th><th>Target STI¹</th><th>Maximum STI²</th></tr><tr><td>CEO</td><td>110.4%</td><td>149.0%</td></tr><tr><td>Other Executive KMP</td><td>Between 60.0% to 83.5%</td><td>Between 87.5% to 112.8%</td></tr></table>	Role	Target STI ¹	Maximum STI ²	CEO	110.4%	149.0%	Other Executive KMP	Between 60.0% to 83.5%	Between 87.5% to 112.8%				
Role	Target STI ¹	Maximum STI ²												
CEO	110.4%	149.0%												
Other Executive KMP	Between 60.0% to 83.5%	Between 87.5% to 112.8%												
Delivery of award	The STI award is delivered 75% in cash and 25% in equity (performance rights) that is deferred for an additional 12 months subject to a continued service condition. No dividends are payable until the performance rights vest into ordinary shares at the conclusion of the 12-month hold period.													
Performance measures and weightings	<p>The STI plan incorporates both financial and non-financial performance measures. The performance measures and their relative weightings are:</p> <table><tr><th>Category</th><th>Measures</th><th>Weighting</th></tr><tr><td rowspan="2">Financial</td><td>Adjusted look through revenue</td><td>35%</td></tr><tr><td>Adjusted look through EBITDA</td><td>35%</td></tr><tr><td rowspan="2">Non-financial</td><td>Strategic objectives</td><td>20%</td></tr><tr><td>People & Culture</td><td>10%</td></tr></table> <p>These measures are calculated on a constant currency basis to remove the effect of fluctuations in FX rates when assessing performance outcomes.</p>	Category	Measures	Weighting	Financial	Adjusted look through revenue	35%	Adjusted look through EBITDA	35%	Non-financial	Strategic objectives	20%	People & Culture	10%
Category	Measures	Weighting												
Financial	Adjusted look through revenue	35%												
	Adjusted look through EBITDA	35%												
Non-financial	Strategic objectives	20%												
	People & Culture	10%												
Performance threshold and maximum	<p>A minimum performance threshold must be achieved in the performance period prior to any award vesting. The threshold and maximum performance for FY22 have been set as follows:</p> <table><tr><th>Measure</th><th>Threshold</th><th>Maximum</th></tr><tr><td>Look through revenue</td><td>3.0% growth</td><td>12.0% growth</td></tr><tr><td>Look through EBITDA</td><td>3.0% growth</td><td>12.0% growth</td></tr></table>	Measure	Threshold	Maximum	Look through revenue	3.0% growth	12.0% growth	Look through EBITDA	3.0% growth	12.0% growth				
Measure	Threshold	Maximum												
Look through revenue	3.0% growth	12.0% growth												
Look through EBITDA	3.0% growth	12.0% growth												

1. The Target STI opportunity is represented as a percentage of fixed remuneration. In FY22 the Board introduced an accelerator to the financial component of the STI Plan. This was designed to drive outperformance in financial achievement, over and above the Company's 5-year CAGR growth rate. This change aligns with shareholder outcomes and rewards Executive KMP for delivering even stronger financial results.
2. FY22 maximum STI is capped at 135% of the target opportunity.

REMUNERATION REPORT 2022 CONTINUED

Feature	Approach
Selection of Performance Measures	Financial Measures:
	<p>Adjusted Look through revenue</p> <p>Adjusted look through revenue is the ordinary revenue from continuing operations reported for the consolidated Group, adjusted for the ownership percentage held by the group of consolidated subsidiaries, and adding in the Group's ownership share of the underlying revenue for equity accounted associates.</p> <p>Adjusted Look through Earnings Before Interest, Tax, Depreciation and, Amortisation (EBITDA)</p> <p>Adjusted look through EBITDA is the Group earnings before interest, tax, depreciation and amortisation, adjusted for the ownership percentage held by the group of consolidated subsidiaries, and adding in the Group's ownership share of the underlying EBITDA for equity accounted associates.</p>
Link of performance and reward	<p>Non-financial measures within the plan recognise the importance of key strategic priorities and employee engagement in achieving business transformation. The Board decides on pre-determined strategic performance objective targets at the beginning of the performance period, which are linked to our longer-term strategy and value creation for our shareholders. The strategic objective outcomes are provided within the STI outcomes section of the report.</p> <p>For each measure, there is a minimum threshold of performance required which needs to be met before any pay-out is awarded for that portion of the STI.</p> <p>An incremental scale applies in accordance with achievement of financial measures, with the intention to motivate and fairly reward exceptional performance outcomes. The achievement of non-financial performance measures is assessed through a rating scale, with Satisfactory performance allocated 50%, Above Expectations allocated 75% and Exceptional allocated 100%.</p>
	<p>The graph illustrates the incremental scale for performance and reward. The Y-axis shows the reward percentage (0% to 150%), and the X-axis shows performance levels (Threshold to Stretch). The Financial measure (black line) starts at 0% for Threshold, jumps to 25% for Threshold, and then increases linearly to 150% for Stretch. The Non-financial measure (blue line) starts at 0% for Threshold, jumps to 50% for Threshold, and then increases linearly to 100% for Stretch. The graph shows that Non-financial measures have a higher reward for the same performance level compared to Financial measures.</p>
Cessation of employment	<p>If an Executive KMP ceases employment with the Company prior to any awards being paid, unless the Board determines otherwise, the Executive KMP will forfeit any awards to be paid for the performance period.</p>

Performance outcomes against STI Measures for FY22

STI outcomes are calculated using a performance scorecard with 70% weighting on financial measures and 30% weighting on non-financial measures. All outcomes are measured on Group performance.

The Board's assessment of the Executive KMP's performance in the 2022 financial year is outlined below.

Measure	Weighting	Threshold	Actual Performance	Payout (as a % of Maximum)	Commentary
Adjusted look through revenue	35%	\$537m	\$580m	48%	• Strong performance achieved, well above threshold
Adjusted look through EBITDA	35%	\$309m	\$324m	35%	• Target performance achieved
Strategic					
Media Strategy	10%		Exceeds Expectations	10%	• Key customer data and self-serve technology platforms were delivered on time and on budget, which support current and future media revenue growth
Global Integration	10%		Does not meet expectations	0%	• Did not implement the specified services due to operational and strategic reasons. As such, objective was not achieved
People					
Engagement and Sentiment	10%		Exceeds Expectations	10%	• Achieved an EOS rating of 78%, above target of 71% • Recognised as a Workplace Gender Equality Agency Employer of Choice, and certified as a Great Place To Work®
Total	100%			103%	

REMUNERATION REPORT 2022 CONTINUED

Overall STI Financial Outcomes

The following table provides the FY22 STI outcomes awarded to Executive KMP. Under the FY22 STI plan, 25% of the awarded STI is provided in equity with vesting deferred for an additional 12 months, subject to a continued service condition.

	Actual STI awarded \$	75% Cash \$	25% Deferred in Equity \$	Number of performance rights awarded ¹	STI Target \$	STI actual as a % of STI Target %
2022						
Cameron McIntyre	1,707,131	1,280,348	426,783	22,653	1,655,400	103%
Paul Barlow	514,308	385,731	128,577	6,825	498,723	103%
William Elliott	370,964	278,223	92,741	4,923	359,723	103%

1. Number of performance rights to be awarded is based on the 20 trading day VWAP up to and including 30 June 22

2021 Deferred STI Outcome

The 2021 deferred STI will qualify to vest upon release of this Annual Report to the ASX by the Board. The table below provides the award value based on the accounting Black Scholes valuations, as well as the cash value to each Executive KMP of their STI based on the 30 June 2022 share price.

	DSTI value (Black Scholes)		DSTI value (30 June 2022 share price)	
2022	Vested \$	Vested %	Vested \$	Vested %
Cameron McIntyre	437,244	100%	389,202	100%
Paul Barlow	121,855	100%	108,467	100%
William Elliott	85,858	100%	76,425	100%

3.5 FY20-22 Long-Term Incentive Plan – Key Features

Feature	Approach						
Description	Eligible Executive KMPs participate in the LTI plan, with an opportunity that is 'at risk' subject to specific pre-determined Group performance measures being met over a three-year period. The plan is designed to align Executive KMPs interests with those of shareholders.						
Opportunity	The LTI opportunity reflects accountabilities and influence over the Company's long-term performance within each role. Market benchmarks are also referenced in determining the LTI opportunity. The maximum face value of LTI that can be granted, referenced as a percentage of Fixed Remuneration (FR) is: <table> <tr> <th>Role</th><th>Maximum (cap)</th></tr> <tr> <td>CEO</td><td>94.7% of Fixed Remuneration</td></tr> <tr> <td>Other Executive KMP</td><td>Between 29.0% and 40.0% of Fixed Remuneration</td></tr> </table>	Role	Maximum (cap)	CEO	94.7% of Fixed Remuneration	Other Executive KMP	Between 29.0% and 40.0% of Fixed Remuneration
Role	Maximum (cap)						
CEO	94.7% of Fixed Remuneration						
Other Executive KMP	Between 29.0% and 40.0% of Fixed Remuneration						
Performance and vesting period	Performance is measured over three financial years. The expiry date of the award is fifteen years from the grant date.						

Feature	Approach															
Delivery	<p>The number of performance rights and options granted for the FY20-FY22 plan are allocated as follows: Seventy percent (70%) of the opportunity is granted as performance rights (PRs), with vesting subject to financial performance measures and ongoing service. The remaining thirty percent (30%) is granted as options, with vesting subject to strategic objectives being met and ongoing service. No dividends are paid during the performance period, until the rights or options vest and are exercised.</p> <p>In FY21 the Board decided to simplify the FY21-23 LTI plan to have only one equity vehicle, rather than two. As such, one hundred percent (100%) of the opportunity in FY22 will be granted as performance rights (PRs), with vesting subject to financial metrics and strategic objectives being met as well as ongoing service. No dividends are paid during the performance period, until the rights vest.</p>															
Allocation approach	<p>The number of performance rights and options granted are calculated as follows:</p> <div><div><div><div><div>\$ Fixed Remuneration (FR) (At time of grant)</div><div>x</div><div>Award face value (% FR)</div><div>=</div><div><div>\$ Share price (Performance rights)</div><div>\$ Black Scholes price (Options)</div></div></div><div><div>Number of PRs (70% of Award)</div><div>Number of Options (30% of Award)</div></div></div><p>The share price used was the Volume Weighted Average Price of the Company's ordinary shares for the 20 trading days up to and including 30 June 2022.</p></div></div>															
Performance measures and weightings	<p>The performance measures and their relative weightings are:</p> <table><tr><th>Category</th><th>Measures</th><th>Weighting</th></tr><tr><td rowspan="2">Financial (PRs)</td><td>Look through revenue</td><td>35%</td></tr><tr><td>Adjusted EPS</td><td>35%</td></tr><tr><td rowspan="3">Strategic (Options)</td><td>Growth in international business performance metrics that reflect the strategic importance of this segment to the Group as a whole</td><td>10%</td></tr><tr><td>Trust and brand metrics that represent the importance of reputation to the Group's success</td><td>10%</td></tr><tr><td>Domestic business milestones that indicate successful implementation of the Group's strategic roadmap</td><td>10%</td></tr></table>	Category	Measures	Weighting	Financial (PRs)	Look through revenue	35%	Adjusted EPS	35%	Strategic (Options)	Growth in international business performance metrics that reflect the strategic importance of this segment to the Group as a whole	10%	Trust and brand metrics that represent the importance of reputation to the Group's success	10%	Domestic business milestones that indicate successful implementation of the Group's strategic roadmap	10%
Category	Measures	Weighting														
Financial (PRs)	Look through revenue	35%														
	Adjusted EPS	35%														
Strategic (Options)	Growth in international business performance metrics that reflect the strategic importance of this segment to the Group as a whole	10%														
	Trust and brand metrics that represent the importance of reputation to the Group's success	10%														
	Domestic business milestones that indicate successful implementation of the Group's strategic roadmap	10%														

REMUNERATION REPORT 2022 CONTINUED

Feature	Approach																									
Performance Threshold and Maximum	A minimum performance threshold must be achieved in the performance period prior to any award vesting. The threshold and maximum performance for FY20-22 and other currently operating LTI plans (for further information) have been set as follows:																									
	<table><tr><th>Year</th><th>Measure</th><th>Threshold</th><th>Maximum</th></tr><tr><td rowspan="2">FY20-22</td><td>Look through revenue</td><td>3.0% CAGR</td><td>10.0% CAGR</td></tr><tr><td>Adjusted EPS</td><td>3.0% CAGR</td><td>10.0% CAGR</td></tr><tr><td rowspan="2">FY21-23</td><td>Relative TSR</td><td>50th percentile</td><td>75th percentile</td></tr><tr><td>Adjusted EPS</td><td>3.0% CAGR</td><td>10.0% CAGR</td></tr><tr><td rowspan="2">FY22-24</td><td>Relative TSR</td><td>50th percentile</td><td>75th percentile</td></tr><tr><td>Adjusted EPS</td><td>3.0% CAGR</td><td>10.0% CAGR</td></tr></table>	Year	Measure	Threshold	Maximum	FY20-22	Look through revenue	3.0% CAGR	10.0% CAGR	Adjusted EPS	3.0% CAGR	10.0% CAGR	FY21-23	Relative TSR	50 th percentile	75 th percentile	Adjusted EPS	3.0% CAGR	10.0% CAGR	FY22-24	Relative TSR	50 th percentile	75 th percentile	Adjusted EPS	3.0% CAGR	10.0% CAGR
	Year	Measure	Threshold	Maximum																						
	FY20-22	Look through revenue	3.0% CAGR	10.0% CAGR																						
		Adjusted EPS	3.0% CAGR	10.0% CAGR																						
	FY21-23	Relative TSR	50 th percentile	75 th percentile																						
		Adjusted EPS	3.0% CAGR	10.0% CAGR																						
	FY22-24	Relative TSR	50 th percentile	75 th percentile																						
		Adjusted EPS	3.0% CAGR	10.0% CAGR																						
	Financial metrics used exclude corporate activity (such as acquisitions) made after the AGM notice date, with the exception of any disposal of businesses or acquisitions of additional equity stakes in any existing businesses, where the CAGR targets will be altered to maintain the underlying CAGR growth rates targeted for the financial year. The Board retains discretion to adjust the CAGR growth rates to include the impact of any strategically important acquisitions made during the performance period, such that management is not materially advantaged or disadvantaged from entering into further acquisitions when it is in shareholders’ interests to do so.																									
Strategic Targets: The release of targets that were used to assess performance will be provided upon completion of each three-year performance period, due to competitive advantage information being withheld.																										
Vesting Schedule	<table><tr><th>Performance Level</th><th>Vesting %</th></tr><tr><td colspan="2">Financial</td></tr><tr><td>Below Threshold</td><td>0%</td></tr><tr><td>Between Threshold and Maximum: Both Look through revenue and Adjusted EPS</td><td>From 25% to 100%</td></tr><tr><td colspan="2">Strategic</td></tr><tr><td>Not achieved</td><td>0%</td></tr><tr><td>Partial achievement</td><td>50%</td></tr><tr><td>Full achievement</td><td>100%</td></tr></table>	Performance Level	Vesting %	Financial		Below Threshold	0%	Between Threshold and Maximum: Both Look through revenue and Adjusted EPS	From 25% to 100%	Strategic		Not achieved	0%	Partial achievement	50%	Full achievement	100%									
Performance Level	Vesting %																									
Financial																										
Below Threshold	0%																									
Between Threshold and Maximum: Both Look through revenue and Adjusted EPS	From 25% to 100%																									
Strategic																										
Not achieved	0%																									
Partial achievement	50%																									
Full achievement	100%																									

Feature	Approach
Selection of Performance Measures	Financial Measures: Adjusted EPS Adjusted EPS is defined as earnings per share calculated by dividing the Adjusted NPAT attributable to equity holders of the Company during the relevant period by the weighted average number of ordinary shares outstanding during the relevant period. The Board also retains discretion to alter the Adjusted EPS hurdle in exceptional circumstances to ensure there is no material advantage or disadvantage due to matters outside management's influence that would materially affect Adjusted EPS.
	Look through revenue Look through revenue is the ordinary revenue from continuing operations reported for the consolidated Group, adjusted for the ownership percentage held by the group of consolidated subsidiaries, and adding in the Group's ownership share of the underlying revenue for equity accounted associates.
	The Board believes that the chosen measures ensure alignment of LTI vesting outcomes to shareholder interests. In determining the financial measures' targets, the Board considers the historical revenue and earnings performance of the Company, forward looking market consensus revenue and earnings expectations, the overall purpose of the award and the long-term best interests of the Company. Based on these factors, the Board believes that the growth targets that have been set are appropriate in all the circumstances.
	Non-financial measures within the plan recognise the importance that key strategic priorities and people engagement have in achieving ongoing business transformation and evolution. The Board has selected pre-determined strategic performance objectives which are linked to the Company's long-term strategy and are therefore key in improving long-term financial performance and value for our shareholders. Key factors in determining these outcomes are delivery on time, on budget and contribution to the bottom line.
	For the FY21-23 and the FY22-24 plans, the Board has retained Adjusted EPS as a performance measure to support alignment with company specific financial outcomes, whilst introducing Relative Total Shareholder Return (RTSR) as a new market based performance measure, to enhance alignment of Executive remuneration outcomes with that of shareholders. Additionally, there are three international peer companies in the peer group (full listing of peer group provided in the 2021 Notice of Annual General Meeting documentation on the Company's Investors web page).
Malus and Clawback	If the Board, in its reasonable opinion, determines that a plan participant has engaged in any of the following conduct, the Board may declare that all, or some, of the participant's options or performance rights held under the plan are forfeited: (a) Cessation of employment, other than for special circumstances, redundancy or by mutual agreement between the Board and the participant; (b) Material breach of the participant's obligations to the Company or a Subsidiary; (c) Behaviour that brings the Company or Group into disrepute.
Ceasing Employment	Executive KMPs who leave the Company have 30 days from their date of departure to exercise any vested options they may have, unless such departure is under adverse conditions. In exceptional circumstances, and at the Board's discretion, Executive KMPs may be allowed to retain unvested options (from current prior year operating LTI plans) and performance rights in a future period when they vest. This would be subject to testing against performance criteria.
Hedging Policy	The Company's Equity Plan specifically prohibits a plan participant from entering into any scheme, arrangement, agreement (including options and derivative products) or other hedging transaction under which the participant may alter or limit the economic benefit or risk to be derived from options, irrespective of future changes in the market price of any Company shares. Where a plan participant enters, or purports to enter, into any such scheme, arrangement or agreement without prior authorisation from the Company, such options will immediately lapse.

REMUNERATION REPORT 2022 CONTINUED

Feature	Approach
Change of Control	While the Board maintains discretion in relation to unvested options and performance rights, the default treatment for unvested options subject to performance conditions is that a pro-rata number will vest based on the extent to which applicable performance conditions have been satisfied. For unvested options and performance rights subject to only continuing service conditions, the pro-rata number will vest based on the proportion of the period that has lapsed.

There are currently three years of unvested LTI awards with performance periods that include the 2022 financial year.

Financial year of grant	Performance period	Performance year to determine vesting	Vesting dates
FY20-22	1 July 2019 – 30 June 2022	FY22	August 2022
FY21-23	1 July 2020 – 30 June 2023	FY23	August 2023
FY22-24	1 July 2021 – 30 June 2024	FY24	August 2024

FY20-22 Performance outcomes against LTI Measures

LTI performance and awarded outcomes

The Board's assessment of performance against the FY20-22 LTI performance measures is outlined below.

Measure	Weighting	Performance outcome	Vesting outcome	Commentary
Financial				
Look through revenue ¹	35%	Achieved	22.4%	• Solid performance with 6% CAGR achieved across the LTI period. Key item preventing a higher growth rate was the decline in media revenue
Adjusted EPS	35%	Achieved	33.3%	• Strong CAGR growth of 10% in Adjusted EPS which reflects solid revenue growth and good cost control
Strategic				
International revenue growth	10%	Full achievement	10%	• Strong double digit revenue growth across the international portfolio supported by excellent performance in Korea and Brazil over the last three years
Maintain brand preference and trust metrics at June 2019 levels	10%	Not achieved	0%	• Brand preference and trust metrics remain strong, however the objective was not achieved and as such did not vest
50% of automotive dealers using depth product by 30 June 2022	10%	Full achievement	10%	• 50% of our dealers are now using our depth products to enhance their offerings
Total	100%		75.7%	

1. Look through revenue for LTI purposes excludes the impact of Trader Interactive and TyreConnect acquisitions.

4. Remuneration Governance

The Board has ensured robust governance processes are in place for remuneration matters within the Company. The below diagram provides a summary of the remuneration governance framework.



Further information on the purpose and duties of the People and Culture Committee is contained in its Charter, which is available from the Company's investor website: <https://shareholder.carsales.com.au/charters>.

4.1 Engagement with shareholders and proxy advisors

Members of the Board have proactively engaged with several of its largest shareholders throughout the year. Meetings with proxy advisors have also occurred to try to ensure they have a good understanding of the Company's remuneration structure and decisions, and are in a position to provide insightful advice to their clients. The Company views these meetings as an opportunity to receive valuable feedback on issues of importance to its shareholders and to ensure it is across the trends being seen in the market.

Over the course of FY22, representatives of the Company met with the following proxy advisors:

- Ownership Matters;
- CGI Glass Lewis; and
- ACSI – Australian Council of Superannuation Investors.

REMUNERATION REPORT 2022 CONTINUED

5. Executive KMP Statutory Remuneration Disclosure

5.1 Accounting based benefits

The table below has been prepared in accordance with the requirements of the Corporations Act 2001 and relevant Australian Accounting Standards. The figures provided under the share-based payments columns are based on accounting values and do not reflect actual cash amounts received by members of the Executive KMP in FY22.

Name	Year	Short-term benefits		Post Employment	Long-term benefits	Share-based payments				Other	Total
		Salary and fees	Cash STI	Super-annuation	Long Service Leave	Deferred STI	LTI performance rights	LTI options			
		\$	\$		\$	\$	\$	\$	\$	\$	\$
Executive Director											
Cameron McIntyre	FY22	1,476,432	1,280,348	23,568	23,595	416,269	296,893	4,645	-	3,521,750	
	FY21	1,478,306	1,241,325	21,694	39,462	262,235	680,644	395,480	-	4,119,146	
Other Senior Executives											
Paul Barlow	FY22	661,432	385,731	23,568	50,387	120,473	43,566	1,036	-	1,286,193	
	FY21	597,806	345,945	21,694	6,526	75,799	104,399	53,627	-	1,205,796	
William Elliott	FY22	538,932	278,223	23,568	27,300	85,878	44,961	355	-	999,217	
	FY21	428,306	243,750	21,694	17,181	49,107	50,100	5,044	-	815,182	
Former Senior Executives											
Ajay Bhatia ¹	FY22	624,778	549,141	17,676	(11,553)	92,463	(258,804)	(54,187)	573,004	1,532,518	
	FY21	828,306	525,000	21,694	26,865	115,410	237,529	93,847	-	1,848,651	
Total KMP FY22		3,301,574	2,493,443	88,380	89,729	715,083	126,616	(48,151)	573,004	7,339,678	
Total KMP FY21		3,332,724	2,356,020	86,776	90,034	502,551	1,072,672	547,998	-	7,988,775	

1. Ajay Bhatia ceased to be KMP effective 1 April 2022. From this time, Ajay remained on gardening leave concluding on 29 July 2022. The 'Other' column includes the gardening leave and all other payments that were expensed in FY22.

6. Executive KMP Service Agreements

All Executive KMP have service agreements determining fixed remuneration (cash salary and superannuation), and performance based variable reward, comprising STI opportunity and participation in the Company's LTI Plan.

They have no fixed employment terms and no special termination payment conditions. All agreements provide for dismissal due to gross misconduct. The termination notice period is six months by either party and there is a six month non-compete period.

7. Executive KMP Equity Disclosures

7.1 STI and LTI payments (cash, options and performance rights) achievement against maximum entitlement

All Executive KMP received grants that were equal to or less than their maximum potential STI entitlements. The relative proportions of remuneration which are linked to performance and those that are fixed based on the accounting values table in section 5.1 are as follows:

Name	Cash salary and superannuation		At risk – STI		At risk – DSTI		At risk – LTI	
	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Executive Director								
Cameron McIntyre	43	37	36	31	12	6	9	26
Other Senior Executives								
Paul Barlow	57	52	30	29	9	6	4	13
William Elliott	58	57	28	30	9	6	5	7
Former Senior Executives								
Ajay Bhatia	79	47	36	29	6	6	(21)	18

7.2 Share-based compensation disclosures – equity granted, vested, exercised and lapsed/forfeited

The table below details a full listing of options and performance rights granted to Executive KMP during FY22 or in prior years of which then vested, were exercised or lapsed/forfeited during FY22.

Name	Type of Equity	Number Granted	Equity Fair Value at Grant Date	Exercise Price ¹ \$	Grant Date	Vested		Lapsed/Forfeited		Exercised/Sold		Value \$	Vested and Exercisable at 30 June 2022 ⁴	Unexercisable at 30 June 2022
						Number	% ²	Number	% ³	Number	%			
C McIntyre	Options	177,632	1.53	14.87	Oct-18	177,632	100%	-	-	-	100%	(271,937)	-	-
	Rights	63,551	10.93	-	Oct-18	-	0%	-	100%	(63,551)	-	-	-	-
	Options	148,871	3.43	13.54	Oct-19	-	-	-	-	-	-	-	-	148,871
	Rights	73,412	13.81	-	Oct-19	-	-	-	-	-	-	-	-	73,412
	Rights	52,324	17.41	-	Oct-20	-	-	-	-	-	-	-	-	52,324
	Rights	28,175	13.03	-	Oct-20	-	-	-	-	-	-	-	-	28,175
	Rights	21,164	20.66	-	Aug-21	-	-	-	-	-	-	-	-	21,164
	Rights	4,902	17.79	-	Aug-20	4,902	100%	-	-	-	100%	(87,220)	-	-
	Rights	60,512	18.31	-	Feb-22	-	-	-	-	-	-	-	-	60,512
	Rights	32,583	14.31	-	Feb-22	-	-	-	-	-	-	-	-	32,583
P Barlow	Options	26,316	1.53	14.87	Oct-18	26,316	100%	-	-	-	100%	(40,287)	-	-
	Rights	9,415	10.93	-	Oct-18	-	0%	-	100%	(9,415)	-	-	-	-
	Options	17,487	3.43	13.54	Oct-19	-	-	-	-	-	-	-	-	17,487
	Rights	10,340	13.81	-	Oct-19	-	-	-	-	-	-	-	-	10,340
	Rights	7,370	17.41	-	Oct-20	-	-	-	-	-	-	-	-	7,370
	Rights	3,968	13.03	-	Oct-20	-	-	-	-	-	-	-	-	3,968
	Rights	5,898	20.66	-	Aug-21	-	-	-	-	-	-	-	-	5,898
	Rights	1,672	17.79	-	Aug-20	1,672	100%	-	-	-	100%	(29,749)	-	-
	Rights	8,977	18.31	-	Feb-22	-	-	-	-	-	-	-	-	8,977
	Rights	4,834	14.31	-	Feb-22	-	-	-	-	-	-	-	-	4,834
W Elliott	Options	3,947	1.53	14.87	Oct-18	3,947	100%	-	-	-	100%	(6,042)	-	-
	Rights	1,412	10.93	-	Oct-18	-	0%	-	100%	(1,412)	-	-	-	-
	Rights	8,291	17.41	-	Oct-20	-	-	-	-	-	-	-	-	8,291
	Rights	4,464	13.03	-	Oct-20	-	-	-	-	-	-	-	-	4,464
	Rights	4,156	20.66	-	Aug-21	-	-	-	-	-	-	-	-	4,156
	Rights	694	17.79	-	Aug-20	694	100%	-	-	-	100%	(12,348)	-	-
	Rights	9,974	18.31	-	Feb-22	-	-	-	-	-	-	-	-	9,974
	Rights	5,371	14.31	-	Feb-22	-	-	-	-	-	-	-	-	5,371
	Options	46,053	1.53	14.87	Oct-18	46,053	100%	-	-	-	100%	(70,503)	-	-
	Rights	16,476	10.93	-	Oct-18	-	0%	-	100%	(16,476)	-	-	-	-
A Bhatia	Options	30,602	3.43	13.54	Oct-19	-	0%	-	100%	(30,602)	-	-	-	-
	Rights	18,095	13.81	-	Oct-19	-	0%	-	100%	(18,095)	-	-	-	-
	Rights	22,109	17.41	-	Oct-20	-	0%	-	100%	(22,109)	-	-	-	-
	Rights	11,905	13.03	-	Oct-20	-	0%	-	100%	(11,905)	-	-	-	-
	Rights	8,951	20.66	-	Aug-21	-	0%	-	-	-	-	-	-	8,951
	Rights	2,579	17.79	-	Aug-20	2,579	100%	-	-	-	100%	(45,887)	-	-
	Rights	23,274	18.31	-	Feb-22	-	0%	-	100%	(23,274)	-	-	-	-
	Rights	12,532	14.31	-	Feb-22	-	0%	-	100%	(12,532)	-	-	-	-
	Options	16,476	10.93	-	Oct-18	-	0%	-	100%	(16,476)	-	-	-	-
	Options	30,602	3.43	13.54	Oct-19	-	0%	-	100%	(30,602)	-	-	-	-

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Notes to table on previous page:

1. \$0.00 exercise price represents performance rights.
2. Percentage of the available grant that vested in the financial year.
3. Percentage of the available grant that was forfeited due to not meeting the service and performance criteria set.
4. When exercisable, each option is convertible into one ordinary share upon payment of the exercise price by the option holder, provided that the option holder complies with the rules of the carsales.com Ltd Employee Option Plan. Performance rights will automatically be converted to one ordinary share upon the vesting date provided the holder complies with the rules of carsales.com Ltd Employee Option Plan.
5. No options and performance rights will vest if the conditions are not satisfied, hence the minimum value of the options and performance rights yet to vest is nil. The value of the options and performance rights yet to vest has been determined as the amount of the grant date fair value of the options and performance rights that is yet to be expensed. Options and performance rights not exercised expire at the earliest of (a) the expiry date applicable to the option or performance rights, (b) 30 days post the employee ceasing to be employed by carsales.com Ltd, (c) where EPS or RTSR vesting conditions are not met at the relevant date, or (d) where there has been a special circumstance, then within 90 days after that special circumstance has occurred or as specified by the Board.

Further information on the options and performance rights is set out in Note 26 to the financial statements.

7.3 Shares provided on exercise of options and performance rights

Details of ordinary shares in the Company provided as a result of the exercise of options by each member of the Executive KMP are set out below.

Name	Date of exercise of options and performance rights	Number of ordinary shares issued on exercise of options and performance rights during the year	Value at exercise date* \$	Cost to exercise options \$	Net benefit \$
Executive Director					
C McIntyre	Aug-21	182,534	4,565,666	2,641,388	1,924,278
Other Senior Executives					
P Barlow	Aug-21	1,672	41,984	-	41,984
P Barlow	Sep-21	26,316	649,216	391,319	257,897
W Elliott	Aug-21	4,641	116,141	58,692	57,449
Former Senior Executives					
A Bhatia	Aug-21	48,632	1,216,544	684,808	531,736

* The value at the exercise date of options and performance rights that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options and performance rights at that date.

7.4 Equity holdings

The number of shares in the Company held during the financial year by Executive KMP, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Name	Balance 1 July 2021	Received during the year on the exercise of options/rights	Other changes during the year	Balance 30 June 2022
Executive Director				
C McIntyre	328,392	182,534	(177,632)	333,294
Other Senior Executives				
P Barlow	91,638	27,988	(15,815)	103,811
W Elliott	5,014	4,641	(2,368)	7,287
Former Senior Executives				
A Bhatia	69,095	48,632	(46,053)	71,674

7.5 Shares under option and performance rights

Unissued ordinary shares of carsales.com Ltd under option at the date of this report are as follows:

Date options/rights granted	Expiry date	Issue price of shares \$	Number under options	Number under performance rights
Oct-16	Oct-31	\$12.23	69,961	-
Oct-17	Oct-32	\$11.41	28,442	-
Oct-18	Aug-36	\$14.87	51,449	-
Oct-19	Oct-34	\$0.00	-	56,672
Oct-19	Oct-34	\$13.54	95,843	-
Oct-19	Oct-35	\$0.00	-	73,412
Oct-19	Oct-35	\$13.54	148,871	-
Oct-20	Oct-35	\$0.00	-	161,491
Aug-21	Aug-22	\$0.00	-	58,697
Feb-22	Aug-24	\$0.00	-	190,727
			394,566	540,999

No option or performance rights holder has any right under the options or performance rights to participate in any other share issue of the Company. No options or performance rights have been issued post 30 June 2022.

7.6 Shares issued on the exercise of options and performance rights

The following ordinary shares of carsales.com Ltd were issued during the year ended 30 June 2022 on the exercise of options granted under the carsales.com Ltd Employee Option Plan. No amounts are unpaid on any of the shares.

Date options and performance rights exercised	Issue price of shares \$	Number of shares
Aug-21	\$0.00	14,461
Aug-21	\$11.41 - \$14.87	304,344
Sep-21	\$11.41 - \$14.87	62,370
Oct-21	\$0.00	8,519
Nov-21	\$11.41 - \$14.87	9,608
Dec-21	\$11.41 - \$14.87	10,070
Feb-22	\$11.41 - \$14.87	22,377
Mar-22	\$12.23	1,818

8. Non-Executive Director Fees

Non-Executive Directors receive fees within an aggregate Directors' fee pool limit, which is periodically proposed for approval by shareholders. The maximum payable to be shared by all Non-Executive Directors currently stands at \$2,000,000 per annum. The current base remuneration pool was approved by shareholders at the Annual General Meeting held on 29 October 2021.

Fees and payments to Non-Executive Directors are determined by the demands that are made on their time, as well as their responsibilities. The annualised fees paid to the Board are below the \$2,000,000 pool approved by shareholders. No changes to fees were made in FY22.

REMUNERATION REPORT 2022 CONTINUED

The following fee table applies:

	1 January 2021 fee table \$
Appointment	
Chair fee	370,000
Base Director fee	147,000
Committee Chair fee	35,000
Committee Member fee	15,000

Minimum Shareholding Requirements

The Company requires all Board members to hold the equivalent of one year's base Director's fees in equity after 24 months' Board membership. All Board members currently meet this requirement.

8.1 Accounting based benefits

The table below has been prepared in accordance with the requirements of the *Corporations Act 2001* and relevant Australian Accounting Standards. The figures provided under the share-based payments columns are based on accounting values and do not reflect actual cash amounts received by Non-Executive Directors in FY22.

Name	Year	Short-term	Post	Long-	Share-based payments					Total
		benefits	Employ-	term						
			ment	benefits						
		Salary	Cash	Super-	Long	Deferred	LTI	LTI	Other	
		and fees	STI	annuation	Service	STI	performance	options		
		\$	\$	\$	\$	\$	rights	\$	\$	\$
Non-Executive Directors										
Patrick O'Sullivan	FY22	346,432	-	23,568	-	-	-	-	-	370,000
	FY21	333,345	-	21,773	-	-	-	-	-	355,118
Walter Pisciotta	FY22	147,273	-	14,727	-	-	-	-	-	162,000
	FY21	144,749	-	13,751	-	-	-	-	-	158,500
Kim Anderson	FY22	183,584	-	18,358	-	-	-	-	-	201,942
	FY21	176,712	-	16,788	-	-	-	-	-	193,500
Edwina Gilbert	FY22	192,727	-	19,273	-	-	-	-	-	212,000
	FY21	190,411		18,089	-	-	-	-	-	208,500
Kee Wong	FY22	171,393	-	17,139	-	-	-	-	-	188,532
	FY21	158,448	-	15,053	-	-	-	-	-	173,501
David Wiadrowski	FY22	183,584	-	18,358	-	-	-	-	-	201,942
	FY21	171,589	-	2,774	-	-	-	-	-	174,363
Total FY22		1,224,993	-	111,423	-	-	-	-	-	1,336,416
Total FY21		1,175,254	-	88,227	-	-	-	-	-	1,263,482

8.2 Share holdings

The numbers of shares in the Company held during the financial year by each Director of carsales.com Ltd, including their personally related parties, are set out below.

Name	Balance 1 July 2021	Other changes during the year	Balance 30 June 2022
Non-Executive Directors			
P O'Sullivan	26,597	-	26,597
W Pisciotta	8,499,990	(221,071)	8,278,919
K Anderson	18,229	-	18,229
E Gilbert	31,394	666	32,060
K Wong	14,626	-	14,626
D Wiadrowski	10,000	102	10,102
S Kloss (Alternate)	2,774,500	-	2,774,500

8.3 Other transactions

Conflicts and transactions with KMP are handled in accordance with the Board Charter available at <http://shareholder.carsales.com.au/Investor-Centre/>.

(i) Directors of carsales.com Ltd

W Pisciotta and S Kloss are shareholders of Pentana Solutions Pty Ltd, which has a commercial relationship with the Company. Mr Pisciotta and Mr Kloss were absent from all Board discussions related to any commercial arrangement of Pentana Solutions and only those directors who are independent of Pentana Solutions were involved in the approval of the agreement. The total amount paid by carsales to Pentana Solutions Pty Ltd in FY22 was approximately \$1,754,843.

E Gilbert is a Director of automotive dealerships which utilised the Group's services under terms and conditions no more favourable than dealing with other customers at arm's length in the same circumstances. The total amount paid to carsales by automotive dealerships of which E Gilbert is a Director in FY22 was approximately \$803,497. E Gilbert did not receive any additional benefits to her dealerships from her participation on the Company Board.

OTHER DIRECTORS' REPORT DISCLOSURES

Directors

The following persons were Directors of carsales.com Ltd during the financial year and up to the date of this report unless indicated otherwise:

Pat O'Sullivan	Non-Executive Chair
Cameron McIntyre	Managing Director
Wal Pisciotta	Non-Executive Director
Kim Anderson	Non-Executive Director
Edwina Gilbert	Non-Executive Director
Kee Wong	Non-Executive Director
David Wiadrowski	Non-Executive Director
Steve Kloss	Alternate Non-Executive Director

The number of full Board meetings attended, and sub-committee meetings attended where a Board member is a member of that sub-committee are set out below:

Director name	Full scheduled meetings of directors		Short teleconference meetings of directors		Ad hoc meetings of directors	
	A	B	A	B	A	B
Pat O'Sullivan	11	11	1	1	5	5
Cameron McIntyre	11	11	1	1	5	5
Wal Pisciotta	11	10	1	0	5	3
Kim Anderson	11	11	1	1	5	5
Edwina Gilbert	11	11	1	1	5	5
Kee Wong	11	11	1	1	5	5
David Wiadrowski	11	11	1	1	5	4
Steve Kloss (alternate director)	11	11	1	0	5	2

A = Number of meetings held during the time the director held office during the year

B = Number of meetings attended

Director name	Number of Audit Committee meetings during tenure	Number of Audit Committee meetings attended
David Wiadrowski (Chair)	3	3
Kim Anderson	3	3
Edwina Gilbert	3	3

Director name	Number of Risk Management Committee meetings during tenure	Number of Risk Management Committee meetings attended
Edwina Gilbert (Chair)	3	3
David Wiadrowski	3	3
Kee Wong	3	3

Director name	Number of People and Culture Committee meetings during tenure	Number of People and Culture Committee meetings attended
Kim Anderson (Chair)	3	3
Edwina Gilbert	3	3
Kee Wong	3	3
Wal Pisciotta	3	1

Dividends – carsales.com Ltd

Dividends paid to members during the financial year were as follows:

	2022 \$'000	2021 \$'000
Final fully franked dividend for the year ended 30 June 2021 of 22.5 cents (2020: 25.0 cents) per fully paid ordinary share paid on 18 October 2021 (2020: 7 October 2020).	63,527	61,523
Interim fully franked dividend for the year ended 30 June 2022 of 25.5 cents (2021: 25.0 cents) per fully paid share paid on 19 April 2022 (2021: 21 April 2021)	72,068	61,597
	135,595	123,120

At the end of the financial year the Directors have recommended the payment of a fully franked final ordinary dividend of \$85,958,000 (24.5 cents per share) to be paid on 17 October 2022 out of retained earnings at 30 June 2022.

Significant changes in the state of affairs

During the financial year the Company continued to deliver on its strategy both domestically and internationally.

Further details are set out in the Operational and Financial Review on page 26.

Matters subsequent to the end of the financial year

On 27 June 2022, the Group announced that it had exercised its call option to acquire the remaining 51% in Trader Interactive LLC and the launch of an approximately AUD \$1,207.0 million fully underwritten pro-rata accelerated renounceable entitlement offer (with retail rights trading) to fund the acquisition.

The entitlement offer was completed in July 2022, resulting in the issue of 68,001,706 additional ordinary shares and cash raised of AUD \$1,182.0 million (net of transaction costs).

On 8 July 2022, the AUD \$651.0 million drawn down amount was repaid to the Tranche A and Tranche B financiers.

No other matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Insurance of officers

During the financial year, carsales.com Ltd paid a premium to insure the Directors and officers of the Company and its Australian-based controlled entities. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification of Directors and officers

All current Directors and officers are indemnified under a deed of indemnity, insurance and access.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to the auditor (PwC) for non-audit services provided during the year are set out below.

OTHER DIRECTORS' REPORT DISCLOSURES CONTINUED

As PwC has been the company's external auditors for many years, consistent with best corporate governance practices, the Board undertook a tender for the Company's external audit provider during FY22.

The Board established a selection committee consisting of two independent Non-Executive Directors and three members of the Company's management team. Four firms were invited to participate in the tender, and three firms submitted responses. Responding firms provided a written proposal and participated in an oral presentation with the selection committee. At the conclusion of the process, the selection committee recommended the re-appointment of PwC. This recommendation was accepted by the Board and PwC has been re-appointed as the Company's external auditor.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committees to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity:

	2022 \$'000	2021 \$'000
Other assurance services		
Due diligence services	250,700	697,175
Other assurance services	126,498	57,320
Total remuneration for other assurance services	377,198	754,495
Taxation services		
Tax compliance services, including review of Company income tax returns	149,004	136,000
Total remuneration for taxation services	149,004	136,000
Total remuneration for non-audit services	526,202	890,495

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 60.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Director's Report. Amounts in the Director's Report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Auditor

PwC continues in office in accordance with section 327 of the *Corporations Act 2001*.

Corporate governance report

As allowed under the ASX Corporate Governance Principles and Recommendations (Fourth Edition) the Company has included its report on compliance with the principles in the year to 30 June 2022 in the Corporate Governance section of the Investor Centre on the carsales website. The full report can be found at the following URL: <https://shareholder.carsales.com.au/governance/>.

This report is made in accordance with a resolution of Directors.



Pat O'Sullivan
Chair

Melbourne
14 August 2022



Cameron McIntyre
Managing Director and CEO

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of carsales.com Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of carsales.com Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Lisa Harker'.

Lisa Harker
Partner
PricewaterhouseCoopers

Melbourne
14 August 2022

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Continuing operations			
Revenue from contracts with customers	2	509,077	427,164
Total revenue from continuing operations		509,077	427,164
Expenses			
Costs of sale		(50,026)	(21,266)
Sales and marketing expenses		(87,640)	(72,532)
Service development and maintenance		(34,849)	(34,067)
Operations and administration		(66,623)	(57,809)
Earnings before interest, taxes, depreciation and amortisation		269,939	241,490
Depreciation and amortisation expense		(46,691)	(40,218)
Finance income		477	608
Finance costs	3	(17,720)	(19,291)
Changes in fair value of put options		289	-
Share of net profit from associates accounted for using the equity method	19(c)	17,176	3,946
Profit before income tax		223,470	186,535
Income tax expense	5(a)	(62,016)	(55,323)
Profit for the year		161,454	131,212
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		30,105	(12,279)
Remeasurement of post-employment benefit obligations		(919)	251
Movement in net investment hedge (net of tax)		-	17,575
Movement in cash flow hedge (net of tax)		(14,004)	25,593
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in financial assets at fair value (net of tax) through other comprehensive income		12,372	2,139
Other comprehensive income for the year		27,554	33,279
Total comprehensive income for the year		189,008	164,491
Profit for the year is attributable to:			
Owners of carsales.com Ltd		160,816	130,704
Non-controlling interests		638	508
		161,454	131,212
Total comprehensive income for the year is attributable to:			
Owners of carsales.com Ltd		188,370	163,983
Non-controlling interests		638	508
		189,008	164,491
	Notes	2022 Cents	2021 Cents
Earnings per share for profit from continuing operations, attributable to the ordinary equity holders of the parent entity:			
Basic earnings per share	4	56.9	52.6
Diluted earnings per share	4	56.8	52.5

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		117,452	284,004
Trade and other receivables	14	74,741	46,755
Derivative assets	9	5,526	33,658
Inventory		3,222	-
Total current assets		200,941	364,417
Non-current assets			
Investments accounted for using the equity method	19(c)	917,648	55,953
Financial assets at fair value through other comprehensive income	19(d)	36,896	49,529
Property, plant and equipment	15	14,654	12,815
Right-of-use assets	16	56,475	55,614
Deferred tax assets	5	17,215	17,841
Intangible assets	17	603,320	597,105
Other receivables	14	13,968	10,317
Total non-current assets		1,660,176	799,174
Total assets		1,861,117	1,163,591
LIABILITIES			
Current liabilities			
Trade and other payables	18	48,758	38,674
Lease liabilities	16	8,061	6,636
Borrowings	7	113	35
Current tax liabilities		36,717	19,849
Provisions	18	10,996	9,962
Contract liabilities		11,022	10,627
Total current liabilities		115,667	85,783
Non-current liabilities			
Other payables		1,241	771
Lease liabilities	16	56,370	56,716
Borrowings	7	649,626	43,195
Other financial liabilities	9	1,153	1,172
Deferred tax liabilities	5	18,994	31,775
Provisions	18	4,657	3,678
Total non-current liabilities		732,041	137,307
Total liabilities		847,708	223,090
Net assets		1,013,409	940,501
EQUITY			
Contributed equity	11	769,959	755,357
Reserves	12	(1,865)	(21,440)
Retained earnings		243,466	204,819
Non-controlling interests		1,849	1,765
Total equity		1,013,409	940,501

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

Notes	Attributable to owners of carsales.com Ltd			Non- controlling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000		
Balance at 1 July 2021	755,357	(21,440)	204,819	1,765	940,501
Profit for the year	-	-	160,816	638	161,454
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	-	30,105	-	-	30,105
Remeasurement of post-employment benefit obligations	-	(919)	-	-	(919)
Movement in cash flow hedge (net of tax)	-	(14,004)	-	-	(14,004)
<i>Items that will not be reclassified to profit or loss</i>					
Changes in financial assets at fair value (net of tax) through other comprehensive income	-	12,372	-	-	12,372
Total comprehensive income for the year	-	27,554	160,816	638	189,008
Transfer of gain on disposal of equity investment at fair value through other comprehensive income to retained earnings	-	(13,426)	13,426	-	-
Transactions with owners in their capacity as owners:					
Contributions of equity upon exercise of employee share options	11	6,120	-	-	6,120
Contributions of equity net of transaction costs and tax	11	(1,436)	-	-	(1,436)
Increase in share-based payment reserve inclusive of tax	12	-	5,690	-	5,690
Dividends paid to company shareholders		9,918	(135,595)	-	(125,677)
Dividends paid to non-controlling interests		-	-	(549)	(549)
Transactions with non-controlling interests		-	(243)	(5)	(248)
Balance at 30 June 2022	769,959	(1,865)	243,466	1,849	1,013,409

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONT.

For the Year Ended 30 June 2022

		Attributable to owners of carsales.com Ltd			Non- controlling interests \$'000	Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earning \$'000		
Notes						
	Balance at 1 July 2020	149,817	(56,253)	197,235	763	291,562
	Profit for the year	-	-	130,704	508	131,212
	<i>Items that may be reclassified to profit or loss</i>					
	Exchange differences on translation of foreign operations	-	(12,279)	-	-	(12,279)
	Remeasurement of post-employment benefit obligations	-	251	-	-	251
	Movement in cash flow hedge net of tax	-	25,593	-	-	25,593
	Movement in net investment hedge net of tax	-	17,575	-	-	17,575
	<i>Items that will not be reclassified to profit or loss</i>					
	Changes in financial assets at fair value (net of tax) through other comprehensive income	-	2,139	-	-	2,139
	Total comprehensive income for the year	-	33,279	130,704	508	164,491
	Transactions with owners in their capacity as owners:					
	Contributions of equity upon exercise of employee share options	11	4,563	-	-	4,563
	Contributions of equity net of transaction costs and tax	11	591,117	-	-	591,117
	Increase in share-based payment reserve inclusive of tax	12	-	3,633	-	3,633
	Dividends paid to company shareholders		9,860	(123,120)	-	(113,260)
	Dividends paid to non-controlling interests		-	-	(210)	(210)
	Transactions with non-controlling interests		-	(2,099)	704	(1,395)
	Balance at 30 June 2021	755,357	(21,440)	204,819	1,765	940,501

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers (including GST)		549,461	471,703
Payments to suppliers and employees (including GST)		(282,938)	(214,852)
Income taxes paid		(62,880)	(56,347)
Net cash inflow from operating activities	6	203,643	200,504
Cash flows from investing activities			
Payment for investment in non-controlling interests, associates and subsidiaries (net of cash acquired and loans to associate)		(849,036)	(18,892)
Investment in term deposits with maturity greater than 3 months		(14,593)	-
Proceeds from financial instruments held for investing activities		54,472	-
Proceeds from sale of/(payment for) financial assets at fair value through other comprehensive income		25,385	(2,169)
Payments for property, plant and equipment		(7,882)	(4,570)
Payments for intangible assets		(40,391)	(28,780)
Interest received		477	608
Proceeds from sale of property, plant and equipment		511	236
Dividends received from associates	19(c)	-	2,217
Net cash outflow from investing activities		(831,057)	(51,350)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities (net of transaction costs)		4,930	591,844
Proceeds from borrowings		716,403	-
Repayment of borrowings		(112,141)	(500,298)
Payment of loan establishment fees		(699)	(2,364)
Principal elements of lease payments		(7,836)	(8,242)
Deposits paid for leases		(2,166)	(2,223)
Proceeds from financial instruments held for financing activities		-	2,450
Dividends paid to company shareholders	13	(125,677)	(113,260)
Dividends paid to non-controlling interests	19(b)	(549)	(210)
Interest paid		(10,175)	(11,343)
Net cash inflow/(outflow) from financing activities		462,090	(43,646)
Effects of exchange rates on cash and cash equivalents		(1,228)	(1,441)
Net increase in cash and cash equivalents		(166,552)	104,067
Cash and cash equivalents at the beginning of the financial year		284,004	179,937
Cash and cash equivalents at the end of the financial year		117,452	284,004

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

Basis of preparation

carsales.com Ltd is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of carsales.com Ltd ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. carsales.com Ltd and its subsidiaries together are referred to in this Financial Report as 'the Group' or 'the consolidated entity'.

These general purpose financial statements:

- (i) Have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.
- (ii) Comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
- (iii) Have been prepared on a going concern basis.
- (iv) Have been prepared under the historical cost convention except for the revaluation of financial assets and liabilities (including derivative instruments) measured at fair value through other comprehensive income.

Amounts in the financial statements are presented in Australian dollars with all values rounded to the nearest thousand dollars, or in certain cases, the nearest dollar, in accordance with the *Australian Securities and Investments Commission Corporations Instrument 2016/191*.

Key estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The estimation uncertainty is predominantly related to the fair value measurement and recoverable amount assessments for intangible assets (Note 17), the fair value measurement of acquired intangibles and their useful lives for equity accounted investments (Note 19), financial assets and liabilities at fair value through other comprehensive income (Note 9) and trade receivables (Note 14).

Other areas with a level of estimation includes deferred tax assets relating to tax losses, uncertain tax positions and Research and Development (R&D) claim (Note 5).

Corporate Information

carsales.com Ltd (the 'Company') is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

carsales.com Ltd
Level 4, 449 Punt Road
Richmond Vic 3121

The Financial Report was authorised for issue by the Directors on 14 August 2022. The Directors have the power to amend and reissue the Financial Report.

All press releases, Financial Reports and other information are available at our shareholders' centre on our website: www.carsales.com.au. For queries in relation to our reporting, please call +61 (3) 9093 8600.

These financial statements have been streamlined where key information is grouped together for ease of understanding and readability. The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business – for example, acquisitions; or
- it relates to an aspect of the Group's operations that is important to its future performance.

KEY PERFORMANCE

This section provides information that the Directors consider most relevant to understanding performance and shareholder returns for the year and summarises the accounting policies, judgements and estimates relevant to understanding these line items.

1. Segment information

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer ('CEO').

Management has determined the operating segments based on the reports reviewed by the CEO that are used to make strategic decisions.

The Group's operating segments are determined firstly based on location, and secondly by function, of the Group's operations. Effective for the year ended 30 June 2022, the Group has a new reporting segment called "Australia – carsales Investments" which comprises the stand-alone investments in tyresales, Tyreconnect, RedBook Inspect and Placie. The rationale behind changing operating and reporting segments is to better align with the operating group structure and to separate stand-alone investments that have similar economic characteristics. Retaining these businesses within the previous segment view could potentially misrepresent the underlying performance of the higher margin core marketplace businesses. The Group has also aggregated investments in the USA, Chile, Mexico and Brazil into one segment called Americas. The prior year comparatives have also been restated to reflect this.

The Group principally operates in five business segments which are described below:

Operating segment	Nature of operations and primary source of revenue	Geographical location
Australia – Online Advertising Services	Online Automotive Classifieds and Display Advertising services.	Australia
Australia – Data, Research and Services	Automotive Data Services including software, analysis, research and reporting, valuation services, website development, hosting and photography services. This segment also includes display and consumer advertising related to these divisions.	Australia
Australia – carsales Investments	Online Tyre Retail and Wholesale, Mobility Services and Inspection Services.	Australia
Americas	Online Automotive Classifieds, Display Advertising services and Automotive Data Services.	Brazil, Chile, Mexico and United States of America
Asia	Online Automotive Classifieds, Display Advertising services and Automotive Data Services.	South Korea, Malaysia, Thailand, China and Indonesia

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

1. Segment information continued

Segment analysis

2022	Australia - Online Advertising Services \$'000	Australia - Data, Research and Services \$'000	Australia - carsales Investments \$'000	Americas \$'000	Asia \$'000	Total \$'000
Segment revenue	307,208	44,068	56,489	5,957	95,355	509,077
EBITDA	195,878	28,792	(1,877)	(1,640)	48,786	269,939
Depreciation and amortisation expense						(46,691)
Net finance costs						(17,243)
Changes in fair value of put options						289
Share of net profit/(loss) from associates accounted for using the equity method	(14)	-	-	17,190	-	17,176
Income tax expense						(62,016)
Non-controlling interests						(638)
Profit for the year attributable to owners of carsales.com Ltd						160,816
Segment assets	204,495	17,013	30,852	940,051	446,973	1,639,384
Deferred tax assets						17,215
Cash and cash equivalents						117,452
Unallocated assets						87,066
Total assets						1,861,117

RESTATED** 2021	*Australia - Online Advertising Services \$'000	*Australia - Data, Research and Services \$'000	Australia - carsales Investments \$'000	Americas \$'000	Asia \$'000	Total \$'000
Segment revenue	268,652	40,392	27,138	6,686	84,296	427,164
EBITDA	172,328	25,943	974	(815)	43,060	241,490
Depreciation and amortisation expense						(40,218)
Net finance costs						(18,683)
Share of net profit/(loss) from associates accounted for using the equity method	(111)	-	-	4,057	-	3,946
Income tax expense						(55,323)
Non-controlling interests						(508)
Profit for the year attributable to owners of carsales.com Ltd						130,704
Segment assets	222,641	16,930	3,317	78,331	463,005	784,224
Deferred tax assets						17,841
Cash and cash equivalents						284,004
Unallocated assets						77,522
Total assets						1,163,591

* Revenue includes the impacts of the COVID-19 Dealer Support Package. Refer Note 2 for details.

** Balances for year ended 30 June 2021 have been restated with the change to operating segments.

Segment assets are measured in the same way as in the financial statements. Segment assets include goodwill, trade and other receivables, brands, customer relationships, property, plant and equipment, right-of-use assets, financial assets at fair value through other comprehensive income and investments accounted for using equity method. Unallocated assets include intangible and other assets utilised across multiple segments. All unallocated assets are assessed by the chief operating decision maker at a consolidated entity level.

Liabilities are not reported to the chief operating decision maker by segment. All liabilities are assessed at a consolidated entity level.

2. Revenue from contracts with customers

Accounting policy

The group derives revenue from the transfer of goods and services over time and at a point in time in the following product and reporting segment. Amounts disclosed as revenue are net of returns, agency commissions, trade allowances, rebates and amounts collected on behalf of third parties. Where services have not been provided but the Group is obligated to provide the services in the future, a contract liability is recognised.

Type of revenue	Reporting segment	Recognition criteria
Dealer leads	Online Advertising (Dealer)/Americas/Asia	Lead revenues are recognised at a point in time upon delivery of the lead to the dealers' lead management system.
Dealer listings	Online Advertising (Dealer)/Americas/Asia	Dealer listings usually have a definite end date to the advertisement and where they do not, an average duration is calculated. Revenues are recognised over the period during which the listing is displayed on the carsales network.
Listing depth products	Online Advertising (Dealer/Private)/Americas/Asia	Transaction value is allocated to customer service obligations based on the fair value and revenue is recognised over the period during which the product is displayed on the carsales network.
Private listing	Online Advertising (Private)/Americas/Asia	Private listings remain effective until the consumer removes the advertisement. Revenues are recognised over the average number of days advertisements are displayed (based on historical trends).
Bundled products	Online Advertising (Dealer)/Americas/Asia	Includes the combination of dealer advertising products and corporate media services under one single contractual price. Whilst the products are bundled, each individual service has its own distinct performance obligations and stand-alone selling prices (used to determine the fair value of each service). Revenue is recognised over time as performance obligations are fulfilled.
Sponsorship advertising	Online Advertising (Media)/Americas/Asia	Revenues from sponsorship advertising are recognised in the period over which the advertisements are placed or displayed, depending on the type of contract.
Performance advertising and contracts	Online Advertising (Media)/Americas/Asia	Revenues from performance advertising and performance contracts are recognised when the performance measure occurs and is generated (e.g. cost per click).
Subscription services	Online Advertising (Dealer/Media)/Data, Research and Services/Americas/Asia	Subscription revenues are recognised over the subscription period.
Sale of goods	carsales Investments	Revenues are recognised at a point in time when goods have been provided to a customer.
Inspection services	carsales Investments/Asia	Revenue from vehicle inspection services are recognised when the inspection service is performed.
R&D tax rebate	Online Advertising	The research and development claim of the Company gives rise to a tax offset and this tax offset is recognised as other income.

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major segments:

2022	Australia - Online Advertising Services \$'000	Australia - Data, Research and Services \$'000	Australia - carsales Investments \$'000	Americas \$'000	Asia \$'000	Total \$'000
Dealer	183,314					
Private	69,391					
Media	54,503					
Total revenue from external customers	307,208	44,068	56,489	5,957	95,355	509,077
Revenue is recognised:						
At a point in time	169,770	7,928	56,489	495	42,694	277,376
Over time	137,438	36,140	-	5,462	52,661	231,701

RESTATED* 2021	Australia - Online Advertising Services \$'000	Australia - Data, Research and Services \$'000	Australia - carsales Investments \$'000	Americas \$'000	Asia \$'000	Total \$'000
Dealer	166,333					
Private	55,303					
Media	47,016					
Total revenue from external customers	268,652	40,392	27,138	6,686	84,296	427,164
Revenue is recognised:						
At a point in time	150,624	7,970	27,138	507	27,291	213,530
Over time	118,028	32,422	-	6,179	57,005	213,634

* The allocation of revenues for the year ended 20 June 2021 between the group's operating segments have been restated to align with the new operating segments.

As part of a Dealer Support Package offered to customers in response to COVID-19 during FY21, carsales provided a 100% rebate for all fixed and variable fees for Victorian Metropolitan dealer customers incurred during Stage 4 lockdown (6 August 2020 – 27 October 2020). The total support provided to dealers was \$10.6 million. Revenue above is net of these rebates.

3. Other income and expenses

Accounting Policy

(i) Defined benefit obligations

ENCARSALES.COM Ltd, the Group's subsidiary in South Korea, operates a defined benefit plan, under which amounts to be paid as retirement benefits are determined by reference to a formula based on employee's earnings and years of service. The defined benefit asset or liability comprises the present value of the defined benefit obligations, less past service costs and actuarial gains and losses not yet recognised and less the fair value of plan assets out of which the obligations are to be settled. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The discount rate used in calculating the present value of defined benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds of a term consistent with the term of the post-employment benefit obligations. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest, and the return on plan assets, are recognised immediately in the statement of financial position with a corresponding debit or credit to reserves through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Company recognises restructuring-related costs.

(ii) JobKeeper

Receipts from the Australian JobKeeper program are accounted for as government grants and are included in personnel expenses as a contra amount. There are no unfulfilled conditions or other contingencies attached to these grants.

(iii) Finance costs

Fees paid on the establishment of loan facilities are recognised net against the loan and amortised on a straight-line basis over the term of the facility. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. The unwinding of the discount on put option liabilities are recognised as a finance expense.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

	2022 \$'000	2021 \$'000
Total profit before income tax includes the following specific expenses:		
Employee benefits	96,109	96,577
JobKeeper grants	-	(6,048)
Defined benefit expense – ENCARSAL.COM, Ltd.	1,562	1,415
Interest – borrowings	9,378	8,450
Interest – leases	1,563	1,577
Other finance costs	3,119	2,929
Hedging costs	-	1,541
Amounts reclassified to income statement from Cash Flow Hedge Reserve	3,660	4,794
Total finance costs	17,720	19,291

4. Earnings per share

Accounting Policy

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the post income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Options and performance rights granted to employees under the carsales.com Ltd Employee Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and performance rights have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 26.

(a) Reported earnings per share

	Basic earnings per share		Diluted earnings per share	
	2022	2021	2022	2021
Earnings per share for profit attributable to the ordinary equity holders of the Company:				
Reported profit attributable to equity holders of the Company	160,816,000	130,704,000	160,816,000	130,704,000
Weighted average number of ordinary shares	282,482,797	248,343,705	282,482,797	248,343,705
Dilutive impact of options	-	-	85,592	156,884
Dilutive impact of performance rights	-	-	336,695	379,307
Total weighted average number of ordinary shares used in EPS calculation	282,482,797	248,373,705	282,905,084	248,879,896
Reported earnings per share/cents	56.9	52.6	56.9	52.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

4. Earnings per share continued

(b) Adjusted earnings per share*

	Basic earnings per share		Diluted earnings per share	
	2022	2021	2022	2021
Reported profit attributable to equity holders of the Company	160,816,000	130,704,000	160,816,000	130,704,000
Add: Dealer Support Packages (net of tax)	321,000	7,456,000	321,000	7,456,000
Add: restructuring and M&A transaction costs (net of tax)	1,327,000	1,459,000	1,327,000	1,459,000
Add: hedge close-out and FX	3,222,000	4,793,000	3,220,000	4,793,000
Add: one-off tax adjustment	-	1,306,000	-	1,306,000
Add: acquired intangibles amortisation (net of tax)	23,050,000	6,662,000	23,050,000	6,662,000
Add / Less: fair value revaluations (net of NCI)	(339,000)	400,000	(339,000)	400,000
Add: Trader Interactive non-recurring costs	6,431,000	-	6,431,000	-
Adjusted profit attributable to equity holders of the Company for continuing operations	194,828,000	152,780,000	194,828,000	152,780,000
Adjusted earnings per share/cents for continuing operations*	69.0	61.5	68.8	61.4

* The Directors believe the presentation of "adjusted earnings per share" provides a useful measure to assess the performance of the Group by excluding significant one-off items of income and expense to arrive at an adjusted profit measure which reflects the underlying financial performance of the Group.

5. Income tax

Accounting Policy

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws in the countries where the Company's subsidiaries and associates operate and generate taxable income. The Group establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Where there are current and deferred tax balances attributable to amounts recognised directly in equity, they are also recognised directly in equity.

The Group parent entity, carsales.com Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

Adoption of Voluntary Tax Transparency Code

On 3rd of May 2016, the Australian Treasurer released a Voluntary Tax Transparency Code (the TTC). The TTC recommends additional tax information be publicly disclosed to help educate the public about large corporate compliance with Australia's tax laws. The Group fully supports the TTC and signed up to it from the financial year ended 30 June 2019. Accordingly, the income tax disclosures in this Note include all relevant recommended additional disclosures of Part A of the Code.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

5. Income Tax continued

Key Assumption/Accounting Estimates

Deferred tax assets relating to tax losses

The Group recognises deferred tax assets relating to carry forward tax losses to the extent there are sufficient taxable temporary differences relating to the same taxable authority and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

Uncertain tax positions

The Group applies its current understanding of the tax law to estimate tax liabilities where the ultimate tax position is uncertain. When the tax position is ultimately determined or tax laws change, the actual tax liability may differ from this current estimate.

Research and development (R&D) claim

The research and development claim available to the Company is estimated in the accounts because a full assessment of the position cannot be made by the year end. It is the policy of the Company to only bring to account that preliminary portion of expenses that is reasonably expected to be claimable at period end.

(a) Income tax expense

	2022 \$'000	2021 \$'000
Current tax	65,120	61,920
Adjustments for current tax of prior periods	(684)	(1,564)
Deferred tax	(2,517)	(5,079)
Adjustments for deferred tax of prior periods	97	46
	62,016	55,323
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	(678)	(3,247)
Decrease in deferred tax liabilities	(1,839)	(1,832)
	(2,517)	(5,079)

(b) Numerical reconciliation of income tax expense

	2022 \$'000	2021 \$'000
Profit from continuing operations before income tax expense	223,470	186,535
Tax at the Australian tax rate of 30.0% (2021 – 30.0%)	67,041	55,960
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income (R&D tax offset) (a)	(395)	(315)
Share options (b)	(1,523)	(597)
Sundry items	3,084	1,809
Non-deductible amortisation	1,098	1,438
Adjustment for prior periods	(587)	(1,517)
Current year losses for which no deferred tax has been recognised or tax losses written off (c)	1,591	1,420
Tax relating to net profit from associates (d)	(5,153)	(1,184)
Other assessable income	-	1,126
Income tax differential (effect of foreign tax rates) (e)	(3,140)	(2,817)
Income tax expense	62,016	55,323

(c) Amounts recognised directly into equity

Aggregate current and deferred tax arising in the reporting period and not recognised in the income statement or other comprehensive income but directly (credited) or debited to equity:

	2022 \$'000	2021 \$'000
Current tax – (credited) directly to equity	(31)	(588)
Net deferred tax – debited/(credited) directly to equity (f)	9,913	(13,870)
	9,882	(14,458)

Explanation of key tax items:

- (a) Group's utilisation of research and development tax incentives.
- (b) Amount relating to the provision of equity incentives.
- (c) Amount relating to tax losses for which a deferred tax asset has not been recognised. The majority of these losses may be carried forward for between 5 and 10 years. Also includes amount relating to the write-off of tax losses for which a deferred tax asset had previously been recognised.
- (d) The Group's share of associates' results taken up in Group results, net of tax expense.
- (e) The Group's profits are taxed at prevailing statutory rates which vary to the Australian statutory tax rate (as noted in the table below).
- (f) Related to equity incentives, capitalised equity raising costs and cross-currency interest rate swap.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

5. Income Tax continued

Statutory tax rates:

Country	2022	2021
Australia	30%	30%
New Zealand	28%	28%
Malaysia	24%	24%
China	25%	25%
Thailand	20%	20%
South Korea	22%	22%
USA	21%	21%
Argentina	35%	35%
Chile	27%	27%
Mexico	30%	30%

(d) Effective tax rate

	2022 \$'000	2021 \$'000
Profit before income tax expense (A)	223,470	186,535
Income tax expense (B)	62,016	55,323
Effective tax rate (B/A)	28%	30%

The effective tax rate for 2022 was affected by tax relating to net profit from associates, without which the effective tax rate for the year would have been 30%.

The effective tax rate for 2021 was affected by net non-deductible items relating to the terminated cross-currency swaps, without which the effective tax rate for the year would have been 28%.

Tax losses

	2022 \$'000	2021 \$'000
Unused tax losses for which no deferred tax asset has been recognised	29,287	23,525
Potential tax benefit	9,203	7,451

The unrecognised tax losses were incurred by loss making subsidiaries that are not likely to generate taxable income in the foreseeable future.

(e) Deferred tax assets

The balance comprises temporary differences attributable to:

	Employee benefits \$'000	Employee Share Trust \$'000	Doubtful debts \$'000	Expense accruals \$'000	Intan- gibles \$'000	Tax losses \$'000	Derivatives \$'000	Other \$'000	Total \$'000
At 1 July 2021	3,328	2,109	658	4,511	(3,079)	2,219	-	8,095	17,841
(Charged) / credited to profit or loss	219	965	(363)	(1,760)	540	-	-	1,077	678
Credited / (charged) directly to equity	-	(919)	-	-	-	-	-	(246)	(1,165)
Exchange differences	(81)	-	-	-	-	(56)	-	(2)	(139)
At 30 June 2022	3,466	2,155	295	2,751	(2,539)	2,163	-	8,924	17,215
At 1 July 2020	3,758	1,910	733	703	(1,693)	2,155	4,254	3,884	15,704
(Charged) / credited to profit or loss	(397)	153	(75)	3,808	(1,386)	2	-	1,142	3,247
Credited / (charged) directly to equity	-	46	-	-	-	-	(4,254)	3,069	(1,139)
Exchange differences	(33)	-	-	-	-	62	-	-	29
At 30 June 2021	3,328	2,109	658	4,511	(3,079)	2,219	-	8,095	17,841
							2022 \$'000	2021 \$'000	
Deferred tax assets expected to be recovered within 12 months							10,375	10,977	
Deferred tax assets expected to be recovered after more than 12 months							6,840	6,864	
							17,215	17,841	

Certain liability balances are shown as part of deferred tax assets, as they originate in the same jurisdiction as, and can be offset against, other deferred tax assets. The liability balance for intangibles shown as part of deferred tax assets relates to in-house developed and capitalised software in Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

5. Income Tax continued

(f) Deferred tax liabilities

The balance comprises temporary differences attributable to:

	Intangibles \$'000	Fair Value Investment \$'000	Derivatives \$'000	Withholding Tax \$'000	Total \$'000
At 1 July 2021	16,766	4,911	10,098	-	31,775
Charged/(credited) to the profit or loss	(1,839)	-	-	-	(1,839)
Charged/(credited) directly to equity	-	(309)	(8,440)	-	(8,749)
Acquired intangibles	(1,366)	-	-	-	(1,366)
Exchange differences	(827)	-	-	-	(827)
At 30 June 2022	12,734	4,602	1,658	-	18,994
At 1 July 2020	15,564	-	-	-	15,564
Charged/(credited) to the profit or loss	(1,832)	-	-	-	(1,832)
Charged directly to equity	-	4,911	10,098	-	15,009
Acquired intangibles	3,529	-	-	-	3,529
Exchange differences	(495)	-	-	-	(495)
At 30 June 2021	16,766	4,911	10,098	-	31,775
				2022 \$'000	2021 \$'000
Deferred tax liabilities expected to be settled within 12 months				3,498	11,930
Deferred tax liabilities expected to be settled after more than 12 months				15,496	19,845
				18,994	31,775

6. Reconciliation of profit after income tax to net cash inflow from operating activities

	2022 \$'000	2021 \$'000
Profit for the year	161,454	131,212
Depreciation and amortisation	46,691	40,218
Non-cash employee benefits expense – share-based payments	2,098	3,001
(Gain)/loss on disposal of assets	(145)	260
Net finance related costs	17,243	18,683
Share of net profit from associates accounted for using the equity method	(17,176)	(3,946)
Bad debts written-off/(recovered)	182	(401)
Changes in fair value of put options	(289)	-
Building refurbishment incentive income	(584)	(597)
Adjustments relating to purchase of non-controlling interests and subsidiaries	-	(323)
Foreign exchange differences	-	208
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors	(10,219)	4,037
(Increase) in inventory	(2,256)	-
Decrease/(increase) in deferred tax assets	129	(2,690)
Increase in trade creditors and other liabilities	7,410	5,306
Increase/(decrease) in contract liabilities	395	(426)
Increase in provision for income taxes payable	596	1,785
(Decrease) in deferred tax liabilities	(2,903)	(1,248)
Increase in other provisions	1,017	5,425
Net cash inflow from operating activities	203,643	200,504

FINANCING AND RISK MANAGEMENT

This section provides information about the capital management practices of the Group, the Group's exposure and management of various financial risks and explains how these affect the Group's financial position and performance.

7. Borrowings

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised net against the loan and amortised on a straight-line basis over the term of the facility.

Borrowings are derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which the expense is incurred.

	2022 \$'000	2021 \$'000
Current borrowings	113	35
Non-current borrowings	649,626	43,195
	649,739	43,230

At 30 June 2022 carsales.com Ltd had a syndicated revolving loan facility and established a \$900.0 million debt facility under a Common Terms Deed (CTD) documentation structure as follows:

Facility	Commitment \$'000	Drawn at close \$'000	Maturity date
Tranche A	690,000	441,000	5 July 2024
Tranche B	210,000	210,000	4 July 2023
Total	900,000	651,000	

Seven financiers are part of the syndicate and each of these financiers entered into a bilateral facility agreement with the Company under the CTD documentation structure. The syndicate comprises National Australia Bank Limited (NAB), Australia and New Zealand Banking Group Limited (ANZ), Hongkong and Shanghai Banking Corporation Limited (HSBC), Westpac Banking Corporation (WBC), Commonwealth Bank of Australia (CBA), MUFG Bank Limited and Bank of China (BOC).

Borrowings under this loan facility bear interest at a floating rate of BBSY Bid plus a margin, with margin based on a net leverage ratio of the Group. The Group has complied with all debt covenants throughout the reporting period.

On 8 July 2022, the \$651.0 million drawn down amount was repaid to the Tranche A and Tranche B financiers.

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	2022 \$'000	2021 \$'000
Floating rate		
– Expiring within one year	-	-
– Expiring within two to five years	249,000	855,000
	249,000	855,000

Bank guarantee facility

Guarantees in respect of bank facilities drawn down but not included in the accounts of the Group are \$4.0 million (2021: \$2.4 million).

8. Changes in assets and liabilities arising from financing activities

The table below shows cash and non-cash changes in assets and liabilities for which cash flows were, or will be, classified as financing activities in the Consolidated Statement of Cash Flows.

	Liabilities from financing activities			Other financial liabilities/assets		
	Borrowings \$'000	Lease liabilities \$'000	Other financial liabilities \$'000	Derivative (liabilities)/ assets \$'000	Lease deposits \$'000	Total \$'000
2022						
Opening balance	(43,230)	(63,352)	(1,172)	33,658	10,464	(63,632)
Net cash flows from financing activities	(604,262)	7,836	-	-	2,166	(594,260)
Acquisitions – leases	-	(7,617)	-	-	-	(7,617)
Modification – leases	-	(1,652)	-	-	-	(1,652)
Fair value through OCI (net of tax)	-	-	(243)	(33,658)	-	(33,901)
Fair value through P&L	-	-	289	-	-	289
Foreign exchange adjustments	-	354	-	-	(505)	(151)
Other changes	(2,247)	-	(27)	-	-	(2,274)
Closing balance	(649,739)	(64,431)	(1,153)	-	12,125	(703,198)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

8. Changes in assets and liabilities arising from financing activities

continued

	Liabilities from financing activities				Other financial liabilities/assets		Total \$'000
	Borrowings \$'000	Lease liabilities \$'000	Other financial liabilities \$'000	Derivative (liabilities)/assets \$'000	Other finance receivables/ (payables) \$'000	Lease Deposits \$'000	
2021							
Opening balance	(544,244)	(60,971)	-	(14,179)	(899)	8,443	(611,850)
Net cash flows from financing activities	500,298	8,242	-	(4,772)	2,322	2,223	508,313
Acquisitions – leases	-	(4,263)	-	-	-	-	(4,263)
Modification – leases	-	(6,487)	-	-	-	-	(6,487)
Termination – leases	-	270	-	-	-	-	270
Finance costs	-	-	-	-	(1,423)	-	(1,423)
Fair value through OCI (including tax)	-	-	-	52,609	-	-	52,609
Foreign exchange adjustments	-	(143)	-	-	-	(202)	(345)
Other changes	716	-	(1,172)	-	-	-	(456)
Closing balance	(43,230)	(63,352)	(1,172)	33,658	-	10,464	(63,632)

9. Financial assets and liabilities and fair value measurement

Accounting Policy

Derivatives

Classification of derivatives

The Company designates derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. The hedges are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Cash flow hedges

Cash flow hedges are accounted for as follows: the fair value gain or loss associated with the effective portion of the derivative is recognised initially in other comprehensive income (cash flow hedge reserve – CFHR) and then recycled to the income statement in the same period that the hedged item affects the income statement. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For the cross-currency swaps, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. Therefore, it has adopted a 1:1 ratio. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, a hypothetical derivative method is used to assess effectiveness.

For the interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount, as all critical terms matched during the year, the economic relationship was 100% effective.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less the loss allowance. Due to the short-term nature of the receivables, the carrying amount is assumed to approximate their fair value. The balance of trade and other receivables are disclosed in Note 14.

Financial assets at fair value through other comprehensive income

Refer Note 19(d) for the accounting policy on financial assets at fair value through other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

9. Financial assets and liabilities and fair value measurement continued

Financial assets and liabilities that are carried at fair value are measured by the following fair value measurement hierarchy:

Level 1: the fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period;

Level 2: the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2; and

Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial asset/liability	Level	2022 \$'000	2021 \$'000
Financial assets measured at fair value through OCI			
Quoted equity instruments which are listed on the Australian Securities Exchange ("ASX") (i)	1	10,455	35,267
Derivative financial assets (ii)	2	5,526	33,658
Unquoted financial assets (iii)	3	26,441	14,262
Financial liabilities measured at fair value through profit or loss			
Other financial liabilities (iv)	3	(1,153)	(1,172)

(i) During the year, the Group sold its investment in iCar Asia, refer to Note 19 for more details.

(ii) The balance at 30 June 2022 represents forward foreign exchange contracts held for the purpose of hedging the Trader Interactive purchase. The forward exchange contracts are valued at the present value of future cash flows based on the forward exchange rates at the balance sheet date.

(iii) Investments in unquoted financial assets are measured at fair value through other comprehensive income and includes PromisePay Pte Ltd, mx51 Group Pty Ltd and other equity investments, refer Note 19(d). The fair value of the investments in PromisePay Pte Ltd and mx51 has been calculated after strategic investors injected capital into the businesses during the year. The fair value of other equity investments is based on capital contributions and adjusted for independent valuation performed by the fund managers on a quarterly basis.

(iv) Other financial liabilities are put option liabilities which are based on a contractual multiple of future earnings of an acquired subsidiary for a defined period and were valued at financial year end based on forecast of earnings for the acquired subsidiary.

a) Derivative assets and liabilities

At June 2022, the Group holds forward foreign exchange contracts for USD with a total notional value of \$1,213.4 million and a maturity of September 2022. These contracts are designated as a cash flow hedge to protect against foreign exchange fluctuations relating to purchase of the remaining 51% of Trader Interactive (refer note 24). Unrealised hedge gains and losses are recognised in the cash flow hedge reserve net of tax.

In May 2021, the Group entered into forward foreign exchange contracts for USD with a total notional value of \$812.8 million and a maturity of December 2021. These contracts were designated as a cash flow hedge to protect against foreign exchange fluctuations relating to the initial investment in Trader Interactive and unrealised hedge gains and losses were recognised in the cash flow hedge reserve net of tax. In August 2021, the forward contracts were settled resulting in a net cash inflow of \$54.5 million. The net gain was recycled from the cash flow hedge reserve and the effective portion was capitalised to the investment in Trader Interactive. The ineffective portion (\$2.0 million) was recognised in the income statement in net finance costs.

In the prior year, the Company also closed out its AUD:KRW Non-Deliverable Cross-Currency Swaps resulting in a net cash inflow of \$4.8 million. During the year, \$5.7 million (2021: \$4.8 million) was recycled from the cash flow hedge reserve to the income statement as a finance cost.

The following tables detail information regarding forward foreign exchange (FX) contracts and the cross-currency interest rate swaps designated in cash flow hedge or net investment hedge relationships at the end of the reporting period and their related hedged items. All derivative assets and liabilities were closed out as at 30 June 2022.

	Current notional amount \$'000	Carrying amount of hedging instrument Assets/ (Liabilities) \$'000	Change in value of hedging instrument \$'000	Change in value of hedged item \$'000	Ineffec- tiveness \$'000	CFH Reserve opening balance before tax Dr/(Cr) \$'000	Movement in CFH Reserve Dr/(Cr) \$'000	Closing CFH Reserve before tax Dr/(Cr) \$'000
2022								
Cash flow hedges								
Cross-currency interest rate swap	-	-	-	-	-	11,376	(5,688)	5,688
Forward foreign exchange contracts	1,213,375	5,526	(28,132)	(28,132)	(2,029)	(33,658)	28,132	(5,526)
Total	1,213,375	5,526	(28,132)	(28,132)	(2,029)	(22,282)	22,444	162

	Current notional amount \$'000	Carrying amount of hedging instrument Assets/ (Liabilities) \$'000	Change in value of hedging instrument \$'000	Change in value of hedged item \$'000	Ineffec- tiveness \$'000	CFH Reserve opening balance before tax Dr/(Cr) \$'000	Movement in CFH Reserve Dr/(Cr) \$'000	Closing CFH Reserve before tax Dr/(Cr) \$'000
2021								
Cash flow hedges								
Cross-currency interest rate swap	-	-	-	-	-	19,156	(7,780)	11,376
Forward foreign exchange contracts	812,845	33,658	33,658	33,658	-	-	(33,658)	(33,658)
Total	812,845	33,658	33,658	33,658	-	19,156	(41,438)	(22,282)

10. Financial risk management

Accounting Policy

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

The Company's exposure to interest rate risk is discussed below.

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management program focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is the responsibility of the Head of Tax, Treasury and Risk and the Chief Financial Officer (CFO) and follows approved policies of the Board of Directors. They identify, evaluate and hedge financial risks in close cooperation with the Group's operating leaders.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Brazilian Real (BRL), the South Korean Won (KRW), the Mexican Peso (MXP), the US Dollar (USD), the Chilean Peso (CLP) and the Argentinian Peso (ARS). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

Risk management policy

Hedging contracts are sometimes used to manage foreign currency exchange risk. The Company has a treasury strategy and a treasury policy and will actively hedge any major known commitments using forward exchange contracts. Trading and dividend cash flows between associates, subsidiaries and the Group are not hedged unless the cash flows are significant and the amount and future payment date are certain.

Material arrangements in place at reporting date

In June 2022, the Group entered into forward foreign exchange contracts for USD with a total notional value of \$1,213.4 million and a maturity of 30 September 2022. These contracts were entered into to protect against foreign exchange fluctuations relating to the acquisition of the remaining 51% interest in Trader Interactive, which will be completed in FY23 (refer to Note 24 for more details). They have been designated as a cash flow hedge for accounting purposes.

Material exposures and sensitivity

The analysis below reflects management's view of possible movements in relevant foreign currencies against the Australian dollar. The table summarises the range of possible outcomes that would affect the Group's net profit and equity as a result of foreign currency movements (excluding derivatives):

		2022 \$'000 -5%	2021 \$'000 -5%	2022 \$'000 +5%	2021 \$'000 +5%
Impact on profit:					
AUD to KRW	(+5% to -5%)	1,096	1,052	(1,096)	(1,052)
AUD to BRL	(+5% to -5%)	261	193	(261)	(193)
AUD to MXP	(+5% to -5%)	(123)	(124)	123	124
AUD to CLP	(+5% to -5%)	69	9	(69)	(9)
AUD to ARS	(+5% to -5%)	(13)	(38)	13	38
AUD to USD	(+5% to -5%)	417	n/a	(417)	n/a
Net Movement		1,707	1,092	(1,707)	(1,092)
Impact on equity:					
AUD to KRW	(+5% to -5%)	21,333	21,408	(21,333)	(21,408)
AUD to BRL	(+5% to -5%)	2,771	2,551	(2,771)	(2,551)
AUD to MXP	(+5% to -5%)	(1,048)	(897)	1,048	897
AUD to CLP	(+5% to -5%)	201	248	(201)	(248)
AUD to ARS	(+5% to -5%)	(98)	(30)	98	30
AUD to USD	(+5% to -5%)	40,814	n/a	(40,814)	n/a
Net Movement		63,973	23,280	(63,973)	(23,280)

Hedge Sensitivity

There are no active hedges at 30 June 2022. In the prior year, management calculated the impact on the balance sheet for the year as a result of a +/- 5% variance change in the forward foreign exchange contracts held, noting the position would decrease by \$58.0 million or increase by \$64.2 million respectively.

(ii) Price risk

The Group's exposure to equity securities price risk arises from the 9.5% of Plenti Group Ltd held by the Group and classified in the balance sheet as a financial asset at fair value through other comprehensive income (see Note 19(d)). Changes in the fair value are recognised directly in other comprehensive income as an irrevocable election was made by the Group on adoption of AASB 9 *Financial Instruments*. A movement in the value of this asset upwards or downwards by 5% would increase or decrease the carrying value by \$0.5 million with a corresponding debit or credit recognised in other comprehensive income.

Other than the investments above, the Group is not exposed to significant price equities risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

10. Financial risk management continued

(b) Credit risk

Credit risk of the Group arises predominantly from outstanding receivables from customers and from its financing activities, including deposits with financial institutions.

Risk management policy

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which may include an assessment of their financial position, past experience and industry reputation, depending on the amount of credit to be granted.

Receivables balances are monitored on an ongoing basis. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted by carsales.com Ltd.

Material arrangements in place at the reporting date

The net trade receivables balance at 30 June 2022 was \$44.3 million (2021: \$39.3 million). See below for the aging profile of net trade receivables.

Note	2022 \$'000			2021 \$'000		
	Gross Receiv-ables*	Expected loss rate	Loss allowance**	Gross Receiv-ables*	Expected loss rate	Loss allowance**
Current	35,163	0-0.5%	68	36,233	0-0.5%	29
More than 30 days past due	8,378	1%	58	2,463	1.0%	24
More than 60 days past due	798	2.5-5%	31	585	2.5-5.0%	29
More than 90 days past due	298	7.5-10%	38	295	7.5-10%	22
More than 120 days past due	427	50-80%	100	196	50-80%	118
More than 180 days past due	461	80-100%	950	2,119	80-100%	2,411
Total	45,525		1,245	41,891		2,633

* Gross receivables includes unapplied credits.

** Loss allowance is calculated on gross receivables balance excluding unapplied credits.

The loss allowance for trade receivables as at 30 June reconciles to the opening loss allowance as follows:

	2022 \$'000	2021 \$'000
Opening loss allowance as at 1 July	2,633	2,925
Increase in loss allowance recognised in profit or loss during the year	576	476
Receivables written off during the year as uncollectible	(1,964)	(768)
Closing loss allowance at 30 June	1,245	2,633

Trade receivables are written-off when there is no reasonable expectation of debt recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 180 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written-off are credited against the same line.

Material exposures and sensitivity

The Group's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets.

(c) Interest rate risk

The consolidated entity's exposure to the cash flow risk of changes in market interest rates relates primarily to cash at bank and long-term borrowings. Cash and cash equivalents draw interest at variable interest rates.

Risk management policy

carsales.com Ltd has a Board-approved treasury policy and treasury strategy for the management of interest rate risk. The Board keeps the decision to actively hedge interest rate risk under regular review. Any derivative contracts will be entered into solely for interest rate risk and currency risk management and no speculative hedging is permitted under the policy.

Material arrangements in place at the reporting date

The Group has \$651.0 million (2021: \$45.0 million) variable rate borrowings at a weighted average interest rate of 1.8% (2021: 1.6%). The borrowings are periodically contractually repriced every three months and to that extent are also exposed to the risk of future changes in market interest rates.

Material exposures and sensitivity

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

	Note	Carrying amount \$'000	Interest rate risk			
			-100 bps		+100 bps	
			Profit \$'000	Other equity \$'000	Profit \$'000	Other equity \$'000
At 30 June 2022						
Financial assets						
Cash and cash equivalents		117,452	(1,261)	(1,261)	1,261	1,261
Financial liabilities						
Variable rate borrowings	7	(649,532)	5,973	5,973	(5,973)	(5,973)
Total increase/(decrease)			4,712	4,712	(4,712)	(4,712)
At 30 June 2021						
Financial assets						
Cash and cash equivalents		284,004	(1,754)	(1,754)	1,754	1,754
Financial liabilities						
Variable rate borrowings	7	(43,195)	4,407	4,407	(4,407)	(4,407)
Total increase/(decrease)			2,653	2,653	(2,653)	(2,653)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

10. Financial risk management continued

(d) Liquidity risk

Prudent liquidity risk management entails maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Risk management policy

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group maintains borrowing facilities to enable the Group to borrow funds when necessary.

Material arrangements in place at reporting date

	2022 \$'000	2021 \$'000
Borrowings (Note 7)	649,739	43,230
Lease liabilities (Note 16)	64,431	63,352
Less: cash and cash equivalents	(117,452)	(284,004)
Less: term deposits (Note 14)	(14,593)	-
Net debt	582,125	(177,422)

Material exposures – Contractual maturities of financial liabilities

The following table sets out the Group's exposure to liquidity risk. The amounts disclosed in the table are the contractual undiscounted cash flows.

	0-12 Months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 Years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
At 30 June 2022						
Non-derivatives						
Non-interest bearing payables	48,758	1,241	-	-	49,999	49,999
Variable rate borrowings	-	213,400	449,233	-	662,633	649,532
Fixed rate borrowings	119	98	-	-	217	207
Lease liabilities	9,379	8,655	20,820	34,576	73,430	64,431
Other financial liabilities	-	1,153	-	-	1,153	1,153
Total non-derivatives	58,256	224,547	470,053	34,576	787,432	765,322

	0-12 Months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 Years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
At 30 June 2021						
Non-derivatives						
Non-interest bearing payables	38,674	-	771	-	39,445	39,445
Variable rate borrowings	-	-	45,163	-	45,163	43,195
Fixed rate borrowings	46	-	-	-	46	35
Lease liabilities	8,239	7,656	17,729	38,557	72,181	63,352
Other financial liabilities	-	-	1,172	-	1,172	1,172
Total non-derivatives	46,959	7,656	64,835	38,557	158,007	147,199

Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents, non-interest bearing monetary financial assets and non-interest bearing financial liabilities of the consolidated entity approximates their carrying amounts. There are no off-balance sheet financial instruments in place.

EQUITY

This section provides information about the capital management practices of the business.

11. Contributed equity

Accounting Policy

Ordinary shares are classified as equity.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll, each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Incremental costs directly attributable to the issue of new shares, options or performance rights are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options or performance rights for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

	Number of shares	\$'000
Movement in ordinary fully paid shares during the period		
Balance at 1 July 2021	281,966,582	755,357
Issue of shares and exercise of options and performance rights under the carsales.com Ltd Employee Option and Share Plan	450,847	6,120
Dividend Reinvestment Plan	428,040	9,918
Less: transaction costs arising on share issues	-	(1,190)
Deferred tax recognised directly in equity	-	(246)
Balance at 30 June 2022	282,845,469	769,959
Balance at 1 July 2021	245,613,817	149,817
Exercise of options and performance rights under the carsales.com Ltd Employee Option Plan	540,755	4,563
Dividend Reinvestment Plan	513,916	9,860
Capital raised	35,298,094	600,068
Less: transaction costs arising on share issues	-	(12,787)
Deferred tax recognised directly in equity	-	3,836
Balance at 30 June 2021	281,966,582	755,357

Information relating to the carsales.com Ltd Employee Option Plan, including details of options and performance rights issued, exercised and lapsed during the financial year and options and performance rights outstanding at the end of the financial year, is set out in Note 26.

12. Reserves

Nature and purpose of reserves

The **share-based payments** reserve is used to recognise the fair value of options and performance rights issued and vested.

Exchange differences arising on translation of the foreign operations are taken to the **foreign currency translation reserve**, as described in Note 27 and accumulated within a separate reserve within equity. The reserve is recognised in profit or loss when the net investment is disposed of.

The Group had put options over some of its non-controlling interests. The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within other financial liabilities with a corresponding charge directly to equity in the **NCI acquisition reserve**. The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable.

The Group also had a **cash flow hedge reserve** and **net investment hedge reserve**. Refer to Note 9 and 10 for more details.

(a) Reserves

	Share-based payment \$'000	Foreign currency trans- lation \$'000	Post- employ- ment benefits \$'000	Financial Asset FVOCI \$'000	NCI acqui- sition \$'000	Cash flow hedge \$'000	Other Reserves \$'000	Total Reserves \$'000
Balance at 1 July 2021	33,467	(25,045)	(125)	3,786	(40,686)	12,184	(5,021)	(21,440)
<i>Items that may be classified to profit or loss</i>								
Exchange differences on translation of foreign operations	-	30,105	-	-	-	-	-	30,105
Remeasurement of post-employment benefit obligations	-	-	(919)	-	-	-	-	(919)
Movement in cash flow hedge (net of tax)	-	-	-	-	-	(14,004)	-	(14,004)
<i>Items that will not be reclassified to profit or loss</i>								
Changes in financial assets at fair value (net of tax) through other comprehensive income	-	-	-	12,372	-	-	-	12,372
Total comprehensive income for the year	-	30,105	(919)	12,372	-	(14,004)	-	27,554
Transfer of gain on disposal of equity investment at fair value through other comprehensive income to retained earnings	-	-	-	(13,426)	-	-	-	(13,426)
Transactions with owners in their capacity as owners:								
Increase in share-based payment reserve inclusive of tax	5,690	-	-	-	-	-	-	5,690
Transaction with non-controlling interests	-	-	-	-	(243)	-	-	(243)
Balance at 30 June 2022	39,157	5,060	(1,044)	2,732	(40,929)	(1,820)	(5,021)	(1,865)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

12. Reserves continued

	Share-based payment \$'000	Foreign currency trans- lation \$'000	Post- employ- ment benefits \$'000	Financial Asset FVOCI \$'000	NCI acqui- sition \$'000	Cash flow hedge \$'000	Net invest- ment hedge \$'000	Other Reserves \$'000	Total Reserves \$'000
Balance at 1 July 2020	29,834	(29,493)	(376)	1,647	(38,587)	(13,409)	(848)	(5,021)	(56,253)
<i>Items that may be classified to profit or loss</i>									
Exchange differences on translation of foreign operations	-	(12,279)	-	-	-	-	-	-	(12,279)
Remeasurement of post-employment benefit obligations	-	-	251	-	-	-	-	-	251
Movement in cash flow hedge (net of tax)	-	-	-	-	-	25,593	-	-	25,593
Movement in net investment hedge (net of tax)	-	16,727	-	-	-	-	848	-	17,575
<i>Items that will not be reclassified to profit or loss</i>									
Changes in financial assets at fair value (net of tax) through other comprehensive income	-	-	-	2,139	-	-	-	-	2,139
Total comprehensive income for the year	-	4,448	251	2,139	-	25,593	848	-	33,279
Transactions with owners in their capacity as owners:									
Increase in share- based payment reserve inclusive of tax	3,633	-	-	-	-	-	-	-	3,633
Transaction with non-controlling interests	-	-	-	-	(2,099)	-	-	-	(2,099)
Balance at 30 June 2021	33,467	(25,045)	(125)	3,786	(40,686)	12,184	-	(5,021)	(21,440)

13. Dividends

Accounting Policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

	FY 2022 \$'000	FY 2021 \$'000
The dividends were proposed / payable as follows:		
Interim dividend paid for the half year ended 31 December – fully franked at the tax rate of 30%	72,068	61,597
Final dividend proposed / paid for the year ended 30 June – fully franked at the tax rate of 30%	85,958	63,527
	158,026	125,124
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan		
Paid in cash	67,764	56,713
Satisfied by issue of shares	4,304	4,884
Proposed but not yet paid or issued	85,958	63,527
	158,026	125,124
	Cents per share	Cents per share
Interim dividend paid for the half year 31 December	25.5	25.0
Final dividend declared / paid for the year ended 30 June	24.5	22.5

The group has \$15.7 million of franking credits as at 30 June 2022 (2021: \$20.4 million).

Dividend Reinvestment Plan (DRP)

The carsales.com Ltd DRP will be maintained for the 2022 final dividend, offering shareholders the opportunity to acquire further ordinary shares in carsales. The DRP will not be offered at a discount and the price will be calculated using the daily volume weighted average sale price of carsales.com Ltd shares sold in the ordinary course of trading on the ASX during the five days after, but not including, the Record Date 19 September 2022. The last date for shareholders to nominate their participation in the DRP is 5:00pm (AEST) on 20 September 2022. Shares issued under the DRP will rank equally with carsales.com Ltd existing fully paid ordinary shares. Shareholders eligible to participate in the DRP are currently limited to those whose registered address on the carsales.com Ltd share registry is in Australia or New Zealand.

Eligible shareholders who wish to participate in the DRP can make their elections online at www.computershare.com.au/easyupdate/CAR or complete the DRP form, which will be sent to shareholders for completion and submission to Computershare Investor Services Pty Ltd (carsales share registry). Further information can be obtained from Computershare on 1300 850 505.

OTHER ASSETS AND LIABILITIES

This section provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk.

14. Trade and other receivables

Accounting Policy

(a) Classification of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 45 days following the provision of advertising, data services and sale of goods and therefore are all classified as current.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less the loss allowance. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 10.

(b) Accrued income

Services provided in the current reporting period are recognised on an accrual basis. Settlement is generally within 30 days.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest is not charged and collateral is not normally obtained.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

Other non-current receivables include deposits paid in relation to long-term property leases by ENCARSALES.COM Ltd.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 10.

	2022 \$'000	2021 \$'000
Current assets		
Trade receivables	45,525	41,891
Loss allowance (see Note 10)	(1,245)	(2,633)
Trade receivables	44,280	39,258
Accrued income	955	624
Other receivables	5,585	2,850
Term deposits*	14,593	-
Prepayments	9,328	4,023
Trade and other receivables	74,741	46,755
Non-current assets – other receivables	13,968	10,317

*Term deposits are short term in nature with the average period being 6 months.

15. Property, plant and equipment

Accounting Policy

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Motor vehicles 3 – 5 years
- Plant and equipment 3 – 10 years
- Leasehold improvements 3 – 10 years or minimum lease period if shorter

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

15. Property, plant and equipment continued

	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Total \$'000
Year ended 30 June 2022				
Opening net book amount	3,401	528	8,886	12,815
Additions	2,083	896	5,195	8,174
Disposals	(29)	(188)	(145)	(362)
Depreciation charge	(2,012)	(480)	(3,252)	(5,744)
Exchange differences	(34)	(11)	(184)	(229)
Closing net book amount	3,409	745	10,500	14,654
At 30 June 2022				
Cost	15,434	2,081	27,878	45,393
Accumulated depreciation	(12,025)	(1,336)	(17,378)	(30,739)
Net book amount	3,409	745	10,500	14,654
Year ended 30 June 2021				
Opening net book amount	3,068	819	9,914	13,801
Additions	2,103	211	2,330	4,644
Disposals	(5)	(134)	-	(139)
Depreciation charge	(1,713)	(361)	(3,224)	(5,298)
Exchange differences	(52)	(7)	(134)	(193)
Closing net book amount	3,401	528	8,886	12,815
At 30 June 2021				
Cost	14,022	1,663	23,475	39,160
Accumulated depreciation	(10,621)	(1,135)	(14,589)	(26,345)
Net book amount	3,401	528	8,886	12,815

16. Leases

The Group leases properties (commercial office premises and retail properties), motor vehicles and equipment. The Group's leases are typically for fixed periods between two to fifteen years and may include extension options. Lease terms are negotiated on an individual lease basis and may contain a wide range of different terms and conditions. None of the Group's lease agreements impose any covenants, however leased assets may not be used as security for borrowing purposes.

Payments made under operating leases, less any incentives received from the lessor, were previously charged to profit or loss on a straight-line basis over the period of the lease pursuant to the requirements of AASB 117. In applying AASB 16, a right-of-use asset representing the right to use the underlying asset and a corresponding lease liability representing the obligation to make lease payments are recognised at the date at which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost comprising the following:

- the initial measurement of the lease liability;
- any lease payments made in advance of the lease commencement date less any incentives received;
- any initial direct costs; and
- an estimate of any costs to dismantle and remove the asset at the end of the lease.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicators exist.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease where that rate is readily available or using the Group's incremental borrowing rate at the time the lease was entered into.

Lease payments included in the measurement of the lease liability consist:

- fixed payments less any incentives receivable;
- variable payments based on an index or rate;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest incurred. The liability is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, a corresponding adjustment is made to the value of the right-of-use asset.

Deferred tax accounting

Lease payments are generally deductible whilst interest and depreciation expenses on these leases remain non-deductible. As a result, a net deferred tax asset has been recognised in relation to the temporary differences arising from the right-of-use assets and lease liabilities.

Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- | | |
|------------------------------|--------------------------|
| • Properties | Expected lease period |
| • Motor vehicles | Contractual lease period |
| • Leased plant and equipment | Contractual lease period |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

16. Leases continued

Key Assumption/Accounting Estimates

Extension and termination options are included in a number of the Group's property leases. The extension and termination options are exercisable only by the Group and not by the respective lessor. In determining the lease term, which forms part of the initial measurement of the right-of-use asset and lease liability, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant when assessing the extension options on the property lease:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease duration and the costs and business disruption required to replace the leased properties.

Most extension options in properties have been included in the lease liability because the Group could not replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or change in circumstances occurs, which affects this assessment and that is within the control of the lessee Group.

Right-of-use assets:

	Right-of-use Properties \$'000	Right-of-use Motor vehicles / Equipment \$'000	Total \$'000
Year ended 30 June 2022			
Opening net book amount	55,080	534	55,614
Additions	8,017	287	8,304
Remeasurement of lease modification	2,190	12	2,202
Depreciation charge	(8,838)	(451)	(9,289)
Exchange differences	(358)	2	(356)
Closing net book amount	56,091	384	56,475
At 30 June 2022			
Cost	96,541	2,985	99,526
Accumulated depreciation	(40,450)	(2,601)	(43,051)
Net book amount	56,091	384	56,475

	Right-of-use Properties \$'000	Right-of-use Motor vehicles/ Equipment \$'000	Total \$'000
Year ended 30 June 2021			
Opening net book amount	52,063	898	52,961
Additions	4,025	238	4,263
Terminations	(236)	-	(236)
Remeasurement of lease modification	6,487	-	6,487
Depreciation charge	(7,007)	(602)	(7,609)
Exchange differences	(252)	-	(252)
Closing net book amount	55,080	534	55,614
At 30 June 2021			
Cost	89,689	2,934	92,623
Accumulated depreciation	(34,609)	(2,400)	(37,009)
Net book amount	55,080	534	55,614

Lease Liabilities:

	2022 \$'000	2021 \$'000
Year ended 30 June		
Opening lease liabilities	63,352	60,971
Additions	7,617	4,263
Terminations	-	(270)
Remeasurement of lease modification	1,652	6,487
Lease payments	(9,399)	(9,819)
Interest charge	1,563	1,577
Exchange differences	(354)	143
Closing lease liabilities	64,431	63,352
At 30 June		
Current lease liabilities	8,061	6,636
Non-current lease liabilities	56,370	56,716
Total lease liabilities	64,431	63,352

17 Intangible assets

Accounting Policy

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Computer software

Software includes capitalised development costs being an internally generated intangible asset.

Capitalised development costs are recorded as an intangible asset and amortised from the point of which the asset is ready for use on a straight-line basis over four years. Internally capitalised labour costs are treated as an investing cash outflow in the consolidated statement of cash flows.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved services) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Brands and customer relationships

Acquired brands represent the value of brands in acquired subsidiaries and businesses that are separately fair valued at the date of acquisition from the remaining goodwill. Acquired brands are amortised over a 10-year period.

Acquired customer relationships have a finite useful life and are carried at fair value at acquisition date less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the asset over its estimated useful life, which is between 7–12 years.

The following intangible assets have finite lives and are subject to amortisation on a straight-line basis. The useful lives for these assets are as follows:

• Computer software	4 years
• Brands	10 years
• Customer relationships	7–12 years
• Other (domain names and database)	5–10 years

	Goodwill \$'000	Computer software \$'000	Brands and customer relationships \$'000	Other intangible assets \$'000	Total \$'000
Year ended 30 June 2022					
Opening net book amount	480,008	49,410	66,110	1,577	597,105
Additions	19,240	41,490	1,184	6	61,920
Transfer/measurement period adjustments	3,868	(498)	(3,909)	(1,122)	(1,661)
Disposals	-	(4)	-	-	(4)
Amortisation charge	-	(23,272)	(8,318)	(119)	(31,709)
Exchange differences	(19,182)	(376)	(2,646)	(127)	(22,331)
Closing net book amount	483,934	66,750	52,421	215	603,320
At 30 June 2022					
Cost	484,454	159,917	88,182	4,902	737,455
Accumulated amortisation and impairment	(520)	(93,167)	(35,761)	(4,687)	(134,135)
Net book amount	483,934	66,750	52,421	215	603,320
	Goodwill \$'000	Computer software \$'000	Brands and customer relationships \$'000	Other intangible assets \$'000	Total \$'000
Year ended 30 June 2021					
Opening net book amount	477,633	39,439	65,684	389	583,145
Additions	11,294	29,504	9,934	1,122	51,854
Disposals	-	(444)	-	-	(444)
Goodwill impairment	(520)	-	-	-	(520)
Amortisation charge	-	(18,782)	(7,858)	(259)	(26,899)
Exchange differences	(8,399)	(307)	(1,650)	325	(10,031)
Closing net book amount	480,008	49,410	66,110	1,577	597,105
At 30 June 2021					
Cost	480,528	117,084	95,088	6,043	698,743
Accumulated amortisation and impairment	(520)	(67,674)	(28,978)	(4,466)	(101,638)
Net book amount	480,008	49,410	66,110	1,577	597,105

17 Intangible assets continued

(a) Impairment testing

Key Assumption/Accounting Estimates

Goodwill and intangible assets that have an indefinite useful life are allocated to a cash-generating unit ('CGU') or a group of CGUs and are tested annually for impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, which includes carsales' interests in associates. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Both value in use and fair value less cost to sell valuation methods have been employed in determining the recoverable amounts of CGUs. Both methods are predicated on cash flow projections which necessitates the adoption of assumptions and estimates.

The key assumptions and estimates used in management's calculations primarily relate to:

- Five or 10-year cash flow forecasts sourced from internal budgets and long-term forecasts;
- terminal value growth rates applied to the period beyond the five to 10-year cash flow forecasts; and
- post-tax discount rates, used to discount the cash flows to present value.

The cash flow projections have been:

- derived from management forecasts based on next year's budgeted result, with the remaining years based on management forecasts; and
- compiled using a combination of past experience, current performance and market position as well as structural changes and economic factors which have been derived based on external data and internal analysis.

Each of these assumptions and estimates are based on a 'best estimate' at the time of performing the valuation. However, increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amount of CGUs to fall below their carrying amounts, resulting in an impairment loss being recognised.

Cash generating units

Goodwill is allocated to the Group's cash generating units (CGUs) which are then tested annually to determine whether they have suffered any impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

A segment and CGU-level summary of the goodwill allocation is presented below.

	2022 \$'000	2021 \$'000
Australia – Online Advertising Services Segment	86,421	82,552
Australia – Data, Research and Services Segment	15,941	15,941
tyres CGU (Australia – carsales Investments)	20,058	818
Mexico	4,112	3,817
Chile	13,914	16,092
Americas Segment	18,026	19,909
South Korea	343,089	360,388
RedBook International	400	400
Asia Segment	343,489	360,788
	483,935	480,008

Key assumptions

As well as management cash flow projections, other key assumptions for each significant CGU are detailed as follows:

CGU	Valuation method	Years of cash flow projection	Terminal growth rate		Post-tax discount rate	
			2022	2021	2022	2021
Australia – Online Advertising Services	Value in use	5	2.3%	2.0%	8.8%	8.4%
Australia – Data, Research and Services	Value in use	5	2.3%	2.0%	8.8%	8.4%
tyres CGU (Australia – carsales Investments)	Fair value less costs to sell	10	2.3%	n/a	10.7%	n/a
Chile	Value in use	5	2.7%	3.1%	11.3%	9.2%
South Korea	Fair value less costs to sell	10	2.0%	2.5%	10.7%	9.5%

Impact of reasonable possible changes in key assumptions

The Tyreconnect (Australia – carsales Investments CGU) business was acquired on 1 July 2021 and carsales has only owned this business for 12 months at balance date. As such the Tyres CGU has minimal headroom at 30 June 2022, however no impairment is required and a reasonably possible change in key assumptions would result in an insignificant impairment.

The Directors and management have considered and assessed reasonably possible changes for the key assumptions and have not identified any instances that could cause the carrying amount of the other CGUs to exceed their recoverable amount.

18. Payables and provisions

Accounting Policy

Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service. They are recognised in respect of employees' service up to the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be settled within 12 months after the end of the period in which the employees render the related services is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service.

Expected future payments are discounted using market yields at the end of the reporting period on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments as well as other metrics set out in the Remuneration Report. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

	2022 \$'000	2021 \$'000
Trade and other payables		
Trade payables	10,986	8,397
Accrued expenses	34,010	26,224
Other payables	3,762	4,053
Total trade and other payables	48,758	38,674
Provisions		
Employee benefits – current	9,879	9,870
Employee benefits – non-current	1,269	1,161
Other provisions – current	1,117	92
Other provisions – non-current	3,388	2,517
Total provisions	15,653	13,640

Contingent liabilities

The Group and the parent entity from time to time may incur obligations arising from litigation or other contracts entered into in the normal course of business. Neither the Group nor the parent entity have any material contingent liabilities where the probability of outflow in any settlement is greater than remote as at 30 June 2022 or 30 June 2021 other than the associates' contingent liabilities as set out in Note 19(c).

Other commitments

The Group has other contractual commitments of \$3.1 million at 30 June 2022 (2021: \$4.1 million).

GROUP STRUCTURE

This section explains aspects of the group structure, such as our portfolio of associate accounted investments and acquisitions and how these have affected the financial position and performance of the Group.

19. Interests in other entities

(a) Material subsidiaries

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. Subsidiaries disposed of are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are presented separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) Employee Share Trust

The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

The Group's principal subsidiaries at 30 June 2022 are set out on the next page. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

19. Interests in other entities continued

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group*		Ownership interest held by non-controlling interests		Principal activities	Operating Segment
		2022 %	2021 %	2022 %	2021 %		
Webpointclassifieds Pty Ltd	Australia	100.0	100.0	-	-	(1)	(i)
Equipment Research Group Pty Ltd	Australia	100.0	100.0	-	-	(2)	(ii)
Discount Vehicles Australia Pty Ltd	Australia	100.0	100.0	-	-	(1)	(i)
Automotive Data Services Pty Ltd	Australia	100.0	100.0	-	-	(2)	(ii)
Auto Information Limited	New Zealand	100.0	100.0	-	-	(2)	(v)
RedBook Automotive Services (M) Sdn Bhd	Malaysia	100.0	100.0	-	-	(2)	(v)
RedBook Automotive Data Services (Beijing) Limited	China	100.0	100.0	-	-	(2)	(v)
Automotive Data Services (Thailand) Company Limited	Thailand	100.0	100.0	-	-	(2)	(v)
tyresales Pty Ltd	Australia	100.0	100.0	-	-	(3)	(iii)
Auto Exchange Holdings Pty Ltd	Australia	100.0	100.0	-	-	(4)	(i)
Automotive Exchange Pty Ltd	Australia	100.0	100.0	-	-	(1)	(i)
carsales.com Investments Pty Ltd	Australia	100.0	100.0	-	-	(4)	(iv)
carsales Holdings Pty Ltd	Australia	100.0	100.0	-	-	(4)	(v)
carsales.com Ltd Employee Share Trust	Australia	100.0	100.0	-	-	(5)	n/a
carsales North America Holdings Pty Ltd (formerly "carsales Finance Pty Ltd")	Australia	100.0	100.0	-	-	(4)	(iv)
RedBook Inspect Pty Ltd	Australia	80.0	80.0	20.0	20.0	(6)	(iii)
carsales Latam Pty Ltd	Australia	100.0	100.0	-	-	(4)	(iv)
carsales Mexico SAPI de CV	Mexico	100.0	100.0	-	-	(1)	(iv)
carsales Chile SpA	Chile	100.0	100.0	-	-	(4)	(iv)
Chileautos SpA	Chile	100.0	100.0	-	-	(1)	(iv)
carsales Foundation Pty Ltd	Australia	100.0	100.0	-	-	(7)	n/a
carsales Argentina Pty Ltd	Australia	100.0	100.0	-	-	(4)	(iv)
Demotores Holdings LLC	United States of America	100.0	100.0	-	-	(4)	(iv)
Demotores Chile SpA	Chile	100.0	100.0	-	-	(1)	(iv)
Demotores S.A.	Argentina	100.0	100.0	-	-	(1)	(iv)
ENCARSALES.COM, Ltd	South Korea	100.0	100.0	-	-	(1)	(v)
AS1 Holdings Pty Ltd	Australia	100.0	100.0	-	-	(4)	(i)
Appraisal Solutions Pty Ltd	Australia	100.0	100.0	-	-	(2)	(ii)
CS Motion Technologies Pty Ltd	Australia	97.3	97.3	2.7	2.7	(1)	(iii)
CS Motion Development Pty Ltd	Australia	100.0	100.0	-	-	(1)	(iii)
Tyreconnect Pty Ltd	Australia	100.0	-	-	-	(3)	(iii)
Transport Ventures Pty Ltd	Australia	100.0	-	-	-	(4)	(iii)
carsales Tyre Holding Pty Ltd	Australia	100.0	-	-	-	(4)	(iii)
carsales Holding US, LLC (USA)	United States of America	100.0	-	-	-	(4)	(iv)

* The proportion of ownership interest is equal to the proportion of voting power held.

Principal activities

- (1) Classified advertising
- (2) Data and research
- (3) Online retail
- (4) Holding company
- (5) Share trust company
- (6) Vehicle inspection services
- (7) Trustee company

Operating segment

- (i) Australia – Online Advertising Services
- (ii) Australia – Data, Research and Services
- (iii) Australia – carsales Investments
- (iv) Americas
- (v) Asia

(b) Non-controlling interests (NCI) for continuing operations

Set out below is summarised financial information for each subsidiary that has non-controlling interests which are material to the Group. The amounts disclosed for each subsidiary are before intercompany eliminations.

For the year ended 30 June 2022	2022 \$'000	2021 \$'000
Summarised balance sheet		
Current assets	44,183	43,388
Non-current assets	5,589	3,211
Current liabilities	(9,346)	(6,206)
Non-current liabilities	(1,697)	(424)
Net assets	38,729	39,969
Accumulated NCI	1,849	1,765
Summarised statement of comprehensive income		
Profit for the year	1,050	1,020
Other comprehensive income	-	-
Total comprehensive income	1,050	1,020
Profit for the year allocated to NCI	638	508
Dividends paid to NCI	(549)	(210)
Summarised cash flows		
Cash flows from operating activities	7,865	4,790
Cash flows from investing activities	(2,529)	(1,322)
Cash flows from financing activities	(2,607)	(3,449)
Net increase/(decrease) in cash and cash equivalents	2,729	19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

19. Interests in other entities continued

(c) Interests in Associates

Accounting Policy

Associates are all entities over which the Group has significant influence but no control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition. Acquisition-related costs of acquiring an interest in an associate are capitalised.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group recognises the loss as share of profit of an associate or joint venture in the Consolidated Statement of Comprehensive Income.

On 1 September 2021, the Group acquired 49% of Trader Interactive LLC and promissory notes for \$813.8 million (excluding transaction costs and hedging impacts). Trader Interactive is a leading platform of branded marketplace in the United States, providing digital marketing solutions and services across the recreational vehicle, powersports, commercial truck and equipment industries. The acquisition was funded through a combination of a \$600.0 million fully underwritten pro-rated accelerated renounceable entitlement offer and an upsize of the Group's existing debt facilities.

On 27 June 2022, the Group exercised its call option to acquire the remaining 51% interest in Trader Interactive for USD\$809.0 million. The acquisition is to be funded via a fully underwritten 1 for 4.16 pro-rata accelerated non-renounceable entitlement offer and upsizing of carsales debt facility from A\$900.0 million to A\$1,400.0 million. Refer Note 24 for further details on equity raising.

The acquisition remains subject to conditions, which are expected to be completed in late Q1 or early Q2 FY23.

Name of entity	Place of business / country of incorporation	% of ownership interest		Nature of relationship	Measurement method
		2022 %	2021 %		
Webmotors S.A.	Brazil	30.0	30.0	Associate	Equity method
Skedgo Pty Ltd	Australia	20.6	20.0	Associate	Equity method
Trader Interactive LLC	United States of America	49.0	-	Associate	Equity method

Name of entity	Quoted fair value		Carrying amount		Share of profit/(loss)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Webmotors S.A.	-	-	58,191	53,581	5,090	4,057
Skedgo Pty Ltd	-	-	2,358	2,372	(14)	(111)
Trader Interactive LLC	-	-	857,099	-	12,100	-
Total equity accounted investments	-	-	917,648	55,953	17,176	3,946

(i) Movement in the carrying amount of significant equity accounted investments.

For the year ended 30 June 2022	Trader Interactive LLC 49% ownership \$'000	Webmotors S.A. 30% ownership \$'000
Carrying amount at 1 July 2021	-	53,581
Acquisition of investment using equity method (cash)	794,708	-
Acquisition of promissory notes receivable (cash)*	19,084	-
Transaction costs capitalised	15,849	-
Gain on acquisition hedge (net of tax)	(36,101)	-
Share of profit for the year	28,092	5,478
Amortisation expense relating to fair value adjustments (net of tax)	(15,992)	(388)
Foreign exchange impact – other comprehensive income	51,459	1,776
Dividends receivable	-	(2,256)
Carrying amount at 30 June 2022	857,099	58,191

* The Group acquired 49% of interest bearing promissory notes in the entity to the value of \$19.0 million at the acquisition date, which will be extinguished upon completion of the acquisition of the 51% remaining interest in Trader Interactive.

For the year ended 30 June 2021	Webmotors S.A. 30% ownership \$'000
Carrying amount at 1 July 2020	48,842
Share of profit for the year	4,439
Amortisation expense relating to fair value adjustments (net of tax)	(382)
Foreign exchange impact – other comprehensive income	(478)
Dividends received	(2,217)
Adjustment to dividends	3,377
Carrying amount at 30 June 2021	53,581

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

19. Interests in other entities continued

(ii) Summarised financial information for significant associates

The tables below provide summarised financial information for the associate that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not the Company's share of those amounts.

For the year ended 30 June 2022	Trader Interactive LLC 49% ownership \$'000	Webmotors S.A. 30% ownership \$'000
Total current assets	52,604	62,150
Total non-current assets	17,192	63,123
Total current liabilities	(18,018)	(45,064)
Total non-current liabilities	(606,717)	(198)
Net assets	(554,939)	80,011
Group's share in %	49.0%	30.0%
Group's share in \$	(271,920)	24,003
Goodwill and capitalised transaction costs	902,424	31,001
Acquired intangibles (net of tax)	207,900	3,187
Share-based payments recognised directly in equity	(3,300)	-
Promissory notes receivable acquired	20,267	-
Foreign exchange impacts	1,728	-
Carrying amount	857,099	58,191
Revenue	158,639	92,726
Profit from continuing operations	24,695	16,966
Other comprehensive income	-	-
Total comprehensive income	24,695	16,966
carsales' share		
Profit from continuing operations	12,100	5,090
Foreign exchange impacts – other comprehensive income	51,459	1,776
Total comprehensive income	63,559	6,866

**Webmotors S.A. 30%
ownership \$'000****For the year ended 30 June 2021**

Total current assets	47,026
Total non-current assets	39,387
Total current liabilities	(18,501)
Total non-current liabilities	(235)
Net assets	67,677
Group's share in %	30.0%
Group's share in \$	20,303
Goodwill and capitalised transaction costs	29,829
Acquired intangibles (net of tax)	3,449
Carrying amount	53,581
Revenue	62,796
Profit from continuing operations	13,526
Other comprehensive income	-
Total comprehensive income	13,526
carsales' share	
Profit from continuing operations	4,057
Foreign exchange impacts - other comprehensive income	(478)
Total comprehensive income	3,579
Dividends receivable/received from associates and joint venture entities	2,217

(iii) Contingent liabilities in respect of associates

	2022 \$'000	2021 \$'000
Contingent liabilities - associates		
Contingent liabilities relating to liabilities of Webmotors S.A. for which the Company is severally liable	186	209
Contingent liabilities relating to liabilities of Trader Interactive LLC for which the Company is severally liable	-	n/a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

19. Interests in other entities continued

(d) Financial assets at fair value through other comprehensive income

Accounting Policy

Investments are designated as financial assets at fair value through other comprehensive income if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. The Group has irrevocably elected to account for investments which are not held for trading at fair value through other comprehensive income. These are strategic investments and the Group considers this classification to be more relevant. Financial assets that are carried at fair value are measured by the fair value measurement hierarchy referred to in Note 9.

On disposal of these equity investments, any related balance with the FVOCI reserve is reclassified to retained earnings.

Key Assumption/Accounting Estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Refer to Note 9 for details of the valuation techniques used to value the investment.

Name of entity	% of ownership		Carrying amount	
	2022 %	2021 %	2022 \$'000	2021 \$'000
Quoted financial assets				
iCar Asia Limited	-	11.4	-	13,601
Plenti Group Ltd (formerly 'RateSetter Australia Pty Ltd')	9.5	9.5	10,455	21,666
Unquoted financial assets				
PromisePay Pte Ltd	18.4	7.9	4,101	2,237
mx51 Group Pty Ltd	3.3	3.8	4,409	2,002
Other equity investments	n/a	n/a	17,931	10,023
Total financial assets at fair value through other comprehensive income			36,896	49,529
			2022 \$'000	2021 \$'000
At 1 July			49,529	40,718
Acquisition of financial assets at fair value through other comprehensive income			1,313	2,169
Sale of financial assets at fair value through other comprehensive income			(26,698)	-
Exchange differences recognised through other comprehensive income			698	(409)
Gain recognised through other comprehensive income			12,054	7,051
At 30 June			36,896	49,529

(i) iCar Asia Limited

On 11 February 2022, the Group sold its interest in iCar. The sale resulted in cash received of \$26.7 million and the \$13.4 million gain on disposal was recycled from the Financial Asset FVOCI reserve to retained earnings. The Group utilised capital losses to offset the tax payable on the gain resulting in a nil tax payable.

(ii) PromisePay and mx51 Group

Following the finalisation of a business restructure, the Group has interests in both PromisePay Pte Ltd and mx51 Group Pty Ltd. The Group reviewed the valuation of its interest in both entities. Refer to Note 9 for details of the valuation approach.

(iii) Other equity investments

This balance relates to investments in unlisted US based venture capital fund assets.

20. Business combination

On 1 July 2021 carsales.com Ltd acquired 100% of Transport Ventures Group, which consists of Tyreconnect Pty Ltd and its holding company Transport Ventures Pty Ltd. Tyreconnect is a B2B tyre distributor with a specialisation in servicing the OEM car dealership market. Its supply network includes tyre manufacturers and third-party wholesaler distributors, with a footprint throughout Australia.

(a) Purchase consideration

	\$'000
Cash paid	19,739

(b) Details of net assets and liabilities acquired

	Fair value recognised on acquisition \$'000
Cash and cash equivalents	344
Trade and other receivables	3,120
Plant and equipment	279
Software	1,104
Inventory	966
Customer relationships	1,184
Trade and other payables	(4,074)
Provisions	(228)
Borrowings	(1,910)
Current tax receivable	69
Deferred tax liabilities	(355)
Net identifiable assets acquired	499
Goodwill	19,240
Net assets acquired	19,739

The goodwill is attributable to the workforce and synergistic benefits that are expected to be created by this acquisition.

The goodwill is not expected to be deductible for tax purposes.

20. Business combination continued

(c) Acquired receivables

The fair value of trade and other receivables include trade receivables which are expected to be collected in full.

(d) Acquisition related costs

Acquisition related costs of \$0.2 million have been accounted for as expenses within consultant and contractor expenses and operations and administration expenses in the period in which they were incurred.

(e) Revenue and profit before tax from continuing operations

From the date of acquisition, Transport Ventures Group contributed \$31.0 million of revenue and \$0.5 million loss to the profit before tax from continuing operations of the Group.

There were no material acquisitions in the prior year.

21. Parent entity financial information

Accounting Policy

The financial information for the parent entity, carsales.com Ltd, has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries are accounted for at cost in the financial statements of carsales.com Ltd. Dividends received from subsidiaries are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments. Investments in subsidiaries are tested for impairment whenever changes in events or circumstances indicate that the carrying amount may not be recoverable. Such events may include receipt of dividends. Refer to Note 17 for details of impairment accounting policies.

In addition to its own current and deferred tax amounts, carsales.com Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate the company for any current tax payable assumed and are compensated by the company for any current tax receivable and deferred taxes relating to unused tax losses or unused tax credits that are transferred to carsales.com Ltd under the tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(a) Summary financial information

	2022 \$'000	2021 \$'000
Balance sheet		
Current assets	73,890	286,669
Non-current assets	1,619,823	1,026,041
Total assets	1,693,713	1,312,710
Current liabilities	18,852	211,068
Non-current liabilities	771,242	190,063
Total liabilities	790,094	401,131
Net assets	903,619	911,579
Shareholders' equity		
Issued capital	769,959	755,357
Reserves	26,289	39,746
Retained earnings	107,372	116,476
Total equity	903,619	911,579
Profit for the year	113,067	109,986
Total comprehensive income	111,434	146,206

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

22. Deed of cross guarantee

The following controlled entities have entered into a Deed of Cross Guarantee:

Company	Financial year entered into agreement
carsales.com Ltd	30 June 2015
carsales Holdings Pty Ltd	30 June 2015
carsales North America Holdings Pty Ltd (formerly carsales Finance Pty Ltd)	30 June 2015
Auto Exchange Holdings Pty Ltd	30 June 2015
Automotive Data Services Pty Ltd	30 June 2015
carsales.com Investments Pty Ltd	30 June 2015
Discount Vehicles Australia Pty Ltd	30 June 2015
Equipment Research Group Pty Ltd	30 June 2015
Webpointclassifieds Pty Ltd	30 June 2015
carsales Latam Pty Ltd	30 June 2016
carsales Foundation Pty Ltd	30 June 2016
carsales Argentina Pty Ltd	30 June 2017
Automotive Exchange Pty Ltd	30 June 2018
AS1 Holdings Pty Ltd	30 June 2018
Tyresales Pty Ltd	30 June 2021
Appraisal Solutions Pty Ltd	30 June 2021
carsales Tyre Holding Pty Ltd	30 June 2022
Transport Ventures Pty Ltd	30 June 2022
Tyreconnect Pty Ltd	30 June 2022
Programmatic Holdings Pty Ltd	30 June 2022
CS Motion Holdings Pty Ltd	30 June 2022

The companies that are party to this deed guarantee the debts of the others and represent the 'Closed Group' from the date of entering into the agreement. These wholly-owned entities have been relieved from the requirement to prepare a Financial Report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

22. Deed of cross guarantee continued

(a) Consolidated statement of comprehensive income

	2022 \$'000	2021 \$'000
Revenue from continuing operations		
Revenue from contracts with customers	391,568	324,750
Revenue from continuing operations	391,568	324,750
Expenses		
Operating expenses	(173,043)	(144,730)
Earnings before interest, taxes, depreciation and amortisation	218,525	180,020
Depreciation and amortisation expense	(25,331)	(31,538)
Finance income	996	995
Finance costs	(18,193)	(19,181)
Fair value in put options	289	-
Dividends income	4,371	2,471
Profit before income tax	180,657	132,767
Income tax expense	(52,906)	(48,344)
Profit from continuing operations	127,751	84,423
Total comprehensive income for the year	140,426	112,157

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2022 of the Closed Group.

	2022 \$'000	2021 \$'000
Consolidated statement of financial position		
Current assets		
Cash and cash equivalents	42,075	238,862
Trade and other receivables	56,833	40,441
Derivative assets	5,526	33,658
Inventory	3,222	-
Total current assets	107,656	312,961
Non-current assets		
Investments accounted for using the equity method and subsidiaries	537,689	537,689
Financial assets at fair value through other comprehensive income	36,896	49,529
Property, plant and equipment	4,349	5,194
Right-of-use assets	38,076	41,810
Deferred tax assets	15,226	15,086
Intangible assets	158,734	123,436
Other receivables	793,072	13,905
Total non-current assets	1,584,042	786,649
Total assets	1,691,698	1,099,610
Current liabilities		
Trade and other payables	37,142	26,122
Lease liabilities	3,303	3,366
Current tax liabilities	29,560	13,034
Provisions	9,036	8,036
Contract liabilities	4,216	3,707
Total current liabilities	83,257	54,265
Non-current liabilities		
Trade and other payables	-	37,723
Borrowings	649,533	43,195
Lease liabilities	45,017	48,220
Deferred tax liabilities	6,615	15,009
Derivative liabilities	1,153	-
Provisions	1,069	1,014
Total non-current liabilities	703,387	145,161
Total liabilities	786,644	199,426
Net assets	905,054	900,184
Equity		
Contributed equity	769,959	755,357
Reserves	27,021	41,870
Retained earnings	108,074	102,957
Total equity	905,054	900,184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

23. Related party transactions

The Group has identified the parties it considers to be related and the transactions conducted with those parties. Other than those disclosed below, no other related party transactions have been identified.

(a) Key Management Personnel compensation

	2022 \$	2021 \$
Short-term employee benefits	7,593,015	6,683,998
Deferred short-term employee benefits	715,083	502,551
Post-employment benefits	199,803	175,003
Long-term employment benefits	89,729	90,034
Share-based payments	78,466	1,620,670
	8,676,096	9,072,256

(b) Transactions with other related parties

The following transactions occurred with related parties, the nature of which are described in the Remuneration Report.

	2022 \$	2021 \$
Sale of goods and services to related parties	1,282,428	1,458,813
Purchase of goods and services from related parties	1,731,952	775,180

All transactions were made on normal commercial terms and conditions, at market rates and includes transactions with associates.

(c) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2022 \$	2021 \$
Current receivables (sale of goods and services)		
Other related parties	83,115	98,070
Current payables (purchase of goods and services)		
Other related parties	12,718	73,093

There is no allowance accounted for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

ITEMS NOT RECOGNISED

This section of the notes provides information about material items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria.

24. Events occurring after the reporting period

On 27 June 2022, the Group announced that it had exercised its call option to acquire the remaining 51% in Trader Interactive LLC and the launch of an approximately AUD \$1,207.0 million fully underwritten pro-rata accelerated renounceable entitlement offer (with retail rights trading) to fund the acquisition. The acquisition remains subject to conditions, which are expected to be completed in late Q1 or early Q2 FY23.

The entitlement offer was completed in July 2022, resulting in the issue of 68,001,706 additional ordinary shares and cash raised of AUD \$1,182.0 million (net of transaction costs).

On 8 July 2022, the AUD \$651.0 million drawn down amount was repaid to the Tranche A and Tranche B financiers.

No other matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

OTHER

This section provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however, are not considered critical in understanding the financial performance or position of the Group.

25. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) PricewaterhouseCoopers Australia

	2022 \$	2021 \$
Audit and other assurance services		
Audit and review of Financial Reports	820,590	477,000
Due diligence services	250,700	697,175
Other assurance services	126,498	57,320
Total remuneration for audit and other assurance services	1,197,788	1,231,495
Taxation services		
Tax compliance services, including review of Company income tax returns	149,004	136,000
Tax consulting and tax advice on mergers and acquisitions	-	-
Total remuneration for taxation services	149,004	136,000
Other services		
Other services	-	-
Total remuneration for other services	-	-
Total remuneration of PricewaterhouseCoopers Australia	1,346,792	1,367,495

(b) Network firms of PricewaterhouseCoopers Australia

Audit and other assurance services		
Audit and review of Financial Reports	217,014	144,000
Total remuneration for audit and other assurance services	217,014	144,000
Taxation services		
Tax compliance services, including review of Company income tax returns	-	18,722
Total remuneration for taxation services	-	18,722
Total remuneration of network firms of PricewaterhouseCoopers Australia	217,014	162,722
Total remuneration for PricewaterhouseCoopers	1,563,806	1,530,217

(c) Non-PwC audit firms

Audit and review of Financial Reports	296,529	13,818
Tax compliance services	22,382	19,897
Total remuneration for Non-PwC audit firms	318,911	33,715
Total auditors' remuneration	1,882,717	1,563,932

It is the Company's policy to employ PwC on assignments additional to their statutory audit duties where PwC's expertise and experience with the Company are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PwC is awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major consulting projects.

26. Share-based payments

Share-based compensation benefits are provided to employees via the carsales.com Ltd Employee Option Plan.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were \$2,097,675 (2021: \$3,001,000).

Employee Option Plan

Set out below are summaries of options and performance rights granted under the plan:

2022

Grant date	Exercise price	Opening balance	Granted during the year	Exercised during the year	Expired or lapsed during the year	Closing balance	Vested and exercisable at 30 June
Options							
Oct 2016	\$12.23	88,221	-	(18,260)	-	69,961	69,961
Oct 2017	\$11.41	51,491	-	(22,588)	(461)	28,442	28,442
Oct 2018	\$14.87	426,452	-	(369,739)	(5,264)	51,449	51,449
Oct 2019	\$13.54	285,056	-	-	(40,342)	244,714	-
Total options		851,220	-	(410,587)	(46,067)	394,566	149,852
Weighted average exercise price		\$13.94	-	\$14.56	\$13.67	\$13.33	\$12.98
Performance rights							
Oct 2018	\$0.00	152,563	-	(8,519)	(144,044)	-	-
Oct 2019	\$0.00	153,938	-	-	(23,854)	130,084	-
Aug 2020	\$0.00	14,461	-	(14,461)	-	-	-
Oct 2020	\$0.00	201,820	-	-	(40,329)	161,491	-
Aug 2021	\$0.00	-	58,697	-	-	58,697	-
Feb 2022	\$0.00	-	226,533	-	(35,806)	190,727	-
Total performance rights		522,782	285,230	(22,980)	(244,033)	540,999	-
Weighted average exercise price		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total of plan		1,374,002	285,230	(433,567)	(290,100)	935,565	149,852
Weighted average exercise price		\$8.64	\$0.00	\$13.79	\$2.17	\$5.62	\$12.98

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

26. Share-based payments continued

2021

Grant date	Exercise price	Opening balance	Granted during the year	Exercised during the year	Expired or lapsed during the year	Closing balance	Vested and exercisable at 30 June
Options							
Oct 2015	\$10.24	45,610	-	(44,599)	(1,011)	-	-
Oct 2016	\$12.23	218,110	-	(115,344)	(14,545)	88,221	88,221
Oct 2017	\$11.41	295,990	-	(236,201)	(8,298)	51,491	51,491
Oct 2018	\$14.87	445,532	-	-	(19,080)	426,452	-
Oct 2019	\$13.54	139,245	148,871	-	(3,060)	285,056	-
Total options		1,144,487	148,871	(396,144)	(45,994)	851,220	139,712
Weighted average exercise price		\$13.13	\$13.54	\$11.52	\$13.22	\$13.94	\$11.93
Performance rights							
Oct 2017	\$0.00	186,281	-	(124,827)	(61,454)	-	-
Oct 2018	\$0.00	159,387	(235)	-	(6,589)	152,563	-
Feb 2019	\$0.00	-	-	-	-	-	-
Aug 2019	\$0.00	19,784	-	(19,784)	-	-	-
Oct 2019	\$0.00	82,335	73,412	-	(1,809)	153,938	-
Aug 2020	\$0.00	-	14,461	-	-	14,461	-
Dec 2020	\$0.00	-	201,820	-	-	201,820	-
Total performance rights		447,787	289,458	(144,611)	(69,852)	522,782	-
Weighted average exercise price		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total of plan		1,592,274	438,329	(540,755)	(115,846)	1,374,002	139,712
Weighted average exercise price		\$9.43	\$4.60	\$8.44	\$5.25	\$8.64	\$11.93

The estimate of the weighted average share price at the date of exercise of options exercised regularly during the year ended 30 June 2022 is estimated to be approximately \$24.92 (2021: approximately \$20.80).

The weighted average remaining contractual life of share options and rights outstanding at the end of the period was 9.72 years (2021: 9.11 years).

The establishment of the carsales.com Ltd Employee Option Plan was undertaken under a prospectus lodged with ASIC in 2000. Staff eligible to participate in the plan are those invited by the Board of Directors.

Options and performance rights are granted under the plan for no consideration with conditions including a vesting period and expiry date. Senior Executives' vesting conditions, including EPS targets, are noted in the Remuneration Report on page 36.

Options and performance rights granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in return for payment of the option's exercise price. Each performance right is convertible into one ordinary share for \$0.00 exercise price, upon satisfaction of all vesting requirements.

Fair value of options and performance rights granted

The fair value of the performance rights was determined using a Black Scholes model for those rights with non-market based vesting conditions and using the Monte Carlo method for those rights with market-based vesting conditions.

The model inputs for performance rights granted during the year ended 30 June 2022 included:

Grant date	21 Aug 21 Non-Market Based	25 Feb 22 Market Based (35%)	25 Feb 22 Non-Market Based (65%)
Share price at grant date	\$21.20	\$20.40	\$20.40
Fair value	\$20.66	\$14.31	\$18.31
Term	1.00	2.35	2.35
TSR rank	n/a	6 out of 32	n/a
Expected price volatility of the Company's shares	43%	28%	44%
Expected dividend yield	3%	3%	3%
Risk-free interest rate	1%	1%	3%

The expected price volatility is based on historical volatility adjusted for any expected changes to future volatility due to publicly available information. No performance rights have a cost to exercise.

27. Other significant accounting policies

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is carsales.com Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONT.

30 June 2022

(iii) Group companies

The results and financial position of foreign operations (none of which has been restated for a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognised as other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(b) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flow.

(c) New and amended Accounting Standards and Interpretations

(i) New and amended Accounting Standards and Interpretations issued and effective

The Group has not adopted any new or amended Accounting Standards and Interpretations this year that have had a material impact on the Group or the Company.

(ii) Accounting standards and Interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 62 to 130 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The basis of preparation confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and CEO, and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.



Cameron McIntyre
Managing Director and CEO

Melbourne
14 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARSALES.COM LTD



Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of carsales.com Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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pwc

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of \$11.2 million, which represents approximately 5% of the Group's profit before income tax from continuing operations.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before income tax from continuing operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured and is a generally accepted benchmark.
- We selected a 5% threshold based on our professional judgement, noting that it is within the range of commonly acceptable profit related thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- carsales.com Limited operates across five reporting segments, being Australia - Online Advertising Services, Australia - Data, Research and Services, Australia - carsales Investments, Americas and Asia, as described in note 1 of the financial report. Its head office function is based in Melbourne, Australia.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARSALES.COM LTD CONTINUED



Key audit matter

Carrying value of intangible assets for South Korea

(Refer to note 17 Intangible assets)

The Group's intangible assets included \$483.9 million of goodwill and \$52.4m of brands and customer relationships at 30 June 2022. The South Korea cash generating unit (CGU) contains \$343.1 million of goodwill and \$43.7 million of brands and customer relationships. Goodwill was required to be tested for impairment in accordance with Australian Accounting Standards.

In order to test for impairment of goodwill, the Group prepared an impairment model which forecast cash flows, discounted to their present value. The valuation method used to test for impairment was fair value less costs to sell for the South Korea CGU.

The carrying value of intangible assets for South Korea was a key audit matter given it was financially significant to the Group and there were judgements and assumptions involved in estimating the cash flow forecasts and other key assumptions, particularly discount rate and terminal growth rate.

How our audit addressed the key audit matter

We performed the following procedures, amongst others:

- Tested the mathematical accuracy of the calculations made in the impairment model.
- Compared the forecast cash flows used in the impairment model with the FY23 budget.
- Assessed the historical accuracy of the Group's cash flow forecasts by comparing prior budgets to actual performance.
- Assessed the appropriateness and supportability of the cash flow forecasts by considering the key factors upon which they were based and the underlying drivers for growth.
- Compared growth rate assumptions used in the impairment model to historical results and economic and industry forecasts.
- Assessed the allocation of assets and liabilities to the CGU.
- Considered whether it would be possible to determine a reliable estimate of the amount obtainable in an arm's length transaction between knowledgeable and willing parties, by determining fair value less costs to sell.
- With the assistance of our internal valuation experts, we assessed the discount rate and terminal growth rate used in the impairment model by comparing them to market data, comparable companies and industry research.
- Considered the disclosures made in note 17, in light of the requirements of Australian Accounting Standards.



Key audit matter

Acquisition of Trader Interactive LLC

(Refer to note 19(c)) Interests in associates and note 24 Events occurring after the reporting period)

On 1 September 2021 the Group acquired 49% of Trader Interactive LLC ("Trader Interactive") for \$794.7 million (excluding transaction costs and hedging impacts) and 49% of promissory notes receivable for \$19.1 million. The transaction was accounted for in accordance with AASB 128 Investments in Associates as an equity accounted investment.

The Group undertook a preliminary notional purchase price allocation (PPA) exercise in order to calculate the Group's share of Trader Interactive's profit and the make-up of the investment carrying value, including fair value adjustments.

On 27 June 2022, the Group exercised its call option to acquire the remaining 51% in Trader Interactive for \$1,172 million and the transaction is expected to complete late in the first quarter of FY23.

The acquisition was funded by an entitlement offer which was completed in July 2022, resulting in the issue of 68,001,706 additional ordinary shares and cash raised of \$1,182 million (net of transaction costs).

Equity accounting for Trader Interactive and the subsequent announcement of the acquisition of the remaining 51% are considered to be a key audit matter as both transactions are significant to the Group and there were judgements and assumptions made in estimating the preliminary notional fair value of acquired intangible assets and the resulting amortisation expense, which formed part of carsales' share of Trader Interactive's profit for the year.

How our audit addressed the key audit matter

We performed the following procedures, amongst others:

- Read the sale and purchase agreements and considered the adoption of equity accounting for the initial 49% interest as at 1 September 2021 and the timing of recognition of the remaining 51%, as an event subsequent to 30 June 2022.
- Evaluated the preliminary notional PPA including accounting for the acquisition hedge gain, capitalised transaction costs and the valuation and useful life of acquired intangible assets.
- Tested the mathematical accuracy of the calculations made in the PPA.
- With the assistance of our internal valuation experts, we assessed the valuation methodologies and key assumptions determined by the independent valuer and adopted by management, to value acquired intangible assets and estimate their useful lives in order to calculate amortisation expense.
- Assessed the reasonableness of the Group's share of Trader Interactive's profit after tax for the ten months from transaction date to 30 June 2022.
- Considered the disclosures made in note 19(c) and note 24, in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARSALES.COM LTD CONTINUED



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 36 to 55 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of carsales.com Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Lisa Harker

Lisa Harker
Partner

Melbourne
14 August 2022

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SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30 June 2022.

A. Distribution of equity securities

Holding	Class of equity security			
	Ordinary shares		Redeemable preference shares	Convertible notes
	Shares	Options and performance rights		
	No. of holders	No. of holders		
1 – 1,000	11,456	1	-	-
1,001 – 5,000	6,291	15	-	-
5,001 – 10,000	772	2	-	-
10,001 – 100,000	472	16	-	-
100,001 and over	77	1	-	-
	19,068	35	-	-

There were 569 holders of less than a marketable parcel of ordinary shares. There were no redeemable preference shares or convertible notes outstanding.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	89,460,527	31.63
CITICORP NOMINEES PTY LIMITED	48,456,611	17.13
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	31,192,863	11.03
BNP PARIBAS NOMS PTY LTD <DRP>	9,503,027	3.36
NATIONAL NOMINEES LIMITED	8,558,327	3.03
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	6,086,929	2.15
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	5,154,342	1.82
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	4,164,634	1.47
GREG ROEBUCK	3,302,796	1.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,717,212	0.96
GRANT TAYLOR	2,664,000	0.94
STEVEN KLOSS PTY LTD <KLOSS FAMILY A/C>	2,481,900	0.88
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	2,250,434	0.80
BILLKAREN PTY LTD <ROBINSON FAMILY A/C>	1,875,000	0.66
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,821,866	0.64
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,642,195	0.58
MUTUAL TRUST PTY LTD	1,547,540	0.55
MILTON CORPORATION LIMITED	1,368,245	0.48
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	1,316,389	0.47
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	1,304,714	0.46
	226,869,551	80.21

	Number on issue	Number of holders
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Options and performance rights issued under the carsales.com Ltd Employee Option Plan to take up ordinary shares	935,565	35
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C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
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Bennelong Funds Management Group Pty Ltd	19,863,952	7.02
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D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

CORPORATE DIRECTORY

Directors

Pat O'Sullivan

(Non-Executive Chair)

Cameron McIntyre

(Managing Director and CEO)

Wal Pisciotta OAM

(Non-Executive Director)

Kim Anderson

(Non-Executive Director)

Edwina Gilbert

(Non-Executive Director)

Kee Wong

(Non-Executive Director)

David Wiadrowski

(Non-Executive Director)

Steve Kloss

(Alternate Non-Executive Director)

Company secretary

Nicole Birman

Registered office

Level 4, 449 Punt Road Richmond Vic 3121

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Share registry

Computershare Ltd

452 Johnston Street Abbotsford Vic 3067

T +61 3 9415 4000

F +61 3 9473 2500

computershare.com

External auditor

PricewaterhouseCoopers

2 Riverside Quay Southbank Vic 3006

Stock Exchange

carsales.com Ltd is a public company listed with the Australian Securities Exchange Limited

ASX: CAR

CONSOLIDATED FINANCIAL STATEMENTS	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	KEY PERFORMANCE	FINANCING AND RISK MANAGEMENT	EQUITY	OTHER ASSETS AND LIABILITIES	GROUP STRUCTURE	ITEMS NOT RECOGNISED	OTHER	DIRECTORS' DECLARATION	INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARSALES.COM LTD	SHAREHOLDER INFORMATION
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