

AUCTION TECHNOLOGY GROUP PLC

Re-presented Consolidated Financial Information (unaudited)

Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss

for the year ended 30 September 2023

	Note	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Revenue	3,4	165,937	151,836
Cost of sales		(53,354)	(50,547)
Gross profit		112,583	101,289
Administrative expenses		(85,718)	(80,325)
Other operating income		665	894
Operating profit		27,530	21,858
Finance income	5	221	2,918
Finance costs	5	(19,210)	(12,185)
Net finance costs	5	(18,989)	(9,267)
Profit before tax		8,541	12,591
Income tax	6	12,137	(18,122)
Profit/(loss) for the year attributable to the equity holders of the Company		20,678	(5,531)
Other comprehensive income/(loss) for the year attributable to the equity holders of the Company			
<i>Items that may subsequently be transferred to profit and loss:</i>			
Foreign exchange differences on translation of foreign operations		3,634	(15,302)
Fair value gain/(loss) arising on hedging instruments during the year		14,508	(18,444)
Tax relating to these items	6	(3,195)	3,504
Other comprehensive income/(loss) for the year, net of income tax		14,947	(30,242)
Total comprehensive income/(loss) for the year attributable to the equity holders of the Company		35,625	(35,773)
Earnings/(loss) per share			
Basic	7	16.9	(4.6)
Diluted	7	16.8	(4.6)

The above results are derived from continuing operations.

AUCTION TECHNOLOGY GROUP PLC

Re-presented Consolidated Financial Information (unaudited)

Consolidated Statement of Financial Position

as at 30 September 2023

	Note	30 September 2023 \$'000	30 September 2022 \$'000
ASSETS			
Non-current assets			
Goodwill	8	578,571	546,160
Other intangible assets	8	269,689	275,296
Property, plant and equipment		897	588
Right of use assets		3,939	1,914
Trade and other receivables		138	101
Total non-current assets		853,234	824,059
Current assets			
Trade and other receivables		21,820	17,646
Tax asset		123	1,748
Cash and cash equivalents	9	10,417	57,876
Total current assets		32,360	77,270
Total assets		885,594	901,329
LIABILITIES			
Non-current liabilities			
Loans and borrowings	10	(132,918)	(167,391)
Tax liabilities		(976)	(1,200)
Lease liabilities		(3,240)	(1,222)
Deferred tax liabilities	11	(49,633)	(72,174)
Total non-current liabilities		(186,767)	(241,987)
Current liabilities			
Trade and other payables		(32,210)	(20,987)
Loans and borrowings	10	(15,689)	(34,606)
Tax liabilities		(3,777)	(531)
Lease liabilities		(730)	(833)
Total current liabilities		(52,406)	(56,957)
Total liabilities		(239,173)	(298,944)
Net assets		646,421	602,385
EQUITY			
Share capital	12	17	17
Share premium	12	334,458	334,045
Other reserve	12	330,310	330,310
Capital redemption reserve		7	7
Share option reserve		32,636	46,320
Foreign currency translation reserve		(43,002)	(61,144)
Retained losses		(8,005)	(47,170)
Total equity		646,421	602,385

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Consolidated Statement of Changes in Equity

for the year ended 30 September 2023

	Note	Share capital \$000	Share premium \$000	Other reserve \$000	Capital redemption reserve \$000	Share option reserve \$000	Foreign currency translation reserve \$000	Retained losses \$000	Total equity \$000
1 October 2021		17	334,045	330,310	7	2,279	(27,398)	(45,054)	594,206
Loss for the year		–	–	–	–	–	–	(5,531)	(5,531)
Other comprehensive (loss)/income		–	–	–	–	–	(33,746)	3,504	(30,242)
Total comprehensive loss for the year		–	–	–	–	–	(33,746)	(2,027)	(35,773)
Transactions with owners									
Options issued as consideration for a business combination, net of transaction costs and tax		–	–	–	–	38,067	–	–	38,067
Share-based payments		–	–	–	–	5,974	–	102	6,076
Income tax relating to items taken directly to equity	6	–	–	–	–	–	–	(191)	(191)
30 September 2022		17	334,045	330,310	7	46,320	(61,144)	(47,170)	602,385
Profit for the year		–	–	–	–	–	–	20,678	20,678
Other comprehensive income/(loss)		–	–	–	–	–	18,142	(3,195)	14,947
Total comprehensive income for the year		–	–	–	–	–	18,142	17,483	35,625
Transactions with owners									
Shares issued	12	–	413	–	–	–	–	–	413
Options exercised relating to previous business combination		–	–	–	–	(19,297)	–	19,297	–
Share-based payments		–	–	–	–	5,613	–	2,385	7,998
30 September 2023		17	334,458	330,310	7	32,636	(43,002)	(8,005)	646,421

AUCTION TECHNOLOGY GROUP PLC

Re-presented Consolidated Financial Information (unaudited)

Consolidated Statement of Cash Flows

for the year ended 30 September 2023

	Note	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Cash flows from operating activities			
Profit before tax		8,541	12,591
Adjustments for:			
Amortisation of acquired intangible assets	8	32,641	33,661
Amortisation of internally generated software	8	4,709	5,032
Depreciation of property, plant and equipment		401	353
Depreciation of right of use assets		1,099	1,167
Share-based payment expense		8,618	6,667
Finance income	5	(221)	(2,918)
Finance costs	5	19,210	12,185
Operating cash flows before movements in working capital		74,998	68,738
(Increase)/decrease in trade and other receivables		(3,956)	387
Decrease in trade and other payables		(227)	(6,213)
Cash generated by operations		70,815	62,912
Income taxes paid		(10,186)	(13,004)
Net cash from operating activities		60,629	49,908
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		(30,049)	(482,219)
Additions to internally generated software	8	(10,763)	(5,354)
Payment for property, plant and equipment		(502)	(342)
Payment for right of use assets		(234)	–
Interest income received		221	–
Payment of contingent consideration		–	(27,289)
Net cash used in investing activities		(41,327)	(515,204)
Cash flows from financing activities			
Payment of contingent consideration		–	(1,621)
Repayment of loans and borrowings	10	(80,018)	(483)
Proceeds from loans and borrowings	10	26,300	–
Payment of interest on lease liabilities		(232)	(173)
Payment of lease liabilities		(976)	(1,216)
Shares issued	12	413	–
Interest paid	10	(13,088)	(8,901)
Net cash used in financing activities		(67,601)	(12,394)
Cash and cash equivalents at the beginning of the year		57,876	537,416
Net decrease in cash and cash equivalents		(48,299)	(477,690)
Effect of foreign exchange rate changes		840	(1,850)
Cash and cash equivalents at the end of the year	9	10,417	57,876

Notes to the Re-presented Consolidated Financial Information

1. Basis of preparation

The Re-presented Consolidated Financial Information should be read in conjunction with the Annual Report and Accounts for the year ended 30 September 2023, available on the Group's website (www.auctiontechnologygroup.com). The audited Consolidated Financial Statements for the year ended 30 September 2023 were prepared in accordance with UK-adopted international accounting standards ("UK-adopted IAS") and with the requirements of the Companies Act 2006.

The Re-presented Consolidated Financial Information do not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The statutory financial statements for the year ended 30 September 2023 have been reported on by the Group's auditor. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006. The Re-presented Consolidated Financial Information has not been audited.

Reporting currency

The Group will present its consolidated financial statements for the six months ending 31 March 2024 and year ending 30 September 2024 in US dollars. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentation currency will be applied retrospectively.

In accordance with the provisions of IAS 21, The Effects of Changes in Foreign Exchange Rates, consolidated financial information has been re-presented from sterling to US dollars as follows:

- Items of income and expenditure, other than single material identifiable transactions, denominated in non-US dollar currencies were translated into US dollars at the average exchange rate (per month) of the reporting period. Single material identifiable transactions, have been translated at the exchange rate at the time of the transaction;
- assets and liabilities denominated in non-US dollar currencies were translated into US dollars at the exchange rates at the relevant balance sheet dates;
- share capital, share premium and other equity items have been translated into US dollars at historical exchange rates on the date of each relevant transaction; and
- all resulting exchange differences have been recognised in other comprehensive income and in the foreign currency translation reserve in accordance with the Group's existing accounting policy.

AUCTION TECHNOLOGY GROUP PLC

Re-presented Consolidated Financial Information (unaudited)

Notes to the Re-presented Consolidated Financial Information

2. Alternative performance measures

The Group uses a number of alternative performance measures (“APMs”) in addition to those measures reported in accordance with UK-adopted IAS. Such APMs are not defined terms under UK-adopted IAS and are not intended to be a substitute for any UK-adopted IAS measure. The Directors believe that the APMs are important when assessing the ongoing financial and operating performance of the Group and do not consider them to be more important than, or superior to, their equivalent UK-adopted IAS. The APMs improve the comparability of information between reporting periods by adjusting for factors such as one-off items and the timing of acquisitions.

The APMs are used internally in the management of the Group’s business performance, budgeting and forecasting, and for determining Executive Directors’ remuneration and that of other management throughout the business. The APMs are also presented externally to meet investors’ requirements for further clarity and transparency of the Group’s financial performance. Where items of income or expense are being excluded in an APM, these are included elsewhere in our reported financial information as they represent actual income or costs of the Group.

Adjusted EBITDA

Adjusted EBITDA is the measure used by the Directors to assess the trading performance of the Group’s businesses and is the measure of segment profit.

Adjusted EBITDA represents profit/(loss) before taxation, finance costs, depreciation and amortisation, share-based payment expense and exceptional operating items. Adjusted EBITDA at segment level is consistently defined but excludes central administration costs including Directors’ salaries.

The following table provides a reconciliation from profit before tax to adjusted EBITDA:

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Profit before tax	8,541	12,591
Adjustments for:		
Net finance costs (note 5)	18,989	9,267
Amortisation of acquired intangible assets (note 8)	32,641	33,661
Amortisation of internally generated software (note 8)	4,709	5,032
Depreciation of property, plant and equipment	401	353
Depreciation of right of use assets	1,099	1,167
Share-based payment expense	8,618	6,667
Exceptional operating items	3,333	–
Adjusted EBITDA	78,331	68,738

The following table provides the calculation of adjusted EBITDA margin which represents adjusted EBITDA divided by revenue:

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Reported revenue (note 3,4)	165,937	151,836
Adjusted EBITDA	78,331	68,738
Adjusted EBITDA margin	47%	45%

The basis for treating these items as adjusting is as follows:

Share-based payment expense

The Group has issued share awards to employees and Directors: at the time of IPO; for the acquisition of LiveAuctioneers; and operates several employee share schemes. The share-based payment expense is a significant non-cash charge driven by a valuation model which references the Group’s share price. As the Group is still early in its life cycle as a newly listed business the expense is distortive in the short term and is not representative of the cash performance of the business. In addition, as the share-based payment expense includes significant charges related to the IPO and LiveAuctioneers acquisition, it is not representative of the Group’s steady state operational performance.

AUCTION TECHNOLOGY GROUP PLC

Re-presented Consolidated Financial Information (unaudited)

Notes to the Re-presented Consolidated Financial Information

2. Alternative performance measures continued

Exceptional operating items

The Group applies judgement in identifying significant items of income and expenditure that are disclosed separately from other administrative expenses as exceptional where, in the judgement of the Directors, they need to be disclosed separately by virtue of their nature or size in order to obtain a clear and consistent presentation of the Group's ongoing business performance. Such items could include, but may not be limited to, costs associated with business combinations, gains and losses on the disposal of businesses, significant reorganisation or restructuring costs and impairment of goodwill and acquired intangible assets. Any item classified as an exceptional item will be significant and not attributable to ongoing operations and will be subject to specific quantitative and qualitative thresholds set by and approved by the Directors prior to being classified as exceptional.

The exceptional operating items are detailed below:

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Acquisition costs	3,333	–
Total exceptional operating items	3,333	–

For the year ended 30 September 2023, the Group's exceptional operating costs were in respect of the costs relating to the acquisition of ESN on 6 February 2023.

There were no exceptional operating items for the year ended 30 September 2022.

The business has undertaken focused acquisitive activity which has been strategically implemented to increase income, service range and critical mass of the Group. Acquisition costs comprise legal, professional, other consultancy expenditure incurred and retention bonuses for ESN employees payable one year after completion. The retention bonus is subject to service conditions and is being accrued over the period. The net cash outflow related to exceptional operating items in the period is \$1.9m (FY22: \$5.0m).

Adjusted earnings and adjusted diluted earnings per share

Adjusted earnings excludes share-based payment expense, exceptional items (operating and finance), amortisation of acquired intangible assets, and any related tax effects.

The following table provides a reconciliation from profit/(loss) after tax to adjusted earnings:

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Profit/(loss) attributable to equity shareholders of the Company	20,678	(5,531)
Adjustments for:		
Amortisation of acquired intangible assets	32,641	33,661
Exceptional finance items	5,275	(424)
Share-based payment expense	8,618	6,667
Exceptional operating items	3,333	–
Deferred tax on unrealised foreign exchange differences	(8,810)	18,497
Tax on adjusted items	(12,765)	(6,588)
Adjusted earnings	48,970	46,282

	Number	Number
Diluted weighted average number of shares in issue (note 7)	123,088,377	122,441,916
	c	c
Adjusted diluted earnings per share (cents)	39.8	37.8

Re-presented Consolidated Financial Information (unaudited)

Notes to the Re-presented Consolidated Financial Information

2. Alternative performance measures continued

The basis for treating these items not already defined above as adjusting is as follows:

Amortisation of acquired intangible assets through business combinations

The amortisation of acquired intangibles arises from the purchase consideration of a number of separate acquisitions. These acquisitions are portfolio investment decisions that took place at different times and are items in the Consolidated Statement of Financial Position that relate to M&A activity rather than the trading performance of the business.

Exceptional finance items

Exceptional finance items include foreign exchange differences arising on the revaluation of the foreign currency loans, intercompany and restricted cash, movements in contingent consideration and costs incurred on the early repayment of loan costs. These exceptional finance items are excluded from adjusted earnings to provide readers with helpful additional information on the performance of the business across periods because it is consistent with how the business performance is reported and assessed by the Board.

Deferred tax on unrealised foreign exchange differences

In calculating the adjusted tax rate, the Group excludes the potential future impact of the deferred tax effects on unrealised foreign exchange differences arising on intercompany loans. The unrealised foreign exchange differences were not recognised in the Group's profit for the year due to differences in the functional currency basis under tax and accounting rules for the US holding entities.

Tax on adjusted items

Tax on adjusted items includes the tax effect of acquired intangible amortisation, exceptional (operating and finance items) and share-based payment expense. In calculating the adjusted tax rate, the Group excludes the potential future impact of the deferred tax effects on deductible goodwill and intangible amortisation (other than internally generated software), as the Group prefers to give users of its accounts a view of the tax charge based on the current status of such items. Deferred tax would only crystallise on a sale of the relevant businesses, which is not anticipated at the current time, and such a sale, being an exceptional item, would result in an exceptional tax impact.

Organic revenue

The Group has made certain acquisitions that have affected the comparability of the Group's results. Previously the Group had reported proforma revenue and proforma revenue growth which included acquisitions as if they had occurred at the start of the comparative period, with the comparative period being presented on a constant currency basis using the current year exchange rates. It was deemed by management more appropriate to present organic revenue and organic revenue growth in FY23 given the size of the ESN acquisition. Organic revenue shows the current period results excluding the acquisition of ESN on 6 February 2023. Organic revenue is shown on a constant currency basis using average exchange rates for the current financial period applied to the comparative period and is used to eliminate the effects of fluctuations in assessing performance.

The following table provides a reconciliation of organic revenue from reported results:

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Reported revenue	165,937	151,836
Acquisition related adjustment	(7,063)	–
Constant currency adjustment	–	(902)
Organic revenue	158,874	150,934
Increase in organic revenue %	5%	

AUCTION TECHNOLOGY GROUP PLC

Re-presented Consolidated Financial Information (unaudited)

Notes to the Re-presented Consolidated Financial Information

2. Alternative performance measures continued

Adjusted net debt

Adjusted net debt comprises external borrowings net of arrangement fees and cash at bank which allows management to monitor the indebtedness of the Group. Adjusted net debt excludes lease liabilities and restricted cash (see note 9).

	30 September 2023 \$000	30 September 2022 \$000
Cash at bank (note 9)	7,438	55,200
Current loans and borrowings (note 10)	(15,689)	(34,606)
Non-current loans and borrowings (note 10)	(132,918)	(167,391)
Total loans and borrowings	(148,607)	(201,997)
Adjusted net debt	(141,169)	(146,797)

Adjusted free cash flow and adjusted free cash flow conversion

Adjusted free cash flow represents cash flow from operations less additions to internally generated software and property, plant and equipment. Internally generated software includes development costs in relation to software that are capitalised when the related projects meet the recognition criteria under UK-adopted IAS for an internally generated intangible asset. Movement in working capital is adjusted for balances relating to exceptional items. The Group monitors its operational efficiency with reference to operational cash conversion, defined as free cash flow as a percentage of adjusted EBITDA.

The Group uses adjusted cash flow measures for the same purpose as adjusted profit measures, in order to assist readers of the accounts in understanding the operational performance of the Group. The two measures used are free cash flow and free cash flow conversion. A reported free cash flow and cash conversion rate has not been provided as it would not give a fair indication of the Group's free cash flow and conversion performance given the high value of working capital from exceptional items.

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Adjusted EBITDA	78,331	68,738
Cash generated by operations	70,815	62,912
Adjustments for:		
Exceptional operating items	3,333	–
Working capital from exceptional and other items	(1,457)	6,349
Additions to internally generated software (note 8)	(10,763)	(5,354)
Additions to property, plant and equipment	(502)	(342)
Payment for right of use assets	(234)	–
Adjusted free cash flow	61,192	63,565
Adjusted free cash flow conversion (%)	78%	93%

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Notes to the Re-presented Consolidated Financial Information

3. Operating segments

The operating segments reflect the Group's management and internal reporting structure, which is used to assess both the performance of the business and to allocate resources within the Group. The assessment of performance and allocation of resources is focused on the category of customer for each type of activity.

The Board has determined an operating management structure aligned around the four core operations of the Group. ESN which was acquired in the period, has been allocated to the Art & Antiques segment. This is on the basis that ESN traditionally includes items sold on Art & Antique platforms and the purpose of the acquisition was to expand its Art & Antiques segment into an attractive adjacent channel for the resale of second-hand items.

The four operating segments are as follows:

- Art & Antiques ("A&A") marketplaces: focused on offering auction houses that specialise in the sale of arts and antiques access to the platforms thesaleroom.com, liveauctioneers.com, lot-tissimo.com and EstateSales.NET. A significant part of the Group's services is provision of a platform as a marketplace for the A&A auction houses to sell their goods. The segment also generates earnings through additional services such as listing subscriptions, marketing income, atgPay and atgShip. The Group contracts with customers predominantly under service agreements, where the number of auctions to be held and the service offering differs from client to client.
- Industrial & Commercial ("I&C") marketplaces: focused on offering auction houses that specialise in the sale of industrial and commercial goods and machinery access to the platforms BidSpotter.com, BidSpotter.co.uk and proxibid.com, as well as i-bidder.com for consumer surplus and retail returns. A significant part of the Group's services is provision of the platform as a marketplace for the I&C auction houses to sell their goods. The segment also generates earnings through additional services such as marketing income and atgPay. The Group contracts with customers predominantly under service agreements, where the number of auctions to be held and the service offering differs from client to client.
- Auction Services: includes revenues from the Group's auction house back-office products with Auction Mobility and other white label products including Wavebid.com.
- Content: focused on the Antiques Trade Gazette paper and online magazine. The business focuses on two streams of income: selling subscriptions of the Gazette and selling advertising space within the paper and online. The Directors have disclosed information required by IFRS 8 for the Content segment despite the segment not meeting the reporting threshold.

There are no undisclosed or other operating segments.

An analysis of the results for the year by reportable segment is as follows:

	Year ended 30 September 2023					
	A&A \$000	I&C \$000	Auction Services \$000	Content \$000	Centrally allocated costs \$000	Total \$000
Revenue	80,586	71,405	10,181	3,765	–	165,937
Adjusted EBITDA (see note 3 for definition and reconciliation)	66,239	61,194	6,398	1,365	(56,865)	78,331
Amortisation of intangible assets (note 8)	(24,383)	(11,235)	(1,732)	–	–	(37,350)
Depreciation of property, plant and equipment	(133)	(242)	(10)	(16)	–	(401)
Depreciation of right of use assets	(678)	(342)	(10)	(69)	–	(1,099)
Share-based payment expense	(1,828)	(2,163)	(103)	–	(4,524)	(8,618)
Exceptional operating items (note 2)	(3,333)	–	–	–	–	(3,333)
Operating profit/(loss)	35,884	47,212	4,543	1,280	(61,389)	27,530
Net finance costs (note 5)	–	–	–	–	(18,989)	(18,989)
Profit/(loss) before tax	35,884	47,212	4,543	1,280	(80,378)	8,541

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Notes to the Re-presented Consolidated Financial Information

3. Operating segments continued

	Year ended 30 September 2022					
	A&A \$000	I&C \$000	Auction Services \$000	Content \$000	Centrally allocated costs \$000	Total \$000
Revenue	70,083	66,781	10,964	4,008	–	151,836
Adjusted EBITDA (see note 2 for definition and reconciliation)	58,036	57,739	7,732	1,383	(56,152)	68,738
Amortisation of intangible assets (note 8)	(23,315)	(13,773)	(1,605)	–	–	(38,693)
Depreciation of property, plant and equipment	(109)	(222)	(8)	(14)	–	(353)
Depreciation of right of use assets	(603)	(483)	(16)	(65)	–	(1,167)
Share-based payment expense	(2,358)	(1,139)	(4)	–	(3,166)	(6,667)
Operating profit/(loss)	31,651	42,122	6,099	1,304	(59,318)	21,858
Net finance costs (note 5)	–	–	–	–	(9,267)	(9,267)
Profit/(loss) before tax	31,651	42,122	6,099	1,304	(68,585)	12,591

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

	30 September 2023		30 September 2022	
	Total non-current assets \$000	Additions to non-current assets \$000	Total non-current assets \$000	Additions to non-current assets \$000
<i>By operating segment</i>				
A&A	589,958	46,156	565,348	531,609
I&C	228,728	7,379	223,071	79,038
Auction Services	34,212	423	35,540	270
Content	336	316	100	20
	853,234	54,274	824,059	610,937

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
<i>By geographical location</i>		
United Kingdom	70,698	73,667
USA	777,589	745,776
Germany	4,947	4,616
	853,234	824,059

The Group has taken advantage of paragraph 23 of IFRS 8 “Operating Segments” and does not provide segmental analysis of net assets as this information is not used by the Directors in operational decision-making or monitoring of business performance.

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Notes to the Re-presented Consolidated Financial Information

4. Revenue

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
<i>Product and customer types</i>		
A&A	80,586	70,083
I&C	71,405	66,781
Auction Services	10,181	10,964
Content	3,765	4,008
	165,937	151,836
<i>Primary geographical markets</i>		
by location of operations		
United Kingdom	24,148	23,577
USA	136,964	123,736
Germany	4,825	4,523
	165,937	151,836
<i>by location of customer</i>		
United Kingdom	24,579	23,613
USA	125,334	112,713
Europe	8,647	8,462
Rest of world	7,377	7,048
	165,937	151,836
<i>Timing of transfer of goods and services</i>		
Point in time	150,339	139,954
Over time	15,598	11,882
	165,937	151,836

The Group has recognised the following assets and liabilities related to contracts with customers:

	30 September 2023 \$000	30 September 2022 \$000	1 October 2021 \$000
Contract assets	1,812	935	777
Contract liabilities	1,851	1,991	1,848

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	1,771	1,405

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Notes to the Re-presented Consolidated Financial Information

5. Net finance costs

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Foreign exchange gain	–	2,854
Interest income	221	64
Finance income	221	2,918
Interest on loans and borrowings	(12,993)	(8,989)
Amortisation of finance costs	(613)	(593)
Foreign exchange loss	(5,013)	–
Movements in contingent consideration	(263)	(2,430)
Interest on lease liabilities	(232)	(173)
Interest on tax	(96)	–
Finance costs	(19,210)	(12,185)
Net finance costs	(18,989)	(9,267)

6. Taxation

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Current tax		
Current tax on profit for the year	11,462	14,520
Adjustments in respect of prior years	(205)	(1,152)
Total current tax	11,257	13,368
Deferred tax		
Current year	(22,428)	6,524
Adjustments from change in tax rates	(629)	(719)
Adjustments in respect of prior years	(337)	(1,051)
Deferred tax	(23,394)	4,754
Tax (credit)/expense	(12,137)	18,122

Included in the deferred tax credit are unrealised foreign exchange differences of \$8.8m (FY22: charge of \$18.5m) from US holding companies which have pound sterling as their functional currency for the Consolidated Financial Statements but US dollar functional currency under US tax rules. Per the US tax basis these holding companies incurred an unrealised foreign exchange loss of \$34.9m on intra-group loans denominated in pound sterling totalling £295.6m (FY22: gain of \$72.0m). Unrealised foreign exchange differences are not taxable until realised, giving rise to deferred tax.

The Group's profit before tax includes foreign exchange gain of \$12.8m from US holding companies on their US dollar denominated intra-group balances (FY22: loss of \$20.3m) which are not (taxable)/deductible for US tax purposes giving rise to a permanent difference of \$3.2m (FY22: \$5.2m).

The Group's tax affairs are governed by local tax regulations in the UK, US and Germany. Given the uncertainties that could arise in the application of these regulations, judgements are often required in determining the tax that is due. Where management is aware of potential uncertainties in local jurisdictions, that are judged more likely than not to result in a liability for additional tax, a provision is made for management's best estimate of the liability, determined with reference to similar transactions and third-party advice. This provision at 30 September 2023 amounted to \$1.0m (FY22: \$1.2m).

Adjustments from changes in tax rates are due to decreases in the blended US rate for state taxes apportionment. The UK Government announced an increase in the corporation tax rate from 19% to 25%, with an effective date of 1 April 2023, which was substantively enacted on 24 May 2021.

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Notes to the Re-presented Consolidated Financial Information

6. Taxation continued

Tax recognised in other comprehensive income and equity:

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Other comprehensive income		
Current tax	(3,195)	3,504
Equity		
Deferred tax	–	(191)

Tax recognised in other comprehensive income includes current tax on the Group's net investment hedge. Deferred tax directly recognised in equity relates to share-based payments.

7. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, after excluding the weighted average number of non-vested ordinary shares.

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares including non-vested/non-exercised ordinary shares. During the year and prior year, the Group awarded conditional share awards to Directors and certain employees through an LTIP. For FY22, the non-vested/non-exercised ordinary shares are anti-dilutive given the loss for the year and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share calculation.

	Year ended 30 September 2023 \$000	Year ended 30 September 2022 \$000
Profit/(loss) attributable to equity shareholders of the Company	20,678	(5,531)

	Number	Number
Weighted average number of shares in issue	121,050,307	120,364,831
Weighted average number of options vested not exercised	1,338,182	–
Weighted average number of shares held by the Employee Benefit Trust	(162,934)	(61,741)
Weighted average number of shares	122,225,555	120,303,090
Dilutive share options	862,822	2,138,826
Diluted weighted average number of shares	123,088,377	122,441,916
	c	c
Basic earnings/(loss) per share	16.9	(4.6)
Diluted earnings/(loss) per share	16.8	(4.6)

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Notes to the Re-presented Consolidated Financial Information

8. Goodwill and other intangible assets

	Software \$000	Customer relationships \$000	Brand \$000	Non- complete agreement \$000	Total acquired intangible assets \$000	Internally generated software \$000	Goodwill \$000	Total \$000
1 October 2021	8,731	63,388	12,561	1,270	85,950	6,090	190,875	282,915
Acquisition of business	32,922	161,321	28,840	–	223,083	2,497	378,180	603,760
Additions	–	–	–	–	–	5,354	–	5,354
Amortisation	(7,803)	(22,057)	(3,418)	(383)	(33,661)	(5,032)	–	(38,693)
Exchange differences	(387)	(6,726)	(1,044)	–	(8,157)	(828)	(22,895)	(31,880)
30 September 2022	33,463	195,926	36,939	887	267,215	8,081	546,160	821,456
Acquisition of business	2,605	11,521	3,176	–	17,302	–	22,427	39,729
Additions	–	–	–	–	–	10,763	–	10,763
Amortisation	(5,626)	(23,006)	(3,591)	(418)	(32,641)	(4,709)	–	(37,350)
Exchange differences	68	2,819	689	–	3,576	102	9,984	13,662
30 September 2023	30,510	187,260	37,213	469	255,452	14,237	578,571	848,260

9. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and restricted cash. The carrying amount of these assets approximates to their fair value.

	30 September 2023 \$000	30 September 2022 \$000
Cash at bank	7,438	55,200
Restricted cash	2,979	2,676
	10,417	57,876

Restricted cash consists of cash held by the Trustee of the Group's Employee Benefit Trust relating to share awards for employees.

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Re-presented Consolidated Financial Information (unaudited)

Notes to the Re-presented Consolidated Financial Information

10. Loans and borrowings

The carrying amount of loans and borrowings classified as financial liabilities at amortised cost approximates to their fair value.

	30 September 2023 \$000	30 September 2022 \$000
Current		
Secured bank loan	15,689	34,606
Non-current		
Secured bank loan	132,918	167,391
	148,607	201,997

The Group entered into a Senior Facilities Agreement on 17 June 2021 which included:

- A senior term loan facility (the "Senior Term Facility") for \$204.0m for the acquisition of LiveAuctioneers. The Senior Term Facility was drawn down in full on 30 September 2021 prior to completion of the acquisition of LiveAuctioneers on 1 October 2021. During the year ended 30 September 2023, a prepayment of \$53.7m was paid on the Senior Term Facility. In the absence of any other prepayments, the scheduled repayment in FY23 is \$7.4m on 30 June 2024 and \$8.7m on 30 September 2024. The loan will be due for repayment on 17 June 2026.
- A multi-currency revolving credit working capital facility (the "Revolving Credit Facility") for \$49.0m. Any sums outstanding under the Revolving Credit Facility will be due for repayment on 17 June 2026. On 1 February 2023, \$26.3m was drawn down to partly fund the acquisition of ESN and has been fully repaid by 30 September 2023.
- The Senior Facilities Agreement contains an adjusted net leverage covenant which tests the ratio of adjusted net debt against adjusted EBITDA and an interest cover ratio which tests the ratio of adjusted EBITDA against net finance charges, in each case as at the last date of each financial quarter, commencing with the financial quarter ending 30 September 2021. The Group has complied with the financial covenants of its borrowing facilities during the year ended 30 September 2023.

The movements in loans and borrowings are as follows:

	30 September 2023 \$000	30 September 2022 \$000
1 October	201,997	201,523
Repayment of loans and borrowings	(80,018)	(483)
Proceeds from loans and borrowings	26,300	–
Accrued interest and amortisation of finance costs	13,606	9,581
Interest paid	(13,088)	(8,901)
Exchange differences	(190)	277
30 September	148,607	201,997

The currency profile of the loans and borrowings is as follows:

	30 September 2023 \$000	30 September 2022 \$000
US dollar	148,607	201,997

The weighted average interest charge (including amortised cost written off) for the year is as follows:

	Year ended 30 September 2023 %	Year ended 30 September 2022 %
Secured bank loan	8%	4%

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Notes to the Re-presented Consolidated Financial Information

11. Deferred taxation

The movement of net deferred tax liabilities is as follows:

	Total \$000
1 October 2021	(12,025)
Acquisition of business	(57,334)
Amount credited/(charged) to Consolidated Statement of Profit or Loss	(4,754)
Amount charged to equity	(191)
Exchange differences	2,130
30 September 2022	(72,174)
Amount credited to Consolidated Statement of Profit or Loss	23,394
Exchange differences	(853)
30 September 2023	(49,633)

12. Share capital and reserves

	30 September 2023 \$000	30 September 2022 \$000
Authorised, called up and fully paid		
121,491,412 ordinary shares at 0.01p each (FY22: 120,525,304 ordinary shares at 0.01p each)	17	17
	17	17

The movements in share capital, share premium and other reserve are set out below:

	Number of shares	Share capital \$000	Share premium \$000	Other reserve \$000
1 October 2021	119,999,990	17	334,045	330,310
Shares issued	506,926	–	–	–
Shares issued in respect of share-based payment plans	18,388	–	–	–
30 September 2022	120,525,304	17	334,045	330,310
Shares issued	680,794	–	413	–
Shares issued in respect of share-based payment plans	285,314	–	–	–
30 September 2023	121,491,412	17	334,458	330,310

For the year ended 30 September 2023

966,108 ordinary shares of 0.01p each with an aggregate nominal value of \$118 were issued for options that vested for a cash consideration of \$413,000. These included management rollover options and restricted stock units granted in FY22 for the acquisition of LiveAuctioneers, Long-term Incentive Plan Awards (“LTIP Awards”), shares issued under the Share Incentive Plan (“SIP”) and Employee Stock Purchase Plan (“ESPP”) and to the Trust for LTIP Awards that have vested in the year.

For the year ended 30 September 2022

525,314 ordinary shares of 0.01p each with an aggregate nominal value of \$72 were issued for options that vested. These included 50% of the restricted stock units granted for the LiveAuctioneers acquisition, LTIP Awards, shares issued under the SIP and ESPP and to the Trust for LTIP Awards that have vested in the year.

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Re-presented Consolidated Financial Information (unaudited)

Notes to the Re-presented Consolidated Financial Information

12. Share capital and reserves continued

Reserves

The following describes the nature and purpose of each reserve within equity:

Retained losses	represent the profits/(losses) of the Group made in current and preceding years.
Other reserve	comprises: <ul style="list-style-type: none">• a merger reserve that arose on the Group reorganisation on 13 January 2020 and is the adjustment of the comparative and current year consolidated reserves of the Group to reflect the statutory share capital and share premium of Auction Technology Group plc as if it had always existed; and• share premium, net of share issue costs, recognised in the other reserve in accordance with section 612 of the Companies Act 2006 for the equity raise on 17 June 2021 via a cashbox placing.
Capital redemption reserve	arose on the redemption or purchase of the Company's own shares. The Company issued shares directly to the Trusts of 266,322 during the year and held 210,475 as at 30 September 2023 (FY22: 124,927).
Share option reserve	relates to share options awarded under the LTIP Awards and options granted in FY22 for the acquisition of LiveAuctioneers.
Foreign exchange reserve	comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

13. Related party transactions

For the year ended 30 September 2023

The Group paid eight months' rent of \$80,000 to McQuade Enterprises LLC, a company owned by the previous owners of ESN. There were other no related party transactions.

For the year ended 30 September 2022

There were no related party transactions.

14. Events after the balance sheet date

There were no other events after the balance sheet date.