

Unlocking
the value of
the curated
secondary
goods market



Unlocking the value of the secondary goods market and accelerating the growth of the circular economy

ATG is the operator of the world's leading marketplaces and auction services for curated items.

Our technology helps expert auctioneers digitise their business, increase operational efficiency and create value through online access to a large, diverse and fragmented buyer base.

By enabling buyers from across the world to bid on a wide range of used assets, we give millions of items multiple lives, accelerating the growth of the circular economy and facilitating a channel of sustainable commerce.

ATG is early in its journey to unlock the value of the secondary goods market and is uniquely positioned, as a trusted partner to auctioneers and bidders, to lead the transformation of the auction industry.

Increased diversification

We have proven our ability to add layers of growth and diversify revenue with the roll out of value-add services.

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Our strategy

Our strategy is to efficiently connect auctioneers and bidders. We do that through the execution of our six strategic drivers.

Page 20

Structural shift

The structural shift online has remained robust as demonstrated by our continued growth even post-Covid-19.

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FY22 Group Overview

Revenue

£119.8m

FY22	£119.8m
FY21	£70.1m
FY20 ²	£52.3m

Adjusted EBITDA¹

£54.0m

FY22	£54.0m
FY21	£31.8m
FY20 ²	£22.2m

Profit/(loss) before tax³

£9.3m

FY22	£9.3m
FY21 ³	£(25.0)m
FY20	£(19.0)m

Basic loss per share³

(5.1)p

FY22	(5.1)p
FY21 ³	(31.0)p
FY20	(34.3)p

Adjusted diluted earnings per share³

29.5p

FY22	29.5p
FY21 ²	9.2p

Adjusted free cash flow¹

£49.9m

FY22	49.9m
FY21	30.4m
FY20	13.9m

Gross merchandise value ("GMV")⁴

£3.3bn

FY22	£3.3bn
FY21	£2.6bn
FY20	£1.9bn

Conversion rate⁴

33%

FY22	33%
FY21	33%
FY20	31%

Total hammer value ("THV")⁴

£10.1bn

FY22	£10.1bn
FY21	£7.8bn
FY20	£6.1bn

1. This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 3 to the Consolidated Financial Statements, with definitions, an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.
2. In February 2020 the Group underwent a restructure at the same time as acquiring Proxibid. Full details of the restructure and accounting implications are detailed in the FY21 Annual Report and Accounts. As a result of the accounting of the restructure, the reported financial results for FY20 represent only an eight-and-a-half month period to 30 September 2020. To aid comparisons, FY20 has been presented as if the restructure and acquisition had occurred on 1 October 2019 and include the full year actual results for this period.
3. The FY21 results have been restated to adjust the foreign currency translation reserves and finance income by £2.3m. Full details are provided in note 1 of the Consolidated Financial Statements.
4. Operational KPIs are unaudited. Refer to the glossary for full definitions. The Group has made certain acquisitions that have affected the comparability of the Group's results. To aid comparisons between FY22 and FY21, operational KPIs have been presented to include the results as if the acquisition of LiveAuctioneers and Auction Mobility had occurred on 1 October 2020.

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At a Glance

ATG operates many of the world’s leading online auction marketplaces. We enable bidders from 171 countries to access an underexplored world of secondary goods which have been curated by around 3,800 trusted auctioneer experts.

Creating a virtuous circle that benefits both auctioneers and bidders

ATG is an aggregator in the large and fragmented auction industry. We simplify and integrate multiple parts of the online auction process, from the cataloguing of items to marketing, auction hosting, bidding and most recently payments solutions. In doing so, we enable auctioneers to become genuine online businesses in a cost-efficient way. We also make the discovery and purchase of secondary items accessible to anyone, anywhere.



For bidders, we provide unparalleled choice, convenience and trust when bidding for and buying unique and specialised secondary goods online.



For auctioneers, we provide global buyer reach, specialised marketplace technology and operational cost savings. We are a partner to our auctioneers and enable them to compete on a global scale.



More bidders participating in online auctions results in **higher realised prices** for second-hand items and in turn attracts **more assets** to be listed on our marketplaces.

The largest online auction marketplaces creating a positive network effect

172m

bidding sessions

£10.1bn

total hammer value

103m

bids placed

7m

lots sold online

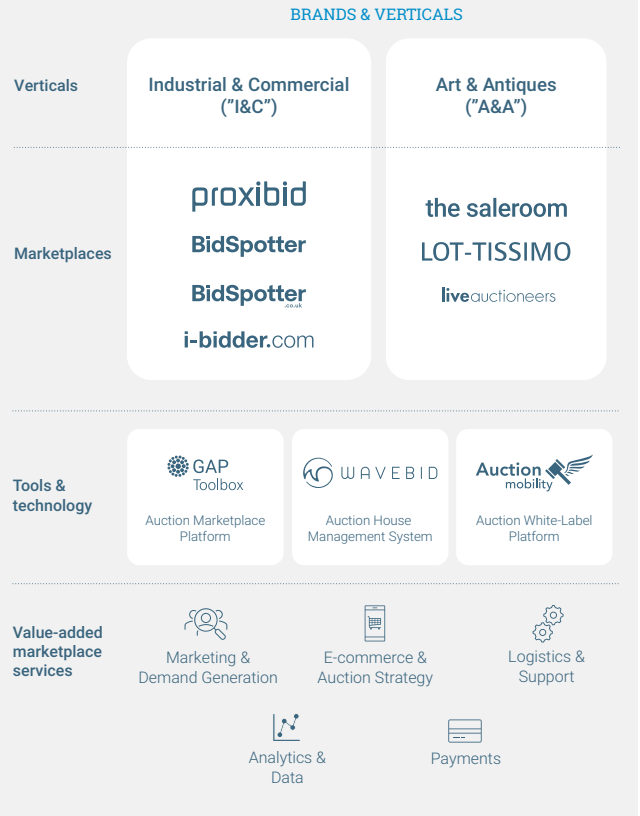
74,000

auctions facilitated



Seven leading brands, each with a first mover advantage

We operate seven marketplaces across two sectors: Industrial & Commercial ("I&C") and Art & Antiques ("A&A"). Each marketplace has a first mover advantage in its vertical and geography, creating competitive advantages.



A truly sustainable business which facilitates the growth of the circular economy

ATG makes it easier for consumers to make green choices. Our online marketplaces ensure that millions of items are resold for re-use or repurpose each year, extending their value within the economy, preventing waste, and reducing the massive carbon emissions that are a derivative of the manufacturing process for new items. All used items for sale on our marketplaces have been curated by expert auctioneers, thereby providing trust and confidence in the purchase of a secondary good.





Facilitating trust, choice and convenience in secondary assets purchasing


Our History

ATG has enabled the auction industry to transact online since 2006 and has deep roots as a marketing channel for auctioneers, dating back to 1971.

1971
Antiques Trade Gazette is founded



1971
Antiques Trade Gazette is founded





1998
ATG begins listing auction calendars online

2006
First live bidding for Art & Antiques auctions on thesaleroom.com

2006
i-bidder is launched to cater to consumer surplus & retail returns auctions

2007
i-bidder.com

2010
ATG partners with BidSpotter.com in North America to launch a service for insolvency auctioneers in the UK



the saleroom

BidSpotter

2013

Global Auction Platform ("GAP") is launched, a comprehensive cloud-based auction management SaaS



2013

Acquisition of BidSpotter.com, expanding our reach for Industrial & Commercial auctions

BidSpotter



2020

Acquisition of Auction Mobility, a US-based provider of customised auction software, website design and e-commerce solutions for auctioneers



2020

ATG and Proxibid merge under ATG Management



2018

2013



2018

Acquisition of Lot-tissimo, the leading Art & Antiques marketplace in Germany

LOT-TISSIMO



2020

2021

2021

Listing on the London Stock Exchange



2021

Acquisition of LiveAuctioneers in October 2021, extending ATG's offering into the North America Art & Antiques market

liveauctioneers



Our Investment Case

ATG sits at the intersection of thousands of auctioneers wanting to build a competitive online presence and millions of bidders seeking unique and specialised items. Our ability to lead the transformation of the auction industry underpins our key investment pillars.

01

A large and growing secondary goods market transitioning from offline to online

The growing popularity of auctions as a channel for secondary goods sales as well as the structural shift online of the industry creates positive tailwinds for ATG. The growing attractiveness of secondary goods due to the value they offer, as well as their sustainability credentials, should also provide a tailwind for ATG, even in a challenging economic backdrop.

[→ Find out more on page 15](#)

02

Unparalleled competitive position

Our marketplaces rank first in each of the geographies and verticals in which they operate, generating a low cost to acquire bidders and new inventory. A critical mass of bidders generates higher realised prices for second-hand items; this in turn attracts more asset listings on our marketplaces. Our shared success model ensures our auctioneer partners are able to grow alongside us.

[→ Find out more on page 18](#)



03

Scalable proprietary auction platform technology

Our technology enables incremental volume and market share gains at low marginal cost. We also acquire new bidders cost effectively. This combination enables high margin profitable growth. We invest steadily to ensure we can scale and innovate at a pace unmatched by competition.

[→ Find out more on page 18](#)



05

Proven, attractive and resilient financial model

We have a strong track record of growth. Our exposure to a mix of industries and geographies, combined with the development of a steady stream of new revenue sources, results in a cyclically diversified revenue base. Our high operational leverage leads to attractive and expanding profit margins and our capital-light model ensures strong cash generation.

[→ Find out more on page 32](#)

04

Six proven growth drivers

1. Extend the total addressable market
2. Grow the conversion rate
3. Enhance the network effect
4. Expand operational leverage
5. Grow the take rate via value-add services
6. Pursue accretive M&A

We have pulled these drivers for the past three years. We will continue to pull all six into the future.

[→ Find out more on page 20](#)

06

Experienced management team capable of execution

Our management team has a broad range of technological, commercial and e-commerce experience combined with a deep understanding of the auction industry. In the last year we have added to the breadth and depth of our team to ensure we are well placed to pursue the multiple opportunities in front of us.

[→ Find out more on page 10](#)

Chairman's Statement

ATG's results demonstrate the strength, increased diversification and resilience of our business model.

It is my pleasure to introduce ATG's results for the year ended 30 September 2022, our first full year as a public company.

Our FY22 results demonstrate the strength and resilience of ATG's business model. The Group has continued to deliver robust growth, lapping the strong performance in the prior year which had seen an acceleration in the shift online of auctions due to the Covid-19 pandemic, and as the macroeconomic backdrop has become increasingly uncertain. The auction industry has continued its structural shift online and there remains significant headroom for growth. ATG's leading position and shared success model makes us ideally placed to continue to lead this transformation, for the benefit of both auctioneers and bidders.

FY22 has been a year of significant progress as we continued to grow and diversify our business. ATG has integrated the acquisition of LiveAuctioneers and strengthened its competitive position in the North American online auction market.

The Group has also proven its ability to add additional layers of diversified growth through the growing adoption of value-add services, including marketing and payments solutions. This enhanced revenue diversification across geographies, industries and product provides both growth opportunities as well as increasing the resilience of our business model.

In the past year, ATG has also strengthened its passionate and ambitious Leadership Team, with a broad range of relevant skills and expertise, as well as a deep experience within the auction industry. The team is well placed to deliver the next stage of growth and to drive long-term value for shareholders. I would like to thank the entire ATG team for their unwavering focus and hard work in the last year and congratulate them for another year of strong results.

Financial performance and strategic highlights

ATG has maintained its strong track record of financial performance in FY22, delivering revenue of £119.8m (FY21: £70.1m) and adjusted EBITDA of £54.0m (FY21: £31.8m). ATG's high operational leverage and capital-light model resulted in strong cash generation enabling investment into the business to support future growth. The Board will review the Company's dividend policy on an ongoing basis but does not expect to declare or pay any dividends for the foreseeable future.

The Group made further strong progress against its six strategic growth drivers in the year. ATG grew its immediately addressable market with 22% THV growth at constant currency, driven by new auction houses using ATG's marketplaces, retaining existing auctioneers on the platform, as well as due to the increase in secondary asset prices. You can read more about progress on our strategy and our future priorities on pages 20 to 24 of this report.



“ATG has multiple growth opportunities ahead, as it leverages its market-leading position and leads the transformation of the auction industry.”

Board members and priorities

In the last 12 months, we have continued to strengthen our Board and have welcomed Pauline Reader, Suzanne Baxter and Tamsin Todd as independent Non-Executive Directors. Each of our new Directors brings to the Board their own set of unique skills, experience and knowledge in areas that are crucial to our business including marketing, finance and technology. As a result of these appointments the Board was fully compliant with the UK Corporate Governance Code for the majority of 2022, as set out in the Corporate Governance Report from pages 74 to 83 of this report.

Penny Ladkin-Brand stepped down from the Board after the AGM in January 2022 due to her other commitments. I would like to thank Penny for her valuable contribution to the Board during her time on the Board and as our first Audit Committee Chair.

We believe that maintaining a diverse Board is important and I am pleased to report that our Board composition is in line with the recommendations from the FTSE Women Leaders Review. Looking ahead, we plan to further enhance the diversity of our Board and you can read more about our plans for diversity in the Nomination Committee Report on pages 95 to 97.

In February 2022, the Board conducted an effectiveness review to obtain feedback on the progress of the Board and its Committees since IPO. The findings of this review highlighted the relevant experience of our Board members, the high levels of engagement and debate in meetings and the Board's focus on the right areas. Further details are set out in the Corporate Governance Report on page 75.

I would like to thank my fellow Board members for their contribution to ATG since their respective appointments. Their input, experience and commitment to building a framework of strong corporate governance have been integral in supporting the business in executing its strategy throughout the year.

Environment, Social and Governance (“ESG”)

Environmental sustainability is central to ATG. This is true both in how we operate but also in our reason for being: providing a channel of “re-commerce” by facilitating the sale of secondary goods and extending their life cycles through re-use, supporting the circular economy. I am also pleased to report that the Board established the Sustainability and Climate Risk Committee during FY22, demonstrating the Board's commitment to a sustainable future. This Committee has a primary objective to support the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), in addition to further climate-related developments and wider sustainability topics as required in the future. There are further details on the Group's contribution to sustainability and ESG strategy on pages 52 to 71.

Looking ahead

ATG has multiple growth opportunities ahead, as it leverages its market-leading position and leads the transformation of the auction industry as well as accelerating the growth of the circular economy. Whilst the macroeconomic outlook remains uncertain, the Group has built a resilient and diversified business model which positions it well to create value for auctioneers, bidders, employees and shareholders, whilst minimising risk. On behalf of the Board, I want to thank all ATG's stakeholders, and I look forward to working collaboratively as ATG continues to unlock the value in the secondary goods market.



Breon Corcoran
Chairman

1 December 2022

Chief Executive Officer's Statement

Strong full year results as the business continues to deliver on its six strategic drivers.

ATG's purpose is to unlock the value of the secondary goods market and in doing so, to significantly accelerate growth of the circular economy. Through our seven online marketplaces, we enable a large, diverse, and fragmented buyer base to bid on a wide range of secondary goods curated by thousands of expert auctioneers. We enable auctioneers to list curated assets online in a cost-efficient way, through our specialised marketplace technology, whilst also enabling auctioneers to access a large, global bidder base. Every year our marketplaces ensure that millions of specialised and unique used items are resold for re-use or repurpose, preventing waste and carbon emissions from the manufacturing of new items.

A year of further growth and progress

In FY22 we have continued to deliver strong revenue growth, even as we annualised our strong performance in FY21 that had benefited from the Covid-19 pandemic. Our growth also remained robust as we faced an increasingly uncertain macroeconomic environment, particularly in the second half of the year. We have diversified our business through the acquisition of LiveAuctioneers, which helps ATG to generate a cyclically balanced mix of revenues across A&A and I&C and increases our exposure to the larger US market. We have also proven our ability to add additional layers of growth through the roll out of value-add services including marketing and payments, which now accounts for 16% of Group revenue.

Our strong operational cash generation driven by our profitable and capital-light financial model has enabled us to carefully manage our balance sheet, whilst also providing us with the ability to invest in growth. We have invested in improving our product for our customers and auctioneers, and have also invested to strengthen and develop the team at ATG, not only at the leadership level, where we welcomed three new Board members and five new Leadership Team members, but also across the business where we added specialist roles in areas such as technology, marketing and finance. We have made these investments whilst maintaining a flat margin year-on-year, highlighting the strength of our financial model.

Growth across both of our verticals

In FY22 we delivered another year of strong growth, demonstrating the strength of the ATG model as well as the resilience of the structural shift online of the auction industry with growth delivered in both our verticals. Activity in online auctions has remained strong in FY22, as evidenced by the 22% THV² growth that our marketplaces delivered. In a period of economic uncertainty, we would expect auction activity to be robust, driven by the speed of sale and price realisation benefits of the auction channel, combined with an increase in the volume of secondary goods coming to auction.

Within I&C, revenue grew by 13% on a proforma basis³ driven by strong growth in GMV² of 29%, which in turn was driven by volume, mix and price growth of assets listed on our marketplaces. We have welcomed new auctioneers to our marketplaces, and our existing auctioneers have continued to list assets with us. As the economic outlook deteriorated in the second half, the rate of price increases of secondary assets softened. However, this was partly offset by improving volumes of assets coming to the I&C auction market, which also began to see a benefit from an increase in the rate of business insolvencies.

In A&A, revenue grew 10% on a proforma basis³, driven by strong growth in value-add services, including payments and advertising, as we were able to monetise more parts of the auction transaction and experience.

This demonstrates that ATG has the same marketplace monetisation options as seen in other online marketplaces around the world and that we can diversify our revenue growth levers by following a well-trodden path of marketplace development. GMV saw a small decline compared to the prior year and a normalisation in online auction activity following the Covid-19 pandemic and as physical auctions reopened.

Successful roll out of value-add services driving incremental growth

In the past 12 months, ATG has proven its ability to expand beyond the initial auction transaction into the broader auction ecosystem. We have evolved and expanded our auctioneer marketing programme,

Revenue

£119.8m
(FY21: £70.1m)

Adjusted EBITDA¹

£54.0m
(FY21: £31.8m)

1. This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 3 to the Consolidated Financial Statements, with definitions, an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.

2. Refer to the glossary for full definitions.

3. The Group has made certain acquisitions that have affected the comparability of the Group's results. To aid comparisons between FY22 and FY21, operational KPIs have been presented to include the results as if the acquisition of LiveAuctioneers and Auction Mobility had occurred on 1 October 2020, with growth rates shown on a constant currency basis using average exchange rates for the current financial period applied to the comparative period, and are used to eliminate the effects of fluctuations in assessing performance.



providing a revenue opportunity for both auctioneers and ATG. Auctions supported with marketing have proved to deliver better results; for example Proxibid auctions saw an average 72% increase in registered bidders and 38% increase in winning bidders when they were supported by ATG's digital marketing programme. We have upgraded the onsite advertising experience on our marketplaces, such as through the introduction of rotating banners and featured auction lots. However, with our marketing revenue currently at 0.4% of GMV, we still see significant opportunity to grow, through increasing auctioneer adoption of marketing as well as through developing new marketing solutions, including, for example, a new SMS feature that reminds registered bidders that an auction is about to start.

Our integrated payments solution roll out has continued to grow. Over 75% of US-based auction houses on LiveAuctioneers have now adopted the payments solution and in September, 42% of US-based gross transaction value on LiveAuctioneers was paid for using the solution. Payments provides both convenience to bidders, with a 99.8% payment rate for bidders who have a credit card on file, as well as speed and reliability to auctioneers, with a two to three times faster disbursement cycle when the solution is used. We have begun the roll out of payments onto Proxibid and are encouraged by the rate of adoption we have seen so far. In the coming year, we will focus on growing the adoption of payments across marketplaces as well as launching an integrated delivery solution on LiveAuctioneers.

Strengthening our competitive position with our focus on improving the End-to-End Experience

We are early in our journey to unlock the value of the secondary goods market. The auction industry remains well behind e-commerce in its digitisation journey, which represents significant opportunity for future growth. We have made good progress with phase one of our vision, "Foundations", to transform the auction industry and we are now in the second phase, "End-to-End Experience".



In this phase, we are enabling auctioneers to compete even more effectively with other sellers of specialised and unique secondary goods as we significantly improve the online bidding experience and as we simplify and streamline how auction lots are listed online. This will continue to drive our virtuous circle that benefits both auctioneers and bidders; more bidders participate in online auctions resulting in higher realised prices for second-hand items and in turn attracting more assets to be listed on our marketplaces.

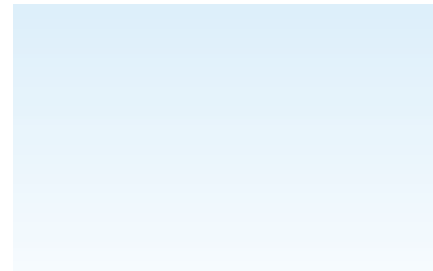
We have invested in our Search Engine Optimisation ("SEO") functionality to drive bidder acquisition, whilst also improving our marketplace taxonomy, filter and search functionality to drive bidder conversion. New editorial features on our marketplaces as well as new content-rich emails have driven bidder engagement to further strengthen the relationship that we have with our bidder base. Over the medium term we believe there is a significant opportunity to unlock the next generation of bidders, who are younger, web-native but time poor. For auctioneers, we have developed and are rolling out our integrating bidding widget, which will enable auctioneers to seamlessly cross-list assets across our marketplaces and our white label solutions to reach an even wider audience. We continue to facilitate the shift to timed online-only auctions with THV on timed auctions growing 31% year-on-year. Timed auctions both increase our conversion rate and reduce costs for our auctioneer partners and have continued to grow even as the physical live auction format has returned post pandemic. Retention rates of auctioneers remains very high demonstrating the value that we create through our shared success model.

Accelerating the growth of the circular economy

The ATG team has continued to work steadily to make the buying and selling of second-hand goods easier, and this shared social conscience is key to our purpose. ATG's online marketplaces ensure that millions of items are resold for re-use or repurpose each year, extending their value within the economy, preventing waste, and reducing the massive carbon emissions that

are a derivative of the manufacturing process for new items. A recent survey commissioned by ATG evidenced the growing consumer preference towards buying secondary goods, with 44% of respondents in the survey more likely to buy second-hand today than they were three years ago and only 13% less likely. Furthermore, of these respondents, 47% cited the importance of sustainable buying as a driver to buying second-hand, highlighting how consumers are looking to make greener choices. However, with over 40% of respondents in the survey still not realising that buying second-hand furniture is more sustainable than buying new, we believe there is a huge opportunity for ATG to be the voice of the industry in educating consumers on the benefits of buying second hand.

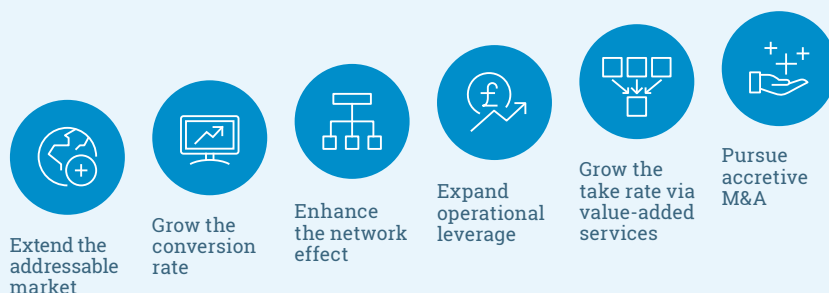
ATG is committed to making real reductions in the carbon impact of our operations. During the year, we implemented governance processes over our sustainability as the Board established a Sustainability and Climate Risk Committee, whose primary objective is to support the implementation of the recommendations of the TCFD, in addition to ensuring that climate-related risks and opportunities are identified, monitored and integrated into the business.



“Our business is more diversified today than where it was a year ago, and we have proven our ability to add additional layers of growth through the successful roll out of value-add services.”



Executing against our six growth drivers



Six growth drivers underpin our success. We have executed strongly against these in the past year and see significant opportunity ahead:

- Extend the addressable market:** Our THV has grown 22% at constant currency in the last 12 months as we have added new auction houses, and new lots to our marketplaces. We have actively identified new THV that we wish to bring online over the medium term.
- Grow the conversion rate (previously “online share”):** Even as physical auctions have returned post pandemic, our conversion rate has remained flat. For auctioneers we will continue to actively facilitate the shift from live to timed auctions, and for bidders, we will invest to make the bidding experience even easier driving bidder acquisition, engagement and conversion.
- Enhance the network effect:** We are continuing to make it easier for auctioneers to cross-list assets on our marketplaces and grow bidder reach as we roll out integrated bidding. Cross-listing also encourages bidders to use ATG as their primary search portal by presenting them with the broadest array of online inventory.
- Expand operational leverage:** We are investing in a single technology platform, which will provide both agility and flexibility to our operations, whilst also enabling the acceleration of new product development. We expect capital expenditure to increase to a range of £8m to £10m for two years which includes the capitalised expenditure on the technology platform, whilst we also expect the platform to lead to operational cost savings of approximately £2m per annum from FY25 onwards.
- Grow the take rate via value-add services:** We have expanded our marketing offerings, rolled out payments across LiveAuctioneers and have begun to roll out payments on Proxibid. We are focused on rolling out payments and driving adoption across Proxibid and other marketplaces in FY23 and plan to launch an integrated delivery solution later in the year on LiveAuctioneers.
- Pursuing accretive M&A:** We have integrated LiveAuctioneers and remain active in looking for value accretive opportunities to add to our footprint and to increase value across our network.

Leading the transformation of the auction industry

ATG remains uniquely positioned to lead the transformation of the auction industry. FY22 has been another year of growth and development. Our business is more diversified today by revenue and by vertical than where it was a year ago, and we have proven our ability to add additional layers of growth through the successful roll out of value-add services. Our strong track record of financial and operational performance, as well as our deep knowledge and scale to invest, gives us confidence in our ability to continue to execute against our growth strategy. Importantly, our shared success model will ensure our auctioneer partners are able to grow alongside us. The ATG team at all levels has done a superb job, and whilst the economic outlook is uncertain, particularly in the more cyclical A&A vertical, we are confident of the value we can continue to create within the auction ecosystem.

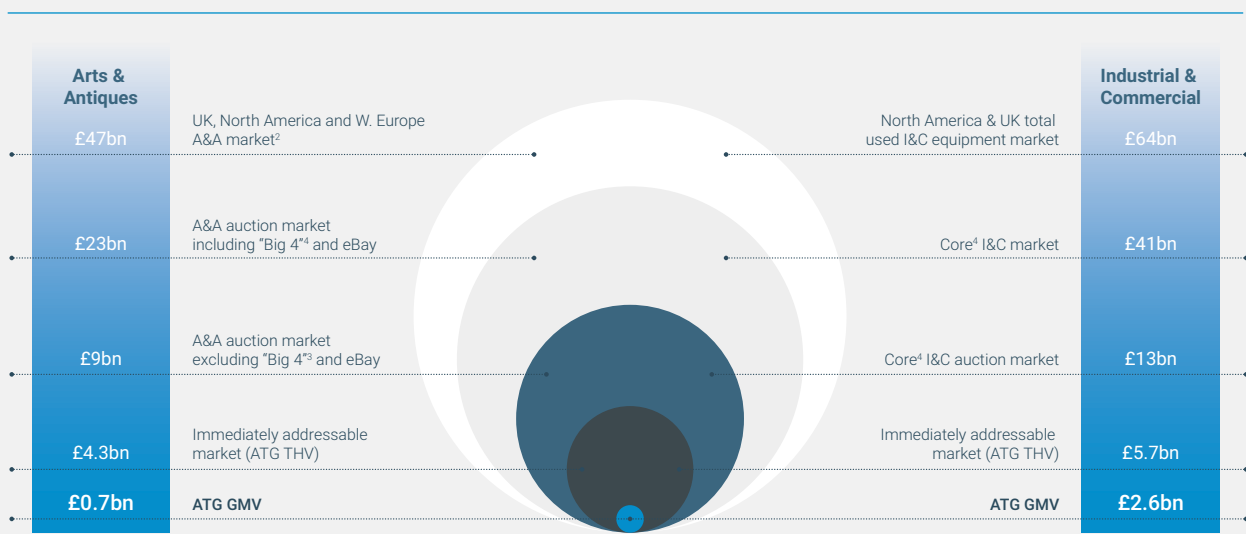
John-Paul Savant
Chief Executive Officer

1 December 2022

Market Overview

The total used asset market is very large and is expected to continue to show growth even in an uncertain macroeconomic outlook. A shift to online auctions and to timed auctions are also positive drivers for ATG.

Total used asset market for ATG¹



Arts & Antiques

A&A THV³ (immediately addressable market)

£4.3bn

FY22 +15%

Arts & Antiques represents a large, low growth market, driven by demand for a range of categories from furniture, watches and jewellery, to arts and other collectables. Whilst ATG’s addressable market sits largely with auctioneers in the mid-market space, we also partner with two of the “Big 4” auctioneers, largely on their lower-priced lots. We would therefore expect our total addressable market to also grow as we grow our share of sales from these auctioneers.

The global A&A market has seen modest growth in the last two years, driven by a return of buyer confidence post Covid-19 as well as a favourable pricing environment. Declining consumer sentiment and an uncertain macroeconomic outlook are expected to impact the pricing outlook in 2023. However, the overall market is still forecast to see modest growth to 2024 as macro factors improve.

Industrial & Commercial

I&C THV³ (immediately addressable market)

£5.7bn

FY22 +28%

The I&C used equipment market is made up of several verticals including construction, agriculture and manufacturing. ATG has seen strong demand for used assets across many of these verticals in FY22, as well as attracting new types of assets to its marketplaces including real estate, as evidenced by strong growth in both THV and GMV.

The used market has seen asset price increases caused by Covid-19 related supply chain issues and the knock-on impact on lengthening equipment replacement cycles. However, this has been partly offset by reduced availability of used equipment due to longer replacement cycles. As supply chain issues are expected to unwind in FY23, this is expected to both negatively impact the pricing environment, whilst also improving the volume available of used assets. Furthermore, an expected increase in the rate of business insolvencies should increase the volume of used assets for sale. Together this is expected to result in a stable outlook for the used equipment market in both North America and the UK.

1. Management estimates November 2022.
 2. Includes eBay A&A auctions only.
 3. Refer to glossary for full definitions.
 4. Core I&C market classified as grey, green and yellow iron and transport. Does not include other industrial segments such as mining and utilities, chemical manufacturing.

Auctions as a channel for used asset sales are growing in popularity

Auctions as a format for secondary goods sales have grown in popularity in both the A&A and I&C markets in the last three years, supported by greater innovation and faster online adoption. Consignors are attracted to the potential higher price realisation and transparency that auctions offer, as well as the speed of sale of assets. For the I&C sector, a return to historical levels of liquidations, which have recently been artificially suppressed by Covid-related business support packages, would be a further growth driver in the auction channel over the next two years.

Auctions share of the secondary goods market

A&A^{1,2}

42%

+9% CAGR FY19-FY22

I&C¹

32%

+2% CAGR FY19-FY22



1. Management estimates November 2022.
2. A&A auction market excluding eBay.

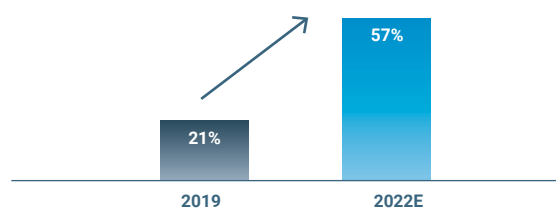
The structural shift from offline to online auctions is continuing

For the past 16 years, the auction industry has been gradually moving online. This shift has accelerated in the last five years, particularly during the Covid-19 pandemic as bidders and auctioneers recognised the economic benefit, practicality and ease of the online channel. As the global economy has reopened in the last year, the structural shift online of the auction industry has proven to be resilient with only some impact from the return of physical bidders. Furthermore, the mid-market A&A sector has seen a higher online penetration than the total A&A auction market.

Looking forward, the shift online is expected to continue, albeit at a more moderate rate with some slow down expected following the "pull forward" adoption of online auctions during Covid-19 as well as a modest impact from the return of physical bidding.

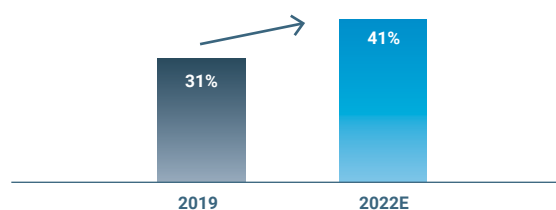
% of I&C Auctions (core market) that are online¹

FY19-FY22E 38% CAGR online auctions



% of A&A auctions (excl eBay and Big 4) that are online¹

FY19-FY22E 19% CAGR online auctions



Timed auctions as a format have headroom for growth

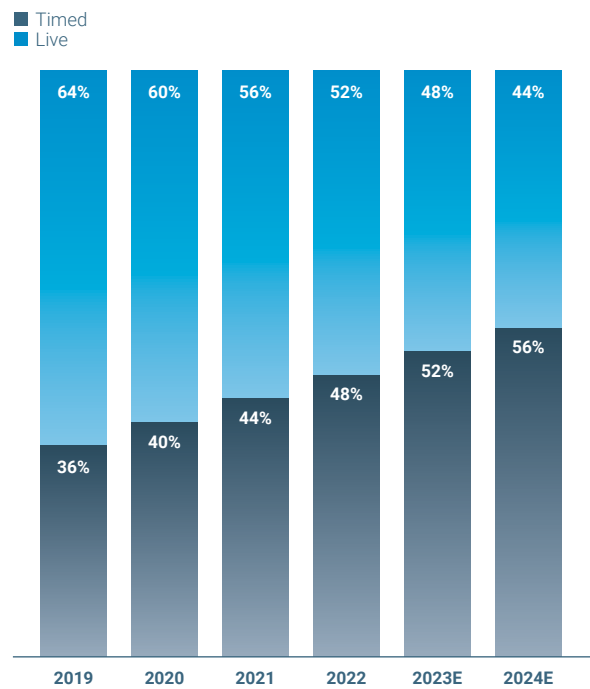
Timed auctions provide greater visibility of lots and comparable items, whilst also often providing equivalent hammer prices at a lower cost. As such, the timed format has gained share of the overall online market.

Within A&A (excluding the “Big 4” and eBay), timed auctions represent a small proportion of the online auction market today. Although this penetration has doubled in the last three years, there is still significant headroom for growth. Whilst we would expect the live auction format to remain better suited to the sale of higher value items, there is still a growing preference for timed auctions from many auctioneers and bidders, particularly for lower value items.

Within I&C, timed auctions represent 48%¹ of the online auction market, an increase from 36%¹ in 2019. However, an ATG bidder survey shows that 60%¹ of customers prefer timed auctions, with a further 23%¹ without a preference between live and timed, highlighting the additional headroom for time formats.



I&C online auction market by format¹
% of total Online Hammer Value, 2019–2024E



1. Management estimates November 2022.

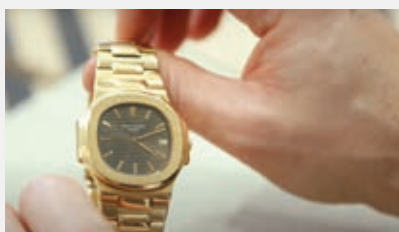
ATG makes it easier for consumers to make green choices



As consumers and businesses become increasingly conscious of their carbon and waste footprint, auctions play a critical role in facilitating the growth of the circular economy by ensuring millions of items are re-used and avoiding the carbon emissions associated with the manufacture of new items. According to external research, a basket of 15 popular items sold on ATG marketplaces in FY22 would have saved 3m tonnes of carbon versus the carbon impact from buying these items new.

Furthermore, as an online marketplace, ATG also helps to reduce the carbon emissions associated with travelling to a physical auction.

There is also a growing trend towards “re-commerce” as consumers want to purchase more sustainably, express personality in their purchasing, at the same time as bargain hunting, which is likely to be particularly important in times of macroeconomic uncertainty. We are passionate about spreading the awareness of the sustainable impact of auctions and we aim to show how every business and consumer can make a real change to protect future generations by not buying new.



44%

of respondents are more likely to buy second-hand than they were three years ago and only 13% are less likely.



47%

of these respondents cite sustainability as reason to buy more second-hand.



42%

of respondents do not realise that buying second-hand is greener than buying new, highlighting the opportunity for ATG to spread awareness.

1. ATG external survey September 2022.

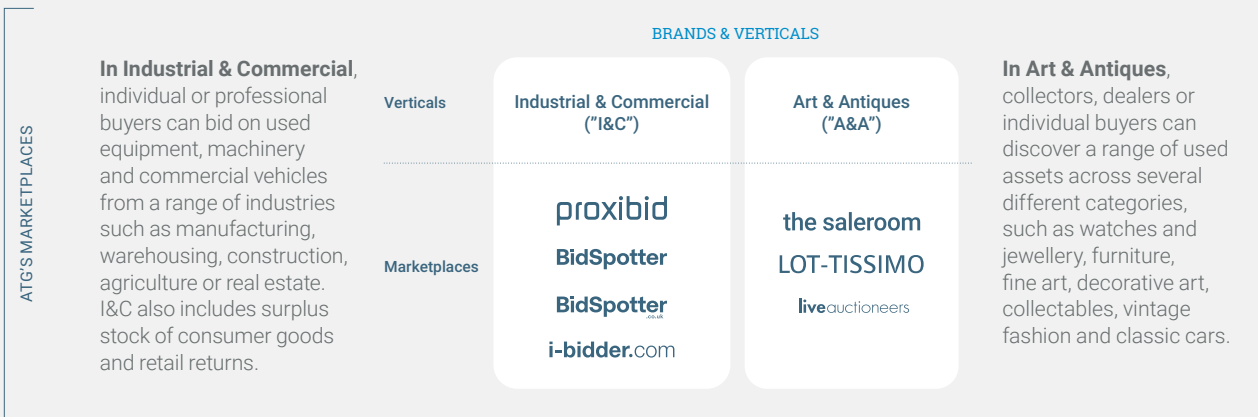
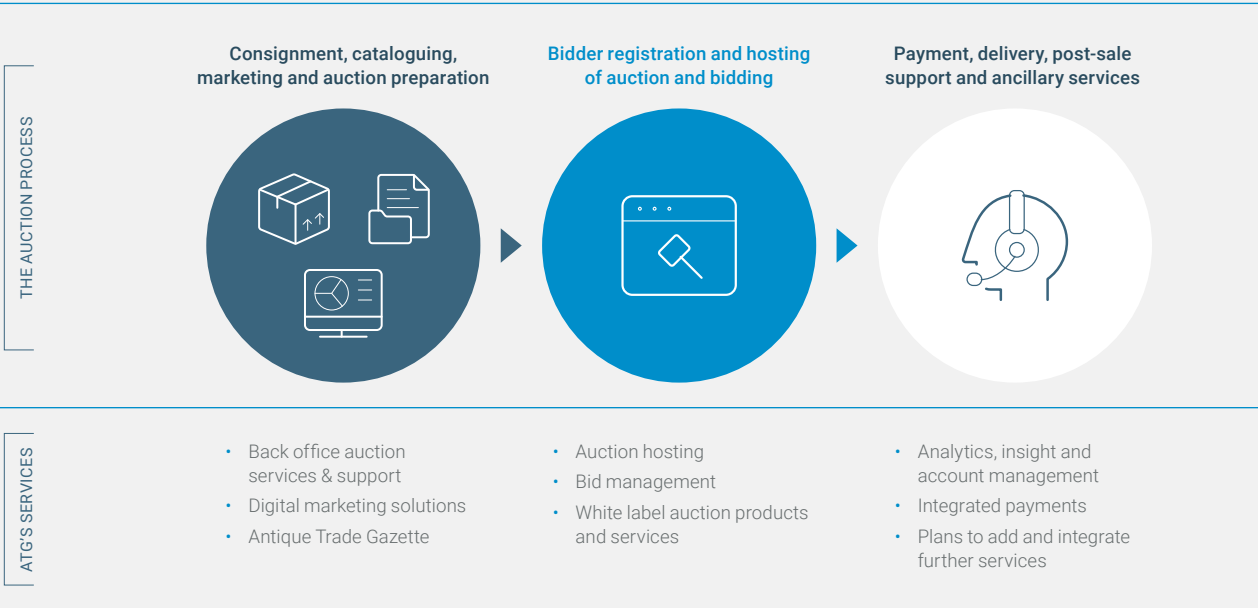
Our Business Model

We enable auctioneers to compete effectively online by providing them with the tools and technology to access a global online bidder base in a cost-efficient way.

What we do

ATG powers critical components of the auction value chain

ATG enables auctioneers to both digitise their business whilst also accessing a global audience of bidders that they would struggle to do so alone. Through the combined offering of technology, digital marketing capabilities and a global bidder base, auctioneers operating largely in the mid-market are able to operate more efficiently and grow their business. We offer multiple auction selling formats from timed online-only auctions, to live online-only auctions, to hybrid auctions. Bidders from over 170 countries use our seven marketplaces to discover, bid on and pay for a wide range of unique curated secondary market items.



How we do it

ATG differentiates itself through scale, technology and a shared success model

Critical mass of auctioneers and bidders

Our large auctioneer base with very high retention rates demonstrates the value that our multiple marketplaces and network effect offer to our auctioneers. Attracted by a scaled collection of unique curated secondary goods, we also have the largest online bidder base for curated auctions with over 172m bidding sessions in FY22 which helps drive a virtuous cycle.



Proprietary auction platform and technology

Our technology enables incremental volume at minimal additional cost. We are committed to continually improving the online bidding experience. Owning multiple marketplaces allows us to apply best practices across the platform, whilst also offering more opportunities for our auctioneers.

Shared success model aligning interests

For over 50 years we have worked in partnership with auctioneers. Our shared success model aligns ATG's ambitions with those of our auctioneer partners such that together we are united in growing the auction industry.



Creating value

ATG is well positioned to create value for all stakeholders



For our customers:
auctioneers

103m
bids

We empower auctioneers to access a global pool of online bidders and achieve operational cost savings through developing technology for their business.



For our consumers:
bidders

7m
lots sold

We enable bidders to discover specialised and unique items in a trusted, convenient and secure way.



For our shareholders

£120m
revenue

We invest to drive long-term sustainable value through growing revenues and earnings, and prudently managing our balance sheet. We have a large addressable market and strong competitive position.

£54m
adjusted EBITDA



For our people

We ensure our people can be at their best and have the opportunity to develop a rewarding career at ATG. We foster a culture where everyone feels they belong, has a voice and can reach their full potential.

91%
engagement
score



For the environment

We provide a channel of green commerce by facilitating the sale of used goods, extending their life cycles and avoiding the carbon impact from the manufacture of new items.

3m
tonnes of
carbon saved
from popular
15 items vs
carbon impact
of buying new

Our Six Strategic Drivers

ATG executes against six strategic growth drivers to unlock the discovery and value of millions of items.



1. Extend the total addressable market

What are the principles

We are focused on three main areas: working with existing auction houses to list more of their assets on ATG marketplaces; bringing new auction houses and new assets onto each marketplace and moving into new verticals that can benefit from our technology and bidders.

How we measure progress

- THV¹

Our progress in FY22

- THV grew 22% on a proforma basis at constant currency to £10.1bn driven by more auction houses listing more assets on our marketplaces, the mix of assets on our marketplaces and higher prices for secondary goods.
- New auction houses included the largest auctioneer of commercial trucks in North America.

Our priorities for FY23 and beyond

- Continue to actively identify new auction houses and assets that we want to bring online in the medium term.
- The macroeconomic backdrop can influence the volume and value of assets consigned through auction. We will work collaboratively with auctioneers to make it easier to list assets on our marketplaces to help facilitate the growth of the auction channel.

Associated risks

Risks 1, 2, 3, 4, 5, 6 and 9 as further detailed in the Principal Risks and Uncertainties section of this report.



2. Grow the conversion rate

What are the principles

Conversion rate is a function of how often ATG marketplaces provide the winning bidder and represents GMV as a percentage of THV. On the auctioneer side, we are facilitating the move from live auctions to timed auctions, bringing more exclusive inventory to ATG bidders. On the bidder side, we will enhance the end-to-end user experience to drive higher conversion.

How we measure progress

- Conversion rate¹

Our progress in FY22

- Even as physical auctions have returned post pandemic, our conversion rate has remained flat year-on-year at 33%.
- THV at timed auctions increased 31% in FY22 as we facilitated the shift from live to timed.
- Invested in our Search Engine Optimisation and improved the user experience on our websites including redesigning category landing pages. We reached 172m bidding sessions and 103m bids were placed in the year.

Our priorities for FY23 and beyond

- Facilitate the move to timed auctions through our account management teams.
- Develop and grow our marketing solutions to identify potential bidders, the underbidder and to drive bidder acquisition and conversion.
- Upgrade the user experience and roll out payments to make purchasing on our marketplaces easier.

Associated risks

Risks 1, 2, 3, 4, 5, 6 and 9 as further detailed in the Principal Risks and Uncertainties section of this report.



3. Enhance the network effect

What are the principles

By enabling auctioneers to cross-list on multiple marketplaces, they can gain access to a larger bidder pool in a convenient and cost-effective way with higher visibility for their auctions. Bidders can also easily access a larger and wider range of items available.

How we measure progress

- GMV¹

Our progress in FY22

- GMV grew 20% on a proforma basis at constant currency to £3.3bn, growing on the prior year which had benefited from the tailwinds from the Covid-19 pandemic.
- Developed an integrated bidding solution to make it easier for auctioneers to cross-list assets on our marketplaces and grow bidder reach.

Our priorities for FY23 and beyond

- Roll out of integrated bidding to make it easier for auctioneers to cross-list assets.
- This cross-listing encourages bidders to use ATG as their primary search portal by presenting them with the broadest array of online inventory.

Associated risks

Risks 1, 2, 3, 4, 5, 6 and 9 as further detailed in the Principal Risks and Uncertainties section of this report.

1. Refer to the glossary for full definitions.



4. Expand operational leverage

What are the principles

We operate a disciplined hub and spoke model with centralised costs to ensure we are able to improve profitability and generate cash as we grow, whilst also enabling our businesses to remain nimble and respond to market conditions.

How we measure progress

- Adjusted EBITDA margin

Our progress in FY22

- Adjusted EBITDA margin at 45% was flat on FY21 as the benefits of strong revenue growth and the Group's high operational leverage offset the adverse impact from full year public company costs, planned investments to drive future growth as well as the mix impact from the growth in lower margin payments revenue.

Our priorities for FY23 and beyond

- Investment in a single technology platform, which will provide both agility and flexibility to our operations, whilst also enabling the acceleration of new product development.

Associated risks

All risks as further detailed in the Principal Risks and Uncertainties section of this report.



5. Grow take rate via value-add services

What are the principles

We offer auctioneers a wider suite of services that will simplify their operations, improve the user experience for bidders whilst simultaneously enabling us to grow our revenue. Such services include marketing and an integrated payments solution.

How we measure progress

- Take rate¹

Our progress in FY22

- Take rate of 3.3% was down 0.2ppt from FY21 as the impact from growth of low commission real estate offset the growth of value-add services.
- Expansion of our marketing solutions, roll out of an integrated payments solution across LiveAuctioneers and the initial roll out of the integrated payments solution across Proxibid.

Our priorities for FY23 and beyond

- The roll out of payments and growing marketing across marketplaces in FY23.
- This will be followed by the development and roll out of other value-add services, including delivery.

Associated risks

Risks 1, 2, 3, 4, 5, 6 and 9 as further detailed in the Principal Risks and Uncertainties section of this report.



6. Pursue accretive M&A

What are the principles

Acquisitions and investments are a significant component of our growth strategy. Our focus is on expanding into new verticals or geographies by acquiring businesses that enhance our leadership position in the online auction space, enhancing the value of the network to auctioneers and bidders, and/or accelerating our ability to offer new value-added services.

How we measure progress

- All measures covered in other strategic drivers

Our progress in FY22

- Successfully integrated LiveAuctioneers' operations, team and culture into ATG.
- Shared best practices across businesses including through the roll out of payments.

Our priorities for FY23 and beyond

- Actively look for acquisition opportunities to add to our footprint and to increase value across our network.

Associated risks

Risks 5 and 9 as further detailed in the Principal Risks and Uncertainties section of this report.

Adding new auction houses



Extend the total addressable market

ATG is continually looking to extend its addressable market by actively attracting new auctioneers to our marketplaces. One example in FY22 was Indiana Auto Auction who serve some of North America's largest automotive and truck markets including in Detroit, Chicago and Indianapolis. They run regular heavy and light duty truck auctions, featuring a range of trucks and trailers for sale.

Attracted by Proxibid's extensive bidder reach and marketplace technology, Indiana Auto Auction completed its first online auction with ATG in April 2022 and saw immediate success, generating strong web traffic, a significant number of online bidders and importantly Proxibid providing a large number of winning bids for the very first auction. Since then, the partnership has continued to grow, with Indiana Auto Auction running 38 auctions on Proxibid to the end of September 2022, receiving over 120,000 catalogue views and attracting over 10,500 bidders at the auctions. Proxibid is looking forward to continuing to help Indiana Auto Auction reach new bidders and grow their business in FY23.



Growing our auctioneer marketing programme



Grow our conversion rate

+72%

increase in registered bidders on Proxibid when supported by digital marketing

Digital marketing is a key driver of auction success. We know that if we can help auctioneers to reach bidders more effectively, this will increase the number of bidders looking at auction catalogues, drive auction registrations and ultimately result in more bids being placed and higher values. For example, Proxibid auctions saw an average 72% increase in registered bidders and 38% increase in winning bidders when supported by digital marketing. We have upgraded our onsite advertisement experience on our marketplaces, such as through the introduction of rotating banners and sponsored auction lots. We continue to deliver new marketing solutions, including a new SMS feature that reminds bidders that an auction is about to start.

Although we have seen great success in the development and adoption of our auctioneer marketing programme, with marketing revenue currently less than 0.4% of our GMV, we still see significant opportunity to expand the programme to more auctioneers and auctions in the coming year.

Expanding the take rate via the development and adoption of our integrated payments solution



Grow the take rate via value-add services

Built to collect funds with the highest levels of ease, speed and security in the industry, ATG's integrated payments solutions enable auction houses to seamlessly accept payments from winning bidders. ATG's solutions replace a largely offline and complex payments process, enabling auctioneers to operate more efficiently, including through paying their consignors more quickly, and with greater confidence, as the integrated solution reduces the overall risk of fraud, chargebacks, disputes and non-payment. A payments solution also provides bidders with a more familiar, efficient and trusted checkout experience.

We have seen great success in the adoption of our integrated payments solution on LiveAuctioneers so far, with over 75% of US-based auction houses having been onboarded and in September, 42% of US-based gross transaction value was paid using the payments solution. We have added new features during the year including Instant Autopay, which enables credit card payments from winning bidders to be captured immediately upon invoicing. We have recently begun to roll out our payments solution to Proxibid and plan to roll out the solution to other marketplaces over the next year.

75%

of US auction houses on LiveAuctioneers have been onboarded with payments



We are executing against our purpose in three phases

ATG is uniquely positioned to lead the transformation of the industry, with deep knowledge and the scale to invest. We are executing against our purpose in three phases:



Foundation

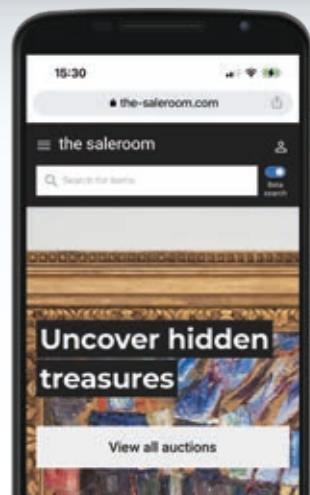
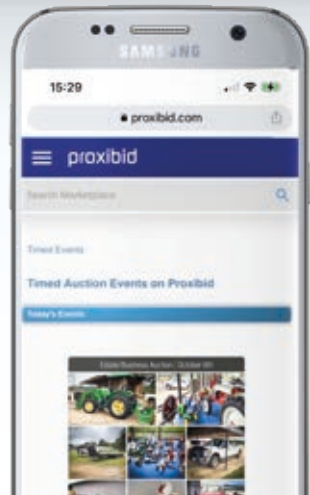
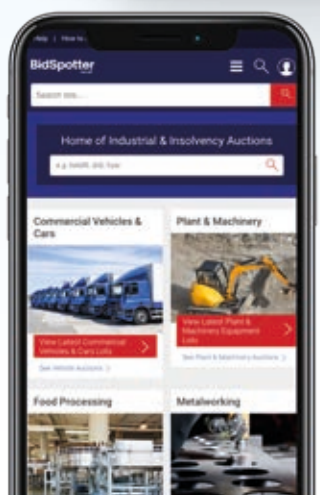
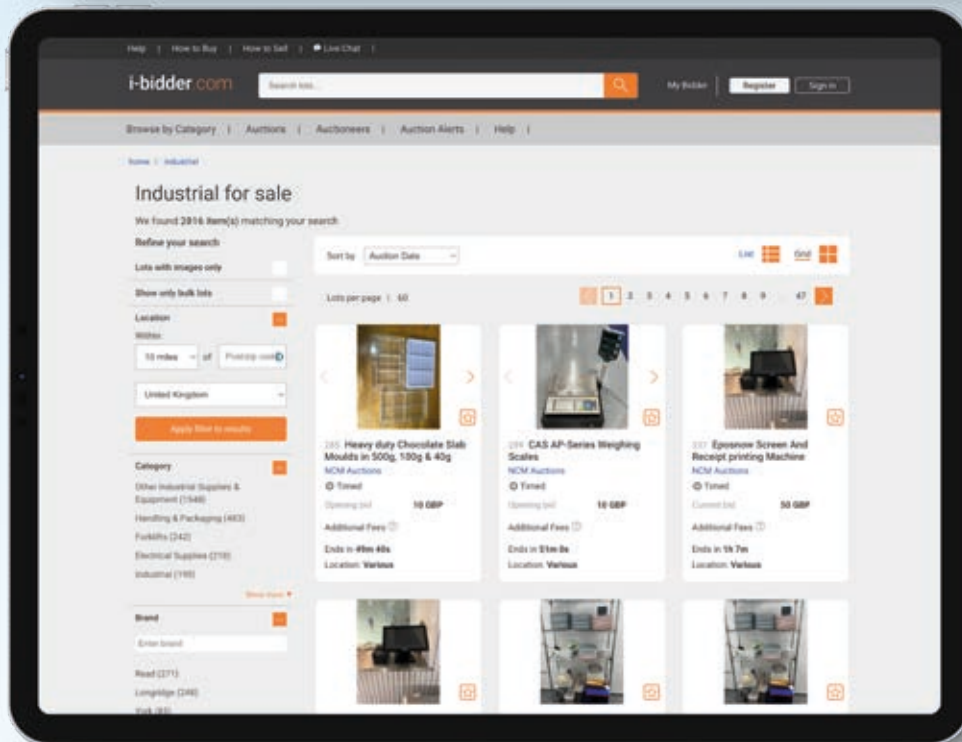
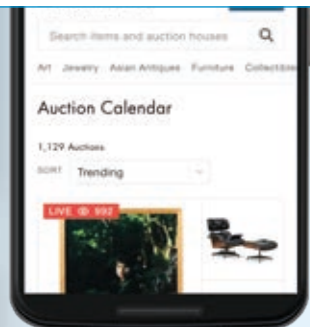
- Develop technology to work across multiple geographies and verticals
- Unify fragmented market
- Build shared success revenue model

E2E experience

- Build high standard e-commerce capabilities
- Upgrade user experience
- Integrate auction value chain
- Provide multiple tiers of service

Expansion

- Launch value-add services
- Extend into financing, insurance, restoration, repair, maintenance and logistics
- Expand ecosystem digitally to leverage insights



Key Performance Indicators

We monitor progress against the delivery of our strategic drivers using financial and non-financial key performance indicators.

Financial KPIs

Revenue
(£m)

£119.8m

22	£119.8m
21	£70.1m
20 ¹	£52.3m

Why we use this measure

Revenue is used to measure the Group's overall growth and trading performance.

Performance

Revenue increased 71% vs FY21, driven by the contribution from LiveAuctioneers, growth across each of the two reporting segments and a foreign exchange benefit.

Principal risks

1 2 3 4 5 6 9

Link to remuneration

Yes – see pages 106 to 112 of the Directors' Remuneration Report for further details

Strategy/focus area



Adjusted EBITDA²
(£m)

£54.0m

22	£54.0m
21	£31.8m
20 ¹	£22.2m

Why we use this measure

Adjusted EBITDA is the measure used to assess the operating performance of the Group.

Performance

The Group's adjusted EBITDA increased 70% year-on-year driven by strong revenue growth and including the acquisition of LiveAuctioneers.

Principal risks

1 2 3 4 5 6 9

Link to remuneration

Yes – see pages 106 to 112 of the Directors' Remuneration Report for further details

Strategy/focus area



1. In February 2020 the Group underwent a restructure at the same time as acquiring Proxibid. Full details of the restructure and accounting implications are detailed in the FY21 Annual Report and Accounts. As a result of the accounting for the restructure, the reported financial results for FY20 represent only an eight-and-a-half month period to 30 September 2020. To aid comparisons, FY20 has been presented as if the restructure and acquisition had occurred on 1 October 2019 and include the full year actual results for this period.
2. This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 3 to the financial statements, with definitions, an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.

Strategy/focus area



Extend the total addressable market



Grow the conversion rate



Enhance the network effect



Expand operational leverage



Grow take rate via value-added services



Pursue accretive M&A

→ Find out more on page 20

Adjusted EBITDA margin² (%)

45%

22	45%
21	45%
20 ¹	42%

Why we use this measure

Adjusted EBITDA margin represents the Group adjusted EBITDA as a percentage of total Group revenue and is used to assess the operating performance of the Group.

Performance

The Group's adjusted EBITDA margin was flat year-on-year as the benefits of strong revenue growth and the Group's high operational leverage offset the adverse impact from full year public company costs, planned investments to drive future growth as well as the impact from the growth in lower margin payments revenue.

Principal risks

1 2 3 4 5 6 9

Link to remuneration

No

Strategy/focus area



Adjusted free cash flow conversion² (%)

92.5%

22	92.5%
21	95.7%
20	88.0%

Why we use this measure

The Group monitors its operational efficiency with reference to operational cash conversion, defined as adjusted free cash flow as a percentage of adjusted EBITDA.

Performance

The Group generated £49.9m of adjusted free cash flow² in FY22 (FY21: £30.4m) and achieved adjusted EBITDA to adjusted free cash flow conversion of 92.5% (FY21: 95.7%).

Principal risks

1 2 3 4 5 6 9

Link to remuneration

No

Strategy/focus area



Strategic Report

Key Performance Indicators continued

Strategy/focus area

- Extend the total addressable market
- Grow the conversion rate
- Enhance the network effect
- Expand operational leverage
- Grow take rate via value-added services
- Pursue accretive M&A

→ Find out more on page 20

Financial KPIs

Basic loss per share (p)

(5.1)p

22	(5.1)p
21 ³	(31.0)p
20	(34.3)p

Why we use this measure

Basic loss per share represents the loss for the year attributable to ordinary shareholders.

Performance

Basic loss per share of 5.1p improved from a loss of 31.0p in FY21 driven by the reduction in loss after tax year-on-year.

Principal risks

1 2 3 4 5 6 7 9

Link to remuneration

No

Strategy/focus area



Adjusted diluted earnings per share² (p)

29.5p

22	29.5p
21	9.2p

Why we use this measure

Adjusted diluted earnings per share (previously called “adjusted earnings per share”) represents the adjusted earnings for the year attributable to ordinary shareholders divided by the diluted weighted average number of ordinary share outstanding during the year.

Performance

Adjusted diluted earnings per share of 29.5p increased from 9.2p in FY21 due to an increase in adjusted earnings after tax year-on-year.

Principal risks

1 2 3 4 5 6 9

Link to remuneration

Yes – see pages 106 to 112 of the Directors’ Remuneration Report for further details

Strategy/focus area



- In February 2020 the Group underwent a restructure at the same time as acquiring Proxibid. Full details of the restructure and accounting implications are detailed in the FY21 Annual Report and Accounts. As a result of the accounting for the restructure, the reported financial results for FY20 represent only an eight-and-a-half month period to 30 September 2020. To aid comparisons, FY20 has been presented as if the restructure and acquisition had occurred on 1 October 2019 and include the full year actual results for this period.
- This report provides alternative performance measures (“APMs”) which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 3 to the financial statements, with definitions, an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.
- The FY21 results have been restated to adjust the foreign currency translation reserves and finance income by £2.3m. Full details are provided in note 1 of the Consolidated Financial Statements.



Strategic Report
Key Performance Indicators
continued

Strategy/focus area



Extend the total addressable market



Grow the conversion rate



Enhance the network effect



Expand operational leverage



Grow take rate via value-added services



Pursue accretive M&A

→ Find out more on page 20

Operating KPIs

Total hammer value (“THV”)¹
(£bn)

£10.1bn



Why we use this measure

The Group’s THV represents the total final sale value of all lots listed on the marketplaces or the platform.

Performance

THV grew 29% at actual exchange rates and 22% at constant currency to £10.1bn, driven by more auction houses listing assets on ATG marketplaces, higher prices for secondary goods and the mix of assets on our marketplaces.

Principal risks

1 2 4 5 6 9

Link to remuneration

No

Strategy/focus area



Conversion rate¹
(%)

33%



Why we use this measure

The conversion rate (previously called “online share”) is calculated based on the GMV as a percentage of the THV. It represents the % of total final sale value of lots listed and sold on ATG’s marketplaces where the winning bid was placed on an ATG marketplace.

Performance

The conversion rate was flat year-on-year, as the impact of a return to physical auctions was offset by the continued shift to timed auctions and improvements made to the bidder experience on ATG marketplaces.

Principal risks

1 2 3 4 5 6

Link to remuneration

No

Strategy/focus area



1. Refer to the glossary for full definitions.

Gross merchandise value ("GMV")¹ (£bn)

£3.3bn

22	£3.3bn
21	£2.6bn
20	£1.9bn

Why we use this measure

The Group's GMV represents the total final sales value of all lots sold via winning bids placed on the marketplaces or the platform.

Performance

GMV has increased 27% year-on-year at actual exchange rates and 20% at constant currency driven by the growth in THV and a flat conversion rate year-on-year.

Principal risks

1 2 3 4 5 6 9

Link to remuneration

No

Strategy/focus area



Take rate¹ (%)

3.3%

22	3.3%
21	3.5%
20	3.8%

Why we use this measure

Take rate represents marketplace revenue as a percentage of GMV. It represents how we monetise the value of items sold on our marketplaces.

Performance

Take rate decreased by 0.2ppt to 3.3% as the impact from growth of low commission real estate offset the roll out and rising adoption of marketing and payments services.

Principal risks

1 2 4 5 9

Link to remuneration

No

Strategy/focus area



Chief Financial Officer's Review

Another year of strong growth and investment while maintaining adjusted EBITDA margins.

Revenue

£119.8m

FY21: £70.1m

Adjusted EBITDA¹

£54.0m

FY21: £31.8m

Profit/(loss) before tax

£9.3m

FY21: £(25.0)m²

Adjusted diluted earnings per share¹

29.5p

FY21: 9.2p

Basic loss per share

(5.1)p

FY21: (31.0)p²

Adjusted free cash flow¹

£49.9m

FY21: £30.4m

The financial results for FY22 are presented for the year ended 30 September 2022. On 1 October 2021, the Group completed its acquisition of LiveAuctioneers. The results for LiveAuctioneers are included within the A&A operating segment in FY22. Full details of the accounting implications are detailed in note 11 of the Consolidated Financial Statements.

The impact of the acquisition affects the comparability of the Group's results. Therefore, to aid comparisons between FY21 and FY22, alternative performance measures ("APMs") have been presented. The prior period proforma unaudited results have been presented as if the acquisition of LiveAuctioneers and Auction Mobility had occurred on 1 October 2020 on a constant currency basis.

Note 3 of the Consolidated Financial Statements includes a full reconciliation of all APMs presented to the reported results for FY22 and FY21.

Group

Group revenue on a reported basis increased 71% year-on-year to £119.8m, driven by the contribution from LiveAuctioneers, growth across each of the reporting segments and due to the foreign exchange benefit from the strengthening of the US dollar with 82% of the Group's revenue derived in US dollars. Proforma revenue growth of 11% was driven by GMV growth, as the structural shift of the auction industry online proved to be resilient, as well as strong growth from the roll out of value-added services including marketing services and payments. Value-add services across A&A and I&C grew 40% year-on-year at constant currency and now account for 16% of total revenue. The take rate across the Group decreased slightly to 3.3% as the positive impact from value-add services was offset by the growth of real estate which has a high lot value and lower take rate, resulting in marketplace proforma revenue growth of 11% to £108.0m.

Revenue

	FY22 £m	FY21 £m	Movement reported	Movement proforma ³
Arts & Antiques ("A&A")	55.3	16.2	241%	10%
Industrial & Commercial ("I&C")	52.7	43.7	21%	13%
Total marketplace	108.0	59.9	80%	11%
Auction Services	8.6	7.1	21%	9%
Content	3.2	3.1	3%	3%
Total	119.8	70.1	71%	11%

1. This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 3 to the Consolidated Financial Statements, with definitions, an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.
2. The FY21 results have been restated to adjust the foreign currency translation reserves and finance income by £2.3m. Full details are provided in note 1 of the Consolidated Financial Statements.
3. Operational KPIs are unaudited. Refer to the glossary for full definitions. The Group has made certain acquisitions that have affected the comparability of the Group's results. To aid comparisons between FY22 and FY21, operational KPIs have been presented to include the results as if the acquisition of LiveAuctioneers and Auction Mobility had occurred on 1 October 2020 shown on a constant currency basis using average exchange rates for the current financial period applied to the comparative period and are used to eliminate the effects of fluctuations in assessing performance.

Art & Antiques

Reported revenue in A&A increased by 241% to £55.3m and on a proforma basis, grew 10%. GMV declined by 5% at constant currency against challenging comparatives in the prior year which had benefited from the Covid-19 tailwind. Whilst THV growth on our marketplaces remained robust as we added new auction houses and new assets, the conversion rate in A&A decreased from 19% to 16%, impacted by the reopening of physical auctions and newer THV on our marketplaces, including THV from global auction houses, which tends to have a lower conversion rate. Revenue growth was enhanced by an increasing uptake of our payments solution on LiveAuctioneers, as well as growth in marketing revenue. As a result, the take rate in A&A increased by 1.2ppt to 8.0%.

Industrial & Commercial

Reported revenue increased 21% to £52.7m and on a proforma basis revenue grew 13%. This was largely driven by growth in the value and volume of secondary assets listed on our marketplaces with THV up 28% at constant currency. Secondary asset prices increased in the year, driven by shortages of equipment in primary markets, although the rate of price inflation did begin to soften in the second half of the year. High secondary asset prices were partially driven by lengthened I&C equipment replacement cycles, which in turn negatively impacted the volume available for secondary markets. The conversion rate in I&C was flat at 45%, driven by bidder conversion and a continued growth in the adoption of timed auctions. Performance in I&C was impacted by the growth of real estate which has a high lot value and low commission rate resulting in a decrease in the take rate from 2.3% to 2.0%. Excluding the impact of real estate, the take rate in I&C would have been flat.

Auction Services

Auction Services revenue of £8.6m grew 21% year-on-year and 9% on a proforma basis, benefiting from customer acquisition at Auction Mobility. We continue to see the benefits of offering auctioneers a suite of integrated products, which provides them optionality with accessing the online auction market.

Content

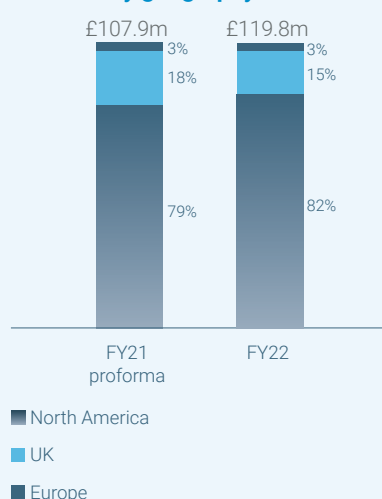
Content revenue grew 3% to £3.2m, driven by the ongoing recovery in advertising volumes following the impact of the Covid-19 pandemic, although we would expect content revenue to revert to its historic trends of moderate declines going forward.

Operating profit

Operating profit increased by 182% to £16.8m driven by the increase in revenue and a small decrease to the Group's administrative expenses year-on-year.

Gross profit increased 75% to £79.7m reflecting the increase in revenue and high flow through of revenue to gross profit. The gross profit margin of 67% was slightly up year-on-year as the growth of high margin commission revenue offset the dilutive margin impact from the growth of payments revenue.

Revenue by geography



Statutory financial performance

	FY22 £m	FY21 Restated ¹ £m	Movement
Revenue	119.8	70.1	71%
Cost of sales	(40.1)	(24.5)	64%
Gross profit	79.7	45.6	75%
Administrative expenses	(63.6)	(66.5)	(4)%
Other operating income	0.7	0.3	133%
Operating profit/(loss)	16.8	(20.6)	182%
Adjusted EBITDA (as defined in note 3)	54.0	31.8	70%
Finance income	2.1	12.7	(83)%
Finance cost	(9.6)	(17.1)	(44)%
Net finance costs	(7.5)	(4.4)	(70)%
Profit/(loss) before tax	9.3	(25.0)	137%
Tax expense	(15.4)	(2.4)	(542)%
Loss for the year attributable to the equity holders of the Company	(6.1)	(27.4)	78%

1. The FY21 results have been restated to adjust the foreign currency translation reserves and finance income by £2.3m. Full details are provided in note 1 of the Consolidated Financial Statements.

The Group's administrative expenses of £63.6m slightly decreased compared to the prior year largely due to the impact of one-off exceptional costs of £21.8m incurred in the prior year (FY22: nil) relating to the IPO and the acquisition of Auction Mobility and LiveAuctioneers as detailed in note 3, offsetting the other increases in the Group's cost base with the inclusion of LiveAuctioneers. The share-based payment expense in FY22 of £5.2m represents the pre-admission awards at IPO, the one-off LiveAuctioneers LTIPs and the 2021 and 2022 LTIPs which have been issued to Directors and senior management, including new additions to the ATG management team in 2022. This expense compares to a charge of £11.9m in FY21 which included the one-off share awards that were issued to Directors and employees as part of the IPO. We would expect share-based payments to increase in FY23, including the impact of awards for new senior management.

Excluding the year-on-year impact of exceptional costs and share-based payments, administrative expenses increased by £25.6m, driven by a £12.9m increase in amortisation, the additional costs from LiveAuctioneers, full year costs associated with being a listed company as well as planned investments to support future growth, including in new roles in our senior management team.

Adjusted EBITDA

Adjusted EBITDA definitions and reconciliations to the reported results are presented in note 3 of the Consolidated Financial Statements.

Adjusted EBITDA increased by £22.2m year-on-year to £54.0m, driven by strong revenue growth and the acquisition of LiveAuctioneers. The adjusted EBITDA margin of 45% was flat from FY21 as the benefits of strong revenue growth and the Group's high operational leverage offset the

adverse impact from full year public company costs, planned investments to drive future growth as well as the mix impact from the growth in lower margin payments revenue.

Net finance costs

Net finance costs were £7.5m compared to finance costs of £4.4m¹ in FY21. Finance costs of £9.6m (FY21: £17.1m) primarily relate to interest on our US dollar denominated Senior Term Facility which carries an interest rate linked to USD LIBOR. In the second half of the year, the increase in LIBOR as well as the strengthening of the dollar resulted in an increase in the interest cost. Finance costs also include commitment fees on the undrawn Revolving Credit Facility and amortisation of prepaid finance costs of £0.9m, as well as the movement in contingent consideration for Auction Mobility of £1.1m, and £0.7m related to the unwind of the discount on the LiveAuctioneers contingent consideration. In the prior year,

finance costs related to interest costs on borrowing including early repayment fees for the Old Senior Facilities agreement and interest on the preference shares which were fully settled as part of the IPO restructure. Finance income of £2.1m (FY21: £12.7m¹) related to foreign exchange gains primarily arising from our cash, external and intergroup loan balances held in US dollars and the appreciation of the US dollar versus pound sterling in the year. The FY21 results have been restated following a reassessment of the Group's subsidiary functional currencies. This resulted in a £2.3m gain within finance income; further details are provided in note 1.

Profit/(loss) before tax

After the impact of net finance costs, the Group reported a profit before tax of £9.3m (FY21: loss of £25.0m¹).

Taxation

The overall tax expense for the year was £15.4m (FY21: £2.4m¹), arising from the profit in the year and a deferred tax expense on unrealised foreign exchange differences. 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. The Group's effective tax rate for FY22 of

166% (FY21: 9.3%¹) is higher than the UK tax rate of 19% due to the net impact of allowable deductions for the exercise of share options and the deferred tax liability on the foreign exchange movements in the year.

The Group is committed to paying its fair share of tax and manages tax matters in line with the Group's Tax Strategy, which is approved by the Board and is published on our website www.auctiontechnologygroup.com.

Loss per share and adjusted diluted earnings per share

Basic and diluted loss per share was 5.1p compared to a loss of 31.0p¹ in FY21, driven by the reduction in loss after tax year-on-year. The weighted average number of shares in issue during the period was 120.3m (FY21: 88.2m shares), with the increase year-on-year primarily attributable to the full year impact of the equity raise for the LiveAuctioneers acquisition which occurred in June 2021 and shares issued for the IPO in March 2021.

Adjusted diluted earnings per share was 29.5p compared to 9.2p in FY21, and is based on loss after tax adjusted to exclude share-based payment expense, exceptional items (operating and finance costs), amortisation of acquired intangible assets and any related tax effects. The increase

year-on-year is due to the increase in adjusted earnings, partially offset by an increase in the weighted average number of ordinary shares and dilutive options in the year.

A reconciliation of the Group's diluted earnings per share to adjusted diluted earnings per share is set out in note 3.

LiveAuctioneers acquisition

On 1 October 2021, the Group acquired 100% of the equity share capital of LiveAuctioneers for total consideration of £404.0m. Of the total consideration, £28.3m was settled via equity instruments in the Company. When determining the consideration, the equity instruments were fair valued based on the share price as at the date the acquisition completed. LiveAuctioneers is the largest curated online marketplace for Art & Antiques in North America and the purpose of the acquisition was to further strengthen the Group's presence in this segment. The full acquisition accounting is detailed in note 11.

Foreign currency impact

The Group's reported performance is sensitive to movements in both the US dollar and the euro against the pound sterling with a mix of revenues included in the table below.

The average FY22 exchange rate of pound sterling against the US dollar significantly weakened by 7.3% and appreciated by 3.5% against the euro compared to FY21, as shown in the table below.

	Average rate			Closing rate		
	FY22	FY21	Movement	FY22	FY21	Movement
Euro	1.18	1.14	3.5%	1.13	1.16	(2.6)%
US dollar	1.27	1.37	(7.3)%	1.12	1.35	(17.0)%

When comparing revenue in FY21 to FY22, changes to currency exchange rates had a favourable impact on revenue of £6.1m. The Group also has a \$204.0m Senior Term Facility with interest costs which are also sensitive to movements in foreign currency, resulting in an unfavourable movement of £31.8m on the Facility as at 30 September 2022.

Statement of financial position

Overall net assets at 30 September 2022 have increased by £99.9m to £539.3m since 30 September 2021. Total assets increased by £187.9m, mainly due to the acquisition of LiveAuctioneers with significant additions to goodwill and intangible assets of £449.1m and a net cash outflow of £358.8m for the acquisition. The weakening of pound sterling against the US dollar during the year has given rise to a gain of £115.3m on assets held. The Group's goodwill and intangibles were tested for impairment at 30 September 2022 and whilst no impairment was recognised, the A&A and Auction Services cash generating units are very sensitive to the key assumptions used in the model. Refer to note 12 for further details.

Total liabilities increased by £88.0m, primarily due to the inclusion of LiveAuctioneers which included a deferred tax liability of £42.2m that arose due to acquisition accounting, foreign exchange movements on the external loan of £31.8m and a deferred tax liability of £15.9m on unrealised foreign exchange differences. An £86.1m gain was recognised within the foreign currency translation reserve relating to the net impact of foreign exchange differences arising on the translation of foreign operations.

Cash flow and adjusted net debt

The Group generated strong cash from operations at £49.4m (FY21: £15.9m) driven by the high flow through of revenue to adjusted EBITDA. Capital expenditure in the period was £4.5m (FY21: £2.1m) and primarily related to the inclusion of LiveAuctioneers capital expenditure, investments in technology to support platform enhancements in addition to infrastructure investment to support more seamless dual listing across our marketplaces. As we migrate towards a single technology platform, we would expect our total capital expenditure to increase to £8m to £10m for two years before normalising from FY25 onwards.

Adjusted net debt¹ as at 30 September 2022 was £129.0m, an increase from £119.7m as at 31 March 2022 as operating cash flow generation was offset by the foreign exchange impact on our \$204.0m Senior Term Facility. The Group had cash in bank of £51.8m and borrowings of £180.8m which was also impacted by the year-on-year movement in the US dollar versus pound sterling (31 March 2022: cash in bank of £35.2m and borrowings of £154.9m). As detailed in our post balance sheet events, we pre-paid \$43.7m of our Senior Term Facility at the start of October 2022. We expect to continue to make prepayments to our Senior Term Loan through FY23.

The adjusted net debt/ adjusted EBITDA ratio was 2.4x and if recalculating adjusted net debt using an average foreign exchange rate, the leverage ratio would be 2.2x.

The Group's adjusted free cash flow¹ was £49.9m (FY21: £30.4m), a conversion rate of 92.5% (FY21: 95.7%). A reconciliation of cash generated from operations to adjusted free cash flow¹ and adjusted free cash flow conversion¹ is included in note 3 of the Consolidated Financial Statements.

Dividends

The Group sees strong growth opportunities through organic and inorganic investments and, as such, intends to retain any future earnings to finance such investments. No dividends have been paid or proposed for FY22 or FY21.

Post balance sheet events

The Group pre-paid \$43.7m of their Senior Term Facility at the start of October 2022 using the Group's available cash.

Related parties

Related party disclosures are detailed in note 23 to the Consolidated Financial Statements.

Going concern

The Directors have undertaken the going concern assessment for the Group for a minimum of 12 months from the date of signing these financial statements. The Directors have assessed the Group's prospects, both as a going concern and its longer-term viability as set out on page 45. As part of the going concern review the Directors have reviewed the Group's forecasts and projections, assessed the headroom on the Group's Facilities and the banking covenants. This has been considered under a base case and several plausible but severe downside scenarios, taking into consideration the Group's principal risks and uncertainties set out on pages 40 to 44. Refer to note 1 for further details.

These scenarios individually, or collectively do not threaten the ability of the Group to continue as a going concern. Even in the most extreme downside scenario modelled (the combination of all downside scenarios occurring at once) the Group would be able to operate within the level of its current available debt facilities and covenants. After due consideration, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements for the Group.



Tom Hargreaves
Chief Financial Officer
1 December 2022

1. The Group provides alternative performance measures ("APMs") which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 3 to the Consolidated Financial Statements, with definitions, an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.





Risk Management

The Board seeks to maintain an effective approach to risk management whilst remaining alert for new and emerging risks.

Risk management framework

We aim to approach risk management in a simple and practical manner, whilst remaining agile to consider any new and emerging risks. The Board has overall responsibility for determining the nature and extent of its principal and emerging risks, the extent of the Group's risk appetite, and for monitoring and reviewing the effectiveness of the Group's systems of risk management and internal control.

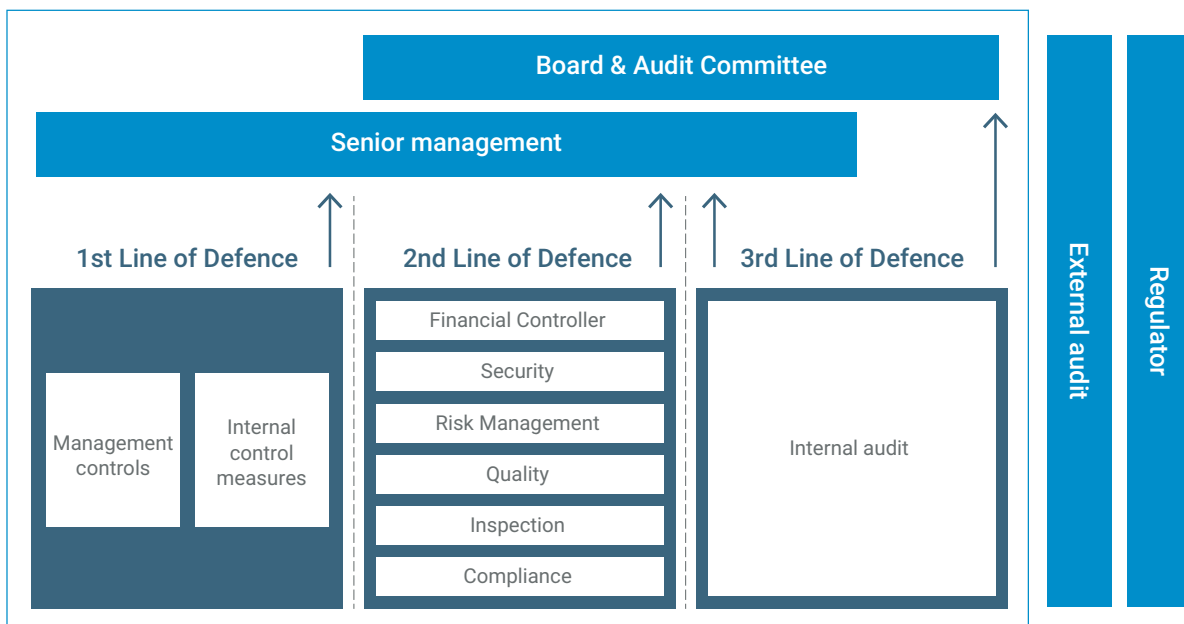
The Board is responsible for identifying the significant strategic, operational, financial, compliance and reputational risks and ensuring there is an appropriate

risk management framework in place to manage these risks. On an annual basis the Board formally approves the Group's strategic risk register.

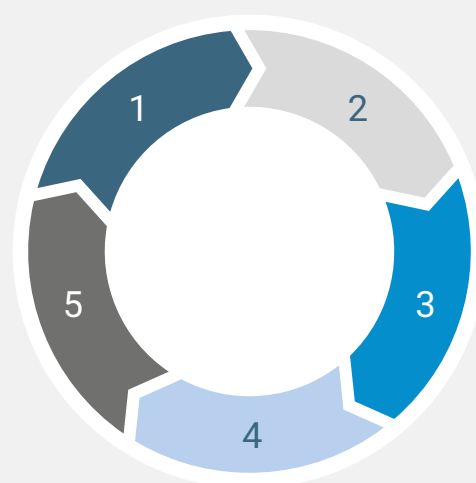
The Board has implemented a monitoring system to ensure that risk management and all aspects of internal control are considered on a regular basis. The monitoring system assists in determining the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives. The Group applies the principles of the "Three Lines of Defence" model, as illustrated in the diagram below.

Whilst having overall responsibility for risk identification and management, the Board delegates the day-to-day responsibility for risk management to the Leadership Team. The overall monitoring and review of the effectiveness of the internal controls and risk management is delegated to the Audit Committee.

Three Lines of Defence model



Risk management process and oversight



1

Setting risk appetite

The Board takes a prudent approach when deciding upon its appetite for risk and has reassessed its risk appetite during the year. There are areas of the Group's business where it is necessary to accept risks to achieve a satisfactory return for shareholders. These higher risk decisions are incorporated into the Board's overall risk appetite.

The Group wants to be best in class and highly respected across the industry. The Board will not accept any negative impact on reputation with any key stakeholders and will only tolerate minimum exposure such as minor negative press coverage. The Board will not accept negative impacts on employees.

In the pursuit of the Group's strategy and objectives, the Board is willing to accept that in some circumstances risks may result in some financial loss or exposure. The Board is not willing to accept revenue opportunities or cost saving initiatives unless a positive return is probable.

The Board is only willing to accept low to moderate exposure on operational performance such as information integrity, disaster recovery or succession planning.

2

Risk identification

Risks are identified both through a top down and bottom up approach, and once identified, the risks are captured in the Group's strategic and operational risk registers.

3

Risk assessment

Each risk area identified is assessed to ascertain the likelihood of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level.

4

Risk management

Each of the Group's principal risks has a designated owner from the Leadership Team. Risk registers are maintained to monitor changes in the risks during the year and the mitigating actions and controls in place to manage the risks.

5

Monitoring, reporting and review

The strategic and operational risks are monitored on an ongoing basis. Monitoring also includes considering new and emerging risks where the extent of their impact on the Group is not yet fully known and therefore they need to be tracked. The output from the Group's risk management process is subject to periodic review and challenge with the Leadership Team, the Executive Directors and subsequently, the Group's principal risks and uncertainties are submitted to the Audit Committee before final Board approval ahead of the Group's interim and full year results.

The principal risks identified for the Group linked to the Group's strategic priorities are shown in the table on page 40.

Principal Risks and Uncertainties

Identifying, monitoring and managing the Group's principal risks

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This included an assessment of the likelihood and impact of each risk identified, and the mitigating actions being taken. Risk levels were modified to reflect the current view of the relative significance of each risk.

The principal risks and uncertainties identified are detailed in this section. Additional risks and uncertainties to the Group, including those that are not currently known or that the Group currently deems immaterial, may individually or cumulatively also have a material effect on the Group's business, results of operations and/or financial condition. Whilst we operate in an evolving environment with several clear risks, we take a proactive and robust approach to identifying any new risks, and evaluating and mitigating all known risks through a regular review process.

New and emerging risks

The Board continues to review and monitor external and internal business environments to establish and understand risks and issues that are new, developing, growing or becoming more prominent. We do this through a combination of operational risk assessments and other horizon scanning initiatives. This enables us to plan our strategy and operations to minimise threats of this nature.

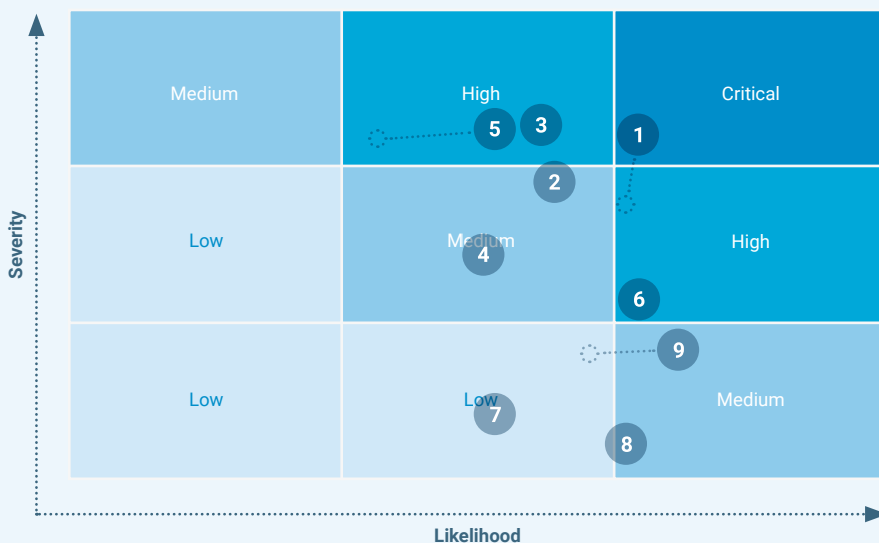
Emerging risks

The Group's ongoing risk management process ensures that emerging risks are identified and assessed by the Group's management to determine the impact on the business. Emerging risks, including climate-related risks and environmental reporting, were reviewed by the Sustainability and Climate Risk Committee and the Audit Committee during the year and reported to the Board. As a provider of digital marketplace technology our carbon footprint and environmental impact are low. Based on the nature of the Group's operations, it has been assessed that climate change actually

presents opportunities for the Group as we can facilitate and accelerate the growth of the circular economy, creating a global channel of sustainable commerce.

From the analysis performed with our external consultants it has been concluded that the financial impact of climate-related risks on the Group's operations is low. The Sustainability and Climate Risk Committee has identified a range of potential transitional, physical and investor-related risks and opportunities, across the Group's value chain, including platforms, customers, consumers and employees, which have been outlined in detail on pages 59 to 60. On this basis the Board has concluded there is no principal risk for the Group in respect of climate change.

Risk assessment matrix



Our risk assessment matrix prior to mitigating actions:

- IT infrastructure – stability and business continuity of auction platforms
- IT infrastructure – inability to keep pace with innovation and changes
- Data security/data loss
- Competition
- Failure to deliver expected benefits from acquisitions and/or integrate the business into the Group effectively
- Attracting and retaining skills/capabilities and succession planning
- Regulatory compliance
- Governance and internal control
- Economic and geo-political uncertainty

---Year-on-year movement

Strategy/focus area



Extend the total addressable market



Grow the conversion rate



Enhance the network effect



Expand operational leverage



Grow take rate via value-added services



Pursue accretive M&A

[Find out more on page 20](#)

Trend key



Heightened risk



No change



Reduced risk

Risk and potential impact	Change during the year	Mitigating action / controls	Link to strategy	Trend
<p>1. IT infrastructure – stability and business continuity of auction platforms</p> <p>An inability to maintain a consistently high-quality experience, including network or server failure for the Group's auction house and bidder customers across its marketplaces or platform, could affect the Group's reputation, increase its operational costs and cause losses.</p> <p>IT service disruption could occur due to interruption in the provision of service from key suppliers whether that be from natural disasters, the impact of climate change, cyber-attacks or technology failure.</p>	<p>The Group has grown with the acquisition of LiveAuctioneers and now operates seven marketplaces across three technology platforms, which requires continuous real-time monitoring.</p> <p>A new global Chief Technology Officer was appointed during the year to oversee the future of the Group's platforms, with a view to accelerating the network effect across the Group.</p> <p>A new cross-functional team has also been established to focus on ensuring stability in the Group's platforms.</p>	<p>The Group maintains a scalable and resilient IT infrastructure with real-time monitoring and alerts. Processes are in place to ensure that dedicated technical and client operations teams are mobilised to minimise client impact.</p> <p>We have a dedicated team who have modernised the Group's monitoring and alerting framework to include real user monitoring features to gain perspective on our customers' experience in the marketplaces.</p> <p>There are plans in place to transition all marketplaces to a single technology platform, centralise key back office functions and streamline processes over the next two years.</p> <p>Owner: Chief Technology Officer</p>		↑
<p>2. IT infrastructure – inability to keep pace with innovation and changes</p> <p>If the Group fails to keep pace with innovation and changes in technology this could result in fewer auction houses and/or bidders using the marketplaces or platform and therefore a loss of revenue.</p>	<p>To ensure the Group keeps pace with the requirements for the auction houses and bidders using our marketplaces the role of global Chief Product Officer was established during the year.</p> <p>A roadmap has been established to migrate our three technology stacks to a single technology platform. This platform will allow us to become even more agile in our response to technology innovations.</p>	<p>The newly appointed role of Chief Product Officer will be key to developing the Group's value-add services. They will also oversee the dedicated product team who are responsible for keeping pace with changes in customer expectations and technological developments and defining the roadmap of features for the platforms and marketplaces. New functionality is tested with a subset of the user base, to gather real-time usage data and feedback, to then optimise the user experience.</p> <p>Owner: Chief Product Officer</p>		—
<p>3. Data security/data loss</p> <p>A key asset to our business is our data. Like many technology businesses, the risk of security breaches and/or targeted attacks and other disruptions is ever present. Whilst we design security into the way we operate, we are acutely aware that any compromise to our systems could disrupt the Group's business, compromise sensitive and confidential information, affect the Group's reputation, increase its operational costs and cause potential financial losses in the form of penalties.</p>	<p>Throughout the year, we have performed a range of continuous improvement activities to reduce the impact and likelihood of potential cyber-attacks in the future.</p> <p>We have also engaged a senior resource, as Head of Information Architecture and Security, who has further enhanced our strategic security programme, and will be considering additional tooling to respond to the evolving threats.</p>	<p>The Group has an internal governance framework for data protection and security policies and procedures in place along with robust IT and security controls. Annual penetration tests are performed on all proprietary systems along with security recommendations from third-party security providers which are reviewed each month.</p> <p>The Head of Information Architecture and Security oversees all data security matters, with independent assurance from our Group Data Protection Officer, who both work with stakeholders across the Group to review, develop and improve our security practices and processes.</p> <p>Owner: Chief Technology Officer</p>		—

Strategic Report

Principal Risks and Uncertainties

continued

Strategy/focus area



- Extend the total addressable market
- Grow the conversion rate
- Enhance the network effect
- Expand operational leverage
- Grow take rate via value-added services
- Pursue accretive M&A

[Find out more on page 20](#)

Trend key

- Heightened risk
- No change
- Reduced risk

Risk and potential impact	Change during the year	Mitigating action / controls	Link to strategy	Trend
<p>4. Competition</p> <p>The Group's business model may come under significant pressure should a significant number of auction houses choose to take bidder generation, technology development and customer service (amongst other things) in-house or to a competitor marketplace, and so bypass our marketplaces. This also includes auction houses who use the Group's white label offering to maintain or build their own brand presence and operations online rather than using the Group's platform.</p>	<p>We have successfully integrated LiveAuctioneers, and our revenue is now evenly split between A&A and I&C, providing ATG with exposure to a range of end markets.</p> <p>ATG also benefits from scale and a first mover advantage in the online auction market. As the Group grows the number of bidder sessions, reaching 172m in FY22, this will likely result in higher realised values and therefore attract more assets to be listed on ATG's marketplaces. Due to these scale benefits, the Group has a high retention rate with auctioneers who see the benefit of the ATG model. Furthermore, with c.3,800 auction houses on the marketplaces, the Group has a low revenue concentration, meaning that the churn of any single auction house will not have a large effect on revenues.</p> <p>We have also continued to improve our user experience in order to enhance the bidder journey on our marketplaces.</p>	<p>The combination of our leadership, people, agile way of working and strong industry knowledge and networks helps to ensure that we stay up-to-date with the competitive landscape within which we operate.</p> <p>We are constantly innovating with our technology and engaging our customers for feedback. We also undertake regular horizon-scanning activities to understand competitive threats and opportunities.</p> <p>The Group is investing in its End-to-End Experience to significantly improve the online buying experience at auction as well as simplifying and streamlining how auction lots are listed online to further strengthen its competitive position.</p> <p>Owner: Chief Executive Officer</p>		—
<p>5. Failure to deliver expected benefits from acquisitions and/or integrate the business into the Group effectively</p> <p>The Group has recently made and in the future may undertake further acquisitions and investments, which may prove unsuccessful or divert its resources, result in operating difficulties, and otherwise disrupt the Group's operations.</p>	<p>At the start of FY22, the acquisition of LiveAuctioneers completed, a significant acquisition for the Group.</p> <p>Integration of LiveAuctioneers into the Group has progressed well. Key senior management from LiveAuctioneers have been retained and taken on global roles within the Leadership Team. Best practices have been shared across LiveAuctioneers and the Group including in the development and roll out of payments starting on Proxibid.</p>	<p>We have an experienced Head of M&A who takes a disciplined approach to identifying and testing acquisitions to ensure they would be an appropriate strategic fit for the Group as well as earnings enhancing.</p> <p>Clear plans and route maps are prepared to successfully integrate newly acquired businesses into the Group. It is important that we retain key expertise in our newly acquired businesses. Post the acquisitions completing we continue to review operational structures to ensure they are optimised globally.</p> <p>Performance of the acquired businesses are reviewed against the initial investment cases prepared to ensure their performance is in line with original expectations.</p> <p>Owner: Chief Executive Officer</p>		↑







Risk and potential impact	Change during the year	Mitigating action / controls	Link to strategy	Trend
<p>6. Attracting and retaining skills/capabilities and succession planning</p> <p>Our business depends on hiring and retaining first class talent in the highly competitive technology industry. Inability to attract and retain critical skills and capabilities could hinder our ability to deliver on our strategic objectives.</p>	<p>During the year the Group has recruited a number of senior hires, including a new Chief People Officer, to help ensure we attract and retain first class talent through our remuneration packages, working practices and culture. The Group has focused on strengthening its Leadership Team, with a broad range of relevant skills and experience as well as a deep experience within the auction industry.</p> <p>This strengthening has not only been at the leadership level with three new Board members and five new Leadership Team members, but also across the business where we have added specialist roles in areas such as technology, marketing and finance.</p>	<p>As a global business it is important that we perform regular reviews of our remuneration packages, share incentive schemes, and training provided to our employees. Annual employee surveys and performance reviews are undertaken across all levels.</p> <p>The Chief People Officer role is working to ensure the integration of culture across the different businesses. The CEO and CFO regularly travel to businesses outside the UK to assist with talent retention. The Nomination Committee has continued to review succession planning for the Board and senior management.</p> <p>Further details on our people can be found in the Sustainability Report on page 66.</p> <p>Owner: Chief People Officer</p>		—
<p>7. Regulatory compliance</p> <p>The Group operates in a constantly changing and complex regulatory environment, increasingly so following its listing on the London Stock Exchange during FY21. There is a risk that the Group, or its subsidiaries, fail to comply with these requirements or to respond to changes in regulations, including the Financial Conduct Authority's rules and guidance, or specific legislation in the territories in which the Group operates including the Competition and Markets Authority in the UK.</p> <p>This could lead to reputational damage, financial or criminal penalties and impact on our ability to do business.</p>	<p>There continues to be further regulatory requirements and focus placed on listed businesses. In FY22 the Group is required to report for the first time on climate-related issues in line with the Task Force on Climate-related Financial Disclosures framework.</p> <p>Whilst not material for the Group, the evolution of sanctions law, and in particular with reference to Russia, will continue to be closely monitored by the management team.</p>	<p>Compliance for the Group is overseen by the Audit Committee and the Board has ultimate responsibility. The Board and its committees are supported by our legal, company secretary, finance, operations and technology teams. We ensure that all our people are appropriately trained in compliance, relative to their roles.</p> <p>We have developed a detailed governance framework to monitor our legal and regulatory risks, and to ensure that we comply with the principles, rules and guidance applicable to our regulated activities. These are regularly reported upwards to the Audit Committee and Board.</p> <p>Owner: Chief Financial Officer / Chief Operating Officer</p>		—

Strategic Report

Principal Risks and Uncertainties




continued









Strategy/focus area

-  Extend the total addressable market
-  Grow the conversion rate
-  Enhance the network effect
-  Expand operational leverage
-  Grow take rate via value-added services
-  Pursue accretive M&A

[Find out more on page 20](#)

Trend key

-  Heightened risk
-  No change
-  Reduced risk

Risk and potential impact	Change during the year	Mitigating action / controls	Link to strategy	Trend
<p>8. Governance and internal control</p> <p>Any failure and/or weakness in this area (financial and non-financial) could have an impact on the operations of the Group.</p>	<p>As a still relatively newly listed Group, establishing and maintaining corporate governance best practice, an effective and efficient risk management and internal control system, proportionate to the needs of the Group, is a key part of our short and long-term success.</p> <p>During the year, a review of the Group's policies and procedures which were established at the time of IPO was conducted to ensure they remain appropriate for the enlarged Group. Reviews on the financial controls in particular were undertaken by internal audit.</p>	<p>The Audit Committee fulfils a vital role in the Group's governance framework, providing independent challenge and oversight of the accounting, financial reporting and internal control processes.</p> <p>The Board has ultimate responsibility for ensuring compliance with the Corporate Governance Code. For further information on activities undertaken by the Board and Committees during the year see pages 73 to 100.</p> <p>Owner: Chief Financial Officer / Chief Executive Officer</p>		—
<p>9. Economic and geo-political uncertainty</p> <p>Group performance could be adversely impacted by factors beyond our control such as the economic conditions and political uncertainty in key markets.</p>	<p>The Group benefited from the Covid-19 pandemic in FY21 and therefore faced tough comparatives in FY22. However, the Group continued to grow and did not see a significant reversion in the number of online auctions being held. Impacts to global supply chain following Brexit also increased demand and pricing for second-hand goods, particularly in the I&C market.</p> <p>There has also been an increase in macroeconomic uncertainty globally, especially in the second half of FY22 as a result of the war in Ukraine, rising energy and inflation costs and the rising interest rates. Concerns on the impact on consumer sentiment could impact the more cyclical A&A business.</p> <p>Our business has become increasingly diversified in FY22 as we have rolled out value-add services, including marketing and payments, which grew 52% in FY22 and now account for 16% of Group revenue.</p> <p>More detail on the impact in FY22 can be found in the Market Overview section on page 14.</p>	<p>Management and the Board keep abreast of macroeconomic developments and ensure that the Group responds swiftly to any changes as they materialise.</p> <p>The Group demonstrated through the Covid-19 pandemic that it has a strong business model and its diversified revenue streams and geographical markets help to mitigate the impact of political or economic instability in any particular country or region. This has become further reinforced with the acquisition of LiveAuctioneers, with the Group's revenue now evenly split between the A&A and I&C markets which provides a cyclically diversified revenue mix.</p> <p>The Group's commission revenue stream is directly linked to asset prices which provide a natural inflation hedge. The diversification of the Group's revenue streams as we roll out and grow value-add services including payments and marketing also provides diversification in more uncertain economic periods.</p> <p>The Group's exposure to the secondary goods market may benefit in periods of economic uncertainty as buyers look for value in second-hand assets and also as the supply of second-hand assets at auctions increase due to the need for liquidity, including through business insolvencies.</p> <p>Owner: Chief Financial Officer / Chief Executive Officer</p>	     	

Viability Statement

Overview

The Directors have assessed the Group's prospects, both as a going concern and its viability longer term. Understanding of the Group's business model, strategy, principal and emerging risks is a key element in the assessment of the Group's prospects, as well as the formal consideration of viability. The Group's strategy is detailed on pages 20 to 21 and the Group's principal risks described on pages 40 to 44.

The Group's prospects are assessed primarily through its annual long-term detailed planning process which considers profitability, the Group's cash flows, committed facilities, liquidity and forecast funding requirements. This exercise is completed annually and was signed off by the Board in September 2022. As part of this the Board considers the appropriateness of key assumptions, taking into account the external environment and the Group's strategy.

Liquidity and financing position

The Group's modelling has been prepared based on the Group's financing arrangements which include the following:

- a \$204.0m Senior Term Facility. The Senior Term Facility was drawn in full immediately prior to completion of the LiveAuctioneers acquisition on 30 September 2021 and will be due for repayment on 17 June 2026; and
- a \$49.0m multi-currency Revolving Credit Facility. Any sums outstanding under the Revolving Credit Facility will be due for repayment on 17 June 2025, subject to the optionality of a 12-month extension.

The assessment period

The Directors considered a number of factors in determining the period covered by the assessment. This included the Group's principal risks, the current and future financing arrangements, and the certainty over future auction activity. By their nature, forecasts inherently become less accurate and more uncertain as the planning horizon extends. While we prepare a five-year plan, the plan's focus is mainly on the first three years with the outer two years relying more on expected trends and extrapolations.

The Directors have assessed the appropriateness of this assertion as detailed business planning focuses on the near-term budget process based on the information available to the Group for the markets and operating environments in which the Group operates, with decisions on future funding and capital allocations focused on this period.

In this context, the long-term viability assessment has been based on a three-year time frame, covering the period to 30 September 2025. On this basis the Directors have determined that three years was the most appropriate period for assessing the Group's prospects.

Forecasts and prospects

The Group's prospects have been assessed mainly with reference to the Group's strategic planning and associated long-range financial forecast. This incorporates a detailed bottom-up budget for each part of the business. The budgeting and planning process is thorough and includes input from department managers, as well as the Leadership Team.

The Directors participate in strategic planning and reviews the detailed bottom-up budgets. The outputs from this process include full financial forecasts of revenue, adjusted EBITDA, adjusted and statutory earnings, cash flow, working capital and net debt. The Directors consider that the planning process and monthly forecast updates provide a sound underpinning to management's expectations of the Group's prospects.

Assessing the Group's viability

The viability of the Group has been assessed, taking into account the current financial position, including external funding for the Group in place over the assessment period, and the impact of certain scenarios arising from the principal risks, which have the greatest potential impact on viability in that period.

A number of scenarios have been modelled, considered severe but plausible, that encompass these identified risks. Whilst each of the risks for the Group outlined on pages 40 to 44 has a potential impact and has been considered as part of the assessment, only those that represent severe but plausible scenarios were selected for modelling.

For each scenario, the modelling captured the impact on key measures of profitability, cash flow, liquidity and debt covenant headroom. The scenarios have been run both individually and combined (the combination of all downside scenarios occurring at once is considered to be remote). The scenarios are hypothetical and purposefully severe with the aim of creating outcomes that have the ability to threaten the viability of the Group. The Group has multiple control measures in place to prevent and mitigate the scenarios from taking place.

Although each of the downside (and the combined) scenarios result in increased leverage they all result in headroom over the bank facilities and covenants at all testing points, even where none of the mitigating actions have been applied such as reducing discretionary capital and operating expenditure.

Viability statement

Based on these severe but plausible scenarios the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 September 2025.

Downside scenario	Associated principal risks	Description
Significant reduction in commission revenue due to THV reduction	<ul style="list-style-type: none"> • IT infrastructure – stability and business continuity of auction platforms • IT infrastructure – inability to keep pace with innovation and changes • Data security/data loss • Competition • Economic and geo-political uncertainty 	This scenario assumes an absolute reduction in THV of 21% versus the base case over the three-year period.
Significant reduction in commission revenue due to share decline	<ul style="list-style-type: none"> • IT infrastructure – stability and business continuity of auction platforms • IT infrastructure – inability to keep pace with innovation and changes • Data security/data loss • Competition 	This scenario assumes an absolute reduction in the Group's conversion rate of 13% over the three-year period.
Delay in the roll out of payments technology across the Group	<ul style="list-style-type: none"> • Failure to deliver expected benefits from acquisitions and/or integrate the business into the Group effectively 	This scenario assumes that the roll out of the payments technology is delayed until April 2023.


Stakeholder Engagement and Section 172 Statement

Engaging with our stakeholders is integral to the Board's decision-making and achievement of our strategy. Effective stakeholder engagement helps us better understand the impact of our decisions on all our stakeholders.

Section 172 of the Companies Act 2006 requires directors to act in a way that promotes the success of the company for the benefit of shareholders as a whole, whilst having regard to the interests of its other stakeholders. This section of the report serves as our Section 172(1) Statement, setting out how Directors have taken into consideration the interests of material stakeholders in their decision-making.

The Board has regard to the matters set out in Section 172(1) of the Companies Act 2006 when performing its duties under Section 172 to act in a way it considers, in good faith, would be most likely to promote the success of the Company and for the benefit of its stakeholders. The Board considers its duties under Section 172(1) in all its discussions and decision-making. A reference to Section 172(1) and the duty to consider stakeholder interests is highlighted at each meeting. In taking decisions, the Directors consider the balance of interests of the stakeholders who might be affected, details of which are recorded in the Board minutes. The principal stakeholders identified by the Board are set out below.

The following table summarises our key stakeholders, how we have engaged with them and the outputs of that engagement during the financial year. Metrics are being developed to enable the Board to measure its engagement with stakeholders and to track the outcomes of that engagement. In assessing the composition of the Board, the Chair and the Nomination Committee are keen to ensure that the skills and experience of the Board match the interests of our principal stakeholders.

Our stakeholders	How we engage	What we did
<p>People</p>  <p>Our people are our most valuable resource and asset. Ensuring that we attract, nurture and retain our people and focus them on achieving our strategy is key to ATG's success. The Board is keenly aware that the interests of our people should be considered when making decisions that may impact them and the wider business.</p>	<p>All of our people across the globe regularly join global and regional virtual "All Hands" meetings where the CEO and his Leadership Team bring everyone up to speed with our latest projects, our strategy and our business performance. The outputs of the Leadership and Board strategy sessions are also cascaded to the wider management team for onward communication to their teams.</p> <p>The Board and Leadership Team are keen to understand the views of our people and therefore we conduct an annual employee engagement survey and pulse surveys to see how progress is being made on areas of focus.</p> <p>Breon Corcoran is the Board's designated Director for workforce engagement and he is committed to holding employee engagement sessions biannually, the outputs from which are reported to the Board.</p> <p>We aim to attract and retain our people and strive to be a company where people of all backgrounds, ethnicities, religions and beliefs can work and thrive. All employees are issued with an employee handbook when they join which includes all appropriate policies in this regard.</p> <p>Annual performance reviews are conducted and feedback is regularly provided to employees. The UK/EU teams are given this opportunity to check in and provide/receive feedback twice a year and at the end of a probation period.</p>	<p>We were delighted to welcome a new group of employees to ATG with effect from 1 October 2021, following the acquisition of LiveAuctioneers. We are actively working to integrate the LiveAuctioneers employees into the ATG benefits, policies and programmes. We are also in the process of updating our Company values to better align with our Company strategy.</p> <p>As we emerged from the pandemic we listened to our people and introduced a hybrid approach to work location and flexible working practices. The Board fully supported the action to implement flexible working practices going forward for employees, following the overriding feedback from the employee engagement survey.</p> <p>The results of the FY22 employee engagement survey (excluding LiveAuctioneers) were presented to the Board in May 2022 and demonstrated a high approval rate for the Leadership Team. Further details can be found under Listening to our People in the Sustainability Report on page 66 and under Employee Engagement in the Corporate Governance Report on page 80. LiveAuctioneers employees will be included in the 2023 engagement survey.</p> <p>All our employees were gifted an award of shares on Admission to align their interests with shareholders. Additional benefits also include participation in an all-employee share purchase plan.</p> <p>Breon Corcoran, the Board's designated Director for workforce engagement, conducted engagement sessions with representatives of the Group's employees during the year and reported back to the Board to discuss any issues and actions to be taken, including delegation to Board Committees where appropriate. Outputs included positive reactions from employees to the senior appointments made to the Leadership Team, suggestions for improving communication and culture across all brands, and feedback on project governance, all of which were taken forward by the Chief Executive and his Leadership Team.</p> <p>This year we launched diversity, equality and inclusion training to all employees and we continue to monitor diversity in our recruiting, hiring and promotion processes.</p> <p>Further details on our engagement with our people can be found in Our People and Community on pages 66 to 68.</p>

Case studies to support Section 172(1) Statement

Key decision: Relocation of Proxibid office

During the year, the Board was presented with the decision as to whether to approve a lease for new premises for the Proxibid team in Omaha. In taking this decision, the Board considered all of the factors set out in s.172 of the Companies Act 2006.

People

When considering the office move, the Board took account of the impact on employees. The location of the previous office space on a business park lacked local amenities. The location of the new office at Blackstone Plaza enables employees to walk to local amenities, thereby supporting local businesses, and provides other benefits such as a wellness centre on-site. The location, building and amenities will assist in retaining and attracting talent in the Omaha office.

Community and the environment

The location of the previous office required employees to drive to local amenities. Retaining an office in Omaha fosters a collaborative culture with an operating rhythm of in-person meetings depending on business needs. The former office was a repurposed warehouse which required continuous maintenance and its CO₂ emissions represented 62.1% of the Group's Scope 1 and Scope 2 emissions during FY22. We estimate that the new office's CO₂ emissions represent 20% of the former office. The new office is smaller, reducing the overall footprint of office space by 80%. The benefits of the new office are set out in the Sustainability Report on page 64.



Suppliers



Relationships with most local suppliers are unaffected. The location of the new office at Blackstone Plaza is closer to local amenities, thereby enabling employees to support local businesses.

Shareholders

Competitive pricing was achieved for a five-year lease and was benchmarked with other properties in the Omaha district.



Our stakeholders	How we engage	What we did
Customers		
 <p>Our customers (auction houses) and our consumers (bidders) are key to our success. We strive to provide the best level of service to them while carrying out robust due diligence checks to ensure we maintain a reputation for the highest standards of business conduct.</p> <p>We constantly strive to improve the customer experience.</p>	<p>For auction houses, we provide access to a global bidder base ensuring optimal asset values are achieved, as well as SaaS back-office solutions, payments services, new services to reduce auction houses' costs and best-in-class white labels along with relevant content and bidder insights.</p> <p>We give bidders access to a wide range of unique and specialised second-hand items in a trusted, simple, sustainable and convenient manner.</p> <p>We engage with bidders via onsite requests for feedback as well as onsite surveys. We offer email support on all of our marketplaces and live chat on the majority. The marketing team reviews all feedback as the basis for new marketing initiatives and product feature requests.</p> <p>We pursue a true "shared success" business model, whereby we earn only if our auction house customers earn revenue through using our services. We have over a 50-year history of working in partnership with the auction industry.</p>	<p>Engagement with auction houses is conducted through structured and rigorous account management combined with a high level of support before, during and after auctions.</p> <p>During the year the Chief Operating Officer provided the Board with demonstrations of timed and live online auctions, providing an insight into the auction house and bidder experience.</p> <p>Robust due diligence checks are undertaken before new auction houses are onboarded as customers, to protect from fraud and money laundering.</p> <p>We have specific policies with regards to prohibited items on our marketplaces and we employ a compliance team to monitor adherence to these restrictions. We have the ability to remove auction houses who we believe are unethical or selling or promoting goods in contravention of our contractual terms and policies. The Board requested and received a presentation on the application of these policies during the year, to gain a deeper understanding of the impact on customers.</p> <p>As detailed in our Strategy in Action: case studies on pages 22 to 23 we have developed and rolled out marketing and payments solutions in FY22 to both improve the bidder experience whilst enabling auctioneers to operate more efficiently.</p>
Suppliers		
 <p>Our key supply chains consist of: technology service providers including outsourced software development, managed hosting services, cloud solutions, software licences and hardware supply; people services including recruitment agencies, professional service advisers and benefits providers; and facilities management including building maintenance, refreshment providers and office consumable suppliers, transport and logistics.</p>	<p>We are committed to improving our practices to ensure slavery and human trafficking have no place in any part of our business or our supply chain. This is detailed in our Modern Slavery Statement published on the Group's website. We expect the same commitment from our suppliers, contractors and business partners.</p> <p>We engage in business relationships with established and reputable business partners/clients, with whom we aim to build long-term partnerships. As part of our initiative to identify and mitigate risk, we have appropriate controls and systems in place, rigorous supplier onboarding, which includes information security and data protection due diligence, as well as checks on financial viability and sanctions, and fair contractual terms.</p> <p>We continually engage with key outsourcing partners to discuss operational performance and the stability of our platforms.</p>	<p>We have continued to pay all our suppliers promptly and in accordance with their payment terms. We seek to work with a range of suppliers, big and small, to ensure we receive the best services appropriate for our business.</p> <p>As detailed in the Sustainability Report on pages 52 to 65 we worked closely with our Tier 1 suppliers in FY22 to obtain more specific emissions data, oversight of which is provided by the Sustainability and Climate Risk Committee on behalf of the Board.</p>

Our stakeholders	How we engage	What we did
Communities and environment		
 <p>Environmental sustainability is at the heart of our operations, with our online auction marketplaces ensuring that millions of items are resold for re-use or repurpose each year, extending their value within the economy and preventing wasted raw materials.</p> <p>The Group's purpose informs our business strategy and commitment to being a supportive and trusted partner to the industry, our people and our community.</p>	<p>We exist to make it easier to buy and sell at auction, thereby supporting the transformation of the auction industry in its structural shift to online, as well as bringing exciting new opportunities to further enable auctions to play their part in accelerating the growth of the circular economy.</p> <p>We do this by generating a virtuous circle of growth between auction houses, those who consign to auction, and bidders.</p> <p>We are committed to making an impact not only for our industry, but also for the communities and industries that we operate in. To this end, we run a number of programmes and initiatives that enable our business and our people to make a difference.</p>	<p>In line with our aim to be a trusted partner to the auction industry, we support educational programmes, promoting auctioneering, industry standards and the trade in secondary goods. We support the Society of Fine Art Auctioneers ("SOFAA") and the British Antique Dealers' Association ("BADA") in the UK, and the National Auctioneers' Association ("NAA") and the International Auctioneers' Association ("IAA") in the US.</p> <p>We enable Payroll Giving as a simple way for our people to support causes close to them with tax-free giving. During FY22 we achieved the Silver Payroll Giving Quality Mark Award for our commitment to Payroll Giving.</p> <p>We facilitated charity auctions on our marketplaces, waiving our fees to ensure that all proceeds go to the charities. In the past 12 months, charity auctions hosted on our marketplaces have raised over £6.0m (FY21: £7.0m) for good causes.</p> <p>Further details on our engagement with the community and environment can be found in our Sustainability Report on page 53.</p>
Investors		
 <p>We aim to ensure that a good dialogue is maintained with shareholders, investors and analysts. We want to ensure that investors understand our business, our strategy and the environment within which we work, and that investors' issues and concerns are understood and considered by the Board and Leadership Team.</p>	<p>We are happy to engage in open and transparent relationships with our shareholders. The Board reviews and approves material communications to investors, such as results announcements.</p> <p>We have invested in our Investor Relations function and the Director of Investor Relations is responsible for overall investor engagement, ensuring that the Board is aware of investor views and that the Executives' time is optimised.</p> <p>The results announcements and investor presentations, along with the AGM, are an important opportunity for the Board to share directly with shareholders the performance and strategic direction of the Group. The Company's AGM will be held on 26 January 2023.</p> <p>Regular feedback on investor views is provided by our corporate brokers.</p> <p>The Chair and the Senior Independent Director are available for meetings with major shareholders.</p> <p>We continue to work closely with TA Associates, a major shareholder. The formalities of this relationship are detailed in the Relationship Agreement; see the Directors' Report on page 115.</p>	<p>We hosted multiple meetings with existing and prospective shareholders during FY22. This included in-person meetings, video calls, conferences and through the results roadshows.</p> <p>All Directors appointed at the time attended the AGM held in January 2022.</p> <p>Over 90% of our issued share capital was voted at our AGM in January 2022, with the majority of resolutions receiving over 99% support.</p> <p>In November 2021, the Remuneration Committee Chair wrote to 13 major shareholders, representing 73.83% of the register at that time, outlining the Committee's approach to Executive remuneration. The remuneration policy was approved at the 2022 AGM.</p> <p>Investors and analysts were invited to virtually attend our results announcements, which included a dedicated question and answer section. All investor announcements are available on our website.</p> <p>We increased analyst coverage of ATG, which will help prospective and existing shareholders to better understand our business and strategy.</p> <p>The Board considered the impact of a partial repayment of the Senior Term Loan Facility on the Company's financial position. Further details can be found in note 18 of the Consolidated Financial Statements.</p>

Key decision: Acquisition of LiveAuctioneers

During the previous reporting period and as disclosed in last year's Annual Report, the Board was presented with the decision as to whether the acquisition of LiveAuctioneers would be most likely to promote the success of the Group for the benefit of its members as a whole. The factors taken into account by the Board in considering Section 172(1) were set out in the FY21 Annual Report. The acquisition completed on 1 October 2021. The impact of the acquisition and the integration of LiveAuctioneers on our stakeholders during FY22 is set out below.

People

During FY22 the Board has overseen the integration of LiveAuctioneers into ATG, taking into account organisational and cultural integration, employment terms and incentive schemes and technical integration. The Board is regularly updated on progress and welcomes the increased knowledge and technical expertise added to the Group by LiveAuctioneers employees.

Community

The acquisition has allowed the Group to expand its footprint and broaden our impact on the community by growing access to the second-hand goods market in wider markets.

Customers

The acquisition of LiveAuctioneers has given our UK and EU A&A auctioneer base the opportunity to begin cross-listing on LiveAuctioneers and the US auctioneer base the opportunity to cross-list in the UK and EU. We have observed an increase in the volume of auctions cross-listed between LiveAuctioneers, the saleroom and Lot-tissimo, a process which is becoming automated with the introduction of integrated bidding referred to in the Chief Executive Officer's report on pages 10 to 13. The acquisition also expanded the inventory offered to our UK and EU A&A bidder base.

It also allowed us to accelerate the development and roll out of an integrated payments solution to other ATG marketplaces starting with our North American customers. Further details on the progress of which can be found on page 23.

Shareholders

LiveAuctioneers is the leading A&A marketplace in North America and the proposed acquisition was strongly supported by voting shareholders at the general meeting held on 20 August 2021. The Board consulted with the Company's major institutional shareholders ahead of announcing the proposed acquisition. The Board, via the CEO, CFO and Investor Relations function, has kept shareholders up to date with the integration of the LiveAuctioneers business and its impact on Group revenues via the interim results announcement in May 2022, investor presentations and in this report.



In addition to the information detailed on pages 46 to 50, the table below details the location of further information throughout this Annual Report as to how the Directors consider their responsibilities under Section 172(1) of the Act.

Responsibility	Report	Page Numbers
Consequences of decision-making	Chairman's Statement	08
	Chief Executive Officer's Statement	10
	Our Six Strategic Drivers	20
	Key Performance Indicators	26
	Chief Financial Officer's Review	32
	Principal Risks and Uncertainties	40
	Corporate Governance Report	74
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Our employees	Remuneration Committee Report	98
	Chairman's Statement	08
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	Our Business Model	18
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	Corporate Governance Report	74
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Fostering of business relationships with suppliers, customers and others	Remuneration Committee Report	98
	Purpose	Inside front cover
	Our Investment Case	06
	Chairman's Statement	08
	Chief Executive Officer's Statement	10
	Our Business Model	18
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The Company's desirability to maintain a reputation for high standards	Key Performance Indicators	26
	Sustainability Report	52
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The need to act fairly as between members of the Company	Corporate Governance Report	74
	Chairman's Statement	08
	Chief Executive Officer's Statement	10
	Our Business Model	18
	Stakeholder Engagement Report	46
	Corporate Governance Report	74
	Remuneration Committee Report	98

Sustainability Report

Our commitment:

We are committed to operating a responsible, sustainable business for the benefit of all our stakeholders.



The environment

The Group's purpose is to promote the circular economy, with our marketplaces ensuring that millions of used items are resold for re-use or re-purpose, preventing waste and carbon emissions from the manufacturing of new items. This is the first year the Group is required to comply with the Task Force on Climate-related Financial Disclosures and has made good progress in doing so. Climate change is not currently deemed to be a principal risk to the Group and due to the nature of the Group's operations it presents potential opportunities.



People and culture

Our business depends on hiring and retaining first class talent in the highly competitive technology industry. We have been focused in FY22 on strengthening not only the Leadership Team but also a number of key departments across the Group and integrating cultures as the Group has grown through acquisition.



Corporate governance

The Board are committed to building a framework of strong corporate governance. This has been evident during the year through the appointment of a number of new Non-Executive Directors with relevant financial and business experience and the establishment of the Sustainability and Climate Risk Committee.

This section of the report provides an overview on the Group's key developments on Environmental, Social, Governance ("ESG") matters during FY22.





The Environment

Climate change continues to be a significant global challenge. We recognise that the changing climate could impact our business, employees and our customers and, to ensure we are resilient to the changing climate and regulatory requirements, we treat the climate crisis as a Board-level governance matter.

Task Force on Climate-related Financial Disclosures

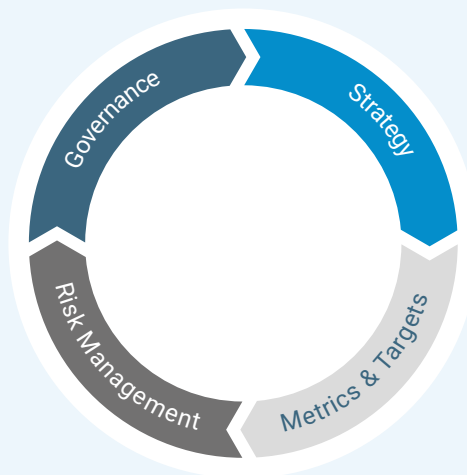
The Group is reporting for the first time on climate-related issues in line with the Task Force on Climate-related Financial Disclosures (“TCFD”) framework, recognising the need to provide “clear, comprehensive and high-quality information on the impacts of climate change”. We have begun to disclose in this Annual Report across the four pillars of TCFD, ensuring consistent and transparent climate-related reporting and encouraging the widespread adoption of the framework.

Compliance statement

On page 54 to 55 we have outlined those climate-related financial disclosures the Group has made this year which are consistent with the 11 recommended disclosures set out in Section C of the “Recommendations of the Task Force on Climate-related Financial Disclosures” published in June 2017 by the TCFD² and identifies the recommendations where consistent disclosures have not been made.

It is widely recognised that, for most companies, the path to full disclosure in line with the TCFD recommendations is a complex process which takes a number of years. For this reason, in the Group’s first year we are not yet in a position to make a full disclosure, however, we are close to being able to disclose in line with all 11 recommended disclosures. The work undertaken to date and set out within this report lays the foundation for our work in future years as we move towards full disclosure. We have set out how we plan to comply with the recommendations in future years.

Core elements of the recommended climate-related financial disclosures



Governance

The organisation’s governance around climate-related risks and opportunities.

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.

Risk Management

The processes used by the organisation to identify, assess, and manage climate-related risks.

Metrics & Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

1. Financial Stability Board, 2022. TCFD. Available: <https://www.fsb-tcfd.org/>.
2. TCFD, 2017. Recommendations of the Task Force on Climate-related Financial Disclosures. Available: <https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf>.

TCFD compliance index

TCFD framework pillars	Recommended disclosures	FY22 compliance	Description, location of disclosure progress to date and reason for omission (if appropriate)
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	Full	<ul style="list-style-type: none"> The Board's oversight of climate-related issues and the Group's governance structure is outlined in the "Governance" section on page 56.
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Full	<ul style="list-style-type: none"> Management are represented in the Sustainability and Climate Risk Committee and are responsible for assessing climate risks as shown on page 56.
	Future plans for compliance and improvement: We will continue to review the effectiveness of our governance on climate-related issues, particularly with regards to the newly created Sustainability and Climate Risk Committee to ensure the terms of references are fit for purpose.		
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Full	<ul style="list-style-type: none"> The identified climate-related risks and opportunities and the approach to analysis over various time horizons are shown in the "Strategy" section on pages 58 to 60. Future work will focus on priority risks and time horizons in more depth.
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Full	<ul style="list-style-type: none"> A qualitative review of the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning can be found in the "Strategy" section on pages 58 to 60. Future work will focus on understanding the quantitative impact on our business, following the collection of further data and ensuring that any financial risk is incorporated into financial planning.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario	Full	<ul style="list-style-type: none"> Conclusions on the resilience of the Group, considering the results of scenario analysis, can be found in the "Strategy" section on page 58.
	Future plans for compliance and improvement: We will build on the comprehensive approach we have taken this year to climate-related risk and opportunity identification, scenario analysis across all geographies and business operations. We plan to investigate priority risks and opportunities in more depth across time horizons. We also plan to conduct a targeted quantitative review of the impact of priority risks and opportunities.		
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks	Full	<ul style="list-style-type: none"> Our processes for identifying and assessing climate-related risks are shown within the section "Year one progress and materiality" on page 55 and in the diagram set out on page 58.
	b) Describe the organisation's processes for managing climate-related risks	Full	<ul style="list-style-type: none"> Our processes for managing climate-related risks are considered as part of our wider risk management framework and discussed in "Risk Management" section of the Annual Report on page 38. Given the nature of our business, climate change risks are generally considered to be low, and therefore are not deemed a principal risk for the Group. Climate-related risks have been considered where appropriate within the Group's principal risks. Given the low risk there has not been significant focus yet on mitigating the potential risks arising from climate change. As exposure is currently assessed to be low, we will focus on improving our management of climate-related risks in future years when interactions with principal risks become more prominent.

TCFD framework pillars	Recommended disclosures	FY22 compliance	Description, location of disclosure progress to date and reason for omission (if appropriate)
Risk Management (continued)	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Full	<ul style="list-style-type: none"> An overview of how we are integrating climate-related risks and opportunities into our existing risk management processes can be found in the "Principal Risks and Uncertainties" section of the report on page 40. As our exposure is low, we will continue to monitor our climate-related risks and opportunities and update our processes accordingly. <p>Future plans for compliance and improvement: We will continue to review our risk management framework and the best way to effectively integrate climate-related risks into our processes, considering how climate change may interact with our principal risks whilst not being a principal risk itself. We will monitor our processes and adjust if necessary. Additionally, we will continue to build upon processes to mitigate risks (e.g. ensuring carbon emissions are formally considered in acquisitions).</p>
Metrics & Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	In progress	In subsequent years we will ensure that we include metrics in line with our business strategy and risk management processes as recommended, however, further work is needed first to identify appropriate metrics for our growing business.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Full	A comprehensive breakdown of Scope 1, 2 and Scope 3 GHG emissions can be found in the "Metrics and Targets" section.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	In progress	We are in the process of determining climate-related KPIs and targets and have committed to a Science Based Target ("SBT") in FY23. Progress on this is discussed in the "Metrics and Targets" section.
	Future plans for compliance and improvement: In subsequent years we will ensure that we disclose wider metrics in line with our business strategy and risk management processes as recommended, however, further work is needed first to identify appropriate metrics for our growing business. We are also in the process of determining climate related KPIs and targets, and will publicly commit to a SBT in FY23.		

Year one progress and materiality

As noted above, our implementation of the TCFD recommendations is expected to be an iterative process. In our first year, we have focused on:

- building a sound understanding of how climate change may affect our business and customers;
- continuing to comprehensively understand and address the direct and indirect greenhouse gas ("GHG") emissions associated with our operations and value chain;
- investigating which metrics and targets are most appropriate for our growing business; and
- developing our governance processes regarding the oversight of climate-related issues.

As such, we have disclosed in line with TCFD recommendations as listed above, noting where we have provided full disclosures and where progress has been made against recommended disclosures which we are not yet fully complying with. Our aim is to fully comply with all 11 recommended disclosures of the TCFD by 2025.

Materiality is considered in terms of the impact on financial performance (revenues and expenditures), as well as capital and financing implications. Materiality is also considered with respect to legal and reputational hazard. Due to the nature of the Group's business and operations, we believe our overall exposure to climate-related risk is low, and we therefore do not include climate change as a principal risk to our business. Our disclosures are therefore proportional to our exposure.

We review climate-related risks and opportunities annually, both to ensure we disclose in line with issues pertinent to investors and stakeholders and also to ensure that our disclosures remain in proportion to our exposure given the nature and scale of our business. We recognise that climate change affects all industries, can interact with our principal risks, and that there is an opportunity for the Group to contribute to combating the climate crisis. We have been supported in this process by carbon and sustainability consultants ClearLead Consulting Ltd.

Governance

The Board oversees the climate-related issues, with climate-related risks and opportunities being the focus of the Sustainability and Climate Risk Committee ("SCRC"), a newly established Committee, set up this financial year by the Board of Directors.

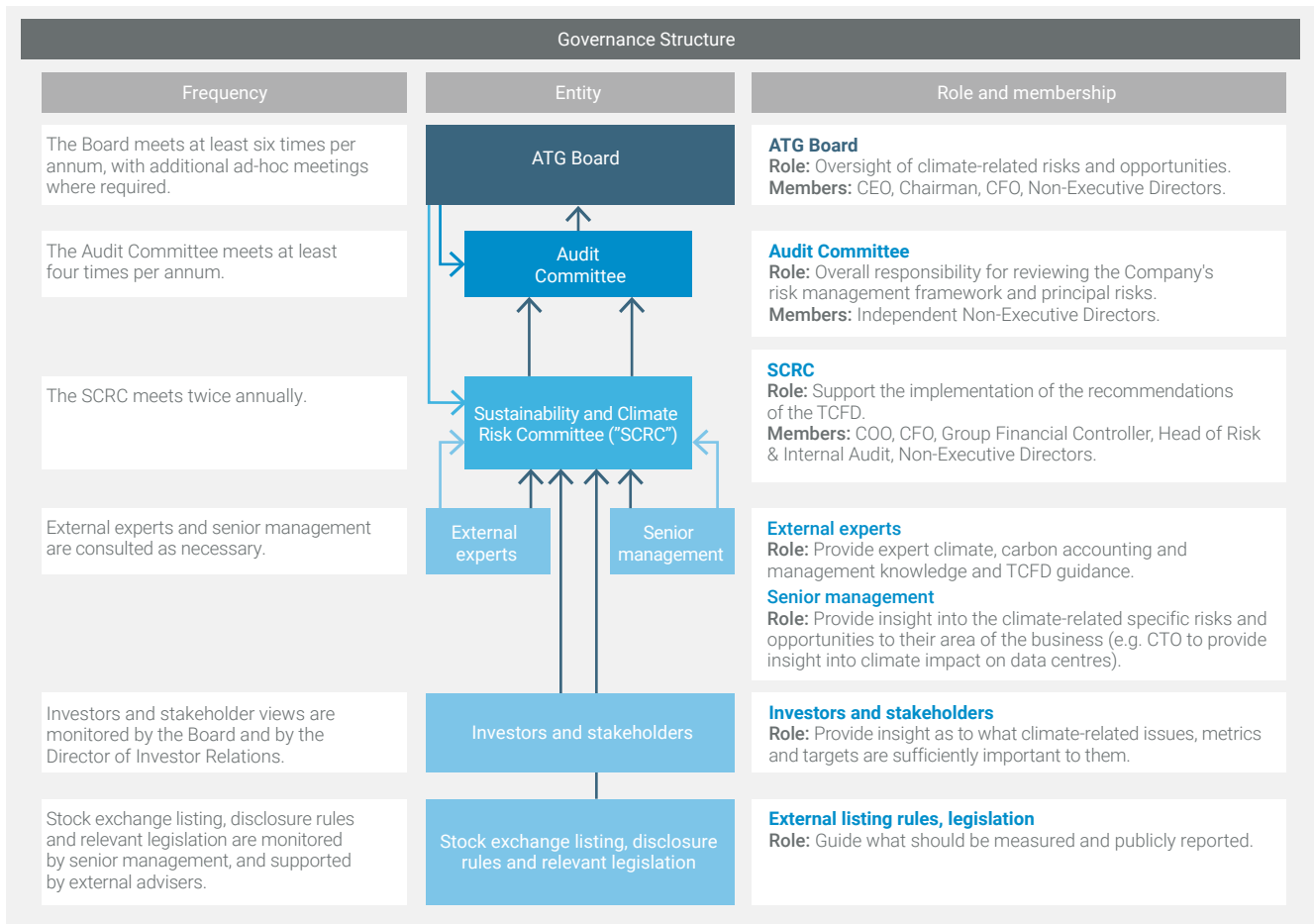
The SCRC meets twice per year, primarily to monitor and identify emerging climate-related risks and opportunities, review risks and opportunities under different climate scenarios and incorporate these into scenario analysis documentation.

The SCRC reports at least annually to the Audit Committee, ensuring climate-related risks are incorporated into organisational risk management, strategy and financial planning. The Audit Committee reports risks annually to the Board, providing the Board with oversight of climate-related risks and opportunities. The SCRC also reviews wider climate-related issues and sustainability topics as required.

Members of the SCRC include members of the Leadership Team. Board representatives. External advisers are also invited to the SCRC to provide external verification of climate-related risks, opportunities and issues.

An overview of the Group's governance around climate-related risks and opportunities, membership of key Committees, as well as expanded responsibilities of the SCRC are shown below.

ATG's climate-related Governance structure



SCRC responsibilities

Reviewing climate-related risks and opportunities

- The SCRC shall monitor and identify emerging climate-related risks and opportunities, reviewing risks and opportunities under different climate scenarios, adding these to scenario analysis documentation. This will support the ongoing assessment of financial climate-related risks and opportunities in the Group and associated plans for future.
- The Committee will work with representatives / management from the whole Group and stakeholders to ensure relevant climate-related risks and opportunities are identified (i.e., through workshops and meetings to discuss climate-related risks and opportunities) and integrated into routine risk management processes.
- Training will be provided as deemed necessary to improve the understanding of climate-related issues and support the development of such expertise across the Company (including the Board).

Reporting to the Audit Committee

- The SCRC shall report findings to and work closely with the Audit Committee to ensure climate-related risks are incorporated into organisational risk management, strategy and financial planning. The Audit Committee will also provide relevant input into the SCRC.

Ensuring compliance with the TCFD

- The SCRC shall ensure compliance with the TCFD, overseeing the implementation of the recommendations of the TCFD and engaging external experts as needed to assist.

Review the remit of the Committee, strategy and policy annually

- The Board will be responsible for reviewing (and if necessary) expanding the remit of the Committee to cover further environmental and nature-related risks and opportunities, as well as broader sustainability topics as required. The Board will be responsible for updating Committee terms of reference if the remit is expanded, which will include reviewing any applicable Group policies.

Climate-related reporting

- The SCRC shall report to the Audit Committee after each meeting (or annually in line with the Audit Committee meetings) on all matters within its duties and responsibilities, including on the nature and content of discussion, recommendations, decisions made and actions to be taken.
- The Committee Chair shall provide feedback directly to the Board at the Board meeting following each Committee meeting.
- The minutes of all Committee meetings shall be included in the agenda of the Board meeting following each Committee meeting.
- Review any incidents, concerns and material planned for public disclosure.



Strategy

Our approach to identifying climate-related risks and opportunities

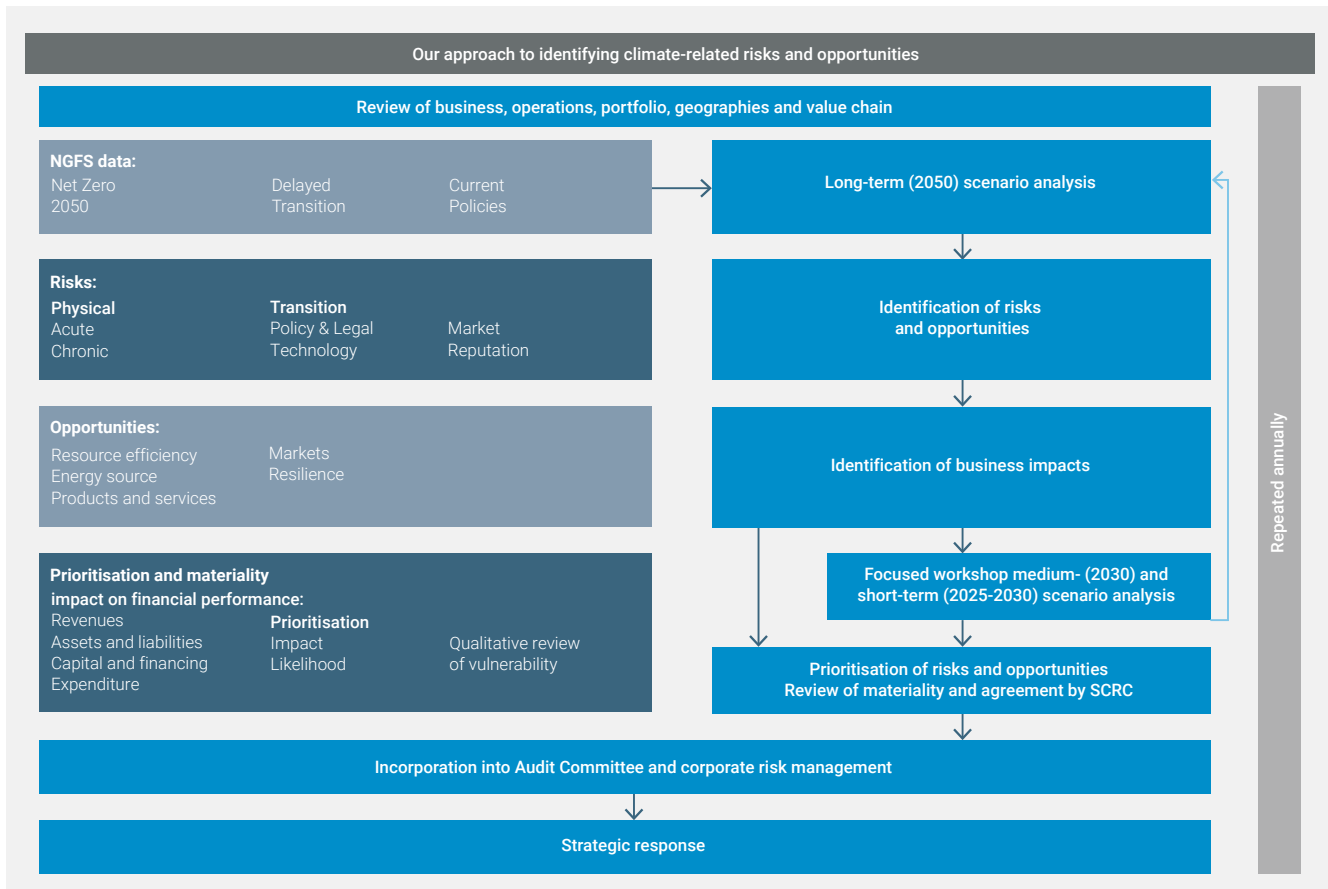
In order to fully understand the risks and opportunities posed by climate change, in our first year we focused on conducting a thorough assessment of the implications of climate change across our business, operations, portfolio, geographies and value chain. We conducted a long-term (to 2050) scenario analysis based on data from the Network for Greening the Financial System ("NGFS"), across three scenarios that represent a mix of best, average and worst-case scenarios as shown in the table.

The scenario analysis covered all physical risks available from NGFS data. A carbon price under each of the three scenarios was used to model the policy and legal transition risks, stemming from the introduction of the proposed EU Carbon Border Adjustment Mechanism ("CBAM")¹ and existing UK Emissions Trading Schemes ("UK ETS")².

Scenarios used to analyse future climate-related risks and opportunities posed to ATG

NGFS scenario	Key characteristics	Justification
Net Zero 2050	Policies in alignment with the Paris Agreement goals.	Alignment with the Paris Agreement goals consistent with a transition to a lower-carbon economy, as per TCFD recommendations.
Delayed Transition	Assumes new climate policies are not introduced until 2030 with the availability of carbon dioxide reduction technologies kept low, pushing carbon prices higher than in Net Zero 2050.	Simulates higher transition risks compared to other scenarios and is used to show worst case scenario for transition risks.
Current Policies	Assumes that only currently implemented policies are preserved, and no further political intervention on climate change is undertaken, leading to 3°C warming and severe physical risks.	A scenario that simulates low transition risks but severe physical risks.

Our approach to identifying climate-related risks and opportunities under different scenarios



1. House of Commons Environmental Audit Committee, 2022. Greening imports: a UK carbon border approach. Available: <https://committees.parliament.uk/publications/9570/documents/162115/default>.
2. Department for Business, Energy & Industrial Strategy, 2022. Participating in the UK ETS. Available: <https://www.gov.uk/government/publications/participating-in-the-uk-ets/participating-in-the-uk-ets>.

Both physical and transition risks and opportunities have been identified and further categorised (as per categories defined in the TCFD Implementation Guidance); the financial impact on revenue, expenditures, assets and liabilities, and capital and financing were then identified. The materiality of risks and opportunities was determined through a likelihood and impact scoring mechanism. Following this, a scenario workshop was facilitated for the SCRC to identify risks and opportunities under the "Delayed Transition" scenario in the medium-term (2030). Discussions as to whether climate change poses any short-term risks (2025-2030) were also held. Full details of our approach are shown in the flow-chart opposite.

Climate-related risks and their impact

By following the process summarised we identified 22 climate-related risks to the Group. The top three priority risks, within the medium-term (2030) are outlined and discussed below, the remaining risks are documented internally. No material risks were identified in the short-term; long-term risks mirrored medium-term risks and, whilst long-term risks were investigated in detail, these have not been included in these disclosures.

Priority risks

- **Data centre downtime leading to loss of revenue and expenditure on customer compensation**

Risk: Due to the digital nature of the Group's operations, the highest risk to our operations is third-party data centre downtime and the implications of this on revenue and expenditure. We understand that, whilst we do not operate data centres ourselves, the impact of physical climate-related risks on our data centre suppliers, resulting in us being unable to access our services, would be significant.

Resilience: In order to mitigate against data centre downtime, we have moved our marketplaces to two key suppliers, reducing the risk of downtime. We have a comprehensive business continuity plan. Whilst the severity of this risk is high, the likelihood of our suppliers being impacted by physical climatic changes and events is low and there is also high resilience within the sector.

- **Carbon pricing mechanisms leading to increased costs and reduced sales and commission**

Risk: A future carbon price may pose a number of risks to the Group. As already seen in this financial year in the UK with rising energy and living costs, a carbon price in the future may put further stress on our labour costs, increasing expenditures and reducing overall profitability of the Group.

Furthermore, any increased costs associated with data centre operations could result in additional costs being passed on to the Group by our suppliers. Assuming a reasonable worst case that all costs are passed through at \$200-300/tCO₂e, increased hosting costs due to a carbon price are not considered to have a significant adverse impact on overall business viability, but this will be monitored.

Finally, there is uncertainty around how a carbon pricing mechanism may be applied to second-hand goods. Should second-hand goods be subject to a carbon price, demand may reduce and sales may be affected.

Resilience: Due to the global and flexible nature of the Group's business operations, we are able to adjust our operations in response to changing labour costs and taxation. Our resilience is further increased as our business operations are already lean and efficient. We will continue to

monitor our costs and improve efficiency. The Group has an understanding of the Scope 3 emissions associated with data hosting services and has begun to use supplier-specific emission factors for top suppliers in this year's footprint. Data centre providers are pursuing their own decarbonisation activities and we plan to improve efficiency in future years.

- **Increased competition in the secondary goods market resulting in more choice, diluting the Group's market share**

Risk: Whilst it is unlikely that the breadth of the Group's business operations would be equalled by an existing or new entrant to the market, overall competition in the secondary goods market has been highlighted as one of the most material risks to the Group. This risk recognises that with growing awareness of the environmental benefits of the circular economy, consumers will likely have more options to purchase secondary-market goods in the future.

Resilience: Key to the Group's business model is the ease of use and the reach of all platforms. The Group is deeply involved in the world of technology and innovation, so is well positioned to take advantage of any emerging technology to ensure sellers and buyers of secondary-market goods continue to choose our platforms when faced with increased options. Maintaining continued awareness of options within the secondary goods market will be key to maintaining this position.

Top ranked climate-related risks to ATG

Rank	Risk type	Risk definition	Risk sub-category	Geography	Business operation	Financial impact category	Materiality risk
1	Transition and physical	Data centre downtime leading to loss of revenue and expenditure on customer compensation	Acute (Physical), Market and Reputation (Transition)	All	Data centres	Revenues and expenditures	●
2	Transition	Carbon pricing mechanisms leading to increased costs and reduced sales and commission	Policy and Legal	All	All	Revenues and expenditures	●
3	Transition	Increased competition in the secondary goods market resulting in more choice, diluting our market share	Market	All	All	Revenues	●

● Low risk ● Minor risk ● Medium risk

Strategic Report

The Environment

continued

Climate-related opportunities and their impact

From the process outlined, a number of climate-related opportunities were identified. The highest-ranking climate-related opportunities in the medium term (2030) are discussed and outlined in the table below, whilst the remaining opportunities are documented internally and reviewed by the SCRC.

Priority opportunities

- **Higher demand for secondary goods due to increased public awareness of the environmental implications of buying new items and the circular economy, increasing overall sales and commission**

Opportunity: The Group's business model enables the circular economy, facilitating the sale of secondary goods, keeping materials in circulation for longer. As a result, in the future it is likely that there will be increased public awareness of the environmental impacts of purchasing new items and a consumer shift to secondary items. The Group is already a leading player in this market, is well placed to maximise this opportunity and further facilitate the circular economy.

Response: We will continue to investigate how we can further contribute to the circular economy and the role we can play in enabling the re-use of goods.

- **Supply chain disruption due to climatic changes increasing demand for secondary goods and increased sales**

Opportunity: Due to climatic changes around the world, there is a risk that supply chains for new goods are disrupted, which will consequently increase the demand for secondary goods.

Response: The Group's marketplaces are ideally placed to provide buyers with the ability to purchase secondary goods, providing an alternative to buying new items. In turn, this promotes the circular economy, reducing the carbon emissions associated with the manufacture of new items.

- **Investor preferences to invest in low carbon companies increasing the Group's ability to raise finance**

Opportunity: Increasingly investors will be looking to invest in companies that are providing goods and/or services that are beneficial to the environment.

Response: The Group's activities contribute to the circular economy, and we are actively reducing our own carbon footprint. The Group therefore is likely to be well placed to attract environmentally conscious investors in future years.

Our resilience to climate-related risks

Following a thorough review of climate-related risks and opportunities, it has been concluded that the Group's overall exposure to climate-related risks is low. Ongoing monitoring is required to evaluate the scale of identified and emerging risks. The materiality of risks will be reviewed annually, and the impact of material risks will be used to inform financial planning within corporate risk management processes. The Group recognises the pivotal role we can play in facilitating the circular economy, and we see this as a priority opportunity for our business.

Top ranked climate-related opportunities to ATG

Rank	Opportunity type	Opportunity definition	Opportunity sub-category	Geography	Business operation	Financial impact	Materiality opportunity
1	Transition	Higher demand for secondary goods due to increased public awareness of the environmental implications of buying new items and the circular economy, increasing overall sales and commission	Products/ Services/ Markets	All	All	Revenues	●
2	Physical	Supply chain disruption due to climatic changes increasing demand for secondary goods and increased sales	Markets	All	All	Revenue	●
3	Transition	Investor preferences to invest in low carbon companies increasing ATG's ability to raise finance	Markets	All	All	Capital and financing	●

● Critical opportunity ● Major opportunity ● Medium opportunity ● Minor opportunity ● Low opportunity

Risk Management

Risk management overview

The Board has overall responsibility for determining principal and emerging risks to the Company. The Board ensures there is an appropriate risk management framework in place to identify and manage significant strategic, operational, financial, compliance and reputational risks to the Company and annually approves the Group's strategic risk register. The Board is also responsible for understanding risks and issues that are new, developing, growing or becoming more prominent. This is done through a combination of operational risk assessments and other horizon scanning initiatives.

Day-to-day responsibility of risk management is delegated to the senior management team, whilst the overall monitoring and review of the effectiveness of the internal controls and risk management is delegated to the Audit Committee.

The Group's risk management framework applies the principles of the "Three Lines of Defence" and sets out a process for

identifying, assessing, managing, mitigating and monitoring risks. Further details of our risk management approach can be found on page 38.

Integrating climate-related risks

The Board has conducted a robust assessment of the principal risks facing the Group, including those that would threaten our business model, future performance, solvency or liquidity. Whilst climate change is not considered to be one of these principal risks, the changing climate may interact with our principal risks and affect our value chain.

For example, as a predominantly online business, we are reliant on data centre providers, and acknowledge that the risks posed by climate change on our key providers may affect us. Climate change may pose a threat to our online platforms through climate-driven weather events affecting our data centres which impact the stability and continuity of our auction platforms, one of our principal risks.

Climate-related issues may also increase competition within the secondary goods market, exacerbating our principal risk of competition. Additionally, climate change may worsen the principal risk of economic and geo-political uncertainty, leading to rising operating costs. Due to these interactions, we closely monitor climate change risk and the interaction with our principal risks and will further build on this integration in the future risk management processes.

Integrating climate-related opportunities

Climate-related opportunities are reviewed as part of our business development activities. Last year we conducted a review of the carbon savings associated with buying secondary items in place of new and published this in our 2022 Carbon Impact Report¹. We intend to build upon the integration of climate-related opportunities in our business plan in future years.



1. ATG, 2022. Carbon Impact Report. Available: <https://www.auctiontechnologygroup.com/media/rc4msb0b/atg-carbon-impact-report-2022-2.pdf>.

Metrics and Targets

In our first year of disclosing under the TCFD recommendations, we have continued to build upon our comprehensive understanding of our climate impact across our operations and value chain through calculating our Scope 1, 2 and 3 carbon footprint as reported for the first-time in FY21 and again calculated in FY22. This incorporates water, waste, emissions intensity and energy use.

In subsequent years we will ensure that we disclose wider metrics in line with our business strategy and risk management processes, however, further work is needed to identify appropriate metrics. We are also in the process of determining climate related KPIs and targets, and have publicly committed to an SBT in FY23.

Environmental sustainability continues to be at the heart of our operations, with our growing reach of online auction platforms facilitating the resale, reuse or repurpose of millions of items each year, extending product lifespans, preventing wasted raw materials and maintaining value within the circular economy.

This year, we have investigated and communicated the positive contribution our online auction platforms play in moving towards a resource efficient, low carbon economy through the facilitation of the purchase of secondary goods in the publication of our 2022 Carbon Impact Report¹. Alongside this, we have continued to measure and manage our direct and indirect GHG emissions associated with our operations and value chain, building on our first year approach as discussed in detail within this section.

Our continued commitment to understanding, managing and reporting our climate impact

Last year we committed to fully calculating our GHG emissions, accounting for all emissions associated with our operations to the best of our knowledge to provide us with an understanding of our largest emission sources, where we need to focus future efforts and an understanding of our climate-related risks. Direct emissions (Scope 1 and 2) were quantified, as required by the Companies Act 2006 and the Companies (Directors' Report, Regulations 2013) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, and we went beyond our statutory duty and comprehensively calculated and reported indirect (Scope 3) emissions.

Our focus this year has been on the following:

- Building on our understanding and quantifying our direct emissions (Scope 1 and 2), which are reported as per our statutory duty in Streamlined Energy Carbon Reporting, "SECR data" table on page 65, and continuing to comprehensively calculate and report our indirect Scope 3 emissions.
- Improving our calculation methodology and expanding our footprint to cover our newly acquired businesses.
- Investigating reduction strategies and agreeing reduction targets in line with the Science Based Targets initiative ("SBTi") and the Paris Agreement's goal of limiting global temperature rise to 1.5°C above pre-industrial levels.
- Ensuring we disclose our GHG emissions in line with the Metrics and Targets recommendations of TCFD.

Each year, we will strive to improve our methodology to ensure we fully understand and are reporting upon the GHG emissions associated with our business and wider operations. This approach is in line with the TCFD and the UK's Competition and Markets Authority ("CMA") Green Claims Code², which ensures green claims are truthful, accurate, clear and unambiguous, do not hide or omit important information, consider the full life cycle of a product or service, and are substantiated.

Methodology

The methodology used to calculate our greenhouse gas emissions, our "GHG inventory", is based on the World Resources Institute GHG Protocol, a Corporate Accounting and Reporting Standard, Revised Edition⁴ (the Protocol) and follows the Protocol's guiding principles of relevance, completeness, consistency, transparency and accuracy. We were supported to do this by energy and sustainability consulting company ClearLead Consulting Ltd.

A financial control approach has been taken, meaning that the inventory covers emissions from all operations that are under the Group's financial control, including operations in the UK, US and Germany. Emission factors have been chosen based on the location of the emissions. However, where emission factors are not available, UK Government emission factors have been applied. Emissions are reported in line with the Group's financial year.



1. ATG, 2022. Carbon Impact Report. Available: <https://www.auctiontechnologygroup.com/media/rc4msb0b/atg-carbon-impact-report-2022-2.pdf>.
2. HM Government, 2021. Green Claims Code. Available: <https://greenclaims.campaign.gov.uk/>.

We continue to use primary data wherever possible, and this year have worked with representatives from all sites to improve data collection. To fully understand our indirect emissions some secondary data has been used and assumptions made to calculate Scope 3 emissions where primary data was unavailable. This year we have improved the emission factors applied within the Scope 3 "Purchased Goods and Services category" (by far our largest source of emissions), and the Scope 3 - "Capital Goods category". We have actively worked with our suppliers in order to obtain supplier specific emission factors, which is particularly important for some of our larger emission source categories.

We continue to calculate emissions from all relevant Scope 3 categories, covering nine out of the GHG Protocol's 15 categories, including the use of our sold products and remote working emissions, ensuring we account for all emissions that exist as a result of our operations. The remaining Scope 3 categories, including emissions from upstream and downstream leased assets, franchises, processing of sold products and investments, remain not applicable to ATG. Insufficient data was available for upstream transportation and distribution emissions to be established.

Carbon summary

Total greenhouse gas emissions

GHG emissions (tCO ₂ e) ³	FY22	FY21	% Change
Scope 1	32.5	35.2	-8%
Scope 2	391.3	251.3	+56%
Total (Scopes 1 & 2)	423.8	286.5	+48%
Scope 3	2,445.4	1900.3	+29%
Total (Scopes 1, 2 & 3)	2,869.2	2186.8	+31%

GHG emission intensity – Scope 1, 2 & 3			
Turnover (£)	£119.8m	£70.1m	+71%
Average employee number ("FTEs")	342	243	+41%
Carbon intensity (emissions per £million turnover)	23.9	31.2	-23%
Carbon intensity (emissions per average FTEs)	8.4	9.0	-7%

3. GHG emissions reported in metric tonnes CO₂ equivalent ("tCO₂e").

4. WRI GHG Protocol Corporate Standard. Available: <https://ghgprotocol.org/corporate-standard>.

The scope of our carbon footprint this year has changed: as a growing business our services have expanded with the acquisition of LiveAuctioneers. As a result, our FY22 footprint includes the direct and indirect emissions from LiveAuctioneers and wider operations.

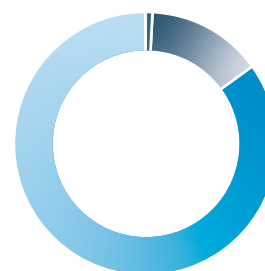
In our last report, we outlined that our baseline year, i.e., our starting point for GHG emissions, would be FY20. Since this period, the Group's total emissions have grown by 31%, largely due to the acquisition of LiveAuctioneers. To ensure that we can accurately measure the carbon impact of our growing business and set realistic, achievable targets, we have been guided by the GHG Protocol and have updated our baseline year to FY21 for the purpose of our Science Based Target. We continue to monitor our carbon intensity (tCO₂e per £million turnover).

Our FY22 carbon footprint

In the current financial year, 15% of emissions fall into Scope 1 and 2, whereas 85% of emissions fall into Scope 3.

Our carbon footprint in FY22.

■ Scope 1, 32.5 tCO₂e, 1%
 ■ Scope 2, 391.3 tCO₂e, 14%
 ■ Scope 3, 2445.4 tCO₂e, 85%



Scope 3 emissions, which are under a reporting organisation's influence but not control, typically make up the largest proportion of a company's carbon emissions, particularly when Scope 3 emissions are comprehensively covered. This year, the Group's largest emission source continues to be from purchased goods and services (40% of total footprint), which predominantly arise from the hosting of our online platforms in data centres operated by others. Other significant Scope 3 categories include the use of our products (11%), employee commuting and remote working (9%) and business travel (9%).

Within our Scope 1 and 2 emissions, purchased electricity (10%) is the largest contributor to our overall footprint, followed by purchased heat (3%). Stationary combustion, i.e., fuel combusted within stationary equipment such as a boiler, accounts for 1% of the footprint and fugitive emissions (refrigerants) and mobile combustion account for less than 1% of overall emissions. In line with the GHG Protocol and to ensure consistency with our previous year's reporting, we are reporting location-based emissions from purchased electricity in place of market-based emissions, to ensure we fully account for the emissions from the electricity we consume. The electricity in our London headquarters however continues to be sourced from a renewable energy provider.

Our 2022 impact

The Group accepts that our overall emissions have and may continue to rise as a growing and acquisitive company. We are however working to minimise increases in absolute emissions to ensure that our growth is sustainable. Our absolute emissions across all scopes have grown by 31%, predominantly due to the acquisition of LiveAuctioneers coupled with the organic growth of the Group and a return to our offices as Covid-19 restrictions have lifted. Despite this, our carbon intensity i.e. our measure of carbon emissions as a proportion of our overall activity, has decreased by 23%, indicating that we are becoming more carbon efficient as we expand.

Our absolute Scope 1 and 2 emissions have increased by 48%, the majority of which is a result of an increase in purchased heat through the acquisition of Live Auctioneers and a general increase in the demand for electricity since slowly moving back to working from our offices.

Our Scope 3 emissions have also increased by 29%. This rise is attributable to an increase in purchased hosting services and the use of our sold products resulting from the growth of our online auction platforms, and an increase in business travel and commuting which is more representative of our activities prior to the Covid-19 pandemic.

This year we have also built upon our understanding of our emissions by improving our calculations for a number of categories, including but not limited to Scope 3. Fuel and other energy not included in Scope 1 or 2, by including well-to-tank emissions associated with mobile combustion and business travel. We have also reduced assumptions across the footprint, such as by gathering primary commuting data, data associated with the Antiques Trade Gazette, and allocating hosting services to specific brands.

Reducing our impact

As this is our first year of actively addressing our emission levels, one of our main priorities this year has been investigating carbon reduction strategies and modelling targets in line with the SBTi and the Paris Agreement's goal of limiting global temperature rise to 1.5°C above pre-industrial levels.

Due to the nature of our business, which spans multiple geographies, we felt it was vital that all our offices and brands were aware of their GHG emissions and that reduction strategies were discussed directly with representatives from each office. We also wanted to ensure that we had



thoroughly investigated what reductions could realistically be made before committing to a target. We met virtually with each location to discuss their emissions and possible strategies for reduction. Overall, we confirmed that our operations are already efficient, however, some areas for future focus have been identified, including:

Consolidating our hosting providers:

As our data centre providers account for 32% of our GHG emissions, we have consolidated our data centres to two key suppliers. We continue to look at ways in which we can rationalise our use of data centres and associated GHG emissions.

We have further long-term plans to improve the efficiency of our marketplaces through powering all platforms from one set of shared services, which will lead to a reduction in our emissions from hosting services.

Improving the energy efficiency of our physical offices:

In future years, we will look closely at our offices to identify where emission reductions could be made. We will improve the monitoring of energy consumption in our offices to identify when usage is usually high. We recognise that working practices have changed and some of our employees now work remotely or combine home working with some office days. As the heating and electricity needs of our offices contribute 92% to our Scope 1 and 2 emissions, we will carefully look at how we can minimise emissions from our offices whilst continuing to provide working spaces to suit the needs of our business and employees.

One of the primary steps we will take in FY23 to reduce our electricity consumption will be through the relocation and strategic downsizing of our Omaha office. Currently, electricity use in the Omaha office accounts

for a significant portion of our carbon footprint; with this relocation we are expecting to see a significant decline in our Scope 2 emissions.

Continuing to involve staff across our brands and geographies in the monitoring and management of our GHG emissions:

We will continue to involve staff in our GHG management, to identify reduction strategies suitable for each site. This may involve carbon/energy efficiency training; the introduction of e-bikes; switching to green electricity suppliers where available; adopting low carbon procurement policies; and the reduction in the items we purchase as a Group.

Following our review of our ability to reduce emissions, we have decided to set a near-term Science Based Target in line with limiting global temperature rise to 1.5°C above pre-industrial levels. We have committed to reducing our absolute Scope 1 and 2 emissions by 42% by 2030 (from a FY22 baseline year), and we will continue to monitor and report our Scope 3 emissions.

Our future commitment

We will continue to take a rigorous approach to calculating our overall climate impact by improving our approach to emission calculations annually and working to reduce Scope 1 and 2 emissions to achieve our SBT. We will also investigate widening our internal targets to cover some of our Scope 3 emissions.

We will continue to monitor developments in carbon reporting and management to ensure we are aligned with sector best-practice, ensuring we are making real reductions to our impact on the climate.

SECR data

Category	Scope	Current reporting year: FY22		Baseline reporting year: FY21	
		UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Emissions from activities which the Company owns or controls including the combustion of fuel and operation of facilities (tCO ₂ e)	1	7.1	25.4	5.6	29.6
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (location-based, tCO ₂ e)	2	20.6	370.7	31.3	220.0
Total gross Scope 1 and Scope 2 emissions (tCO ₂ e)	1 & 2	27.7	396.1	36.9	249.6
Energy consumption used to calculate the above emissions (kWh)	1 & 2	125,265.3	1,342,370.8	170,341.7	530,190.5
Total gross Scope 1 and Scope 2 emissions UK and global (tCO ₂ e)	1 & 2		423.8		286.5
Intensity ratio UK and global: emissions (tCO ₂ e) per million £ turnover	1 & 2		3.5		4.1

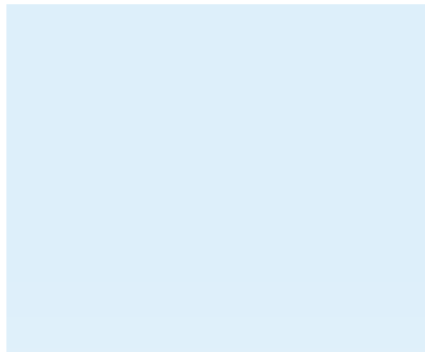
SECR change log

Change in consumption, emissions and intensity ratio between the baseline and reporting year	
Category	Percentage change
Energy consumption (kWh)	+110%
Total gross Scope 1 and Scope 2 emissions UK and global (tCO ₂ e)	+48%
Intensity ratio (Scope 1 and 2 emissions tCO ₂ e / million £ turnover)	-13%
Description of changes in consumption, emissions and intensity ratio between the baseline and reporting year.	<p>As an expanding business, we accept that our overall emissions may rise and we will work to minimise any increase in absolute emissions to ensure we grow sustainably. Absolute emissions have grown by 48%, whereas our carbon intensity, across all scopes, a measure of our carbon emissions as a proportion of our overall activity, has decreased by 13%, indicating that we are becoming more carbon efficient as we grow.</p> <p>Our absolute Scope 1 emissions have declined slightly since the prior reporting year. However, our absolute Scope 2 emissions have increased significantly. This can be attributed to an increase in emissions from purchased heat and electricity, resultant from the acquisition of LiveAuctioneers coupled with an increase in the number of employees working back in our offices post pandemic.</p> <p>Although not directly reported in our SECR report, we have continued to measure and improve upon our understanding of our Scope 3 emissions. In total, our absolute Scope 1, 2 and 3 emissions have increased by 31%, however, have declined by 23% relative to turnover. As last year, we have included remote working emissions and emissions associated with the use of sold products in our carbon footprint to ensure we account for our home-based employees and continued growth in our online auction services.</p>

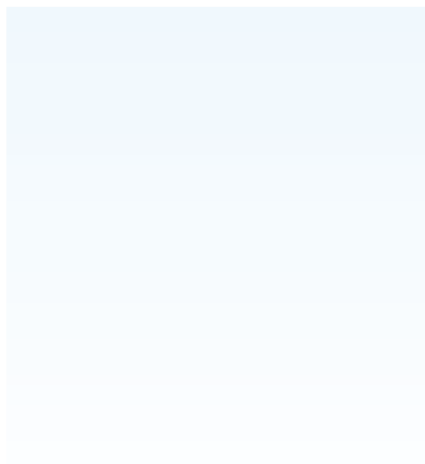


Our People and Community

Our people bring talent and experience to ATG which is key to our success. Our core values are ingrained in our culture and help us achieve our strategy and purpose.



Our employees understand that how they work is as important as what they deliver, and every member of our team knows what's expected of them and how they can succeed.



A culture which enables people to thrive

Our employees understand that how they work is as important as what they deliver, and every member of our teams know what's expected of them and how they can succeed. In the past year, our team at all levels have done a superb job of adapting and managing the growth and higher expectations that are held of us as a public company.

In FY22, we welcomed the LiveAuctioneers team to ATG and over the past year, have worked to integrate their team, culture and ways of working into the business. This includes the promotion of two of LiveAuctioneer's senior leaders to the ATG Leadership Team, as well as through the collaboration and sharing of best practices in the development and roll out of the integrated payments solution. We also added a new role, Chief People Officer, to the Leadership Team, whose focus will be to continue to build a strong global culture and employee experience at ATG, as we recognise that company culture is a critical differentiator in our success.

Listening to our people

It is important that we continue to make ATG a great place to work, and we regularly engage with our employees to understand their values and concerns.

Every year we run a Company-wide survey to understand employee sentiment and engagement, which is followed by focus groups and actions for the coming year. The most recent survey saw 91% of respondents feeling personally engaged with the Company and their roles. This is the fourth consecutive year that we have seen an engagement score of over 90%, driven by many factors including a favourable score for employee trust in the integrity of our leadership, their vision and Company growth and direction. The employees from LiveAuctioneers and Auction Mobility will be included in the 2023 engagement survey.

Over the year, we have also listened to our employees as we managed the transition from remote working to a hybrid working solution as many employees returned to the office.

Throughout the period of remote working, we continued to support our employees and their wellbeing, including through offering flexible working patterns for parents, as well as ensuring our employees remained well connected throughout the period. We listened to our employees' feedback on the return to the office, adopting three hybrid models according to local government guidelines, whilst also offering permanent opportunities to work from home for some employees.

An inclusive and diverse workforce

A diverse ATG is important to us, and we strive to be a company where all people can work and thrive in a supportive environment. We are fully committed to the elimination of unlawful and unfair discrimination, and we value the differences that a diverse workforce brings to our organisation. We know that our continued success relies on bringing together people who have a wide range of experience and skills to offer different perspectives and promote innovation. We are in the process of implementing our diversity and inclusion strategy in accordance with our Board and workforce diversity policies. The workforce diversity policy is shared with and is available to all our people via the employee handbook on the Company's intranet. The Board diversity policy can be found on our website at www.auctiontechnologygroup.com/investors/corporate-governance/. We also continue to track the gender and ethnic minority balance of our workforce and are committed through our initiatives to ensure that we improve this balance.

Gender diversity

The Group is diverse in terms of gender mix with women comprising 38% of the total workforce. The Group's employee base is diverse at the management level with two females on our Leadership Team, and many more female leaders in management roles in multiple parts of the organisation. The Group's Leadership Team, as defined by the Corporate Governance Code, comprises nine males and three females, as illustrated on pages 84 to 87 the Board comprises five males and three females. We strive to achieve a gender balance across all levels of the organisation and have recently achieved this balance in our UK and German businesses.

Ethnic diversity

ATG's employees are diverse in terms of ethnicity, with 25% having disclosed as identifying as non-white. We are committed to increasing ethnic diversity across all levels throughout the organisation through recruitment and succession planning.

The Board has considered the Parker Review recommendation for all FTSE 250 Boards to have at least one director from an ethnically diverse background by 2024, and following consultation with the Nomination Committee, the Board considers that it has achieved this target, with John-Paul Savant representing a Eurasian ethnically diverse background.

Employees with disabilities

We strive to be an inclusive employer and are committed to ensuring that people with disabilities are not disadvantaged in our hiring process. We offer flexibility and support to any employees that are disabled upon joining or who become so during employment.

Initiatives to promote diversity, inclusion and equal opportunities

Initiatives to promote diversity, inclusion and equal opportunities include:

- A talent review to identify female high performers with clear development and progression plans. The Board continues to focus on succession planning and developing diversity within the Leadership Team. The Chief People Officer tracks and reports on diversity metrics regularly, enabling us to incorporate this data in to key people initiatives, such as a talent reviews.
- A review of all employee pay, with steps taken to level up pay gaps for male and female employees doing the same role with similar experience levels during pay review.
- Diversity, equality and inclusion training for all employees. Through online interactive training, we educate employees and create awareness on the following topics:
 - Microaggression in the workplace
 - Unconscious bias
 - Workplace cultural competency and humility
 - Diversity, inclusion and sensitivity

- Celebration of internationally diverse days including a paid holiday in North America for Juneteenth.
- Actively soliciting employee feedback on what can be done to further support diversity, equality and inclusion, including through our employee engagement survey. 96% of employees feel ATG recognises diversity is critical to our future success. However, 12% feel there is more we can do to value individual backgrounds and identities.
- Supporting apprenticeship schemes in the UK and Germany, to offer young people, or those without the opportunity to study further education, a placement at ATG. This provides qualifications, training and on the job corporate experience in entry level roles.
- Creating more internship opportunities in North America with quality work experience through the University of Nebraska supported schemes.

An environment where all employees can build a rewarding career

Training and development

We ensure that all employees have access to the training they need to support their development. All employees are required to undertake mandatory training annually to ensure they understand their legal and regulatory duties in relation to insider trading, cyber security and data security.

Professional qualification sponsorship is available for all employees to apply for. During objective-setting periods, employees review training needs with their managers and training will be offered on a case-by-case basis to support specific developmental skills.

New joiners receive a 30/60/90-day onboarding programme to help set them up for success and ensure they receive a comprehensive plan to learn about ATG's purpose and strategic drivers, our infrastructure, processes and ways of working.

Performance reviews are conducted at least annually across the Group, to enable managers to have meaningful discussions about an individual's progress and career development. To support these conversations, we offer access to development plans and 360 feedback tools.

Strategic Report

Our People and Community continued

Recruitment

We are committed to the fair and equal treatment of candidates through our recruitment process, regardless of an individual's race, age, gender, ethnic background, religion or beliefs, gender reassignment, sexual orientation, marital or civil partnership status, or disabilities. Our recruitment and selection processes focus on selecting the best candidate for each role and we hire based on merit and the right skills for the role.

In the last 12 months, 40% of our new joiners have been female, notwithstanding the shortage of female applicants that is prevalent within the technology sector. Our hiring strategy has looked to increase the number of female candidates by engaging with women in technology forums and working with specific agencies. As well as improving gender balance, we continue to increase our mix of ethnic backgrounds. In the US, we have a partnership with the Professional Diversity Network where every role is posted to 17 ethnically diverse job boards with the aim to increase the diversity of applying candidates.

Recognising high performance

Each employee is rewarded for long service and performance through an employee voucher scheme at key milestones and commendable achievements. Employee performance is also celebrated with an annual awards ceremony known as the ATG Spotlight Awards, bonuses to recognise exceptional commitment to work as well as regular celebration of achievements at Group wide "All Hands" meetings.

Employee benefits

We believe it is necessary to offer a competitive benefits package to ensure we can recruit and retain the right calibre of person. As well as some key financial benefits and paid vacation leave, we ensure different demographics are catered for, such as paid leave benefits for new parents. We support health and wellbeing schemes including EAP confidential helplines in the UK, the UK Cycle to Work scheme, 24/7 GP access, as well as the provision of eight video counselling sessions with trained therapists each year.

ATG provides pension arrangements for the benefit of our employees in the UK and US, including a defined contribution scheme in the UK and a 401(k) plan in the US, which also include life insurance and income protection schemes. All new UK and US employees, once eligible, can join the Group's defined contribution scheme or 401(k), respectively. Medical, dental and vision insurances are provided across the US. Other countries comply with the statutory law within that country.

Employee share schemes

To encourage our employees to align their interests with shareholders and to benefit from their contribution to ATG's success, existing and new employees have been granted equity awards. Furthermore, we have recently set up a new scheme for all UK and German employees to have the opportunity to take part in a Shared Incentive Plan ("SIP"). For every share an employee purchases, ATG will match it. US employees will be invited to buy shares under the Employee Share Purchase Plan ("ESPP"), purchasing shares at a 15% discount.

The Long Term Incentive Plan allow ATG to award employees with equity each year, vesting over a three or four-year period. From October 2023, ATG will be offering all employees equity under the LTIP plan rules. This is an exciting prospect for employees and ATG is pleased to be able to reward employees at all levels.

Supporting our communities

We are committed to making an impact not only in our industry, but also in the communities in which we operate. We run a number of programmes and initiatives that enable our business and our people to make a difference.

Supporting educational programmes

Developing the next generation of talent and fostering new ways to encourage entrants, of all backgrounds, into the auction and technology sectors are important to the future success of the online auction industry. An example of this is our support of BADA Friends – the British Antique Dealers Association – which provides a platform for the public to support the work of BADA's Cultural and Educational Trust, and to promote learning and expertise in the fine art and antiques trade.

Sponsorships and partnerships

Each year we support industry events, whether through sponsorship or devotion of expertise, helping to support a virtuous circle of growth in the auction industry. These events include:

- National Auctioneers Association. Every year, we sponsor the NAA Conference and Show in North America, an event which explores innovative solutions to accelerate the future auction industry.
- Firsts – London's Rare Book Fair. Every year we sponsor the Antiquarian Booksellers' Association annual fair, which promotes the trading and collecting of rare books, maps, prints and manuscripts.
- Asian Art in London. Every year we are a primary sponsor of the festival, which promotes connoisseurship of – and trading in – Asian art and highlights London's key role as a global art market hub.
- RICS (Royal Institute of Chartered Surveyors) Global Valuation Conference. We sponsor this event, which presents new opportunities for collaboration and the advancement of the valuation profession.

Charities

Charities are facing unprecedented fundraising challenges as a result of the pandemic, which means they are more reliant than ever on regular donations. We make an impact by supporting charities and causes that matter to our teams.

UK employees are offered a Payroll Giving scheme as a simple way for our people to support causes close to them with tax-free giving. In celebration of the organisation's decision to foster a culture of philanthropy and committed giving in the workplace, by making Payroll Giving available to employees, we have been awarded with a Payroll Giving Silver Award by the Charities Trust.

We also facilitate hundreds of charity auctions on our marketplaces each year, waiving our fees to ensure that all proceeds go to the charities. In the past 12 months, charity auctions hosted on our marketplaces have raised over £6m for good causes (FY21: £7m).





Sustainability Governance and Compliance

We are committed to operating in a transparent, responsible and ethical manner, within a strong governance and compliance framework.

Introduction from Richard Lewis, Chief Operating Officer and Chair of the Sustainability and Climate Risk Committee

The Board has overall responsibility for our ESG and sustainability strategy, the latter being sponsored by myself as Chief Operating Officer and overseen by the Sustainability and Climate Risk Committee. The Sustainability Report summarises our strategy and the actions taken to ensure that our operations have a positive impact on our stakeholders and the planet and this section outlines the governance of this vital area. We are proud to share our progress on ESG and sustainability governance, demonstrating our commitment to a sustainable future. The creation of the Sustainability and Climate Risk Committee by the Board during the year has strengthened our governance arrangements for the oversight of sustainability and ESG matters on behalf of the Board, whilst also monitoring material climate risks that impact on our business and reputation. The Board will continue to monitor our progress against our ESG and sustainability objectives and targets and we are committed to providing clarity and transparency on these matters.

Regulatory and reporting environment

The Group's operations are subject to various laws and regulations, including regulations with respect to e-commerce and data protection. Its operations are global and so it is subject to local laws and regulations across multiple jurisdictions, but the Group's primary focus is on the UK, US and EU. It is therefore primarily subject to a number of regulations and national laws within the EU, UK and US.

We have sought to align with the TCFD disclosures. Our TCFD disclosures are detailed on pages 53 to 65.

Sustainability and Climate Risk Committee

The Board approved the establishment of the Sustainability and Climate Risk Committee during the year, primarily to support the implementation of the TCFD recommendations for corporate reporting, but more widely to cover climate-related developments and wider sustainability topics. The Sustainability and Climate Risk Committee is chaired by Richard Lewis, Chief Operating Officer, and its members are Tom Hargreaves, Chief Financial Officer, Suzanne Baxter, Chair of the Audit Committee, and senior representatives from Finance, Internal Audit, and ClearLead Consulting Ltd, our external sustainability consultants.

The Committee, which plays a pivotal role in developing and implanting ATG's climate risk strategy, reports directly into the Board and provides regular updates to help determine the focus and direction of the strategy. Further details on the governance of the Sustainability and Climate Risk Committee can be found in the Corporate Governance Report on page 57.

Further details on the Group's governance framework, its committees and key policies can be found in our Corporate Governance Report on pages 72 to 83.

Protecting personal data

Protecting personal data is core to the Group's operations. We invest heavily in data security and privacy controls and work hard to ensure our marketplaces, white labels and SaaS back-office solutions are safe to use, that the data we store is secure and that we comply with all applicable data protection legislation.

We have undertaken both internal and external audits of our cyber security and data protection controls and continue to review and strengthen our processes and policies to meet the new threats that face online marketplaces, white labels and SaaS products. We have organisational and technical measures implemented across the Group to ensure that our services and data are protected. We undertake periodic analysis to identify potential vulnerabilities and risks. We have processes in place to identify potential incidents and mitigate accordingly. During FY22 we appointed a dedicated Head of Information Security responsible for the coordination, execution and reporting on the ATG information security programme.

We have an internal governance framework for data protection and information security including various policies, procedures and training. Our policies are regularly reviewed and updated. All employees must certify that they have read and understood our core policies. Further specialised policies and standards are required for employees in engineering, product and design. Our Data Protection Officer has extensive experience in cyber security and data privacy, data breach prevention and reporting, policy compliance, record keeping and data subject rights.

Card payments from bidders are handled by third-party suppliers on behalf of the Group and by auction house clients. Therefore, the Group does not store card details and does not need to comply with Payment Card Industry Data Security Standard ("PCI DSS") as it does not store bidder card data. Under its contract with the Group, the supplier agrees to comply with the PCI DSS in respect of the storage of bidder card data. Online subscriptions to the Antiques Trade Gazette are managed in a similar fashion.



Anti-money laundering

In accordance with UK anti-money laundering regulations, auction houses are required to conduct appropriate due diligence on any bidders spending more than €10,000 in any single transaction or series of linked transactions. The Group works closely with auction houses in order to support this process and assist with compliance. In particular, the Group has developed and continues to develop practicable procedures for bidders and auction houses to follow. Through the Group's GAP Toolbox, the Group is able to centralise this verification process for bidders, reducing friction across different marketplaces.

Restricted items

The Group has rules in place with regard to the listing of prohibited items on its marketplaces, such as offensive items, illegal firearms and weapons, and illegal wildlife products. We employ a compliance team to monitor adherence to these rules.

Security of buying on our marketplaces

It is important that bidders can trust the buying experience on our marketplaces and that they know that auctioneers are following best practice. We vet all auction houses before allowing them to sell on our marketplaces. Equally it is important to auction houses that they are protected against fraudulent bidders. To this end we have bidder security teams dedicated to minimising the number of marketplace bidders who default on their purchases.

Anti-bribery and corruption

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery and corruption. There were no instances of bribery reported within the Group during the year.

Whistleblowing

We are committed to maintaining the highest standards of honesty, openness and accountability both within the organisation and in all its business dealings. ATG and its employees must behave honestly, and customers must be able to have absolute confidence in us. The Group recognises that employees have an important role to play in achieving these goals.

A whistleblowing policy has been adopted which includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on a strictly confidential basis. The Audit Committee receives regular reports on the use of the service, and any issues that are raised, the findings of any investigations and any actions arising.

There were no reports made under the Group's whistleblowing policy during the year.

Modern slavery

We are committed to ensuring that slavery and human trafficking are not taking place in any part of our business or our supply chain. We expect the same commitment from our suppliers, contractors and business partners. We will not tolerate the mistreatment of people in our employment and, wherever possible, employed in our supply chain. Our Modern Slavery Statement can be found on our website www.auctiontechnologygroup.com.

During FY22, no incidents of modern slavery or human rights abuse were identified within the Group or our supply chain.

Human rights

We are committed to supporting human rights through our compliance with national laws and through our internal policies which adhere to internationally recognised human rights principles. Our Code of Conduct and associated policies require respect and equal and fair treatment of all persons we come into contact with. We safeguard our employees through a framework of policies and statements in respect of equal opportunities and inclusion policies.

Tax transparency

The Group is committed to paying its fair share of tax and manages tax matters in line with our tax principles as set out in the Chief Financial Officer's review on pages 32 to 36.

The Group's Tax Strategy, which is approved by the Board, is published on our website www.auctiontechnologygroup.com.

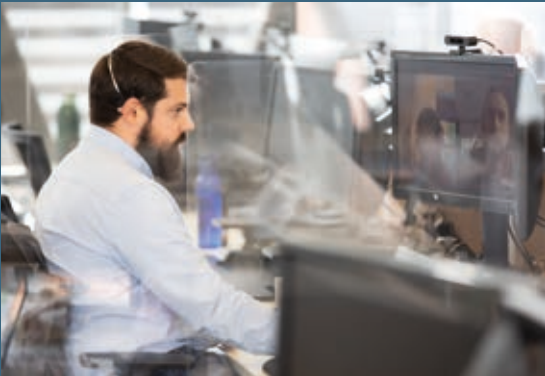
The Strategic Report, comprising the information on pages 02 to 71 inclusive, was approved by the Board of Directors on 1 December 2022 and signed on its behalf by:

John-Paul Savant
Chief Executive Officer

Corporate Governance

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Chairman's Introduction

We are committed to promoting the highest standards of corporate governance in order to deliver our purpose of unlocking the value of the secondary goods market and accelerating growth in the circular economy.

Corporate Governance Report

On behalf of the Board, I am pleased to introduce our Corporate Governance Report for the financial year ended 30 September 2022, our first to cover a full year of operation since becoming a listed entity on 26 February 2021. FY22 was a busy time for the Board as we got to know each other as a Board and helped the Company to continue its transition to the heightened demands of listed company life. In this report, and in the sections that follow, we aim to provide an insight into how corporate governance operates at ATG and to explain how we as a Board have sought to apply the principles of the 2018 UK Corporate Governance Code (the "Code"). A copy of the Code can be found at the Financial Reporting Council's website frc.org.uk. The Board is committed to the highest standards of corporate governance and as a Board we aim to lead by example.

Since Admission we have continued to strengthen Board membership and in the last year we welcomed Pauline Reader, Suzanne Baxter and Tamsin Todd as independent Non-Executive Directors. Each of our Directors brings to the Board their own set of unique skills, experience and knowledge in areas that are crucial to our business model. We also saw Penny Ladkin-Brand step down from the Board in January 2022 and I would like to thank Penny for her valuable contribution to the Board during her time with us.

We believe that maintaining a diverse Board is important to our decision-making and I am pleased to report that our Board composition is in line with the recommendations from the FTSE Women Leaders Review. You can read more about the diversity of our Board and our plans for the future in the Nomination Committee Report on pages 95 to 97.

[Nomination Committee Report p95](#)

The Company's second Annual General Meeting ("AGM") will be held on Thursday 26 January 2023, an opportunity for the Board to engage with our investors. Full details of the AGM, including the resolutions to be proposed for shareholder approval, can be found in the Notice of Meeting. In order to maximise shareholder engagement and participation, we encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to investorrelations@auctiontechnologygroup.com. Shareholders who would prefer not, or are unable, to attend the AGM in person are invited to watch and listen to the AGM online via a live webcast, details for which can be found in the Notice of Meeting. This report explains in more detail the corporate governance structures in place, the work of the Board and its Committees in FY22 and our planned focus for FY23.



Breon Corcoran
Chairman

1 December 2022

[Breon's biography p84](#)

[Chairman's Statement p08](#)

Documents available at www.auctiontechnologygroup.com

- Articles of Association
- Matters Reserved to the Board
- Terms of Reference for Board Committees
- Board Diversity & Inclusion Policy
- Modern Slavery Statement 2022
- Tax Strategy 2022
- Notice of Annual General Meeting 2023

Governance at a glance

Board gender diversity

- Male (5)
- Female (3)



Board independence

- Independent (4)
- Non-independent (3)
- Chair (1)



Length of tenure

- 0-3 years (6)
- 3-6 years (1)
- 6-9 years (1)



Governance Report

Overview

Compliance with the Code

The Company has assessed itself with reference to the Code, which the Company became subject to following the Company's Admission to listing on 26 February 2021. The Board confirms that the Company applied the principles and complied with the provisions of the Code throughout FY22 and up to the Last Practicable Date, with the exception of the following:

Under provision 11 of the Code, at least half the board of directors of a company listed in the UK, excluding the chair, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which are likely to impair, or could appear to impair, this independence. At the start of the year under review, the Board comprised two Executive Directors, two independent Non-Executive Directors, one additional Non-Executive Director plus the Chair (who was independent on appointment) and therefore did not fully comply with the Code. Pauline Reader's appointment on 2 December 2021 shifted the balance until Penny Ladkin-Brand's resignation on 25 January 2022, following which there was a short period of non-compliance until the appointment of Suzanne Baxter and Tamsin Todd as independent Non-Executive Directors on 4 February 2022.

The movements noted above also impacted the composition of the Board Committees. Provision 24 of the Code recommends that audit committees of companies within the FTSE 350 should have a minimum of three members. The Company entered the FTSE 350 during FY21. The Audit Committee experienced two periods with two members in FY22, for the period from 1 October 2021 to 2 December 2021 and for the period from 25 January 2022 to 4 February 2022. From 4 February 2022, the Audit Committee has comprised three independent Non-Executive Directors, as set out in the Audit Committee Report on pages 88 to 94.

The Board considers that the above movements were necessary to achieve the desired composition of skills, experience and competencies and to consolidate the Board for its future operations, as the Company moved into its first full year of operation post-IPO.

Provision 20 of the Code provides that open advertising or an external search consultancy should generally be used for the appointment of the Chair and Non-Executive Directors. Whilst the Company used executive search companies to assist with identifying candidates resulting in the appointment of Pauline Reader and Suzanne Baxter, the Nomination Committee also utilised existing Directors' own networks to recommend candidates for shortlisting the position subsequently filled by Tamsin Todd. Further details can be found in the Nomination Committee Report on pages 95 to 97.

Other than the above, the Company has complied with the principles of the Code for the period under review.

Directors' independence

The Board has determined that all of the Non-Executive Directors other than Morgan Seigler are free from any business or other relationship that could impair their independent judgement and are therefore "independent Non-Executive Directors" within the meaning of the Code. The Non-Executive Directors holding shares in the Company are not, nor do they represent, a significant shareholder.

The Directors believe that the appointment of Morgan Seigler to the Board by TA Associates, pursuant to the Relationship Agreement, is assisting the Group with the implementation of its growth strategy, particularly given Morgan's familiarity with the business, transactional experience and network of contacts through TA Associates, which the Directors believe will assist the Group in sourcing acquisition opportunities. The Directors further believe that the terms of the Relationship Agreement enable the Group to function independently of TA Associates notwithstanding TA Associates' appointment of Morgan Seigler to the Board.

The Board is mindful that the Code lists that where Non-Executive Directors hold cross-directorships or have significant links with other Directors through involvement in other companies or bodies, this is likely to impair, or could appear to impair, a Non-Executive Director's independence. Accordingly the Board has assessed the independence of Scott Forbes and Suzanne Baxter, given that Scott serves as independent Chair, and Suzanne as an independent non-executive director of Ascential plc, a UK listed company. They are not involved in executive duties for Ascential plc and each have a similar obligation to be independent for Ascential plc as they do for the Company. The Board does not consider that Scott Forbes' and Suzanne Baxter's positions as independent Non-Executive Directors of the Company are adversely impacted by their roles on the board of Ascential plc and is satisfied that notwithstanding these appointments, they are to be regarded as independent.

Board composition

The composition of the Board has continued to evolve during FY22 with the appointment of Pauline Reader in December 2021, the resignation of Penny Ladkin-Brand in January 2022 and the appointment of Suzanne Baxter and Tamsin Todd in February 2022. At the date of this report, our Board comprises eight members: the Chair, the CEO, the CFO, four independent Non-Executive Directors and one non-independent Non-Executive Director. Over half the Board (excluding the Chair) comprises independent Non-Executive Directors and the composition of all Board Committees complies with the Code.

Board meetings

The Chairman, in conjunction with the CEO and Company Secretary, plans an annual programme of business prior to the start of each financial year, to ensure that essential topics are covered at the appropriate time and that space is built in in advance to provide the Board with the opportunity to hold in-depth discussions and deep dives on key strategic issues.

Board papers are circulated electronically in advance of meetings to ensure sufficient time for the Board to absorb, thus facilitating robust discussion.

The Board generally schedules six meetings each year to allow the Board sufficient time to discharge its duties, with ad hoc meetings convened as and when required. There were seven scheduled Board meetings during FY22, excluding ad-hoc sub-committee meetings for time-sensitive approvals. Information on Directors' attendance at Board and Committee meetings is set out on page 82.

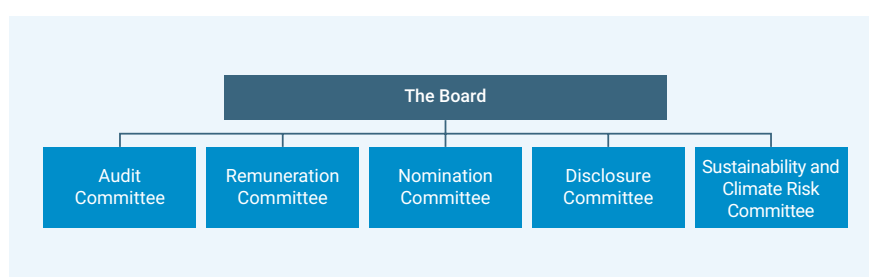
Board meetings have generally been held in person at our London offices for the majority of FY22. Given her location, Pauline Reader joins Board and Committee meetings via videoconference and intends to attend at least one meeting per annum in person.

To ensure that the Board has good visibility of the key operations of the business, members of the Leadership Team attend Board meetings regularly to provide presentations on areas of strategic focus.

Board evaluation

In February 2022 the Board conducted an effectiveness review of its performance and that of its Committees, led by the Chair and supported by the Company Secretary. The Senior Independent Director led a review of the Chair. As the Board had been constituted for a relatively short period, the focus of the internal review was to obtain feedback on progress so far, to seek recommendations for improvement and to consider the key priorities for the business and the Board in the second half of FY22. The overall conclusion was that the Board and its Committees comprised high-quality, experienced individuals and that they were engaged in meetings and the quality of debate was high and centred on the right issues. Most review areas were scored as either good or excellent. Common outputs emerging from this exercise were as follows, along with agreed actions:

The governance framework



Finding: Board focus during the second half of FY22 and into FY23 should include deep dives into key pillars of the Group's strategy.

Action: Each Board meeting includes a strategic update by key members of the Leadership Team and these have been built into the programme of meetings going forward.

Finding: A Board skills matrix should be undertaken to identify the skills and experience already on the Board against those most valued, with the objective of a clear Board recruitment plan to continuously improve skills and diversity.

Action: The Nomination Committee initiated a skills review during FY22, details of which can be found in the Nomination Committee Report on pages 95 to 97.

Finding: There should be more opportunities for the Non-Executive Directors to learn about the business, including site visits.

Action: One Board meeting per annum will be held in a significant operating location. The Board meeting held in September 2022 was held in New York, where Board members had the opportunity to engage with members of the LiveAuctioneers team.

The Board intends to comply with Code Provision 21 whereby an externally facilitated evaluation will take place at least every three years.

The Board

The Board is responsible for leading and directing the Company and has overall authority for the management and conduct of its business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Company.

The Committees

The Board has established a number of Committees, whose terms of reference are documented formally and updated as necessary and can be found on the Company's website at www.auctiontechnologygroup.com. The Committees report back to the Board on their activities at the Board meeting following the respective Committee meeting. The composition of each Committee is designed to ensure common membership between Committees with shared responsibilities.

Corporate Governance

Governance Report

continued

Audit Committee

The Audit Committee has been chaired by Suzanne Baxter since 4 February 2022 and other members are Scott Forbes and Tamsin Todd.

The Audit Committee meets at least four times a year, and more frequently if required. The quorum necessary for the transaction of business at any meeting of the Audit Committee is two members.

Appointments to the Audit Committee are made by the Board, on recommendation by the Nomination Committee and in consultation with the Chair of the Audit Committee.

The Audit Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual and interim Consolidated Financial Statements and accounting policies, including climate-related financial disclosures, the internal control framework, internal and external audits, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the risk management framework, internal audit, internal controls, whistleblowing and fraud systems in place within the Group.

There is further detail on the Audit Committee's activities on pages 88 to 94.

[→ Audit Committee Report p88](#)

Remuneration Committee

The Remuneration Committee is chaired by Scott Forbes and its other members are Breon Corcoran, Suzanne Baxter and Tamsin Todd. The Remuneration Committee meets at least twice a year, or more frequently if required. The quorum necessary for the transaction of business at any meeting of the Remuneration Committee is two members.

The Remuneration Committee has delegated responsibility from the Board for determining the policy for Executive remuneration and setting remuneration for the Chair, the Executive Directors and the Leadership Team. It reviews the remuneration of our people and related policies and the alignment of incentives and rewards with culture, taking them into account when setting the policy for Executive Directors' remuneration. The responsibilities of the Remuneration Committee are covered in its terms of reference, which include determining and monitoring the strategy and policy on remuneration, termination, performance-related pay, pension arrangements, share incentive plans, and remuneration reporting and disclosure.

There is further detail on the Remuneration Committee's activities on pages 98 to 112.

[→ Remuneration Committee Report p98](#)

Nomination Committee

The Nomination Committee is chaired by Breon Corcoran, and its other members are Scott Forbes and Pauline Reader. The Nomination Committee meets at least twice a year, or more frequently if required. The quorum necessary for the transaction of business at any meeting of the Nomination Committee is two members.

The responsibilities of the Nomination Committee include reviewing the size, structure and composition of the Board and ensuring that the Board comprises the right balance of skills, knowledge, diversity and experience; identifying and nominating for approval candidates to fill any vacancies on the Board; giving full consideration to the organisation and succession planning for the Group; and making recommendations to the Board concerning membership of the Audit Committee and the Remuneration Committee in consultation with the Chairs of those Committees.

There is further detail on the Nomination Committee's activities on pages 95 to 97.

[→ Nomination Committee Report p95](#)

Disclosure Committee

The role of the Disclosure Committee is to ensure timely and accurate disclosure of all information that is required to be disclosed to the market to meet the legal and regulatory obligations and requirements arising from the listing of the Company's securities on the London Stock Exchange, including the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation framework.

The Disclosure Committee will meet at such times as shall be necessary or appropriate, as determined by the Chair of the Disclosure Committee or, in his or her absence, by any other member of the Disclosure Committee. The Disclosure Committee is chaired by John-Paul Savant and its other members are Tom Hargreaves, the Company Secretary, and any one Non-Executive Director.

Sustainability and Climate Risk Committee

The Sustainability and Climate Risk Committee was established in July 2022 primarily to support the implementation of the TCFD recommendations for corporate reporting, but more widely to cover climate related developments and wider sustainability topics as may be required. The Committee is chaired by Richard Lewis, Chief Operating Officer, and membership comprises Suzanne Baxter, Tom Hargreaves, and representatives from Finance, Internal Audit and ClearLead Consulting Ltd, our external sustainability consultants. The Committee meets at least twice a year.

[→ Sustainability Report p70](#)

The following table details how the Company has complied with the 2018 UK Corporate Governance Code (the "Code") during the year under review.

The Company has complied with the provisions of the Code for the financial year other than as disclosed on page 74.

Pages

Board leadership and Company purpose

The Board is responsible for setting and delivering the Group's strategy and monitoring how it is performing against the agreed strategy for the benefit of all its stakeholders. The Board is also responsible for defining, monitoring and overseeing the Group's culture and ensuring it is aligned to the purpose and strategy. Further information on the application of these principles can be found as follows:

Chairman's Statement	08
Chief Executive Officer's Statement	10
Our Six Strategic Drivers	20
Key Performance Indicators	26
Principal Risks and Uncertainties	40
Governance, Board and Group purpose	73
Committee Reports	88

Division of responsibilities

The Board has clear written guidelines on the division of responsibilities between the Chairman, Chief Executive Officer, Senior Independent Director, Board and Committees. Further information on the application of these principles can be found as follows:

Division of responsibilities	81
Board attendance	82
Board independence	74
Board Committees	75

Composition, succession and evaluation

The Board has delegated responsibility to the Nomination Committee to keep under regular review the composition of the Board and its Committees. The Nomination Committee is also responsible for succession planning and the Group's policy on diversity and inclusion. Further information on the application of these principles can be found as follows:

Board biographies	84
Board composition	74
Nomination Committee Report	95

Audit, risk and internal control

The Board has delegated responsibility to the Audit Committee to oversee the Group's financial framework, financial controls and internal controls, and that policies and procedures are in place to manage risks appropriately. Further information on the application of these principles can be found as follows:

Principal Risks and Uncertainties	40
Audit Committee Report	88

Remuneration

The Remuneration Committee is responsible on behalf of the Board for determining and monitoring the strategy and policy on remuneration, termination, performance-related pay, pension arrangements, share incentive plans to support the Group's strategy, and remuneration reporting and disclosure. Further information can be found as follows:

Remuneration Committee Report	98
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Compliance with the Disclosure and Transparency Rules

The disclosures required under DTR 7.2 of the Disclosure and Transparency Rules are contained in this report, except for those required under DTR 7.2.6 which are contained in the Directors' Report.

Board leadership and Group purpose

The Board is responsible for leading and directing the Company and has overall authority for the management and conduct of its business, strategy and development. The strategy is intended to drive long-term sustainable growth and meet the interests of our key stakeholders.

The Group’s purpose, as detailed throughout the Annual Report, is to unlock the value of the secondary goods market and in doing so, to accelerate growth of the circular economy. Through our seven online marketplaces, we enable a large, diverse and fragmented buyer base to bid on a wide range of assets curated by expert auctioneers. In turn, auctioneers are able to access a global buyer base in a cost-efficient way, through our specialised marketplace technology. Every year our marketplaces ensure that millions of used items are resold for re-use or repurpose, preventing waste and carbon emissions from the manufacturing of new items.

By extending the lives of millions of items, we are accelerating the growth of the circular economy and creating a new global channel of sustainable commerce. Our employees come to work each day to make their piece

of the auction ecosystem better by making buying or selling second-hand goods easier and faster.

Their efforts lead to more auctioneers selling more assets, in more categories, online, and more buyers from around the world placing more bids. This generates a virtuous circle of growth between auctioneers and bidders searching across an incredible range of specialised and unique second-hand items; all reducing the need to buy new.

Our goal of unlocking this value underpins our entire business strategy as we continue to commit to leading the structural transformation of the auction industry as a trusted partner to auctioneers, bidders, our people and our community.

Our purpose informs our business strategy and commitment to being a supportive and trusted partner to the industry, our people and our community.

Our strategy, which is to lead the evolution of the auction industry from offline to online by providing auctioneers with the most complete and impactful set of integrated online services and capabilities in the world, sets the direction the Group takes in order to help it achieve its purpose.

The strategy and the purpose are the key drivers to the Board’s decision-making and actions and ensuring these are implemented successfully; this is particularly key when integrating a new business into the Group as part of the Group’s M&A strategy.

Further information on the Group’s strategy can be found in the Strategic Report on pages 02 to 71.

[→ Our Six Strategic Drivers p20](#)



Board activities in FY22

The areas of focus discussed during the period under review included:

Board areas of focus	
Strategy	<ul style="list-style-type: none"> • Integration of LiveAuctioneers into ATG following the acquisition on 1 October 2021 • Regular reports from the CEO at each meeting detailing the performance of the business against the strategic goals and six growth drivers • The Group's strategy was reviewed and refreshed at a three-day offsite Leadership Team meeting and thoroughly scrutinised by the Board at meetings held in July and September 2022 • Continuous oversight of the M&A strategy at every Board meeting • The Board received, discussed and challenged strategic updates from members of the Leadership Team around the Group's key verticals – I&C and A&A both in the UK and US, and across people matters, IT strategy and future plans including IT security, product development and the roll out of marketing initiatives • Received updates from the CEO on recruitment into senior management positions and the reorganisation of the Leadership Team
Risk and risk management	<ul style="list-style-type: none"> • A thorough review of the Group's risks and the potential impacts on the business was undertaken as part of the interim and annual results process • A review of the risk register, principal and emerging risks and risk appetite statement, conducted by the Audit Committee
Financial performance	<ul style="list-style-type: none"> • Approval of the full year results for FY21 and interim results for FY22 • Received reports from the CFO at each meeting detailing the Group's performance and progress against budget and against analyst consensus • Discussed the sustainability strategy and created the Sustainability and Climate Risk Committee to support the implementation of the TCFD recommendations for corporate reporting • Approval of the FY23 annual business plan and budget • Approval of the partial repayment of the Senior Term Loan Facility
Governance	<ul style="list-style-type: none"> • Approved the resolutions to be put to shareholders at the AGM and reviewed investor feedback received • The Group's governance structure was reviewed to ensure compliance with the Code. The Company Secretary reviewed the governance framework and considered the impact of any regulatory changes on the governance structure • An evaluation of the Board, its Committees and the Chair's performance • Reviewed the Committees' terms of reference • Approval of the Modern Slavery Statement • Completed the annual review of the Board's suite of governance policies
Stakeholders	<ul style="list-style-type: none"> • Feedback from shareholders following the FY21 full year results and FY22 interim results and feedback from investor roadshows • Considered reports on the integration of LiveAuctioneers into the business • Received reports on share register and movements within the register • Full year and interim results statement including evaluation of market guidance • Engagement with major shareholders regarding the proposed remuneration policy, which was approved at the AGM in January 2022 • Received updates from the designated Non-Executive Director following formal engagement with the workforce on a biannual basis • Consideration of the results of the employee engagement survey • The approval of a lease for new office premises for the Proxibid team in Omaha. Further details on the process and considerations of this decision are set out in the S.172 Statement on pages 46 to 51.

Corporate Governance

Governance Report continued

Board priorities for FY23

The key items proposed for FY23 are to:

- Review the progress and delivery of the Group strategy
- Continue to review any potential M&A opportunities
- Review the composition of the Board to ensure progress to meeting diversity targets
- Review succession plans for the Board and the Leadership Team

→ [Chief Executive Officer's Statement p10](#)

→ [Chairman's Statement p08](#)

→ [Chief Financial Officer's Review p32](#)

Culture

Our innovation and collaboration-driven culture is core to our success. The Board plays a key role in ensuring that this culture is aligned with the strategy and that behaviours are maintained or adequately adapted to meet the needs of future and evolving operations. Over the last year, the Group has maintained its collaborative culture, successfully integrating LiveAuctioneers into our business and culture. Our collaborative approach has been demonstrated by the performance of the business during this time, successfully delivering its service to its customers, in a period of increased demand, largely due to the acceleration in auction activity migrating from offline to online.

As the Group expands, our international workforce has grown and the Board believes that it is important to ensure that the culture is embedded across the Group and adapted as necessary, to cater for differing regulations and requirements within different countries. The Board leads by example and ensures that the appropriate policies and procedures are in place to maintain the Group's culture.

The Group monitors its culture through the use of employee surveys, employee engagement sessions, data on employee turnover and via any breaches of our codes of conduct and through our whistleblowing policy.

Employee engagement

Following the pandemic the Group introduced a hybrid home/office working model designed to support employees, maximise collaboration and attract new talent. More detail on these flexible working practices can be found in the Sustainability Report on pages 66 to 69. The Leadership Team has continued to engage with the workforce during this time, and we have implemented a number of initiatives to ensure our employees' welfare, further information on which is detailed in the Strategic Report.

An employee engagement survey was conducted during the year, the results of which were shared with the Board in May 2022. The Board welcomed the 80% response rate and overall engagement score of 91%, as well as the 96% approval rate for the Leadership Team. Overall results showed a high level of satisfaction amongst our employees as 91% of the respondents felt that they were personally engaged with the Company and their roles.

The Board recognises the importance of continuing to engage with its workforce and takes their views into consideration in Board discussions and decision-making. Details of how the workforce has been consulted in relation to specific Board decisions, and the outcome of that engagement, is set out in the s.172 Statement on pages 46 to 51. The Board has appointed Breon Corcoran as its designated Non-Executive Director for workforce engagement and the Board will review this appointment during FY23. Breon met with a cross-section of the Group's employees, spread across operations in Europe and the US, in September 2021 and June 2022. These sessions have been scheduled at least twice a year to discuss culture, strategy, remuneration and any other key issues the employees wish to discuss. Following the meetings referred to above, Breon reported back to the Board on the outcome of these sessions at the following Board meeting to discuss any issues and actions to be taken, including delegation to Board Committees where appropriate. These engagement sessions will be conducted alongside the annual employee engagement survey, the results of which are reviewed in feedback sessions in smaller groups, to encourage further feedback and participation to help prepare a list of actions that will improve the next survey results.

Shareholder engagement

The Board recognises the importance of engaging with existing, and potential, shareholders. The Director of Investor Relations has defined an investor relations programme that aims to ensure that existing and potential investors understand the Group's business model, strategy and performance. The Board ensures a clear understanding of the views of investors through the various methods set out in the Stakeholder Engagement section of this report on pages 46 to 51. The Executive Directors made formal presentations on the full year and interim results (in December 2021 and May 2022), which were made available on the Company's website. The results presentations were followed by formal investor roadshows. A continuous programme of meetings with existing and potential investors, fund managers and sell-side analysts covers a range of topics including strategy, performance, outlook and ESG matters. The Chair is also available for meetings with major shareholders and the Chair of the Remuneration Committee consulted with shareholders in relation to our remuneration policy, which was approved at the 2022 AGM.

The Board is kept informed of shareholder and analyst feedback, via regular updates from the CFO, as well as share register analyses and market reports provided by the Company's brokers, J.P. Morgan Securities plc and Numis Securities Limited.

Private shareholders are encouraged to access the Company's website for reports and business information and to contact the Company via email with any queries. Contact information can be found on the inside back cover.

Senior Independent Director

The Code also recommends that the board of directors of a company should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and to serve as an intermediary for the other directors when necessary. The Senior Independent Director has an important role on the Board in leading on corporate governance issues and being available to shareholders if they have concerns which have not been resolved through the normal channels of the Chair, Chief Executive Officer or other Executive Directors. Scott Forbes has been appointed as the Senior Independent Director of the Board.

Whistleblowing

A whistleblowing policy has been adopted which includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on a strictly confidential basis. The Audit Committee receives regular reports on the use of the service, issues that have been raised and the findings of any investigations and any actions arising.

Conflicts of interest

In accordance with the Company's Articles of Association, the Board formally records any conflicts of interest and all Directors are given the opportunity to raise any conflicts of interest at the start of every Board meeting. Any conflicts that are raised will be considered for authorisation.

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. Further details about the Board's external commitments are detailed on pages 84 to 87 of this report and details about the Directors' interests in the shares of the Company are detailed on page 109.

Independent advice

Directors can raise concerns at Board meetings and have access to the advice of the Company Secretary. There is a procedure in place, when needed, for Directors to obtain independent professional advice at the Company's expense. No such requests were made during this financial year.

Directors' and Officers' Liability insurance is maintained for all Directors.

Internal controls statement

The Board, assisted by the Audit Committee, has carried out a review of the effectiveness of the Group's systems of internal control during the year ended 30 September 2022 and the period up to the date of approval of the Consolidated Financial Statements contained in the Annual Report. Following this review, the Board concluded that although the Group is still on its journey in developing, rolling out and embedding its control and assurance framework, no significant failings or weaknesses had been identified and plans were in place to address the issues flagged for improvement.

Division of responsibilities

Board balance and independence

The Board currently comprises the Chairman, two Executive Directors and five Non-Executive Directors. There are clear written guidelines around the division of responsibilities and, in accordance with the Code, the roles of Chairman and Chief Executive Officer are held by separate individuals.

Board balance and independence	
Chairman	<ul style="list-style-type: none"> • Leadership and governance of the Board • Ensures constructive relationships between the Executive and Non-Executive Directors • Ensures appropriate engagement with key stakeholders • Sets the agenda and tone of the Board meetings • Reviews the Board's effectiveness and monitoring the Non-Executive Directors' independence • Oversees the succession and composition of the Board
Chief Executive Officer	<ul style="list-style-type: none"> • Day-to-day responsibility for managing the business • Reviews and recommends the Group's strategy to the Board and ensures its implementation • Provides regular updates to the Board on all significant matters • Delivers the Group's ESG strategy • Delegation of authority to the Group's Leadership Team • Responsible for effective and ongoing communication with shareholders
Senior Independent Director	<ul style="list-style-type: none"> • Acts as a sounding board to the Chairman • Acts as an intermediary for the other Board members and/or shareholder and other key stakeholders • Evaluates the Chairman's performance as part of the annual Board effectiveness review
Non-Executive Directors	<ul style="list-style-type: none"> • Provide independent judgement, knowledge and commercial advice • Constructively challenge the Executive Directors and monitor their performance against strategy • Manage agendas and key inputs and issues through the Board Committees

Corporate Governance

Governance Report

continued

Board and Committee meetings and attendance

As detailed on page 75 to 76 the Board has in place a number of Committees that support the Board in providing oversight of specific areas of Audit, Remuneration, Nomination and Sustainability. The table below details the number of scheduled meetings held during the year under review and the attendance by each Director at the meetings they were eligible to attend if they were appointed or resigned during the year.

Name	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability and Climate Risk Committee
Breon Corcoran	7/7	–	3/3	2/2	–
John-Paul Savant	7/7	–	–	–	–
Tom Hargreaves	7/7	–	–	–	1/1
Scott Forbes	7/7	5/5	3/3	2/2	–
Suzanne Baxter	5/5	4/4	2/2	–	1/1
Pauline Reader	6/6	–	–	1/1	–
Tamsin Todd	4/5	4/4	2/2	–	–
Morgan Seigler	6/7	–	–	–	–
Penny Ladkin-Brand	2/2	1/1	1/1	1/1	–

Notes

- (i) The attendance above reflects the number of scheduled Board and Committee meetings held during FY22. The Board held six additional ad-hoc Board meetings during the reporting period to address urgent matters, which were attended by all Directors or at least the requisite quorum. This includes matters resolved by unanimous written resolution. One meeting was held in New York to enable the Board to gain a deeper insight into the US business.
- (ii) Pauline Reader was appointed to the Board on 2 December 2021. Suzanne Baxter and Tamsin Todd were appointed to the Board on 4 February 2022.
- (iii) Pauline Reader was a member of the Audit Committee from 2 December 2021 to 4 February 2022. There were no meetings of the Audit Committee during that period. Suzanne Baxter and Tamsin Todd were appointed as members of the Audit Committee on 4 February 2022.
- (iv) Pauline Reader was a member of the Remuneration Committee from 2 December 2021 to 4 February 2022. There were no meetings of the Remuneration Committee during that period. Suzanne Baxter and Tamsin Todd were appointed as members of the Remuneration Committee on 4 February 2022.
- (v) Tamsin Todd sent apologies for one Board meeting due to another unavoidable commitment shortly after she joined the Board. Morgan Seigler was unable to join one Board meeting, which took place in another time zone.
- (vi) Penny Ladkin-Brand resigned from the Board and all Committees on 25 January 2022.

Each Director's attendance at Board and Committee meetings is considered part of the formal annual review of their performance. When a Director is unable to attend a Board or Committee meeting, they communicate their comments and observations on the matters to be considered in advance of the meeting via the Chair, the SID or the relevant Board Committee's Chair for raising, as appropriate, during the meeting.

Prior to each Board and Committee meeting, each member receives the agenda and associated Board papers to support those items on the agenda. The Chief Executive Officer provides an update on key commercial issues and projects across the Group on behalf of the Leadership Team and the Chief Financial Officer provides updates on the current and forecast financial position at each meeting. The Committee Chairs also provide updates on the work of the Committees and highlight any areas which require consideration by the full Board. Other matters are added to the agenda of scheduled Board meetings, or Board meetings convened as and when necessary if a specific time critical item needs consideration.

Time commitments

The Nomination Committee will consider the time commitment of any potential new appointment to the Board to ensure they are able to dedicate sufficient time to fulfil their role. All Directors are required to seek prior approval before taking on any additional external appointments and they are expected to attend all Board and relevant Committee meetings.

Composition, succession and evaluation

Board appointments

The Nomination Committee is responsible for the appointment of new Directors to the Board and the Committees, in conjunction with the Chair of each Committee, to ensure that any new appointment provides the right balance of capabilities in line with the Board's policy on diversity. The Nomination Committee is also responsible for ensuring succession plans are in place at Board and senior management level.

Election and re-election

In accordance with the Company's Articles of Association and the Code, the Directors intend to stand for election or re-election at the Company's forthcoming AGM and for annual re-election at each subsequent AGM of the Company. In addition, prior to recommending their re-election to shareholders, the Nomination Committee, on behalf of the Board, carried out an annual re-assessment of each of the Non-Executive Directors.

Taking account of the recommendations of the Nomination Committee and the results of the Board evaluation carried out during the year under review, the Board considers that all the current Directors continue to be effective, are committed to their roles, and have sufficient time to perform their duties. The Board therefore recommends the re-election of all Directors and the election of Suzanne Baxter and Tamsin Todd. Directors' biographies can be found on pages 84 to 87 and in the Notice of Meeting.

Suzanne Baxter and Tamsin Todd, who were appointed to the Board on 4 February 2022, will stand for election at the Company's forthcoming AGM on 26 January 2023, being the first AGM since their appointment. All other Directors will offer themselves for re-election at the AGM.

Induction and continuing development

The Company Secretary in conjunction with the Chairman is responsible for ensuring that newly appointed Directors receive appropriate induction training, in accordance with the Code and the Board's own induction policy. Any newly appointed Director will also be invited to participate in a range of meetings with members of the Leadership Team to familiarise themselves with the business, its strategy and goals. Board meetings generally include one or more presentations from the Leadership Team on areas of strategic focus.

Board of Directors

Committee membership key

N Nomination Committee

A Audit Committee

R Remuneration Committee

D Disclosure Committee

S Sustainability and Climate Risk Committee

■ Committee Chair



Breon Corcoran

Chairman

N R

Appointed to the Board: 25 January 2021

Independent: Yes

Current external commitments: None

Breon joined the Group as Non-Executive Chairman in December 2020 and was appointed to the plc Board prior to IPO in January 2021. At the time, he was serving as CEO of WorldRemit (now known as Zepz), a role from which he stepped down in August 2022. Prior to that, he was CEO of Paddy Power Betfair plc (now known as Flutter plc). In 2016, Breon led the merger of Betfair and Paddy Power to form one of the world's largest online gaming companies. Prior to this, Breon was the CEO at Betfair until 2016 and COO of Paddy Power until 2011. Breon was formerly non-executive director of Tilney Investment Management Services and Bestinvest, both part of the Tilney Group. In the 1990s, Breon was a Vice-President, Equity Derivative Trading, at J.P. Morgan and he has also worked at Bankers Trust. He has a BA (Mathematics) from Trinity College, Dublin and an MBA from INSEAD. In 2016, Breon was awarded the UK's Sunday Times' "Business Leader of the Year" award.

Committee memberships

Nomination Committee (Chair), Remuneration Committee

How Breon supports the Company's strategy and long-term success

Breon's knowledge and experience in strategic transformation are well respected by his Board colleagues and other stakeholders alike. He is recognised for his collaborative leadership and focus on creating a strong, diverse and effective Board. Breon embraces his role as the designated Non-Executive Director for workforce engagement, ensuring that the employee perspective is brought into the Boardroom.

Favourite auction find

Jewellery and art.



John-Paul Savant

Chief Executive Officer

D

Appointed to the Board: 25 January 2021

Independent: No

Current external commitments: None

John-Paul joined the Group as CEO in February 2016, bringing over 18 years of experience in digital marketplaces and commerce. He was appointed to the plc Board prior to IPO in January 2021. John-Paul spent almost 10 years at eBay/PayPal, where he served in a number of leadership roles, latterly as PayPal's Vice President of Product, Experience, and Consumer Engagement for EMEA. He also held leadership roles at other online businesses. John-Paul's most recent role before joining the Group was as CEO of Think Finance UK. John-Paul began his career at J.P. Morgan in New York after graduating from Georgetown University in Washington DC. He earned his MBA at the University of Chicago.

Committee memberships

Disclosure Committee (Chair)

How John-Paul supports the Company's strategy and long-term success

John-Paul is passionate about the role ATG can play in accelerating the circular economy through digital transformation of the auction industry and in unlocking the incredible value present in the massive secondary goods market. His focus is building on ATG's leadership position through creative strategies to enhance the value ATG provides to the auction ecosystem as it undergoes the structural shift online, and on building focused, collaborative leadership teams with the ability to execute. He is committed to a shared success model and is excited by building capabilities and services that allow both the auction industry and ATG to grow profitably together. He leads and guides the ATG team with a clear vision to grow ATG into a true online global market leader, to pursue a strategy that steadily enhances ATG's competitive position, to invest against the six strategic drivers, and to build and develop the team capable of delivering the value.

Favourite auction find

Bookcase from a baronial estate with old English pine, coats of arms of the family that once owned it, leather dust flaps with gold embossed fleur de lys.

Board gender diversity

■ Male (5)
■ Female (3)



Tom Hargreaves

Chief Financial Officer

D S

Appointed to the Board: 25 January 2021

Independent: No

Current external commitments:

Tom joined the Group in January 2018 as Group CFO and was appointed to the plc Board prior to IPO in January 2021. He joined from Yell, where, as CFO, he was a key member of the leadership team which led their digital transformation. Prior to this, Tom worked at Vodafone in the UK and across EMEA before becoming CFO of Vodafone Romania. In all, Tom has over 10 years' CFO experience, trained with Arthur Andersen, is a qualified Chartered Accountant and holds an MBA.

Committee memberships

Disclosure Committee, Sustainability and Climate Risk Committee

How Tom supports the Company's strategy and long-term success

Tom is passionate about driving both organic and strategic acquisitive growth, with extensive experience of both M&A and business funding. He is well regarded for his deep understanding of the business and its drivers. He leads a strong and well-respected finance team, creating alignment across different locations and ensuring a robust and resilient finance function.

Favourite auction find

An original framed Smirnoff advertisement.



Scott Forbes

Senior Independent Non-Executive Director

R A N

Appointed to the Board: 26 February 2021

Independent: Yes

Current external commitments:

Chair of Ascential plc

Chair of Cars.com LLC

Scott was appointed to the Board at IPO in February 2021. He has over 40 years' experience in operations, finance and M&A including 15 years at Cendant Corporation, formerly the largest provider of travel and residential property services worldwide. Scott established Cendant's international headquarters in London in 1999 and led this division as group managing director until he joined Rightmove plc, where he was Chairman from July 2005 to December 2019. He is currently Chairman of Ascential plc and Cars.com LLC and has also been Chair of Orbitz Worldwide and Non-executive Director of Travelport Worldwide, Inc. Scott has held the role of Chair of Nomination and Remuneration Committees multiple times.

Committee memberships

Remuneration Committee (Chair), Audit Committee, Nomination Committee

How Scott supports the Company's strategy and long-term success

Scott is an experienced UK and US listed company director and chair with a sector focus principally on digital commerce and online marketplaces. Scott's independence and extensive experience as a non-executive director in listed environments has enabled him to successfully support the Board in its first couple of years as a listed company. Other Board members value Scott's patience and sound judgement, along with his experience in M&A, finance and business operating strategy. Scott is respected for his ability to constructively challenge and contribute to the Company's strategy, promoting an open and collaborative environment across the Board.

Favourite auction find

A surprise, modestly priced painting by a Bucks County artist who painted my first ever purchase.

Committee membership key

- N** Nomination Committee
- A** Audit Committee
- R** Remuneration Committee
- D** Disclosure Committee
- S** Sustainability and Climate Risk Committee
- Committee Chair



Suzanne Baxter

Independent Non-Executive Director

A R S

Appointed to the Board: 4 February 2022

Independent: Yes

Current external commitments

Non-Executive Director and Audit Committee Chair for Ascential plc
Independent member of PwC Public Interest Body
External Board member of Pinsent Masons

Suzanne has substantial listed company experience and expertise gained in both executive and non-executive roles. She has held a range of commercially focused financial, M&A and operational roles, including serving as CFO of Mitie Group plc, where she supported the business through transformative acquisitive and organic growth. Suzanne is currently an Independent Member of the PwC Public Interest Body, an External Board Member of Pinsent Masons International LLP and a Non-Executive Director and Audit Committee Chair for Ascential plc. Suzanne previously served as a Non-Executive Director and Audit Committee Chair of WH Smith plc from 2013 to January 2021. A Fellow of the Institute of Chartered Accountants in England and Wales, she trained with PwC and specialised in Corporate Finance at Deloitte. Suzanne also has a wealth of experience in workplace inclusion and was formerly a Commissioner for Equality and Human Rights for Great Britain.

Committee memberships

Audit Committee (Chair), Remuneration Committee, Sustainability and Climate Risk Committee

How Suzanne supports the Company's strategy and long-term success

Alongside her significant financial experience and qualifications, Suzanne's expertise in growing businesses and corporate governance has proved invaluable to the Board. Suzanne's prior board experience enabled her to successfully step into the role of Audit Committee Chair immediately upon appointment and she continuously provides constructive challenge to the Executive Directors and support and guidance to the finance function.

Favourite auction find

Carved bergère sofa – in need of renovation!



Pauline Reader

Independent Non-Executive Director

N

Appointed to the Board: 2 December 2021

Independent: Yes

Current external commitments

Chief Marketing Officer, Podium

Pauline serves as Chief Marketing Officer of Podium, a communication and payments platform. Before Podium she served as the Senior Vice President of Marketing for Stitch Fix, where she led the brand, creative, customer acquisition, customer retention and marketing technology departments. Prior to these roles, she held senior marketing positions at Minted, Kabbage and eBay. Pauline received her Bachelor of Arts degree in Economics from Princeton University in 2002 and began her career at Morgan Stanley in 2002, before joining Thomas Weisel Partners as a research analyst, covering companies in the retail sector.

Committee memberships

Nomination Committee

How Pauline supports the Company's strategy and long-term success

Pauline brings over 20 years of marketing and e-commerce experience through roles at a range of global consumer businesses and in investment banking. Pauline is highly regarded by the Board for her marketing and consumer insights. Her knowledge of the digital realm and of global consumer trends provides a platform for her to bring fresh thinking and perspectives to discussions about ATG's next stage of growth.

Favourite auction find

Modern vase.

Length of tenure

- 0-3 years (6)
- 3-6 years (1)
- 6-9 years (1)



Board independence

- Independent (4)
- Non-independent (3)
- Chair (1)



Morgan Seigler

Non-Executive Director

Appointed to the Board: 18 January 2021

Independent: No

Current external commitments

Co-head of TA Associates' EMEA Technology

Board director of The Access Group, Eurowag, ITRS, Netrisk Sovos, thinkproject, Unit 4 and Adcubum AG

Morgan joined the Group in February 2020 in connection with the acquisition of the Group by TA Associates and represents TA Associates on the Board. Morgan was appointed to the Plc Board prior to IPO in January 2021. He is an active investor of CompuSoft, IFS, RLDatix and Workwave and formerly served on the boards of (or was actively involved with) 10bis, AVG Technologies, Bigpoint, CMOSIS, eCircle, ION Trading, LIST, M and M Direct and SmartStream Technologies. Morgan received a BA degree in Economics from Yale University and an MBA degree from the Stanford Graduate School of Business.

Committee memberships

None

How Morgan supports the Company's strategy and long-term success

Morgan has provided continuity during the transition of ATG to a listed business. Morgan actively assists the Board with the implementation of the Company's growth strategy, particularly given his knowledge of the business, transactional experience and network of contacts through TA Associates, which the Directors believe will assist the Group in sourcing acquisition opportunities. Morgan's role facilitates good shareholder engagement with TA Associates.

Favourite auction find

I enjoy browsing John Deere tractors for sale on Proxibid.



Tamsin Todd

Independent Non-Executive Director

A R

Appointed to the Board: 4 February 2022

Independent: Yes

Current external commitments

CEO of Findmypast

Director and Trustee of the Imperial War Museum

Tamsin is currently CEO of Findmypast, one of the leading companies for family research in the world, where she has overseen a period of transformation and growth and built a tech-led, mission driven organisation. Prior to this, Tamsin was Chief Customer Officer at Addison Lee. She has also held roles at Amazon and Microsoft, and was previously Head of E-Commerce at Betfair and Managing Director of TUI-owned Crystal Ski Holidays. A firm believer in the positive impact of diversity and inclusion on businesses, Tamsin founded the Fulham chapter of TEDxWomen, which brings together women working in technology, and she is also a Trustee of the Imperial War Museum. Tamsin holds an MBA from Imperial College London and a Bachelor of Arts in English from Princeton University.

Committee memberships

Audit Committee, Remuneration Committee

How Tamsin supports the Company's strategy and long-term success

Tamsin's digital transformation background, coupled with her questioning mindset and collaborative style, has proved a valuable asset to the Board. Tamsin brings broad international experience and a passion in excellence in customer service, as well as extensive knowledge and interest in the impact of diversity in the business and on the Board, where she provides insight and challenge.

Favourite auction find

Herend Hungarian hand painted porcelain.

Audit Committee Report



Suzanne Baxter
Audit Committee Chair

Members	Number of scheduled meetings attended/eligible to attend
Suzanne Baxter	4 of 4
Scott Forbes	5 of 5
Tamsin Todd	4 of 4
Penny Ladkin-Brand	1 of 1
Pauline Reader	0 of 0

“During its first full year since admission to the London Stock Exchange, the Committee has continued to build on and refine the solid foundations established at the time of IPO.”

I am delighted to present my first report of the Audit Committee, which provides a summary of the Audit Committee’s role and activities for the year ended 30 September 2022.

This report outlines how the Committee discharged the duties delegated to it by the Board and explains the key matters considered by it in doing so.

The Committee fulfils a vital role in the Group’s governance framework, providing independent challenge and oversight of the accounting, financial reporting and internal control processes, risk management, internal audit and the relationship with the external auditor.

During its first full year since admission to the London Stock Exchange, the Committee has continued to build on and refine the solid foundations established at the time of IPO. There were some changes to the composition of the Committee during the year. At the start of the financial year the Committee comprised Penny Ladkin-Brand as Chair of the Committee, along with Scott Forbes. Pauline Reader was appointed as a further independent member of the Committee on 2 December 2021. Penny Ladkin-Brand stepped down from the Board and the Committee at the Company’s AGM on 25 January 2022 and then on 4 February 2022, Tamsin Todd and I, both independent Non-Executive Directors, joined the Committee as a member and Chair respectively at which point Pauline Reader also stepped down. I would like to thank Committee members, the ATG management team and the external auditors for their hard work and support during the year. Particular thanks go to my predecessor Penny Ladkin-Brand for her work as a member and Chair of the Committee in the period following the Group becoming a public company.

In its first full year post IPO, the Group is still at the beginning of its journey in developing, rolling out and embedding its control and assurance frameworks. Therefore it has been an area of focus for the Committee and internal audit during the year, to consider and monitor the progress and implementation of a consistent control framework across the Group. This will continue to be an area of focus for the Committee in FY23.

At the start of FY22 the Group acquired LiveAuctioneers, a material acquisition for the Group. The Committee has considered the impact of the acquisition on the business and its controls systems as well as the accounting judgements made by management and their external advisers.

The Sustainability and Climate Risk Committee was established during the year to support the implementation of the TCFD recommendations. I am also a member of this Committee and am pleased to report the Group has made good progress in terms of being able to comply with the majority of the TCFD disclosures for FY22. The Group’s disclosures in respect of its TCFD reporting requirements are provided in the Sustainability Report on pages 52 to 65.

This report provides further information on the matters mentioned above and on other activities and matters considered by the Audit Committee during the year under review, as well as those proposed for FY23. This report should be read in conjunction with the external auditor’s report on pages 119 to 127 and the Consolidated Financial Statements on pages 128 to 170.

My fellow Committee members and I would be happy to answer any questions about the work of the Committee at the forthcoming AGM.

Suzanne Baxter
Audit Committee Chair

1 December 2022

Composition and role of the Audit Committee

The members of the Committee provide a breadth of financial, commercial and sector expertise, thereby enabling the Committee to meet its responsibilities and the requirements of the Code. The Board is satisfied that the Committee as a whole has competence relevant to the sector in which the Company operates. As Chair, a Fellow of the Institute of Chartered Accountants in England and Wales, a former CFO of a FTSE 250 company and an experienced Audit Committee Chair, I have recent and relevant financial experience and as set out in their biographies, Scott Forbes and Tamsin Todd have a wealth of pertinent business experience. The Company Secretary acts as Secretary to the Committee. The Committee is comprised solely of independent Non-Executive Directors.

The Committee has a clear set of responsibilities that are set out in its terms of reference, which are available on the Group's website, www.auctiontechnologygroup.com.

Meetings are held at least quarterly to coincide with key events, in particular the public reporting and audit cycle for the Group. I report to the Board on the business conducted at the previous Committee meeting, and inform the Board about the discussions and any recommendations made by the Committee.

Following my appointment and that of Tamsin Todd to the Board and the Committee during the year, induction programmes were arranged for each Director in order to assist with the development of their understanding of the business and our roles as Directors. Further information about the experience and qualifications of each member of the Committee can be found on pages 84 to 87.

Committee's key activities during the year ended 30 September 2022

The Committee has established an annual plan linked to the Group's financial year and reporting cycle. This is continually reviewed to ensure that it is kept up to date and is refreshed as the business evolves.

At the invitation of the Committee, the Chairman, the Chief Financial Officer, Chief Executive Officer and senior representatives of the finance and management teams also attend meetings, as do representatives of both internal and external audit. The Committee holds regular meetings with the external auditor without management present, and these discussions assist in ensuring that reporting and risk management processes are subject to rigorous review throughout the year.

The Committee received updates on, discussed and debated a range of topics during the five meetings it held during the year, as summarised below:

- Received and considered reports from management on the key estimates and judgements made in the interim report and in the annual Consolidated Financial Statements. The Committee challenged the assumptions made, discussed alternative treatments, reviewed proposed disclosures and considered the opinion and work performed by the external auditor and other professional advisers. Further details of the challenges raised by the Committee are outlined in the key areas of focus for FY22.
- Considered whether this Annual Report and the interim results, taken as a whole, are fair, balanced and understandable, provide shareholders with the information necessary to assess the Group's position, performance, business model and strategy, and considered the completeness of the included disclosures. To assist the Committee and Board in concluding the Annual Report is fair, balanced and understandable management presented a report to the Committee which included a summary of the key themes disclosed in the Annual Report, how the report links the Group's strategy, risks and key performance indicators, is consistent and how APMs are used to aid comparability year on year, particularly with the significant acquisition of LiveAuctioneers in FY22.
- Recommended that the Board approve the viability statement after consideration of the basis of preparation and management's key assumptions and stress tests. Further details of the key considerations made by the Committee are summarised below.
- Reviewed and challenged management's forecasts, stress tests and assumptions in support of the use of the going concern basis for preparation of the Annual Report and interim report.
- Reviewed the overall presentation of APMs in the Annual Report including evaluating the clarity of definitions and reconciliations. Specific details of the challenges posed by the Audit Committee are outlined in the focus areas for FY22.
- Considered the mandatory requirements for TCFD reporting and the Group's disclosures in that regard, and ensured alignment with the Sustainability and Climate Risk Committee in responsibilities and reporting. As this was the Company's first year reporting under TCFD this was an additional focus area in FY22 for the Committee.
- Received a report on the activities of the Sustainability and Climate Risk Committee and considered its approach to the compilation of and assurance regarding TCFD related data across the Group.
- Reviewed and endorsed the outputs and recommendations of an external review of disclosures contained in the FY21 Annual Report.
- Reviewed the risks, financial integration and accounting associated with the acquisition of LiveAuctioneers.
- Reviewed and recommended the approval by the Board of the Group's treasury policy.
- Considered the outputs of tax advice, in particular on transfer pricing and thin capitalisation studies.
- Reviewed and concurred with the evaluation provided by management of the subsidiaries' functional currencies and the associated prior year adjustment.
- Considered the adequacy of the Company's system of internal control including consideration of those relating to the acquisition.
- Further developed, monitored and reviewed the Group's internal controls framework and risk management processes, including the risk appetite and risk register.
- Reviewed the internal audit plan for the period to ensure it was appropriately planned, resourced and effective and reviewed the proposed internal audit programme for FY23 which includes a focus on the integration and post-acquisition control environment of LiveAuctioneers and IT and data security, aligning it with the Group's principal risks.
- Reviewed internal audit reports on the IT control framework and sought input from the newly appointed Chief Technology Officer in light of the deficiencies identified.
- Considered the effectiveness and resourcing of the internal audit function.
- Oversaw the independence, effectiveness and remuneration of the Group's external auditor, including the scope of its work at the year end and interim, its risk assessment, and the appropriateness and operation of the policy on the supply of non-audit services.
- Considered the proposed future developments in UK corporate governance and audit practices arising from the publication of the UK Government's Department of Business, Energy and Industrial Strategy paper.
- Monitored and considered the Group's fraud prevention process and whistleblowing policy.
- Held private meetings with the Company' external and internal auditors without the presence of management.
- Reviewed the Committee's terms of reference and annual schedule of work.

Key areas of focus for the Audit Committee during the period ended 30 September 2022

Significant judgements and estimates

A key role of the Committee is to consider whether suitable accounting policies have been adopted by the Company and the reasonableness of the judgements and estimates that have been made by management. The Committee, having received and reviewed papers from management and the external auditor, identified the areas set out in the table below and note 2 as the key areas of significant accounting risks including judgement and/or estimation made by the Company during the year.

Other areas of focus

In addition to the significant accounting estimates and judgements the Committee also focussed on a number of other key accounting and reporting matters for FY22. These are also summarised in the table below.

Viability statement

The Committee reviewed and challenged the process undertaken and conclusions reached to support the Company's Viability Statement which is set out on page 45. Our review included:

- challenging management on whether the three-year time period adopted remained appropriate and aligned with the long-term forecasting of the Group;
- challenging whether management's assessment of the principal and emerging risks facing the Group and their potential impact was appropriate;
- considering the likelihood of the risks occurring in the time period selected and the impact severity in the event that they did occur;
- challenging management as to the appropriateness of the assumptions used in stress testing and modelling scenarios; and
- reviewing the disclosure to ensure it was sufficiently fulsome and transparent.

Following its review, the Committee concurred with the statement made by the Company.

Significant accounting estimates and judgements

Key issue considered

How the issue was addressed by the Audit Committee

Goodwill and other intangible assets arising from the LiveAuctioneers acquisition

The Group acquired LiveAuctioneers on 1 October 2021. On acquisition of LiveAuctioneers, judgements were required to be made in respect of the fair value of assets and liabilities acquired and the identification and valuation of intangible assets arising on acquisition.

At the date of a business combination, goodwill is required to be allocated to the appropriate cash-generating units ("CGUs") and may only be reallocated in limited circumstances. Additions to goodwill for LiveAuctioneers were allocated on a split of 80% and 20% between A&A and I&C respectively. The allocation was calculated based on the net present value of segment contribution margin from the roll out of the payments platform.

The determination of the value of the intangible assets requires significant judgements and estimates to be made by the Directors. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. Of the intangibles acquired, the customer relationship balances are especially sensitive to changes in assumptions around discount rates and customer attrition rates.

Judgement was also required in determining the appropriate useful economic lives ("UEL") of the intangible assets arising from the acquisition.

Full details of the acquisition and the fair values of the assets and liabilities acquired are set out in note 11 of the Consolidated Financial Statements and the UEL of the intangible assets in note 1.

Management engaged with an external valuation expert to assist in calculating the fair value of the acquired total net identifiable assets (with particular reference to the identification and valuation of intangible assets). Management also performed a detailed balance sheet review to identify any further fair value assessments required and the goodwill which should be recognised.

The Committee reviewed the output of the expert's valuation and the papers presented by management on the fair value assessments. The Committee assessed and challenged the appropriateness of the useful economic lives of the intangible assets arising from the acquisition, discussing the different lives attached to each asset class. The Committee also challenged conclusions drawn on amortisation periods that were subsequently allocated to those assets.

In particular, the Committee considered and challenged whether the judgement involved in the valuation process, including the derivation of fair value adjustments, and the Group's policy on intangible assets has been appropriately disclosed in the Consolidated Financial Statements.

Following consideration of papers from management and from the external auditors, the Committee concurred with the proposed treatment and the appropriateness of the disclosures.

Consideration arising on the acquisition of LiveAuctioneers

The Group acquired LiveAuctioneers on 1 October 2021 for total consideration of £404.0m

Judgement was required in determining whether the rollover options and restricted stock units granted, predominantly to management, should be classified as consideration or remuneration for post-combination services.

Full details of the acquisition and the elements of consideration are set out in note 11 of the Consolidated Financial Statements.

Management presented to the Audit Committee the key facts of the share purchase agreement, including the components of the full consideration for the acquisition, the terms attached to the rollover options and restricted stock units and the indicators under IFRS 3 "Business Combinations" to assess whether these should be treated as consideration or remuneration.

One of the key indicators under IFRS 3 that supported management's conclusion that the financial impact of the stock options should all be treated as consideration was that none of the shareholders, including LiveAuctioneers management, were required to continue in employment in order for the options to vest and that no forfeit of any options could arise as the result of an option holder leaving the business post acquisition.

Following consideration of the facts at the time of the acquisition and after review and challenge of papers from management and the external auditor, the Committee concurred with the conclusions reached by management.

Significant accounting estimates and judgements

Key issue considered

How the issue was addressed by the Audit Committee

Goodwill impairment reviews

As disclosed in note 12, the Group's goodwill and other intangible asset balance was £735.5m at 30 September 2022.

At each reporting date, or as required, an assessment for impairment of goodwill and other intangible assets is undertaken comparing the book value of each asset with its recoverable amount (being the higher of value in use and fair value less costs to sell). Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.

The resulting calculations are sensitive to the assumptions in respect of future cash flows, the discount rate and long-term growth rate applied.

Management presented the Committee with a detailed impairment paper outlining the overall impairment indicator assessment and the key inputs to the discounted cash flow models. Key inputs include the rationale for the cash-generating unit allocations, the future cash flows, the discount rate and the long-term growth rate.

The discount rate was calculated by an external expert and their full report was also circulated to the Committee for review and consideration.

The forecasts used within the impairment models are consistent with the Group's FY23 budget and longer-term forecasts which were approved by the Board in September 2022. Management also presented sensitivity analysis on the impairment models to the Audit Committee, highlighting the impact of increasing the discount rate, reducing the long-term growth rate and calculating the minimum CAGR on adjusted EBITDA over a five-year period which would result in there being no headroom between the value in use calculation and the carrying value of the asset.

The Committee reviewed and assessed the papers presented by management and from the external auditor on the matter of impairment. It challenged management and the auditor on their assessments of discount rates and the risk premium allocated to each CGU. It also considered the Board approved cash flow forecasts and the assessment of terminal growth rates determined by management. It discussed the potential future impact of further volatility in exchange and interest rates and whether this risk area had been adequately reflected in the sensitivity tests undertaken by management. Following this review, the Committee was satisfied that no impairment was required at 30 September 2022.

Given the sensitivity of the impairment tests to future increases in the discount rate, the Committee specifically considered and discussed the proposed disclosures on this matter and challenged the external auditor and management as to their completeness. Following this active discussion, the Committee concurred with the disclosures proposed by management. These disclosures are set out in note 12.

Functional currency

Following the acquisition of LiveAuctioneers, a review was performed by management to ensure that the functional currency of each subsidiary within the Group had been correctly determined given the revised structure and operations of the Group.

As a result of the review, the functional currency for all entities was deemed to be the currency of the primary economic environment in which the entities operate with no changes proposed, except for ATG Media US Inc. Proxibid Bidco Inc. Platinum Parent Inc. Platinum Intermediate Inc. Platinum Purchaser Inc. and LiveAuctioneers Inc. The functional currency of these entities was deemed to be pound sterling rather than US dollars.

The LiveAuctioneer entities (Platinum Parent Inc, Platinum Intermediate Inc, Platinum Purchaser Inc and LiveAuctioneers Inc) have been translated into the new functional currency, using the exchange rate at 1 October 2021, the date they became part of the Group. As ATG Media US Inc. and Proxibid Bidco Inc. were part of the Group previously a prior period adjustment is required to be disclosed.

A restatement has been recognised for the year ending 30 September 2021 adjusting foreign currency translation reserves and finance income by £2.3m. These changes have no impact on the adjusted measures used as part of the Group's alternative performance measures. Further details are provided in note 1.

Management presented to the Committee a detailed paper which considered each subsidiary within the Group and assessed its functional currency against the requirements and guidance of IAS21. For the intermediate holding entities management considered the autonomy of these entities and applied the "look-up" or "look-down" approach in their assessment.

The Committee reviewed the facts presented and challenged management and the auditors on the rationale for the functional currency change and the basis on which alternative outcomes had been considered and assessed. The Committee was satisfied that the decision to change the functional currency for these entities was appropriate. The Audit Committee also reviewed the quantum of the prior year adjustment and agreed a restatement should be made, based on materiality.

Other areas of focus

Key issue considered

How the issue was addressed by the Audit Committee

Alternative performance measures (“APMs”)

The Group uses a number of APMs in addition to those measures reported in accordance with IFRS. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group. The Group’s APMs are set out in note 3.

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, comparability and transparency of the Group’s financial performance.

During the year management presented the Audit Committee with a benchmarking analysis and feedback from a variety of stakeholders on the appropriateness of the adjusting items included within the Group’s APMs.

The Committee specifically challenged the exclusion of the share-based-payments charge (“SBPC”) from the adjusted EBITDA and other APMs. Management presented an analysis of the profile of the SBPC and the extent to which it derived from the IPO and in year acquisition. The Committee discussed the importance of share-based remuneration to the Group and its management. It recognised both the unusual trend in SBPC in the short period since the IPO and where the Group is at in its lifecycle.

Management subsequently sought the opinion of the Group’s analysts and shareholders on their view on the clarity and appropriateness of the Group’s APMs for a newly floated business. This sounding process did not indicate that the APMs should be redefined.

Following discussions and enhancements to the disclosures regarding APMs, the Committee has satisfied itself that the APMs adopted by the Group are appropriate and provide the user of the Annual Report with greater clarity, comparability and transparency of the Group’s underlying trading performance.

Task Force for Climate-related Financial Disclosures (“TCFD”) reporting

The TCFD is a framework that publicly listed companies must use to disclose climate-related risks and opportunities to the financial performance of their business.

The Group is required to report on TCFD for the first time in this Annual Report. Disclosures required are on a comply or explain basis. The Group’s TCFD disclosures are set out within the Sustainability Report.

The Sustainability and Climate Risk Committee was established during the year to support the implementation of the TCFD recommendations. The Sustainability and Climate Risk Committee engaged with a third-party consultant to assist the Group in calculating its carbon footprint for FY22 and implement the recommendations of the TCFD.

The Audit Committee has received presentations from the Sustainability and Climate Risk Committee on the Group’s proposed risks and opportunities and reviewed the proposed metrics and targets being established in respect of climate change.

The Audit Committee has challenged management on the status of whether the requirements of each of the TCFD requirements have been met and reviewed the disclosures outlined in the Sustainability Report.

Key activities proposed for the financial year ending 30 September 2023

The Committee has an annual plan to guide its activities during the year. The key activities to be undertaken in the financial year ending 30 September 2023 include:

- Oversee and scrutinise the preparation of the financial statements for the year ended 30 September 2022 and the interim results for the first half of FY23.
- Consider and review key areas of financial judgement and estimates used by management in the preparation of the financial statements.
- Undertake a formal audit tender process and recommend the appointment of an external auditor to be proposed for shareholder approval at the January 2024 AGM. This will enable the selected auditor to commence their audit for the financial year ending 30 September 2024.
- Continue to monitor legislative and regulatory changes that may impact the work of the Committee, including Government proposals in relation to restoring trust in audit and corporate governance, considering the impact on the Group's reporting and control environment.
- Conduct an internal evaluation of the Committee's performance and a review of the terms of reference.
- Assess the resourcing of the internal audit function and monitor progress of the internal audit plan and the continuing development of the Group's systems of risk management and internal control.

Internal audit

The purpose of internal audit is to provide the management team and the Board, through the Committee, with an independent and objective assessment of the risk, control and governance arrangements in place in the Group.

The Group established an internal audit function following the IPO, having not previously had such a function. During the year, there have been changes in the method of delivering internal audit services, utilising both internal and external resources. This model is still under development and management are working with the Committee to identify the right long-term resourcing strategy for internal audit function of the Group. We are satisfied that the reports received from the internal audit function during the year have been of a good quality and that management have taken actions to respond to the control recommendations identified. Internal audit is only a part of the internal control system of the Group and we have been pleased to see a continued strengthening of resources allocated to the development and operation of a strengthening control system across the Group during the year. This has included significant strengthening of the Group finance and IT controls teams.

The Committee reviewed and agreed the proposed internal audit strategy for the period to ensure that it was proportionate, focused and provided the necessary assurance over targeted aspects of the organisation's risk, control and governance arrangements. The internal audit programme also allows for audits to be brought forward if felt necessary or for additional audits to be built in for any other areas of assurance that are identified over the course of the financial year. The provision of internal audit services continued to develop in the year, having been established following the IPO. Internal audit work was provided by a combination of external professional services and in-house resource during FY22.

Internal controls review

The Committee supports the Board in monitoring and reviewing the key elements of the Group's internal control and risk management framework arrangements. The Group has specific internal controls and risk management systems to govern the financial reporting process. Group policies include the frequency and content of reporting to the Board, the Group's accounting policies, the

consolidation process to prepare the consolidated financial information which is reviewed for accuracy by the Group finance team and externally audited where required. Specific matters considered during the period in relation to the effectiveness of the Group's internal controls included:

- internal audit reports produced in line with the annual internal audit plan;
- responses to the internal audit reports, in particular future roadmaps around IT platforms and data security given control findings over the Group's IT systems and framework;
- review and recommendation for Board approval the Group's updated delegation of authority matrix;
- review of the Group's treasury policies and controls;
- the Group's policies relating to the listing of specific items on US marketplaces;
- the development of the Group finance manual; and
- controls around the operation of the whistleblowing policy.

The internal audit programme for FY22 has included internal controls as a focus and the plan will continue to do so in FY23. Progress towards completion of actions identified to improve internal control is regularly monitored by management and the Audit Committee, which provides assurance to the Board.

In acquiring LiveAuctioneers it is acknowledged that work needs to be completed to align the systems of financial control with the rest of the Group. The Committee is supportive of the steps being taken by management to address this through the integration of the finance department into the wider North America finance team and the roll out of the Group's updated financial controls framework.

Based on the assessments undertaken during the year and recognising the maturing nature of the business control environment and continued formalisation of processes, the Board and Audit Committee are satisfied that the Group operates an adequate system of internal control.

Finance team

The Committee supported a number of changes to the Finance team during the year, which continued to build on the strengthening of the team which took place in FY22. Key appointments included the Head of Investor Relations, Head of M&A, Head of Tax and interim treasury specialist. The Committee welcome the professionalism demonstrated by the Group finance team who are open to embracing best practice around financial governance and reporting and developing the financial controls framework for the Group as it evolves post IPO and with the acquisition of LiveAuctioneers.

Risk management review

The Board has delegated to the Committee the responsibility for monitoring the effectiveness of the systems of risk management. During the period under review the Committee reviewed the Group's risk register and the whistle-blowing policy and considered the Group's overall risk appetite, tolerance and strategy. It also recommended and participated in a Board presentation on the controls and risk appetite relating to the sale of certain auction items through the Group's marketplaces. The local market conditions and regulatory regimes along with the Group's response and risk management were considered for each of the Group's key markets. The Committee, in supporting the Board to assess the effectiveness of risk management and internal control processes, relies on reporting by management, compliance reports and the assurance provided by the external auditor. The principal risks and uncertainties facing the Group are addressed in the Strategic Report and in the table on pages 41 to 44.

Assessing the effectiveness of the external audit process and the external auditor

Effectiveness

The Committee reviewed and approved the external audit plan to ensure it was consistent with the expectations of the audit engagement. In reviewing the audit plan, the Committee discussed the areas identified by the external auditor as most likely to give rise to a material financial reporting error or those that are perceived to be of higher risk and requiring additional audit emphasis. The Committee also considered the audit scope, materiality threshold and the audit approach by territory. It also reviewed Deloitte's approach to ensuring audit quality, robustness of review on key judgements and the appropriateness of its fee and use of experts given the nature of the business.

The Committee met privately with the external auditor, without management present, to discuss their work and relationship with the Group. Separate meetings were also held between the external auditor and the Chair of the Audit Committee throughout the year.

Independence

The Committee is responsible for reviewing the independence of the Group's external auditor and satisfying itself as to their continued independence. The auditor has provided confirmation that they remain independent of the Group and its management. The Committee considered this matter and after reflecting on the scope of the work carried out by Deloitte, its tenure as external auditor and its relationship with the Group and its team, concurred with that conclusion.

Provision of non-audit services

To preserve objectivity and independence, the external auditor is asked not to provide other services except those that are specifically approved and permitted under the Group's non-audit services policy.

Non-audit services are generally not provided by the external auditor unless specific circumstances mean that it is in the best interests of the Group that these are provided by Deloitte rather than another supplier. To ensure the continuing independence of the auditor, during the year the Committee reviewed and approved a policy on non-audit services. The key principles of this policy are:

- The Audit Committee has adopted the FRC's "Whitelist" of permitted services for UK incorporated EU Public Interest entities ("EU PIEs") as set out in the Revised Ethical Standard 2019 ("Ethical Standard"). These services are allowed under UK statutory legislation and comply with the European Union directive on audit and non-audit services.
- Permitted services include those that are required by law and regulation, loan covenant reporting, other assurance services closely linked to the audit or Annual Report and reporting accountant services.
- For any non-audit permitted services the following levels of authority apply:
 - a) up to £50,000 requires the approval of the CFO
 - b) in excess of £50,000 and up to £150,000 requires the approval of the CFO following consultation with the Chair of the Audit Committee
 - c) in excess of £150,000 requires the approval of the Committee.

Audit and non-audit fees

The Committee reviewed, and agreed, the audit and non-audit fees for the Group for the year ended 30 September 2022 following discussion with management and the external auditor, and after receipt of a detailed schedule setting out the nature of the work being undertaken, the location of that work and the rates associated with the work. Note 6 of the Consolidated Financial Statements sets out the breakdown of audit and non-audit fees payable to Deloitte in FY22 and FY21.

During the year, Deloitte received non-audit fees of £0.5m (FY21: £5.0m). The non-audit fees in FY21 largely related to the reporting accountant work for the IPO and the LiveAuctioneers acquisition. Deloitte was selected to perform this work due to their detailed knowledge of the business and understanding of its industry, as well as demonstrating that they had the necessary expertise and capability to undertake the work. The non-audit fees for FY22 related to a private review on the closing balance sheet of LiveAuctioneers. This work was performed by a separate team to the external audit team for the Group and Deloitte were selected based on their knowledge and business understanding of the Group. The non-audit fees also include work performed for the Group's interim review opinions.

External audit tender

The Group will aim to comply with the relevant tendering and auditor rotation requirements applicable under UK regulations, which require the next external audit tender to occur by FY24. Deloitte was first appointed as statutory auditor for the previous Turner Topco Group for the year to 30 September 2014. External auditors are required to rotate the audit partner responsible for the Group audit every five years and, as a result, the current lead audit partner, Kate Darlison, who has been the lead audit partner since 2018, will be required to rotate off following the FY22 audit. It is our intention that a formal audit tender process will be initiated during FY23 to select the external auditor. Following this process, a resolution will be put to shareholders at the January 2024 AGM for the appointment of the selected auditor, to enable their first audit to commence for the financial year ending 30 September 2024.

CMA order 2014 statement of compliance

The Company confirms that it has complied with the provisions of the Competition and Markets Authority's Order during FY22 in respect to audit tendering and the provision of non-audit services.

Whistleblowing policy

As referred to in the Corporate Governance Statement, a whistleblowing policy has been adopted which includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on a strictly confidential basis, without fear of recrimination. The policy is part of the employee handbook and is highlighted to all new employees. The Audit Committee receives regular reports from the Company Secretary on the use of the service, issues that have been raised and the findings of any investigations and any actions arising. During FY22 the Committee received additional assurance on the application of the whistleblowing policy. The Committee reviewed the policy and subsequently confirmed that the policy and supporting processes remained appropriate.

Nomination Committee Report



Breon Corcoran

Nomination Committee Chair

Members	Number of scheduled meetings attended/eligible to attend
Breon Corcoran (Chair)	2 of 2
Scott Forbes	2 of 2
Pauline Reader ¹	1 of 1
Penny Ladkin-Brand ²	1 of 1

1. Appointed to the Committee on 4 February 2022.
 2. Stepped down from the Committee on 25 January 2022.

I am delighted to present the Nomination Committee Report for the year ended 30 September 2022.

In its first full year of operation, the Nomination Committee made good progress across the full range of its responsibilities.

There were some changes to the composition of the Nomination Committee during the year. The Committee initially comprised myself (Chair of the Committee and Non-Executive Chair of the Board) and two independent Non-Executive Directors, Scott Forbes and Penny Ladkin-Brand. Penny Ladkin-Brand stepped down from the Board and the Committee at the Company's AGM on 25 January 2022 and Pauline Reader, independent Non-Executive Director, was appointed as a member of the Committee on 4 February 2022.

The biographies of each Committee member are detailed on pages 84 to 87.

Committee's key activities during the period ended 30 September 2022

The Committee's key activities during year under review:

- Recommended election and re-election of the Directors at the 2022 AGM.
- The recruitment of three additional independent Non-Executive Directors including Audit Committee Chair.
- A thorough evaluation of the skills of the Directors.
- A review of the effectiveness of the Committee as part of the Board evaluation process.
- The initiation of succession planning for the Board and senior management.
- A review of the Board's diversity policy.

Key activities proposed for the financial year ending 30 September 2023

Key activities proposed for the forthcoming financial year are:

- Continuing to embed succession planning for the Board and senior management.
- Monitoring Board composition for alignment of relevant skills, experience and diversity to Company strategy, following the completion of a skills analysis.
- Monitoring progress towards achieving revised targets under the FTSE Women Leaders Review, the Parker Review and the FCA's Policy Statement in respect of diversity and inclusion on company boards and executive management.

Corporate Governance

Nomination Committee Report continued

Role of the Committee

The Committee's role is to review the size, structure and composition of the Board and Committees to ensure that plans are in place for orderly, diverse and inclusive succession to the Board, Committees and senior management positions; and to lead the process for appointments by identifying and making recommendations on potential candidates to join the Board.

The Committee reports at the subsequent Board meeting on the business concluded at the previous Committee meeting on the discharge of its responsibilities and informs the Board of any recommendations made by the Committee. The Committee acts in accordance with its terms of reference and the matters delegated to it by the Board.

Key area of focus during the period

The Committee held two scheduled meetings during the year. An additional ad-hoc meeting was convened in December 2021 in relation to the appointment of additional independent Non-Executive Directors.

The Committee's main focus in the first two meetings was on the search for additional independent Non-Executive Directors, having conducted a skills gap analysis and having identified that the Board would benefit from additional expertise in the US market. Following the resignation of Penny Ladkin-Brand, the Committee also initiated the search for additional independent Non-Executive Directors, one of whom would become Chair of the Audit Committee. I am pleased to report that during the year the Committee successfully secured the appointment of Pauline Reader on 2 December 2021, and Suzanne Baxter and Tamsin Todd on 4 February 2022, all as independent Non-Executive Directors. Suzanne was also appointed as Chair of the Audit Committee. The Board has been significantly enhanced by their diverse backgrounds, their considerable experience and track records.

To assist the Board in finding suitable candidates for these roles, the Company selected the executive search companies Egon Zehnder and Redgrave Partners to assist with agreeing the specification and shortlisting of appropriate candidates. The Committee also utilised existing Directors' own networks to recommend candidates for shortlisting. The Company does not use open advertising to search for suitable candidates for Director positions, as it remains of the belief that the optimal way of recruiting for these positions is to use targeted recruitment based on the skills and experience required. All three appointments followed formal, rigorous and transparent recruitment processes and suitable candidates were invited for interview by the Chair, Chief Executive Officer and the other Non-Executive Directors.

Egon Zehnder and Redgrave Partners do not have any other connections with the Company, or any of the Directors, other than they may be used as an executive search company for other companies of which they are Directors.

At its third meeting, the Committee focused on succession planning, Board composition and diversity and inclusion, further details for which can be found below.

Succession planning

During the year, the Committee initiated a review of the succession plans in place at Board, Executive Director and senior management level. The Committee's discussions focused on the key Board roles of Chair, CEO and CFO and in particular emergency succession in the event of unforeseen circumstances. A key area within the Committee's remit is succession at senior management level. As described in the Chief Executive Officers Statement on page 10, several key appointments were made during the financial year, which will ensure that the Company is well positioned to drive the business forward and deliver the next stage of growth for ATG.

Board composition

Following the Board appointments referred to above, the Board is satisfied that it has the appropriate range of skills, experience, independence and knowledge of the Group to enable it to effectively discharge its duties and responsibilities. During the year, the Committee commissioned a skills and experience matrix analysis to highlight any gaps and to identify the key skills and experience valuable to the effective oversight of the Company and the execution of its strategy. The results of this analysis will be reviewed by the Committee in FY23.

Board gender diversity

■ Male (5)
■ Female (3)



Length of tenure

■ 0-3 years (6)
■ 3-6 years (1)
■ 6-9 years (1)



Board independence

■ Independent (4)
■ Non-independent (3)
■ Chair (1)



Diversity and inclusion

The Board is committed to maintaining a Board with a diverse set of skills, experiences and backgrounds. The Committee reviewed its diversity policy in September 2021 and again in July 2022 in light of the updated targets announced by the FTSE Women Leaders Review and the FCA's Policy Statement in respect of diversity and inclusion on company boards and executive management. Whilst not applicable to the year under review, the Committee considered the revised minimum target of 40% women on listed company boards and the provision that at least one of the positions of Chair, CEO, CFO or SID is filled by a woman, and aims to achieve this target by the end of 2025.

The Board diversity policy has been expanded to cover wider diversity characteristics beyond gender and ethnicity, including disability, sexual orientation, socio-economic background and cognitive diversity. The Board's policy is to encourage diversity within long and shortlists as part of the overall selection process for Non-Executive Director roles when appointments are made.

The Board is supportive of the ambition shown in recent reviews on ethnic diversity, including the Parker Review recommendation for all FTSE 250 boards to have at least one director of colour by 2024. The Board, having consulted with the Nomination Committee, believes that it has achieved this target, with John-Paul Savant representing a Eurasian ethnically diverse background. The Corporate Governance Report on pages 72 to 83 provides further information on the Board's current composition and its plans to continuously improve skills and diversity.

As at 30 September 2022 the Board met the recommendations of the FTSE Women Leaders Review relating to female membership of the Board. The Board consisted of five males (62.5%) and three females (37.5%), and in terms of wider leadership, the Leadership Team, as defined by the Corporate Governance Code, consisted of nine males and three females.

The Group strives to achieve a gender balance across all levels of the organisation (with proportional representation to the regions in which we work) through recruitment and succession planning.

There is further information on the Group's diversity and inclusion policies in the Sustainability Report on pages 66 to 68.

Board induction and training

New Directors joining the Board undertake a tailored induction programme including meetings with key members of the management team. Non-Executive Directors have full access to our Executive Directors and senior management team outside scheduled Board meetings and can attend Company and employee events and briefings. Individual Board members have access to training and can seek advice from independent professional advisers, at the Group's expense, where specific expertise or training is required to enable them to perform their duties effectively.

Election and re-election of Directors

In accordance with the provisions of the Code, all Directors will retire at the forthcoming AGM of the Company and the Board has recommended their election or re-election. In reaching its decision, the Board acted on the advice of the Nomination Committee. Having assessed numerous criteria such as independence, time commitments and other directorships, meeting attendance, skills, knowledge and experience and board diversity, the Committee and the Board are satisfied that all Directors continue to be effective in and demonstrate commitment to their respective roles and the Committee is satisfied that they devote sufficient time to their duties, demonstrate enthusiasm and commitment to their roles, and make a valuable contribution to the leadership of the Company.

Board evaluation

As described in more detail on page 75, the Board undertook its first effectiveness review in February 2022, the approach for which was overseen by the Committee.



Breon Corcoran
Chairman

1 December 2022

Remuneration Committee Report



Scott Forbes

Remuneration Committee Chair

Members	Number of meetings
Scott Forbes (Chair)	3/3
Breon Corcoran	3/3
Penny Ladkin-Brand ¹	1/1
Pauline Reader ²	–
Suzanne Baxter ³	2/2
Tamsin Todd ³	2/2

1. Stepped down from the Committee on 25 January 2022.
 2. Member of the Committee from 2 December 2021 to 4 February 2022.
 3. Appointed to the Committee on 4 February 2022.

Key Committee activities during the year

- Ongoing review and implementation of the Directors’ remuneration policy.
- Review of the performance metrics used for incentive schemes.
- Evaluation of performance of remuneration policy and incentive plans relative to recruitment, retention and fair reward in the context of the growth of ATG.
- Review of workforce remuneration and related policies.
- Annual review of the Committee’s terms of reference.
- Receiving reports and advice from advisers on a range of matters including market themes.

Dear Shareholder

I am pleased to present the Directors’ Remuneration Report for the financial year ended 30 September 2022. The report summarises the activities of the Remuneration Committee during the year and explains the decisions we have taken in implementing the Directors’ remuneration policy. The report has been prepared in line with the relevant UK reporting requirements.

Remuneration philosophy

The Company’s overall remuneration strategy is to provide pay packages that attract, retain and motivate high-calibre talent to help ensure its continued growth and success as a listed company. It aims to encourage and support a high-performance culture; reward achievement of the Group’s corporate strategy and delivery of sustainable growth; and align the interests of the Executive Directors, senior management and employees to the long-term interests of shareholders; whilst ensuring that remuneration and incentives adhere to the principles of good corporate governance and support good risk management practice and sustainable Company performance.

The structure of the remuneration arrangements for Executive Directors and senior management was agreed prior to the IPO in February 2021 and has to date remained broadly unchanged since Admission. Performance-related pay is based on stretching targets and forms an important part of the overall remuneration package. There is an appropriate balance between short and longer-term performance targets linked to delivery of the Group’s business plan. The Company delivers this policy for senior management, including Executive Directors, via a remuneration framework which combines base salary, pension contributions (or salary supplement in lieu), benefits, an annual bonus plan and share-based awards.

The full Directors’ remuneration policy was included in last year’s Annual Report and Accounts and was subject to shareholder approval at the AGM in January 2022. The Committee was delighted to receive 99.97% support for the policy and we are not proposing any changes to the policy this year.

The implementation of the policy for FY22 was in line with the intentions set out in last year’s Directors’ Remuneration Report. Our key decisions in respect of the year are summarised below. For FY23, we will continue to implement the policy in a broadly similar manner and are not making any material changes to the way we operate the incentive schemes. The only change we have agreed to the implementation of the policy is to increase the maximum annual bonus opportunity for the CFO from 100% to 125% of basic salary (125% being the maximum available under our policy). This is explained below.

Looking ahead, during 2023 it will be three years since the main elements of the remuneration policy were agreed as part of the planning process for the IPO. As a result, we intend to review the effectiveness of the current arrangements over the coming 12 months to ensure that we have a policy which is fully consistent with ATG’s strategic objectives. We will consult with major shareholders on any major changes we propose to make to the existing policy framework. If required, we will ask shareholders to formally approve a new Directors’ remuneration policy at the AGM in early 2024.

The UK Corporate Governance Code

The Board is strongly supportive of the UK Corporate Governance Code and considers that there is full compliance with the remuneration-related provisions of the Code. The remuneration policy and its implementation are consistent with the principles set out in Provision 40 of the Code, as illustrated below.

- **Clarity:** The remuneration policy has been designed to provide clarity to all interested parties. The Remuneration Committee has endeavoured to explain the policy and its implementation in a clear and transparent fashion in this Directors' Remuneration Report. The Committee has engaged in two-way dialogue with major shareholders and with representatives of the workforce on remuneration matters and has received generally positive feedback.
- **Simplicity:** The remuneration policy is designed to be relatively simple and consistent with standard practice for UK-listed companies of a similar size to ATG. The rationale for each element of Directors' pay and explanations of the Committee's decisions in respect of operating the policy for FY22 (and the plans for FY23) are set out in this report.
- **Risk:** The policy operates within clearly defined limits and the potential for rewards that would be considered excessive in the UK listed context is low. Nevertheless, the Committee is alive to the risks inherent in operating incentive schemes and has therefore ensured that the targets which have been set for the annual bonus scheme and the LTIP do not encourage inappropriate levels of risk-taking (including in respect of ESG risks). The remuneration policy includes a number of features which give the Committee additional control, such as the ability to override incentive outcomes if considered appropriate and the operation of recovery and withholding provisions for incentives.
- **Predictability:** While it is not possible to precisely predict the level of overall reward for the Executive Directors in any one year, the policy operates with reasonable limits which mean that outsize payments are highly unlikely. We provide an illustration of potential outcomes under different scenarios (see page 104).
- **Proportionality:** The performance conditions chosen for the annual bonus scheme and the LTIP in each year are closely linked to the successful delivery of strategy over the short and long term. The Committee carefully considers the optimum metrics and targets ahead of making decisions on the operation of the policy each year. A combination of the target-setting process and the Committee's overriding discretion to adjust outcomes ensures that poor performance will not be rewarded.
- **Alignment to culture:** The success of the business continues to be based on a combination of innovation, collaboration and performance which has driven strong levels of growth. The remuneration policy directly incentivises the Executive Directors and other members of the senior management team to continue to focus on the activities which are likely to drive further levels of growth, for the benefit of all stakeholders.

Remuneration for FY22

The annual bonus scheme for the year under review operated with performance conditions based on revenue and adjusted EBITDA, two of the Company's key financial performance indicators. An above-target level of performance was reported against both metrics, resulting in an overall bonus payment of 64.5% of the maximum available. The bonus targets and the level of performance achieved against them are set out on page 107. For the Executive Directors, in line with the remuneration policy, 75% of the bonus will be paid in cash and the remaining 25% deferred into shares, which must be held for a minimum of three years.

An award of shares under the Long Term Incentive Plan ("LTIP") was made in December 2021, with vesting dependent on the achievement of adjusted diluted earnings per share ("EPS") targets after three years. Adjusted diluted EPS is a key performance indicator used by ATG and reflects the profitability of the business on a per share basis. During the year, the Committee agreed to make a minor adjustment to the specific EPS targets for this award to ensure there is full alignment between the definition of adjusted diluted EPS used for the award with that used in the Company's wider corporate reporting. This is explained further on page 108. Any shares which vest under this award will be subject to a two-year post-vesting holding period.

In addition, during the year the Remuneration Committee considered and approved an amendment to the adjusted diluted EPS targets for the LTIP award granted at the time of the IPO in February 2021. This amendment was agreed in order to ensure that the targets remain appropriate following the acquisition of LiveAuctioneers, which completed on 1 October 2021. The adjustment increased the targets to take account of the higher earnings expected to result from the acquisition with the adjustment ensuring that the revised targets were considered by the Committee to be no more or less challenging than when they were originally set. Full details are included on page 108.

The Remuneration Committee is comfortable that the remuneration policy operated as intended during FY22.

Intended operation of the remuneration policy for FY23

The remuneration policy will operate in a broadly similar manner for FY23.

The Committee has reviewed the basic salaries of the Executive Directors. For John-Paul Savant, the CEO, the Committee has agreed an increase of 3% with effect from 1 October 2022. This is in line with the average increase to other members of the senior management team and is lower than the average increase for the employee base as a whole. For Tom Hargreaves, the CFO, the Committee has agreed that a higher increase of 5.75% is appropriate. This is consistent with the salary increase that has been agreed for the highest performers across the Company and shifts Tom's remuneration to a position that more closely reflects his seniority and contributions relative to others in the senior leadership organisational structure. The increase also reflects his increased experience as a listed company CFO and the increasing breadth and complexity of his role following the acquisition of LiveAuctioneers. In agreeing to the salary increase, the Committee also noted that Tom's pay is conservatively positioned when compared to CFO remuneration at companies of a similar size and complexity to ATG.

Corporate Governance

Remuneration Committee Report

continued

There is no change to the pension and benefits entitlements of the Directors for FY23.

When considering the operation of the incentive schemes for the coming year, the Committee has reviewed whether it would be appropriate to introduce new performance metrics, potentially including those linked to ESG measures, recognising the increased focus on such metrics by some investors. The Committee decided that the existing metrics remain appropriate for ATG at the current time; however, a more comprehensive review will be conducted as part of the wider review of the remuneration policy over the next 12 months and it is possible that changes to the current approach may be agreed at that time.

For FY23, participation in the annual bonus scheme will remain at a level of 125% of basic salary for the CEO. The Committee has agreed to align the maximum bonus opportunity for the CFO to the same level, and so his bonus limit will increase from 100% to 125% of salary. This is being done to ensure that the CFO has an annual incentive opportunity which reflects the increased complexity and global reach of ATG as well as the increased scale and continued success of the business since the IPO. The acquisition of LiveAuctioneers in 2021 was the principal driver of the step change in ATG's international profile and complexity, with the CFO now responsible for managing a much broader range of financing matters than was originally the case. An increase in the bonus limit to 125% of salary takes the CFO up to the maximum permitted under the Directors' remuneration policy, and better aligns his incentive opportunity with market practice at companies of a similar size to ATG.

Appropriately demanding performance targets apply to the FY23 bonus. Performance measures for the bonus will again be based on revenue and adjusted EBITDA targets, with 25% of any bonus payable deferred into shares for three years.

We will again grant LTIP awards over shares equivalent in value to 150% of basic salary. Our policy was set at the time of the IPO in February 2021 with our first awards granted at that time based on our Admission price of £6.00. Although the share price increased post Admission, resulting in the FY22 awards being granted based on a higher share price, the Committee considers it appropriate to retain the 150% award level noting the current share price remains above the Admission price, when our current grant policy was set. For future years the Committee intends to keep the LTIP grant level under review in light of share price movements and developments in the overall size and complexity of the Company.

The upcoming award will vest subject to the achievement of adjusted diluted EPS targets to be achieved over the period ending 30 September 2025. At the time of writing, the Committee is continuing to deliberate on the precise targets to apply to this award. We intend to finalise our position shortly and we expect to publish the targets in the regulatory announcement when the award is granted. Any shares which vest will be subject to a two-year post-vesting holding period, other than those required to be sold to pay tax.

Engagement with key stakeholders

I engaged with major shareholders ahead of our first AGM in January 2022 and was pleased to receive positive feedback on our approach to executive remuneration. This was further demonstrated by the high levels of support for the remuneration resolutions at the AGM. In the absence of any material changes to our approach since the AGM, and our intention to continue operating the remuneration policy in broadly the same manner for FY23, the Committee has not initiated further direct contact with major shareholders. However, I will do so as and when appropriate to ensure that we retain shareholder perspectives and the support of investors as and if our approach evolves, and as noted above there will be consultation with shareholders in the event our forthcoming review of the remuneration policy proposes any significant changes.

The Committee notes and supports the emphasis placed by ATG on equity rewards across the organisation. Equity is granted to ensure alignment with shareholders and to provide for market-competitive remuneration in our key markets. In addition, the Company operates all-employee share schemes such as a Share Incentive Plan ("SIP") and, in the US, an Employee Share Purchase Plan ("ESPP").

In his capacity as the designed Non-Executive Director for workforce engagement, Breon Corcoran (Board Chair and a member of the Remuneration Committee) has continued to meet with employee representatives to discuss a range of matters relating to the business, including remuneration and the alignment of executive pay with wider Company pay policy. Topics covered at the most recent session included the approach to remuneration across the business and the benefits packages on offer. We remain committed to continuing this dialogue and ensuring that the employee voice is heard on matters relating to remuneration.

The AGM

At the Company's forthcoming AGM on 26 January 2023, shareholders will be asked to approve this Directors' Remuneration Report by way of an advisory resolution.

I hope the Committee can count on your support for these resolutions at the AGM. I will be present at the meeting to answer any questions you may have on our approach to executive remuneration.



Scott Forbes

Chair of the Remuneration Committee

1 December 2022

Directors' remuneration policy

The Directors' remuneration policy sets out the framework for the remuneration of the Directors of Auction Technology Group plc. Payments to Directors and payments for loss of office can only be made if they are consistent with the terms of the approved remuneration policy.

The policy was designed following a review undertaken by the Remuneration Committee during the process of planning for the IPO. The policy was formally approved by shareholders at the AGM held in January 2022, with a vote in favour of 99.97%, and no changes are currently proposed.

A summary of the key features of the Directors' remuneration policy is included below for information purposes only. The full policy is included in the Annual Report for the year ended 30 September 2021 and is also available on the Group website at www.auctiontechnologygroup.com. If there is any discrepancy between the summary and the full policy, the full policy will prevail.

Policy table for Executive Directors

Element	Purpose and link to strategy	Operation	Opportunity
Basic salary	Provides a basic level of remuneration to ensure the Company can recruit and retain individuals with the required skills and experience to deliver on the Company's strategy.	<p>The salaries for Executive Directors depend on their experience and the scope of their role. The Remuneration Committee also has due regard to practices at peer companies of equivalent size and complexity and also of the pay and conditions of the workforce generally.</p> <p>Base salaries will typically be reviewed on an annual basis, with any change normally taking effect from 1 October.</p> <p>The receipt of basic salary is not subject to the achievement of performance conditions.</p>	<p>Salary increases will depend on a number of factors, including individual and Company performance, pay increases for the wider workforce and levels of inflation.</p> <p>Individuals who are recruited or promoted to the Board may have their initial salary set at a lower level than would otherwise be the case until they become established in their Board role. Subsequent increases in their salary may be higher than the average, subject to their ongoing performance and development.</p>
Benefits	Provides a market-competitive benefits package to supplement basic salary and to aid the recruitment and retention of Executive Directors.	<p>Executive Directors are entitled to receive a standard benefits package, including private medical insurance, permanent health insurance and life assurance.</p> <p>The Committee has the discretion to amend individual benefits and the overall benefits package and may introduce new benefits within the policy period.</p> <p>The receipt of benefits is not subject to the achievement of performance conditions.</p>	<p>Benefits are not subject to a specific maximum opportunity under this policy but in normal circumstances the value of benefits provided is not expected to change materially year-on-year.</p> <p>The Committee will consider the benefits available to the wider workforce when considering any changes to the benefits package for Executive Directors.</p>
Pension	Provides a market-standard retirement benefit to supplement basic salary and to aid the recruitment and retention of Executive Directors.	<p>Executive Directors can receive a Company pension contribution, or a cash salary supplement in lieu of a Company pension contribution.</p> <p>All Executive Directors (existing and new) receive pension contributions which are aligned to the rate payable to the majority of the wider workforce.</p> <p>The receipt of pension contributions (or cash in lieu) is not subject to the achievement of performance conditions.</p>	<p>The maximum level of Company pension contribution or cash supplement is 6% of basic salary, which is aligned to the rate currently payable to the majority of the wider workforce.</p> <p>If the rate payable to the majority of the wider workforce increases over the policy period, the Committee has the discretion to increase the rate payable to the Executive Directors above 6% so that it remains aligned with the wider workforce rate.</p>

Corporate Governance

Remuneration Committee Report continued

Element	Purpose and link to strategy	Operation	Opportunity
Annual bonus scheme and Deferred Share Bonus Plan ("DSBP")	Provides an annual incentive to reward Executive Directors for the achievement of performance objectives linked to the short-term strategic objectives of the business, with ongoing alignment with shareholders achieved through the deferral of a portion of the bonus into shares.	<p>Annual bonuses are payable subject to the achievement of performance targets set by the Remuneration Committee. These targets will be determined by the Committee on an annual basis and will be linked to the short-term strategic priorities for the business. The Committee has discretion to choose the number of performance metrics which apply to the bonus in any year and the relative weightings of those metrics. The primary focus of the bonus scheme will be on rewarding financial performance (normally accounting for a majority of the bonus) although the Committee may choose to use non-financial performance conditions (normally for a minority of the bonus scheme).</p> <p>The Committee will review performance against the targets after the end of the financial year and bonus payments will be determined accordingly. The Committee has the discretion to adjust the bonus outcome where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders.</p> <p>Of the total bonus, 75% will be payable in cash and the remaining 25% will be deferred into shares under the DSBP. Deferred shares must normally be held for a period of three years.</p> <p>Amounts payable under the annual bonus scheme and the DSBP are subject to malus and clawback provisions as summarised on page 103.</p> <p>Where a deferred share award under the DSBP is granted in the form of an option or a conditional share award, dividend equivalents may be paid in respect of the deferred shares.</p>	<p>The maximum annual bonus opportunity is 125% of basic salary.</p> <p>For FY23, the Committee has agreed to operate the bonus scheme with a limit of 125% of basic salary for both the CEO and the CFO.</p> <p>50% of the maximum bonus opportunity is payable for on-target performance. 25% of the maximum bonus opportunity is payable for threshold performance.</p>
Long Term Incentive Plan ("LTIP")	Provides an annual award of shares to Executive Directors which will vest after three years subject to the achievement of performance objectives linked to the long-term strategic objectives of the business, aligning the interests of the Directors with those of shareholders.	<p>Awards will normally be granted as either nil-cost options or awards of conditional shares.</p> <p>Awards will normally be granted annually to Executive Directors and will normally vest at the end of a three-year period subject to the recipient's continued employment at the date of vesting and the satisfaction of performance conditions measured over three financial years.</p> <p>The performance conditions will be determined by the Remuneration Committee on an annual basis at the time of each grant and will be linked to the long-term strategic priorities for the business. The Committee has discretion to choose the number of performance metrics which apply to an LTIP award in any year and the relative weightings of those metrics. It is expected that the majority of the performance conditions will be based on the achievement of financial targets, although the Committee may choose to apply relevant non-financial performance conditions to a minority of an award.</p> <p>The Committee will review performance against the targets after the end of the performance period and the level of vesting will be determined accordingly. The Committee has the discretion to adjust the vesting outcome where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders.</p> <p>Dividend equivalents may be paid in respect of any vested shares.</p> <p>Post-vesting, Executive Directors will be required to hold their vested shares for a further two years (other than shares which are required to be sold to pay tax due on vesting).</p> <p>Awards vesting under the LTIP are subject to malus and clawback provisions as summarised on page 103.</p>	<p>The maximum annual award is 200% of basic salary (or 250% of basic salary if the Remuneration Committee determines that exceptional circumstances apply).</p> <p>The Committee's current policy is to issue awards for the Executive Directors based upon 150% of basic salary. Performance conditions are structured such that, for threshold levels of performance, no more than 25% of the award will vest.</p>

Element	Purpose and link to strategy	Operation	Opportunity
All-employee share plans	Provides all employees with the opportunity to participate in tax-advantaged share plans and increases the level of alignment with shareholders.	The Company has the authority to operate an all-employee Sharesave ("SAYE") Scheme and an all-employee Share Incentive Plan ("SIP"). Awards under the SAYE and/or SIP may be offered annually to all eligible employees, including Executive Directors. The SIP was implemented in the UK with effect from 1 November 2021. International sub-plans to the SIP were also implemented in Germany and the US at the same time.	The Executive Directors are eligible to participate in the SAYE Scheme and the SIP subject to the limits prescribed under the applicable legislation governing those plans.
Shareholding guidelines	Requires the Executive Directors to hold a minimum level of shares both during and after the period of their employment.	Executive Directors are encouraged to build up over a five-year period (as a minimum through the retention of at least 50% of the after-tax number of vested share awards), and then subsequently hold, a minimum level of shareholding. Executive Directors are also required to maintain a minimum level of shareholding for a period of two years post-cessation of employment.	The minimum shareholding which should be built up by an Executive Director is equivalent to 200% of their basic salary. Executive Directors must also maintain a minimum shareholding equivalent to 200% of basic salary for a period of two years post cessation of employment. This will be calculated based on the lower of (i) the net of tax number of vested shares acquired under the LTIP or DSBP during their employment and (ii) their actual shareholding at the time of their departure.

Malus and clawback

The rules of the Company's incentive schemes include standard recovery and withholding provisions.

The Remuneration Committee has the ability, prior to the vesting of an award, to reduce the number of shares subject to the award in the following circumstances:

- discovery of a material misstatement resulting in the adjustment in the audited Consolidated Financial Statements of the Company or of the audited accounts of any Group member;
- discovery of a material failure of risk management;
- the insolvency of the Group;
- action or conduct of a participant which, in the reasonable opinion of the Committee, causes serious reputational damage to the Company, any Group member or relevant business unit; and/or
- action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to fraud, gross misconduct or a serious breach of the Company's policies and procedures.

In addition, the Committee can also use clawback provisions such that, for a period of three years following the date of payment of a bonus or vesting of an award, if any of the above circumstances arise (including if there has been an error in calculating the level of performance achieved), the Committee may require the relevant award holder to pay an equivalent cash amount back to the Company or transfer some or all of the shares that were subject to the award.

Service contracts

The current Executive Directors have both entered into service agreements with the Company dated 17 February 2021. The agreements have no fixed term and are terminable by the Director or by the Company on not less than six months' prior written notice. The service contracts are available for inspection at the Company's registered office.

Policy on payment for loss of office

The termination arrangements agreed for an Executive Director who is leaving the business will depend upon the provisions of the Director's service contract, the rules of the relevant incentive schemes and the nature of the individual's departure. All termination payments are subject to approval by the Remuneration Committee.

In the event of termination of employment for reasons of gross misconduct, the Director will have no entitlement to any further payment other than for sums accrued up to the date of termination.

In the event of termination of employment for other reasons, payments relating to basic salary, pension and other benefits will continue as normal until the date of cessation of employment. Alternatively, the Committee may decide to make a payment in lieu of notice.

Corporate Governance

Remuneration Committee Report continued

Remuneration for other employees

The Directors' remuneration policy reflects what the Committee considers to be an appropriate remuneration framework for the Executive Directors in light of their roles and responsibilities, what is considered necessary to retain their services and standard practice for CEO and CFO remuneration in listed companies of a similar size and complexity to ATG. In devising the policy the Committee considered the remuneration arrangements for other employees within the Company.

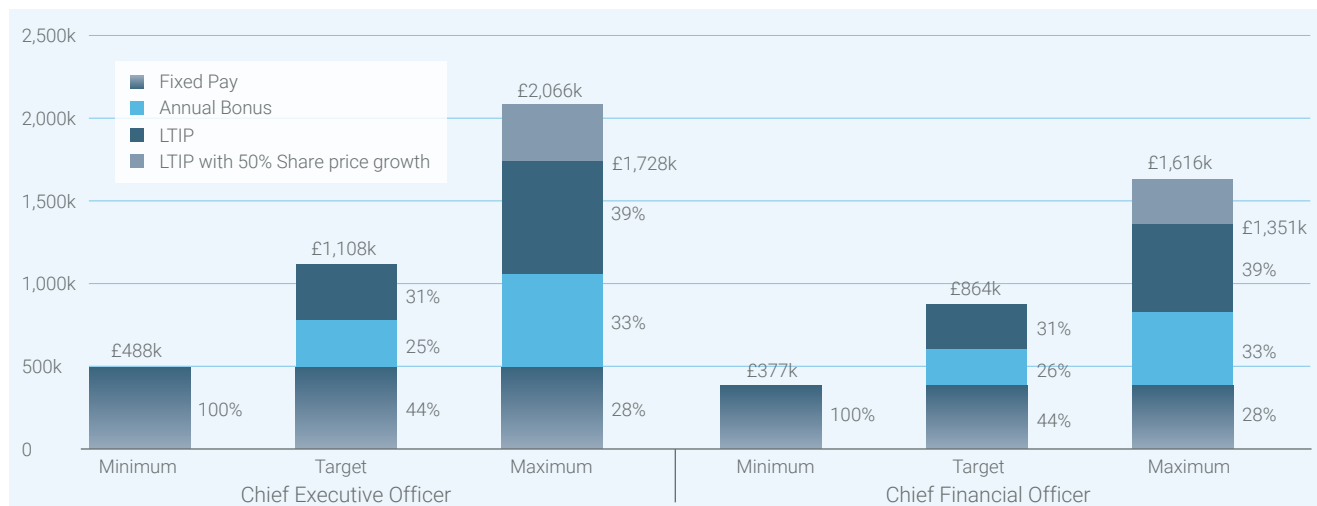
Many of the policy principles which apply to the Executive Directors also apply to others throughout the organisation, in particular the focus on incentivising outperformance through a cash bonus scheme and driving alignment with shareholders through participation in equity schemes. The Company has also established all-employee share incentive schemes in which all eligible employees may participate.

Consideration of shareholder views

The general views of institutional shareholders and other key market participants were taken into account as part of the Remuneration Committee's pre-IPO review of the appropriate remuneration policy to apply to the Company post-Admission. The Chair of the Remuneration Committee also wrote to major shareholders outlining the key features of the policy and seeking their feedback ahead of the policy being presented for formal shareholder approval at the 2022 AGM. None of the shareholders which responded to this engagement approach raised any material issues of concern with the policy.

Illustrations of the application of the remuneration policy ("Scenario charts")

The charts below give an indication of the level of total annual remuneration that would be received by each Executive Director in accordance with the remuneration policy (as it will apply in FY23) in respect of minimum pay (fixed pay), the pay based on target performance and maximum performance.



Notes to the charts:

- Minimum: Fixed pay, reflecting basic salary levels with effect from 1 October 2022, benefits of £10,000 for the CEO and £2,000 for the CFO and a 6% pension contribution.
- Target: Fixed pay plus a 50% pay-out under the bonus and LTIP.
- Maximum: Fixed pay plus full pay-out under the bonus and LTIP. The maximum scenario includes an additional element to represent 50% share price growth on the LTIP award.

Policy table for the Board Chair and Non-Executive Directors

Element	Purpose and link to strategy	Operation	Opportunity
Fees	Provides a level of remuneration at an appropriate level to attract and retain Non-Executive Directors of an appropriate calibre.	<p>The Chair's and the other Non-Executive Directors' fees are set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its Committees, and to attract and retain Non-Executive Directors of a high calibre with relevant commercial and other experience.</p> <p>Fee levels are set by reference to non-executive director fees at companies of similar size and complexity and general increases for salaried employees within the Company.</p> <p>The fee paid to the Chair is determined by the Remuneration Committee, while the fees for other Non-Executive Directors are determined by the Board as a whole. Additional fees are payable for acting as Senior Independent Director and as Chair of the Board's Audit and Remuneration Committees. On an exceptional basis the fees payable may temporarily be increased to recognise any additional commitments undertaken by a Non-Executive Director in respect of his or her Board role.</p> <p>Fees are paid in cash.</p> <p>Non-Executive Directors are also entitled to reimbursement of reasonable business expenses (and any related tax).</p>	<p>The initial fee levels were agreed prior to the IPO and are reviewed (and potentially increased) periodically.</p> <p>The maximum fees payable are subject to an aggregate annual limit of £1m as set out in the Articles of Association.</p>

Letters of appointment for Non-Executive Directors

The Board Chair and the Non-Executive Directors have all signed letters of appointment. The letters of appointment are available for inspection at the Company's registered office. Further details are included below.

Director	Date of appointment to the Board	Date of letter of appointment	Notice period (months)
Breon Corcoran	25 January 2021	17 February 2021	1
Suzanne Baxter	4 February 2022	4 February 2022	1
Scott Forbes	26 February 2021	17 February 2021	1
Pauline Reader	2 December 2021	2 December 2021	1
Morgan Seigler	18 January 2021	17 February 2021	1
Tamsin Todd	4 February 2022	4 February 2022	1

The Board Chair and the Non-Executive Directors have all been appointed for an initial term of three years, subject to termination by either the Director or the Company on not less than one month's prior written notice. All Directors will stand for re-election at each AGM of the Company.

Annual Report on Remuneration

The Remuneration Committee (consideration by the Directors of matters relating to Directors' remuneration)

The Remuneration Committee has delegated responsibility for determining the policy for executive remuneration and setting remuneration for the Chair, the Executive Directors and senior management. It reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking them into account when setting the policy for Executive Directors' remuneration. The Remuneration Committee is also responsible for preparing the Directors' Remuneration Report for approval by shareholders at the AGM.

The responsibilities of the Committee covered in its terms of reference include determining and monitoring the strategy and policy on remuneration, termination, performance-related pay, pension arrangements, reporting and disclosure, share incentive plans and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the Remuneration Committee to carry out its responsibilities. The terms of reference are available on the Group's website at www.auctiontechnologygroup.com.

Committee members

The Remuneration Committee is chaired by Scott Forbes and its other members are Breon Corcoran, Suzanne Baxter and Tamsin Todd. Suzanne and Tamsin were appointed to the Committee following their appointment to the Board on 4 February 2022. Penny Ladkin-Brand was a member of the Committee up to the date of her retirement from the Board on 25 January 2022. Pauline Reader served as a member of the Committee from 2 December 2021 to 4 February 2022.

None of the Committee members has any personal financial interest (other than as a shareholder) in the decisions made by the Committee.

The Remuneration Committee met three times during the year ended 30 September 2022. All members of the Committee attended all meetings held while they were a member of the Committee.

Committee support

The Committee is supported by the CEO, CFO and the Company Secretary whose attendance at Committee meetings is by invitation from the Chair. During the year under review, no Director was present for any discussions that related directly to their own remuneration.

The Committee is also supported by Korn Ferry, which has advised the Committee on remuneration matters since the IPO. Korn Ferry was appointed by the Committee following a formal competitive tender process. The Committee exercises appropriate judgement when considering the work of its external advisers and, after reviewing the nature and quality of the advice provided during the year, is satisfied that the advice it received during the year under review was objective and independent. Korn Ferry is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct.

Fees payable to Korn Ferry for advice provided during the year were £56,105 (excluding VAT). No other services were provided by Korn Ferry to the Company during the year and Korn Ferry have no other connection with the Company or individual Directors.

Single total figure of remuneration (audited)

The following table sets out the total remuneration for Executive and Non-Executive Directors for the year ended 30 September 2022. The data in the table for the prior year covers the period from Admission on 26 February 2021 to 30 September 2021.

All figures shown in £000	Year	Salary/fees	Benefits	Pension	Total fixed remuneration	Annual bonus	LTIP	Total variable remuneration	Total remuneration
John-Paul Savant	2022	438	10	26	474	353	–	353	827
	2021	248	7	15	270	310	–	310	580
Tom Hargreaves	2022	335	2	20	357	216	–	216	573
	2021	190	–	11	201	190	–	190	391
Breon Corcoran	2022	75	–	–	75	–	–	–	75
	2021	44	–	–	44	–	–	–	44
Morgan Seigler	2022	–	–	–	–	–	–	–	–
	2021	–	–	–	–	–	–	–	–
Penny Ladkin-Brand ¹	2022	22	–	–	22	–	–	–	22
	2021	41	–	–	41	–	–	–	41
Scott Forbes	2022	75	–	–	75	–	–	–	75
	2021	44	–	–	44	–	–	–	44
Pauline Reader ²	2022	50	–	–	50	–	–	–	50
	2021	–	–	–	–	–	–	–	–
Suzanne Baxter ³	2022	45	–	–	45	–	–	–	45
	2021	–	–	–	–	–	–	–	–
Tamsin Todd ³	2022	39	–	–	39	–	–	–	39
	2021	–	–	–	–	–	–	–	–

1. Retired from the Board on 25 January 2022.
2. Appointed to the Board on 2 December 2021.
3. Appointed to the Board on 4 February 2022.

Additional information regarding the single total figure table (audited)

Salary and fees

Base salaries on Admission for John-Paul Savant (CEO) and Tom Hargreaves (CFO) were £425,000 and £325,000 respectively. These salaries applied for the period from Admission to the end of the 2021 financial year. As disclosed in last year's Directors' Remuneration Report, the salaries were increased by 3% with effect from 1 October 2021, to £437,750 for John-Paul Savant and £334,750 for Tom Hargreaves.

The fees for the Board Chair and the Non-Executive Directors were set on Admission. The annual fee for Breon Corcoran as Board Chair is £75,000. For other NEDs, the basic fee is £60,000, with additional fees of £10,000 paid to each of the Chairs of the Audit and Remuneration Committees and an additional fee of £5,000 paid to the Senior Independent Director. These fees were unchanged for the 2022 financial year. Morgan Seigler does not receive any fees in respect of his role as a Non-Executive Director.

Benefits and pensions

Benefits for John-Paul Savant and Tom Hargreaves relate to private health insurance.

Both Executive Directors received pension contributions at a level of 6% of basic salary during the financial year under review, which is in line with the pension contributions available to the majority of the UK workforce.

Annual bonus for FY22

The annual bonus for FY22 was structured in line with the Directors' remuneration policy and with the approach taken during FY21. Performance was again based on adjusted EBITDA and revenue targets, these metrics being two of ATG's key financial performance indicators. Targets were set on a constant currency basis to reflect underlying performance so that executives were not rewarded or penalised due to currency movements during the year. The targets set and the performance achieved are shown below:

Measure	Weighting	Threshold £m	Target £m	Stretch £m	Actual £m ¹	Achievement % of maximum opportunity
		25% of maximum	50% of maximum	100% of maximum		
Adjusted EBITDA	50%	44.0	48.9	56.2	50.2	59%
Revenue	50%	103.7	109.1	117.3	112.4	70%

1. Actuals reflect target achievement on constant currency basis. There is a straight-line pay-out between the targets above.

Corporate Governance

Remuneration Committee Report

continued

Based on the performance achieved, the total bonus payable is 64.5% of the maximum opportunity. The maximum opportunity was 125% of basic salary for John-Paul Savant and 100% for Tom Hargreaves. Bonuses will be payable to the Executive Directors as set out below. The Committee believes that the formulaic outcome of the bonus, based on the performance achieved, is appropriate and so it has not exercised its discretion to adjust the bonus outcome.

	Overall annual incentive outcome		
	% of maximum	% of salary	Payment (£'000)
John-Paul Savant	64.5%	80.6%	353
Tom Hargreaves	64.5%	64.5%	216

Of the total bonus, 75% will be paid in cash (£264,702 for the CEO and £161,935 for the CFO) and the remaining 25% (£88,234 for the CEO and £53,978 for the CFO) will be deferred into an award over shares under the DSBP to be held for three years.

Malus and clawback provisions apply to the bonus, in line with the Directors' remuneration policy.

LTIP awards granted during FY22 (audited)

LTIP awards were granted to the CEO and CFO on 10 December 2021 in the form of nil-cost options, as set out in the table below.

Executive	Basis of the award (% of salary)	Threshold vesting (% of salary)	Number of shares granted ¹	Face value of the award (£'000)	Grant date	Vest date
John-Paul Savant	150%	25%	45,410	656.6	10 Dec 21	10 Dec 24
Tom Hargreaves	150%	25%	34,725	502.1	10 Dec 21	10 Dec 24

1. The number of shares awarded was calculated on the basis of a share price of £14.46, being the average share price over the five dealing days prior to grant.

These awards will vest subject to continuing employment and the achievement of challenging adjusted diluted EPS targets over the period to 30 September 2024:

Performance level	Percentage of award vesting	Adjusted diluted EPS to be achieved in FY24
Below "threshold"	0%	Below 29.3p
"Threshold"	25%	29.3p
"Stretch"	100%	35.6p

There is straight-line vesting in between the above points.

As disclosed in last year's Directors' Remuneration Report, for this award the Committee agreed to use a target range based on a pence per share number at the end of the performance period in FY24 rather than a percentage growth approach (which had been used for the LTIP award made at the time of the IPO). This was done to avoid rebasing FY21 adjusted diluted EPS, which was impacted by one-off financing costs arising as a result of the IPO. The Committee determined that the use of FY24 adjusted diluted EPS is more transparent and also takes into account the expected benefits of the LiveAuctioneers acquisition.

During FY22, and in accordance with the rules of the LTIP, the Committee agreed to a minor amendment to the specific adjusted diluted EPS targets for this award to align with the definition of adjusted diluted EPS now used by ATG for wider corporate reporting purposes. As agreed by the Board, adjusted diluted EPS is now calculated after "adding back" the impact of the amortisation of acquired intangible software in line with the measure of performance utilised in the business and reflected in the Group's disclosed APMs on page 139. The targets for the LTIP were therefore increased to reflect this change. The previous targets (as disclosed in last year's Directors' Remuneration Report) involved an FY24 adjusted diluted EPS range of 29.1p-35.3p. After adjustment, the range is now 29.3p-35.6p as set out in the table above. The Remuneration Committee has agreed that the amended targets are no more or less challenging than the original targets.

The Directors will be required to hold any vested shares (excluding those sold to pay tax) for a period of two years following the date of vesting.

LTIP awards granted during FY21 (audited)

As previously disclosed, LTIP awards were granted to the CEO and CFO on Admission in February 2021, as set out below.

Executive	Basis of the award (% of salary)	Threshold vesting (% of salary)	Number of shares granted ¹	Face value of the award (£'000)	Grant date	Vest date
John-Paul Savant	150%	25%	106,250	637.5	26 Feb 21	26 Feb 24
Tom Hargreaves	150%	25%	81,250	487.5	26 Feb 21	26 Feb 24

1. The number of shares awarded was calculated on the basis of the Admission price of £6.00.

These awards vest subject to the achievement of challenging adjusted diluted EPS targets over the period to 30 September 2023. As indicated in last year's report, during FY22 the Committee reviewed whether the targets originally set for this award should be adjusted to reflect the impact of the acquisition of LiveAuctioneers, one year into the three-year performance period. As explained in the Annual Statement from the Chair of the Remuneration Committee on page 98 and in accordance with the rules of the LTIP, the Committee agreed to amend the adjusted diluted EPS targets. The Committee was keen to ensure that the earnings-enhancing nature of the acquisition was reflected in an increase to the original targets. The Committee considered the difference in the earnings targets that would have arisen had LiveAuctioneers been owned for the duration of the three-year performance period and added these additional earnings in to the original targets set. This has resulted in an increase to the target range for the award, as set out below.

Performance level	Level of vesting	Adjusted diluted EPS growth per annum (% CAGR)	
		Original targets	Amended targets
Below "threshold"	0%	Below 12%	Below 14%
"Threshold"	25%	12%	14%
"Stretch"	100%	17%	19%

There is straight-line vesting in between the above points.

The amended targets are considered by the Committee to be no more or less challenging than when they were originally set.

Payments to past Directors/Payments for loss of office (audited)

There were no payments to past Directors or payments for loss of office made during the year.

Statement of Directors' shareholding and share interests (audited)

The table below includes full details of shares held by each Director as at 30 September 2022, including details of share awards which are subject to the achievement of performance conditions.

During employment, Executive Directors are required to build and maintain a shareholding equivalent to 200% of their base salary. Executive Directors are expected to build up their shareholding over a five-year period (as a minimum through the retention of at least 50% of the after-tax number of vested share awards). This requirement was met as of 30 September 2022. Post-cessation of employment, Executive Directors must retain shares to the value of 200% of base salary for a period of two years in accordance with the Directors' remuneration policy. There are no former Executive Directors to whom this requirement currently applies.

Director	Beneficially owned shares on 30 September 2022	Unvested share awards subject to performance conditions ¹	Unvested share awards not subject to performance conditions ²	Options exercised in year	Vested unexercised share options	Shareholding requirement (% of base salary)	Requirement met?
John-Paul Savant ^{3,5}	2,573,631	151,660	5,358	–	–	200%	Yes
Tom Hargreaves ⁵	1,284,060	115,975	3,278	–	–	200%	Yes
Breon Corcoran	729,497	–	–	–	–	–	–
Morgan Seigler ⁴	–	–	–	–	–	–	–
Scott Forbes	160,548	–	–	–	–	–	–
Pauline Reader	–	–	–	–	–	–	–
Suzanne Baxter	–	–	–	–	–	–	–
Tamsin Todd	–	–	–	–	–	–	–

1. Awards granted as nil-cost options under the LTIP.

2. Awards granted as nil-cost options under the Deferred Share Bonus Plan.

3. Shares also held in the name of spouse (Samantha Savant) and the Savant Discretionary Trust (whose trustees are John-Paul Savant and Samantha Savant).

4. Morgan Seigler is not directly interested in any shares but acts as a representative of TA Associates on the Board.

5. The total figure for the number of beneficially owned shares includes the pre-Admission equity awards summarised below.

As disclosed in the IPO prospectus and in last year's Directors' Remuneration Report, pre-Admission equity awards were granted to John-Paul Savant and Tom Hargreaves on Admission. John-Paul Savant holds an equity award over 83,409 shares and Tom Hargreaves holds an equity award over 97,261 shares. These awards were originally granted to them over 1,391 and 1,622 ATG B ordinary shares respectively.

The shares over which the pre-Admission equity awards were granted will be forfeited if the holder leaves the Group for any reason prior to the third anniversary of Admission (other than in cases of death or a change of control). In normal circumstances the shares must also be held for a further year, until the fourth anniversary of Admission, before they can be sold or otherwise transferred. The forfeiture and holding periods cease to apply in the event of a change of control.

There has been no change in the Directors' interests in the ordinary share capital of the Company between 30 September 2022 and the date of this report.

Corporate Governance

Remuneration Committee Report continued

Total Shareholder Return (TSR) performance graph and table of CEO pay

ATG shares were admitted to the London Stock Exchange's Main Market on 26 February 2021. The chart below shows the TSR performance of £100 invested in ATG from 26 February 2021 (using the offer price of 600p per share) to 30 September 2022 against the FTSE 250 index. The FTSE 250 index is considered an appropriate comparison as ATG is positioned within this index.



	2021	2022
CEO single figure total remuneration (£000s)	580	827
Annual bonus (as % of maximum opportunity)	100%	64.5%
Long-term incentive vesting (as % of maximum opportunity)	N/A	N/A

Annual percentage change in remuneration of Directors and employees

The table below compares the percentage change in pay of the Directors for FY22 with the average percentage change for employees for the same period. As required by the reporting regulations, the table shows the percentage change in salary/fees, taxable benefits and bonus from year to year. The Directors' remuneration for FY22 is based on the disclosures in the single total figure table on page 107. For FY21, we have annualised the single total figure table disclosures to ensure a meaningful comparison.

Director	Salary/fees % change	Taxable benefits % change	Annual bonus % change
John-Paul Savant	3%	(2%)	(34%)
Tom Hargreaves ¹	3%	100%	(34%)
Breon Corcoran	0%	-	-
Morgan Seigler	-	-	-
Penny Ladkin-Brand ²	-	-	-
Scott Forbes	0%	-	-
Pauline Reader ³	-	-	-
Suzanne Baxter ³	-	-	-
Tamsin Todd ³	-	-	-
Employees			
Average per employee ⁴	45%	56%	27%

1. Year-on-year change for taxable benefits reflects absence of taxable benefits in prior financial year.

2. Year-on-year change not shown as Penny retired from the Board during the year under review.

3. These Directors were appointed during the year under review and therefore no comparison with prior year remuneration can be made.

4. Figures relate to Group as a whole and reflect the acquisition of LiveAuctioneers on 1 October 2021. No figures are shown for the parent company as the only employees of the parent company are the Directors and the Company Secretary.

CEO pay ratio and wider employee remuneration

As ATG has fewer than 250 UK employees, it is not required by law to include details of total pay for the CEO relative to that of UK employees at the median, lower quartile and upper quartile. Nevertheless, the Remuneration Committee reviews wider workforce remuneration when setting the remuneration policy for the Executive Directors.

The Committee remains satisfied that the remuneration for the Directors is appropriate in the context of pay practices more widely at the Company noting, for example, the focus on performance-related pay throughout the organisation, broad levels of equity ownership across the business and the alignment of Executive Director pension contributions with the rate applicable to the majority of the wider workforce. In the UK, US and Germany, the Company has established all-employee share incentive schemes in which all eligible employees may participate.

As is the norm, levels of incentive opportunity within the wider organisation are lower than the levels in place for the Executive Directors. In addition, certain elements of the Directors' remuneration policy do not apply to others in the organisation. For example, annual bonuses for other employees are paid wholly in cash, with no requirement for an element to be deferred into shares. There is also a minority weighting on personal non-financial targets in the bonus scheme for employees below Board level.

LTIP awards are granted to certain other employees normally with a different structure than is in place for Executive Directors. This is predominantly in the form of restricted share awards (i.e. nil-cost options or restricted stock units that are not subject to financial performance conditions), some of which have a different vesting profile than Directors' LTIPs. This recognises the need for the Company to be able to offer incentives to employees which are relevant for the specific commercial circumstances, for example to be able to compete successfully for talent in markets such as the US technology sector.

Relative importance of spend on pay

The table below shows the Company's expenditure on employee pay compared to distributions to shareholders for FY22. The information provided for FY21 has been annualised to ensure an appropriate year-on-year comparison can be made.

	FY22 £m	FY21 £m	% change
Distributions to shareholders	–	–	–
Overall spend on pay for employees, including Executive Directors	27.7	19.3	43%

Statement of shareholder voting

The table below shows the results of the voting on remuneration resolutions at the AGM held on 25 January 2022.

	Votes for	%	Votes against	%	Votes withheld
Directors' Remuneration Report	108,861,907	99.68	353,085	0.32	0
Directors' remuneration policy	109,177,156	99.97	37,836	0.03	0

Statement of implementation of remuneration policy during FY23

Base salary

The Remuneration Committee has agreed that the CEO will receive a salary increase of 3% with effect from 1 October 2022. For the CFO, the Committee has determined that a higher increase of 5.75% is appropriate. The rationale for these increases is explained in the Annual Statement from the Chair of the Remuneration Committee on pages 98 to 100.

Executive Director	Salary with effect from 1 Oct 2021	Salary with effect from 1 Oct 2022	% increase
John-Paul Savant	£437,750	£450,883	3
Tom Hargreaves	£334,750	£353,998	5.75

Pension and benefits

Executive Directors will continue to receive a pension contribution of 6% of salary, which remains aligned to the rate currently payable to the majority of the UK workforce. Other benefits include private medical insurance, permanent health insurance and life assurance.

Annual bonus

The maximum annual bonus opportunity will be in line with the Directors' remuneration policy, i.e. 125% of salary for both the CEO and the CFO. As noted in the Annual Statement from the Chair of the Remuneration Committee, this reflects an increase in the CFO's opportunity from the 100% of salary level which applied for both FY21 and FY22. This has been agreed to ensure that the CFO's bonus opportunity more accurately takes into account the scope of the role given the increased size and complexity of the Group since the IPO.

The performance measures for the FY23 bonus will remain appropriately challenging and will again be payable subject to the achievement of targets linked to revenue (50% weighting) and adjusted EBITDA (50% weighting), measured on a constant currency basis. Full details of the FY23 bonus targets will be disclosed in next year's Directors' Remuneration Report.

Of the total bonus, 75% will be payable in cash and the remaining 25% will be deferred into an award over shares under the DSBP to be held for three years.

Malus and clawback provisions apply in line with the remuneration policy, as summarised on page 103.

Long Term Incentive Plan

LTIP awards of 150% of salary will be made to the Executive Directors, with performance measured over the three-year period to 30 September 2025. The Remuneration Committee has agreed that adjusted diluted EPS should continue to be used as the performance condition for the LTIP awards.

At the time of writing, the Committee is continuing to deliberate on the precise targets to apply to this award. We intend to finalise our position shortly and we expect to publish the targets in the regulatory announcement when the award is granted.

The Directors will be required to hold any vested shares (excluding those sold to pay tax) for a period of two years following the date of vesting.

Malus and clawback provisions apply in line with the remuneration policy, as summarised on page 103.

Non-Executive Director remuneration

Non-Executive Director fees have been reviewed by the Board and will remain unchanged for FY23.

Non-Executive Director	Fee
Chair of the Board	£75,000
Non-Executive Director base fee	£60,000
Senior Independent Director	£5,000
Audit Committee Chair's fee	£10,000
Remuneration Committee Chair's fee	£10,000

As part of the review of the overall Directors' remuneration policy which will take place over the coming year, the Board will review the fees payable to the Non-Executive Directors and the Remuneration Committee will review the fee payable to the Board Chair. This will take into account the growth of the Company since the IPO, the level of fees payable at companies of a similar size and complexity and the fees considered necessary to attract and retain NEDs of a high calibre with relevant commercial and other experience.

This report was approved by the Board of Directors and signed on its behalf by:



Scott Forbes

Chair of the Remuneration Committee

1 December 2022

Directors' Report

The Directors present their report, together with the audited Consolidated Financial Statements and auditor's report for the year ended 30 September 2022.

Auction Technology Group plc is a public limited company incorporated in the United Kingdom and registered in England & Wales with registered number 13141124. The Company acts as a holding company for the Group of subsidiaries. A list of its subsidiary companies is set out in note 25 on page 170.

This Directors' Report should be read in conjunction with the other sections of this Annual Report as detailed below to fulfil these requirements which are incorporated into the Directors' Report by reference. In accordance with section 414C(11) of the Companies Act 2006 and the Companies (Miscellaneous Reporting) Regulations 2018 the Board has included certain disclosures in other sections of Annual Report set out below:

Topic	Section of report	Pages
Strategy and future developments	Chief Executive Officer's Statement Strategic Report	10-13 02-71
Diversity and inclusion	Nomination Committee Report Sustainability Report	95-97 52-71
Risk management	Strategic Report	02-71
Going concern and viability statement	Strategic Report	02-71
Employee matters, disabled employees and employee engagement	Sustainability Report Stakeholder Engagement and s.172 Statement	52-71 46-51
Climate-related financial disclosures, greenhouse gas and carbon emissions, energy consumption and energy efficiency action	Strategic Report Sustainability Report	02-71 52-71
Business relationships with suppliers, customers and other stakeholder engagement	Stakeholder Engagement and s.172 Statement	46-51
Corporate governance	Corporate Governance Report	72-81
Internal controls	Audit Committee Report	88-94
Financial instruments	Financial Statements	128-165
Statement of Directors' Responsibilities	Statement of Directors' Responsibilities	117
Directors' interests	Directors' Remuneration Report	98-112
Employee share plans	Directors' Remuneration Report	98-112

Listing Rule 9.8.4R disclosures

The following sets out where disclosures required in compliance with Listing Rule 9.8.4R are located.

Topic	Section of report	Page number
Details of long-term incentive schemes	Directors' Remuneration Report	98-112
Non pre-emptive issues of equity for cash (including major subsidiaries)	Chief Financial Officer's Review	32-36

Energy and carbon reporting

The Group's energy and carbon disclosures are detailed in the Sustainability Report on pages 52 to 65.

Engagement with employees, suppliers, customers and others

The Group's engagement with its stakeholders is detailed in the Stakeholder Engagement section of the Strategic Report on pages 46 to 51.

Research and development

The Group is engaged in various research and development activities regarding innovation and enhancing its technology applications. These are set out in the Strategic Report on pages 02 to 71.

Corporate Governance

Directors' Report continued

Compliance with the UK Corporate Governance Code 2018

The Disclosure Guidance and Transparency Rules ("DGTR") require certain information to be included in a corporate governance statement in the Directors' Report. The Corporate Governance Report is incorporated by reference and includes details of our compliance with the Code. Our statement includes a description of the main features of our internal control and risk management systems in relation to the financial reporting process and forms part of this Directors' Report.

Dividend

The Directors do not propose the payment of a dividend (FY21: nil).

Branches

In accordance with the Companies Act 2006, the Board confirms that there were no branches of the Company or its subsidiaries during the financial year.

Board of Directors

The Board of Directors as at 30 September 2022 is detailed below; further details about each Director are given on pages 84 to 87 of this report.

Name	Position	Date of appointment
Breon Corcoran	Chairman	25 January 2021
John-Paul Savant	Chief Executive Officer	25 January 2021
Tom Hargreaves	Chief Financial Officer	25 January 2021
Scott Forbes	Senior Independent Non-Executive Director	26 February 2021
Suzanne Baxter	Independent Non-Executive Director	4 February 2022
Pauline Reader	Independent Non-Executive Director	2 December 2021
Morgan Seigler	Non-Executive Director	18 January 2021
Tamsin Todd	Independent Non-Executive Director	4 February 2022

Penny Ladkin-Brand also served as a Director of the Company from 26 February 2021 until she resigned on 25 January 2022.

There have been no changes in the composition of the Board between 30 September 2022 and the date of this report.

All Directors, other than Suzanne Baxter and Tamsin Todd, who will be seeking election at the first AGM following their appointment, will retire, and being eligible, offer themselves for re-election at the forthcoming AGM.

Directors' interests in the share capital and equity of the Company as at 30 September 2022 are contained in the Directors' Remuneration Report on page 109.

Pursuant to the relationship agreement with TA Associates, through its sub-funds TA XIII-A, L.P., TA XIII-B, L.P., TA Investors XIII, L.P., TA Investors IV EU AIV, L.P. and TA Subordinated Debt Fund IV, L.P. ("TA Associates") that the Company entered into on 17 February 2021, the Company agrees to appoint one Non-Executive Director nominated by TA Associates to the Board for so long as TA Associates owns in aggregate more than 10% of the issued ordinary share capital in the Company. Morgan Seigler is the TA Associates nominated Non-Executive Director.

All other Directors are appointed in their personal capacity.

Directors' insurance and indemnity provisions

The Company maintains Directors' and Officers' insurance in respect of any liabilities arising from the performance of their duties. In addition, during the financial year ended 30 September 2022 and to the date of this report, the Directors have had the benefit of qualifying third-party indemnities under which the Company has agreed to indemnify the Directors, to the extent permitted by law and by the Company's Articles of Association, against any liabilities they may incur in the execution of their duties as directors of the Company or of its subsidiaries.

Directors' interests in contracts and conflicts of interest

No member of the Board had a material interest in any contract of significance with the Company, or any of its subsidiaries, at any time during the period. Directors are required to notify the Company of any conflict or potential conflict of interest.

Capital structure and shareholder voting rights

The shares in issue as at 30 November 2022, being the latest practicable date prior to the publication of this report, consisted of 120,599,329 ordinary shares of 0.01 pence each.

The changes in the Company's issued share capital during the financial year are detailed in note 20 to the Consolidated Financial Statements.

Rights and obligations of ordinary shares

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, one or more corporate representatives.

On a show of hands, each holder of ordinary shares who is present in person or by proxy/corporate representative shall have one vote.

There are no restrictions on voting rights or the transfer of shares in the Company and the Company is not aware of agreements between holders of securities that result in such restrictions.

Powers of the Company to purchase own shares

At the AGM held in January 2022, shareholders passed a special resolution in accordance with the Act to authorise the Company to make market purchases of its own ordinary shares up to a maximum of 11,999,999 ordinary shares, representing 10% of the Company's issued ordinary share capital as at 14 December 2021. No shares have been purchased under this authority. The authority will expire at the conclusion of the Company's AGM in January 2023, when the Company intends to seek a renewal.

Shares held by Employee Benefit Trust

The Employee Benefit Trust ("EBT") is a discretionary employee benefit trust constituted by a trust deed entered into on 12 February 2020 between Auction Topco Limited and Zedra Trust Company (Guernsey) Limited, independent offshore professional trustees (the "Trustee"). The Company succeeded Auction Topco Limited as the settlor of the EBT under a deed of succession entered into on 25 February 2021. The EBT is operated as an employee share scheme within the meaning of Section 1166 of the Companies Act 2006, with the purpose of encouraging and facilitating the holding of shares by bona fide employees of the Company (which for these purposes includes the Executive Directors) and its subsidiaries, former employees and certain of their relatives or for their benefit.

Shares held by the Company's EBT rank *pari passu* with the other shares in issue and have no special rights. Voting rights and rights of acceptance of any offer relating to the shares held in the Trust rests with the Trustees, who may take account of any recommendation from the Company.

Relationship Agreement

The Relationship Agreement, which was entered into on 17 February 2021, complies with the requirements of the Listing Rules and remains effective whilst TA Associates holds at least 10% of the voting rights of the Company. As at 30 September 2022 TA held 17.77% of the issued share capital of the Company.

The Board is satisfied that the Company has complied with the independence provisions included in the Relationship Agreement during the period ended 30 September 2022:

- Transactions and arrangements between the Company and TA Associates are and will be, at arm's length and on normal commercial terms.
- Neither TA Associates nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the LR, the DGTR, the requirements of the London Stock Exchange, the Financial Services and Markets Act, Market Abuse Regulation or the Articles of Association.
- Neither TA Associates nor any of its associates will propose, or procure the proposal of, a shareholder resolution that is intended or appears to be intended to circumvent the proper application of the LR.

As far as the Company is aware, such provisions have been complied with during the period ended 30 September 2022 by TA Associates.

Substantial shareholdings

The table below sets out those shareholders that have notified the Company of their direct or indirect interest in 3% or more of the issued share capital of the Company in accordance with Rule 5 of the DGTR as at 30 November 2022 being the nearest practicable date to publication:

Shareholder	Holding	% Voting rights
TA Associates Management, L.P.	Indirect	17.77 ¹
BlackRock, Inc.	Indirect	10.29 ²
The Capital Group Companies, Inc.	Indirect	7.94 ¹
Jupiter Asset Management Limited	Indirect	7.86 ¹
abrdn plc	Indirect	5.13 ¹
Ameriprise/Threadneedle	Indirect	4.82 ¹
ECI Partners LLP	Indirect	3.99 ²
Invesco Ltd	Indirect	3.99 ¹
The Vanguard Group Inc.	Indirect	3.19 ¹

1. Notification based on total voting rights at the time of 120,599,329.
2. Information provided to the Company pursuant to Rule 5 of the DGTR published on a Regulatory Information Service and on the Company's website.

Change in control

The Company is required to disclose any significant agreements which take effect, alter or terminate upon a change of control of the Company. In common with many other companies, the Group's bank facility is terminable upon change of control of the Company. In addition, the Relationship Agreement with TA would also cease to be effective on a change of control.

In the event of a change of control of the Company, unvested LTIP awards will vest and become exercisable for a period of six months following the change of control to the extent determined by the Remuneration Committee in its absolute discretion. When making its decision, the Remuneration Committee will consider the period of time the award has been held by the participant and the extent to which the performance conditions have been achieved. Where appropriate, and with the agreement of the acquiring company, the Committee may specify that unvested awards will not become exercisable as a result of the change of control and instead they will be exchanged (in whole or in part) for awards over shares in the acquiring company. Different decisions can be taken in respect of different grants of awards held by the participant.

Holders of the pre-Admission equity awards will forfeit their shares for no payment if they leave the Group for any reason prior to the third anniversary of Admission (other than in the case of their death or the sale of the company or business that they work for out of the Group). In normal circumstances, the shares must also be held for a further year until the fourth anniversary of Admission, before they can be sold or otherwise transferred. If there is a corporate event resulting in the change of control of the Company, the forfeiture and holding periods will cease to apply.

Corporate Governance

Directors' Report continued

There are no agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment because of a takeover bid other than for payment for loss of office as detailed on page 103.

Articles of Association

The rules governing the appointment and removal of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by a special resolution of the shareholders. The powers of Directors are described in the Matters Reserved for the Board document and the Articles of Association, both of which can be found on our website.

Political donations

It is not the policy of the Company, or its subsidiaries, to make political donations as contemplated by the Companies Act and no donations were made by the Company to any political party during the year. However, the application of the relevant provisions of the Companies Act is very wide in nature and normal business activities of the Company, which might not be considered political donations or expenditure in the usual sense, may possibly be construed as political expenditure and fall within the restrictions of the Act. This could include sponsorships, subscriptions, payment of expenses and support for bodies representing the community. The Board therefore intends to renew shareholder authority at the Company's AGM to ensure that the Company does not inadvertently breach these provisions.

Post balance sheet events

The Group pre-paid \$43.7m of their Senior Term Loan Facility at the start of October 2022 using the Group's available cash.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Deloitte LLP has indicated its willingness to continue in office and the Board recommends the reappointment of Deloitte at the forthcoming AGM.

Annual General Meeting

The Company's AGM will be held at the office of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL on 26 January 2023. The Notice of AGM accompanies this report as a separate document.

This report was approved by the Board of Directors on 1 December 2022 and signed on its behalf by:



Jayne Meacham
Company Secretary

1 December 2022

Directors' Responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements of the Group and Company in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with United Kingdom adopted International Accounting Standards and with the requirements of the Companies Act 2006. The Directors have chosen to prepare the parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 1 December 2022 and is signed on its behalf by:



John-Paul Savant
Chief Executive Officer

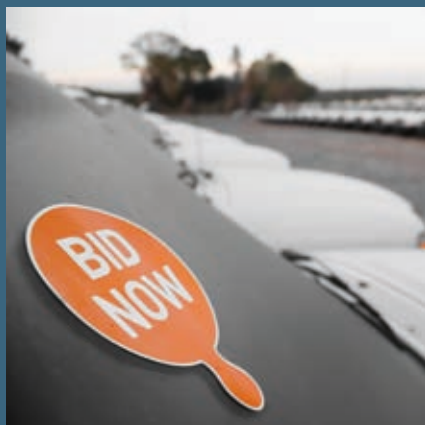
1 December 2022



Tom Hargreaves
Chief Financial Officer

1 December 2022

Financial Statements



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Independent Auditor's Report to the Members of Auction Technology Group plc

Report on the audit of the Financial Statements

1. Opinion

In our opinion:

- the Financial Statements of Auction Technology Group plc (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2022 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with United Kingdom adopted International Accounting Standards;
- the parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss;
- the Consolidated and parent Company Statements of Financial Position;
- the Consolidated and Parent Statements of Changes in Equity;
- the Consolidated Statement of Cash Flows;
- the related notes 1 to 25 to the Consolidated Financial Statements; and
- the related notes 1 to 10 the Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group Consolidated Financial Statements is applicable law, and United Kingdom adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent Company for the year are disclosed in note 6 to the Consolidated Financial Statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent Company.

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

3. Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> Acquisition of LiveAuctioneers LLC ("LA") - classification of consideration Acquisition of LA - valuation of intangibles Risk of impairment to goodwill Functional currency <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none"> ! Newly identified ↑ Increased level of risk — Similar level of risk ↓ Decreased level of risk
Materiality	<p>The materiality that we used for the Consolidated Financial Statements was £1,320,000 which was determined on the basis of a blend of 4% of adjusted earnings before interest tax, depreciation, and amortisation (adjusted EBITDA – refer to note 3) and 5% of profit before tax. We also considered revenue as a supporting benchmark.</p>
Scoping	<p>Four components were subject to full scope audits and two components were subject to specified audit procedures. These components provided coverage which totals 92% of the Group's adjusted EBITDA, 91% of revenue and 80% of net asset. All work performed on components was performed by the Group audit team.</p>
Significant changes in our approach	<p>In the current year, the Group acquired LA on 1 October 2021 with significant intangible asset recognition and complex consideration. As such we have identified two key audit matters in respect of this acquisition – classification of consideration and valuation of intangibles.</p> <p>Subsequent to the acquisition of LA, there was a change in functional currency and the application of the net investment hedge in the period has resulted in a new key audit matter, because of the significance and complexity of the judgements being made which impacted on the Consolidated Statement of Profit or Loss.</p> <p>In the prior year, IFRS 2: Share based payment valuation on IPO and revenue recognition accuracy and completeness were key audit matters however these are no longer considered as key audit matters as the level of audit effort involved in appropriately addressing these risks is not the most significant in our audit.</p>

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing as part of our risk assessment the nature of the Group and its business model and related risks including where relevant, the effect of the current macroeconomic uncertainty;
- Obtaining an understanding of the relevant controls implemented by the Directors during the going concern assessment;
- Challenging the underlying data and key assumptions used to make the assessment as well as evaluating the Directors' plans for future actions;
- Understanding financing facilities including assessing forecast compliance with interest cover ratio covenants;
- Understanding how the going concern model mirrors the business model and the forecasts used to assess impairments testing;
- Assessing the maturity profile of the Company debt and the liquidity for the going concern period;
- Performing sensitivity analysis based on the contradictory evidence, including consideration of market, latest third-party economic forecasts; and
- Assessing the appropriateness of the going concern disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Acquisition of LA - classification of consideration !

Key audit matter description	<p>The Group acquired LA on 1 October 2021. Under the terms of the sales and purchase agreements ("SPA"), the Group paid a total consideration of £404.0m including cash of £358.8m, Rollover Options and Restricted Stock Units ("RSUs") with a fair value of £27.3m and contingent consideration of up to a maximum of £18.6m.</p> <p>There is an inherent judgement involved in determining the classification of the Rollover Options and RSUs as either consideration or remuneration for post-combination services in accordance with the requirements of IFRS 2 and IFRS 3. If the awards that are being replaced expired as a consequence of a business combination and if the Group replaced those options when it was not obliged to do so, the replacement options should be recognised as a remuneration cost rather than consideration. If the awards do not expire and the acquiree replaces these awards, the change in ownership is treated as a modification to the share-based payment and is considered as consideration.</p> <p>There is significant judgement exercised in the classification of Rollover Options and RSUs as consideration and therefore we considered this our key audit matter.</p> <p>Further details are included in notes 2, 11 and 12 to the Consolidated Financial Statements in relation to business combination. Refer also to page 90 of the Report of the Audit Committee.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of the relevant controls over management's detailed review of the business combination, which is performed periodically.</p> <p>We challenged the classification of the Rollover Options and RSUs as consideration.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • assessing the requirements of IFRS 3 and IFRS 2 in determining if the equity instruments represent consideration or remuneration; • assessing whether the requirement of IFRS 3 relating to continued employment was met, i.e. assessing whether the recipient is required to remain in employment in order to qualify for the awards it is classified as remuneration; and • assessing the appropriateness of the judgement disclosures in the Consolidated Financial Statements.
Key observations	<p>We concluded that the classification of consideration is appropriate and that the conclusions reached were supported by the evidence obtained.</p>

5.2. Acquisition of LA - valuation of intangibles !

Key audit matter description	<p>The Group acquired LA on 1 October 2021. IFRS 3 “Business Combinations” requires management to apply acquisition accounting, which includes the recognition of assets acquired and liabilities assumed in the acquisition at their fair value together with any non-controlling interests (of which there were none).</p> <p>Management engaged external valuations specialists to undertake an exercise to determine the required purchase price accounting (“PPA”) including the valuation of separately identifiable intangible assets acquired £167.8m.</p> <p>There is both complexity and judgement in this process and as such the key audit matter is focussed on the 2023 to 2027 revenue growth assumptions and discount rates that feed into the valuation of intangible assets.</p> <p>Further details are included in notes 2, 11 and 12 to the Consolidated Financial Statements in relation to business combinations. Refer also to page 90 of the Audit Committee Report.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of the relevant controls over management’s detailed review of the business combination, which is performed periodically.</p> <p>Our work included, but was not limited to:</p> <ul style="list-style-type: none"> • assessing whether the accounting for the acquisition is in line with the requirements of IFRS 3 Business combinations; • assessing management’s underlying analysis and supporting financial models; • assessing the competence, capability and objectivity of management’s expert; • engaging our valuation specialists to assess the valuation methods used on the valuation of intangible assets, the discount rates applied, and the useful life attributed to the separately identifiable intangible assets; • assessing management’s sensitivity analysis to identify the key assumptions that have a significant effect on the model; • assessing key assumptions including revenue forecasts and long-term growth rates, by comparing forecasted revenue to market growth and long-term growth rates to inflation; and • assessing the appropriateness of disclosures in the financial statements specifically the sensitivity to reasonably possible changes to key assumptions.
Key observations	<p>We concluded that the assumptions applied in the valuation of intangibles arising on acquisition were within an acceptable range, the overall position adopted was reasonable and the disclosures in respect of sensitivity to reasonably possible changes to key assumptions are appropriate.</p>

5.3. Risk of impairment to goodwill !

Key audit matter description	<p>Upon acquisition of LA, the Group recognised goodwill of £281.3m. This goodwill has been allocated to the Group’s following cash generating units (CGUs): Arts & Antiques (“A&A”) (£226.7m) and Industrial and Commercial (“I&C”) (£56.6m). As at 30 September 2022, the total group carrying value of goodwill is £505.2m which is allocated across the A&A, I&C and Auction Services CGUs.</p> <p>There is both complexity and inherent risk due to the quantum of goodwill being assessed for impairment. The valuation of goodwill involves heightened judgement and estimation uncertainty with regards to forecasting the buyer specific synergies and future cash flows, the sensitivity of the impairment model to movements in the discount rate, and the current macro-economic volatility.</p> <p>The Group concluded that no impairment was required for the year ended 30 September 2022.</p> <p>Further details are included in notes 2, 11 and 12 to the Consolidated Financial Statements in relation to business combination. Refer also to page 91 of the Audit Committee Report.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of the relevant controls over management’s controls relating to the review of the forecast, goodwill impairment model and the review of discount rates applied, which is performed annually.</p> <p>Our audit procedures included, but are not limited to the following:</p> <ul style="list-style-type: none"> • challenging the Group’s forecast and estimates by: <ul style="list-style-type: none"> – reading market analyst reports to gain an understanding of the market expectation of the Group’s future performance; – investigating the cash flow forecast specifically relating to the revenue growth predicted and how this was adjusted for risk; – considering contradictory evidence and external data points, specifically looking at how competitors performed during previous periods of economic uncertainty and used this data to drive sensitivities around growth. • assessing the allocation of goodwill to CGUs against the requirements of IAS 36; • engaging our valuation specialists to independently calculate a Weighted average cost of capital (“WACC”) and evaluate the inputs used therein as at the year end date; and • assessing the disclosures included in the Consolidated Financial Statements, including the inclusion of the impairment of goodwill as a key source of estimation uncertainty and of the sensitivity analysis disclosures required by both IAS 1 and IAS 36.
Key observations	<p>We concur that there is no impairment to goodwill and concluded that the disclosure in the Consolidated Financial Statements in relation to the impairment assessment of goodwill is appropriate.</p>

5.4 Functional currency !

Key audit matter description	<p>During the year, and subsequent to the acquisition of LA, management undertook an exercise in respect of treasury management and foreign exchange. Based on the requirements and guidance of IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional management determined the functional currency of certain entities should have been pounds Sterling, rather than US dollar. The entities impacted included ATG Media US Inc and Proxibid Bidco Inc that were part of the Group for the year ended 30 September 2021.</p> <p>It was determined there was no significant change to the nature of business in the year for these entities and therefore the functional currency of these entities should also have been pounds Sterling in the prior year. This error resulted in a prior year restatement increasing foreign currency translation reserves and finance income by £2.3m and had no impact on net assets.</p> <p>Due to the significance and complexity of the judgements being made to the functional currency changes in certain subsidiaries within the Group structure which had an impact on the Consolidated Statement of Profit or Loss, we have determined this to be a key audit matter.</p> <p>Further details are included in notes 1 and 2 to the Consolidated Financial Statements in relation to the functional currency restatement and judgement.</p> <p>Refer also to page 91 of the Audit Committee Report.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of the relevant controls over management's key judgements relating to the change in functional currency in the year which are performed periodically.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• assessing the appropriateness of the judgement in selecting the functional currency against the requirements of IAS21 including the additional indicators for foreign operations and intermediate holding entities;• assessing the appropriateness of accounting for this as a prior period restatement in line with the requirements of IAS 8 (refer to note 1); and recalculating the prior period Restatement identified;• completing a stand back assessment on the treasury and foreign exchange judgements made in the year to understand the impact of these judgements on the business and financial results; and• assessing the disclosure provided in the Consolidated Financial Statements in relation to functional currency and prior year restatements against the requirements of IAS 1, IAS 21 and IAS 8.
Key observations	<p>We concur that the accounting treatment and judgements on the functional currency change, the impacts of the prior period Restatement and the related disclosures are appropriate.</p>

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
Materiality	£1,320,000 (2021: £1,270,000)	£1,188,000 (2021: £1,181,100)
Basis for determining materiality	Using professional judgement, we determined materiality to be £1,320,000 based on a blended assessment of 4% of adjusted EBITDA and 5% of Profit before tax ("PBT"). We also considered revenue as a supporting benchmark. In the prior year, we determined materiality based on 4% of adjusted EBITDA.	Consistent with the prior year, we determined materiality based on net assets, which was then capped at 90% of Group materiality in order to address the risk of aggregation when combined with other components.
Rationale for the benchmark applied	Auditors of listed entities typically base their materiality on a PBT metric as this is considered most relevant to the investors and analysts. Historically, the adjusted EBITDA metric was applied as this was considered the most relevant to the lenders and the valuation of the business on IPO and in the immediate period following. In order to move to a materiality figure more aligned to other entities in the market, we considered PBT a relevant benchmark in the current year.	The Company acts principally as a holding Company and therefore net assets is a key measure for this business.

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group Financial Statements	Parent Company Financial Statements
Performance materiality	70% (2021: 70%) of Group materiality	70% (2021: 70%) of parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we primarily considered our risk assessment of the Group's overall control environment, the history of aggregated prior period adjustments and our assessment of the competence of key management and accounting personnel.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.066m (2021: £0.06m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 An overview of the scope of our audit

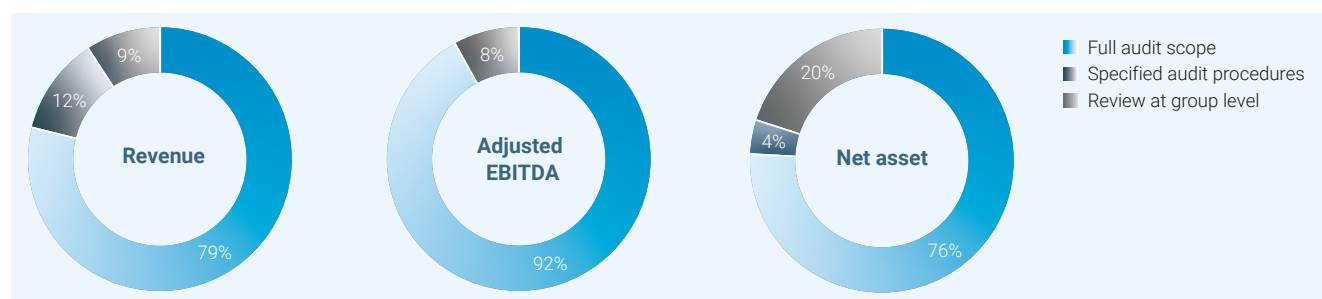
7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

We performed scoping of the Group components using relevant benchmarks such as adjusted EBITDA, revenue, net assets and profit before tax to determine which entities we consider to be significant components. We considered all components that contribute in excess of 15% of the benchmarks to be significant and require full audit procedures ("full audit scope"). Four out of twenty-seven components have been identified as significant and full audit procedures were performed. Specified audit procedures have been performed on two out of the twenty-seven components. The change in the number of components subject to full audit scope and specified audit procedures resulted from the acquisition of LA which contributed significantly to the group in the current year.

Coverage from full scope components and specified audit procedures totals 92% (2021: 95%) of the Group's adjusted EBITDA, 91% (2021: 88%) of revenue and 80% (2021: 72%) of net asset. All procedures were completed by the Group engagement team, we did not engage the use of component auditors.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit.



7.2 Our consideration of the control environment

We involved IT specialists to test the general IT controls over the key IT systems. We obtained an understanding of controls over revenue, the financial close and reporting and management's review of judgements and estimates. As described in the Audit Committee Report on page 88 to 94 there are IT control findings that still need to be remediated and there is work ongoing to align the systems of financial control of LA with the rest of the Group. As such, we have not taken a control reliance approach as the control environment has deficiencies which management still need to address.

7.3 Our consideration of climate-related risk

The Group is reporting for the first time on climate-related issues in line with the Task Force on Climate-related Financial Disclosures ("TCFD") framework. Management has considered transitional, physical, and investor-related risks and opportunities, across the Group's value chain when factoring in climate change as part of their risk assessment process when considering the principal risks and uncertainties facing the Group. This is set out in the Strategic Report on page 40. The environmental impact and carbon footprint is considered to be low since the Group is a provider of digital marketplace technology. Based on the nature of the Group's operations, it has been assessed that climate change presents opportunities for the Group. As explained in note 1 in preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is an emerging risk not expected to have a significant impact on the Group's going concern assessment to 30 September 2023 nor the viability of the Group over the next three years. This is consistent with our evaluation of the climate related risks facing the Group. In addition, we have:

- performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction and did not identify any reasonably possible risks of material misstatement;
- involved our Environmental Social and Governance ("ESG") specialist in assessing the TCFD on pages 54 to 55 against the recommendations of the TCFD framework.

Our procedures consisted solely of considering whether they are materially inconsistent with the Consolidated Financial Statements, or our knowledge obtained in the course of the audit. We have not been engaged to provide assurance over the accuracy of these disclosures.

8 Other information

The other information comprises the information included in the Annual Report other than the Financial Statements and our Independent Auditor's Report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

9 Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability 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 the parent Company or to cease operations, or have no realistic alternative but to do so.

10 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the legal function including the Group's General Counsel, Directors and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, valuation of intangible assets of LA, impairment of goodwill and functional currency. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and Listing Rules, UK Corporate Governance Code, tax legislation in the Group's various jurisdiction, Energy and Carbon regulations, as well as pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the General Data Protection Regulations, the California Consumer Privacy Act, UK Bribery Act, employment law, health and safety, USA Firearms legislation, Laws around sale of Nazi memorabilia in Germany, Restrictions of ivory items and Competition law in the Group's various jurisdiction.

11.2 Audit response to risks identified

As a result of performing the above, we identified the valuation of intangible on the acquisition of LA, impairment of goodwill and functional currency as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and describes the specific procedures we performed in response to those key audit matters.

In addition to the above, procedures to respond to risks identified included the following:

- reviewing the Financial Statements disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the audit committee, in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud in revenue recognition, testing 100% of transactions by using analytics to reconcile commission revenue that passes through all systems from point of entry to recognition within the general ledger; and testing any revenue that does not pass through all systems to supporting documentation and understanding the nature and cause of each transaction; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12 Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Financial Statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13 Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 36;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 45;
- the Directors' statement on fair, balanced and understandable set out on page 117;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 40;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 38; and
- the section describing the work of the audit committee set out on page 88.

14 Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15 Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors in 2014 to audit the financial statements for the year ending 30 September 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is nine years, covering the years ending 30 September 2014 to 30 September 2022.

15.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16 Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



Kate Darlison, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

1 December 2022

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

for the year ended 30 September 2022

	Note	Year ended 30 September 2022 £000	Restated Year ended 30 September 2021 £000
Revenue	4,5	119,846	70,080
Cost of sales		(40,101)	(24,544)
Gross profit		79,745	45,536
Administrative expenses		(63,646)	(66,506)
Other operating income		718	346
Operating profit/(loss)	6	16,817	(20,624)
Finance income	8	2,127	12,660
Finance costs	8	(9,665)	(17,078)
Net finance costs	8	(7,538)	(4,418)
Profit/(loss) before tax		9,279	(25,042)
Income tax	9	(15,406)	(2,322)
Loss for the year attributable to the equity holders of the Company		(6,127)	(27,364)
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		86,126	(2,773)
Fair value loss arising on hedging instruments during the year	22	(16,173)	–
Tax relating to these items		3,074	–
Other comprehensive income/(loss) for the year, net of income tax		73,027	(2,773)
Total comprehensive income/(loss) for the year attributable to the equity holders of the Company		66,900	(30,137)
Loss per share			
		p	p
Basic	10	(5.1)	(31.0)
Diluted	10	(5.1)	(31.0)

The above results are derived from continuing operations.

The notes on pages 132 to 170 are an integral part of these Consolidated Financial Statements.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss for the year ended 30 September 2021 has been restated as detailed in note 1.

Consolidated Statement of Financial Position

as at 30 September 2022


	Note	30 September 2022 £000	Restated 30 September 2021 £000
ASSETS			
Non-current assets			
Goodwill	12	488,978	141,160
Other intangible assets	12	246,475	68,077
Property, plant and equipment	13	526	379
Right of use assets	17	1,714	1,401
Deferred tax asset	19	–	366
Trade and other receivables	14	90	85
Total non-current assets		737,783	211,468
Current assets			
Trade and other receivables	14	15,790	9,699
Tax asset		1,565	437
Cash and cash equivalents	15	51,817	397,451
Total current assets		69,172	407,587
Total assets		806,955	619,055
LIABILITIES			
Non-current liabilities			
Loans and borrowings	18	(149,862)	(148,686)
Tax liabilities		(1,074)	(1,392)
Lease liabilities	17	(1,094)	(775)
Deferred tax liabilities	19	(64,618)	(9,260)
Total non-current liabilities		(216,648)	(160,113)
Current liabilities			
Trade and other payables	16	(18,780)	(17,310)
Loans and borrowings	18	(30,983)	(353)
Tax liabilities		(475)	(1,168)
Lease liabilities	17	(746)	(657)
Total current liabilities		(50,984)	(19,488)
Total liabilities		(267,632)	(179,601)
Net assets		539,323	439,454
EQUITY			
Share capital	20	12	12
Share premium	20	235,903	235,903
Other reserve	20	238,385	238,385
Capital redemption reserve	20	5	5
Share option reserve	20	34,690	1,649
Foreign currency translation reserve	20	66,740	(3,213)
Retained losses		(36,412)	(33,287)
Total equity		539,323	439,454

The Consolidated Statement of Financial Position at 30 September 2021 has been restated as detailed in note 1.

The notes on pages 132 to 170 are an integral part of these Consolidated Financial Statements. The Consolidated Financial Statements were approved by the Board of Directors on 1 December 2022 and signed on its behalf by:



John-Paul Savant



Tom Hargreaves

Company registration number 13141124

Consolidated Statement of Changes in Equity

for the year ended 30 September 2022

	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 2020	11	–	1,125	–	276	(440)	(16,388)	(15,416)
Loss for the year	–	–	–	–	–	–	(27,364)	(27,364)
Other comprehensive loss	–	–	–	–	–	(2,773)	–	(2,773)
Total comprehensive loss for the year (restated see note 1)	–	–	–	–	–	(2,773)	(27,364)	(30,137)
Transactions with owners								
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	6	235,903	237,260	–	–	–	–	473,169
Share buyback of ordinary shares, net of tax	(5)	–	–	5	–	–	–	–
Movement in equity-settled share-based payments	–	–	–	–	1,373	–	10,401	11,774
Income tax relating to items taken directly to equity	–	–	–	–	–	–	64	64
30 September 2021 (restated see note 1)	12	235,903	238,385	5	1,649	(3,213)	(33,287)	439,454
Loss for the year	–	–	–	–	–	–	(6,127)	(6,127)
Other comprehensive income	–	–	–	–	–	69,953	3,074	73,027
Total comprehensive income/(loss) for the year	–	–	–	–	–	69,953	(3,053)	66,900
Transactions with owners								
Issue of options as consideration for a business combination, net of transaction costs and tax	–	–	–	–	28,346	–	–	28,346
Movement in equity-settled share-based payments	–	–	–	–	4,695	–	78	4,773
Income tax relating to items taken directly to equity	–	–	–	–	–	–	(150)	(150)
30 September 2022	12	235,903	238,385	5	34,690	66,740	(36,412)	539,323

The Consolidated Statement of Changes in Equity at 30 September 2021 has been restated as detailed in note 1.

Consolidated Statement of Cash Flows

for the year ended 30 September 2022

	Note	Year ended 30 September 2022 £000	Restated Year ended 30 September 2021 £000
Cash flows from operating activities			
Profit/(loss) before tax		9,279	(25,042)
Adjustments for:			
Amortisation of acquired intangible assets	12	26,591	13,219
Amortisation of internally generated software	12	4,118	4,576
Depreciation of property, plant and equipment	13	280	228
Depreciation of right of use assets	17	920	743
Share-based payment expense	21	5,226	11,892
Finance income	8	(2,127)	(12,660)
Finance costs	8	9,665	17,078
Operating cash flows before movements in working capital		53,952	10,034
Decrease/(increase) in trade and other receivables		304	(439)
(Decrease)/increase in trade and other payables		(4,847)	6,271
Cash generated by operations		49,409	15,866
Income taxes paid		(9,981)	(6,090)
Net cash from operating activities		39,428	9,776
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	11	(358,763)	(24,948)
Payment for internally generated software	12	(4,209)	(1,956)
Payment for property, plant and equipment	13	(270)	(149)
Payment of contingent consideration		(20,946)	-
Payment of deferred consideration	11	-	(234)
Net cash used in investing activities		(384,188)	(27,287)
Cash flows from financing activities			
Payment of contingent consideration		(1,222)	(492)
Repayment of loans and borrowings		(359)	(108,956)
Repayment of preference shares		-	(117,716)
Proceeds from loans and borrowings		-	176,639
Proceeds from the issue of preference shares		-	714
Interest element of lease payments	17	(137)	(74)
Capital element of lease payments	17	(959)	(742)
Issue of new share capital, net of share issue costs		-	473,158
Interest paid		(7,283)	(26,428)
Net cash (used in)/generated by financing activities		(9,960)	396,103
Cash and cash equivalents at beginning of the year		397,451	14,193
Net (decrease)/increase in cash and cash equivalents		(354,720)	378,592
Effect of foreign exchange rate changes		9,086	4,666
Cash and cash equivalents at the end of the year	15	51,817	397,451

The Consolidated Statement of Cash Flows at 30 September 2021 has been restated as detailed in note 1.

Notes to the Consolidated Financial Statements

1. Accounting policies

General information

Auction Technology Group plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act.

The Company is a public company limited by shares and is registered in England and Wales. The registered office of the Company is The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom.

The principal activities of the Company and its subsidiaries (the "Group") and the nature of the Group's operations are set out in note 25 and in the Strategic Report on pages 2 to 71.

Presentation currency

The Consolidated Financial Statements are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates rounded to the nearest thousand. Foreign operations are included in accordance with policies set out on page 134.

Basis of preparation

The Consolidated Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company accounts present information about the entity and not about its Group.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its Company Financial Statements on 1 October 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The Consolidated Financial Statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. The Company has elected to prepare its parent Company Financial Statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006; these are presented on pages 171 to 175.

The Financial Statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. All accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

New and amended accounting standards effective during the year

The following amended standards and interpretations were effective during the year:

- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2.

The adoption of the standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

New standards, interpretations and amendments issued but not yet effective

The following new accounting standards, amendments and interpretations to accounting standards have been issued but these are not mandatory for 30 September 2022 and they have not been adopted early by the Group:

- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS 16: Property, Plant and Equipment: proceeds before intended use
- Amendments to IFRS 3: Business Combinations: reference to conceptual framework
- IFRS 17: Insurance Contracts
- Amendments to IAS 1: Classification of liabilities as current and non-current
- IAS 37: Onerous Contracts: costs of fulfilling a contract
- Amendments to IAS 1 and IFRS Practice Statement 2: disclosure of accounting policies
- Amendments to IAS 12: Deferred Tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 8: Definition of accounting estimates

The Directors anticipate that the adoption of planned standards and interpretations in future periods will not have a material impact on the Consolidated Financial Statements of the Group.

Going concern

The Directors are required to assess going concern at each reporting period. The Directors have undertaken the going concern assessment for the Group for a minimum of 12 months from the date of signing these financial statements. The Directors have assessed the Group's prospects, both as a going concern and its longer-term viability as set out on page 45. After considering the current financial projections, the bank facilities available and then applying severe but plausible sensitivities, the Directors of the Company are satisfied that the Group has sufficient resources for its operational needs and will remain in compliance with the financial covenants in its bank facilities for at least the next 12 months from the date of approving these Consolidated Financial Statements. The process and key judgements in coming to this conclusion are set out below:

Liquidity

The Group entered into the Senior Facilities Agreement on 17 June 2021 which included 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. The loan will be due for repayment on 17 June 2026. At 30 September 2022 the loan was subject to interest at a margin of 3% over US LIBOR. In addition the Group has a multi-currency revolving credit working capital facility (the "RCF") for \$49.0m. Any sums outstanding under the RCF will be due for repayment on 17 June 2025, subject to the optionality of a 12-month extension. The facility has not been drawn down as at 30 September 2022. As at 30 September 2022 the Group has adjusted net debt of £129.0m and is in a net current asset position.

Covenants

The Group is subject to covenant tests on the Senior Term Facility, with the most sensitive covenant being the net leverage ratio covenant (net debt: trailing 12-month adjusted EBITDA). The net leverage ratio covenant is a maximum of 4.0x, which reduces to 3.5x in Q2 FY23 and 3.0x in Q4 FY23. Under the base case forecasts and each of the downside scenarios, including the combined downside scenario,

the Group is forecast to be in compliance with the covenants and have cash headroom, without applying mitigating actions which could be implemented such as reducing capital expenditure spend. At 30 September 2022, the net leverage ratio was 2.2x compared to the limit of 4.0x and therefore the Group was comfortably within the covenant.

Scenario planning

The Directors have undertaken the going concern assessment for the Group, taking into consideration the Group's business model, strategy, and principal and emerging risks. As part of the going concern review the Directors have reviewed the Group's forecasts and projections, assessed the headroom on the Group's facilities and the banking covenants. This has been considered under a base case and several plausible but severe downside scenarios, taking into consideration the Group's principal risks and uncertainties. These scenarios include significant reduction in commission revenue due to THV reduction, significant reduction in commission revenue due to online share decline and delay in the roll out of payments technology across the Group. None of these scenarios individually or collectively threaten the Group's ability to continue as a going concern. Even in the combined downside scenario modelled (the combination of all downside scenarios occurring at once) the Group would be able to operate within the level of its current available debt facilities and covenants. Accordingly, the Directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements for the year ended 30 September 2022.

Climate change

In preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is an emerging risk and not expected to have a significant impact on the Group's going concern assessment to 30 September 2023 nor the viability of the Group over the next three years.

Restatements

Following the acquisition of LiveAuctioneers, a review was performed to ensure that the functional currency of each subsidiary within the Group had been correctly determined given the revised structure and operations of the Group.

As a result of the review, the functional currency for all entities was deemed to be the currency of the primary economic environment in which the entities operate with no changes proposed, except for ATG Media US Inc., Proxibid Bidco Inc., Platinum Parent Inc., Platinum Intermediate Inc., Platinum Purchaser Inc. and LiveAuctioneers Inc. The functional currency of these entities was deemed to be pound sterling rather than US dollars. The LiveAuctioneer entities (Platinum Parent Inc., Platinum Intermediate Inc., Platinum Purchaser Inc. and LiveAuctioneers Inc.) have been translated into the new functional currency, using the exchange rate at 1 October 2021, the date they became part of the Group. As ATG Media US Inc. and Proxibid Bidco Inc. were part of the Group previously a prior period adjustment is required to be disclosed.

A restatement has been recognised for the year ending 30 September 2021 adjusting foreign currency translation reserves and finance income by £2.3m. These changes have no impact on the adjusted measures used as part of the Group's alternative performance measures. Treating the functional currency of ATG Media US Inc. and Proxibid Bidco Inc. as US dollar rather than pound sterling had no impact on the opening balance sheet as at 1 October 2020, and as such no opening balance sheet has been presented.

Below is a summary of the restatement, outlining the primary statements and financial statement line items impacted:

	Reported 30 September 2021 £000	Change £000	Restated 30 September 2021 £000
Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss			
Finance income	10,394	2,266	12,660
Net finance costs	(6,684)	2,266	(4,418)
Loss before tax	(27,308)	2,266	(25,042)
Loss for the year attributable to the equity holders of the Company	(29,630)	2,266	(27,364)
Foreign exchange differences on translation of foreign operations			
	(507)	(2,266)	(2,773)
Other comprehensive loss for the year, net of tax	(507)	(2,266)	(2,773)
Basic and diluted earnings per share (in pence)	(33.6)	2.6	(31.0)
Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity			
Foreign currency translation reserves	(947)	(2,266)	(3,213)
Retained losses	(35,553)	2,266	(33,287)

Basis of consolidation

The Consolidated Financial Statements consist of the financial statements of the ultimate parent Company and all entities controlled by the Company.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of subsidiaries acquired or sold are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Employee Benefit Trust

The assets and liabilities of the Employee Benefit Trust ("EBT") have been included in the Consolidated Financial Statements. Any assets held by the EBT cease to be recognised on the Consolidated Statement of Financial Position when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Consolidated Statement of Comprehensive Income.

Financial Statements

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values.

Goodwill is stated after separate recognition of other identifiable intangible assets.

If the accounting for business combinations involves provisional amounts, which are finalised in a subsequent reporting period during the 12-month measurement period as permitted under IFRS 3, restatement of these provisional amounts may be required in the subsequent reporting period.

Foreign currency

Functional and presentational currency

The functional currency of Auction Technology Group plc and its subsidiaries, other than the US holding companies, are measured using the currency of the primary economic environment in which the entity operates. The US holding companies including: ATG Media US Inc., Proxibid Bidco Inc., Platinum Parent Inc., Platinum Intermediate Inc., Platinum Purchaser Inc. and LiveAuctioneers Inc. have a functional currency of pounds sterling. The Consolidated Financial Statements are presented in pounds sterling.

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates of exchange at the reporting date. Gains and losses arising on foreign currency

borrowings, to the extent that they are used to provide a hedge against the Group's equity investments in overseas undertakings, are taken to other comprehensive income together with the exchange difference arising on the net investment in those undertakings. All other exchange differences on monetary items are taken to profit and loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into pounds sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the acquisition closing rate. This is then revalued at the year-end rate with any foreign exchange difference taken directly to the translation reserve.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to the Consolidated Statement of Profit or Loss over the estimated useful lives of each part of an item of property, plant and equipment. The Directors reassess the useful economic lives and estimated residual values on an annual basis.

The estimated useful lives are as follows:

Leasehold improvements	3 to 7 years straight line
Computer equipment	3 to 5 years straight line
Fixtures and fittings	3 to 5 years straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit or Loss.

Intangible assets

Identifiable intangibles are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Internally generated intangible assets

Included within internally generated software are development costs in relation to software which are capitalised when the related projects meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset has been established;
- it can be demonstrated that the asset will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development;
- the expenditure attributable to the intangible asset can be reliably measured; and
- management has the ability and intention to use or sell the asset.

These projects are designed to enhance the existing software within the Group. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets.

The Group only capitalises internally generated costs from the configuration and capitalisation of SaaS projects when it is able to obtain economic benefits from the activities independent from the SaaS solution itself.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Development expenditure is only amortised over the period the Group is expected to benefit and is subject to annual impairment testing.

Other intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation relating to capitalised software development costs is recognised through cost of sales whilst amortisation in respect of non-software intangibles is recognised through administrative expenses. Amortisation is charged to the Consolidated Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

Software	3 to 10 years
Brand	5 to 15 years
Customer relationships	7 to 14 years
Non-compete agreement	4 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of non-financial assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit or Loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

Cash and cash equivalents, and restricted cash

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash

Restricted cash includes cash held by the Group which can only be used to exchange or settle a specific liability in the future.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Group classifies its financial assets into the following categories: financial assets at amortised cost, financial assets at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVTOCI").

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Financial Statements

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

The Group recognises lifetime ECL on trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All income and expenses relating to financial assets that are recognised in the Consolidated Statement of Profit or Loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administrative expenses.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried at fair value with gains or losses recognised in the Consolidated Statement of Profit or Loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the Consolidated Statement of Profit or Loss are included within finance costs or finance income.

Hedge accounting

The Group designates foreign currency loans as hedging instruments in respect of foreign currency risk and hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Gains and losses accumulated in the foreign currency translation reserve are included in the Consolidated Statement of Profit or Loss on disposal of the foreign operation.

Revenue recognition

The Group recognises revenue when it has transferred the promised services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those services.

Marketplace revenues

Marketplace revenues include commissions (based on a percentage of the price of items sold at auction), auction fees (both pay-as-you-go and subscription based), auction-related services and payment processing.

Commission fees

The Group recognises commission fees as an agent on the basis that there is no contractual relationship with the end-consumer of goods sold at auction and the Group will receive its commission irrespective of whether the end-consumer makes its payment to the auction house.

The commission element of both subscription and pay-as-you-go contracts (see below) is based on the value of the items sold at auction and as such is subject to inherent uncertainty and cannot be estimated reliably in advance. The Group has determined that it is not possible to make a reliable estimate of the commissions that will be earned under a particular contract and as such the commission element of auction revenue is not recognised until the auction has completed and the revenue value is known.

Auction fees

Contracts will typically specify an event (pay-as-you-go) or period of time during which the auction house may host a number of events (subscription) as well as other auction-related services.

Auction fees sold under subscription-based contracts, in which the performance obligation is the provision of access to the technology platform and any auction-related services specified in the contract for that period of time, are recognised straight-line over the term of the contract. This recognition reflects the fact that the contract allows for continuous usage of the technology platform and its functionality together with any auction-related services.

Auction fees sold under pay-as-you-go contracts result in a performance obligation that is satisfied by providing access for the duration of that specific auction. As auctions typically complete within one to three days, the Group recognises revenue on completion of the auction.

Auction-related services

Auction-related services include mirrored bidding, customer support, buy-it-now functionality, online cataloguing and the provision of personnel to operate the auction. These contracts are deemed to represent a single performance obligation, on the basis that the customer could not benefit from the auction-related services without also having access to the auction platform, and therefore are not distinct performance obligations.

Payment processing

Payments is an optional service if customers have elected to have payments processed for winning auctions via the Payments feature. The payment processing fee, which is recognised at a point in time when the collected payment is remitted to the seller, is based on the agreed commission rate applied to the payment processed. The Live Payments service is a distinct performance obligation based on the capability of being separately identified (optional service) and providing the customer a service that can be used on its own.

The revenue recognised is the full fees received on the payment process as the Group is acting as principal in the payment process. The Group has primary responsibility for fulfilling the service to the customer and has sole discretion in establishing the prices. The expenses for the fees paid to the other parties involved in the process is recognised separately within cost of sales.

Digital marketing and advertising

Marketing revenues are principally derived from banner advertising and fees generated from email campaigns. Revenue is recognised in line with the satisfaction of the campaign objectives (i.e. at the point that the campaign emails are sent or over the period that the banner is provided on the website).

Auction services revenues

For back-office and software technology products, auction revenues sold under subscription-based contracts, in which the performance obligation is the provision of access to the technology platform and any auction-related services specified in the contract for that period of time, are recognised straight-line over the term of the contract. This recognition reflects the fact that the contract allows for continuous usage of the technology platform and its functionality together with any auction-related services.

Auction revenues sold under pay-as-you-go contracts result in a performance obligation that is satisfied by providing access for the duration of that specific auction. As auctions typically complete within one to three days, the Group recognises revenue on completion of the auction.

Content-related services

Content-related services primarily include print and digital advertising revenues and subscriptions to the Antiques Trade Gazette.

The Group identified one performance obligation for print advertising services which is to include the advert in a particular edition of the Antiques Trade Gazette. The performance obligation is satisfied and revenue is recognised at the point that the magazine is published. Where the advert is featured in a number of editions, the performance obligation is satisfied over the period that the advertisement is featured. Revenue is recognised evenly over the period that the advertisement is featured.

For magazine subscriptions, customers receive a specified number of editions during the subscription period. Revenue is recognised evenly over the subscription period.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets represent revenue recognised prior to invoicing when it has satisfied its performance obligation and has the unconditional right to payment.

Contract liabilities consist of fees received related to unsatisfied performance obligations at the end of the period.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Tax is recognised in the Consolidated Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amounts of deferred tax assets are reviewed at each reporting date.

Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred.

Share-based payments

The Group measures the cost of services received in exchange for share options based on the grant-date fair value of the award and recognises the cost over the period of required service for the award. The Group accounts for awards of shares to employees as share-based compensation as they vest with a corresponding credit to reserve for share-based payments. The fair value of options is calculated using an option pricing model.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of share options, any proceeds received from share option holders are recorded as an increase to share capital.

Leases

The Group's leases predominantly relate to property, mainly offices, however the Group's lease portfolio also includes other assets such as motor vehicles and computer equipment.

The Group recognises all leases on the Consolidated Statement of Financial Position, apart from in cases where the lease is for a period of less than 12 months or is for an asset with a low value. Low-value and short-term leases continue to be charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the period of the lease.

Lease liabilities are recognised at the present value of future lease payments, determined using the implicit interest rate in the lease where available, or using an incremental borrowing rate appropriate to the subsidiary and lease term where an implicit interest rate is not available or appropriate. A corresponding right of use asset is recognised, equivalent to the value of the lease liability, which is depreciated in a straight line over the shorter of the useful economic life of the asset and the lease term. The depreciation is recognised as an administrative expense within overheads. The unwinding of the discount on the present value of the lease liability is recognised as a finance charge over the lease term. Rent payments are used to reduce the lease liability and are disclosed as debt repayments in the Consolidated Statement of Cash Flows. Lease terms include any options to extend when it is reasonably certain that the extension will be taken.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Financial Statements

Notes to the Consolidated Financial Statements continued

2. Significant judgements and key sources of estimation uncertainty

The preparation of the Group's Consolidated Financial Statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are evaluated continually, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key estimation uncertainties are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimates were based, or as a result of new information or more experience.

Significant judgements are those that the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Significant judgements and key sources of estimation uncertainty are provided below:

Estimates

Impairment of goodwill

At least on an annual basis, or if there is an impairment indicator, management performs a review of the carrying values of goodwill and intangible assets. This requires an estimate of the value in use of the cash-generating unit ("CGU") to which the goodwill and intangible assets are allocated. To estimate the value in use, management estimates the expected future cash flows from the CGU and discounts them to their present value at a determined discount rate, which is appropriate for the country where the goodwill and intangible assets are allocated to.

Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. Sensitivity analysis has been performed over the estimates (see note 12). The resulting calculation is sensitive to the assumptions in respect of future cash flows, the discount rate and long-term growth rate applied. Management considers that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate and long-term growth rate used is appropriate given the risks associated with the specific cash flows.

Judgements

LiveAuctioneers consideration

The Group acquired LiveAuctioneers on 1 October 2021 for total consideration of £404.0m. Please see note 11 for further details. Judgement was required in determining whether the rollover options and restricted stock units granted, predominantly to management should be classified as consideration or remuneration for post-combination services. The indicators under IFRS 3 were reviewed for each of these elements. One of the key indicators under IFRS 3 leading to management's conclusion the elements should be treated as consideration is that none of the shareholders, including management, are required to continue in employment for the options and restricted stock units to vest.

Goodwill and other intangible assets arising from business combinations

The purchase price of an acquired company is allocated between intangible assets and the net tangible assets of the acquired business with the residual amount of the purchase price recorded as goodwill. The determination of the value of the intangible assets requires significant judgements and estimates to be made by the Directors. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. Of the intangibles acquired, the customer relationship balances are especially sensitive to changes in assumptions around discount rates and customer attrition rates (see note 11).

At the date of a business combination, goodwill is required to be allocated to the appropriate CGUs and may only be reallocated in limited circumstances. Additions to goodwill for LiveAuctioneers is allocated on a split of 80% and 20% between A&A and I&C respectively. The allocation was calculated based on the net present value of segment contribution margin from the roll out of the payments platform.

Judgement is also required in determining appropriate useful economic lives ("UEL") of the intangible assets arising from business combinations. Management makes this judgement on an asset class basis and has determined that contracts with customers have a UEL of seven to 14 years; brands have a UEL of five to 15 years; software has a UEL of three to 10 years; and non-compete agreements have a UEL of four years.

Functional currency of subsidiaries

Following the acquisition of LiveAuctioneers, a review was performed to ensure that the functional currency of each subsidiary within the Group had been correctly determined given the revised structure and operations of the Group. When assessing the functional currency against the requirements and guidance of IAS 21 "The Effects of Changes in Foreign Exchange Rates" there is an element of judgement required, in particular for intermediate holding entities.

As a result of the review, the functional currency for all entities was deemed to be the currency of the primary economic environment in which the entities operate with no changes proposed, except for ATG Media US Inc., Proxibid Bidco Inc., Platinum Parent Inc., Platinum Intermediate Inc., Platinum Purchaser Inc. and LiveAuctioneers Inc. The functional currency of these entities was deemed to be pound sterling rather than US dollars. As ATG Media US Inc. and Proxibid Bidco Inc. were part of the Group previously a prior period adjustment is required to be disclosed (see note 1).

3. Alternative performance measures

The Group uses a number of alternative performance measures ("APMs") in addition to those measures reported in accordance with IFRS. Such APMs are not defined terms under IFRS and are not intended to be a substitute for any IFRS 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 IFRS. 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 profit or cost 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.

Other commentary within the Annual Report and Accounts (CFO's Review pages 32 to 36), should be referred to in order to fully appreciate all the factors that affect the Group.

Net finance costs for the year ended 30 September 2021 have been restated as detailed in note 1.

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/(loss) before tax to adjusted EBITDA:

	Year ended 30 September 2022 £000	Restated Year ended 30 September 2021 £000
Profit/(loss) before tax	9,279	(25,042)
Adjustments for:		
Net finance costs (note 8)	7,538	4,418
Amortisation of acquired intangible assets (note 12)	26,591	13,219
Amortisation of internally generated software (note 12)	4,118	4,576
Depreciation of property, plant and equipment (note 13)	280	228
Depreciation of right of use assets (note 17)	920	743
Share-based payment expense (note 21)	5,226	11,892
Exceptional operating items	–	21,765
Adjusted EBITDA	53,952	31,799

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

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Reported revenue (note 4,5)	119,846	70,080
Adjusted EBITDA	53,952	31,799
Adjusted EBITDA margin	45%	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 include significant charges related to the IPO and LiveAuctioneers acquisition, it is not representative of the Group's steady state operational performance.

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Notes to the Consolidated Financial Statements continued

3. 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, listing costs associated with the IPO, 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 2022 £000	Year ended 30 September 2021 £000
Acquisition costs	–	(13,323)
Listing costs	–	(8,442)
Total exceptional operating items	–	(21,765)

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

For the year ended 30 September 2021, the Group's exceptional operating costs are in respect of listing costs of the IPO and the acquisition costs predominantly relating to the acquisition of LiveAuctioneers Group and Auction Mobility LLC (see note 11).

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 and other consultancy expenditure incurred. The net cash outflow related to exceptional operating items in the year is £4.0m (30 September 2021: £19.1m).

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 loss after tax to adjusted earnings:

	Year ended 30 September 2022 £000	Restated Year ended 30 September 2021 £000
Loss attributable to equity shareholders of the Company	(6,127)	(27,364)
Adjustments for:		
Amortisation of acquired intangible assets	26,591	13,219
Exceptional finance items	(221)	(7,918)
Share-based payment expense	5,226	11,892
Exceptional operating items	–	21,765
Deferred tax on unrealised foreign exchange differences	15,899	–
Tax on adjusted items	(5,254)	(2,394)
Adjusted earnings	36,114	9,200

	Number	Number
Reported weighted average number of shares	120,364,831	88,248,037
Adjustment for: weighted average effect of shares issued in the period up to and including the IPO	–	11,751,963
Adjusted weighted average number of shares in issue	120,364,831	100,000,000
Weighted average number of shares held by the Trust	(61,741)	(622)
Effect of dilutive share options	2,138,826	128,106
Number of ordinary shares and dilutive options	122,441,916	100,127,484
	p	p
Adjusted diluted earnings per share (pence)	29.5	9.2

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

Amortisation of acquired intangible assets including software acquired 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. The calculation for the year ending 30 September 2021 has been restated to include an adjustment of £3.4m for acquired software intangible assets as well as customer relationships, brands and non-compete agreements. This is due to a change in policy.

Exceptional finance items

Exceptional finance items include foreign exchange differences arising on the revaluation of the foreign currency loans, intercompany and cash held on escrow (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. 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.

Adjusted number of ordinary shares for FY21

The adjusted number of ordinary shares for 30 September 2021 reflects the number of shares in issue at IPO adjusted for the dilutive effect from non-vested/non-exercised ordinary shares granted after the IPO through Long Term Incentive Plan awards to the Executive Directors and other senior management.

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Notes to the Consolidated Financial Statements
continued

3. Alternative performance measures continued

Proforma revenue

The Group has made certain acquisitions that have affected the comparability of the Group's results. To aid comparisons between FY22 and FY21 in the CFO's Review, the prior year results have been presented to include the full year results as if the acquisition of LiveAuctioneers and Auction Mobility had occurred on 1 October 2020. In addition, proforma revenue is stated at constant exchange rates with the prior year comparatives being restated using current year exchange rates. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the year-on-year reported results. Refer to the glossary on page 176 for the full definition.

The following table provides a reconciliation of proforma revenue from reported results for the year ended 30 September 2021:

	Unaudited Year ended 30 September 2021 £000
Reported revenue	70,080
Acquisition related adjustment	31,725
Constant currency adjustment	6,100
Proforma revenue	107,905

Adjusted net (debt)/cash

Adjusted net (debt)/cash comprises external borrowings net of arrangement fees, cash and cash equivalents and allows management to monitor the indebtedness of the Group. Adjusted net (debt)/cash excludes lease liabilities and cash held in escrow (restricted cash).

	30 September 2022 £000	30 September 2021 £000
Cash and cash equivalents excluding restricted cash (note 15)	51,817	173,675
Current loans and borrowings (note 18)	(30,983)	(353)
Non-current loans and borrowings (note 18)	(149,862)	(148,686)
Total loans and borrowings	(180,845)	(149,039)
Adjusted net (debt)/cash	(129,028)	24,636

Adjusted free cash flow and adjusted free cash flow conversion

Adjusted free cash flow represents cash flow from operations less capitalised development costs, which include development costs in relation to software that are capitalised when the related projects meet the recognition criteria under IAS 38 "Intangible Assets" 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 adjusted 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 adjusted free cash flow and adjusted free cash flow conversion.

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Adjusted EBITDA	53,952	31,799
Cash generated by operations	49,409	15,866
Adjustments for:		
Exceptional operating items	–	21,765
Working capital from exceptional and other items	4,983	(5,098)
Additions to internally generated software (note 12)	(4,209)	(1,956)
Additions to property, plant and equipment (note 13)	(270)	(149)
Adjusted free cash flow	49,913	30,428
Adjusted free cash flow conversion (%)	92.5%	95.7%

4. 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 activities of the Group. LiveAuctioneers, which was acquired in the year, has been allocated to the Arts & Antiques segment.

The four operating segments are as follows:

- **Art & Antiques ("A&A") auction revenues:** focused on offering auction houses that specialise in the sale of arts and antiques access to the platforms the-saleroom.com, liveauctioneers.com and lot-tissimo.com. A significant part of the Group's services is provision of the platform as a marketplace for the A&A auction houses to sell their goods. The segment also generates earnings through additional services such as marketing income and the liveauctioneers.com payments platform. 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") auction revenues:** 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. 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 to 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 2022					
	A&A £000	I&C £000	Auction Services £000	Content £000	Centrally allocated costs £000	Total £000
Revenue	55,279	52,775	8,636	3,156	-	119,846
Adjusted EBITDA (see note 3 for definition and reconciliation)	45,777	45,629	6,090	1,089	(44,633)	53,952
Amortisation of intangible assets (note 12)	(18,504)	(10,931)	(1,274)	-	-	(30,709)
Depreciation of property, plant and equipment (note 13)	(87)	(176)	(6)	(11)	-	(280)
Depreciation of right of use assets (note 17)	(475)	(381)	(13)	(51)	-	(920)
Share-based payment expense (note 21)	(1,848)	(893)	(3)	-	(2,482)	(5,226)
Operating profit/(loss)	24,863	33,248	4,794	1,027	(47,115)	16,817
Net finance costs (note 8)	-	-	-	-	(7,538)	(7,538)
Profit/(loss) before tax	24,863	33,248	4,794	1,027	(54,653)	9,279

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Notes to the Consolidated Financial Statements
continued

4. Operating segments continued

	Year ended 30 September 2021 (restated)					
	A&A £000	I&C £000	Auction Services £000	Content £000	Centrally allocated costs £000	Total £000
Revenue	16,203	43,695	7,129	3,053	–	70,080
Adjusted EBITDA (see note 3 for definition and reconciliation)	13,938	37,897	5,276	1,063	(26,375)	31,799
Amortisation of intangible assets (note 12)	(4,307)	(12,321)	(1,167)	–	–	(17,795)
Depreciation of property, plant and equipment (note 13)	(53)	(160)	(6)	(9)	–	(228)
Depreciation of right of use assets (note 17)	(259)	(410)	(17)	(57)	–	(743)
Share-based payment expense (note 21)	(1,415)	(3,276)	(61)	–	(7,140)	(11,892)
Exceptional operating items (note 3)	–	–	(1,107)	–	(20,658)	(21,765)
Operating profit/(loss)	7,904	21,730	2,918	997	(54,173)	(20,624)
Net finance costs (note 8)	–	–	–	–	(4,418)	(4,418)
Profit/(loss) before tax	7,904	21,730	2,918	997	(58,591)	(25,042)

Net finance costs for the year ended 30 September 2021 have been restated as detailed in note 1.

Segment assets which exclude deferred tax 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 2022		30 September 2021	
	Total non-current assets £000	Additions to non-current assets £000	Total non-current assets £000	Additions to non-current assets £000
A&A	506,484	395,683	50,433	1,714
I&C	199,504	58,829	133,320	715
Auction Services	31,704	201	27,218	29,511
Content	91	15	131	10
	737,783	454,728	211,102	31,950

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.

5. Revenue

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
<i>Product and customer types</i>		
A&A	55,279	16,203
I&C	52,775	43,695
Auction Services	8,636	7,129
Content	3,156	3,053
	119,846	70,080
<i>Primary geographical markets</i>		
United Kingdom	18,539	18,901
North America	97,765	47,773
Germany	3,542	3,406
	119,846	70,080
<i>Timing of transfer of goods and services</i>		
Point in time	110,539	62,142
Over time	9,307	7,938
	119,846	70,080

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

	30 September 2022 £000	30 September 2021 £000	1 October 2020 £000
Contract assets	837	597	784
Contract liabilities	1,783	1,367	575

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Notes to the Consolidated Financial Statements
continued

6. Operating profit/(loss)

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

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Employment costs (note 7)	35,725	33,234
Amortisation of intangible assets (note 12)		
– Acquired intangible assets	26,591	13,219
– Internally generated software	4,118	4,576
Depreciation of property, plant and equipment (note 13)	280	228
Depreciation of right of use assets (note 17)	920	743
Exceptional operating items (note 3)	–	21,765
Net exchange differences	(56)	–

The total remuneration of the Group auditor and its affiliates for services to the Group is analysed below:

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Fees payable for the Group's annual financial statements	628	537
Fees payable for assurance services:		
– Interim review	100	100
Total audit fees	728	637
Non-audit assurance services	365	4,990
Total non-audit fees	365	4,990
Total auditor's remuneration	1,093	5,627

In FY21 the costs in relation to other non-audit assurance services have been incurred in respect of fees associated with acquisitions and the IPO. The non-audit fees for FY22 related to a review of the closing balance sheet of LiveAuctioneers. These have been included as exceptional operating items (see note 3).

7. Staff costs and numbers

Staff costs for the year were as follows:

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Wages and salaries	27,665	19,318
Social security costs	2,259	1,666
Pension costs	575	358
Share-based payment expense (note 21)	5,226	11,892
Total employment costs	35,725	33,234

The monthly average number of employees (including Executive Directors) by function:

	Year ended 30 September 2022 Number	Year ended 30 September 2021 Number
Management	10	9
Administrative employees	48	39
Operational employees	284	195
Average number of employees	342	243

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Notes to the Consolidated Financial Statements
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8. Net finance costs

	Year ended 30 September 2022 £000	Restated Year ended 30 September 2021 £000
Foreign exchange gain	2,070	11,189
Interest income	57	9
Movements in contingent consideration	–	1,462
Finance income	2,127	12,660
Interest on loans and borrowings	(7,214)	(8,071)
Movements in contingent consideration	(1,849)	–
Interest on lease liabilities	(137)	(65)
Interest payable on preference shares	–	(6,328)
Amortisation of finance costs	(465)	(2,614)
Finance costs	(9,665)	(17,078)
Net finance costs	(7,538)	(4,418)

Net finance costs for the year ended 30 September 2021 have been restated as detailed in note 1.

9. Taxation

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Current tax		
Current tax on profit/(loss) for the year	11,395	4,566
Adjustments in respect of prior years	(903)	(40)
Total current tax	10,492	4,526
Deferred tax		
Current year	6,328	(3,039)
Adjustments from change in tax rates	(564)	1,299
Adjustments in respect of prior years	(850)	(464)
Deferred tax	4,914	(2,204)
Tax expense	15,406	2,322

9. Taxation continued

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the standard tax rate applicable to profits of the Group as follows:

	Year ended 30 September 2022 £000	Restated Year ended 30 September 2021 £000
Profit/(loss) before tax	9,279	(25,042)
Tax at United Kingdom tax rate of 19% (2021: 19%)	1,763	(4,758)
Tax effect of:		
Expenses not deductible for tax purposes	–	6,839
Additional items deductible for tax purposes	(1,649)	–
Differences in overseas tax rates	(1,317)	283
Deferred tax on unrealised foreign exchange difference	15,899	–
Foreign exchange difference not deductible/(taxable) for tax purposes	3,027	(431)
Deferred tax not recognised	–	(381)
Adjustment to tax charge in respect of deferred tax arising on acquisition	–	(25)
Adjustments from change in tax rates	(564)	1,299
Adjustments in respect of prior years	(1,753)	(504)
Tax expense	15,406	2,322

For the year ended 30 September 2022, additional items deductible for tax purposes include restricted stock units granted on acquisition of LiveAuctioneers which vested within the year, research and development credits and US state tax deductions. Deferred tax on unrealised foreign exchange difference and foreign exchange difference not deductible/(taxable) arise due to differences in the functional currency basis under tax and accounting rules for the US holding entities. The unrealised foreign exchange differences were not recognised in the Group's profit before tax giving rise to the permanent difference. Adjustments from change in tax rates are due to increases in the blended US rate for both federal and state taxes.

For the year ended 30 September 2021, expenses not deductible for tax purposes include interest on preference shares incurred up to the Group's IPO.

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 2022 amounted to £1.1m (2021: £1.4m).

Factors that may affect future tax charges

The UK Budget on 3 March 2021 announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. As it has been substantively enacted at the balance sheet date, the effect of the rate increase on deferred tax is reflected in the Consolidated Financial Statements. The current tax expense for the year would have been £1.9m if the expected increased rate of corporation tax at 25% for the UK entities had applied.

Tax recognised in other comprehensive income and equity:

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Other comprehensive income		
Income tax	3,074	–
Equity		
Deferred tax	(150)	64

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

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10. Loss per share

Loss per share is calculated by dividing the 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 loss per share is calculated by dividing the 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 (see note 21). 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 2022 £000	Restated Year ended 30 September 2021 £000
Loss attributable to equity shareholders of the Company	(6,127)	(27,364)
	Number	Number
Weighted average number of shares	120,364,831	88,248,037
Weighted average number of shares held by the Employee Benefit Trust	(61,741)	(622)
Weighted average number of shares	120,303,090	88,247,415
Dilutive share options	2,138,826	128,106
Diluted weighted average number of shares	122,441,916	88,375,521
	p	p
Basic loss per share	(5.1)	(31.0)
Diluted loss per share	(5.1)	(31.0)

11. Business combinations

Business combinations for the year ended 30 September 2022

Acquisition of Platinum Parent Inc. ("LiveAuctioneers")

On 1 October 2021, the Group acquired 100% of the equity share capital of LiveAuctioneers. LiveAuctioneers is the provider of a curated online marketplace focused on the North American A&A segment, designed for live auctions of collectibles, antiques and fine art. The purpose of the acquisition was to further strengthen the Group's presence in the US and expand its A&A segment and accelerate the Group's build out of an online auction ecosystem that will benefit all stakeholders via the addition of an integrated payments solution.

Consideration

The maximum consideration payable of £404.7m (\$543.9m), comprised:

- upfront cash consideration of £358.8m (\$482.2m);
- rollover options and restricted stock units in Auction Technology Group plc in exchange for share options previously held in LiveAuctioneers' parent company, Platinum Parent Inc., for the value of £27.3m (\$36.7m); and
- contingent consideration of up to a maximum £18.6m (\$25.0m), subject to the performance of LiveAuctioneers against certain targets for the year ending 31 December 2021.

Management calculated the fair value of the contingent consideration based on the expected forecasts for the earn-out period and discounted using the acquisition's internal rate of return, resulting in a liability of £17.9m (\$24.0m). The targets were met in full and cash contingent consideration of £18.0m was paid during the year ended 30 September 2022. Payments for the fair value of contingent consideration at acquisition date are presented in the Consolidated Statement of Cash Flows within cash flows from investing activities. Payments for the changes in the fair value of contingent consideration since acquisition date are presented within cash flows from financing activities. Exchange differences to reserves were recorded within foreign exchange differences on translation of foreign operations in the Consolidated Statement of Comprehensive Income or Loss. The unwinding of discount of £0.7m is reported as a finance cost in the Consolidated Statement of Profit or Loss.

Purchase price allocation

Management assessed the fair value of the acquired assets and liabilities as part of the purchase price allocation ("PPA"). This was prepared on a provisional basis and disclosed in the Group's Condensed Consolidated Financial Statements for the six months ended 31 March 2022 and subsequently finalised in the second half of FY22.

The fair values of the assets and liabilities following the finalisation of the purchase price allocation are set out below:

	Book value £000	Fair value adjustments £000	Final fair value £000
Acquired intangible assets – software	8,133	16,361	24,494
Acquired intangible assets – customer relationships	27,053	92,970	120,023
Acquired intangible assets – brand	2,275	19,182	21,457
Internally generated software	1,820	–	1,820
Property, plant and equipment	88	–	88
Right of use assets	959	–	959
Trade receivables and other receivables	3,974	–	3,974
Income tax receivable/(payable)	194	(644)	(450)
Trade and other payables	(4,733)	(1,784)	(6,517)
Lease liabilities	(1,063)	–	(1,063)
Deferred tax liabilities	(11,287)	(30,865)	(42,152)
Net assets on acquisition	27,413	95,220	122,633
Goodwill (note 12)			281,341
Total consideration			403,974
Consideration satisfied by:			
Initial cash consideration			288,524
Debt amounts settled			70,239
Fair value of equity interest			27,322
Contingent consideration – cash			16,865
Contingent consideration – equity			1,024
			403,974
Net cash flow arising on acquisition:			
Initial cash consideration			288,524
Debt amounts settled			70,239
			358,763

Intangible assets

Intangible assets represent customer relationships, auction technology platform, payment technology and brand for which amortisation of £13.4m has been charged for the year ended 30 September 2022. The intangible assets will be amortised over their respective expected useful economic lives: customer relationships of 14 years, auction technology platform of 10 years, payment technology of five years and brand of 15 years. Of the intangibles acquired, the customer relationship balances are especially sensitive to changes in assumptions around discount rates and customer attrition rates. A 1% change in the customer attrition rate results in a £12.0m change in the valuation.

Deferred tax

The fair value adjustment to the deferred tax liabilities of £30.9m relates to the deferred tax liability recognised on the acquired intangible asset and the tax effect of the other fair value adjustments.

Other fair value adjustments

During the measurement period, the Group finalised the valuation of onerous contracts and costs not accrued. Adjustments were made to the provisional PPA resulting in an increase in trade and other payables of £1.8m and income tax payable of £0.6m. The fair value of the assets acquired includes gross trade receivables of £4.1m. At acquisition date, the Group's best estimate of trade receivables expected not to be collected amounted to £0.3m.

Goodwill

Goodwill arises as a result of the surplus of consideration over the fair value of the separately identifiable assets acquired. The main reason leading to the recognition of goodwill is the future economic benefits arising from assets which are not capable of being individually identified and separately recognised; these include the value of future technology including the rollout of the payments platform to the wider Group, synergies expected to be realised post acquisition, new customer relationships and the fair value of the assembled workforce within the business acquired. Goodwill deductible for tax purposes amounts to £18.1m.

Acquisition costs of £nil (30 September 2021: £12.0m) directly related to the business combination have been immediately expensed to the Consolidated Statement of Profit or Loss as part of administrative expenses and included within exceptional items (see note 3). Between 1 October 2021 and 30 September 2022, LiveAuctioneers contributed £38.7m to Group revenues and a profit before tax of £5.0m.

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Notes to the Consolidated Financial Statements continued

11. Business combinations continued

Business combinations for the year ended 30 September 2021

Acquisition of Auction Mobility LLC

On 16 October 2020, the Group acquired 100% of the equity share capital of Auction Mobility LLC for a total maximum consideration of \$43.3m (equivalent to £33.4m), comprising upfront cash consideration of \$33.0m (equivalent to £25.4m), deferred consideration of \$0.3m (equivalent to £0.2m) and contingent consideration of up to a maximum \$10.0m (equivalent to £7.7m), subject to the performance of the acquired company against certain targets. Auction Mobility provides a customised auction software platform, a leading white label app and web developer, for auction houses. The purpose of the acquisition was to further strengthen the Group's presence in the US.

At acquisition, the Directors calculated the fair value of the contingent consideration expected to be paid, based on a weighted average probability model, resulting in a liability of £3.9m. The key inputs to the model were revenue growth assumptions and percentage probability weightings applied to forecast earn-out cash flows.

At the date of acquisition, Auction Mobility LLC had net assets with a fair value of \$13.8m (equivalent to £10.6m). The acquisition accounting is set out below.

	Final fair value £000
Intangible assets – software	2,786
Intangible assets – customer relationships	6,094
Intangible assets – brand	371
Intangible assets – non-compete agreement	1,286
Trade receivables	462
Other debtors and prepayments	647
Cash and cash equivalents	476
Trade payables	(129)
Accruals and contract liabilities	(1,389)
Net assets on acquisition	10,604
Goodwill (note 12)	18,972
Total consideration	29,576
Consideration satisfied by:	
Cash consideration	25,424
Contingent consideration (note 16)	3,918
Deferred consideration	234
	29,576
Net cash outflow arising on acquisition:	
Cash consideration	25,424
Less: cash and cash equivalents balances acquired	(476)
	24,948

Goodwill arises as a result of the surplus of consideration over the fair value of the separately identifiable assets acquired. The main reason leading to the recognition of goodwill is the future economic benefits arising from assets which are not capable of being individually identified and separately recognised; these include the value of the assembled workforce within the business acquired. All the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition costs of £1.1m directly related to the business combination were immediately expensed to the Consolidated Statement of Profit or Loss as part of administrative expenses and included within exceptional items (see note 2).

The fair value of the assets acquired includes gross trade receivables of £0.5m which were expected to be fully recoverable.

The Group's contingent consideration as at 30 September 2021 amounted to £2.3m. The Group regularly performs a review of the ongoing businesses to assess the impact of the fair value of the contingent consideration. The change of £1.5m (2020: nil) in these fair values was reported as finance income in the Consolidated Statement of Profit or Loss. Exchange differences to reserves were recorded within foreign exchange differences on translation of foreign operations in the Consolidated Statement of Comprehensive Profit or Loss.

Between 16 October 2020 and 30 September 2021, Auction Mobility LLC contributed £5.8m to Group revenues and a profit of £0.2m for the year ended 30 September 2021. If the acquisition had occurred on 1 October 2020, Group revenue would have been £70.3m and Group loss before tax would have been £27.3m.

12. Goodwill and other intangible assets

	Software £000	Customer relationships £000	Brand £000	Non- compete agreement £000	Total acquired intangible assets £000	Internally generated software £000	Goodwill £000	Total £000
Cost								
1 October 2020	9,373	54,429	11,283	–	75,085	9,894	124,023	209,002
Acquisition of business (note 11)	2,786	6,094	371	1,286	10,537	–	18,972	29,509
Additions	–	–	–	–	–	1,956	–	1,956
Exchange differences	(214)	(706)	(228)	(50)	(1,198)	(365)	(1,835)	(3,398)
30 September 2021	11,945	59,817	11,426	1,236	84,424	11,485	141,160	237,069
Acquisition of business (note 11)	24,494	120,023	21,457	–	165,974	1,820	281,341	449,135
Additions	–	–	–	–	–	4,209	–	4,209
Exchange differences	5,953	27,966	5,493	260	39,672	2,118	66,477	108,267
30 September 2022	42,392	207,806	38,376	1,496	290,070	19,632	488,978	798,680
Amortisation and impairment								
1 October 2020	1,961	4,717	628	–	7,306	2,843	–	10,149
Amortisation	3,422	8,246	1,258	293	13,219	4,576	–	17,795
Exchange differences	(7)	(16)	(6)	4	(25)	(87)	–	(112)
30 September 2021	5,376	12,947	1,880	297	20,500	7,332	–	27,832
Amortisation	6,118	17,436	2,736	301	26,591	4,118	–	30,709
Exchange differences	924	2,023	477	106	3,530	1,156	–	4,686
30 September 2022	12,418	32,406	5,093	704	50,621	12,606	–	63,227
Net book value								
1 October 2020	7,412	49,712	10,655	–	67,779	7,051	124,023	198,853
30 September 2021	6,569	46,870	9,546	939	63,924	4,153	141,160	209,237
30 September 2022	29,974	175,400	33,283	792	239,449	7,026	488,978	735,453

Intangible assets, other than goodwill, have a finite life and are amortised over their expected useful lives at the rates set out in the accounting policies in note 1.

Impairment assessment

The goodwill and intangibles attributed to each of the Group's cash-generating units (CGUs) and groups of CGUs are assessed for impairment at least annually or more frequently where there are indicators of impairment. The Group tests for impairment of goodwill at the operating segment level representing an aggregation of CGUs, the level at which goodwill is monitored by management. No CGU or group of CGUs is larger than an operating segment as defined by IFRS 8 "Operating Segments" before aggregation. The recoverable amount for CGU groups has been determined on a value in use basis ("VIU").

The table below sets out the carrying values of goodwill and other acquired intangible assets allocated to each CGU at 30 September 2022 along with the pre-tax discount rates applied to the risk-adjusted cash flow forecasts and the long-term growth rate.

	30 September 2022 £000	30 September 2021 £000	Valuation method	Long-term growth rate	Pre-tax discount rate
A&A	304,282	32,742	VIU	3%	13.4%
I&C	162,615	90,179	VIU	3%	13.4%
Auction Services	22,081	18,239	VIU	3%	12.1%
Total goodwill	488,978	141,160			

When testing for impairment, recoverable amounts for all of the Group's CGUs and groups of CGUs are measured at their value in use by discounting the future expected cash flows from the assets in the CGUs. These calculations use cash flow projections based on Board approved budgets and approved plans. While the Group prepares a five-year plan, levels of uncertainty increase as the planning horizon extends. The Group's plan focuses more closely on the next three years, however for the purposes of the impairment testing the five-year forecasts are used as we do not anticipate the long-term growth rate to be achieved until after this time.

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12. Goodwill and other intangible assets continued

The key assumptions and estimates used for value in use calculations are summarised as follows:

Assumption	Approach
Risk-adjusted cash flows	are determined by reference to the budget for the year following the balance sheet date and forecasts for the following four years, after which a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Board has been prepared after considering the current economic environment in each of the Group's markets. These projections represent the Directors' best estimate of the future performance of these businesses.
Long-term growth rates	are applied after the forecast period. These are based on external reports on long-term GDP growth rates for the main markets in which each CGU operates. Therefore, these do not exceed the long-term average growth rates for the individual markets.
Pre-tax discount rates	are derived from the post-tax weighted average cost of capital ("WACC") which has been calculated using the capital asset pricing model. They are weighted based on the geographical area in which the CGU group's revenue is generated. The assumptions used in the calculation of the WACC are benchmarked to externally available data and they represent the Group's current market assessment of the time value of money and risks specific to the CGUs. Movements in the pre-tax discount rates for CGUs since the year ended 30 September 2021 are driven by changes in market-based inputs. Any unsystematic risk on the CGUs has been inherently built into the cash flows of each of the CGUs and therefore no additional element of risk has been included in the discount rates used at 30 September 2022.

Sensitivity analysis

At 30 September 2022 under the impairment assessments prepared there is no impairment required. However, both the A&A and Auction Services CGUs have limited headroom and are very sensitive to a movement in any one of the key assumptions. Management have therefore performed sensitivity analysis based on reasonably possible scenarios including increasing the discount rates and reducing the CAGR on the future forecast cash flows, both of which are feasible given the current future uncertainty of macro-economics.

For the A&A CGU, under the base case there is headroom of £28.0m at 30 September 2022. For the recoverable amount to fall to the carrying value, the discount rate would need to be increased to 13.9% from 13.4%, the long-term growth rate reduced to 2.2% from 3.0%, or the CAGR from FY22 on the five-year future forecast cash flows reduced by one percentage point. With an uncertain macroeconomic outlook, it is difficult to model the precise impact on business performance at this time but should there be an economic downturn the A&A segment is likely to be impacted in the short term due to reduced sales and margins but it would then be expected to return to higher growth in later years. Management has modelled a scenario where A&A CGU revenue declines 4% in both FY23 and FY24, resulting in a cumulative decrease of 8% with a return to steeper growth from FY25 to FY27. Given the Group can pull levers to reduce discretionary spend, management has modelled that 33% of the revenue lost can be regained through cost savings (which would maintain the Group's gross profit margin at c.66%). The overall impact on the five-year adjusted EBITDA CAGR is a reduction of 2%. A potential increase of 1% in discount rate or a reasonable worst-case increase of 2% in the discount rate and 2% reduction in five-year CAGR growth rate could result in an impairment in the range of £59.0m to £96.0m.

For the I&C CGU, under the base case there is headroom of £355.8m and there is no realistic change of assumption that would cause the CGU's carrying amount to exceed its recoverable amount.

For Auction Services with a headroom of £1.7m for the recoverable amount to fall to the carrying value, the discount rate would need to be increased to 12.6% from 12.1%, the long-term growth rate reduced to 2.3% from 3.0%, or the CAGR on the cash flows reduced by three percentage points. Auction Services is particularly sensitive to the long-term growth rate and discount rate applied. An increase of 1% in the discount rate and 1% reduction in the long-term growth rate could result in an impairment of £3.6m.

13. Property, plant and equipment

	Land and buildings leasehold £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost				
1 October 2020	249	286	110	645
Additions	16	95	38	149
Exchange differences	(20)	(11)	(4)	(35)
30 September 2021	245	370	144	759
Acquisition of business (note 11)	56	–	32	88
Additions	3	253	14	270
Disposals	–	(208)	–	(208)
Exchange differences	221	202	181	604
30 September 2022	525	617	371	1,513
Accumulated depreciation				
1 October 2020	37	89	41	167
Charge for the year	73	138	17	228
Exchange differences	(8)	(6)	(1)	(15)
30 September 2021	102	221	57	380
Charge for the year	102	140	38	280
Disposals	–	(208)	–	(208)
Exchange differences	205	173	157	535
30 September 2022	409	326	252	987
Net book value				
1 October 2020	212	197	69	478
30 September 2021	143	149	87	379
30 September 2022	116	291	119	526

There is no material difference between the property, plant and equipment's historical cost values as stated above and their fair value equivalents.

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14. Trade and other receivables

	30 September 2022 £000	30 September 2021 £000
Current		
Trade receivables	12,660	6,744
Less: loss provision	(846)	(503)
	11,814	6,241
Other debtors and prepayments	3,139	2,861
Contract assets	837	597
	15,790	9,699
Non-current		
Other debtors and prepayments	90	85
	15,880	9,784

The Group applies the IFRS 9 “Financial Instruments” simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss model incorporates current and forward-looking information on macroeconomic factors affecting the Group’s customers.

The average credit period on sales is 30 days after the invoice has been issued. No interest is charged on outstanding trade receivables. At 30 September 2022 (2021: nil) there were no customers who owed in excess of 10% of the total trade debtor balance.

The ageing of trade receivables at 30 September was:

	2022			2021		
	Gross £000	Loss provision £000	Expected loss rate %	Gross £000	Loss provision £000	Expected loss rate %
Within 30 days	11,385	259	2%	5,728	23	–
Between 30 and 60 days	461	93	20%	336	6	2%
Between 60 and 90 days	249	99	40%	149	34	23%
Over 90 days	565	395	70%	531	440	83%
30 September	12,660	846	7%	6,744	503	7%

The movement in the loss provision during the year was as follows:

	Year ended 2022 £000	Year ended 2021 £000
1 October	503	458
Arising on acquisition	277	–
Increase in loss allowance recognised in Consolidated Statement of Profit or Loss	226	174
Uncollectable amounts written off	(290)	(111)
Exchange differences	130	(18)
30 September	846	503

Trade receivables and contract assets are written off where there is no reasonable expectation of 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 of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The carrying amount of trade and other receivables approximates to their fair value. The total amount of trade receivables that were past due but not impaired were £0.3m (2021: £0.2m).

15. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and cash held in escrow.

The carrying amount of these assets approximates to their fair value.

	30 September 2022 £000	30 September 2021 £000
Cash in bank	51,817	173,675
Cash held in escrow	–	223,776
	51,817	397,451

Cash in bank includes cash of £2.4m (2021: £2.4m) held by the Trustee of the Group's Employee Benefit Trust relating to pre-IPO share awards for employees. These funds are restricted and are not available to circulate within the Group on demand.

As a result of the capital raising on 17 June 2021, the cash, net of transaction fees associated with the acquisition and financing of LiveAuctioneers was transferred to an escrow account. The funds held at 30 September 2021 were restricted and are not available to circulate within the Group on demand. The funds were released on 1 October 2021 for the acquisition of LiveAuctioneers (see note 11).

16. Trade and other payables

	30 September 2022 £000	30 September 2021 £000
Current		
Trade payables	2,375	931
Payroll tax and other statutory liabilities	5,133	2,810
Contingent consideration	–	2,794
Accruals	9,489	9,408
Contract liabilities	1,783	1,367
	18,780	17,310

The carrying amount of trade and other payables classified as financial liabilities at amortised cost approximates to their fair value.

Contingent consideration comprises liabilities contingent on the future performance of acquired businesses held at fair value and deferred consideration payable at a set amount in the future. These liabilities are remeasured each period and the remeasurement is recognised in the Consolidated Statement of Profit or Loss. During the year ended 30 September 2022, contingent consideration increased by £17.9m for the acquisition of LiveAuctioneers (note 11), fair value adjustment/unwinding of discount of £1.8m reported as a finance cost (note 8) and foreign exchange differences of £0.7m on translation of foreign operations reported in the Consolidated Statement of Other Comprehensive Income or Loss. All contingent consideration was settled during the year ended 30 September 2022 in cash of £22.2m and equity of £1.0m.

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Notes to the Consolidated Financial Statements continued

17. Leases

The Group leases assets including property, motor vehicles and computer equipment.

The weighted average incremental borrowing rate contracted in 2022 was 6.6% (2021: 5.2%).

	Land and buildings leasehold £000	Computer equipment £000	Motor vehicles £000	Total £000
Right of use assets				
1 October 2020	1,519	397	8	1,924
Additions	336	–	–	336
Modification	(79)	–	–	(79)
Depreciation charge for the year	(522)	(214)	(7)	(743)
Exchange differences	(17)	(20)	–	(37)
30 September 2021	1,237	163	1	1,401
Acquisition of business (note 11)	959	–	–	959
Additions	67	–	–	67
Depreciation charge for the year	(752)	(167)	(1)	(920)
Exchange differences	200	7	–	207
30 September 2022	1,711	3	–	1,714
Lease liabilities				
1 October 2020	1,538	420	6	1,964
Additions	336	–	–	336
Modification	(88)	–	–	(88)
Interest charge for the year	60	13	1	74
Lease payments	(575)	(234)	(7)	(816)
Exchange differences	(18)	(20)	–	(38)
30 September 2021	1,253	179	–	1,432
Acquisition of business (note 11)	1,063	–	–	1,063
Additions	67	–	–	67
Interest charge for the year	132	5	–	137
Lease payments	(909)	(187)	–	(1,096)
Exchange differences	231	6	–	237
30 September 2022	1,837	3	–	1,840
Current	743	3	–	746
Non-current	1,094	–	–	1,094
30 September 2022	1,837	3	–	1,840

The charge recognised in the Consolidated Statement of Profit or Loss for the year was as follows:

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Depreciation charge	(920)	(743)
Interest charge including net gain on modification	(137)	(65)
	(1,057)	(808)

The non-cancellable lease rentals are payable as follows:

	30 September 2022 £000	30 September 2021 £000
Within 1 year	881	747
Between 1 and 2 years	408	467
Between 2 and 5 years	556	114
Over 5 years	–	–
	1,845	1,328

At 30 September 2021 and 2022, there were no non-cancellable commitments relating to short-term leases or low-value lease commitments.

18. Loans and borrowings

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

	30 September 2022 £000	30 September 2021 £000
Current		
Secured bank loan	30,983	–
Unsecured loan notes	–	353
	30,983	353
Non-current		
Secured bank loan	149,862	148,686
	149,862	148,686
	180,845	149,039

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. The loan will be due for repayment on 17 June 2026; and
- a multi-currency revolving credit working capital facility (the "Revolving Credit Facility") for \$49.0m. Under the terms of the facility, the Revolving Credit Facility was extended during the year ended 30 September 2022. Any sums outstanding under the Revolving Credit Facility will be due for repayment on 17 June 2025, subject to the optionality of a further 12-month extension. The facility had not been drawn down as at 30 September 2022.

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 2022.

On 10 October 2022, a prepayment of \$43.7m was paid on the Senior Term Facility. In the absence of any other prepayments, the next scheduled repayment would be \$8.7m on 31 March 2024.

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Notes to the Consolidated Financial Statements continued

18. Loans and borrowings continued

The movements in loans and borrowings are as follows:

	30 September 2022 £000	30 September 2021 £000
1 October	149,039	214,603
Repayment of loans and borrowings	(359)	(108,956)
Repayments of preference shares	–	(117,716)
Proceeds from loans and borrowings	–	176,639
Proceeds from the issue of preference shares	–	714
Accrued interest and amortisation of finance costs	7,679	16,953
Repayment of interest	(7,283)	(26,388)
Exchange differences	31,769	(6,810)
30 September	180,845	149,039

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

	30 September 2022 £000	30 September 2021 £000
US dollar	180,845	149,039

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

	Year ended 30 September 2022 %	Year ended 30 September 2021 %
Secured bank loan	4%	16%
Preference shares	–	12%
Subordinated loan notes	–	16%
Unsecured loan notes	–	12%

19. Deferred taxation

The movement of net deferred tax liabilities is as follows:

	Capitalised goodwill and intangibles £000	Tax losses £000	Other £000	Total £000
1 October 2020	(14,675)	2,118	969	(11,588)
Amount credited/(charged) to Statement of Profit or Loss	1,993	(748)	959	2,204
Amount credited to equity	-	-	64	64
Exchange differences	453	-	(27)	426
30 September 2021	(12,229)	1,370	1,965	(8,894)
Deferred tax asset	(2,628)	1,370	1,624	366
Deferred tax liabilities	(9,601)	-	341	(9,260)
1 October 2021	(12,229)	1,370	1,965	(8,894)
Acquisition of business (note 11)	(43,514)	548	814	(42,152)
Amount credited/(charged) to Statement of Profit or Loss	6,327	3,526	(14,767)	(4,914)
Amount charged to equity	-	-	(150)	(150)
Exchange differences	(8,869)	673	(312)	(8,508)
30 September 2022	(58,285)	6,117	(12,450)	(64,618)
Deferred tax asset	-	-	-	-
Deferred tax liabilities	(58,285)	6,117	(12,450)	(64,618)

No deferred tax asset has been recognised in respect of unused tax losses in the UK of £0.7m (2021: £0.7m) as it is not considered probable that there will be future taxable profits available to offset these tax losses. The losses may be carried forward indefinitely.

In presenting the Group's deferred tax balances, the Group offset assets and liabilities to the extent we have a legally enforceable right to set off the arising income tax liabilities and assets when those deferred tax balances reverse. Tax losses include unrelieved interest in the US, where there are sufficient taxable profits forecast to be available in the future to enable them to be utilised. These losses are available indefinitely.

Other includes the tax effect on unrealised foreign exchange differences and share options.

The temporary differences relating to the unremitted earnings of overseas subsidiaries amounted to £1.1m (2021: £22.8m). However, as the Group can control whether it pays dividends from its subsidiaries and it can control the timing of any dividends, no deferred tax has been provided on the unremitted earnings on the basis there is no intention to repatriate these amounts.

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Notes to the Consolidated Financial Statements
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20. Share capital and reserves

	30 September 2022 £000	30 September 2021 £000
Authorised, called up and fully paid		
120,525,304 ordinary shares at 0.01p each (2021: 119,999,990 ordinary shares at 0.01p each)	12	12
	12	12

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 2020	1,052,743	11	–	1,125
Shares issued for grant of pre-IPO share awards and pre-admission awards	41,834	–	–	402
Share buyback	(10,783)	–	–	–
Capital reorganisation				
– Subdivision of shares creating 97,994,100 shares at 0.01p each	97,014,159	–	–	–
– Share buyback	(39,337,210)	(5)	–	–
– Shares issued for IPO	41,239,257	4	247,431	–
Shares issued for business combination	19,999,990	2	–	243,998
Share issue costs	–	–	(11,528)	(7,140)
30 September 2021	119,999,990	12	235,903	238,385
Shares issued for business combination	506,926	–	–	–
Share options exercised	10,144	–	–	–
Share issued for SIP and ESPP	5,411	–	–	–
Shares issued to the Trust	2,833	–	–	–
30 September 2022	120,525,304	12	235,903	238,385

For the year ended 30 September 2022

525,314 ordinary shares of 0.01p each with an aggregate nominal value of £53 were issued for options that vested. These included 50% of the restricted stock units granted for the LiveAuctioneers acquisition (see note 11), 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 but not yet exercised.

For the year ended 30 September 2021

The Company conducted a reorganisation of its share capital to facilitate a listing to the premium segment of the Official List of the Financial Conduct Authority and to trade on the London Stock Exchange Main Market for listed securities. The Company was incorporated on 18 January 2021 to act as the holding company for the Group and issued one ordinary share of 0.1p at £1.00. On 25 January 2021, the Company issued 50,000 non-voting redeemable preference shares with a nominal value of £1.00 each. On 17 February 2021, the Company issued 1,083,793 ordinary shares of 0.1p each with an aggregate nominal value of £10,838 following the share for share exchange for the entire share capital of Auction Topco Limited.

From 1 October 2020 to 17 February 2021, the Group issued 41,834 share awards (see note 21). On 17 February 2021, a purchase for cancellation of 10,783 ordinary shares of £0.01p was cancelled. The aggregate nominal values of the shares cancelled was £107.83.

On 26 February 2021, the capital reorganisation comprised:

- the ordinary shares were subdivided such that the number of ordinary shares increased by 100 and the nominal value of shares decreased from 0.1p to 0.01p;
- the Company completed the purchase for cancellation of 39,233,357 ordinary shares of 0.01p each and 103,853 ordinary shares of 0.1p for cash consideration of £2.00. The aggregate nominal value of the shares cancelled was £4,962;
- the Company repurchased and cancelled the 50,000 redeemable preference shares of £1.00 at nominal value; and
- in connection with the IPO, the Company issued 41,239,257 ordinary shares of 0.01p each with an aggregate nominal value of £4,124 for a cash consideration of £247.4m.

On 17 June 2021, as part of a capital raising, the Company issued 19,999,990 ordinary shares of 0.01p each with an aggregate nominal value of £2,000 for a cash consideration of £244.0m.

Reserves

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

Retained losses

Retained losses represent the profits/(losses) of the Group made in current and preceding years.

Other reserve

The other reserve comprised:

- a merger reserve that arose on the Group reorganisation 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

The capital redemption reserve arose on the redemption or purchase of the Company's own shares.

Share option reserve

The share option reserve relates to share options awarded (see note 21).

Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

21. Employee benefits

Defined contribution pension plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £0.6m (2021: £0.4m). There was £78,000 accruing to these pension schemes as at 30 September 2022 (2021: £48,000).

Share-based payments

The Group had three share-based payment plans in effect in the 2022 financial year, details of which are set out in this note and the Directors' Remuneration Report.

Shares awards pre-IPO including pre-admission awards

From 13 January 2020 to 17 February 2021, 231,293 ordinary shares in Auction Topco Limited were issued to its employees and Non-Executive Directors. As part of the Group reorganisation described in note 20 the ordinary shares in Auction Topco Limited were exchanged in a share for share exchange with Auction Technology Group plc, subdivided such that the number of ordinary shares increased by 100 to 23,129,300 and reduced by 9,627,043 shares as part of the share buyback. This resulted in 13,502,257 ordinary shares listed in the IPO.

The holders were subject to a service condition and, as such, the shares represent remuneration for service thereby constituting an IFRS 2 equity-settled, share-based arrangement. In addition, the pre-admission awards are subject to a three-year holding period subject to the recipient's continued employment. In January 2021, the Group made an announcement to pursue an IPO on the London Stock Exchange. As a result, a share-based payment expense was recognised in the Consolidated Statement of Profit or Loss, being the fair value of the awards at their respective grant dates. The pre-IPO share awards vested on the date of the IPO.

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Notes to the Consolidated Financial Statements continued

21. Employee benefits continued

LTIP

The Long Term Incentive Plan ("LTIP") is the primary long-term incentive plan for approximately 130 of employees within the Group. Under the plan, annual awards, based on a percentage of salary, may be offered. It is expected that these awards will normally vest over a three-year period subject to the recipient's continued employment at the date of vesting and, for Executive Directors, the satisfaction of performance conditions to be measured over three financial years.

LA LTIP

Awards under the LTIP were granted to employees on acquisition of LiveAuctioneers on 1 October 2021. These awards will vest over a range from one to six-year period subject to the recipient's continued employment at the date of vesting.

SIP and ESPP

The Group operates a Share Incentive Plan ("SIP") and Employee Stock Purchase Plan ("ESPP") in which all employees, including Executive Directors, are eligible to participate. The plans were approved by shareholders in 2021 and implemented with effect from 1 November 2021. UK participants in the SIP may invest up to £1,800 of their pre-tax salary each year to purchase shares in the Company. For each share acquired, the Company purchases a matching share. Employees must remain with the Group for three years from the date of purchase of each Partnership Share in order to qualify for the matching share, and for five years for the shares to be transferred to them tax free. The employee is entitled to dividends on shares purchased, and to vote at shareholder meetings. There is a similar scheme for international employees under the ESPP.

Deferred bonus – equity settled

The Deferred Share Bonus Plan ("DSBP") is a discretionary plan for Executive employees to defer a portion of their cash bonus into an award of shares. Of the annual incentive to Executive Directors, 25% is deferred into shares under the DSBP. Deferred shares must normally be held for a period of three years.

The share awards/options set out below are outstanding at 30 September 2022.

	Share-based payment expense £000	Options at 1 October 2021 Number	Granted in the year Number	Exercised during the year Number	Cancelled/ forfeited during the year Number	Options at 30 September 2022 Number
Pre-admission awards	909	642,686	–	–	(93,617)	549,069
LTIP	2,530	483,641	706,757	(10,144)	(137,207)	1,043,047
LA LTIP	1,301	–	242,174	–	(5,933)	236,241
Deferred bonus – equity settled	33	–	8,636	–	–	8,636
Payroll tax	453	n/a	n/a	n/a	n/a	n/a
Total	5,226	1,126,327	957,567	(10,144)	(236,757)	1,836,993

The share awards/options set out below are outstanding at 30 September 2021.

	Share-based payment expense £000	Options at 1 October 2020 Number	Granted in the year Number	Subdivision of share awards Number	Exercised during the year Number	Cancelled/ forfeited during the year Number	Options at 30 September 2021 Number
Pre-IPO share awards	10,124	189,459	30,857	21,811,284	(12,834,327)	(9,197,273)	–
Pre-admission awards	795	–	10,977	1,086,723	–	(455,014)	642,686
LTIP	855	–	502,244	–	–	(18,603)	483,641
Payroll tax	118	n/a	n/a	n/a	n/a	n/a	n/a
Total	11,892	189,459	544,078	22,898,007	(12,834,327)	(9,670,890)	1,126,327

All share options outstanding are equity-settled and are options to subscribe for new ordinary shares of 0.01p each in the Company. The fair value is determined at the date of grant and is not subsequently remeasured unless conditions on which the award was granted are modified. The share options granted in the year have no market performance conditions associated with them and so fair value is deemed to be the share price at date of grant. The weighted average fair value per option granted during the year was £11.84 (2021: £7.80). The resulting fair value which is expensed over the service period is adjusted, based on management's best estimate, for a percentage of employees that will leave the Group.

The weighted average exercise price of the options exercised was £nil (2021: £3.20) and the market price at date of exercise was £9.50 (2021: £7.80). The options outstanding at 30 September 2022 had a weighted average exercise price of £nil (2021: £nil) and a weighted average remaining contractual life of 1.72 years (2021: 2.4 years). There are 6,072 share options with a weighted average exercise price of £nil exercisable at 30 September 2022 (2021: nil).

22. Financial instruments

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in note 1.

Financial instruments by category

	30 September 2022 £000	30 September 2021 £000
Financial assets held at amortised cost		
Trade and other receivables (excluding prepayments and non-financial assets)	13,078	7,385
Cash and cash equivalents	51,817	397,451
	64,895	404,836
Financial liabilities held at amortised cost		
Trade and other payables (excluding non-financial liabilities)	(13,647)	(11,706)
Loans and borrowings	(180,845)	(149,039)
Financial liabilities held at fair value through profit or loss		
Contingent consideration	–	(2,794)
	(194,492)	(163,539)

Financial risk management

The Group's activities and the existence of the above financial instruments expose it to a variety of financial risks. The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

Credit risk

The Group's exposure to credit risk arises from cash and cash equivalents, as well as outstanding receivables (note 14).

The Group's cash and cash equivalents are all held on deposit with leading international banks and hence the Directors consider the credit risk associated with such balances to be low. For banks and financial institutions only independently rated parties with a minimum rating of "A" are accepted.

The Group provides credit to customers in the normal course of business. The amounts presented in the Consolidated Statement of Financial Position in relation to the Group's trade receivables are presented net of loss allowances. The Group measures loss allowances at an amount equal to the lifetime ECL using both qualitative and quantitative information and analysis based on the Group's historical experience and forward-looking information. During the year there was a debit to the Consolidated Statement of Profit or Loss of £0.2m (2021: £0.2m) to increase the loss allowance.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for growth. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group manages its cash and borrowing requirements through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects in order to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the Group. Borrowing facilities are arranged as necessary to finance requirements.

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Notes to the Consolidated Financial Statements continued

22. Financial instruments continued

The table below analyses the Group's financial liabilities based on the period remaining to the contractual maturity dates at the reporting date. The amounts disclosed in the table are the carrying amounts and undiscounted net contractual cash flows.

	Carrying amount £000	Contractual cash flows £000	Due less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000
2022					
Loans and borrowings	180,845	182,673	31,342	157,941	–
Trade and other payables	13,647	13,647	13,647	–	–
30 September 2022	194,492	196,320	44,989	157,941	–
2021					
Loans and borrowings	149,039	151,223	353	150,870	–
Trade and other payables	11,706	11,706	11,706	–	–
Contingent consideration	2,794	2,794	2,794	–	–
30 September 2021	163,539	165,723	14,853	150,870	–

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their local functional currency (primarily pound sterling, US dollars or euro) with the cash generated from their own operations in that currency.

The Group earns revenue and incurs costs in local currencies and is able to manage foreign exchange risk by matching the currency in which revenue is generated and expenses are incurred.

Movements in the exchange rate of the US dollar and the euro against sterling have an impact on both the result for the period and equity.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	30 September 2022 £000	30 September 2021 £000
Net foreign currency monetary (liabilities)/assets		
US dollars	(143,890)	233,466
Euros	1,888	791

The US dollar-denominated monetary assets at 30 September 2021 included cash held on escrow (see note 15).

The following table details the Group's sensitivity to a 10% (2021: 5%) strengthening and weakening in pound sterling against the US dollar and euro. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. Where pound sterling strengthens 10% (2021: 5%) against the relevant currency, a negative number below indicates an increase in profit in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Changes in Equity and a positive number indicates a decrease in profit in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Changes in Equity. For a 10% (2021: 5%) weakening in pound sterling against the relevant currency, there would be an equal and opposite impact on the profit in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Changes in Equity.

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
US dollars		
Change in profit for the year in Consolidated Statement of Profit or Loss	15,842	(11,063)
Change in profit in Consolidated Statement of Changes in Equity	(1,953)	(610)
Euros		
Change in profit for the year in Consolidated Statement of Profit or Loss	(3)	(49)
Change in profit in Consolidated Statement of Changes in Equity	(183)	10

Net investment hedge

On 30 September 2021, the Senior Term Facility was drawn down in US dollars by Auction Bidco Limited, a UK subsidiary, prior to completion of the acquisition of LiveAuctioneers on 1 October 2021. In June 2022, the Senior Term Facility was designated as a hedge of the net investment in the US dollar denominated subsidiaries. There was no ineffectiveness recorded from the net investment in foreign entity hedges.

	30 September 2022 £000	30 September 2021 £000
Net investment hedge		
Loans and borrowings	180,845	
US dollar carrying amount of Senior Term Facility	\$183,000	–
Hedge ratio	1:1	–
Change in carrying amount of Senior Term Facility as a result of foreign currency movements since June 2022, recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss	(16,173)	–
Change in value of hedged item used to determine hedge effectiveness	16,173	–

Interest rate risk

The Group was exposed to interest rate risk during the year because entities in the Group borrowed funds at floating interest rates. There were loans of £180.8m outstanding at 30 September 2022 (2021: £149.0m).

The sensitivity analyses below have been determined based on the exposure to interest rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole period.

If interest rates had been 200bps higher/lower and all other variables were held constant, the Group's profit for the year ended 30 September 2022 would increase or decrease by £3.3m (2021: nil impact). This is mainly attributable to the Group's exposure on its variable rate Senior Term Facility.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure which provides an adequate return to shareholders. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with IFRS 13 "Fair Value Measurement" as follows:

Level 1

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

Level 2

The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Level 3

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

The Group's contingent considerations are classified as level 3. There are no other financial instruments.

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22. Financial instruments continued

Financing activities

The movements in assets/(liabilities) arising from financing activities are as follows:

2022	1 October 2021 £000	Arising on acquisition £000	Fair value movements £000	Other non-cash movements £000	Cash flow £000	Exchange differences £000	30 September 2022 £000
Cash and cash equivalents	397,451	–	–	–	(354,720)	9,086	51,817
Total financing assets	397,451	–	–	–	(354,720)	9,086	51,817
Bank loans	(148,686)	–	–	(7,674)	7,283	(31,768)	(180,845)
Loan notes	(353)	–	–	(5)	359	(1)	–
Contingent consideration	(2,794)	(17,889)	(1,849)	1,024	22,168	(660)	–
Lease liabilities	(1,432)	(1,063)	–	(204)	1,096	(237)	(1,840)
Total financing liabilities	(153,265)	(18,952)	(1,849)	(6,859)	30,906	(32,666)	(182,685)
2021	1 October 2020 £000	Arising on acquisition £000	Fair value movements £000	Other non-cash movements £000	Cash flow £000	Exchange differences £000	30 September 2021 £000
Cash and cash equivalents	14,193	476	–	–	378,116	4,666	397,451
Total financing assets	14,193	476	–	–	378,116	4,666	397,451
Preference shares	(125,414)	–	–	(6,328)	131,742	–	–
Bank loans	(78,543)	–	–	(8,507)	(67,659)	6,023	(148,686)
Loan notes	(10,646)	–	–	(2,118)	11,624	787	(353)
Contingent consideration	(1,040)	(3,918)	1,462	(7)	522	187	(2,794)
Lease liabilities	(1,964)	–	–	(322)	816	38	(1,432)
Total financing liabilities	(217,607)	(3,918)	1,462	(17,282)	77,045	7,035	(153,265)

Other non-cash movements include accrued finance costs, amortisation of finance costs, additions to lease liabilities and contingent consideration - equity portion.

23. Related party transactions

For the year ended 30 September 2022

There were no related party transactions.

For the year ended 30 September 2021

The following related party transactions took place:

- Preference shares including interest were repaid on 1 March 2021 to:
 - TA Associates Management LP amounting to £97.1m
 - ECI Partners LLP amounting to £29.4m
 - Members of the management team amounting to £5.3m.
- A loan note issued to a member of the management team was repaid on 26 February 2021. Interest of £49,000 was waived on 26 February 2021.
- Subordinated loan notes including interest held by ECI Partners LLP and TA Associates Management LP amounting to \$15.2m (equivalent of £10.9m) were repaid on 1 March 2021.
- On 30 September 2020, Tom Hargreaves, a Director of the Company, received a loan of £7,000; the full amount and related interest were repaid on 26 February 2021.
- On 30 December 2020 preference shares of £0.3m were issued to Breon Corcoran, a Non-Executive Director. On 15 January 2021 preference shares were issued to Non-Executive Directors Scott Forbes and Penny Ladkin-Brand for £0.2m each. The proceeds from the redemption of their preference shares including interest amounting to £0.7m were used to apply for the subscription of ordinary shares on IPO.

Key management personnel compensation

The Group has determined that the key management personnel constitute the Board and the members of the Leadership Team.

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Short-term employee benefits	4,600	2,726
Post-employment benefits	73	55
Share-based payment expense	3,062	2,287
Total key management personnel compensation	7,735	5,068

Remuneration of Directors

Further details of the Directors' remuneration and share options are set out in the Remuneration Committee Report on pages 98 to 112. The total amounts for Directors' remuneration were as follows:

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Short-term employee benefits	1,091	574
Post-employment benefits	46	26
Share-based payment expense	1,152	1,061
Total Directors remuneration	2,289	1,661

24. Events after the balance sheet date

On 10 October 2022, a prepayment of \$43.7m was paid on the Senior Term Facility. In the absence of any other prepayments, the next scheduled repayment would be \$8.7m on 31 March 2024.

There were no other events after the balance sheet date.

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25. List of subsidiaries

In accordance with section 409 of the Companies Act 2006, a full list of subsidiaries, the registered office and the effective percentage of equity owned included in these Consolidated Financial Statements at 30 September 2022 are disclosed below.

Subsidiary undertakings	Registered office	Principal activity	Proportion held
ATG Media Holdings Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
ATG Media US Inc.	Suite 800, 1125 S. 103rd Street, Omaha, NE, 68,124, United States	Holding company	100%
ATG Nominees Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Bidco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
Auction Fluency Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Holdco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
Auction Midco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Mobility LLC	1209 Orange Street, Wilmington, DE, 19801, United States	Provision of auction trading software	100%
Auction Payment Network LLC	Suite 800, 1125 S. 103rd Street, Omaha, NE, 68,124, United States	Provision of auction trading software	100%
Auction Technology Group Germany GmbH	Grosse Backerstrasse 9, 20095, Hamburg, Germany	Provision of auction trading software	100%
Auction Technology Group UK Holdings Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Topco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Bidspotter Inc.	Suite 800, 1125 S. 103rd Street, Omaha, NE, 68,124, United States	Provision of auction trading software	100%
LiveAuctioneers Inc.	40 West 25th Street, New York, NY 10010, United States	Holding company	100%
LiveAuctioneers LLC	40 West 25th Street, New York, NY 10010, United States	Provision of auction trading software	100%
Metropress Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Provision of auction trading software	100%
Peddars Management Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Platinum Intermediate Inc.	40 West 25th Street, New York, NY 10010, United States	Holding company	100%
Platinum Parent Inc.	40 West 25th Street, New York, NY 10010, United States	Holding company	100%
Platinum Purchaser Inc.	40 West 25th Street, New York, NY 10010, United States	Holding company	100%
Proxibid Bidco Inc.	Suite 800, 1125 S. 103rd Street, Omaha, NE, 68,124, United States	Holding company	100%
Proxibid Inc.	Suite 800, 1125 S. 103rd Street, Omaha, NE, 68,124, United States	Provision of auction trading software	100%
Proxibid UK Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Provision of auction trading software	100%
Turner Bidco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Turner Topco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%

All holdings of subsidiaries are of ordinary shares. In addition, there are 100% preference shares held in Auction Topco Limited.

The United Kingdom dormant companies listed above are exempt from preparing individual accounts and from filing with the registrar individual accounts by virtue of Section 394 and 448 of the Companies Act 2006 respectively.

For the year ended 30 September 2022, the following subsidiary undertakings of the Group were exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Companies Act 2006.

Company	Company registration number
ATG Media Holdings Limited	06521301
Auction Bidco Limited	12401140
Auction Holdco Limited	12400986
Auction Midco Limited	12400881
Auction Technology Group UK Holdings Limited	06636047
Auction Topco Limited	12400807
Proxibid UK Limited	09023785
Turner Bidco Limited	08968359
Turner Topco Limited	08968154

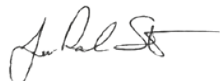
Company Statement of Financial Position

as at 30 September 2022

	Note	30 September 2022 £000	30 September 2021 £000
ASSETS			
Non-current assets			
Investments	5	270,351	134,048
Trade and other receivables	6	246,457	111,594
Total non-current assets		516,808	245,642
Current assets			
Trade and other receivables	6	340	105
Cash and cash equivalents	7	–	223,776
Total current assets		340	223,881
Total assets		517,148	469,523
LIABILITIES			
Current liabilities			
Trade and other payables	8	(3,608)	(3,830)
Total current liabilities		(3,608)	(3,830)
Total liabilities		(3,608)	(3,830)
Net assets		513,540	465,693
EQUITY			
Share capital	9	12	12
Share premium	9	235,903	235,903
Other reserve	9	238,389	238,389
Capital redemption reserve	9	5	5
Share option reserve	9	34,690	1,649
Retained earnings/(losses)		4,541	(10,265)
Total equity		513,540	465,693

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Profit or Loss and Other Comprehensive Income or Loss is presented in respect of the parent Company. The profit for the year attributable to the shareholders of the Company and recorded through the accounts of the Company was £14.7m (8.5 months ended 30 September 2021: loss of £20.4m).

The Company Financial Statements on pages 171 to 175 were approved by the Board of Directors on 1 December 2022 and signed on its behalf by:



John-Paul Savant



Tom Hargreaves

Company Statement of Changes in Equity

for the year ended 30 September 2022

	Share capital £000	Share premium £000	Other reserve £000	Capital redemption reserve £000	Share option reserve £000	Retained earnings/ (losses) £000	Total £000
18 January 2021	–	–	–	–	–	–	–
Comprehensive loss							
Loss and total comprehensive loss for the period	–	–	–	–	–	(20,390)	(20,390)
Transactions with owners							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	17	235,903	238,389	–	–	–	474,309
Share buyback of ordinary shares, net of tax	(5)	–	–	5	–	–	–
Movement due to equity-settled share-based payments	–	–	–	–	1,649	10,125	11,774
30 September 2021	12	235,903	238,389	5	1,649	(10,265)	465,693
Comprehensive profit							
Profit and total comprehensive profit for the year	–	–	–	–	–	14,728	14,728
Transactions with owners							
Issue of options as consideration for a business combination, net of transaction costs and tax	–	–	–	–	28,346	–	28,346
Movement in equity-settled share-based payments	–	–	–	–	4,695	78	4,773
30 September 2022	12	235,903	238,389	5	34,690	4,541	513,540

Notes to the Company Financial Statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

General information

Auction Technology Group plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act. The Company was incorporated on 18 January 2021 and the comparative period covers the 8.5 months ended 30 September 2021.

The Company is a public company limited by shares and is registered in England and Wales. The registered office of the Company can be found on page 132.

The principal activity of the Company is to act as an investment holding company that provides management services to its subsidiaries.

Basis of preparation

These financial statements present information about the Company as an individual undertaking and not about its Group. These financial statements have been prepared under the historic cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of share-based payments;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures", including disclosures in respect of the compensation of key management personnel;
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 "Impairment of Assets"; and
- a separate Statement of Profit or Loss in line with the Section 408 exemption.

Where required, equivalent disclosures are given in the Consolidated Financial Statements.

The Company has no other related party transactions other than the compensation of key management personnel, set out in Note 23 of the consolidated Group financial statements.

The principal accounting policies adopted are the same as those set out in note 1 to the Consolidated Financial Statements except as noted below.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Impairment of investments

The Company evaluates its investments for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, an impairment is recorded.

2. Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements and estimates made by the Directors in the application of these accounting policies that have significant effect on these financial statements and estimates with a significant risk of material adjustment in the next financial year are set out below.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

There are no significant estimates or judgements in the financial statements.

3. Staff costs

The Company has no employees other than the Directors. The monthly average number of persons employed by the Company during the year amounted to three (2021: three). Details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 98 to 112.

4. Auditor's remuneration

The fees payable for the audit of the Company's annual accounts amounted to £13,700 (2021: £0.5m).

Financial Statements

Notes to the Company Financial Statements continued

5. Investments

	30 September 2022 £000	30 September 2021 £000
1 October	134,048	–
Additions	136,303	134,048
30 September	270,351	134,048

In September 2022, the Company restructured its investments resulting in an increased investment in Auction Topco Limited of £11.9m and Auction Holdco Limited, previously an indirect investment becoming a direct subsidiary following the transfer of its shares from Auction Midco Limited to the Company at book value of £124.7m.

Details of the principal subsidiary undertakings of the Company at 30 September 2022 can be found in note 25 of the Consolidated Financial Statements.

6. Trade and other receivables

	30 September 2022 £000	30 September 2021 £000
Current		
Other debtors and prepayments	340	105
	340	105
Non-current		
Deferred tax asset	229	–
Amounts owed by Group undertakings	246,228	111,594
	246,457	111,594
	246,797	111,699

Amounts owed by Group undertakings is a loan with interest rate of 5.5% and repayable in September 2029.

7. Cash and cash equivalents

	30 September 2022 £000	30 September 2021 £000
Restricted cash	–	223,776
	–	223,776

As a result of the capital raising on 17 June 2021, the cash, net of transaction fees associated with the acquisition and financing of acquisition of LiveAuctioneers was transferred to an escrow account. The funds held at 30 September 2021 were restricted and are not available to circulate within the Group on demand. The funds were released on 1 October 2021 for the acquisition of LiveAuctioneers (see note 11 of the Consolidated Financial Statements).

8. Trade and other payables

	30 September 2022 £000	30 September 2021 £000
Trade payables	112	–
Corporation tax	1,781	–
Amounts owed to Group undertakings	235	–
Payroll tax and other statutory liabilities	153	49
Accruals	1,327	3,781
	3,608	3,830

9. Share capital and reserves

	30 September 2022 £000	30 September 2021 £000
Authorised, called up and fully paid		
120,525,304 ordinary shares at 0.01p each (2021: 119,999,990 ordinary shares at 0.01p each)	12	12
	12	12

Further details of movements in share capital and reserves are outlined in note 20 of the Consolidated Financial Statements.

Reserves

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

Retained losses

Retained losses represent the profits/(losses) of the Group made in current and preceding years.

Share option reserve

The share option reserve relates to share options awarded (see note 21 of the Consolidated Financial Statements).

Other reserve

The other reserve comprised:

- a merger reserve that arose on the Group reorganisation and is the adjustment of the cost of the equity to reflect the statutory share capital and share premium of Auction Topco Limited; 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.

10. Post balance sheet events

On 10 October 2022, Auction Bidco Limited, a subsidiary company, made a prepayment of \$43.7m on the Senior Term Facility. In the absence of any other prepayments, the next scheduled repayment would be \$8.7m on 31 March 2024.

There were no other events after the balance sheet date.

Glossary

Glossary

A&A	Art & Antiques
Auction Mobility	Auction Mobility LLC
Bidder sessions	web sessions on the Group's marketplaces online within a given time frame
BidSpotter	the Group's marketplaces operated via the www.BidSpotter.co.uk and www.BidSpotter.com domain
Big 4	Christie's, Sotheby's, Phillips and Bonhams A&A auction houses
EBITDA	earnings before interest, taxes, depreciation and amortisation
GMV	gross merchandise value, representing the total final sale value of all lots sold via winning bids placed on the marketplaces or the platform, on a proforma basis, excluding additional fees (such as online fees and auctioneers' commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
i-bidder	the Group's marketplace operated by the www.i-bidder.com domain
I&C	Industrial & Commercial
KPIs	key performance indicators
LiveAuctioneers Group	the Group's marketplace operated via the www.liveauctioneers.com domain
Live auctions	Live auctions typically feature a physical auction room (with bidders participating in the room and by phone) supplemented by bids made online. Lots are run consecutively and so apart from the first lot there is no fixed time for specific lots to be called
Lot-tissimo	the Group's marketplace operated via the www.lot-tissimo.com domain
LTIP Awards	the Company's Long Term Incentive Plan
Marketplaces	the online auction marketplaces operated by the Group
Conversion rate	represents GMV as a percentage of THV; previously called "online share"
Proforma basis	certain measures have been used as the acquisition of LiveAuctioneers on 1 October 2021 and Auction Mobility on 16 October 2020 have affected the comparability of the Group's results of operations for FY22. The measures are presented for the Group to provide comparisons of the Group's results between FY21 and FY22 as if the acquisitions had occurred on 1 October 2020. In addition, proforma revenue is stated at constant exchange rates with the prior year comparatives being restated using current year exchange rates. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results
Proxibid	the Group's marketplace operated via the www.proxibid.com domain
The Saleroom	the Group's marketplace operated via the www.the-saleroom.com domain
Take rate	represents the Group's marketplace revenue as a percentage of GMV. Marketplace revenue is the Group's reported revenue excluding Content and Auction Services revenue
THV	total hammer value, representing the total final sale value of all lots listed on the marketplaces or the platform, on a proforma basis, excluding additional fees (such as online fees and auctioneers' commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
Timed auctions	auctions which are held entirely online (with no in-room or telephone bidders) and where lots are only made available to online bidders for a specific, pre-determined timeframe
Verticals	like-for-like industry or inventory, for example, art and antiques, industrial and construction, consumer surplus and returns and sub-verticals such as equine, real estate and classic cars

Shareholder Information

Company website

The Company's website at www.auctiontechnologygroup.com contains the latest information for shareholders.

Annual General Meeting

The 2023 AGM will be held on 26 January 2023 at 2:00pm at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL. The AGM provides the Board with the opportunity to engage with shareholders. Full details of the business to be considered at the meeting will be included in the Notice of Annual General Meeting. The Notice of Meeting and all other details for the AGM will be available on the Company's website, www.auctiontechnologygroup.com.

Share price information

The latest price of the Company's ordinary shares is available on www.londonstockexchange.com. ATG's ticker symbol is ATG.

Registrar

The Company's share register is maintained by Equiniti. Shareholders should contact the registrar, Equiniti, in connection with changes of address, lost share certificates, transfers of shares etc and they can be contacted as follows:

Shareholder helpline: 0371 384 2030 (International +44 121 415 7047). Open Monday to Friday 08:30am to 5.30pm.

Further contact details can be found here: <https://equiniti.com/uk/contact-us/shareholder-enquiries/>

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex
BN99 6DA

Electronic communications

If you would like to receive all shareholder information such as the Annual Report and Notice of Meeting via our website and receive a notification by email each time new information is available, please register for electronic communications at www.shareview.co.uk.

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