AUCTION TECHNOLOGY GROUP PLC

FULL YEAR RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Strong operational and financial results ahead of expectations as we continue to support the transformation of the auction industry

London, United Kingdom, 2 December 2021 – Auction Technology Group plc ("ATG", "the Company", "the Group") (LON: ATG), operator of the world's leading marketplaces for curated online auctions, reports strong financial results for the year ended 30 September 2021.

2021 Highlights

Financial results

	FY21	FY20	Movement
Adjusted[1]			
Aggregate revenue[1&2]	**£70.1m**	£52.3m	+34%
Aggregate adjusted EBITDA[1&2]	**£31.8m**	£22.2m	+43%
Aggregate adjusted EBITDA margin %[1&2]	**45%**	42%	+3pp
Adjusted diluted earnings/(loss) per share[1]	**6.6p**	(5.6p)	+218%
Adjusted free cash flow[1]	**£30.4m**	£14.0m	+117%
Adjusted net cash/(debt)[1]	**£24.6m**	£(200.4)m	+112%
Reported (FY20 represents only 8.5 months of trading)			
Revenue	**£70.1m**	£35.5m	+98%
Operating loss	**£(20.6)m**	£(5.0)m	-312%
Loss before tax	**£(27.3)m**	£(19.0)m	-44%
Basic loss per share	**(33.6)p**	(34.3)p	+2%
Cash generated by operations	**£15.9m**	£6.8m	+134%

Financial Highlights

- Revenue of £70.1m, a 34% increase on an aggregate basis year-on-year, with growth achieved in all six of the Group's marketplaces
- Adjusted EBITDA of £31.8m, a margin of 45%
- Loss before tax of £27.3m after share-based payments expense and charges for exceptional items, primarily related to the IPO and acquisition of LiveAuctioneers and intangible asset amortisation
- Refinancing complete, with a five-year New Senior Facilities Agreement, including a $204.0m term loan for the LiveAuctioneers acquisition and $49.0m revolving credit facility
- Strong cash generation, with £30.4m of adjusted free cash flow in the period and a closing net cash position of £24.6m

Operational Highlights

- Successful IPO, enhancing our ability to grow and lead the transformation of the auction industry
- Total hammer value[3] ("THV") up 31% year-on-year, to £6.3bn with the attraction of new volume and verticals to auctions further expanding options for growth
- Online share[3] of 35%, up 2pp year-on-year; shift from live to timed[3] auctions continuing across our marketplaces
- Gross merchandise value[3] ("GMV") of £2.2bn, up 38% year-on-year as a result of the increased THV and online share
- Over 120m bidder sessions[3], growth of 14% year-on-year driven by the increasing appeal of the curated online channel and by the range and quality of our inventory
- Strengthened our team and technology, expanded our product and service offering
- Acquisition of Auction Mobility during the year, and LiveAuctioneers on 1 October 2021, transforms our capabilities, reach and differentiation

Current trading and outlook

We delivered annual revenue growth of 34% in FY21, a fiscal year which includes three quarters with very strong growth supported by the shift online accelerated by COVID-19 compared to prior years' quarters before the impact of COVID-19 had occurred and the final quarter lapping a COVID-19 impacted quarter in FY20. In that final quarter, including Live Auctioneers on a pro-forma basis, we saw very encouraging revenue growth rates in the low double digits. The new financial year has started ahead of our expectations with positive trends continuing across our core marketplaces.

We anticipate FY22 revenue growth of high single digit to low double digits, ahead of our original IPO guidance and analyst consensus, and remain confident of achieving our medium-term growth target of mid-teens plus revenue growth (pro-forma from FY19). We expect continued improvement in our underlying operating margin but this will be offset in FY22 by a combination of full year plc costs, the impact of lower margin Payments revenue and an incremental c.£2m of growth-focused investment. We remain confident in achieving adjusted EBITDA margin percentages in the mid-high 40's over the medium term.

John-Paul Savant, Chief Executive Officer of Auction Technology Group plc, said:

"I am proud of our achievements as a newly listed company over the past 12 months. Our success has been driven by the foundation we have built over the last five years and by the enormous efforts of our committed team at ATG working closely with our auctioneers, bidders and partners, which is collectively allowing us to continue to progress our mission of transforming the auction industry. We delivered revenue growth of 34% and were excited to welcome Auction Mobility and, following our financial year end, LiveAuctioneers, to the Group. These are both examples of highly attractive opportunities aligned with our desire to add value to our offering for auctioneers and bidders and to enable an ambitious growth strategy which provides additional value to all our stakeholders.

"We are ideally placed to lead and benefit from the auction industry's ongoing structural shift to online and increased consumer demand for auctions, and we are focused on unlocking the value of the curated secondary goods market. Our financial and strategic progress reflects this compelling opportunity – we look forward to continuing to accelerate the growth of the circular economy and further enhancing an important channel of sustainable commerce."

Webcast presentation

There will be a webcast presentation for analysts this morning at 9.30am. Please contact ATG@tulchangroup.com if you would like to attend.

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About Auction Technology Group plc

Auction Technology Group plc ("ATG") is the operator of the world's leading marketplaces and auction services for curated online auctions, seamlessly connecting bidders from around the world to over 3,800 trusted auction houses across two major sectors: Industrial & Commercial ("I&C") and Art & Antiques ("A&A").

The Group powers seven online marketplaces using its proprietary auction platform technology, hosting in excess of 70,000 live and timed auctions each year. ATG has been supporting the auction industry since 1971 and the Company has offices in the UK, US and Germany.

LEI Number: 213800U8Q9K2XI3WRE39

1. The Group provides alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards as adopted by the EU. 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 2 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. FY20 represents only an 8.5 month period to 30 September 2020. To aid comparability of the Group's results aggregate measures have been used for the FY20 period as if the acquisitions of the Standalone ATG and Proxibid Group had occurred on 1 October 2019. For further detail refer to note 2.
3. Refer to glossary for full definition of the terms.

CEO REVIEW

We have delivered strong operational and financial results whilst simultaneously delivering value to auctioneers and bidders, managing historically high levels of online auction activity across all our marketplaces.

Overview

The past 12 months saw ATG take yet another large step in its mission to transform the auction industry.

Before covering what we have achieved this year, I wanted to take a moment to recognise briefly how the transformation of the Company in FY20 enabled such a strong FY21.

In FY20, just as the pandemic hit, we bought Proxibid, a major auction marketplace in North America. We then focused on the extreme demands placed by COVID-19 on every aspect of ATG.

While the pandemic presented significant challenges for us, our auctioneer customers and bidders, we were aided by the fact that the industry had already been going through a structural shift from offline to online for the past 15 years. The pandemic simply accelerated this transition.

Auctioneers moved heavily into timed auctions and bidders who used to bid online, in the room or on the phone were often given online as the only choice. This important dynamic affected not only our customers but our employees as well. Our team went from one in which we worked in the office five days per week to one where we are almost never in the office.

While this change would have been a challenge for any other business, our team supports customers conducting events and sales where the auction activity and bidding activity is happening in real time. Real time support means that any glitch is felt instantly, and quality is paramount. As auctioneers increased the amount of their business being conducted online, the need for robust technology and quality service was even more imperative.

The fact that our team of c.250, spread across the US, UK, and Europe, has for the past 18 months been able to transfer so effectively from office to home-work life while remotely supporting almost 1,000 auctions per week on our technology, is a testament to their dedication, ability, knowledge, and raw perseverance. Their performance the previous year in incredibly challenging personal and work situations is truly commendable. Their work is what enabled us to have the FY21 we delivered.

In FY21, we delivered strong operational and financial results whilst simultaneously managing historically high levels of online auction activity across all our marketplaces, as well as significant corporate events. In October 2020, we purchased Auction Mobility, the best white label provider to the art, antiques, and collectables sector globally. In June 2021 we announced the proposed acquisition of LiveAuctioneers, the largest curated online marketplace for Art & Antiques ("A&A") in North America. This will add a massive and fast-growing new geography to our A&A network and greatly expand both the inventory we offer and the breadth of bidder base for auctioneers.

In February 2021, we successfully led an Initial Public Offering ("IPO") of the Company on the London Stock Exchange. The transition to becoming a public company has given us access to capital to grow and continue to lead the transformation of the industry; it has enabled us to fund the purchase of LiveAuctioneers post the year end in October 2021, with additional institutional funding; it also gives us a more visible platform, with valuable transparency, and demonstrates a commitment to our customers that we hold ourselves and our strategy accountable to a public level of scrutiny. This supports our credibility with customers as they look to choose their online partner of the future, providing the reassurance of our solid financial profile and giving them the confidence that we will be able to serve them as a reliable and trusted partner for many years to come.

Summary of operating performance

We have seen revenue increase this year, reflecting an increase in THV, GMV, number of bidder sessions and online share. Through our platforms, we attracted over 680,000 bidders from 160 countries to 44,000 auctions and sold c6.0 million items on our marketplaces.

We delivered strong financial results and added value to the auction industry in unique circumstances.

We firmly believe that the shift online will continue as we move into our post COVID-19 future, as we have demonstrated the advantages that online selling and buying bring to both sides of the marketplace.

Supporting our stakeholders

Over the last year, we focused on:

1. Supporting our customers – both auctioneers and bidders – to enable them to keep running their businesses
2. Supporting our employees, both in terms of physical and mental health
3. Emerging from the pandemic in a stronger position than we entered it

We delivered against all of these priorities.

We supported our customers. The auction industry, across all verticals, is moving increasingly from live auctions to timed. We acted swiftly to facilitate this change. We invested heavily in our client relationship management capabilities to better help auctioneers optimise their digital marketing spend. We also invested in tools such as our timed bidding dashboard which made it more convenient and efficient for them to run online. For bidders, we invested in better user experience, and kept almost 1,000 auctions up and running each week, facilitating the sale of over £6bn of second-hand items in the past year. For many whose businesses depend on buying at auction, this meant they could keep going.

We supported our people. We supported our people with a structured health and wellness programme that was packed with activities each month to help people focus time on their wellbeing. These included flexible working when needed, access to an employee assistance and support helpline, external talks with nutritionists, and scheduled get-togethers to keep in touch regularly. In our annual survey, our employees rated as exceptionally positive our response to taking care of their and their families' wellbeing this past year.

We are emerging from the pandemic stronger than we entered it. We grew our key financial metrics, we strengthened our team, and we reinforced our technology. When combined with the expansion of our bidder base, we are now undeniably more valuable to auctioneers and to bidders than just one year ago. We successfully integrated Proxibid operationally into the Group and enabled cross-listing on the BidSpotter and Proxibid platforms, resulting in a higher online share from the cross pollination of bidders. The acquisition of Auction Mobility at the beginning of the financial year, and the acquisition of LiveAuctioneers post the year end, will further transform our capabilities and strengthen our position. One of the value drivers for acquiring LiveAuctioneers is their online payments product, which we intend to roll out in the latter half of FY22 to ATG's North American customers and then into Europe.

The past year has transformed the industry and the value of what we provide to auctioneers and bidders. An industry with a history and business model thousands of years old demonstrated that the move it had made online amidst the pandemic was truly a structural shift, evolving with the needs and expectations of customers and aligned with online commerce trends.

As we continue to invest in serving auctioneers and their consignors, as well as the growing pool of bidders both internationally and domestically, we will unlock further value in this exciting and diverse segment of digital commerce.

Our purpose and strategic focus
We exist to unlock the value of the curated secondary goods market for the benefit of auctioneers, buyers, and our society as a whole. By giving millions of items second, third, and even infinite lives, we are accelerating the growth of the circular economy and creating a new global channel of sustainable commerce.

We connect bidders to millions of curated specialised and unique items sold by auctioneers each year. We are changing the way millions of people buy and sell tens of billions of pounds worth of secondary market items by providing an integrated suite of digital products and services that expand the capabilities and reach of auctioneers, while presenting bidders with the best end-to-end online bidding experience for auctions.

We are leading the transformation of the auction industry by building close partnerships with our auctioneer customers as part of a shared success business model and by establishing ourselves as the most trusted and easy buying option for bidders. We use our insight, digital expertise, technical breadth, and passion for the auction industry to drive better outcomes for the consignors and buyers of goods at auction. In the process, we attract more assets to this powerful channel for accelerating the adoption of a more circular economy.

Our vision is to be the largest curated online marketplace in the world for secondary items traded at auction.

Our strategy for achieving this is to provide clear value to both auctioneers and their consignors, as well as to bidders, through an integrated product and service offering that meets the end-to-end expectations of auctioneers and bidders alike.

For our auctioneer customers, we help auction houses achieve target asset sale prices for their consignors by giving auction houses access to world-leading digital marketplaces that massively extend their audience reach. Putting them into contact with bidders from over 160 countries around the world, generating over 120 million web sessions per year, helps auctioneers ensure that they have maximised the number of eyeballs on each and every item they are selling and therefore feel confident they have achieved the maximum possible sale price for their consignor. At the same time as driving their top line higher, our integrated offering helps auctioneers lower their operating costs by eliminating process and service inefficiencies and delivering high return on investment for their marketing spend, resulting in more profitable auction houses.

For bidders, our strategy is to enable them to benefit from the incredible range and value available in the secondary market by giving them access to the best and largest selection of specialised and unique secondary market items in the world in an efficient, trusted, and secure online marketplace environment.

Our strategy plays out through execution against six growth levers:
- Extending our addressable market
- Growing our online share
- Enhancing the network effect
- Expanding operating leverage
- Growing take rate via value added services
- Pursuing accretive M&A

Executing on all six growth levers while running an IPO process this year is testament to the strength of our value proposition to auctioneers and bidders alike and the commitment and capabilities of our team.

ESG

We believe in doing the right thing, and ESG is both at the heart of our operations and central to our purpose. For the environment, the auction industry plays an important role in accelerating the growth of the circular economy, with the evolution of online auctions supporting the market for second-hand goods. Our services are a vital contribution towards this.

However, we acknowledge that there are environmental impacts of our operations that we must address, which is why, as a new PLC, we have calculated carbon emissions for which we are directly responsible as well as carbon emissions resulting from the use of our products. This is a vital first step to allow us to identify our largest emission sources and therefore where we need to focus future efforts.

For our people, we are committed to being a company where everyone can work and thrive in a supportive environment. Our people bring talent, energy and experience to the business and diversity is vital to our success. In line with our mission to be a trusted partner to our industry we support educational programmes across auctions, technology and the markets we serve, as well as sponsorships and partnerships that promote auctioneering, industry standards and the trade in secondary goods.

Summary

The management team and Board are excited by the year ahead and confident in the value we can continue to bring to the industry.

Auctioneers are entrepreneurs at heart, and innovation in the face of new opportunities or changing circumstances is a hallmark of the most successful. Establishing the true market value for any item has enabled auctions to be one of the longest-standing and most reliable building blocks of the modern commercial economy.

For centuries, auctions have survived and thrived through economic change, wars, the birth of the internet and now, a global pandemic. The auction landscape has been changed forever by this event. New bidders have been introduced to the world of auctions, and bidders who had previously bid only in person and never considered buying online are now using the internet like seasoned dealmakers.

It is too early to know how many of those new bidders will keep coming back to buy at auction and how many will remain online, but, as with all retail-related industries, COVID-19 has accelerated the inexorable shift towards online.

John-Paul Savant
Chief Executive Officer

CFO REVIEW

Group re-structure and presentation of results
The financial results for FY21 are presented for the year ended 30 September 2021. Prior to the Group embarking on its journey to list on the London Stock Exchange, in February 2020 the Group underwent a significant restructure at the same time as acquiring the Proxibid Inc. ("Proxibid Group". Full details of the restructure and the accounting implications are detailed in note 1 of the Consolidated Financial Statements. The reported financial results for FY20 represent only an eight-and-a-half month period to 30 September 2020.

During the current financial year, the Group continued with its growth strategy and acquired Auction Mobility LLC ("Auction Mobility") on 16 October 2020 for consideration of up to £33.4m. The results for Auction Mobility are included within the Auction Services operating segment in FY21.

On 26 February 2021, the Group successfully completed its IPO on the London Stock Exchange. Immediately prior to this, as part of the Group's capital reorganisation, all shares held in Auction Topco Limited, the Group's previous parent company, were transferred to Auction Technology Group plc, a newly incorporated parent entity, in a share for share exchange. The reorganisation did not constitute a business combination under IFRS 3 "Business Combinations" and therefore the Group has presented its Consolidated Financial Statements as though the current Group structure had been in place from the date of incorporation of Auction Topco Limited on 13 January 2020.

The impact of the above restructures affects the comparability of the Group's results. Therefore to aid comparisons between FY20 and FY21 alternative performance measures ("APMs") have been presented. The prior period unaudited aggregate results have been presented as if the acquisitions of Turner Topco Limited ("Standalone ATG") and Proxibid Group had occurred on 1 October 2019 and include the full year actual results for this period.

Note 2 of the Consolidated Financial Statements includes a full reconciliation of all APMs presented to the reported results for FY21 and FY20.

Revenue

	FY21 £m	FY20 £m	Movement
Reported revenue			
Arts & Antiques ("A&A")	16.2	8.4	92.9%
Industrial and Commercial ("I&C")	43.7	24.7	76.9%
Total marketplace	**59.9**	**33.1**	**81.0%**
Auction Services	7.1	0.8	787.5%
Content	3.1	1.6	93.8%
Total	**70.1**	**35.5**	**97.5%**
Aggregate revenue (unaudited)			
Arts & Antiques ("A&A")	16.2	13.4	20.9%
Industrial & Commercial ("I&C")	43.7	34.6	26.3%
Total marketplace	**59.9**	**48.0**	**24.8%**
Auction Services	7.1	1.5	373.3%
Content	3.1	2.8	10.7%
Total	**70.1**	**52.3**	**34.0%**

Group
Reported revenue was £70.1m for the year, an increase of 97.5%, reflecting a full 12-month contribution for FY21 compared to only eight-and-a-half months contribution for FY20. Aggregate revenue grew 34.0%, reflecting strong performance across both the A&A and I&C marketplace segments, which increased 24.8% combined with the contribution from the acquisition of Auction Mobility in FY21 within Auction Services.

Auctioneers across the Group's verticals and geographies remained active, driving growth in THV above historical levels. In addition, the trends accelerated by COVID-19, such as the shift to online auctions, have continued, with the Group's online share remaining strong in spite of the record THV growth.

Art & Antiques
Reported revenue increased by 92.9% and aggregate revenue by 20.9%. The growth in both reported and aggregate revenue was driven by the impact of COVID-19 which has led to an acceleration of the structural trend towards online activity. The second half of FY20 started to see the beginnings of disruption caused by the national lockdowns as a result of COVID-19, particularly in the UK, with some reduction in levels of auction activity. Although there have been further periods of lockdown during FY21, the overall auction activity has been less impacted.

FY21 has benefitted from the deferral of some activity in the second half of FY20, which contributed to overall strong growth in THV in the year.

Industrial & Commercial
Reported revenue increased by 76.9% and aggregate revenue by 26.3%. Revenue grew significantly in the I&C segment due to both THV growth above historic levels and elevated online share.

Overall levels of activity amongst our auctioneer base remained extremely high with a high level of inventory coming to market for sale through auction. THV growth has further benefitted from growth in verticals which have not traditionally been a major source of activity (for example equine and real estate). Elevated levels of THV began in the second half of FY20 and have remained through FY21.

I&C continued to benefit from the structural trends towards online auctions and timed auctions which were significantly accelerated as a result of the COVID-19 pandemic. The Group has not seen material reversion to live auctions from auctioneers who adopted timed auctions for the first time during the early months of COVID-19, which were particularly prevalent in the US I&C market.

Auction Services
The significant increase in the Group's reported and aggregate revenue attributable to Auction Services in FY21 was due to the acquisition of Auction Mobility on 16 October 2020. Revenue from the Group's back-office products remained stable.

Content
There has been an increase in both reported and aggregate revenue year on year. In the second half of FY20 there was a significant decline in reported and aggregate revenue from advertising fees generated by the Antiques Trade Gazette that occurred due to the impact of the COVID-19 pandemic. During the second half of FY21 there has been some recovery in advertising volumes, however, overall it remains below levels achieved pre pandemic.

Financial performance

	Reported			Aggregate	
	FY21 £m	**FY20 £m**	**Movement**	**FY20 £m**	**Movement**
Revenue	70.1	35.5	97.5%	52.3	34.0%
Cost of sales	(24.5)	(15.1)	62.3%	(22.3)	9.9%
Gross profit	**45.6**	**20.4**	**123.5%**	**30.0**	**52.0%**
Administrative expenses	(66.5)	(25.6)	159.8%	(33.1)	100.9%
Other operating income	0.3	0.2	50.0%	0.2	50.0%
Operating loss	**(20.6)**	**(5.0)**	**312.0%**	**(2.9)**	**610.3%**
Adjusted EBITDA (as defined in note 2)	**31.8**	**15.9**	**100.0%**	**22.2**	**43.2%**
Finance income	10.4	–	100.0%	–	100.0%
Finance cost	(17.1)	(14.0)	(22.1)%	(16.4)	(4.3)%
Net finance costs	**(6.7)**	**(14.0)**	**52.1%**	**(16.4)**	**59.1%**
Loss before tax	**(27.3)**	**(19.0)**	**(43.7)%**	**(19.3)**	**(41.5)%**
Tax (expense) / credit	(2.3)	2.6	(188.5)%	2.6	(188.5)%
Loss for the year/period attributable to the equity holders of the Company	**(29.6)**	**(16.4)**	**(80.5)%**	**(16.7)**	**(77.2)%**

Reported loss before tax
The Group's gross profit margin has increased to 65.1%, from the reported margin of 57.5% in FY20. As a result of the Group's operating model, increases in revenue largely flow through to gross profit.

The Group's administrative expenses have increased, reflecting the nature of the one-off events which have taken place during the year such as the IPO and the acquisitions. Costs related to the IPO and the acquisition of Auction Mobility and LiveAuctioneers totalled £21.8m (FY20: £9.8m related to the acquisition of Proxibid and the Group restructuring). These costs have been classified as exceptional items as further detailed in note 2 of the Consolidated Financial Statements. As the Group is now operating in a listed environment and has continued to grow and recruit, employee costs have increased to £21.3m (FY20: £13.3m).

As part of the Group's IPO process shares were issued to Directors and employees and new share option schemes were launched post the IPO. The share-based payment expense was £11.9m, which included a one off charge of £10.9m arising from the equity grants made in the run up to the IPO (FY20: £0.3m). With the addition of Auction Mobility, and the full year charge for previous acquisitions, the Group's acquired intangible assets amortisation charge has also increased to £13.2m (FY20: £7.3m).

The above all contributed to the Group's increased loss before tax of £27.3m (FY20: £19.0m).

Adjusted EBITDA

Adjusted EBITDA and aggregate adjusted EBITDA definitions and reconciliations to the reported results are presented in note 2 of the Consolidated Financial Statements. Adjusted EBITDA increased by 100.0% to £31.8m and aggregate adjusted EBITDA increased by 43.2% for the year ended 30 September 2021. The adjusted EBITDA margin for FY21 was 45.4% and in FY20 was 44.8%. The Group continues to benefit from a high operating leverage with a significant proportion of revenue dropping through to adjusted EBITDA.

Refinancing

During the year the Group has restructured its financing facilities. The following events took place:

- 13 October 2020, an additional loan of $75.0m was entered into under the Old Senior Facilities Agreement, of which $33.5m was drawn down.
- 1 March 2021, proceeds from the IPO were used to part repay the Old Senior Facilities leaving £39.4m outstanding under the facility.
- 17 June 2021, the Old Senior Facilities were repaid in full, and the Group entered into a New Senior Facilities Agreement.
- The New Senior Facilities Agreement comprises:
  - a senior term loan facility (the “New Senior Term Facility”) for $204.0m for the acquisition of LiveAuctioneers. The New 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.
  - a multi-currency revolving credit working capital facility (the “New Revolving Credit Facility”) for $49.0m. Any sums outstanding under the New Revolving Credit Facility will be due for repayment on 17 June 2024, subject to the optionality of two 12-month extensions. The facility had not been drawn down as at 30 September 2021.

Finance costs

Net finance costs were £6.7m (FY20: £14.0m). Finance income of £10.4m (FY20: nil) related to foreign exchange gains of £8.9m, largely arising from the £223.8m cash in escrow balance which is held in US dollars and the £1.5m movement in contingent consideration for Auction Mobility.

Finance costs of £17.1m (FY20: £14.0m) relate to interest costs on the borrowings of £8.1m including the early repayment fees for the Old Senior Facilities Agreement, £2.6m for amortised finance costs and £6.3m interest on the preference shares. In the prior period £8.9m of interest costs were incurred on the preference shares and £5.0m on the Old Senior Facilities Agreement. The preference shares were fully settled as part of the IPO restructure.

Taxation

The overall tax charge during the year was £2.3m, giving an effective tax rate of 8.5% (FY20: credit of £2.6m). The tax charge for FY21 arises due to expenses incurred on the IPO and acquisitions that were not deductible for tax purposes and changes to future tax rates on deferred tax liabilities.

Tax uncertainties and risks are increasing for all multinational groups which could affect the future tax rate. The Group takes a responsible attitude to tax, recognising that it affects all our stakeholders. The Group seeks at all times to comply with the law in each of the jurisdictions in which we operate, and to build open and transparent relationships with those jurisdictions’ tax authorities. The Group’s tax strategy is aligned with the commercial activities of the business, and within our overall governance structure the governance of tax and tax risk is given appropriate priority by the Board.

Loss per share and adjusted earnings per share

Basic loss per share was 33.6p in FY21 compared to 34.3p in FY20. The weighted average number of shares in issue during the period was 88.3m (FY20: 47.8m shares). Adjusted earnings per share for FY21 was 6.6p (FY20: loss of 5.6p). A reconciliation of the Group's basic and diluted loss per share to adjusted earnings per share is set out in note 2 of the Consolidated Financial Statements.

Foreign currency impact

The Group’s reported performance is sensitive to movements in both the US dollar and the euro against the British pound sterling. The pound sterling strengthened by 7.1% against the US dollar and 0.8% on an average rate basis against the euro compared to FY20, as shown in the table below.

	Average rate			Closing rate		
	FY21	**FY20**	**Movement**	**FY21**	**FY20**	**Movement**
Euro	1.14	1.14	0.8%	1.16	1.10	5.2%
US dollar	1.37	1.28	7.1%	1.35	1.29	5.0%

When comparing aggregate revenue in FY20 to FY21, changes to currency exchange rates had an adverse impact on aggregate revenue of £3.1m.

Statement of financial position

Overall net assets have increased by £454.9m to £439.5m at 30 September 2021. Total assets increased by £394.9m, and the main drivers for the increase were the cash held in escrow of £223.8m for the LiveAuctioneers acquisition, the draw down of the New Senior Term Facility of £148.7m and the additional goodwill in respect of Auction Mobility of £19.0m. Total liabilities decreased by £60.0m, primarily due to the change in financing arrangements.

Equity

The capital structure of the Group has undergone two significant events during the year. The first was the IPO on 26 February 2021, when the Company issued 41,239,257 ordinary shares for a cash consideration of £247.4m. The second was the equity raise via a cash-box placing for the LiveAuctioneers acquisition on 17 June 2021, whereby the Company issued 19,999,990 for a cash consideration of £244.0m.

Cash flow and adjusted net debt

The Group continued to be cash generative at the operating level. Cash generated from operations (before tax) amounted to £15.9m (FY20: £6.8m), after incurring cash outflows of £19.1m (FY20: £8.5m) in relation to exceptional items referred to above.

The net cash used in investing activities during the year was £27.3m (FY20: £182.6m) primarily driven by the acquisition of Auction Mobility for £24.9m. The net cash generated from financing activities was £396.1m (FY20: £190.5m) reflecting the repayment of the preference shares, the Old Senior Facilities Agreement, the draw down on the New Senior Term Facility and the equity raises through the IPO and cash-box placing.

Adjusted net cash at 30 September 2021 stood at £24.6m (30 September 2020: net debt of £200.4m). The Group had cash in bank of £173.7m (FY20: £14.2m) and borrowings of £149.0m (FY20: £214.6m).

The Group's adjusted free cash flow was £30.4m (FY20: £14.0m), a conversion rate of 95.7% (FY20: 88.0%). A reconciliation of the Group's cash generated by operations to adjusted free cash flow and adjusted free cash flow conversion is set out in note 2 of the Consolidated Financial Statements.

Dividends

As outlined in our IPO prospectus, 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 FY21 or FY20.

Tom Hargreaves
Chief Financial Officer

Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss
for the year ended 30 September 2021

	Note	**Year ended 30 September 2021 £000**	8.5 months ended 30 September 2020[1] £000
Revenue	4,5	**70,080**	35,478
Cost of sales		**(24,544)**	(15,042)
Gross profit		**45,536**	20,436
Administrative expenses		**(66,506)**	(25,594)
Other operating income		**346**	179
Operating loss	4	**(20,624)**	(4,979)
Finance income	6	**10,394**	2
Finance cost	6	**(17,078)**	(14,002)
Net finance costs	6	**(6,684)**	(14,000)
Loss before tax	4	**(27,308)**	(18,979)
Tax (expense)/credit	7	**(2,322)**	2,591
Loss for the year/period attributable to the equity holders of the Company		**(29,630)**	(16,388)
Other comprehensive loss for the year/period attributable to the equity holders of the Company			
Items that may subsequently be transferred to profit and loss:			
Foreign exchange differences on translation of foreign operations		**(507)**	(440)
Other comprehensive loss for the year/period, net of tax		**(507)**	(440)
Total comprehensive loss for the year/period attributable to the equity holders of the Company		**(30,137)**	(16,828)
Loss per share		**p**	p
Basic and diluted	8	**(33.6)**	(34.3)

The above results are derived from continuing operations.

[1] 8.5 months ended 30 September 2020 represents the period from date of incorporation of Auction Topco Limited on 13 January 2020 to 30 September 2020. See note 1 for details on the Group reorganisation.

Consolidated Statement of Financial Position
as at 30 September 2021

	Note	**30 September 2021 £000**	30 September 2020 £000
ASSETS			
Non-current assets			
Goodwill	10	**141,160**	124,023
Other Intangible assets	10	**68,077**	74,830
Property, plant and equipment		**379**	478
Right of use assets	12	**1,401**	1,924
Deferred tax asset		**366**	–
Trade and other receivables		**85**	88
Total non-current assets		**211,468**	201,343
Current assets			
Trade and other receivables		**9,699**	8,653
Current tax asset		**437**	–
Cash and cash equivalents	11	**397,451**	14,193
Total current assets		**407,587**	22,846
Total assets		**619,055**	224,189
LIABILITIES			
Non-current liabilities			
Trade and other payables		**–**	(522)
Current tax liabilities		**(1,392)**	(1,578)
Loans and borrowings	13	**(148,686)**	(213,444)
Lease liabilities	12	**(775)**	(1,208)
Deferred tax liabilities		**(9,260)**	(11,588)
Total non-current liabilities		**(160,113)**	(228,340)
Current liabilities			
Trade and other payables		**(17,310)**	(7,231)
Current tax liabilities		**(1,168)**	(2,119)
Loans and borrowings	13	**(353)**	(1,159)
Lease liabilities	12	**(657)**	(756)
Total current liabilities		**(19,488)**	(11,265)
Total liabilities		**(179,601)**	(239,605)
Net assets/(liabilities)		**439,454**	(15,416)
EQUITY			
Share capital	14	**12**	11
Share premium	14	**235,903**	–
Other reserve	14	**238,385**	1,125
Capital redemption reserve		**5**	–
Share option reserve		**1,649**	276
Foreign currency translation reserve		**(947)**	(440)
Retained losses		**(35,553)**	(16,388)
Total equity		**439,454**	(15,416)

Consolidated Statement of Changes in Equity
for the year ended 30 September 2021

	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
13 January 2020	–	–	–	–	–	–	–	–
Comprehensive loss								
Loss for the period	–	–	–	–	–	–	(16,388)	(16,388)
Other comprehensive loss	–	–	–	–	–	(440)	–	(440)
	–	–	–	–	–	(440)	(16,388)	(16,828)
Transactions with owners								
Issue of ordinary shares	11	–	1,125	–	–	–	–	1,136
Movement in equity-settled share-based payments	–	–	–	–	276	–	–	276
30 September 2020	11	–	1,125	–	276	(440)	(16,388)	(15,416)
Comprehensive loss								
Loss for the year	–	–	–	–	–	–	(29,630)	(29,630)
Other comprehensive loss	–	–	–	–	–	(507)	–	(507)
	–	–	–	–	–	(507)	(29,630)	(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
Tax relating to items taken directly to equity	–	–	–	–	–	–	64	64
30 September 2021	**12**	**235,903**	**238,385**	**5**	**1,649**	**(947)**	**(35,553)**	**439,454**

Consolidated Statement of Cash Flows
for the year ended 30 September 2021

	Note	**Year ended 30 September 2021 £000**	8.5 months ended 30 September 2020 £000
Cash flows from operating activities			
Loss before tax		**(27,308)**	(18,979)
Adjustments for:			
Amortisation of acquired intangible assets	10	**13,219**	7,306
Amortisation of internally generated software	10	**4,576**	2,843
Depreciation of property, plant and equipment		**228**	167
Depreciation of right of use assets	12	**743**	483
Share-based payment expense	15	**11,892**	276
Loss on disposal of property, plant and equipment		**–**	10
Net exchange differences		**–**	(3)
Net finance costs	6	**6,684**	14,000
Increase in trade and other receivables		**(439)**	(1,527)
Decrease in trade and other payables		**6,271**	2,248
Cash generated by operations		**15,866**	6,824
Income taxes paid		**(6,090)**	(513)
Net cash generated from operating activities		**9,776**	6,311
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	9	**(24,948)**	(181,195)
Payment for internally generated software	10	**(1,956)**	(1,304)
Payment for property, plant and equipment		**(149)**	(81)
Payment of deferred consideration	9	**(234)**	–
Net cash used in investing activities		**(27,287)**	(182,580)
Cash flows from financing activities			
Payment of contingent consideration		**(492)**	(1,847)
Repayment of loans and borrowings		**(108,956)**	(2,697)
Repayment of preference shares		**(117,716)**	–
Proceeds from loans and borrowings		**176,639**	86,088
Proceeds from the issue of preference shares		**714**	111,859
Interest element of lease payments	12	**(74)**	(71)
Capital element of lease payments	12	**(742)**	(509)
Issue of new share capital, net of share issue costs		**473,158**	857
Interest paid		**(26,428)**	(3,187)
Net cash generated by financing activities		**396,103**	190,493
Cash and cash equivalents at beginning of the year/period		**14,193**	–
Net increase in cash and cash equivalents		**378,592**	14,224
Effect of foreign exchange rate changes		**4,666**	(31)
Cash and cash equivalents at the end of the year/period		**397,451**	14,193

Notes to the Consolidated Financial Statements

1. Accounting policies

While the financial information contained in this Preliminary Announcement has been prepared in accordance with the recognition and measurement criteria of International Accounting Standards in conformity with the requirements of the Companies Act 2006, the applicable legal requirements of the Companies Act 2006 and International Financial Reporting Standards ("IFRS") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, this announcement does not itself contain sufficient information to comply with IFRS.

The information for the year ended 30 September 2021 does not constitute statutory accounts for the purposes of Section 435 of the Companies Act 2006. A copy of the accounts for the previous holding company Auction Topco Limited for the year ended 30 September 2020 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified and did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006. The accounts for the year ended 30 September 2021 have been audited and finalised on the basis of the financial information presented by the Directors in this Preliminary Statement and will be delivered to the Registrar of Companies following the Annual General Meeting.

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.

Group reorganisation

On 13 February 2020, Auction Topco Limited, through its subsidiary Auction Bidco Limited, simultaneously purchased Turner Topco Limited and its subsidiaries ("Standalone ATG") and Proxibid Inc. and its subsidiaries ("Proxibid Group") (together forming the "Auction Topco Limited Group"). Prior to the acquisition of Standalone ATG and Proxibid Group, Auction Topco Limited had no trading activity.

On 17 February 2021, as part of the capital reorganisation, all shares held in Auction Topco Limited were transferred to Auction Technology Group plc, a newly incorporated parent entity, in a share for share exchange. Following this reorganisation Auction Technology Group plc completed an Initial Public Offering ("IPO") on the London Stock Exchange for a proportion of its share capital. The Company was admitted to the premium listing segment of the Official List of the FCA and London Stock Exchange's Main Market for listed securities effective 26 February 2021.

As there were no changes in rights or proportion of control exercised because of the insertion of Auction Technology Group plc on top of the existing Auction Topco Limited Group, the reorganisation does not constitute a business combination under IFRS 3 "Business Combinations". Following guidance from IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the integration of the Company has been prepared under merger accounting principles. This policy, which does not conflict with IFRS, reflects the economic substance of the transaction. Under these principles, the Group has presented the Consolidated Financial statements of the Group as though the current Group structure had been in place from the date of incorporation of Auction Topco Limited. The comparative and current year consolidated reserves of the Group are adjusted to reflect the statutory share capital, share premium and other reserve of Auction Technology Group plc as if it had always existed. A merger reserve of £1,527,000 has been recognised in other reserves to complete the equity position as a result of the application of merger accounting (see note 14).

These Consolidated Financial Statements are the first full year set of financial statements presented for the newly formed Group and the prior period comparison is to that of the former Auction Topco Limited Group. Although there has been a capital reorganisation, the underlying structure of the Group is unchanged and as such the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement have been presented on a consistent basis to the prior period.

Basis of preparation

The Consolidated Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The Consolidated Financial Statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. The accounting policies applied in these Consolidated Financial Statements are the same as those applied in the most recent annual financial statements for the predecessor group. The Group has presented its Consolidated Financial Statements of the Group as though the current Group structure had been in place from the date of incorporation of Auction Topco Limited.

The following new accounting standards, amendments and interpretations to accounting standards have been issued but these are not mandatory for 30 September 2021 and they have not been adopted early by the Group:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform
- Amendment to IFRS 16: COVID-19 Related Rent Concessions beyond June 2021
- 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
- IFRS 4: Extension of the temporary exemption from applying IFRS 9
- 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 financial statements of the Group.

Going concern

At 30 September 2021, the Group's adjusted net cash position, excluding lease liabilities and cash held, was £24.6m and comprise of cash and cash equivalents of £173.7m and loans and borrowings of £149.0m.

The following changes took place after the Company was admitted to the London Stock Exchange on 26 February 2021:

- Primary proceeds were used to, amongst other things, repay all outstanding liabilities with financing parties except for the loans under the Senior Facilities Agreement.
- On 1 March 2021 an Amendment and Restatement Deed resulted in £39.4m (US$43.2m and £8.0m) left outstanding under the Old Senior Facilities Agreement.
- As part of the proposed acquisition for LiveAuctioneers Group, a New Senior Facilities Agreement was entered into on 17 June 2021. The New Senior Facilities Agreement includes the following:
    - US$204.0m New Senior Term Facility for the acquisition of LiveAuctioneers Group. The New Senior Term Facility was drawn in full immediately prior to completion of the acquisition on 1 October 2021 and will be due for repayment on 17 June 2026; and
    - US$49.0m multi-currency New Revolving Credit Facility. Any sums outstanding under the New Revolving Credit Facility will be due for repayment on 17 June 2024, subject to the optionality of two 12-month extensions.
- All outstanding liabilities under the Old Senior Facility Agreement were repaid in full on 25 June 2021.

On 17 June 2021, as part of a capital raising the Company issued 19,999,990 ordinary shares of 0.01p each for a cash consideration of £244.0m. The proceeds net of expenses were received and held in escrow for the purposes of the acquisition of LiveAuctioneers Group.

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 viability longer term of three years, which includes the LiveAuctioneers Group acquisition on 1 October 2021 (the "Enlarged Group").

As part of the going concern review the Directors have reviewed the Enlarged Group's forecasts and projections and assessed the headroom on the Enlarged Group's New 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. Even in the most extreme downside scenario (the combination of all downside scenarios occurring at once) modelled the Group would be able to operate within the level of its current available debt facilities and covenants.

As 30 September 2021 the Group has cash of £173.7m (excluding the cash held in escrow) and is in a net current asset position.

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 year ended 30 September 2021.

2. 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 profits or costs 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 CFO's Review, should be referred to in order to fully appreciate all the factors that affect the Group.

Adjusted EBITDA

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

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

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

	Year ended 30 September 2021 £000	8.5 months ended 30 September 2020 £000
Loss before tax	**(27,308)**	(18,979)
Adjustments for:		
Net finance costs (note 6)	**6,684**	14,000
Amortisation of acquired intangible assets (note 10)	**13,219**	7,306
Amortisation of internally generated software (note 10)	**4,576**	2,843
Depreciation of property, plant and equipment	**228**	167
Depreciation of right of use assets (note 12)	**743**	483
Share-based payment expense (note 15)	**11,892**	276
Exceptional operating items	**21,765**	9,789
Adjusted EBITDA	**31,799**	15,885

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

	Year ended 30 September 2021 £000	8.5 months ended 30 September 2020 £000
Reported revenue (note 4,5)	**70,080**	35,478
Adjusted EBITDA	**31,799**	15,885
Adjusted EBITDA margin	**45.4%**	44.8%

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

Share-based payment expense
The Group issued several share awards to employees and Directors before the IPO and operates employee share schemes. Income statement charges relating to such schemes are significant non-cash charges (and related expenses) and are driven by a valuation model which references the Group's share price and future performance expectations. The income statement charge or credit is consequently subject to volatility and does not fully reflect current operational performance.

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 2021 £000	8.5 months ended 30 September 2020 £000
Acquisition costs	**(13,323)**	(7,963)
Listing costs	**(8,442)**	–
Restructuring costs	**–**	(1,826)
Total exceptional operating items	**(21,765)**	(9,789)

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 (see note 17) and Auction Mobility LLC (see note 9). These costs comprise legal, professional and other consultancy expenditure incurred. The business has undertaken focused acquisitive activity in the year which has been strategically implemented to increase income, service range and critical mass of the Group. The cash related to exceptional operating items is £19,058,000 (2020: £8,534,000).

For the period ended 30 September 2020, acquisition costs comprise legal, professional and incidental expenditure incurred in relation to the acquisition of Proxibid Inc. and Turner Topco Limited. Restructuring costs comprise costs levied for professional advice and redundancy costs in connection with restructuring activities.

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

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

Amortisation of intangible assets 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 balance sheet items that relate to M&A activity rather than the trading performance of the business. The adjustment comprises amortisation of acquired intangible assets - brand, customer relationships and non-compete agreements but does not include amortisation of acquired software.

Exceptional finance items
Exceptional finance items include foreign exchange differences arising on the revaluation of the foreign currency loans and cash held on escrow (restricted cash) and costs incurred on the early repayment of loan costs. The income statement charge does not fully reflect current operational performance.

Number of ordinary shares
The 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. The number of ordinary shares for 30 September 2020 reflects the number of shares in issue for the IPO.

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

	Year ended 30 September 2021 £000	8.5 months ended 30 September 2020 £000
Loss attributable to equity shareholders of the Company	**(29,630)**	(16,388)
Adjustments for:		
Amortisation of acquired intangible assets – brand, customer relationships and non-compete agreements	**9,797**	5,345
Exceptional finance items	**(5,652)**	–
Share-based payment expense	**11,892**	276
Exceptional operating items	**21,765**	9,789
Tax on adjusted items	**(1,538)**	(4,583)
Adjusted earnings/(losses)	**6,634**	(5,561)

	Number	Number
Reported weighted average number of shares	**88,248,037**	47,784,365
Adjustment for: weighted average effect of shares issued in the period up to and including the IPO	**11,751,963**	52,215,635
Number of shares in issue at IPO	**100,000,000**	100,000,000
Weighted average number of shares held by the Trust	**(622)**	–
Effect of dilutive share options	**128,106**	–
Number of ordinary shares and dilutive options at 30 September	**100,127,484**	100,000,000
	p	p
Adjusted diluted earnings per share (in pence)	**6.6**	(5.6)

Aggregate revenue, adjusted EBITDA and adjusted EBITDA margin
The Group has made certain acquisitions that have affected the comparability of the Group's results. To aid comparisons between FY21 and FY20 in the CFO's review, the prior period results have been presented to include the full year results as if the acquisitions of Turner Topco Limited ("Standalone ATG") and Proxibid Inc. ("Proxibid Group") had occurred on 1 October 2019. The adjustment below reflects the actual revenue, adjusted EBITDA and adjusted EBITDA margin from Proxibid Group and Standalone ATG for the period 1 October 2019 to 12 February 2020. These aggregate measures will fall away after FY21.

The following table provides reconciliation of aggregate revenue and aggregate adjusted EBITDA from reported results for the year ended 30 September 2020:

	Year ended 30 September 2020 £000
Reported revenue	35,478
Unaudited revenue from 1 October 2019 to 12 February 2020	16,828
Aggregate revenue (unaudited)	52,306
Adjusted EBITDA	15,885
Unaudited adjusted EBITDA from 1 October 2019 to 12 February 2020	6,353
Aggregate adjusted EBITDA (unaudited)	22,238
Aggregate adjusted EBITDA margin (unaudited)	42.5%

Adjusted net cash/(debt)
Adjusted net cash/(debt) comprises external borrowings net of arrangement fees, cash and cash equivalents and allows management to monitor the indebtedness of the Group. Adjusted cash/(debt) excludes lease liabilities and cash held in escrow (restricted cash).

	30 September 2021 £000	30 September 2020 £000
Cash and cash equivalents excluding restricted cash (note 11)	**173,675**	14,193
Current loans and borrowings (note 13)	**(353)**	(1,159)
Non-current loans and borrowings (note 13)	**(148,686)**	(213,444)
Total loans and borrowings	**(149,039)**	(214,603)
Adjusted net cash/(debt)	**24,636**	(200,410)

Adjusted free cash flow and adjusted free cash flow conversion
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 IFRS for an internally generated intangible asset. Movement in working capital is adjusted for balances relating to exceptional items. The Group monitors its operational efficiency with reference to operational cash conversion, defined as free cash flow as a percentage of adjusted EBITDA.

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

	Year ended 30 September 2021 £000	8.5 months ended 30 September 2020 £000
Adjusted EBITDA	**31,799**	15,885
Cash generated from operations	**15,866**	6,824
Adjustments for:		
Exceptional items	**21,765**	9,789
Working capital from exceptional and other items	**(5,098)**	(1,255)
Additions to internally generated software (note 10)	**(1,956)**	(1,304)
Additions to property, plant and equipment	**(149)**	(81)
Adjusted free cash flow	**30,428**	13,973
Adjusted free cash flow conversion (%)	**95.7%**	88.0%

3. 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 and other intangible assets

At least on an annual basis 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 10). The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount 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 used is appropriate given the risks associated with the specific cash flows. Although based on the sensitivity analysis performed there is no impairment charge to goodwill or other intangible assets, and this estimate does not meet the definition of a key source of estimation uncertainty as per IAS 1, it is considered appropriate to disclose this as an area of significant estimation due to the size of the balance and the fact that it could change as a result of future events.

Contingent consideration arising on the acquisition of Auction Mobility

The Group acquired Auction Mobility LLC on 16 October 2020. The consideration comprised US$33.0m, which was paid on completion, deferred consideration of US$0.3m and a contingent amount up to a maximum of US$10.0m, which is payable in early 2022 subject to the achievement of certain revenue targets. For further details please see note 9.

Management has prepared a forecast of the expected revenue performance and fair valued the contingent consideration using a weighted average probability model, discounting the cash outflow to its net present value using a risk-free rate. Forecasting expected revenue performance inherently requires estimation and the potential range of outcomes of the contingent consideration payable is US$nil to US$10.0m.

Judgements

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 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.

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 10 years; software has a UEL of three years; and non-compete agreements have a UEL of four years.

4. Operating segments

Segmental information is presented in respect of the Group's segments and reflects 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. Following the acquisition of Auction Mobility during the year, a fourth operating segment for Auction Services has been separated from the previous three reported segments. The comparative split of segmental revenue has been restated to separately analyse Auction Services products previously incorporated into the A&A and I&C segments. This change is an alignment of how the businesses are managed internally.

The four operating segments are as follows:

- **Arts & Antiques ("A&A") auction revenues:** focused on offering auction houses that specialise in the sale of arts and antiques access to the platforms thesaleroom.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. 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 our 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 also 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/period by reportable segment is as follows:

	Year ended 30 September 2021					
	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 2 for definition and reconciliation)	13,938	37,897	5,276	1,063	(26,375)	**31,799**
Amortisation of intangible assets (note 10)	(4,307)	(12,321)	(1,167)	–	–	**(17,795)**
Depreciation of property plant and equipment	(53)	(160)	(6)	(9)	–	**(228)**
Depreciation of right of use assets (note 12)	(259)	(410)	(17)	(57)	–	**(743)**
Share-based payment expense (note 15)	(1,415)	(3,276)	(61)	–	(7,140)	**(11,892)**
Exceptional items (note 2)	–	–	(1,107)	–	(20,658)	**(21,765)**
Operating profit/(loss)	7,904	21,730	2,918	997	(54,173)	**(20,624)**
Net finance costs (note 6)	–	–	–	–	(6,684)	**(6,684)**
Profit/(loss) before tax	7,904	21,730	2,918	997	(60,857)	**(27,308)**

	8.5 months ended 30 September 2020					
	A&A £000	I&C £000	Auction Services £000	Content £000	Centrally allocated costs £000	Total £000
Revenue	8,352	24,684	840	1,602	–	35,478
Adjusted EBITDA (see note 2 for definition and reconciliation)	6,932	19,747	672	513	(11,979)	15,885
Amortisation of intangible assets (note 10)	(2,686)	(7,463)	–	–	–	(10,149)
Depreciation of property plant and equipment	(36)	(121)	(5)	(5)	–	(167)
Depreciation of right of use assets (note 12)	(189)	(244)	(10)	(40)	–	(483)
Share-based payment expense (note 15)	–	–	–	–	(276)	(276)
Exceptional items (note 2)	–	(4,767)	–	–	(5,022)	(9,789)
Operating profit/(loss)	4,021	7,152	657	468	(17,277)	(4,979)
Net finance costs (note 6)	–	–	–	–	(14,000)	(14,000)
Profit/(loss) before tax	4,021	7,152	657	468	(31,277)	(18,979)

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 2021		30 September 2020	
	Total non-current assets £000	**Additions to non-current assets £000**	Total non-current assets £000	Additions to non-current assets £000
A&A	**50,433**	**1,714**	53,448	56,310
I&C	**133,320**	**715**	147,652	155,464
Auction Services	**27,218**	**29,511**	56	70
Content	**131**	**10**	187	219
	211,102	**31,950**	201,343	212,063

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 2021 £000	8.5 months ended 30 September 2020 £000
Product and customer types		
A&A	**16,203**	8,352
I&C	**43,695**	24,684
Auction Services	**7,129**	840
Content	**3,053**	1,602
	70,080	35,478
Primary geographical markets		
United Kingdom	**18,901**	9,605
North America	**47,773**	24,116
Germany	**3,406**	1,757
	70,080	35,478
Timing of transfer of goods and services		
Point in time	**62,142**	32,886
Over time	**7,938**	2,592
	70,080	35,478

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

	30 September 2021 £000	30 September 2020 £000
Contract assets	**597**	784
	597	784
Contract liabilities	**1,367**	575
	1,367	575

6. Net finance costs

	Year ended 30 September 2021 £000	8.5 months ended 30 September 2020 £000
Foreign exchange gain	**8,923**	–
Interest income	**9**	2
Movements in contingent consideration (note 9)	**1,462**	–
Finance income	**10,394**	2
Interest on loans and borrowings	**(8,071)**	(5,014)
Movements in contingent consideration	**–**	(31)
Interest on lease liabilities	**(65)**	(71)
Interest payable on preference shares	**(6,328)**	(8,886)
Amortisation of finance costs	**(2,614)**	–
Finance cost	**(17,078)**	(14,002)
Net finance costs	**(6,684)**	(14,000)

7. Taxation

	Year ended 30 September 2021 £000	8.5 months ended 30 September 2020 £000
Current tax		
Current tax on loss for the year	**4,566**	2,174
Adjustments in respect of prior years	**(40)**	–
Total current tax	**4,526**	2,174
Deferred tax		
Current year	**(3,039)**	(4,765)
Adjustments from change in tax rates	**1,299**	–
Adjustments in respect of prior years	**(464)**	–
Deferred tax	**(2,204)**	(4,765)
Tax expense/(credit)	**2,322**	(2,591)

The tax on the Group's 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 2021 £000	8.5 months ended 30 September 2020 £000
Loss before tax	**(27,308)**	(18,979)
Tax at United Kingdom tax rate of 19% (2020: 19%)	**(5,189)**	(3,606)
Tax effect of:		
Expenses not deductible for tax purposes	**6,839**	3,388
Differences in US tax rates	**283**	70
Deferred tax not recognised	**(381)**	102
Adjustment to tax charge in respect of deferred tax arising on acquisition	**(25)**	(3,218)
Adjustments to tax charge in respect of current period deferred tax	–	673
Adjustments in respect of change in tax rates	**1,299**	–
Adjustments in respect of prior years	**(504)**	–
Tax expense/(credit)	**2,322**	(2,591)

The Group's tax affairs are governed by complex 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 2021 amounted to £1,392,000 (2020: £1,576,000).

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. The effect of the rate increase is reflected in the Consolidated Financial Statements as has been substantively enacted at the balance sheet date. The current tax expense for the year would have been £5,607,000 if the expected increased rate of corporation tax at 25% for the UK entities had applied.

8. Loss per share

Basic 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 earnings 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 ended 30 September 2021, the Group awarded conditional share awards to Directors and certain employees through an LTIP (see note 15). 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 2021 £000	8.5 months ended 30 September 2020 £000
Loss attributable to equity shareholders of the Company	**(29,630)**	(16,388)

As set out in note 1, a reorganisation of the Group in February 2021 has resulted in a significant change in the capital structure of the Company. This is reflected in the weighted average numbers of shares used in the basic loss per share calculations which are as follows:

	Number	**Number**
Weighted average number of shares	**88,248,037**	47,784,365
Weighted average number of shares held by the Employee Benefit Trust	**(622)**	–
Weighted average number of shares	**88,247,415**	47,784,365
Dilutive share options	**128,106**	–
Basic and diluted loss per share (in pence)	**(33.6)p**	(34.3)p

9. 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 $43,308,000 (equivalent to £33,350,000), comprising upfront cash consideration of $33,000,000 (equivalent to £25,424,000), deferred consideration of $305,000 (£234,000) and contingent consideration of up to a maximum $10,000,000 (equivalent to £7,692,000), 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 £3,918,000. 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 US$13,786,000 (equivalent to £10,604,000). The acquisition accounting is set out below.

	At 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 10)	**18,972**
Total consideration	**29,576**
Consideration satisfied by:	
Cash consideration	25,424
Contingent consideration	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 of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition costs of £1,107,000 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 2).

The fair value of the assets acquired includes gross trade receivables of £462,000 which are expected to be fully recoverable.

The Group's contingent consideration as at 30 September 2021 amounted to £2,301,000. 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 £1,462,000 (2020: £nil) in these fair values was reported as a 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 £5,801,000 to Group revenues and a profit of £246,000 for the period ended 30 September 2021. If the acquisition had occurred on 1 October 2020, Group revenue would have been £70,326,000 and Group loss before tax would have been £27,348,000.

10. 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								
13 January 2020	–	–	–	–	–	–	–	–
Acquisition of business	9,373	54,429	11,283	–	75,085	8,590	124,023	207,698
Additions	–	–	–	–	–	1,304	–	1,304
1 October 2020	9,373	54,429	11,283	–	75,085	9,894	124,023	209,002
Acquisition of business (note 9)	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**
Amortisation and impairment								
13 January 2020	–	–	–	–	–	–	–	–
Amortisation	1,961	4,717	628	–	7,306	2,843	–	10,149
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**
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**

Impairment assessments for cash-generating units ("CGUs") containing goodwill
During the year, the goodwill in respect of each of the CGUs was tested for impairment. The Group tests for impairment of goodwill at the operating segment level (see note 4) representing an aggregation of CGUs reflecting the level at which goodwill is monitored.

The recoverable amount for CGU groups has been determined on a value in use basis ("VIU"). The key assumptions are those regarding the projected cash flows, the long-term growth rate and the discount rates applied.

The carrying amount of goodwill recorded in the CGU groups and basis of recoverable amounts are set out below:

	30 September 2021 £000	30 September 2020 £000	Valuation method	Long-term growth rate	Discount rate
A&A	**32,742**	32,742	VIU	2.00%	9.07%
I&C	**90,179**	91,281	VIU	2.24%	10.12%
Auction Services	**18,239**	–	VIU	2.24%	10.12%
Total goodwill	**141,160**	124,023			

The Directors have determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach
Estimated future cash flows	are determined by reference to the budget for the year following the balance sheet date and forecasts for the following two 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 Group's benchmarked weighted average cost of capital ("WACC"). They represent the Group's assessment of the current market and other risks specific to the CGUs.

Sensitivity analysis
Sensitivity analysis has been performed based on changes to key assumptions considered to be reasonably possible by management. Sensitivity analysis has been performed around the key assumptions including, reducing the long-term growth rate, increasing the discount rates in isolation, reducing the long-term growth rate and discount rate by 100 BPS and applying the long-term growth rate to the FY21 cash flows which reduces the three-year CAGR. Results for both goodwill and intangibles testing showed that the CGU was not impaired when applying these reasonably possible sensitivity scenarios.

11. 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 2021 £000	30 September 2020 £000
Cash in bank	**173,675**	14,193
Restricted cash	**223,776**	–
	397,451	14,193

Cash in bank includes cash of £2,402,000 (2020: £nil) 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 (see note 17), was transferred to an escrow account. These funds are restricted and are not available to circulate within the Group on demand.

12. Leases

The Group leases assets including property, motor vehicles and computer equipment.

The German office lease expired in July 2021 but included an option to extend through to July 2027. For the year ended 30 September 2020, the Directors concluded that it was reasonably certain that they would exercise the option to extend the lease through July 2027 and had therefore accounted for the lease cost over that period. However, during the year ended 30 September 2021 the Directors decided a more favourable location was better suited to the business and therefore the associated right of use asset and lease liability has been subject to modification. At 1 July 2021, the Group entered into a new lease with an option to extend until July 2031 which is treated as an addition. The Directors concluded that it was reasonably certain that they would exercise their right to extend the lease through to July 2031.

The weighted average incremental borrowing rate contracted in 2021 was 5.2% (2020: 4.2%).

	Land and buildings leasehold £000	Computer equipment £000	Motor vehicles £000	Total £000
Right of use assets				
13 January 2020	–	–	–	–
Acquisition of business	1,861	535	11	2,407
Depreciation charge for the period	(342)	(138)	(3)	(483)
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**
Lease liabilities				
13 January 2020	–	–	–	–
Acquisition of business	1,886	545	20	2,451
Interest charge for the period	57	13	1	71
Lease payments	(416)	(149)	(15)	(580)
Exchange differences	11	11	–	22
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**
Current	481	176	–	657
Non-current	772	3	–	775
30 September 2021	**1,253**	**179**	**–**	**1,432**

The charge recognised in the Consolidated Statement of Profit or Loss for the year/period was as follows:

	Year ended 30 September 2021 £000	8.5 months ended 30 September 2020 £000
Depreciation charge	**(743)**	(483)
Interest charge including net gain on modification	**(65)**	(71)
	(808)	(554)

At 30 September 2021, there was £nil (2020: £nil) of non-cancellable commitments relating to short-term leases. There were £nil (2020: £nil) low-value lease commitments.

13. Loans and borrowings

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

	30 September 2021 £000	30 September 2020 £000
Current		
Secured bank loan	**–**	789
Unsecured loan notes	**353**	370
	353	1,159
Non-current		
Secured bank loan	**148,686**	77,754
Preference shares	**–**	125,414
Subordinated loan notes	**–**	9,947
Unsecured loan notes	**–**	329
	148,686	213,444
	149,039	214,603

On 13 October 2020, new parties added to the Old Senior Facilities Agreement, were entered with Macquarie and Sixth Street for US$75.0m, of which US$33.5m (equivalent of £25.7m) was drawn at this date. The loan carried an effective rate of interest of EURIBOR+6.5% payable half yearly and was secured on the assets of the Group.

Primary proceeds from the IPO were used to, amongst other things, repay all outstanding liabilities with financing parties except for the Old Senior Facilities Agreement and current unsecured loan notes.

An Amendment and Restatement Deed under the Old Senior Facilities Agreement effective from 1 March 2021 resulted in £39.4m (US$43.2m and £8.0m) available under the facility. The loan, net of loan arrangement fees of £1.4m, was repayable on 10 February 2027.

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

- a senior term loan facility (the “New Senior Term Facility”) for US$204.0m for the acquisition of LiveAuctioneers. The New 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.
- a multi-currency revolving credit working capital facility (the “New Revolving Credit Facility”) for US$49.0m. Any sums outstanding under the New Revolving Credit Facility will be due for repayment on 17 June 2024, subject to the optionality of two 12-month extensions. The facility had not been drawn down as at 30 September 2021.

The New 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.

On 25 June 2021, the Group repaid all outstanding indebtedness in relation to the Old Senior Facilities Agreement and all facilities thereunder were cancelled. The security provided by the Group in connection with the Old Senior Facilities Agreement was also released.

14. Share capital

	30 September 2021 £000	30 September 2020 £000
Allotted, called up and fully paid		
119,999,990 ordinary shares at 0.01p each (2020: 1,052,743 ordinary share at 0.1 p each)	**12**	11
	12	11

As detailed in note 1, the Group completed a capital reorganisation during February 2021. The issued share capital as at 30 September 2021 represents the authorised share capital of Auction Technology Group plc. 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. 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.

The issued share capital as at 30 September 2020 represents the authorised share capital of Auction Topco Limited and the share premium as at 30 September 2020 has been restated in the other reserve to reflect the reorganisation as a result of the application of merger accounting.

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
13 January 2020	1	–	–	–
Shares issued for grant of pre-IPO share awards	1,052,742	11	–	1,125
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**

From 1 October 2020 to 17 February 2021, the Group issued 41,834 share awards. 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. 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.
- 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 £247,435,000.

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 £244,000,000.

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.
- share premium, net of share issue costs, was recognised in the other reserve in accordance with section 612 of the Companies Act 2006 for the equity raise on 17 June 2021 was via a cash-box placing.

15. Share-based payments

The Group had two share-based payment plans in effect in the 2021 financial year, of which one was in place prior to Admission on the London Stock Exchange. After Admission on the London Stock Exchange, the Company adopted a discretionary share plan called the Auction Technology Group plc Long Term Incentive Plan (the "LTIP").

Shares awards pre-IPO including pre-admission awards

From 1 October 2020 to 17 February 2021, the Group issued the following pre-IPO share awards:

- 6,500 Auction Topco Limited B Ordinary shares to certain employees.
- 16,260 Auction Topco Limited A Ordinary shares to certain Non-Executive Directors.
- 8,097 Auction Topco Limited B Ordinary shares to the ATG Employee Benefit Trust for the benefit of certain employees as a staff gift and payment of associated tax liabilities for share awards issued to employees and Executive Directors.

From 1 October 2020 to 17 February 2021, the Group issued the following pre-admission share awards:

- 10,977 Auction Topco Limited B Ordinary shares to the Executive Directors and certain employees.

From 13 January 2020 to 17 February 2021, 231,293 ordinary shares in Auction Topco Limited, including the share awards detailed above, have been issued to its employees and Non-Executive Directors. As part of the Group reorganisation described in note 1 and 14 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 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. The fair value charge in the year to 30 September 2021 for the pre-IPO awards is £10,124,000 (2020: £276,000) and the pre-admission awards is £795,000 (2020: £nil).

LTIP options

On admission to the London Stock Exchange on 26 February 2021, the Company granted conditional nil-cost share options over 437,665 shares through the LTIP to the Executive Directors and other senior management. A further 59,859 and 4,720 were granted on 5 April 2021 and 5 July 2021 respectively to senior management. 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. The fair value charge in the period to 30 September 2021 is £973,000.

16. Related party transactions

The following related party transactions took place in FY21 and FY20:

On 13 February 2020 preference shares of £86,401,000 were issued to funds advised by TA Associates Management LP. The preference shares including interest amounting to £97,085,000 were repaid on 1 March 2021 (accrued interest as at 30 September 2020: £6,562,000).

On 13 February 2020 preference shares of £26,093,000 were issued to funds advised by ECI Partners LLP. The preference shares including interest amounting to £29,377,000 were repaid on 1 March 2021 (accrued interest as at 30 September 2020: £1,982,000).

On 13 February 2020 preference shares of £4,508,000 were issued to members of the management team. The preference shares including interest amounting to £5,269,000 were repaid on 1 March 2021 (accrued interest as at 30 September 2020: £342,000).

On 13 February 2020 a loan note of £385,000 was issued to a member of the management team. Interest of £49,000 (accrued interest as at 30 September 2020: £24,000) was waived on 26 February 2021 and the loan note repaid on 26 February 2021.

On 13 February 2020 a subordinated loan note of US$13,000,000 (equivalent of £9,334,000) was issued to funds held by ECI Partners LLP and TA Associates Management LP. The subordinated loan note and related accrued interest of US$15,157,000 (equivalent of £10,883,000) (accrued interest as at 30 September 2020: £759,000) 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 £272,000 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 £221,000 each. The proceeds from the redemption of their preference shares including interest amounting to £724,000 were used to apply for the subscription of ordinary shares on IPO.

17. Events after the balance sheet date

On 17 June 2021, the Group announced the proposed purchase of LiveAuctioneers by means of an acquisition of the entire issued and to be issued share capital of Platinum Parent, Inc. The acquisition was based on an implied enterprise value of US$525.0m.

Due to its size, the acquisition was classed as a Class 1 transaction under the Listing Rules, and therefore required shareholder approval. The Group's shareholders approved the acquisition on 20 August 2021. Prior to the acquisition completing, approval by the relevant antitrust authorities, including approval in the UK and US, had to be obtained. The acquisition completed post the year end on 1 October 2021.

The consideration for the acquisition of US$525.0m was settled with US$500.0m in cash on completion and earn-out consideration of up to US$25.0m. The consideration was financed through the Group's new Senior Term Loan and the equity raise.

Given the acquisition had not yet completed at 30 September 2021 no accounting for the acquisition in accordance with IFRS 3 "Business Combinations" has been included in the FY21 financial statements.

There were no other events after the balance sheet date.

Glossary

A&A	Art & Antiques
Aggregate basis	certain measures have been used as the acquisitions of Turner Topco Limited and Proxibid Inc. on 13 February 2020 have affected the comparability of the Group's results of operations for 2021. The measures are presented for the Group to provide comparisons of the Group's results between 2020 and 2021 as if the acquisitions had occurred on 1 October 2019
Auction Mobility	Auction Mobility LLC
Bidder sessions	web sessions on the Group's marketplaces online within a given time frame
BidSpotter	the Group's marketplace 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
Enlarged Group	the existing Group including the proposed acquisition of LiveAuctioneers Group
GMV	gross merchandise value, representing the total final sale value of all lots sold via winning bids placed on the marketplaces or the platform, excluding additional fees (such as online fee 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	Platinum Parent, Inc. and its subsidiaries
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
Online share	represents GMV as a percentage of THV.
Proxibid	the Group's marketplace operated via the www.proxibid.com domain
Proxibid Group	the operations of Proxibid Inc. and its subsidiaries prior to acquisition by Auction Topco Limited
The Saleroom	the Group's marketplace operated via the www.the-saleroom.com domain
Standalone ATG	the operations of Turner Topco Limited and its subsidiaries prior to acquisition by Auction Topco Limited
Take rate	represents the Group's marketplace revenue as a percentage of GMV. Marketplace revenue is the Group's reported revenue excluding Content revenue
THV	total hammer value, representing the total final sale value of all lots listed on the marketplaces or the platform excluding additional fees (such as online fee 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.