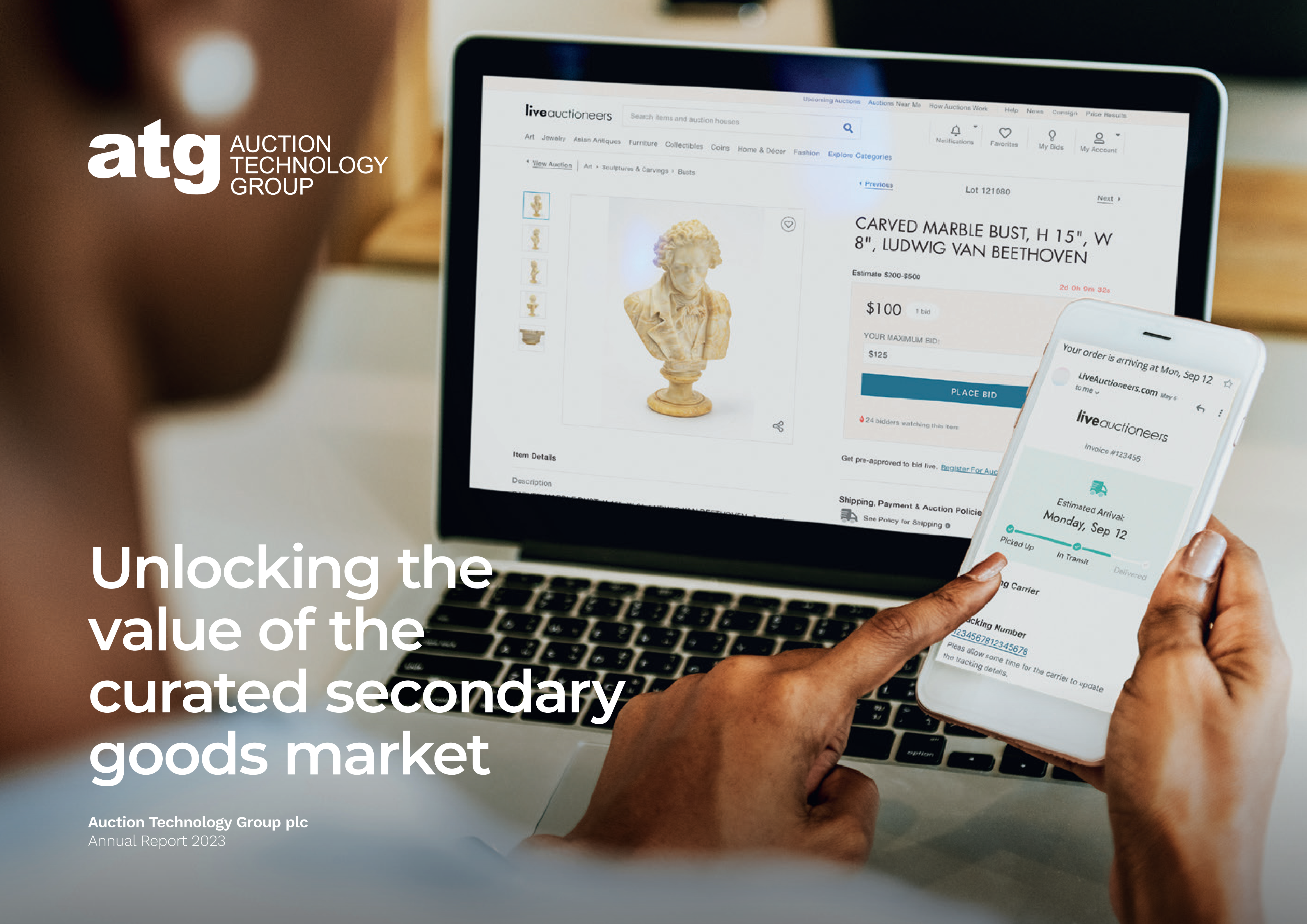


AUCTION TECHNOLOGY GROUP

Unlocking the value of the curated secondary goods market

Auction Technology Group plc
Annual Report 2023

Contents

Strategic Report

Corporate Governance

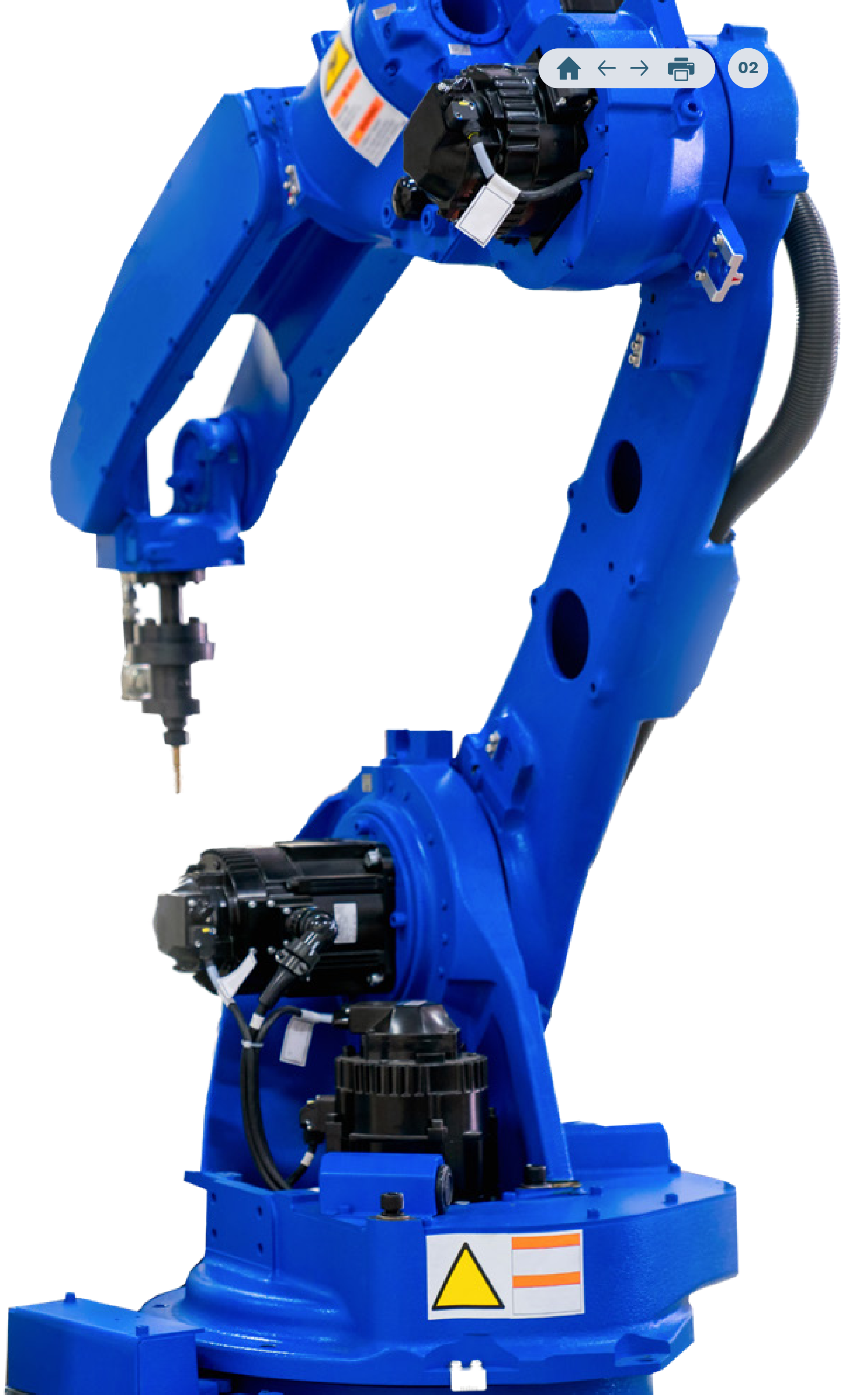
Financial Statements

Our Purpose

Unlocking the value of the curated secondary goods market and facilitating growth in the circular economy

ATG operates world-leading marketplaces and auction services for curated online auctions. Using our proprietary auction platform technology, we seamlessly connect bidders from 165 countries to over 3,900 auction houses and facilitate the sale of over 22m curated used items each year.

By both allowing buyers to purchase a wide range of unique used assets and also enabling auctioneers to access the online market, ATG helps to extend the lives of millions of items, facilitating a channel of sustainable commerce and accelerating the growth of the circular economy.



Key Highlights

Financial highlights

Revenue

£135.2m

FY23	£135.2m
FY22	£119.8m
FY21	£70.1m

Adjusted EBITDA[1]

£64.0m

FY23	£64.0m
FY22	£54.0m
FY21	£31.8m

Profit/(loss) before tax

£7.1m

FY23	£7.1m
FY22	£9.3m
FY21	£(25.0)m

Adjusted free cash flow conversion[1]

78.0%

FY23	78.0%
FY22	92.5%
FY21	95.7%

Basic earnings/(loss) per share

13.9p

FY23	13.9p
FY22	(5.1)p
FY21	(31.0)p

Adjusted diluted earnings per share[1]

32.6p

FY23	32.6p
FY22	29.5p
FY21	9.2p

1. This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 3 to the Consolidated Financial Statements, with definitions, an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.
2. Refer to the Glossary for full definitions. The Group has made certain acquisitions that have affected the comparability of the Group's results. Operational KPIs exclude the impact of the acquisition of ESN. To aid comparisons between FY22 and FY21, operational KPIs in FY21 have been presented to include the results as if the acquisition of LiveAuctioneers and Auction Mobility had occurred on 1 October 2020.

Operational highlights

Gross merchandise value ("GMV")[2]

£3.3bn

FY23	£3.3bn
FY22	£3.3bn
FY21	£2.6bn

Take rate[2]

3.6%

FY23	3.6%
FY22	3.3%
FY21	3.5%

Total hammer value ("THV")[2]

£10.8bn

FY23	£10.8bn
FY22	£10.1bn
FY21	£7.8bn

Conversion rate[2]

31%

FY23	31%
FY22	33%
FY21	33%

Strategic highlights

- **Roll out of value-add services**
  In FY23 marketing revenue grew 28% at constant currency, driven by new marketing solutions and the growing adoption of marketing amongst our auctioneer base. We launched atgPay on Proxibid and have continued to grow payments adoption on LiveAuctioneers. We have also successfully trialled a shipping solution.

Read more on page 09

- **Acquisition of EstateSales.NET**
  ESN provides a leading platform to facilitate estate sales across the US. The accretive acquisition of ESN in FY23 expands our immediately addressable market whilst also providing the opportunity to cross-sell across our other marketplaces.

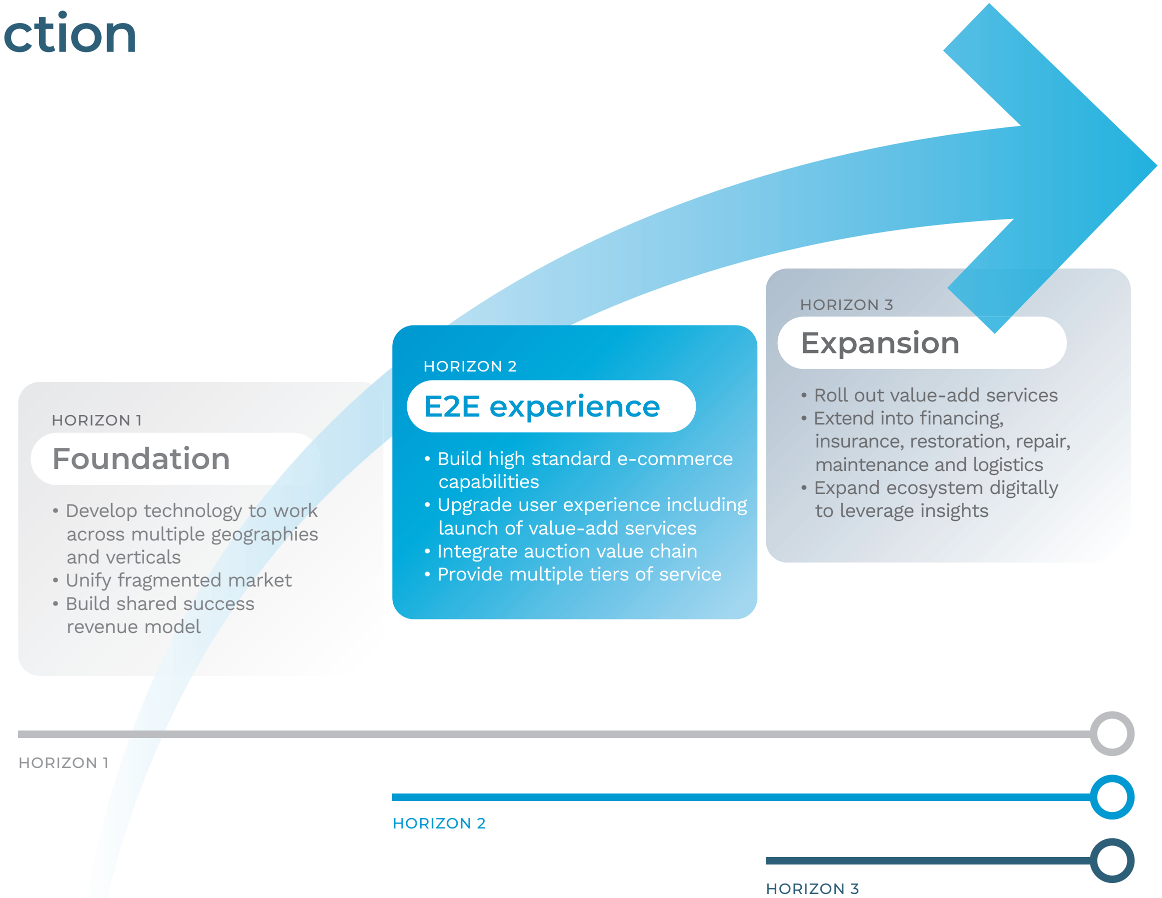
Read more on page 20

- **Progress against sustainability strategy**
  We reduced our Scope 1 and 2 emissions by 26% in FY23 and are committing to reach Net zero by 2040. Our materiality assessment has helped to define our sustainability priorities going forward.

Read more on page 44

Chief Executive Officer's Introduction

John-Paul Savant
Chief Executive Officer



Leading the transformation of the auction industry.

Welcome to ATG's FY23 Annual Report and Accounts. I am very proud of the strong operational, strategic and financial progress that we have made since we became a public business nearly three years ago. Our financial performance has been ahead of our initial expectations, including more than doubling our adjusted EBITDA. We have strengthened our competitive advantage and diversified our business model by launching a unique suite of auction products and services. We have completed two accretive acquisitions and have also built an experienced and capable leadership team, whilst also reorganising our operating structure to streamline decision-making and centralise costs. I believe we have approached growth in a responsible and sustainable way, ensuring we are a true partner for our auctioneers and a reliable company for our investors.

Our vision is to transform the auction industry and this vision is underpinned by three investment horizons. In FY23, we have transitioned to our second investment horizon, 'End-to-End experience', where we are investing to create a true e-commerce experience for online auctions. We are investing in what both our auctioneers and our bidders care about the most, by removing the frictions that are present when buying and selling at auctions online. In doing so, I believe we are approaching a tipping point for ATG and the auction industry, where the services and experiences offered by our marketplaces will encourage an even wider pool of buyers to buy at an online auction, and where also auctioneers are incentivised to use ATG as their sole service provider to access the online market.

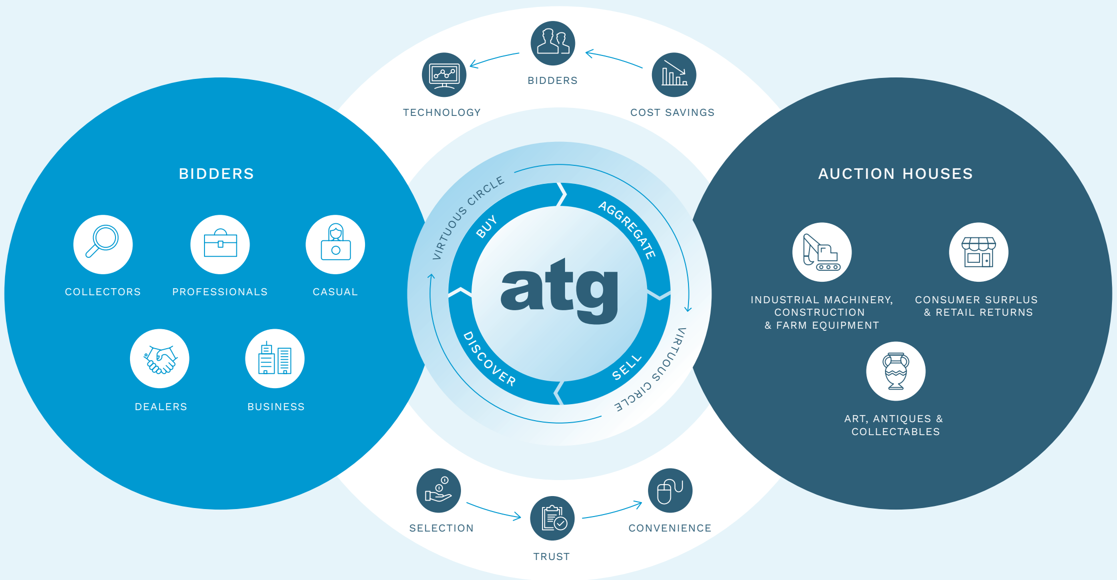
At a Glance

ATG is the operator of world-leading auction marketplaces and auction services for curated secondary goods.

Our platform

ATG seamlessly connects consumers from around the world to access a huge selection of secondary goods which have been curated by over 3,900 auctioneer experts and 4,800 active estate sellers. For buyers, we offer the widest selection of specialised and unique secondary items, convenience in browsing and increased trust in purchasing, with items that have been curated by expert auctioneers. For auctioneers and estate sellers, we provide access to a large pool of global bidders and technology to access the online market and operate their business in a cost-efficient way.

Our virtuous circle benefits both auctioneers and bidders; more bidders participating in online auctions results in higher realised prices for second-hand items and in turn attracts more assets to be listed on our marketplaces.



Our highlights

338m
web sessions

165
countries

100m
bids placed

3,900
auction houses

7.2m
lots sold online

86,000
auctions facilitated

Our marketplaces

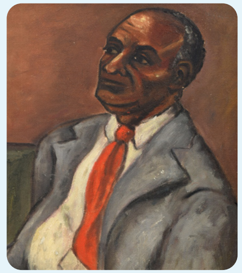
We operate eight marketplaces using our proprietary auction technology across two sectors: Industrial & Commercial ("I&C") and Arts & Antiques ("A&A").

Industrial & Commercial ("I&C")

proxibid
BidSpotter
BidSpotter
i-Bidder

Art & Antiques ("A&A")

the saleroom
LOT-TISSIMO
liveauctioneers
EstateSales.NET

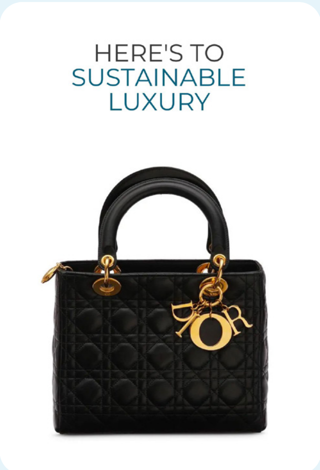


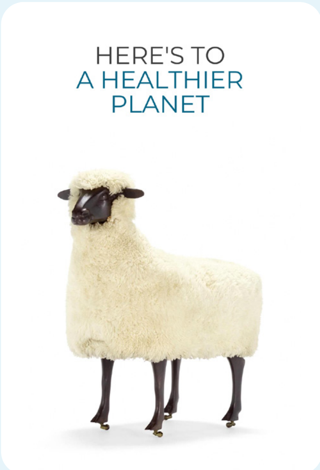
At a Glance continued

Facilitating the growth of the circular economy

Sustainability is at the heart of ATG. Our online auction marketplaces ensure that millions of pre-owned items are resold to new buyers, extending their value within the economy, preventing waste, and omitting the need for carbon-intensive manufacturing of new items.

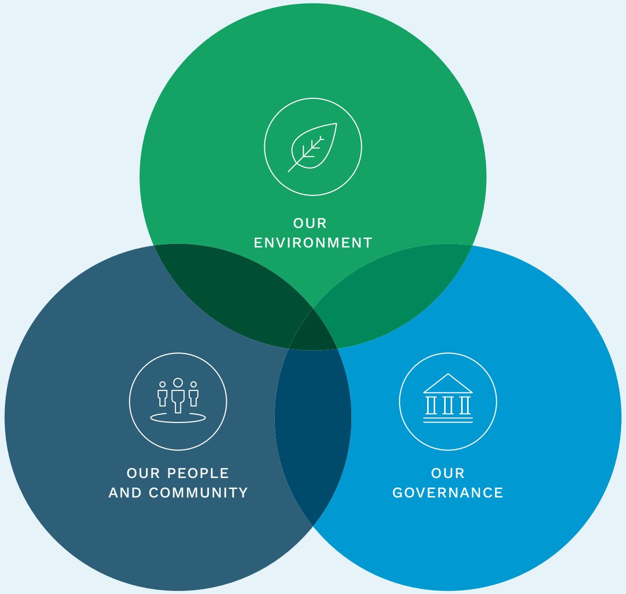
Whilst the prospect of buying second-hand can leave some consumers concerned about authenticity or reliability, ATG marketplaces offer consumers trust and confidence, with all items for sale on our marketplaces having been curated by expert auctioneers. We continuously invest in our technology and product offering to improve the online auction experience to make it even easier for consumers to discover and buy used items online.





Our sustainability strategy

We are committed to operating a responsible business and are building a business we feel proud of; where we strive to minimise our own environmental impact, where all our employees can reach their full potential and where we operate responsibly within a strong governance framework.



Our Environment

- Minimise our own environmental impact
- Invest to remove frictions in online auctions

26% reduction in Scope 1 and 2 emissions in FY23

Our People and Community

- Develop diverse teams with an engaged and inclusive culture
- Ensure our people feel they belong and can reach their full potential

95% of employees in engagement survey enjoy working with their team

Our Governance

- Operate a trusted and responsible marketplace with secure and trusted technology
- Operate within a strong governance framework
- Behave ethically and with integrity at all times

Zero data breaches

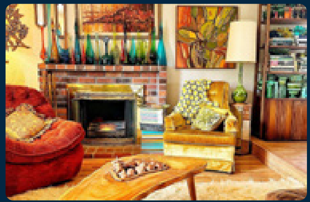
Read more on page 44

Investment Case

A large and growing market structurally shifting online and facilitating the circular economy

We enable consumers to meet the growing demand to buy more sustainably through buying secondary goods at online auctions. The secondary asset market is huge and growing, with an increasing proportion of assets being sold through online auction due to the benefits of price transparency as well as speed of sale. As we simplify and improve the online auction experience, we expect our immediately addressable market to grow faster than the total secondary goods market.

Read more on page 11



Unparalleled competitive position

Our marketplaces have leading competitive positions in each of the geographies and verticals in which they operate. This generates a critical mass of bidders, which in turn results in higher realised prices for used assets and attracts new inventory. Scale enables us to invest in the products and services which improve both the auctioneer and bidder experience, enhancing the sustainability of our shared success model.

Read more on page 13

Scalable platform model with proprietary auction technology

Our proprietary auction technology offers auctioneers a unique suite of products and services on a stable and secure technology platform. Our platform operating model enables us to grow volume at a low marginal cost, whilst also enabling us to seamlessly integrate new acquisitions.

Read more on page 13

Six strategic growth drivers

Our six drivers provide multiple opportunities for growth. They are mutually re-enforcing, offering compound benefits when executed together.

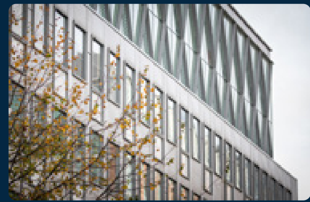
1. Extend the total addressable market
2. Grow the conversion rate
3. Enhance the network effect
4. Grow the take rate via value-added services
5. Expand operational leverage
6. Pursue accretive M&A

Read more on page 16

Attractive, diversified and resilient financial model

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

Read more on page 23



Experienced management team with strong track record

Our management team has a broad range of technological, commercial and e-commerce experience combined with a deep understanding of the auction industry. We have a strong track record of execution and are well placed to continue to pursue the multiple opportunities in front of us.

Read more on page 09

Chairman's Statement

It is my pleasure to present ATG's results for the year ended 30 September 2023. Against a backdrop of macroeconomic uncertainty, ATG has delivered another year of growth, underpinned by continued progress against our strategic priorities. Our results demonstrate both the attractiveness of the online auction channel as well as the resilience of ATG's business model. We successfully completed the value-accretive acquisition of ESN, highlighting our opportunity for inorganic growth in the fragmented secondary goods market. Additionally, we have made significant advances in our environmental, social and governance ("ESG") strategy, further aligning our operations with sustainable practices. On behalf of the Board, I would like to thank the team at ATG for another successful year.

Financial performance

ATG has delivered another year of robust financial performance. Revenues increased to £135.2m, up 13% versus the prior year and up 5% on an organic basis[1], excluding the impact of the ESN acquisition and foreign exchange. Adjusted EBITDA of £64.0m increased 19%, with the high operational leverage in our business resulting in the adjusted EBITDA margin up 2ppt to 47%. Adjusted earnings per share was 32.6p (FY22: 29.5p) after the impact of higher net finance costs and basic earnings per share was 13.9p (FY22: loss of (5.1)p). Our asset-light model resulted in strong cash generation which enabled us to invest in the business, fund the acquisition of ESN, and importantly to strengthen the balance sheet with adjusted net debt/adjusted EBITDA decreasing significantly from 2.4x at FY22 to 1.8x. The Board will continue to review the Company's dividend policy on an ongoing basis but does not currently expect to declare or pay any dividends for the foreseeable future.

Strategic highlights

During the year, the Board focused on supporting the management team with the delivery of ATG's six strategic growth drivers. ATG has made good progress against each of these drivers, including the expansion of the auctioneer marketing programme and the trial of an integrated shipping service. These value-add services along with atgPay represent significant growth opportunities for the business and important steps in transforming the online auction experience. The Board has also spent time reviewing ATG's technology stack and receiving updates on its transition to a single technology platform, with the challenges and opportunities within this investment phase. The Board supported the acquisition of ESN in the year, which we believe is a very attractive opportunity for ATG. ESN's performance to date highlights an additional proof point of ATG's strong track record for sourcing and executing on value-enhancing M&A opportunities. Finally, the Board has enjoyed participating in 'Meet the Team' events and meeting employees from across the organisation, getting to know them and their goals and concerns. You can read more about ATG's progress against its strategic growth drivers and our future priorities on pages 16 to 20 of this report.

Sustainability at ATG

ATG is committed to operating a sustainable and responsible business that delivers on its purpose to unlock the value of the secondary goods market. This year, we consulted with our stakeholders in order to better understand our environmental, social and governance risks through an externally conducted materiality assessment. The results of this assessment, detailed on page 47 of this report, have helped to focus our sustainability strategy, as laid out on page 45. The Board was delighted to support the development of ATG's Diversity, Equity and Inclusion strategy including through Board members' participation in the 'Women in Leadership' event to share experiences and discuss pertinent issues. Other notable progress within our sustainability strategy in FY23 includes the implementation of a new information security management system, the launch of several people initiatives such as ATG Academy and the achievement of a 26% reduction in our Scope 1 and 2 emissions. We are pleased to have been accepted as a constituent of the FTSE4GOOD Index, recognising our strong sustainability practices. Further details on ATG's progress can be found in the Sustainability Report on page 44.

Looking ahead

As I look out to the medium term, I see huge potential for ATG as it continues to lead the transformation of the auction industry. As ATG invests to improve the online auction experience and attract more and more buyers to the curated secondary goods market, we will continue to create long-term sustainable value for all our stakeholders. ATG's strong operational and financial track record, experienced team and shared success model provide me with confidence that ATG can continue to deliver on its ambitious growth plans.

Breon Corcoran
Chairman
30 November 2023

1 The Group has made certain acquisitions that have affected the comparability of the Group's results. To aid comparisons between FY23 and FY22, organic revenue has been presented to exclude the acquisition of EstateSales.NET on 6 February 2023. Organic revenue is shown on a constant currency basis using average exchange rates for the current financial period applied to the comparative period and is used to eliminate the effects of fluctuations in assessing performance.

Chief Executive Officer's Statement

We have executed on each of our six strategic growth drivers, including the accretive acquisition of ESN, and in doing so have further strengthened our competitive moat.

Amidst a year with macroeconomic uncertainty, I am pleased to report that ATG delivered another year of growth, with total revenues up 13% to £135.2m, and of strong operational performance, with adjusted EBITDA rising 19% year-on-year to £64.0m. We successfully acquired a new important asset with the purchase of ESN in February and despite that, we significantly strengthened our balance sheet with our leverage ratio decreasing from 2.4x to 1.8x, reflecting strong cash flow. In FY23, we are pleased to have made progress against each of our strategic growth drivers.

The long-term opportunities for ATG are significant, given the critical role of the auction industry and ATG's ability to lead its online transformation. Buying and selling secondary items enhances sustainability and accelerates the growth of the circular economy, factors that are of increasing importance to both professional and consumer buyers. Purchasing secondary items via auctions represents the best way to ensure total price transparency, addressing a key objective of buyers to pay a fair price and for sellers to achieve the maximum fair price possible. The auction industry remains in the early stages of its online transformation, with standards of user-experience still behind that of e-commerce. The opportunity and challenge for ATG is to make it easier to buy at auction and to alleviate points of friction when buying on our marketplaces. We are extending the penetration of atgPay, which removes a pain point for auctioneers whilst increasing convenience and confidence for bidders. We have developed new unique auction formats and multiple tiers of service to drive operational efficiency for auctioneers and increase choice for bidders. Most recently, we launched atgShip, an integrated shipping solution to further elevate the online auction experience and drive the conversion rate over the medium term. As a result of these investments, I believe we are approaching a tipping point, where the services and user experience offered by our marketplaces will encourage a wider pool of buyers to buy at online auction, whilst also incentivising auctioneers to use ATG as their sole service provider to access the online market.

1. Expand the total addressable market

Against an uncertain macroeconomic backdrop and following years of accelerated growth during the Covid-19 period, THV on our marketplaces grew 3% at constant currency to just under £11bn. Our marketplaces facilitated just under 86,000 auctions, a 16% increase year-on-year, and we grew our auctioneer base to over 3,900 as we welcomed new auctioneers while maintaining a high auctioneer retention rate. New auctioneers included Sotheby's, a world leading auctioneer for art and luxury goods, who have begun listing a number of catalogues on our marketplaces. All the 'Big 4' Art & Antique auctioneers now use ATG's marketplaces in some form, highlighting the attractiveness of our bidder reach, for even the large global auctioneers. Our marketplaces saw a 10% increase in the number of lots listed in FY23 to over 22m, highlighting auctioneers continued trust in ATG as their preferred platform to access the online market.

In the second half, THV declined 5% at constant currency, impacted by the normalisation of used equipment prices in some I&C categories, following elevated pricing in prior years driven by shortages of primary equipment, as well as a softening of A&A market activity impacted by a weaker consumer macroeconomic environment.

The acquisition of ESN further expanded our reach into a new segment of the secondary goods market, with estate sales representing an estimated $5 billion annual market in North America alone. Since acquisition, ESN has attracted even more estate sellers, with 4,800 active organisations on the platform as at the end of September, up 4% year-on-year.

2. Grow the conversion rate

The Group conversion rate at 31% decreased 2ppt year-on-year. The rate was impacted by auctioneers re-opening physical auctions post the Covid-19 period and also by the mix of auctioneers on our marketplaces, with an increase in the proportion of new and international auctioneers who bring new THV but initially have a lower conversion rate. Conversion was also impacted by the commercial decision to rotate volume with high service requirements and minimal revenue contribution, for lower levels of volume but which has a higher future revenue potential. Excluding the impact, the Group conversion rate would have been down 1ppt year-on-year and stabilised in the second half, after the end of the annualisation of the Covid-19 period.

We have continued to make investments which we expect will help to grow our conversion rate in the medium term. On the bidder side, we have improved our search engine optimisation through a revised site navigation and site taxonomy, as well as new lot-focused category pages that help bidders to find what they are looking for more easily. Since the launch of these pages in the fourth quarter, GMV generated from search engines has increased by 12%. We have launched new SMS programmes on The Saleroom, including a watch list reminder, which helped to drive over 100,000 bids placed from a SMS reminder.

CEO's Statement continued

On the seller side, we have continued to facilitate the shift to timed online-only auctions including through updated pricing structures, that create economic incentives to switch to a timed auction format. This updated pricing structure was introduced on Proxibid in March and rolled out on The Saleroom at the start of FY24. From a product perspective, we know that many auctioneers want to retain their own brand presence whilst running a timed auction. Through our integrated bidding programme, we offer Timed+, the unique ability to run a timed online-only auction on our marketplace and simultaneously on an ATG white label.

3. Enhance the network effect

Over the past year, we have hosted over 188m bidding sessions on our marketplaces, up 9% year-on-year, in addition to a further 150m hosted on ESN. On ATG marketplaces, there were 1.6m new bidding accounts registered, up 12% year-on-year, and over 11m auction registrations. With this scale and reach, we are now focused on executing on enhancing the network effect across our marketplaces by enabling cross-listing on any of our marketplaces through our integrated bidding programme. Cross-listing offers bidders the widest selection of inventory easily accessed on an ATG marketplace. We launched Timed+ in March, which offers integrated bidding on timed online-only auctions on LiveAuctioneers and Auction Mobility. We further developed the integrated bidding solution to be used across our other marketplaces and ATG white label products with launch in early FY24. Since launch, auctions run on Timed+ have resulted in a double-digit asset price uplift versus if the auction was listed on Auction Mobility alone. We are now focused on making it easier for auctioneers to cross-list on multiple marketplaces seamlessly.

4. Expand operational leverage

ATG has an attractive financial model with high operational leverage and low capital intensity. In FY23, we grew our adjusted EBITDA margin by 2ppt to 47%. In the year, we increased listing fees across our platforms and we progressed against our single technology platform including the roll out of our integrated bidding programme. We reorganised our North America business with the consolidation of our North America I&C and A&A commercial teams. This organisation change aligns with our platform strategy to expand operational leverage by centralising costs and improving scalability. We are exploring AI solutions and how they can lead to increased personalisation for our users, better descriptions for our sellers, and better service provided by ATG.

5. Grow the take rate via value-added services

In FY23, the Group take rate increased 0.3ppt to 3.6%, benefiting from the growth of value-added services where revenue grew 27% on a constant currency basis. Value-added services now accounts for 18% of total revenue, versus 9% three years ago. Marketing adoption continues to be a key growth driver for us with 59% of auctioneers using a marketing solution. We have continued to roll out new marketing assets including search advertising units and email segmentation as well as increasing our social media investments. We increasingly offer self-serve features as well as marketing subscription packages which provides us with significant opportunity to continue to grow marketing revenue beyond its current penetration at 0.5% of GMV.

Onboarding of auctioneers to atgPay has continued to progress with 91% of US based LiveAuctioneers and 38% of Proxibid auctioneers onboarded by the end of September. 61% of LiveAuctioneers' US Gross Transaction Value was transacted through atgPay in September, and we expect this to increase in FY24 as we roll out autopay on the marketplace. Activation of auctions with atgPay on Proxibid began in the third quarter and we have seen an improving rate of usage towards the end of the year, as we have continued to upgrade the product functionality.

We are very pleased with the launch of atgShip, an integrated shipping solution for LiveAuctioneers, where we have partnered with professional shipping services to provide a hassle-free solution. Just under 150 auctioneers had been onboarded by the end of the year, with over 1,500 lots shipped in the two-month trial. The service is now being rolled out across the LiveAuctioneers marketplace.

6. Pursue accretive M&A

In February, we acquired ESN for a purchase price of $40m. The acquisition highlights ATG's opportunity to pursue accretive acquisitions in the fragmented used goods market and access synergies that are unique to ATG. Since acquisition, ESN has performed ahead of initial expectations, partly driven by growth in both the number of buyers and sellers on the listing site, including 121,000 net new subscribers joining ESN in FY23 taking the total number of subscribers to 1.1m. Growth has also been driven by strong execution against strategic initiatives, including the roll out of new marketing solutions with an increase in both the adoption and the quantity of advertising units, as well as an updated pricing structure for the site.

For FY24, we continue to see opportunities to further optimise the listing site whilst also executing on the cross-selling opportunities between ATG's 188m web sessions and ESN's 150m web sessions.

Progress against our ESG programmes

I am very proud of the progress we have made against our ESG strategy in FY23. We continue to look for ways to reduce our own environmental impact, and in FY23 we reduced our Scope 1 and 2 emissions by 26%, facilitated by the relocation of our Proxibid office to a smaller and more energy-efficient location. We have set up employee-led groups to discuss and champion ways to reduce our environmental impact further, whilst also improving our external reporting disclosures for a wider range of environmental KPIs. We are also committing to achieving Net zero as a Group by 2040. On social programmes, we launched All ToGether, our connection and development programme, which includes the ATG Academy and our new learning and developing courses, with over 60 training courses having been run in the year. Our newly launched ATG Values encompass everything that we do, driving the way ATG operates with a winning team made up of smart, passionate individuals who are connected to our purpose. We have also strengthened our governance frameworks including a new information security system which has been based on a recognised international standard.

Summary

Whilst the macroeconomic environment has become more challenging, ATG has been able to continue to deliver robust growth, supported by our increasingly diversified and resilient business model. With many of our strategic programmes, such as shipping and payments, still early in their roll out, I have confidence that we can continue to grow and to monetise more of the opportunity in the fragmented online auction market. ATG's market position, track record, team and sustainable shared success model leave us very well positioned to continue to deliver value for all our stakeholders.

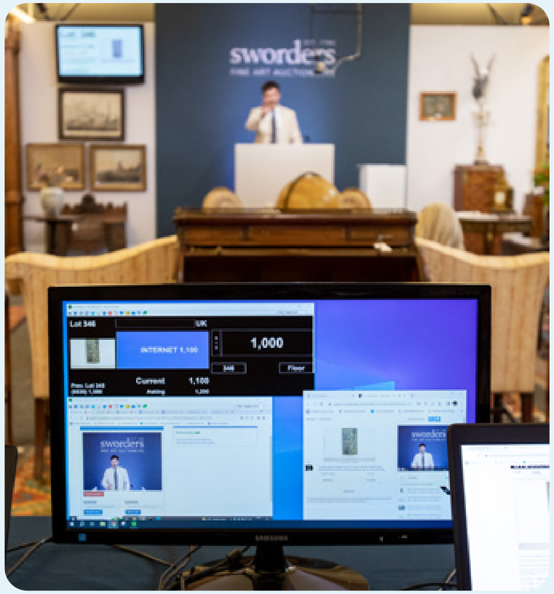
John-Paul Savant
Chief Executive Officer
30 November 2023

Market Overview

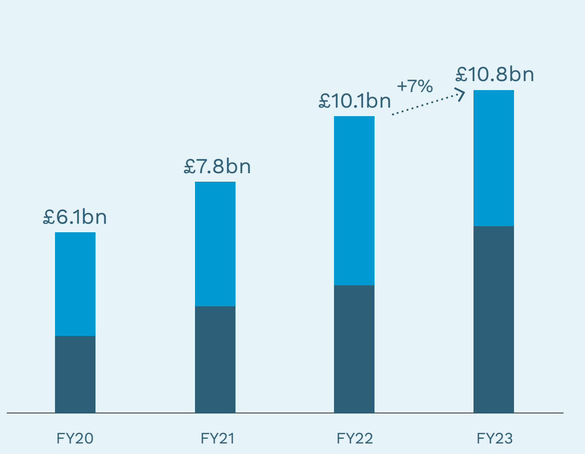
The online auction market

The online auction market as well as ATG's business model showed resilience in FY23, as evidenced by the 7% increase in ATG's total hammer value ("THV")[1], or 3% in constant currency terms. The online auction channel remains a popular channel for the sale of secondary goods due to attractive features such as the speed of sale of assets, higher price realisation and price transparency as well as faster innovation relative to other channels for sale. The growth in the online auction channel has continued in FY23, even after the 'pull forward' of some activity to online during the Covid-19 period. However, the online auction market did see some softening in the second half with THV down 5% at constant currency impacted by weaker consumer sentiment and the normalisation of I&C asset prices.

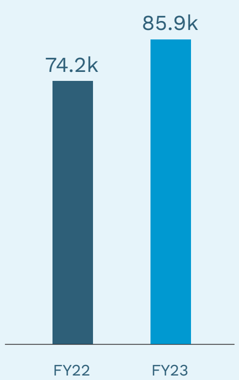
In FY23, ATG saw a 16% increase in the number of auctions facilitated and a 10% increase in the number of lots listed on its marketplaces (excluding ESN).



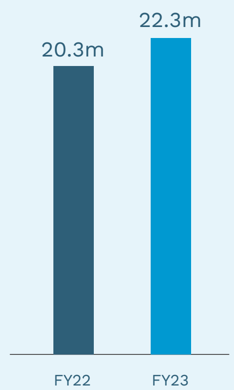
ATG THV[1]



Auctions facilitated on ATG marketplaces



Lots listed on ATG marketplaces



1. Refer to the Glossary for full definitions.

Art & Antiques

THV in the A&A market grew 1% at constant currency with the auction market seeing some impact from macroeconomic uncertainty and the resulting impact on the consumer. This impact was more felt in the second half of the year when THV decreased by 2% at constant currency. In the US, measures of consumer sentiment including The Conference Board Consumer Confidence Index declined towards the end of FY23, impacted by concerns of rising prices in general and a fear of an impending recession.

The UK A&A market has continued to see the impact from the outcome of Brexit. As an ongoing consequence, UK auctioneers have increasingly focused on selling to the US market, with UK to US GMV up 6% in FY23. This trend will make ATG's roll out of integrated bidding across our sites even more compelling.

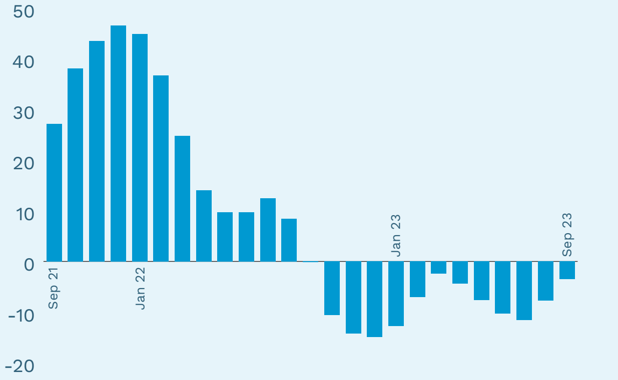
Market Overview continued

Industrial & Commercial

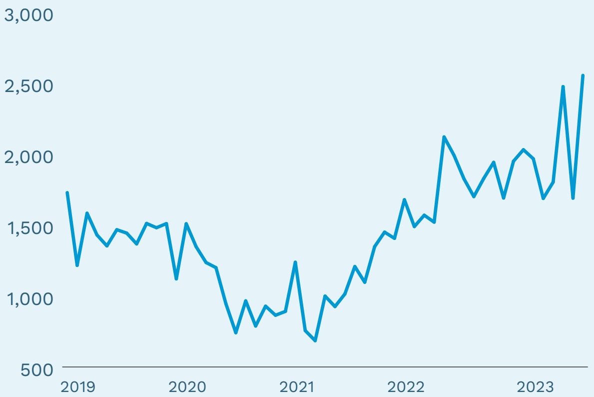
THV in the I&C market grew 4% in constant currency to £6.3bn in FY23. Whilst market growth remained robust, certain categories within our end market did see some impact from a softening of used asset prices. As more used equipment became available for sale at auction over the year, there was a knock-on impact on the pricing of certain categories of I&C used equipment. For example, the mid-month Manheim Used Vehicle Value Index, which measures wholesale used-vehicle prices on a seasonally adjusted basis, was down 3.5% year-on-year in September 2023, having fallen for all of 2023 following strong price indexes in the prior year. For ATG, the volume offset and higher take rates did help to mitigate this pricing impact.

A favourable trend for the supply of secondary assets has been the gradual rise in the number of business insolvencies. This follows a period of relatively subdued insolvency activity during the Covid-19 period due to the low interest rate environment. This trend has particularly benefited our Bidspotter marketplaces which have seen an increase in the number of auctions being held, more lots on offer and lots sold online.

Manheim Used Vehicle Value price index (%)



UK registered companies insolvency data



*source www.gov.uk August 2023

The shift to timed auctions

FY23 has seen the continued adoption of the timed auction format. Timed auctions offer many advantages for both auctioneers and bidders, including;

- Operational benefits to auctioneers due to shortened sale cycles and lower operational costs due to removing the need to open an auction room for the day.
- Commercial benefits to auctioneers including from generating new bidders. As an example, timed auctions on The Saleroom generated 20% more new bidders than the live format and achieved comparable final sale prices in FY23.
- Improved visibility of auctions for bidders and ease of bidding through the timed format, with timed auctions on The Saleroom producing a 17ppt higher bidder to conversion rate than the live format

Bonhams, one of the ‘Big 4’ auctioneers, are testament to this trend, having also integrated ATG’s unique timed format, Timed+, onto their white label to offer a timed auction concurrently on an ATG platform.

>28,000
timed auctions held on ATG marketplaces

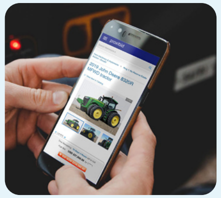
Business Model

ATG operates online auction marketplaces and auction services, seamlessly connecting buyers and sellers in the large and fragmented used goods market.

Through our technology platform, ATG simplifies and integrates multiple parts of the auction and estate selling process: from the cataloguing of items to auction hosting, bid management and digital marketing, to integrated payments and shipping services.

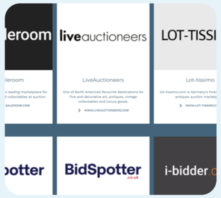
We offer multiple selling formats, including timed online-only auctions, live and hybrid auctions and white label and back-office solutions.

Our key strengths



1 Our technology

Our proprietary auction technology enables largely mid-market auctioneers to efficiently access the online market. We offer auctioneers unique capabilities including the ability to run a timed online-only auction simultaneously on a white label and an ATG marketplace. As a platform, we can increase the volume of transactions through our marketplaces at minimal additional cost, whilst also sharing best practices across the different brands we operate.



2 Our brands

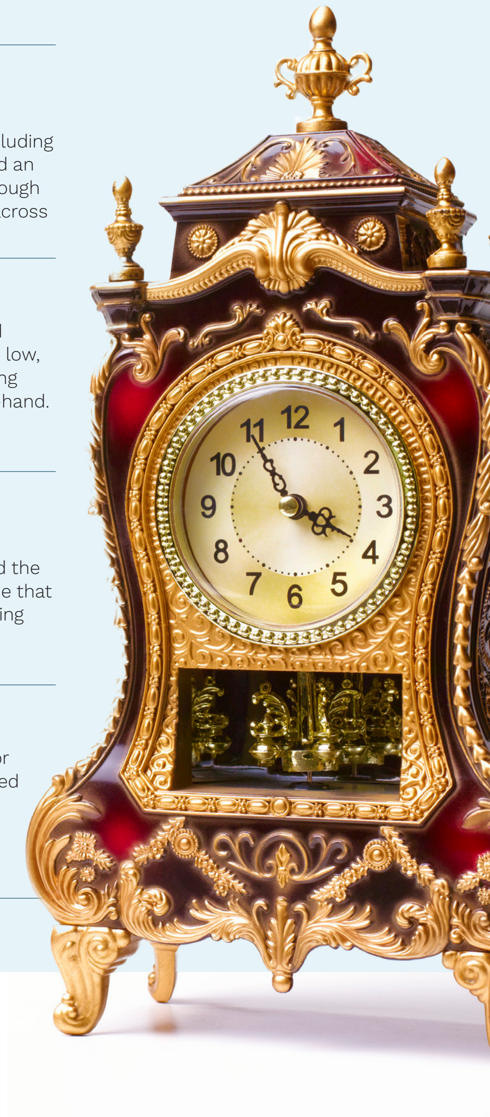
Each of our marketplaces and listing sites are leading brands in their vertical and geography, creating a competitive advantage. Our cost of customer acquisition is low, highlighting the strength of our brands. This brand strength as well as ATG's strong reputation also provides buyers with a high degree of trust when buying second-hand.

3 Our scale

We have a critical mass of buyers and sellers that gives us significant scale advantages. We partner with over 3,900 auctioneers and 4,800 estate sellers and the consistently high retention rates of our customers demonstrate the ongoing value that we offer. Attracted by the largest choice of inventory, we hosted over 338m bidding sessions across all our marketplaces and sites in FY23.

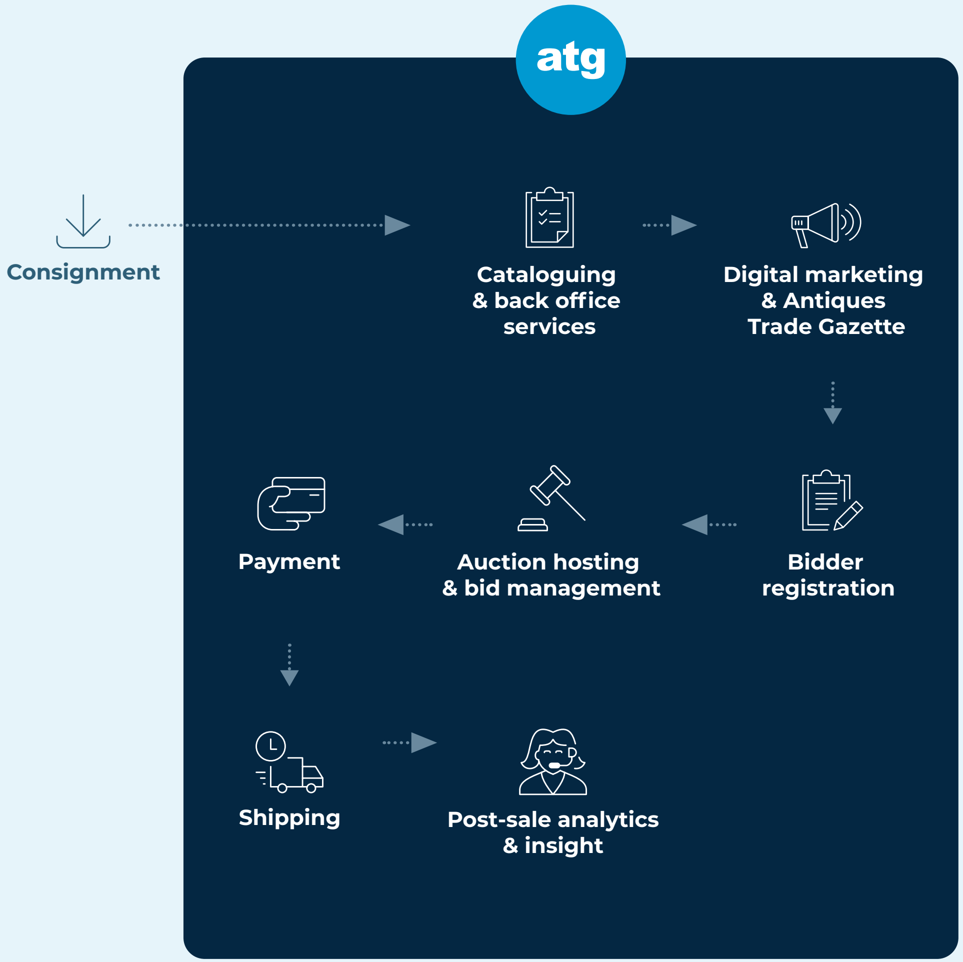
4 Our shared success model

For over 50 years, we have worked in partnership with the auction industry and for over 15 years have been their primary channel to reach the online world. Our shared success model aligns ATG's ambitions with those of our auctioneer and estate selling partners and helps to ensure the sustainability of our business model.



Business Model continued

What we do



Creating value

For our customers: auctioneers
We provide auctioneers with the technology to become true e-commerce businesses and to access global bidders in a cost-efficient way. We invest in what our auctioneers care about, including self-serve analytical tools to become a one-stop solution for managing their businesses.

100m
online bids placed
(FY22: 103m bids)

For our consumers: bidders
We enable bidders to discover specialised and unique curated items in a convenient and secure way. We are continuously improving the bidder experience including the trial of an integrated delivery solution.

7m
lots sold
(FY22: 7m lots sold)

For our shareholders
We invest to drive long-term sustainable value for our shareholders through growing revenues, earnings and profit margins. We expect to continue to deleverage our balance sheet as a highly cash generative business. Our capital allocation priorities are also focused on organic investment and completing accretive acquisitions.

£135m
revenue
(FY22: £120m)

£64m
adjusted EBITDA
(FY22 £54m)

For our people
We aim to ensure that our people can be at their best and have the opportunity to develop a rewarding career at ATG.

76%
engagement score
(FY22: non-comparable due to updated survey methods)

For the environment
We strive to minimise our environmental impact whilst also providing a channel of green commerce by facilitating the sale of used goods.

3m
tonnes of carbon saved from popular 15 items vs carbon impact of buying new
(FY22: 3m)

Read more on stakeholder engagement on pages 35 to 43

What's sold at auction in FY23

Case study

A metal endoskeleton arm from Terminator II sold for £55,000 on The Saleroom

Movie memorabilia is a rapidly growing area of collecting interest. This arm from one of the Terminator robots in the opening sequences of this classic James Cameron 1991 movie was sold on The Saleroom in November 2022 for £55,000, above the original estimate of £30,000-£50,000.

Case study

A laser cutting machine sold for $770,000 on bidspotter.com

Factory machinery can easily find a new home via an auction, offering the buyer a good-quality asset and attractive price and extending the life of the piece of equipment. This laser cutting machine can be programmed to make precise laser cuts to metal tubing. The machine went on sale in April 2023 on bidspotter.com and sold for $770,000, over three times higher than the first bid of $250,000.

Case study

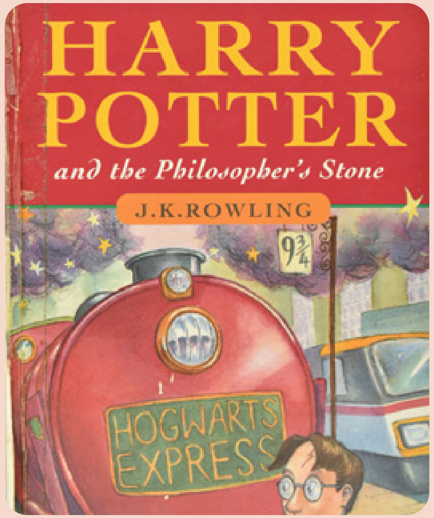
J Leyendecker original art oil painting sold for $130,000 on LiveAuctioneers

The painting used for the cover of the 24 October 1914 issue of the Saturday Evening Post magazine, depicts a seated woman in milk maiden clothing grieving with her head down on the table. She has recently received a war-time letter now on the floor, insinuating unfortunate news from the front line.

Case study

First edition Harry Potter sold for £10,500 on The Saleroom

A first edition of Harry Potter and the Philosopher's Stone sold at auction in the UK to an online bidder. Bought for 30p after being withdrawn from a library, the hardback copy was offered for sale in July 2023. Published by Bloomsbury in 1997 with a laminated board cover, the book is one of only 500 first edition first impressions and, of those, one of only 300 sent to libraries. The sale attracted international interest, with the winning bid placed online via The Saleroom from Los Angeles.



Six Strategic Growth Drivers

Our six growth drivers provide multiple compounding levers for growth

Extend the total addressable market

Existing auction houses listing more assets as well as new auction houses listing assets on ATG marketplaces will extend our immediately addressable market. To extend beyond this, we can expand into new verticals and channels within the secondary goods market, as well as extending the scope of atgPay beyond an ATG marketplace.

Grow ATG's conversion rate

ATG's conversion rate is a function of how often ATG provides the winning bidder. On the auctioneer side, we are actively facilitating the move from live to timed auctions. On the bidder side, we are enhancing the end-to-end user experience to drive bidder acquisition, engagement and conversion.

Enhance the network effect

By enabling auctioneers to cross-list on multiple ATG marketplaces and ATG white label solutions, auction houses can access an increased pool of bidders. Meanwhile, bidders can more easily browse a wider range of curated used items.

Grow take rate via value-added services

We are developing a wide suite of services that will both simplify auctioneer operations and also improve the user experience. Services include marketing, payments and shipping.

Expand operational leverage

ATG operates a hub and spoke model with centralised support functions. This allows us to drive profitability and generate cash as we grow, whilst also enabling our businesses to remain nimble and respond to local market conditions.

Pursue accretive M&A

We operate in a large and fragmented market, which provides inorganic growth opportunities. Our acquisition focus is on new verticals and/or geographies, and/or the addition of new value-added services and other products.

Six Strategic Growth Drivers continued

Strategic growth driver	Our progress in FY23	Our opportunities for FY24 and beyond	Associated risks
Extend the total addressable market	• THV grew 3% at constant currency and 7% at actual rates to £10.8bn • Auctioneer retention in line with previous years and the number of auctioneers on ATG grew to over 3,900 • ESN acquisition extended ATG's addressable market in the estimated $5bn US estate sales market	• Improve the user experience to attract more buyers to the online auction channel • Actively target new auction houses, verticals and assets to list on our marketplaces	Risks 1, 2, 3, 4, 5, 6 and 9 as further detailed on page 30
Grow ATG's conversion rate	• Conversion rate decreased 2ppt to 31% • Updated pricing structure on Proxibid to incentivise the adoption of the timed format which has a 100% conversion rate • Improved user experience including improved site navigation and category landing pages • Progress was offset by the mix of assets and auctioneers on our marketplaces and the reopening of physical auctions	• Actively encourage auctioneers to shift to timed auctions • Continue to grow penetration of atgPay • Roll out atgShip	Risks 1, 2, 3, 4, 5, 6 and 9 as further detailed on page 30
Enhance the network effect	• GMV declined 3% at constant currency and grew 2% at actual rates to £3.3bn • Launched first stage of integrated bidding, Timed+ on LiveAuctioneers and Auction Mobility, and trialled on other ATG white label solutions	• Roll out integrated bidding across other marketplaces and ATG white label solutions	Risks 1, 2, 3, 4, 5, 6 and 9 as further detailed on page 30
Grow take rate via value-added services	• Take rate increased by 0.3ppt to 3.6%, excluding ESN • Grew adoption of auctioneer marketing solutions across the Group • Rolled out atgPay on LiveAuctioneers and Proxibid • Trialled a shipping solution, atgShip, on LiveAuctioneers	• Continue to grow the usage of marketing solutions • Grow the adoption of atgPay across marketplaces • Roll out atgShip, starting on LiveAuctioneers	Risks 1, 2, 3, 4, 5, 6 and 9 as further detailed on page 30
Expand operational leverage	• Adjusted EBITDA margin expanded 2ppt to 47% • Invested in single technology platform programme • Implemented a new leadership and organisational structure in North America	• Continue to develop our single technology platform to provide agility and flexibility, whilst also enabling the acceleration of new product development	All risks as further detailed on page 30
Pursue accretive M&A	• Completed the acquisition of ESN • Integration progressed well and on track with strategic initiatives and ahead of original business plan	• Remain active in looking for acquisition opportunities that add to our footprint and/or increase value across our network	Risks 5 and 9 as further detailed on page 30

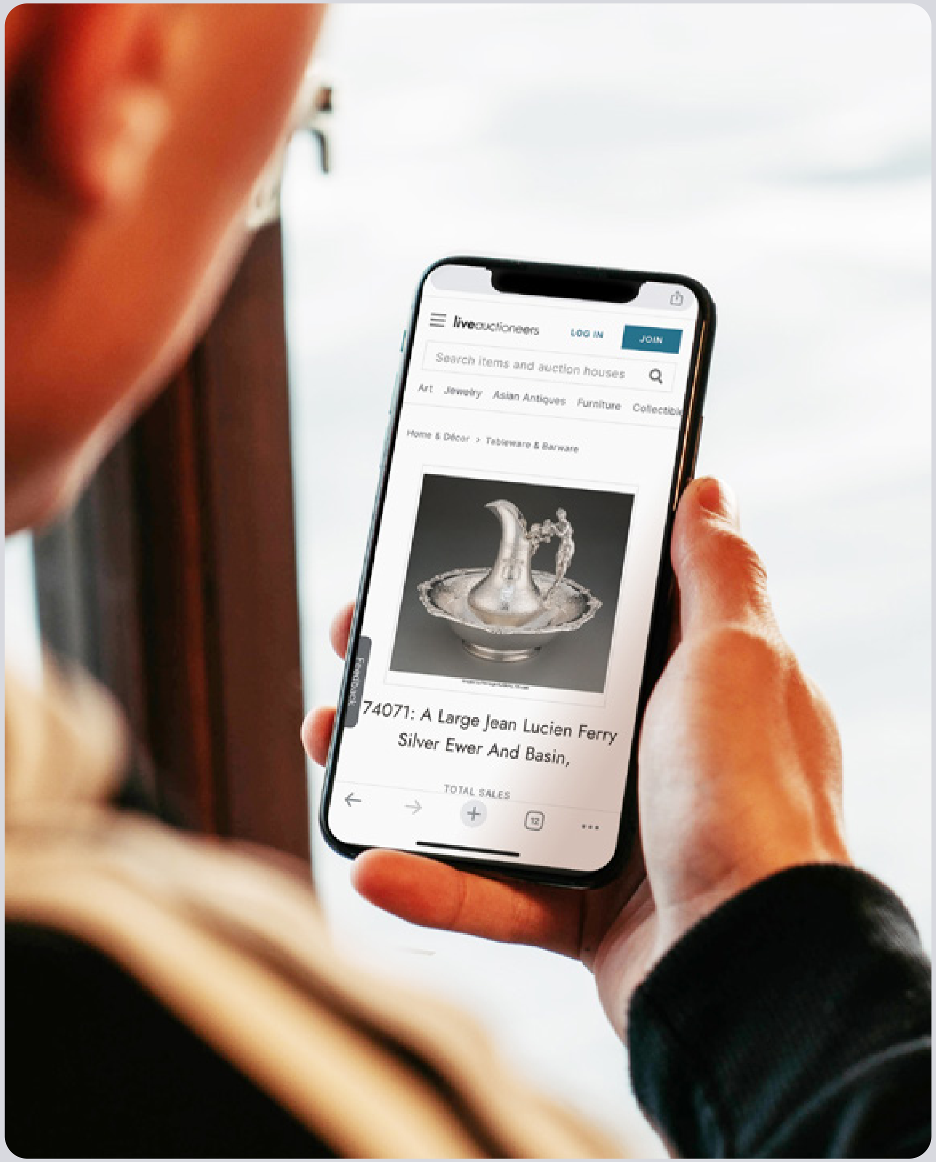
Six Strategic Growth Drivers continued

Enhance the network effect

Case study

Timed+

Timed+ is a unique online auction format that enables auctioneers to simultaneously run a timed auction on an ATG white label and an ATG marketplace. The solution was initially rolled out on Auction Mobility and LiveAuctioneers in March 2023 and in FY24 is being rolled out across other marketplaces. Timed+ not only incentivises auctioneers to switch to ATG's white label solution, but also helps to facilitate the shift to timed auctions. Cross-listing also encourages bidders to use ATG as their primary search portal by presenting them with the broadest array of inventory, therefore further strengthening our competitive position.



Extend the total addressable market

Case study

Sotheby's

In July 2023, ATG established a partnership with Sotheby's, a world leading auctioneer for art and luxury goods. Through the partnership, Sotheby's will list a number of its auctions on two ATG marketplaces, The Saleroom and LiveAuctioneers.

The partnership highlights the attractiveness of ATG marketplaces for global auction houses, helping them to drive sales and increase reach by introducing them to incremental bidders.

Six Strategic Growth Drivers continued

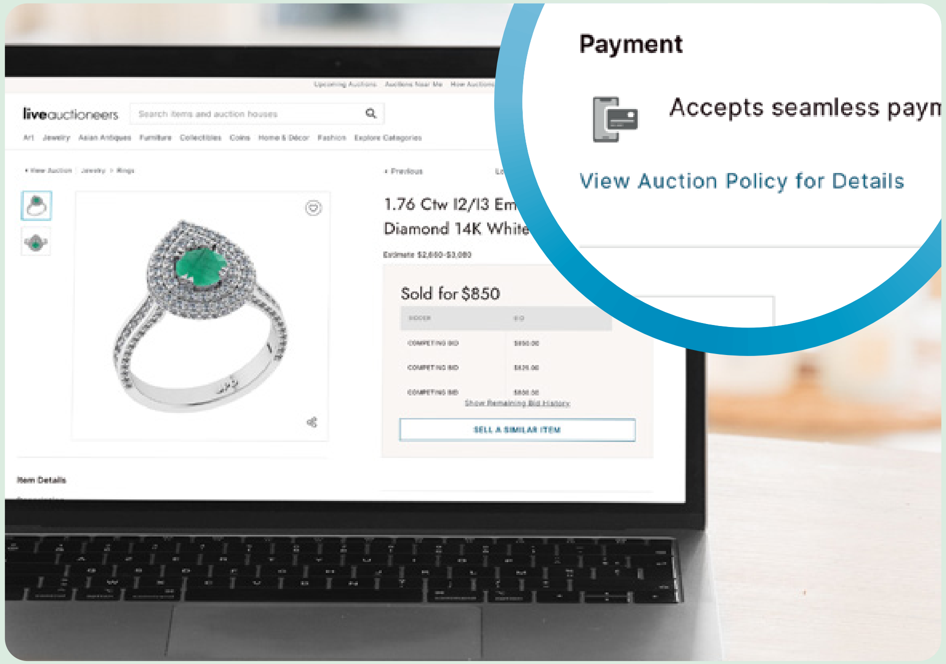
Grow the conversion rate

Case study

New rate card on Proxibid

In March 2023, we introduced a new pricing structure on Proxibid which offers differentiated fixed fee and commission pricing depending on the type of auction run, as well as on whether the auctioneer uses other ATG services including marketing and atgPay.

With a differentiated pricing structure, we have provided auctioneers with economic incentives to use a larger suite of ATG products. An updated rate card for LiveAuctioneers was also rolled out in early FY24.



Grow take rate via value-added services

Case study

atgPay

Payments on LiveAuctioneers have continued to grow with 91% of US-based auctioneers onboarded and the payment product accounting for 61% of US gross transaction value on the marketplace in September 2023. We are continuing to develop the product including payments automation, which requires every bidder at an atgPay auction to receive an atgPay invoice, as well as for autopay to be a requirement for all atgPay auctions.

atgPay on Proxibid was activated in the third quarter and by the end of September 38% of auctioneers had already been onboarded.

Six Strategic Growth Drivers continued

Pursue accretive M&A

Case study

ESN

ESN provides the leading platform to facilitate estate sales across the US. Both corporate estate sale companies as well as private customers use ESN to advertise online the sale of millions of unique second-hand items sourced from a range of events including private home estate sales and business liquidations.

ATG's acquisition of ESN expands its immediately addressable market into the growing and fragmented US estate sales market, providing another channel to facilitate the growth of the circular economy. ESN's seller and buyer bases are highly complementary and synergistic to ATG, offering the opportunity to drive more buyer traffic to ATG's marketplaces, convert browsers of ESN to online auctions and enable sellers to cross-list across multiple ATG marketplaces. The acquisition also highlights ATG's internal capability to source and acquire attractive businesses.

Since the acquisition, ESN has performed ahead of initial financial expectations. It has also made significant progress to optimise its site, through an updated pricing structure and through the growth of marketing solutions, where ESN has leveraged ATG's expertise to create new advertising solutions. ESN has also grown the number of buyers and sellers on the site with the total number of subscribers to ESN reaching 1.1m by the end of FY23.

EstateSales.NET

Expand operational leverage

Case study

North America reorganisation

In FY23, ATG reorganised its North American structure, including merging the I&C and A&A product, technology, marketing and commercial teams to report into a single structure. This reorganisation follows the acquisition of LiveAuctioneers in FY22 and our platform strategy to integrate businesses into our hub and spoke operating model, thereby streamlining centralised costs, improving scalability and ensuring aligned decision-making.

Key Performance Indicators

We monitor our progress using financial and non-financial key performance indicators.

Strategy/focus area

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

Financial KPIs

Revenue
(£m)

£135.2m

FY23 £135.2m
FY22 £119.8m
FY21 £70.1m

Why we use this measure
Revenue is used to measure the Group's overall growth and trading performance.

Performance
Revenue increased 13% vs FY22, driven by an increase in the take rate due to higher fixed fees and the roll out of value-added services, the acquisition of ESN and a foreign exchange benefit.

Principal risks
1 2 3 4 5 6 9

Link to remuneration
Yes – see pages 98 to 112 of the Directors' Remuneration Report for further details

Strategy/focus area

Adjusted EBITDA[1]
(£m)

£64.0m

FY23 £64.0m
FY22 £54.0m
FY21 £31.8m

Why we use this measure
Adjusted EBITDA is the measure used to assess the operating performance of the Group.

Performance
The Group's adjusted EBITDA increased 19% year-on-year driven by revenue growth and an increase in the adjusted EBITDA margin by 2ppt to 47%. Margin growth was driven by the growth in high margin marketplace revenue.

Principal risks
1 2 3 4 5 6 9

Link to remuneration
Yes – see pages 98 to 112 of the Directors' Remuneration Report for further details

Strategy/focus area

Adjusted free cash flow conversion[1]
(%)

78.0%

FY23 78.0%
FY22 92.5%
FY21 95.7%

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

Performance
The Group generated £49.9m of adjusted free cash flow[1] in FY23 (FY22: £49.9m) and an adjusted free cash flow conversion of 78.0% (FY22: 92.5%). The decrease in conversion reflects an increase in additions to internally generated software, the timing of auction activity and the timing and size of performance related payments.

Principal risks
1 2 3 4 5 6 9

Link to remuneration
No

Strategy/focus area

Basic earnings/ (loss) per share
(p)

13.9p

FY23 13.9p
FY22 (5.1)p
FY21 (31.0)p

Why we use this measure
Basic earnings/(loss) per share represents the earnings/loss for the year attributable to ordinary shareholders.

Performance
Basic earnings per share of 13.9p improved from a loss of (5.1)p in FY22 driven by the growth in profit after tax year-on-year as higher operating profit and a tax credit offset the impact of higher net finance costs.

Principal risks
1 2 3 4 5 6 9

Link to remuneration
No

Strategy/focus area

Adjusted diluted earnings per share[1]
(p)

32.6p

FY23 32.6p
FY22 29.5p
FY21 9.2p

Why we use this measure
Adjusted diluted earnings per share represents the adjusted earnings for the year attributable to ordinary shareholders divided by the diluted weighted average number of ordinary shares outstanding during the year.

Performance
Adjusted diluted earnings per share of 32.6p increased from 29.5p in FY22 as the increase in adjusted EBITDA offset the impact of higher adjusted net finance costs and a higher adjusted effective tax rate.

Principal risks
1 2 3 4 5 6 9

Link to remuneration
Yes – see pages 98 to 112 of the Directors' Remuneration Report for further details

Strategy/focus area

1. This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 3 to the 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.

Key Performance Indicators continued

Strategy/focus area

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

Operating KPIs

Total hammer value ("THV")[1] (£bn)

£10.8bn

FY23 £10.8bn
FY22 £10.1bn
FY21 £7.8bn

Why we use this measure
The Group's THV represents the total final sale value of all lots listed on the marketplaces or the platform.

Performance
THV grew 7% at actual exchange rates and 3% at constant currency to £10.8bn, including as a result of an increase in the number of auctioneers using our marketplaces, an increase in the number of auctions facilitated and an increase in the number of lots listed.

Principal risks
1 2 3 4 5 6 9

Link to remuneration
No

Strategy/focus area

Conversion rate[1] (%)

31%

FY23 31%
FY22 33%
FY21 33%

Why we use this measure
The conversion rate is GMV as a percentage of the THV. It represents the % of total final sale value of lots listed and sold on ATG's marketplaces where the winning bid was placed on an ATG marketplace.

Performance
The conversion rate declined 2ppt year-on-year, as investments to incentivise the adoption of timed auctions were offset by the impact of a return to physical auctions and the mix of auctioneers on our marketplaces.

Principal risks
1 2 3 4 5 6 9

Link to remuneration
No

Strategy/focus area

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

£3.3bn

FY23 £3.3bn
FY22 £3.3bn
FY21 £2.6bn

Why we use this measure
The Group's GMV represents the total final sale value of all lots sold via winning bids placed on the marketplaces or the platform.

Performance
GMV grew 2% year-on-year at actual exchange rates and declined 3% at constant currency, driven by the annualisation of strong performance in FY22 that had benefited from the Covid-19 pandemic, a deceleration in auction activity over the year and the proactive rotation of GMV which had a lower take rate to optimise revenue going forward.

Principal risks
1 2 3 4 5 6 9

Link to remuneration
No

Strategy/focus area

Take rate[1] (%)

3.6%

FY23 3.6%
FY22 3.3%
FY21 3.5%

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

Performance
Take rate increased by 0.3ppt to 3.6%, benefiting from higher fixed fees, the growth in auctioneer marketing solutions, the roll out of atgPay and the launch of a atgShip.

Principal risks
1 2 3 4 5 6 9

Link to remuneration
No

Strategy/focus area

1. Refer to the Glossary for full definitions. Operating KPIs exclude ESN.

Chief Financial Officer's Review

Tom Hargreaves
Chief Financial Officer

Robust revenue growth, margin expansion and strong cash generation.

Group presentation of results

The financial results for FY23 are presented for the year ended 30 September 2023. On 6 February 2023, the Group completed its acquisition of Vintage Software LLC., trading as EstateSales.NET ("ESN"), for a consideration of $40m. The results for ESN are included within the A&A operating segment in FY23. Full details of the accounting implications are detailed in note 11 of the Consolidated Financial Statements.

The impact of the acquisition affects the comparability of the Group's results. Therefore, to aid comparisons between FY22 and FY23 organic revenue growth is presented to exclude the acquisition of ESN on 6 February 2023. Organic revenue is shown on a constant currency basis, using average exchange rates for the current financial period applied to the comparative period and is used to eliminate the effects of fluctuations in assessing performance. Note 3 of the Consolidated Financial Statements includes a full reconciliation of all APMs presented to the reported results for FY23 and FY22.

Given that a significant majority of the Group's revenue, costs and cash flows are now generated in US dollars, for financial periods beginning on or after 1 October 2023, the Group will change the presentational currency in which the Group presents its consolidated financial results from pound sterling to US dollars. FY23 consolidated financial results presented in US dollars are available on our website at www.auctiontechnologygroup.com

Group

Group revenue increased 13% year-on-year to £135.2m, driven by growth in marketplace revenue, a favourable movement in the foreign exchange rate and the acquisition of ESN. On an organic basis[2], revenue grew 5%, driven by the growth in value-added services revenue and event fees which offset a 3% reduction in GMV on our marketplaces. Commission revenue on our marketplaces was flat year-on-year. Marketplace revenue growth was partially offset by revenue declines on an organic basis in Auction Services and Content.

Revenue
£135.2m
FY22: £119.8m

Adjusted diluted earnings per share[1]
32.6p
FY22: 29.5p

Adjusted EBITDA[1]
£64.0m
FY22: £54.0m

Basic earnings/(loss) per share
13.9p
FY22: (5.1)p

Profit before tax
£7.1m
FY22: £9.3m

Adjusted free cash flow[1]
£49.9m
FY22: £49.9m

Revenue

	FY23 £m	FY22 £m	Movement reported	Movement organic[2]
Art & Antiques ("A&A")	65.6	55.3	19%	6%
Industrial & Commercial ("I&C")	58.2	52.7	10%	7%
Total marketplace	**123.8**	**108.0**	**15%**	**6%**
Auction Services	8.3	8.6	(3)%	(7)%
Content	3.1	3.2	(3)%	(3)%
Total	**135.2**	**119.8**	**13%**	**5%**

1. This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of UK-adopted International Accounting Standards. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 3 to the Consolidated Financial Statements, with definitions, an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.
2. Operational KPIs are unaudited. Refer to the Glossary for full definitions. The Group has made certain acquisitions that have affected the comparability of the Group's results. To aid comparisons between FY23 and FY22, organic revenue has been presented to exclude the acquisition of EstateSales.NET on 6 February 2023. Organic revenue is shown on a constant currency basis using average exchange rates for the current financial period applied to the comparative period and is used to eliminate the effects of fluctuations in assessing performance.

Chief Financial Officer's Review continued

Art & Antiques

Revenue in the A&A segment increased 19% to £65.6m, up 6% on an organic basis predominantly driven by the increase in the take rate by 0.6ppt to 8.6%. This increase was the result of growth in value-added services adoption, including marketing and payments, in addition to a small contribution from the newly launched shipping product, as well as price increases in event fees. GMV across A&A declined 3% at constant currency impacted by both challenging comparisons in the first half of the year when the prior year had benefited from the Covid-19 pandemic and a slowdown in the A&A auction market in the second half of the year, with A&A THV up 1% for FY23 and down 2% in the second half. ESN delivered double-digit revenue growth, ahead of plan, driven by sustained growth in the estate sales subscribers on the site, an increase to our pricing structure and the growth of marketing revenue on ESN. The ESN contribution to the FY23 results was from the date of acquisition on 6 February 2023.

Industrial & Commercial

I&C revenue grew 10% on a reported basis to £58.2m and 7% on an organic basis, driven by a 0.2ppt increase in the take rate to 2.2% that offset a decline in GMV in the second half. The take rate improvement was driven by the continued growth in the adoption and penetration of marketing solutions, the launch of atgPay on Proxibid, which was activated on the marketplace in the second half of FY23, and the updated pricing structure on Proxibid which was rolled out from March 2023. GMV declined 3%, impacted by a reversion of used asset prices in some I&C categories in the second half of the year following the easing of supply chain constraints in the primary market. GMV was also impacted by the commercial decision to switch out volume with high service requirements and minimal revenue contribution, but which has higher future revenue potential. Excluding this impact, GMV would have been up 1% year-on-year. Total I&C GMV remains 247% higher than it was pre-pandemic in FY19 reflecting the attractiveness of our business model.

Auction Services

Auction Services revenue of £8.3m declined 3% on a reported basis and 7% on an organic basis. Revenue was impacted by a shift of auction activity away from the white label channel year-on-year and back to physical auctions. In FY23, we have begun to better integrate our white label solutions with ATG marketplaces through the launch of our integrated bidding solutions. We would expect this to result in ATG increasingly becoming the preferred provider for white label solutions.

Content

Content revenue declined 3% to £3.1m, as expected, driven by the ongoing fall in advertising volumes as auctioneers increasingly migrate their marketing spend to the online channel.

Operating profit

The Group reported an operating profit of £22.5m compared to £16.8m in the prior year, driven by the increase in gross profit which offset the impact from an increase in year-on-year administrative expenses.

Gross profit increased 15% to £91.7m, with the gross profit margin increasing 1ppt year-on-year, which reflects the revenue growth and a high flow-through of revenue to gross profit. The Group's administrative expenses increased by £6.2m to £69.8m. This increase includes £2.7m of one-off exceptional costs related to the acquisition of ESN (FY22: Nil) and a £1.8m increase in share-based payments to £7.0m, including the impact of annual grants awarded in December 2022 and one-off awards for certain members of the Senior Management Team. We expect the share-based payments expense to broadly stabilise going forward. The movement in administrative expenses also includes the impact of foreign exchange movement as well as investments in the business to support future growth.

Financial performance

	FY23 £m	FY22 £m	Movement
Revenue	135.2	119.8	13%
Cost of sales	(43.5)	(40.1)	8%
Gross profit	**91.7**	**79.7**	**15%**
Administrative expenses	(69.8)	(63.6)	10%
Other operating income	0.6	0.7	(14)%
Operating profit	**22.5**	**16.8**	**34%**
Adjusted EBITDA (as defined in note 3)	**64.0**	**54.0**	**19%**
Finance income	0.2	2.1	(90)%
Finance cost	(15.6)	(9.6)	63%
Net finance costs	**(15.4)**	**(7.5)**	**(105)%**
Profit before tax	**7.1**	**9.3**	**(24)%**
Income tax	9.8	(15.4)	164%
Profit/(loss) for the period attributable to the equity holders of the Company	**16.9**	**(6.1)**	**377%**

Chief Financial Officer's Review continued

Adjusted EBITDA

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

Adjusted EBITDA increased from £54.0m to £64.0m year-on-year. Adjusted EBITDA margin increased by 2ppt to 47% due to the growth in high margin marketing and fixed fee revenue and cost management which offset the contribution from lower margin payments revenue growth as well as the impact from ongoing investments in products and services to support future growth.

Net finance costs

Net finance costs were £15.4m compared to net finance costs of £7.5m in FY22 and include the impact of a £4.1m non-cash foreign exchange loss in FY23 versus a £2.1m non-cash foreign exchange gain in FY22 related to intergroup balances. Excluding this impact, as well as excluding the impact from a £1.6m year-on-year decrease in the deferred consideration, net finance costs increased £3.3m year-on-year. The increase primarily relates to higher interest costs on our US dollar denominated Senior Term Facility due to the increase in the Secured Overnight Financing Rate ("SOFR") and the movement in foreign exchange, offsetting a lower level of borrowings. Our average interest rate for the year increased from 4% to 8%. During the year, the Group pre-paid $53.7m of its Senior Term Facility, in addition to repaying $26.3m on the Revolving Credit Facility ("RCF") that was drawn in the year to fund the ESN acquisition. In the prior year, finance costs related to interest costs on our Senior Term Facility, commitment fees, foreign exchange gains and movement in the contingent consideration. Finance income of £0.2m primarily relates to interest income in the year (FY22: £2.1m including the foreign exchange gain). The Group expects a small increase to net finance costs excluding the impact of foreign exchange in FY24 reflecting a higher average interest rate ofsetting a lower loan balance.

Profit before tax

After the impact of higher net finance costs year-on-year due to the rising SOFR rates and the movement in foreign exchange, the Group reported a profit before tax of £7.1m (FY22: £9.3m).

Taxation

The overall tax credit for the year was £9.8m (FY22: £15.4m expense), arising from the profit in the year and a deferred tax credit on unrealised foreign exchange differences and non-deductible foreign exchange differences on intergroup loan balances. The unrealised foreign exchange differences were not recognised in the Group's profit for the year due to differences in the functional currency basis under tax and accounting rules for the US holding entities. The Group's effective tax rate for FY23 was a credit of 137% (FY22: 166%) is higher than the UK tax rate (19% until April 23 and 25% thereafter) due to the net impact of allowable deductions for the exercise of share options and the deferred tax liability on the foreign exchange movements in the year. The tax rate on adjusted earnings of 16% increased from 15% in the prior year, partly reflecting the increase in the UK corporate tax rate, our primary tax jurisdiction. The Group expects the tax rate on adjusted earnings to increase to 19% in FY24, in line with the higher UK tax rate.

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

Earnings/(loss) per share and adjusted earnings per share

Basic and diluted earnings per share was 13.9p and 13.8p respectively compared to a loss of 5.1p in FY22, as a tax credit offset lower profit before tax year-on-year. The weighted average number of shares during the period was 122.2m (FY22: 120.3m shares), with the increase year-on-year due to the impact of vested equity incentive awards.

Adjusted diluted earnings per share was 32.6p compared to 29.5p in FY22 and is based on profit after tax adjusted to exclude share-based payment expense, exceptional items (operating and finance costs), amortisation of acquired intangible assets and any related tax effects. The increase year-on-year is due to the increase in adjusted EBITDA, partially offset by higher net finance costs, an increase in the effective tax rate due to an increase in the UK tax rate, and an increase in the weighted average number of ordinary shares and dilutive options in the year.

A reconciliation of the Group's profit after tax to adjusted earnings is set out in note 3.

EstateSales.NET acquisition

On 6 February 2023, the Group acquired 100% of the equity share capital of Vintage Software LLC, trading as EstateSales.NET ("ESN"), for total consideration of $40m funded out of the Group's existing cash balance and debt facilities. ESN is a leading estate sales listing site in the US and the purpose of the acquisition was to access an adjacent channel in the resale of secondary goods and to enable cross-selling opportunities for the Group. The full acquisition accounting is detailed in note 11.

Foreign currency impact

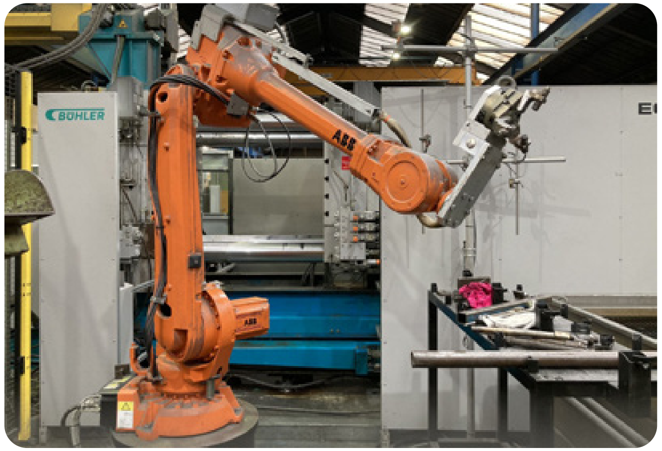
The Group's reported performance is sensitive to movements in both the US dollar and the euro against the pound sterling with a mix of revenues included in the table below.

	FY23 £m	FY22 £m
United Kingdom	19.7	18.5
North America	111.6	97.8
Germany	3.9	3.5
Total	**135.2**	**119.8**

The average FY23 exchange rate of pound sterling against the US dollar weakened by 3.1% and by 2.5% against the euro compared to FY22, as shown in the table below.

	Average rate			Closing rate		
	FY23	FY22	Movement	FY23	FY22	Movement
Euro	1.15	1.18	(2.5)%	1.15	1.13	1.8%
US dollar	1.23	1.27	(3.1)%	1.22	1.12	8.9%

Chief Financial Officer's Review continued



When comparing revenue in FY22 to FY23, changes to average foreign exchange rates had a favourable impact on revenue of £3.2m. Partially offsetting this, changes to foreign exchange rates had an unfavourable movement on the Group's cost of sales and administrative expenses of £2.5m when compared to FY22.

The tax for the period was also significantly impacted by movements in foreign currency exchange rates, resulting in a reduction to the tax charge of £9.7m. The strengthening of the pound sterling against the US dollar over the year has given rise to a loss of £42.4m on assets held and a gain on the external dollar loan of £11.6m. A net loss of £30.5m has been recognised in the foreign currency reserve.

For FY24, the Group will change the presentational currency in which the Group presents its consolidated financial results from pound sterling to US dollars.

Statement of financial position

Overall net assets at 30 September 2023 have decreased by £9.3m to £530.0m since 30 September 2022. Total assets decreased by £80.9m, largely driven by the strengthening of pound sterling against the US dollar at the year end which has reduced total assets by £53.5m. There has been a £47.9m cash outflow related to the prepayment of our Senior Term Facility, net of the drawdown to fund the ESN acquisition. Goodwill, intangible and tangible assets increased due to goodwill and intangible asset additions of £33.0m acquired with ESN and other additions of £8.7m, net of the amortisation charge for the year of £30.4m.

The Group's goodwill and intangibles were tested for impairment at 30 September 2023 and no impairment was recognised, although the A&A and Auction Services cash-generating units remain sensitive to the key assumptions used in the model. Refer to note 12 for further details.

Total liabilities decreased by £71.6m, primarily due to a reduction in loans and borrowings of £59.0m, a decrease in deferred tax liabilities of £23.9m, largely driven by the movement on the unrealised foreign exchange differences and the unwind of the capitalised acquisition intangible assets, and an increase in creditors of £7.6m due to the impact of the deferred consideration.

Cash flow and adjusted net debt

The Group generated strong cash from operations at £57.7m (FY22: £49.4m), driven by high margin revenue growth which offset higher cash interest cost year-on-year. The movement in working capital reflects the timing of auction activity, the size and timing of performance related payments and growth in the business. The £4.5m increase in additions to internally generated software primarily relates to our programme to migrate to a single technology platform as well as investment on new products such as payments. Total expenditure on additions to internally generated software and payment for property, plant and equipment was £9.3m, in line with our guidance.

Adjusted net debt as at 30 September 2023 was £115.7m, a decrease from £131.4m as at 30 September 2022 as strong operating cash flow generation more than offset the impact of the acquisition of ESN, additions to internally generated

	FY23 £m	FY22 £m
Adjusted EBITDA	**64.0**	**54.0**
Cash generated from operations	57.7	49.4
Adjustments for:		
Exceptional items	2.7	–
Working capital from exceptional and other items	(1.2)	5.0
Additions to internally generated software	(8.7)	(4.2)
Additions to property, plant and equipment	(0.4)	(0.3)
Payments for right of use assets	(0.2)	–
Adjusted free cash flow	**49.9**	**49.9**
Adjusted free cash flow conversion	**78.0%**	**92.5%**

Chief Financial Officer's Review continued

software and foreign exchange movements. The Group had cash at bank of £6.1m and borrowings of £121.8m as at 30 September 2023 (30 September 2022: cash at bank of £49.4m and borrowings of £180.8m). During the year, the Group paid $53.7m of its Senior Term Facility, in addition to repaying $26.3m on the RCF that had been drawn in the year to fund the ESN acquisition. The adjusted net debt/adjusted EBITDA ratio decreased from 2.4x as at 30 September 2022 to 1.8x.

The Group's adjusted free cash flow was £49.9m (FY22: £49.9m), a conversion rate of 78.0% (FY22: 92.5%). The decrease in conversion rate reflects the timing of auction activity, working capital movement as well as an increase in additions to internally generated software. A reconciliation of cash generated from operations to adjusted free cash flow and adjusted free cash flow conversion is included in note 3 of the Consolidated Financial Statements.

Dividends

As per the Group's dividend policy, the Group sees strong growth opportunities through organic and inorganic investments and, as such, intends to retain any future earnings to finance such investments. The Company will review its dividend policy on an ongoing basis but does not expect to declare or pay any dividends for the foreseeable future. Therefore, no dividends have been paid or proposed for FY23 or FY22.

Post balance sheet events

There were no post balance sheet events.

Related parties

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

Going concern

In assessing the appropriateness of the going concern assumption, the Directors have considered the ability of the Group to meet the debt covenants and maintain adequate liquidity through the forecast period. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate comfortably within the level of its current facilities and meet its debt covenant obligations.

Sensitivities have been modelled to understand the impact of the various risks outlined above on the Group's performance and the Group's debt covenants/cash headroom, including consideration of a reasonable downside scenario. Given the current demand for services across the Group at the date of this report, the assumptions in these sensitivities, when taking into account the factors set out above, are considered to be unlikely to lead to a debt covenant breach or liquidity issues under both scenarios.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and that it remains appropriate to continue to adopt the going concern basis in preparing the financial information.

Tom Hargreaves
Chief Financial Officer

30 November 2023

Risk Management

The Board is collectively responsible for determining the nature and extent of the principal and emerging risks the Group is willing to take in achieving its strategic objectives.

Risk management approach

The Board has overall responsibility for risk management. On a day-to-day basis, this is managed by the Group Head of Risk and Internal Audit, appointed in FY23. This is a key role to ensure the Group remains abreast of its principal and emerging risks, as well as owning the monitoring and review of the effectiveness of the Group's systems of risk management and internal control. The Group Head of Risk and Internal Audit reports directly to the Audit Committee.

The Board is responsible for identifying the significant strategic, operational, financial, compliance and reputational risks and ensuring there is an appropriate risk management framework in place to manage these risks.

The Board has implemented a risk management system which is managed by the Group Head of Risk and Internal Audit. This assists in determining the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives. The Board formally approves the Group's strategic risk register on an annual basis.

The Group Head of Risk and Internal Audit works closely with the Leadership Team. This includes an annual review of the Group's strategic risk register and an assessment of the principal and emerging risks.

The Group applies a 'Three Lines of Defence' model to risk management.

Three Lines of Defence model

Board
Sets our overall risk appetite and ensures that we manage risks appropriately across the Group.
The Board delegates oversight of risk management activities to the Audit Committee.

Audit Committee
Monitors the principal risks and uncertainties that have been identified through our risk management systems while ensuring the appropriate mitigations are in place. The Committee also continually reviews the effectiveness of our risk management and internal control systems, which support our risk identification, assessment and reporting.

1st line
Front-line functions
Front-line operational teams responsible for identifying potential risks within their daily duties and implementing mitigating actions.

2nd line
Risk management functions
Apply specialist knowledge and research to identify new operational and strategic risks and monitor changes to existing risks, at a Group level. Responsible for developing and implementing risk management frameworks, policies and procedures and ensuring the first line are adequately trained and informed on the Group's risk management approach.

3rd line
Internal Audit
Led by the Group Head of Risk and Internal Audit, provides an independent and objective view on the first and second line as well as advice on the adequacy and effectiveness of governance, internal controls and risk management. Reports directly to the Audit Committee.

External Audit

Regulator

Risk Management continued

Risk management process

Effective risk management is critical in order for us to achieve our strategic objectives. Our risk management system is designed to support the identification, assessment, management and subsequent monitoring, reporting and review of any material risks that threaten the Group's strategic and business objectives.

1. Setting the risk appetite

The Board recognises the need for informed risk-taking in order to deliver sustainable and profitable business growth. Our risk appetite across different areas informs the Group's risk and control framework and day-to-day control activities.

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

2. Identifying risks

Principal and emerging risks are maintained in the Group's strategic risk register by the Group Head of Risk and Internal Audit and reviewed by the Audit Committee and the Board bi-annually. The strategic risk register captures the assessment of each risk, mitigating controls in place and residual risk ratings. The Group Head of Risk and Internal Audit works closely with the front-line teams to understand current and emerging risks at the operational level.

3. Assessing risks

Risks are evaluated to establish the root cause and to quantify the likelihood of the event occurring and the full range of potential impacts from a minimum (best case) to a maximum (worst case). These scores are compared against our risk appetite to support the decisions for further mitigation as appropriate.

4. Managing risks

Mitigating actions are developed by management and implemented by the front-line teams. Overall ownership of the principal risks is assigned to members of Senior Management.

5. Monitoring and reviewing risks

Strategic and operational risks are monitored by the Group Head of Risk and Internal Audit on an ongoing basis. Periodic review is then performed by the Audit Committee as part of a review of the output of the Group's risk management system. Ultimate oversight is then given by the Board through bi-annual reviews. Independent challenge is provided on an ongoing basis by the Internal Audit Team and our external auditors.

Principal Risks and Uncertainties

Identifying, monitoring and managing the Group's principal risks

The Board conducted a thorough evaluation of key risks to the Group, assessing potential threats to its business model, future performance, solvency, and liquidity. This involved analysing the likelihood and impact of each identified risk, along with the corresponding mitigation strategies.

This section details our principal risks and uncertainties, as well as any unforeseen risks, whether individually or collectively, which could impact the Group's business, operations, and financial condition. Operating in a dynamic environment with inherent risks, we actively identify and address new risks through a systematic review process.

New and emerging risks

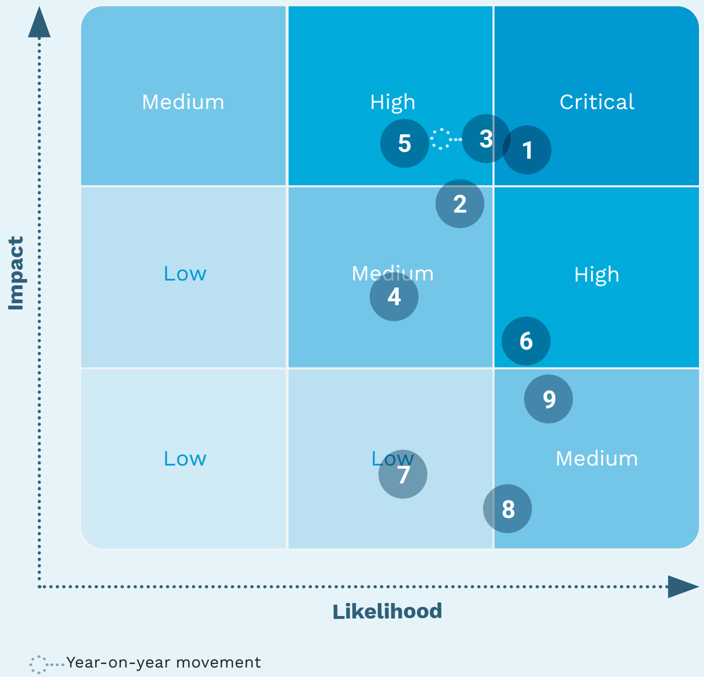
The Board consistently evaluates both external and internal business landscapes to identify and understand emerging, evolving, or escalating risks and issues. This is achieved through operational risk assessments and various horizon scanning initiatives. This proactive approach allows us to strategically plan and operate, mitigating potential threats effectively.

Emerging risks

The Group's ongoing risk management process involves the identification and evaluation of emerging risks by the Group's management, assessing their impact on the business. This year, the Sustainability and ESG Committee, along with the Audit Committee, have reviewed emerging risks, including those related to climate and environmental reporting, reporting findings to the Board. As a provider of digital marketplace technology, the Group maintains a low carbon footprint and minimal environmental impact. Considering the nature of the Group's operations, it has been determined that climate change actually presents opportunities, allowing the Group to foster and expedite the growth of the circular economy, establishing a global channel for sustainable commerce.

From the analysis performed with our external consultants it has been concluded that the financial impact of climate-related risks on the Group's operations is low. The Sustainability and ESG Committee has identified a range of potential transitional, physical and investor-related risks and opportunities, across the Group's value chain, including platforms, customers, consumers and employees, which have been outlined in detail on pages 52 to 53. On this basis the Board has concluded there is no principal risk for the Group in respect of climate change.

Risk assessment matrix



Our risk assessment matrix prior to mitigating actions:

1. IT infrastructure – stability and business continuity of auction platforms
2. IT infrastructure – inability to keep pace with innovation and changes
3. Cyber threat and data security
4. Competition
5. Failure to deliver expected benefits from acquisitions and/or integrate the business into the Group effectively
6. Attracting and retaining skills/ capabilities and succession planning
7. Regulatory compliance
8. Governance and internal control
9. Economic and geo-political uncertainty

Strategy/focus area

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

Trend key

- ↑ Heightened risk
- — No change
- ↓ Reduced risk

Principal Risks and Uncertainties continued

1. IT infrastructure – stability and business continuity of auction platforms

Description of the risk

An inability to maintain a consistently high-quality experience, including network or server failure for the Group's auction houses and bidders across its marketplaces or platform, could affect the Group's reputation, increase its operational costs and cause losses. IT service disruption could occur due to interruption in the provision of service from key suppliers.

Changes in the year

The Group has expanded with the acquisition of ESN. Integration of the new business has been successful and the Group now operates eight marketplaces across four technology platforms, which requires continuous real-time monitoring.

We have made progress this year on our journey to a single technology platform. This has included implementing common tooling, shared cataloguing and shared design systems.

Our marketplaces have been continuingly upgraded, including tuning, migration from on-premises to cloud and a lessening of reliance on VMware infrastructure.

Mitigating actions/controls

The cross-functional team to manage cloud operations and engineering across all marketplaces has matured to the point of enforcing standards to improve system stability and improve efficiency on technology delivery.

We have a comprehensive plan to consolidate all of the Group's marketplaces which will operate alongside a set of shared services. This consolidation process will continue in stages over the coming years.

We have a dedicated team who have modernised the Group's monitoring and alerting framework to include real user monitoring features to gain perspective on our customers' experience in the marketplaces.

Risk owner

Chief Technology Officer

Strategy/focus area

Trend

—

2. IT infrastructure – inability to keep pace with innovation and changes

Description of the risk

If the Group does not invest and manage the platforms and product development appropriately, incorporating new features and embracing technological advancements, there is a risk of falling behind in innovation. This could lead to a decrease in the number of auction houses and bidders utilising the marketplaces or platform, ultimately resulting in a loss of revenue.

Changes in the year

This year has seen growth of value-add services, with these now accounting for 18% of total revenue. 59% of auction houses have now adopted our marketing solutions.

Our payments solution, atgPay, has been rolled out, with 91% of US-based LiveAuctioneers auction houses and 38% of Proxibid auction houses onboarded as at the end of September 2023.

We are leveraging AI solutions, leading to improved personalisation for our users in several products. Going forward, we are looking to expand the use of AI, including image recognition and generative AI to support lot descriptions.

We have also successfully trialled our delivery solution, atgShip on LiveAuctioneers, providing bidders with new options for shipment of their purchases.

Mitigating actions/controls

The Chief Product Officer is key to developing the Group's value-add services. They also oversee the dedicated product team who are responsible for keeping pace with changes in customer expectations and technological developments and defining the roadmap of features for the platforms and marketplaces. New functionality is tested with a subset of the user base, to gather real-time usage data and feedback, to then optimise the user experience.

Risk owner

Chief Technology Officer
Chief Product Officer

Strategy/focus area

Trend

—

3. Cyber threat and data security

Description of the risk

The Group has a high dependency on technology and multiple internal IT systems. These are at risk of security breaches and targeted cyber attacks. Despite our security measures, any compromise of our systems could disrupt the Group's business, compromise sensitive and confidential information, affect the Group's reputation, increase costs and lead to financial penalties.

Changes in the year

The Group's security programme has expanded to include the ESN acquisition, including risk assessment, vulnerability remediation, incident management and all other ATG security controls.

Teams and systems across the Group's landscape are merging and centralising, having a positive impact on the ability to effectively monitor and secure threats against our applications, systems and employees.

The Information Security Steering Committee has been established in the year headed by the Head of Information Architecture and Security. The committee oversees regular internal and external risk assessments on the Group's technologies, cyber security and practices affecting user data. The committee reports its findings to the Audit Committee.

Mitigating actions/controls

The Group has an internal governance framework for data protection and security policies and procedures in place along with robust IT and security controls. Annual penetration tests are performed on all proprietary systems along with security recommendations from third-party security providers which are reviewed each month.

We have a Group-wide IT security policy based on the ISO 27001 standard and consolidated incident response processes and procedures.

The Head of Information Architecture and Security oversees all data security matters, with independent assurance from our Group Data Protection Officer, who both work with stakeholders across the Group to review, develop and improve our data practices and procedures.

Risk owner

Chief Technology Officer

Strategy/focus area

Trend

↑

Principal Risks and Uncertainties continued

4. Competition

Description of the risk
The Group's business model may come under pressure should a significant number of auction houses choose to take bidder generation, technology development and customer service (amongst other things) in-house and so bypass the marketplaces or platform, including as a result of auction houses who use the Group's white label offering attempting to maintain their own platforms rather than using the Group's platform.

Changes in the year
This year our auctioneer base grew to over 3,900 as we welcomed new auctioneers as well as maintaining our high auctioneer retention rate. New auctioneers included Sotheby's, a world leading auctioneer for art and luxury goods; all of the 'Big 4' auctioneers now use ATG's marketplaces, highlighting the attractiveness of our bidder reach, even for large global auctioneers.

The acquisition of ESN has further expanded our addressable market into the US estate sales market. Since acquisition, ESN has attracted even more estate sellers, with 4,800 active sellers on the platform as at the end of September 2023.

Mitigating actions/controls
The combination of our leadership, people, agile way of working and strong industry knowledge and networks helps to ensure that we stay up-to-date with the competitive landscape within which we operate.

We are constantly innovating with our technology and engaging our customers for feedback. We also undertake regular horizon-scanning activities to understand competitive threats and opportunities.

The Group is investing in its End-to-End experience to significantly improve the online buying experience at auction as well as simplifying and streamlining how auction lots are listed online to further strengthen its competitive position.

Risk owner
Chief Executive Officer

Strategy/focus area

Trend
—

5. Failure to deliver expected benefits from acquisitions and/or integrate the business into the Group effectively

Description of the risk
The Group has recently made and in the future may undertake further acquisitions and investments, which may prove unsuccessful or divert its resources, result in operating difficulties and otherwise disrupt the Group's operations.

Changes in the year
In February 2023, we completed the acquisition of ESN.

Integration of ESN into the Group has progressed well. A key senior member of the Group's Leadership Team has taken on the role of the General Manager of ESN. Roles have been recruited appropriately in advance of the previous management's planned exit, enabling a smooth handover and transition.

In FY23 the business has performed ahead of the acquisition plan.

Best practices have been shared in ESN, including, but not limited to, the optimisation of pricing, marketing strategies and business planning.

Integration of ESN into the Group technology platform is targeted to commence in FY24.

Mitigating actions/controls
We have an experienced Head of M&A who takes a disciplined approach to identifying and testing acquisitions to ensure they would be an appropriate strategic fit for the Group as well as earnings enhancing.

Clear plans and route maps are prepared to successfully integrate newly acquired businesses into the Group. It is important that we retain key expertise in our newly acquired businesses. Post the acquisitions completing we continue to review operational structures to ensure they are optimised globally.

Performance of the acquired businesses is reviewed against the initial investment cases prepared to ensure it is in line with original expectation.

Risk owner
Chief Executive Officer

Strategy/focus area

Trend
—

6. Attracting and retaining skills/ capabilities and succession planning

Description of the risk
Our business depends on hiring and retaining first class talent in the highly competitive technology industry. Inability to attract and retain critical skills and capabilities could hinder our ability to deliver on our strategic objectives.

Changes in the year
In FY23 we launched the ATG Academy, our new global learning and development programme, which included over 60 courses designed for our employees that were bespoke to working at ATG.

We also launched a new onboarding programme to help set new employees up for success which includes induction sessions, regular HR check-ins, a meeting with the Chief Executive Officer, and a thorough Global Orientation session where new employees have the opportunity to meet multiple executives.

Additionally, we launched All ToGether, our connection and development programme which includes a range of training programmes, networking events and other programmes to support the development and engagement of our employees.

Mitigating actions/controls
As a global business it is important that we perform regular reviews of our remuneration packages, share incentive schemes and training provided to our employees. Annual employee surveys and performance reviews are undertaken across all levels.

The Chief People Officer is working to ensure the integration of culture across the different businesses. The Chief Executive Officer and Chief Financial Officer regularly travel to businesses across the Group to assist with talent retention. The Nomination Committee has continued to review succession planning for the Board and senior management.

Further details on our people can be found in the Sustainability Report on page 44 and Nomination Committee report on page 90.

Risk owner
Chief People Officer

Strategy/focus area

Trend
—

Principal Risks and Uncertainties continued

7. Regulatory compliance

Description of the risk
The Group operates in a constantly changing and complex regulatory environment, especially as a listed business on the London Stock Exchange. There is a risk that the Group fails to comply with these requirements or to respond to changes in regulations, including the Financial Conduct Authority's rules and guidance, or specific legislation in the territories in which the Group operates, including the Competition and Markets Authority in the UK and tax authorities across all territories.

Non-compliance could lead to reputational damage, financial or criminal penalties and impact on our ability to do business.

Changes in the year
There continue to be further regulatory requirements and focus placed on listed businesses. FY23 is the second year that the Group has reported on climate-related issues in line with the Task Force on Climate-related Financial Disclosures framework.

Sales tax has been an area of focus, particularly following the roll out of atgPay. External consultants have been utilised to ensure the Group's approach remains appropriate.

Whilst not material for the Group, the evolution of sanctions law, and in particular with reference to Russia, will continue to be closely monitored by the Leadership Team.

Mitigating actions/controls
Compliance for the Group is overseen by the Audit Committee and the Board has ultimate responsibility. The Board and its Committees are supported by our legal, company secretary, finance, operations and technology teams. We ensure that all our people are appropriately trained in compliance, relative to their roles, and that this is maintained on an ongoing basis.

We have developed a detailed governance framework to monitor our legal and regulatory risks, and to ensure that we comply with the principles, rules and guidance applicable to our regulated activities. These are regularly reported upwards to the Audit Committee and Board.

Risk owner
Chief Financial Officer
Chief Operating officer

Strategy/focus area

Trend
—

8. Governance and internal control

Description of the risk
Any failure and/or weakness in governance or internal controls, financial or non-financial, could have a significant impact on the operations and financial performance of the Group.

Changes in the year
A Group Head of Risk and Internal Audit has been appointed in the year, reporting to the Audit Committee. This is a key role to ensure the Group remains abreast of its principal and emerging risks, as well as owning the monitoring and review of the effectiveness of the Group's systems of risk management and internal control.

The financial controls framework which has been developed for the Group's finance function has undergone review and testing by Internal Audit during the year.

Internal Audit has also performed reviews over the atgPay product from an operations and finance perspective to assess the governance and controls in place. The Group's business continuity and disaster recovery plans have also been assessed by Internal Audit.

Policies are reviewed on an ongoing basis and updated where appropriate to ensure they remain fit for purpose for the Group.

Mitigating actions/controls
The Audit Committee fulfils a vital role in the Group's governance framework, providing independent challenge and oversight of the accounting, financial reporting and internal control processes.

The Board has ultimate responsibility for ensuring compliance with the Corporate Governance Code. For further information on activities undertaken by the Board and Committees during the year see pages 70 to 93.

Risk owner
Chief Executive Officer
Chief Financial Officer

Strategy/focus area

Trend
—

9. Economic and geo-political uncertainty

Description of the risk
Group performance could be adversely impacted by factors beyond our control such as macroeconomic conditions and political uncertainty in key markets.

Changes in the year
The after-effects of the Covid-19 pandemic are continuing to abate and the impacts of the conflict in Ukraine to the Group have been minimal.

Whilst the macroeconomic environment has impacted our rate of growth in the second half, we have been able to offset the impact on GMV by executing against key initiatives that further diversify the revenue mix of our business and add new revenue streams.

In order to prepare for other external uncertainties, we have diversified our revenue stream with the roll out of value-added services which now account for 18% of Group revenue.

Additionally, our acquisition of ESN has increased our exposure to recurring revenue through its subscription model.

Mitigating actions/controls
The Group demonstrated, particularly through the Covid-19 pandemic, that it has a strong business model and its diversified revenue streams and geographical markets help to mitigate the impact of political or economic instability in any particular country or region.

The Group's commission revenue stream is directly linked to asset prices which provide a natural inflation hedge. The diversification of the Group's revenue streams as we roll out and grow value-add services including payments and marketing also helps in more uncertain economic periods.

The Group's exposure to the secondary goods market may benefit in periods of economic uncertainty as buyers look for value in second-hand assets, and as the supply of second-hand assets at auctions increases due to the need for liquidity, including through business insolvencies.

Risk owner
Chief Executive Officer
Chief Financial Officer

Strategy/focus area

Trend
—

Viability Statement

Overview

The Directors have assessed the Group's prospects, both as a going concern and its viability longer term. Understanding of the Group's business model, strategy and principal and emerging risks is a key element in the assessment of the Group's prospects, as well as the formal consideration of viability. The Group's strategy is detailed on pages 16 to 20 and the Group's principal risks, described on pages 30 to 33.

The Group's prospects are assessed primarily through its annual long-term detailed planning process which considers profitability, the Group's cash flows, committed facilities, liquidity and forecast funding requirements. This exercise is completed annually and was signed off by the Board in October 2023. As part of this the Board considers the appropriateness of key assumptions, taking into account the external environment and the Group's strategy.

Liquidity and financing position

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

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

The Directors are expecting to begin renegotiations on the financing arrangements for the Group 18 months prior to the current facilities expiring and, given the level of debt which would be required, there is a reasonable expectation the Group will be able to successfully refinance.

The assessment period

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

The Directors have assessed the appropriateness of this assertion as detailed business planning focuses on the near-term budget process based on the information available to the Group for the markets and operating environments in which the Group operates, with decisions on future funding and capital allocations focused on this period. In this context, the long-term viability assessment has been based on a three-year time frame, covering the period to 30 September 2026. On this basis the Directors have determined that three years was the most appropriate period for assessing the Group's prospects.

Forecasts and prospects

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

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

Assessing the Group's viability

The viability of the Group has been assessed, taking into account the current financial position, including external funding for the Group in place over the assessment period, and the impact of certain scenarios arising from the principal risks, which have the greatest potential impact on viability in that period. A number of scenarios have been modelled, considered severe but plausible, that encompass these identified risks. Whilst each of the risks for the Group outlined on pages 30 to 33 has a potential impact and has been considered as part of the assessment, only those that represent severe but plausible scenarios were selected for modelling.

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

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

Viability statement

Based on these severe but plausible scenarios the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 September 2026.

Downside scenario	Associated principal risks	Description
Significant reduction in commission revenue due to THV reduction	• IT infrastructure – stability and business continuity of auction platforms • IT infrastructure – inability to keep pace with innovation and changes • Competition • Economic and geo-political uncertainty	This scenario assumes an absolute reduction in THV of 11% versus the base case over the three-year period.
Significant reduction in commission revenue due to conversion rate decline	• IT infrastructure – stability and business continuity of auction platforms • IT infrastructure – inability to keep pace with innovation and changes • Cyber threat and data security • Competition • Economic and geo-political uncertainty	This scenario assumes an absolute reduction in the Group's conversion rate of 14% over the three-year period.
Lower revenue growth from value-added services across the Group	• IT infrastructure – inability to keep pace with innovation and changes • Failure to deliver expected benefits from acquisitions and/or integrate the business into the Group effectively	This scenario assumes that the revenue from value-added services is reduced by 50% versus the base case by FY26 due to delays in the roll out.

Stakeholder Engagement and Section 172 Statement

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

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

The Board considers its duties under Section 172(1) in all its discussions and decision-making and reference to Section 172(1) and the duty to consider stakeholder interests is highlighted at each Board meeting. In taking decisions, the Directors consider the balance of interests of the stakeholders who might be affected, details of which are recorded in the Board minutes. The principal stakeholders identified by the Board are set out in the Business Model section of the Strategic Report on pages 13 to 14. The following table summarises our key stakeholders, how we have engaged with them and the outputs of that engagement during the financial year. Metrics such as surveys and consultations are used to enable the Board to measure its engagement with stakeholders and to track the outcomes of that engagement.

In assessing the composition of the Board, the Chair and the Nomination Committee ensure that the skills and experience of the Board match the interests of our principal stakeholders. A Board skills assessment was undertaken during FY23 to ensure that the Board is aligned with the Company's strategic objectives, challenges and opportunities facing the Company and its stakeholders, further details of which can be found on page 91.

During FY23 we actively engaged and collaborated with our stakeholders in order to better understand our environmental, social and governance risks through an externally conducted materiality assessment. The results of this assessment as detailed on page 47 of this report have helped to further focus our sustainability strategy, as laid out on page 45 of this report.

Stakeholder Engagement and Section 172 Statement continued

Our stakeholders	Engagement in FY23	Board consideration in decision-making	Material issues
Our people Our people are our most valuable resource and asset. Ensuring that we attract, nurture and retain our people and focus them on achieving our strategy is key to ATG's success. The Board is acutely aware that the interests of our people should be considered when making decisions that may impact them and the wider business. **Significant areas of interest** • Providing a diverse, equitable and inclusive workplace. • Strong workplace culture and values. • Opportunities to develop. • Fair reward and incentive structure. • Long-term sustainable success.	• We conducted an annual employee engagement survey which included LiveAuctioneers and Auction Mobility in FY23. The survey is anonymous to encourage employees to be candid in their responses. Focus groups were established to look at particular topics arising from the survey. Output from the survey and focus groups is regularly provided to the Board by the CEO. • There was an informal Board 'meet and greet' for London-based employees providing interaction between the Board with a wide range of employees across functions, leading to a deeper understanding of the daily objectives, challenges and opportunities. • Tamsin Todd took over from Breon Corcoran as the Board's designated Director for workforce engagement in the year, with both Directors conducting engagement sessions with representatives of the Group's employees. Key topics discussed included parental leave policies, the impact on culture from hybrid working, resourcing key initiatives, communication and collaboration, and the operational benefits of integrating platforms. Outputs from the sessions were reported to the Board, with following actions delegated to Board Committees, the CEO and Senior Management Team. • Regular global and regional virtual 'All Hands' meetings for the CEO and Leadership Team were held to bring employees up to speed with latest projects, strategy and performance. The outputs of the Senior Management Team and Board strategy sessions were also cascaded to the wider management team for onward communication. • Board members participated in a 'Women in Leadership' event as part of ATG's Diversity, Equity and Inclusion strategy. This was attended by three Board members and 14 senior leaders, to share experiences and discuss pertinent issues. We also ran the first formal Female Leaders event, hosted by three senior female leaders and attended by 65 female employees. • All new employees are issued with an employee handbook that includes all appropriate Diversity, Equity and Inclusion policies as well as being invited to join a comprehensive employee orientation programme, which has been endorsed by the Board. All new employees take part in a 30-day check-in, any relevant feedback from which is communicated to the Board. • We launched ATG Academy, a redesigned training and development programme. Feedback is sought from participants after every session, any relevant elements of which are discussed by the Board. • The Board supported the development of and sought feedback on the rollout of the ATG Values. Further details on our engagement with our people can be found in Our People and Community on pages 61 to 66.	• The results of the FY23 employee engagement survey were presented to the Board and demonstrated a high approval rate for the Leadership Team with further details in the Sustainability Report on pages 44 to 68 and under Employee Engagement in the Corporate Governance Report on page 78. The Board welcomed the 83% participation and overall engagement score of 76%. Opportunities for improvement were around advancement, professional development growth, along with understanding the strategy and vision. • Feedback from employees on the topics most important to them was reflected in decisions made by the Board during FY23 and has helped to inform its strategic priorities for FY24. The Chief People Officer attended two Board meetings during the year to provide an update on our People strategy and the roll out of initiatives. These included the socialisation of ATG Values and the 'All ToGether' programme which aims to increase engagement across the Group. The Board also welcomed the launch of the ATG Academy and our new onboarding programme. • As part of the employee engagement sessions conducted by the designated Non-Executive Director, the Board commissioned reviews into parental leave in the UK which resulted in enhancements to our UK parental leave policies. • The Board discussed the impact for employees to ATG as part of discussions around the acquisition of EstateSales.NET and learnings from the acquisition of LiveAuctioneers during FY22. We are actively working to integrate the EstateSales.NET employees into the ATG benefits, policies, programmes and culture.	Cyber and data security Ethical conduct and integrity Employment practices and labour management

Stakeholder Engagement and Section 172 Statement continued

Our stakeholders	Engagement in FY23	Board consideration in decision-making	Material issues
Customers Auctioneers We pursue a true 'shared success' business model, whereby we earn if our auction house customers earn revenue through using our services. We have an over 50-year history of working in partnership with the auction industry. We constantly strive to improve the auctioneer experience. **Significant areas of interest** • Stability and reliability of platforms. • Improve auction house operating efficiency. • The ability to run timed auctions across ATG marketplaces and white labels. • Marketing solutions and analytical tools. • Access to a global pool of online bidders. • Integrated payments solutions.	• We provide structured and rigorous account management combined with a high level of support before, during and after auctions. The results of this engagement are reported to the Board via the CEO. • The Audit Committee oversees robust due diligence checks undertaken before new auction houses are onboarded as customers. • The Audit Committee receives regular updates on the implementation of policies with regards to prohibited items on our marketplaces and compliance team monitoring adherence to these restrictions. ATG has the ability to remove auction houses who we believe are unethical or selling or promoting goods in contravention of our contractual terms and policies. • Members of the Senior Management Team attended industry conferences in Europe and North America to share latest updates on ATG's products and services as well as to hear auctioneer feedback.	• The Board regularly challenges management on products and services for auctioneers including the roll out of atgPay, as detailed in the six strategic growth drivers on pages 16 to 20. During FY23, members of the Senior Management Team responsible for atgPay presented updates to the Board on progress and key milestones. The Board used this information to reach decisions on the allocation of resources in key operational teams targeted with the roll out of atgPay. • The CEO provides a platform stability dashboard at every Board meeting, for the Board to review infrastructure stability and monitor progress in implementing improvements. • The Board supported ATG's investment into products and services that will help auctioneers, including marketing solutions as well as a unique auction functionality, Timed+, as detailed on page 18. • The Board used its experience gained via demonstrations of timed and live online auctions, providing an insight into the auction house experience.	Cyber and data security Talent and workforce development Ethical conduct and Integrity
Consumers Bidders We want bidders to be satisfied with their bidding experience. Positive bidder experience drives consumer acquisition. **Significant areas of interest** • A convenient, trusted way to discover a wide range of specialised and unique curated items. • A memorable, easy and enjoyable experience.	• We receive onsite requests for feedback and onsite surveys. • Email support is available on all marketplaces and live chat on the majority. • We receive feedback for new marketing initiatives and product feature requests.	• The Board has supported the investment into improving the bidder experience, including through providing strategic input into the roll out of atgPay across two of our marketplaces and into the design and implementation atgShip. • The Board provided strategic and experience-based input into the investment into search engine optimisation, including through updated taxonomy and site navigations. • The CEO provides a platform stability dashboard at every Board meeting, for the Board to review infrastructure stability and monitor progress in implementing improvements. • The Board used its experience gained via demonstrations of timed and live online auctions, providing an insight into the bidder experience.	Did not participate in materiality assessment

Stakeholder Engagement and Section 172 Statement continued

Our stakeholders	Engagement in FY23	Board consideration in decision-making	Material issues
Suppliers Strong and sustainable relationships are critical to the Group's success. **Significant areas of interest** • Long-term collaborative relationships providing growth opportunities. • Responsible supply chain assurance and ethical procurement (including environment, modern slavery and broader human rights). • Fair terms and conditions and prompt payment.	• We seek to work with a range of suppliers, big and small, to ensure we receive the best services appropriate for our business. • The Chief Technology Officer ensures that his team continually engages with key outsourcing partners to discuss operational performance and the stability of our platforms. The outcome of this engagement is reported to the Board.	• The Board's commitment to ensure that slavery and human trafficking have no place in any part of our business or our supply chain is detailed in our Modern Slavery Statement published on the Group's website and approved by the Board on an annual basis. This is taken into account by the Board when shaping the Group's strategic priorities, for example in decisions determining the jurisdictions in which we establish operations. • The Board receives regular updates on the supply chain, overseeing engagement in business relationships with established and reputable business partners/clients, with whom we aim to build long-term partnerships. • The Audit Committee, as part of its oversight of risk management systems, receives updates from management on, and commissions internal audit reviews into, the robustness of technology service providers. The Board also has oversight of our systems of control, including rigorous supplier onboarding, which includes information security and data protection due diligence, as well as checks on financial viability and sanctions, and fair contractual terms. The Board considers the global footprint of our capacity to ensure that there is no over-reliance on any single provider. Our senior facilities arrangement with a syndicate of six banks ensured that our exposure to Silicon Valley Bank in FY23 was negligible. • The Board has oversight of ATG's payment practices and supports the payment of all our suppliers promptly and in accordance with their payment terms. • As detailed in the Sustainability Report on pages 44 to 68 we worked closely with our Tier 1 suppliers to obtain more specific emissions data, oversight of which is provided by the Sustainability and ESG Committee on behalf of the Board.	Product quality and safety Climate change and emissions Cyber and Data Security

Stakeholder Engagement and Section 172 Statement continued

Our stakeholders	Engagement in FY23	Board consideration in decision-making	Material issues
Communities and the environment Environmental sustainability is at the heart of our operations, with our online auction marketplaces ensuring that millions of items are resold for re-use or repurpose each year. We strive to minimise our environmental impact whilst also providing a channel of green commerce by facilitating the sale of used goods. The Group's purpose informs our business strategy and commitment to being a supportive and trusted partner to the industry, our people and our communities. **Significant areas of interest** • Diversity, equity and inclusion. • Playing a positive role in society in all the countries where we operate. • The environmental impact of our business and products, including our energy usage, carbon emissions and broader impact on the climate.	• We conducted a materiality assessment to ensure we had a clear understanding of what ESG topics matter most to stakeholders. The results of this assessment, as detailed on page 47, were reported to both the Sustainability and ESG Committee and the Board and actions agreed as set out on pages 66 to 68. • We established an ESG Working Committee for employees to make an impact on material ESG issues. • Employee charitable giving via Payroll Giving is enabled as a simple way for our people to support causes close to them with tax-free giving. During FY23 we maintained the Silver Payroll Giving Quality Mark Award for our commitment to Payroll Giving. • We facilitate charity auctions on our marketplaces, waiving our fees to ensure that all proceeds go to the charities. In the past 12 months, charity auctions hosted on our marketplaces have raised over £4.0m (FY22: £6.0m) for good causes. • We support the British Antique Dealers' Association ("BADA") in the UK and the National Auctioneers' Association ("NAA") and the International Auctioneers' Association ("IAA") in the US.	The Board and the Sustainability and ESG Committee reviewed, approved or endorsed outcomes, including: • the output of the materiality assessment, which has helped the Board and the Sustainability and ESG Committee to further focus our sustainability strategy, as laid out on page 45 of this report. • the approval of our near-term science-based emissions reduction targets by the Science Based Targets initiative ("SBTi"). The Sustainability and ESG Committee continues to oversee progress against these targets, with a 26% reduction in Scope 1 and 2 emissions delivered in FY23. • the extension of our environmental reporting disclosure to include waste and water. • the incorporation into the Company's strategy of the environmental benefits of buying at auctions including new social media content and marketplace editorials highlighting the sustainability credentials of items sold on our marketplaces. • outputs from the ESG Working Committee, formed during FY23 and represented by employees at each office location. • The Remuneration Committee of the Board has agreed from FY24 to add a new performance metric to the Executive Directors' incentive plan. This will now include actions taken by management to promote environmental sustainability (see page 111 of the Annual Report on Remuneration). Further details on our engagement with the community and environment can be found in our Sustainability Report from page 44.	Cyber and data security Ethical conduct and integrity Product quality and safety

Stakeholder Engagement and Section 172 Statement continued

Our stakeholders	Engagement in FY23	Board consideration in decision-making	Material issues
Shareholders We want to ensure that investors understand our business, our strategy and the environment within which we work, and that investors' issues and concerns are understood and considered by the Board and Senior Management Team. We invest to drive long-term sustainable value for our shareholders. **Significant areas of interest** • Value creation and delivery of the Company strategy. • Financial performance of the business, presented in a fair, balanced and understandable way. • Strategy and operational performance of the Group and clear articulation and effective management of risks. • Governance standards and structures including reasonable remuneration practices. • Sustainability and the environmental and ethical impact of the Group.	• A comprehensive investor engagement programme was run by the Director of Investor Relations including regular Executive Director meetings with shareholders via calls, conferences and roadshows. The Chair and Senior Independent Director also held meetings with major shareholders. Over 160 investor meetings were hosted in FY23. • Investors and analysts were invited to virtually attend our results announcements, which included a dedicated question and answer section. All investor announcements are available on our website. All Directors attended the AGM and were available to speak to shareholders in person. The Company's AGM will be held on 30 January 2024. • Over 81% of our issued share capital was voted at the AGM in January 2023, with the majority of resolutions receiving over 96% support. • The Chair of the Remuneration Committee wrote to 18 major shareholders, representing 80% of the register at that time, and three proxy advisers, outlining proposed changes to the remuneration of the CFO. • There was further engagement with 19 major shareholders and three governance agencies by the Remuneration Committee in September 2023, setting out proposed amendments to executive remuneration. The changes were all possible under the current Directors' remuneration policy and did not require shareholder approval but the engagement was to explain the changes ahead of disclosure in the Directors' Remuneration Report on pages 94 to 112. • We continue to work closely with TA Associates, a major shareholder. The formalities of this relationship are detailed in the Relationship Agreement on page 115.	• The Board receives updates at every Board meeting on investor sentiment, key areas of investor focus, analyst views, share price and movements in the share register. This includes investor feedback following our interim and full year results. Our corporate brokers Numis were invited to present in person at one Board meeting during the year. • Following direct engagement with investors, the Chair provided updates on investors' priorities to the Board, which help to shape its overall capital allocation strategy. • In FY23 we have continued to grow revenues, adjusted earnings and adjusted profit margins. The Board oversaw the execution against our capital allocation priorities, including investment to support organic growth opportunities, reduction in our debt position and the pursuit of value-accretive acquisitions with the acquisition of ESN. • Reflecting feedback from investors, the Board, upon the recommendation of the Audit Committee, approved a change in the presentational currency of our financial statements from pound sterling to US dollars, to be implemented for FY24. This will reduce the volatility associated with foreign exchange movements on our financial results. • The Board reviews and approves material communications to investors, such as results announcements.	Cyber and data security Ethical conduct and integrity Product quality and safety

Stakeholder Engagement and Section 172 Statement continued

Case study

Key decision: ATG London office – lease break and rent review

During the year, the Board was presented with the decision as to whether to enter into new rental terms for the remaining five years of the lease on the existing London office at 65 Southwark Street. In taking this decision, the Board considered all of the factors set out in Section 172(1)of the Companies Act 2006. Having noted the lower costs and reduced disruption to business and staff, the Board approved the revised rental agreement to be entered into for the office at 65 Southwark Street, committing ATG to a further five years in the current London office to October 2028.

People

When considering whether to enter into new rental terms for the existing building or seek new office accommodation in London, the Board took account of the impact on employees. To avoid disruption to staff, it was noted that it would be preferable to stay in the Southwark area, to maximise collaboration amongst employees and to continue to support the successful hybrid working policy, which fosters a collaborative culture amongst employees.

In terms of recruitment, the Board noted that the location of the current office at 65 Southwark Street had not been a barrier to UK recruitment. Management did not anticipate that there would be significant changes in the UK headcount, given that the growing teams are in ATG's North American business. In the event that headcount increases in the UK, there would be capacity available for additional heads.

The Board noted that management also felt that any move from the Southwark area would cause significant disruption amongst the employee base, given that 65 Southwark Street was well connected from a public transport perspective, and the vast majority of UK employees travel to the office using local transport hubs. It also serves as an important meeting location for other stakeholders, including regularly hosting Board and investor meetings. The Board considered it important to retain a physical office presence in London.

Community and the environment

Environmental considerations were also discussed by the Board in reaching this decision, and it was noted that the current office at 65 Southwark Street represented 5% of ATG Group's Scope 1 & 2 CO_2 emissions (prior to the Omaha relocation). A more efficient building would not yield material savings to the Group's overall CO_2 emissions.

Suppliers

Relationships with suppliers are unaffected. The location is close to local amenities, thereby enabling employees to continue to support local businesses and maintain B2B relationships.

Shareholders

Competitive pricing was achieved for a further five-year lease and was benchmarked with other properties in the area. The Board considered the incremental costs associated with moving to a new office, including the costs of fitting out any new office space, dilapidations on the current office, double rents payable during any overlap period and the costs of managing the move project. The opportunity cost of management distraction whilst managing a significant project such as this was also taken into account.

Stakeholder Engagement and Section 172 Statement continued

Case study

Key decision: Acquisition of Vintage Software LLC (trading as EstateSales.NET)

During the reporting period, the Board was presented with the decision as to whether the acquisition of EstateSales.NET ("ESN") would be most likely to promote the success of the Group for the benefit of its members as a whole.

The factors taken into account by the Board in considering Section 172(1) were considered by the Board prior to the acquisition in February 2023. The impact of the acquisition and the integration of ESN on our stakeholders during FY23 is set out below. The Directors believe the acquisition of ESN had a compelling strategic rationale and the acquisition fell directly in line with the Group's strategy of pursuing accretive acquisitions and expands our immediately addressable market whilst also providing the opportunity to cross-sell across our marketplaces.

People

The acquisition of ESN aligns well with our products, mission, vision and Company values, increasing further opportunities for global mobility, including for a member of the ATG Leadership Team to transition to manage the ESN business. During FY23 the Board has overseen the integration of ESN into ATG, taking into account organisational and cultural integration, employment terms and incentive schemes and technical integration. The Board is regularly updated on progress and welcomes the increased knowledge and technical expertise added to the Group by ESN employees.

Customers

The acquisition has allowed the Group to expand its footprint and broaden our impact on the community by growing access to the second-hand goods market in adjacent markets. ESN's seller and buyer bases are highly complementary and synergistic to ATG, providing the opportunity to drive more buyer traffic to ATG's marketplaces, convert browsers of ESN to online auctions and enable sellers to cross-list across multiple ATG marketplaces. The acquisition also provides the potential to leverage ATG's existing marketplace technology, experience and value-added services to customers of ESN and grow the online estate sales marketplace offering. Our shared success model aligns ATG's ambitions with those of our auctioneer and estate selling partners and helps to ensure the long-term sustainability of our model.

Community and the environment

Environmental considerations discussed by the Board included the benefits of introducing a further channel of sustainable commerce, facilitating the sale of pre-owned items and accelerating the growth of the circular economy.

Shareholders

The Board, via the CEO, CFO and Investor Relations function, informed shareholders of the strategic rationale and historic financial performance of ESN, and has subsequently provided updates on its integration and its impact on Group performance via the interim results announcement in May 2023, investor presentations and in this report. Consistent with ATG's strategy, the acquisition represents a strong entry point into an attractive adjacent channel for the resale of second-hand items and is consistent with ATG's purpose to accelerate the growth of the circular economy. ESN is a market leader in an industry vertical at the start of its digital transformation. Since the acquisition, ESN has performed ahead of initial expectations.

Stakeholder Engagement and Section 172 Statement continued

In addition to the information detailed on pages 35 to 42, the table below details the location of further information throughout this Annual Report as to how the Directors consider their responsibilities under Section 172(1) of the Act.

Responsibility	Report	Page numbers
Consequences of decision-making	Chairman's Statement	08
	Chief Executive Officer's Statement	09
	Six Strategic Growth Drivers	16
	Key Performance Indicators	21
	Chief Financial Officer's Review	23
	Principal Risks and Uncertainties	30
	Corporate Governance Report	70
	Audit Committee Report	82
	Remuneration Committee Report	94
Our employees	Chairman's Statement	08
	Chief Executive Officer's Statement	09
	Business Model	13
	Principal Risks and Uncertainties	30
	Sustainability Report	44
	Corporate Governance Report	70
	Nomination Committee Report	90
	Remuneration Committee Report	94
Fostering of business relationships with suppliers, customers and others	Purpose	02
	Investment Case	07
	Chairman's Statement	08
	Chief Executive Officer's Statement	09
	Business Model	13
	Six Strategic Growth Drivers	16
	Key Performance Indicators	21
	Sustainability Report	44
The Company's desirability to maintain a reputation for high standards	Purpose	02
	Chairman's Statement	08
	Chief Executive Officer's Statement	09
	Sustainability Report	44
	Corporate Governance Report	70
The need to act fairly as between members of the Company	Chairman's Statement	08
	Chief Executive Officer's Statement	09
	Business Model	13
	Stakeholder Engagement Report	35
	Corporate Governance Report	70
	Remuneration Committee Report	94

Sustainability Report

Sustainability is at the heart of ATG

Facilitating the circular economy is imperative for a sustainable future.

We are committed to playing an important role within the circular economy, with our online auction marketplaces providing a channel of 're-commerce' for second-hand goods, ensuring that millions of items are resold for re-use or repurpose each year, extending their lifespans and value within the economy and preventing waste.

Richard Lewis
COO and Sustainability and ESG Committee Chair

Introduction from the Chair of the Sustainability and ESG Committee

ATG has over 50 years' experience in the auction industry. Our shared success model helps to ensure the long-term sustainability of our business by aligning ATG's ambitions with those of our auctioneer partners. Together we are united in growing the online auction industry.

The Group's sustainability strategy is underpinned by our purpose: to unlock the value of the secondary goods market and to facilitate the growth of the circular economy. In FY23, our marketplaces helped to ensure a minimum three million tonnes of carbon were saved[1]. We are committed to integrating sustainability into every aspect of our business, including through minimising our own environmental impact, ensuring all our employees feel they belong and can reach their full potential and through operating a trusted and responsible marketplace. Our proposed updated executive management remuneration framework for FY24 includes a climate change target, highlighting our commitment.

We have made good progress on our sustainability strategy in FY23 which is outlined in this report. We are also proud that our sustainability credentials have been recognised through ATG's inclusion in the FTSE4Good Index as well as our near-term (2030) greenhouse gas emissions reduction target being approved by the Science Based Target initiative ("SBTi"). We are also proud in this report to announce our commitment to become Net zero as a Group across all scopes by 2040 in line with the SBTi.

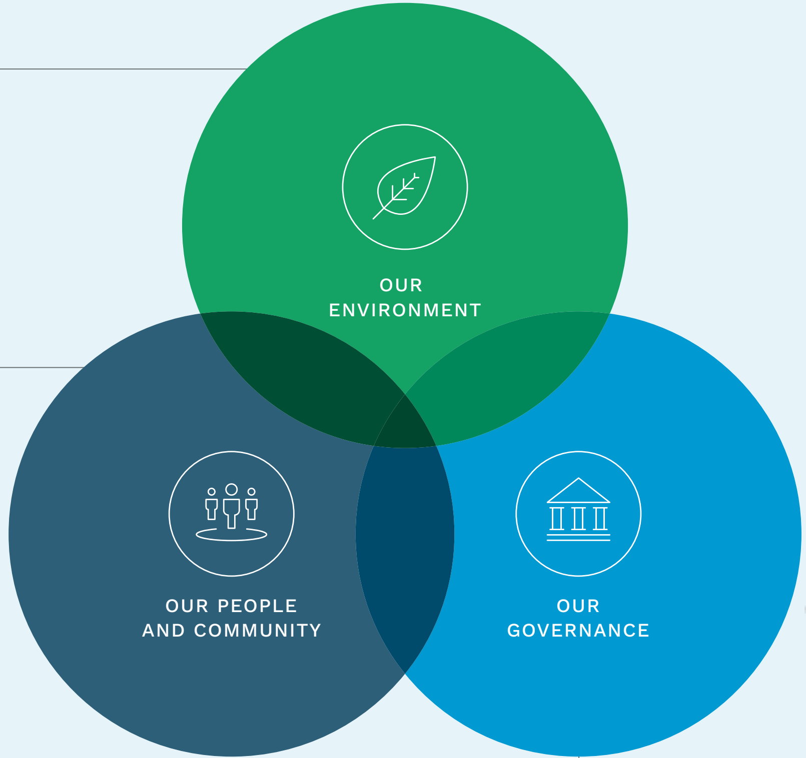
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

FTSE4Good

1 Carbon saving for 15 popular items on our marketplaces versus the impact of buying these items new

Sustainability Report continued

Our sustainability strategy



Our Environment
- Minimise our own environmental impact
- Invest to create a seamless buying and selling experience in online auctions in order to further accelerate the circular economy

Our People and Community
- Ensure our people feel they belong and can reach their full potential
- Develop diverse teams with an engaged and inclusive culture
- Serve as a force for good in the communities in which we operate

Our Governance
- Operate a trusted and responsible marketplace with secure and trusted technology
- Operate within a strong governance framework
- Behave ethically and with integrity at all times

Sustainability Report continued

Governance: Sustainability and ESG Committee

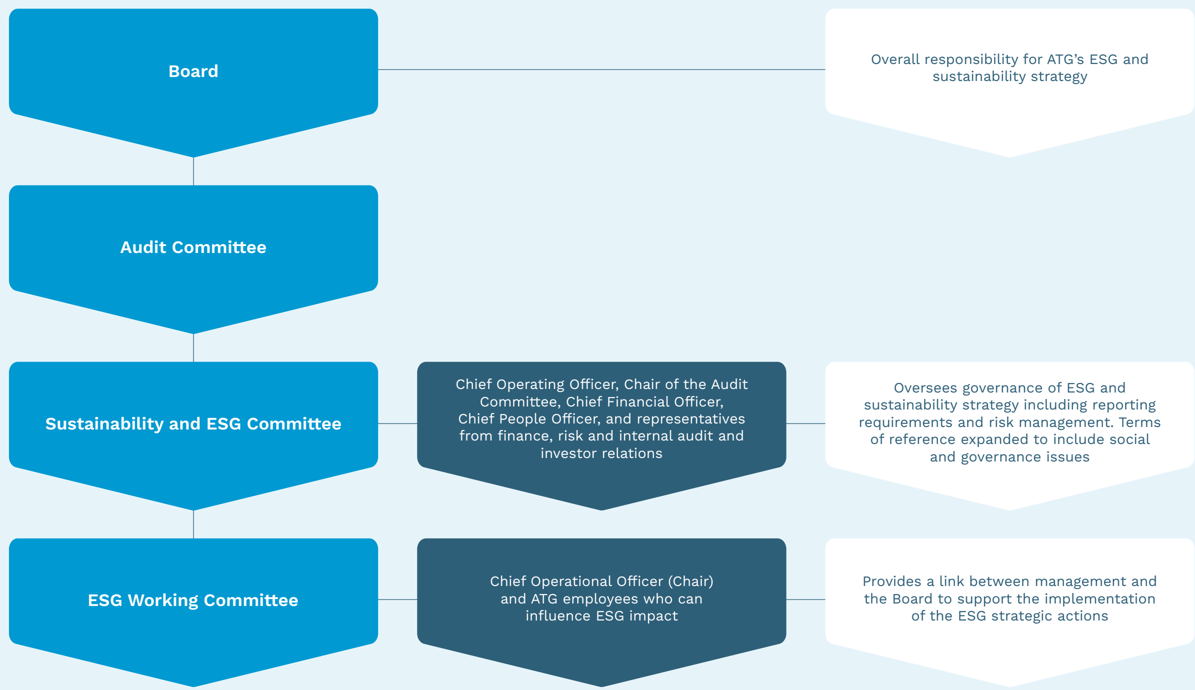
The Board has overall responsibility for the Group's sustainability strategy. The Board considers climate-related issues when reviewing and guiding strategy, including but not limited to in FY23, considering the environmental footprint of the ESN acquisition and the setting of FY24 remuneration targets for the Executive Directors which include an element linked to the Group achieving its carbon emission reduction targets.

In FY23, the terms of reference for the Sustainability and Climate Risk Committee were expanded to include the governance and oversight of other corporate responsibility matters including social and governance issues. The committee was renamed the Sustainability and ESG Committee ("SEC"). The SEC meets twice per year and reports at least annually to the Audit Committee, ensuring climate-related and other ESG issues are incorporated into our business strategy, organisational risk management and financial planning and reporting. The Audit Committee reports risks annually to the Board, providing the Board with oversight of risks and opportunities as well as progress against goals and targets for addressing climate-related issues.

The SEC is chaired by Richard Lewis, and its members include the Chief Financial Officer, Chief People Officer, Chair of the Audit Committee, Company Secretary and representatives from finance, risk and internal audit and investor relations. The Director of Investor Relations joined the SEC during the year to ensure the views and requirements of investors are being incorporated into the climate risk assessment and taken into account in strategic decision-making. The Group Head of Risk and Internal Audit also joined the SEC, which has strengthened the link between the climate risk assessment and the Group's risk management framework. The Chief People Officer also joined to oversee the governance of social issues. Our external sustainability consultants are invited to attend meetings as and when appropriate.

Further details on the governance of the SEC can be found in the Corporate Governance Report on page 72.

Governance of ESG and sustainability



Sustainability Report continued

Stakeholder engagement

In FY23, we actively engaged and collaborated with our stakeholders and conducted a materiality assessment to define the issues which matter most to our business and strategy, from a financial perspective, and the issues which matter most to our stakeholders.

Our process

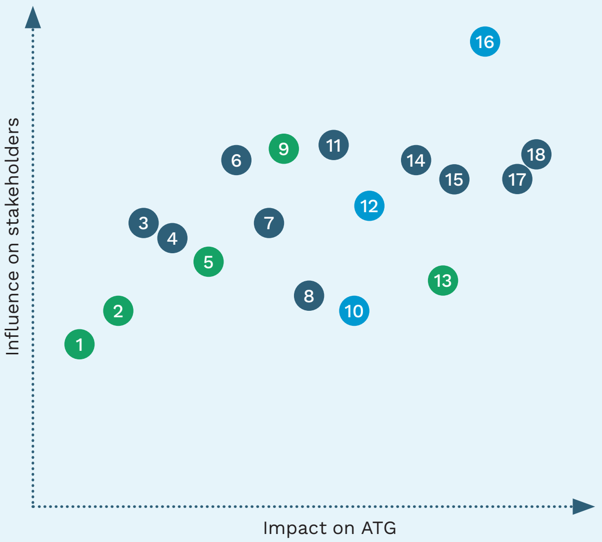
Step 1
Working with an external consultant, we considered issues of internal importance as well as incorporating external issues shaping our current strategy, referencing them to current and emerging industry trends and sustainability reporting standards.

Step 2
We held a workshop with our senior Leadership Team to prioritise these issues based on their relative importance to the business.

Step 3
Through external consultants, we surveyed a wide range of internal and external stakeholders to incorporate their views into our analysis and to help improve our understanding of the issues that are of importance to them. The stakeholders included our employees, auctioneer customers, lenders, suppliers and investors.

Step 4
Through the use of external consultants, we created a double materiality matrix to help identify and prioritise issues that matter most to us and to our stakeholders in order to focus on the issues that we should use to shape our sustainability strategy and reporting with associated KPIs to enable us to monitor progress.

Materiality matrix



Environmental   Social   Governance

Key:
1 Waste management and water use
2 Packaging and plastic
3 Responsible tax strategy
4 Supply chain management
5 Energy management
6 Human rights
7 Health and safety
8 Communities and partnerships
9 Climate change and emissions
10 CEO remuneration
11 Employment practices & labour management
12 KPIs
13 Innovative and efficient services
14 Diversity and inclusion
15 Talent and workforce development
16 Ethical conduct and integrity
17 Product quality and safety
18 Cyber security

Materiality results

The analysis has identified the most material issues as outlined in the table below. The materiality assessment was carried out towards the end of the year. We will look to use the results of the assessment to further define our ESG strategy for FY24 including a management information framework to help us develop KPIs and targets where appropriate.

Key issue	Why	Progress in FY23 and plans for FY24
Cyber and data security	Ensuring the safe collection, retention and use of confidential data of our auctioneers, bidders, and employees. Safeguarding this data against security breaches and cyber crime is a cornerstone of our business.	See page 67 of this report
Ethical conduct and integrity	Managing our business with integrity in an honest, ethical and responsible manner is a key area of focus for us and our stakeholders.	See page 67 to 68 of this report
Product quality and safety	Although we have no direct responsibility for the products sold, their specification or quality, adherence to their specifications is crucial to maintaining our strong reputation.	See page 67 of this report
Talent and workforce development	Recruiting and retaining high-performing talent is essential to ensure our business maintains competitiveness and is able to continue to innovate.	See page 66 of this report

Sustainability Report continued

Our Environment

We recognise that the changing climate could impact all our stakeholders. Although we have a relatively small carbon footprint, we aim to minimise our own environmental impact whilst recognising the pivotal role we can play in facilitating the circular economy and reducing the carbon emission impact from the manufacturing of new items.

Our roadmap to Net zero

We have publicly committed to a science-based reduction target of 42% on our direct emissions in the near term (2030) from our FY22 base year and to reduce Scope 3 emissions as part of this plan, validated by the Science Based Target initiative ("SBTi") and in line with the Paris Agreement's goal of limiting global temperature rise to 1.5°C above pre-industrial levels.

As a Group, we are also now pledging to achieve Net zero across all scopes by 2040 and we plan to validate this commitment with the SBTi in FY24. To meet the SBTi's definition of Net zero, we need to reduce our emissions by at least 90% and then use carbon removal initiatives to neutralise any limited emissions that cannot yet be eliminated. To assist us in meeting this target, we have reviewed our current sources of emissions and determined the actions required to be able to achieve this target.

Task Force on Climate-related Financial Disclosure

This is the second year for the Group reporting on climate-related issues in line with the Task Force on Climate-related Financial Disclosures ("TCFD") framework, recognising the need to provide clear, comprehensive and high-quality information on the impacts of climate change. We have outlined in this report how we understand and manage the risks and opportunities associated with climate change for the Group across the four pillars of TCFD, governance, strategy, risk management and metrics and targets.

Compliance statement

We have continued to make good progress towards full compliance with all the requirements of the TCFD framework, with the exception of not yet defining the key performance indicators used by the organisation to monitor climate-related risks and opportunities in line with the Group's strategy and risk management process. As the Group has now committed to reaching Net zero by 2040 and set near-term science-based targets there will be a focus during FY24 of setting the appropriate metrics to monitor progress for the Group.

We have set out a summary of our compliance against each of the TCFD disclosures in the table on pages 49 to 50.

Year two progress and materiality

We have made good progress against the four pillars of TCFD during FY23. The key areas of focus this year have been:

- identifying and agreeing reduction strategies to achieve our near-term target of reducing Scope 1 and 2 emissions;
- publishing our environmental policy;
- establishing the ESG Working Committee; and,
- conducting the materiality assessment.

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

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

Sustainability Report continued

TCFD compliance index

TCFD framework pillars	Recommended disclosures	FY23 compliance	Description, location of disclosure progress to date and reason for omission (if appropriate)
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	Full	• The Board's oversight of climate-related issues is outlined in the 'Governance' section on page 51 and the Group's governance structure is set out on page 46.
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Full	• Management is represented on the SEC and are responsible for ensuring climate-related and other ESG risks are incorporated into organisational risk management, strategy, financial planning and reporting for the Group. Further details of the Committees are set out on page 46. • During the year we have also established the ESG Working Committee which is led by the SEC chair and comprises passionate individuals who are keen help improve employee awareness of sustainability and drive change for the business. Further details are set out in the 'Management' section on page 51.
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Full	• The Group's approach, methodology and scenario analysis to identifying climate-related risks and opportunities is set out on page 54. • During the year we have expanded the assessment undertaken in FY22 to cover the short, medium and long-term horizons and developed the methodology and scoring criteria, which also considers vulnerability. Further details of the approach are detailed in the 'Strategy' section on page 51. • The identified climate-related risks and opportunities are shown on pages 52 to 53.
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Full	• A qualitative review of the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning can be found in the 'Strategy' section on page 51. • Based on the quantitative analysis performed to date, at this stage the climate-related risks and opportunities are not considered to be material to the Group. • Future work will focus on more detailed quantitative analysis and ensure that any material financial risk identified is incorporated into financial plans for the business.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario	Full	• Given the Group's purpose, the nature of our operations and the fact that climate change provides potential opportunities as well as threats for the business the Group's strategy should be resilient to climate change. Conclusions on the resilience of the Group, considering the results of scenario analysis, can be found in the "Strategy" section on page 53.
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related change	Full	• Our processes for identifying and assessing climate-related risks are shown within the 'Risk management' section on page 54 which includes an overview of our internal processes, 'Year two progress and materiality' on page 48 which explains how materiality is determined and the 'Strategy' section on page 51 which outlines our process for assessing the potential size and scope of identified climate-related risks and the frameworks applied. • Our processes for identifying and assessing climate-related risks are considered as part of our wider risk management framework and are discussed in the 'Risk Management' section of the Annual Report on pages 28 to 30.

Sustainability Report continued

TCFD framework pillars	Recommended disclosures	FY23 compliance	Description, location of disclosure progress to date and reason for omission (if appropriate)
Risk Management (continued)	b) Describe the organisation's processes for managing climate-related risks	Full	• Our processes for managing climate-related risks are considered as part of our wider risk management framework and are discussed in the 'Risk Management' section of the Annual Report on page 28 and in the 'Strategy' section of this report on pages 16 to 20. • Given the nature of our business, as the provider of online marketplaces, climate change risks are generally considered to be low, and therefore are not deemed a principal risk for the Group. Climate-related risks have been considered where appropriate within the Group's principal risks. However, given the low risk there has not been a requirement to date to focus on mitigating the potential risks arising from climate change. As exposure is currently assessed to be low, we will focus on improving our management of climate-related risks in future years when interactions with principal risks become more prominent.
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Full	• During the year we undertook a materiality assessment to define which issues matter most to the business from a financial perspective and the issues which impact society and influence our stakeholders. The results of this are set out on page 47. • The Group Head of Risk and Internal Audit has joined the SEC which has strengthened the link between the climate risk assessment and the Group's overall risk management framework. • An overview of how we are integrating climate-related risks and opportunities into our existing risk management processes can be found in the 'Principal Risks and Uncertainties' section of the report on page 30 to 33. • The current processes for identifying, assessing and managing climate-related risks are summarised on page 54. As our overall exposure to climate change is deemed to be low risk, we will continue to monitor our climate-related risks and opportunities and update our processes accordingly.
Metrics & Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	In progress	• Now we have set the Group's near (2030) and long-term (2040) emissions reduction targets, in subsequent years we will establish key performance indicators in line with our business strategy and risk management processes to monitor progress against the targets. The metrics set are detailed in the 'Metrics and Targets' section of this report. Executive remuneration for FY24 will include an element linked to the Group achieving its carbon emission reductions. Further details on the Executives FY24 remuneration targets is set out on page 95.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Full	• A comprehensive breakdown of Scope 1, 2 and 3 GHG emissions can be found in the 'Metrics and Targets' section of this report.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Full	• During the year we have made good progress in setting our near and longer-term emissions reduction targets. The targets set have been outlined on page 48 in 'our roadmap to Net zero and in the 'Metrics and Targets' section on page 55. Executive remuneration for FY24 will include an element linked to the Group achieving its carbon emission reductions. Further details on the Executives FY24 remuneration targets is set out on page 95.

Sustainability Report continued

Governance

Board

The Board oversees climate-related issues. The Sustainability and ESG Committee ("SEC") focuses on climate-related risks and opportunities, the setting, measurement and monitoring of near-term and long-term carbon reduction targets, strategies and compliance with TCFD as outlined on page 46. The communication of climate-related matters up to the Board is outlined on page 46. The Audit Committee receives an overview from the SEC of the latest developments in climate change regulations, activities undertaken during the year by the business as well as feedback from investors on ESG and climate-related matters in the FY22 Annual Report and AGM and the proposed plans for compliance with the TCFD requirements in FY23. The SEC works closely with external advisors to ensure they remain up to date with the latest developments and guidance on TCFD requirements.

Management

During FY23, the ESG Working Committee was established, led by the Chief Operating Officer. Our employees play a pivotal role in the Group achieving its environmental strategy and this committee provides a link between management and the Board to help support the implementation of strategic actions to reduce the Group's carbon footprint. The ESG Working Committee comprises passionate individuals who are keen help improve employee awareness of sustainability and drive impactful changes for the business. The ESG working Committee reports into the SEC, has climate change as a standing agenda item and met five times during the year. Key actions related to climate change included:

- auditing all of office facilities for energy metering, HVAC controls, LED lighting and use of appliances;
- agreeing to reduce heating to 21.5°C in the winter and cooling to 23°C in the summer;
- ensuring all offices have LED lighting;
- ensuring all offices turn off HVAC and appliances out of hours, days when staff are not working in the office and weekends; and,
- replacing two print editions of the Gazette with two digital editions in FY23 and three editions in FY24.

The Chief Operating Officer presented at the Group's 'All Hands' meeting, which all employees are invited to attend globally, where he outlined the Group's relationship with the environment, its current emissions and the future plans to reduce our emissions, with suggestions being welcomed by all employees.

Strategy

We incorporate climate resilience into our business strategy through assessing and identifying climate-related risks and opportunities. As an online marketplace, due to the nature of our business we have a relatively low carbon footprint and therefore our business model is sustainable in a minimal carbon environment.

Ongoing monitoring is required to evaluate the scale of identified and emerging risks, and these are reviewed annually to understand the impact of any material risks which help inform financial planning within corporate risk management processes. The Group recognises the pivotal role we can play in facilitating the circular economy, and we see this as a priority opportunity for our business.

In FY23, the scenario analysis that was conducted in FY22 was updated and expanded upon to widen the Group's understanding of climate-related risks and opportunities. The FY22 assessment investigated the physical and transition climate-related risks and opportunities under three climate scenarios utilising quantitative data from the Network for Greening the Financial System ("NGFS"), such as carbon pricing and climate data, which is accredited by the Bank of England. A qualitative assessment of risks and opportunities, scoring impact and likelihood of occurrence at 2050 was conducted, whilst a workshop was carried out to discuss short-term (2025-2030) and medium-term (2030) risks and opportunities.

The FY23 assessment built on the analysis carried out in FY22, expanding the qualitative assessment to cover the short to medium (2025-2030) and long-term (2050) time horizons, scoring risk and opportunity impact and likelihood across the Group's key business functions and geographical locations.

Three scenarios were applied, as in FY22: Net zero by 2050, Delayed transition and Current Policies. Climate data was taken at 2025, 2030 and 2050 to inform scoring, however, trends over time and risks/opportunities throughout the time horizon were considered.

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

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

Consistent with FY22, the likelihood and impact scores for each potential risk and opportunity were consolidated by taking average scores to assess overall materiality of risks and opportunities across the three time horizons.

In addition for FY23, an assessment of vulnerability was then applied to the consolidated risk and opportunity scores. Vulnerability considered three parameters: sensitivity, exposure and adaptive capacity, to provide a vulnerability score. Risk scores are calculated through the multiplication of impact, likelihood and vulnerability, enabling risks and opportunities to be prioritised.

Sustainability Report continued

Climate-related risks and their impact

By following the process summarised above we identified 26 potential climate-related risks to the Group. The consideration of risks took into account transition risks to a low-carbon economy and risks related to the physical impacts of climate change. The risks identified are not expected to have a material impact on the business in the short, medium or long-term and therefore only the top three highest ranked risks are outlined and discussed in detail below, the remaining risks are documented internally. The top two risks risk require active monitoring as they could cause disruption to our business and the next highest risk also requires monitoring however is highly unlikely to be disruptive.

Highest ranked climate-related risks to the Group

Risk type	Impact	Mitigation/response	Risk-sub category	Geographic location	Business operation	Financial impact category	Financial impact
Transition and physical Data centre downtime leading to loss of revenue and expenditure on customer compensation	Due to the digital nature of the Group's operations, the highest risk to our operations is third-party data centre downtime and the implications of this on revenue and expenditure. We understand that, whilst we do not operate data centres ourselves, the impact of physical climate-related risks on our data centre suppliers, resulting in us being unable to access our services, would be significant.	We have a business continuity plan which takes into consideration the performance of our third party suppliers. Whilst the severity of this risk is high, the likelihood of our suppliers being impacted by physical climatic changes and events is low and there is also high resilience within the sector.	Acute (physical), market and reputational (transition)	All	Data centres	Revenues and expenditure	Low: not expected to have a material impact on the business
Transition Carbon pricing mechanisms leading to increased costs and reduced sales and commission	A future carbon price may pose a number of risks to the Group. As already seen in the UK with rising energy and living costs, a carbon price in the future may put further stress on our labour costs, increasing expenditures and reducing overall profitability of the Group. Furthermore, any increased costs associated with data centre operations could result in additional costs being passed on to the Group by our suppliers. Assuming a reasonable worst case that all costs are passed through at \$200-300/tCO_2e, increased hosting costs due to a carbon price are not considered to have a significant adverse impact on overall business viability, but this will be monitored. Finally, there is uncertainty around how a carbon pricing mechanism may be applied to second-hand goods. Should second-hand goods be subject to a carbon price, demand may reduce and sales may be affected.	Due to the global and flexible nature of the Group's business operations, we are able to adjust our operations in response to changing labour costs and taxation. Our resilience is further increased as our business operations are already lean and efficient. We will continue to monitor our costs and improve efficiency. The Group has an understanding of the Scope 3 emissions associated with data hosting services and has supplier-specific emission factors for top suppliers in calculating our footprint. Data centre providers are pursuing their own de-carbonisation activities and we plan to improve efficiency in future years.	Policy and legal	All	All	Revenues and expenditure	Low: not expected to have a material impact on the business
Transition Increased competition in the secondary goods market resulting in more choice, diluting our market share	Whilst it is unlikely that the breadth of the Group's business operations would be equalled by an existing or new entrant to the market, overall competition in the secondary goods market has been highlighted as one of the most material risks to the Group. This risk recognises that with growing awareness of the environmental benefits of the circular economy, consumers will likely have more options to purchase secondary-market goods in the future.	Key to the Group's business model is the ease of use and the reach of all platforms. The Group is deeply involved in the world of technology and innovation, so is well positioned to take advantage of any emerging technology to ensure sellers and buyers of secondary-market goods continue to choose our platforms when faced with increased options. Maintaining continued awareness of options within the secondary goods market will be key to maintaining this position.	Market	All	All	Revenues	Low: not expected to have a material impact on the business.

Sustainability Report continued

Highest ranked climate-related opportunities to the Group

By following the process summarised above we identified 29 potential climate-related opportunities to the Group. The consideration of opportunities took into account resource efficiency and cost saving, adoption of low emission energy sources, the development of new products and services, access to new markets and building resilience along the supply chain. The top three potential opportunities are outlined and discussed below, the remaining opportunities are documented internally.

Opportunity type	Impact	Response	Opportunity-sub category	Geographic location	Business operation	Financial impact category	Financial impact
Transition Higher demand for secondary goods due to increased public awareness of the environmental implications of buying new items and the circular economy, increasing overall sales and commission	The Group's business model enables the circular economy, facilitating the sale of secondary goods, keeping materials in circulation for longer. As a result, in the future it is likely that there will be increased public awareness of the environmental impacts of purchasing new items and a consumer shift to secondary items.	The Group is already a leading player in this market; and is well placed to maximise this opportunity and further facilitate the circular economy. We will continue to investigate how we can further contribute to the circular economy and the role we can play in enabling the re-use of goods.	Products, services, markets	All	All	Revenues	High: potentially a material opportunity for the business
Transition Investor preferences to invest in low carbon companies increasing the Group's ability to raise finance	Increasingly investors will be looking to invest in companies that are providing goods and/or services that are beneficial to the environment.	The Group's activities contribute to the circular economy, and we are actively reducing our own carbon footprint. The Group therefore is likely to be well placed to attract environmentally conscious investors in future years.	Markets	All	All	Capital and financing	High: potentially a material opportunity for the business
Transition Higher demand for secondary goods due to climate-related economic contraction increasing sales for the Group	As public disposable income shrinks, and carbon prices increase, consumers are less likely to purchase luxury goods and services. New, full price goods may see a fall in demand, but there may be a spike in the secondary goods market which are seen as a cheaper alternative during a period of economic downturn.	The Group will continue to invest and develop its technology and services to ensure that we maintain our leading position in this market and take advantage of the future potential opportunities	Markets	All	All	Revenue	High: potentially a material opportunity for the business

Our resilience to climate-related risks

Following a thorough review of the Group's climate-related risks and opportunities, which takes into account the three scenarios identified on page 51, the nature of our business, which is a low-emission business and whose purpose is to promote the circular economy it has been concluded that the Group's overall exposure to climate-related risks is low. Ongoing monitoring will continue to ensure there are no changes to the scale of identified and emerging risks.

Sustainability Report continued

Risk management

Risk management overview

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

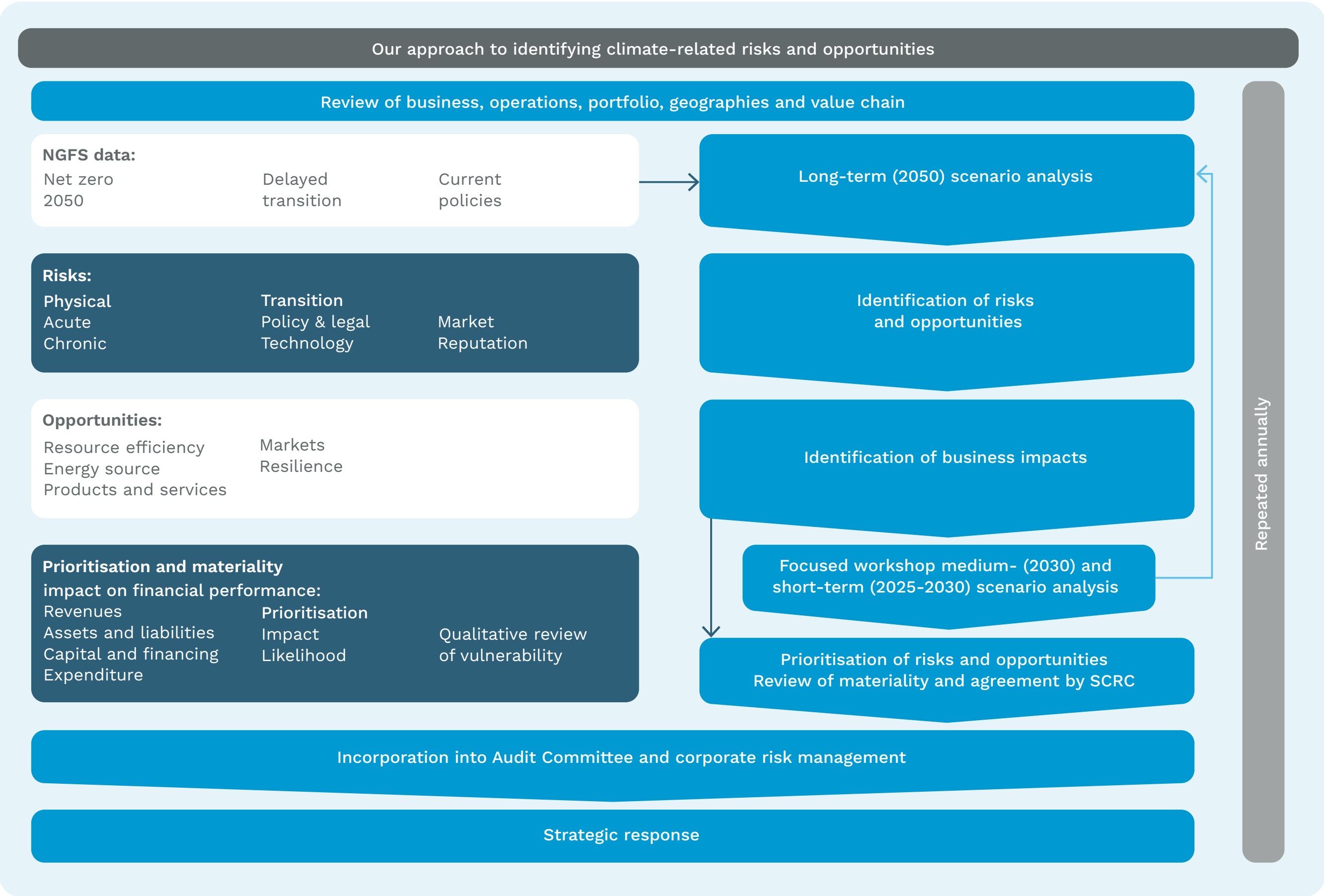
Day-to-day responsibility of risk management is delegated to the senior management team, whilst the overall monitoring and review of the effectiveness of the internal controls and risk management is delegated to the Audit Committee.

The Group's risk management framework applies the principles of the "Three Lines of Defence" and sets out a process for identifying, assessing, managing, mitigating and monitoring risks. Further details of our risk management approach can be found on page 28.

Integrating climate-related risks

The Board has conducted a robust assessment of the principal risks facing the Group, including those that would threaten our business model, future performance, solvency or liquidity. Whilst climate change is not considered to be one of these principal risks, the changing climate may interact with our principal risks and affect our value chain. The Group's Head of Risk and Internal Audit, as a member of the SEC, assists in ensuring that the interactions between climate-related issues and the Group's principal risks are understood.

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



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

Integrating climate-related opportunities

Climate-related opportunities are reviewed as part of our business development activities. In FY22 we conducted a review of the carbon savings associated with buying secondary items in place of new and published this in our 2022 Carbon Impact Report. We updated the calculation for FY23 and are continuing to build this into our climate-related opportunities as part of our future business plans.

Sustainability Report continued

Metrics and targets

Introduction

The Group's understanding of our climate-related impacts has developed significantly over the last three years. We have progressed from reporting our full Scope 1-3 emissions for the first time in FY21, to an established methodology of annual reporting of our direct and indirect emissions in line with the World Resources Institute GHG Protocol, a Corporate Accounting and Reporting Standard, Revised Edition ("the Protocol")[1] across our international businesses in FY22. Our focus this year has been to build on this, consider the practical steps to reduce our carbon emissions and plan our transition to Net zero. The shift to a more circular economy itself is a vital component to the transition to a global Net zero future.

Our FY23 focus

In previous years, we have fully calculated our Greenhouse Gas ("GHG") emissions, accounting for all relevant emissions associated with our operations. This has provided us with a detailed understanding of our largest emission sources, where we need to focus future efforts and an awareness of our climate-related risks. Direct emissions (Scope 1 and 2) have been quantified annually, as required by the Companies Act 2006 and the Companies (Directors' Report, Regulations 2013) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, and we have comprehensively calculated and reported indirect (Scope 3) emissions since FY21.

In FY22, we committed to a near-term SBT to reduce Scope 1 and Scope 2 GHG emissions by 42% by 2030 (FY31) from a FY22 base year, and to continue to measure and reduce Scope 3 emissions.

In FY23 we have focused on building upon this commitment including:

- Validating our near-term (2030) science-based reduction target with the SBTi, as can be viewed on the SBTi's 'Companies Taking Action' dashboard, and engaging with teams across our geographies in our newly formed ESG Working Committee, to identify and implement reduction strategies.
- Planning our transition to Net zero and committing to become Net zero as a Group across all scopes by 2040 in line with the Corporate Net zero Standard, with an aim to validate this commitment with the SBTi in FY24.
- Continuing to understand and quantify our direct emissions (Scope 1 and 2), which are reported as per our statutory duty in the Streamlined Energy Carbon Reporting, ("SECR"), table on page 60, and continuing to comprehensively calculate and report our indirect Scope 3 emissions.
- Expanding the scope of our carbon footprint to cover our newly acquired businesses and applying supplier-specific emission factors to our top suppliers to improve our calculation methodology (as discussed in Methodology, page 51).
- Ensuring we disclose our GHG emissions in line with the Metrics and Targets recommendations of the TCFD and increasing the granularity of our ESG data to disclose additional climate-related metrics.

Each year, we will strive to improve our methodology to ensure we fully understand and are reporting upon the GHG emissions associated with our business and wider operations. This approach is in line with the TCFD and the UK's Competition and Markets Authority ("CMA") Green Claims Code[2].

No external assurance has been provided over the TCFD disclosures but we have worked closely with our external advisers during the year particularly around the scenario analysis undertaken to identify the potential opportunities and threats and also to assist in collating and reviewing the emission, waste and water data.

Methodology

Greenhouse gas emissions

We were supported in calculating our GHG emissions by an external energy and sustainability consultant.

An operational control[3] approach has been taken, meaning that the inventory covers emissions from all operations that are under the Group's operational control, including operations in the UK, North America and Germany. Emission factors have been chosen based on the location of the emissions. However, where emission factors are not available, UK Government emission factors have been applied. Emissions are reported in line with the Group's financial year. A Scope 3 screening process is conducted annually to ensure all relevant emissions are captured.

We use primary data wherever possible, and this year have worked with representatives from all sites, (now members of the newly formed ESG Working Committee), to improve data quality. We apply a 'data hierarchy', with primary data being the highest preference and generic, intensity-based factors as least preferable. The ESG Working Committee members work to improve data, moving up the hierarchy each year and standardising the approach across business units.

In particular, we have improved the emission factors applied to procured goods and services within the Scope 3 – Purchased Goods and Services category, focusing on IT suppliers. Applying the approach outlined in the GHG Protocol, we have obtained detailed supplier-specific emissions for 14% of our IT and hosting suppliers where there is publicly available data. We will improve on this methodology in subsequent years with a supplier engagement strategy, to further improve data accuracy and inform our procurement decisions.

We continue to calculate emissions from all relevant Scope 3 categories, covering nine out of the GHG Protocol's 15 categories, including the use of our sold products and remote working emissions, ensuring we account for all emissions that result from the Group's operations and services. The remaining Scope 3 categories, including emissions from upstream and downstream leased assets, franchises, processing of sold products and investments, remain not applicable to the Group as none of our activities fall within these categories. Insufficient data was available for upstream transportation and distribution emissions to be established and due to our low consumption of physical materials, this category is considered de-minimis. Our GHG emissions, therefore cover all operations, excluding this de-minimis category.

In line with the GHG Protocol, and to ensure consistency with our previous year's reporting, we are reporting location-based emissions from purchased electricity across our business. This year, we have begun to additionally report market-based purchased electricity emissions where we have certificates to prove the origin of the electricity, for example in our London headquarters. To ensure we fully account for the emissions from the actual electricity we consume and to ensure real reductions in carbon emissions, we use location-based purchased electricity emissions in our reduction targets and Net zero commitment.

1) WRI GHG Protocol Corporate Standard. Available: https://ghgprotocol.org/corporate-standard.
2) HM Government, 2021. Green Claims Code. Available: https://greenclaims.campaign.gov.uk/.
3) Note for FY23 the methodology has been updated to an operational control approach from a financial control approach. This has no impact on the scope of the emissions ATG reported to date as we have financial and operational control on all in-scope emissions.

Sustainability Report continued

Our FY23 carbon footprint includes part-year emissions from our new acquisition, ESN. The addition of ESN has increased our direct emissions by 12% (from FY22 emissions). Whilst this does exceed a 10% significance threshold and could trigger recalculation of the base year, we have decided not to do this for the current financial year. However, FY23 data does not include a full year's emissions from ESN and we will therefore revisit whether a recalculation is required in future years if any other significant changes to the Group occur. Our aim is to avoid the recalculation of our base year where possible to focus on reduction strategies, however, we do need to ensure our growing business has realistic, achievable targets. As has been shown with previous acquisitions, consolidating auction platforms and related services under our carbon extensive business model has been shown to reduce the carbon intensity (i.e., tCO_2e per £million turnover) of these new acquisitions.

Our FY23 carbon impact

Total greenhouse gas emissions

GHG emissions (tCO_2e)[4]	FY23	FY22	FY21	% Change (in last fiscal year)	% Change (from FY22 base year)
Scope 1	23.4	32.5	35.2	(28)%	(28)%
Scope 2 – location based	289.2	391.3	251.3	(26)%	(26)%
Scope 2 – market based	194.3	–	–	–	–
Total (Scopes 1 & 2)	**312.6**	**423.8**	**286.5**	**(26)%**	**(26)%**
Scope 3	2,935.1	2,445.4	1,900.3	20%	20%
Total (Scopes 1, 2 & 3)	**3,247.7**	**2,869.2**	**2,186.8**	**13%**	**13%**

GHG emission intensity – Scopes 1, 2 & 3					
Turnover (£)	£135,225,000	£119,846,000	£70,100,000	13%	13%
Average employee number (FTEs)	396	337	243	18%	18%
Carbon intensity (emissions per £million turnover)	**24.0**	**23.9**	**31.2**	**0%**	**0%**
Carbon intensity (emissions per average FTEs	**8.2**	**8.5**	**9.0**	**(4)%**	**(4)%**
Percentage of operations included	**>95%5**				

Our direct emissions

A breakdown of our FY23 emissions is shown in Figure 1. In FY23 10% (312.6 tCO_2e) fell into Scopes 1 and 2, direct emissions associated with our operations. Purchased electricity (65%) was the largest contributor to our Scope 1 and 2 emissions (201.9 tCO_2e), followed by purchased heat at 28% (87.3 tCO_2e). Stationary combustion, i.e., fuel combusted within stationary equipment such as a boiler, accounted for 3% (9.3 tCO_2e) of Scope 1 and 2 emissions, fugitive emissions such as refrigerant leaks, also made up 3% (9.3 tCO_2e), whilst mobile combustion accounted for less than 1.5% (4.8 tCO_2e) of overall emissions.

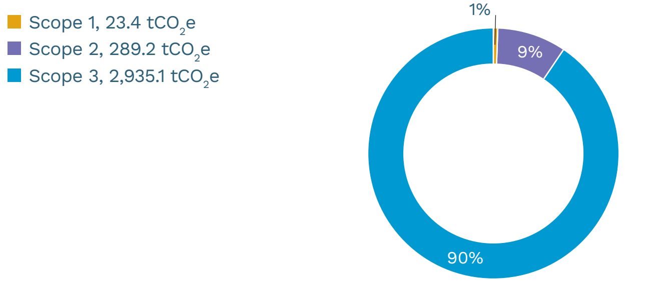


Figure 1: ATG's direct (Scope 1, 2 and 3 emissions) in FY23.

4) GHG emissions reported in metric tonnes CO_2 equivalent (tCO_2e).
5) This is the first year we have reported percentage coverage. Gaps include S3-4 Upstream Transportation and Distribution. We have estimated percentage coverage in this first year and will endeavour to increase coverage to as close to 100% as feasible.

Sustainability Report continued

Our corporate value chain emissions

90% of the Group's emissions fall into Scope 3, our corporate value chain emissions. Scope 3 emissions, which are under a reporting organisation's influence but not control, typically make up the largest proportion of a company's carbon emissions, particularly when Scope 3 emissions are comprehensively covered. A breakdown of our Scope 3 emissions is shown in Figure 2.

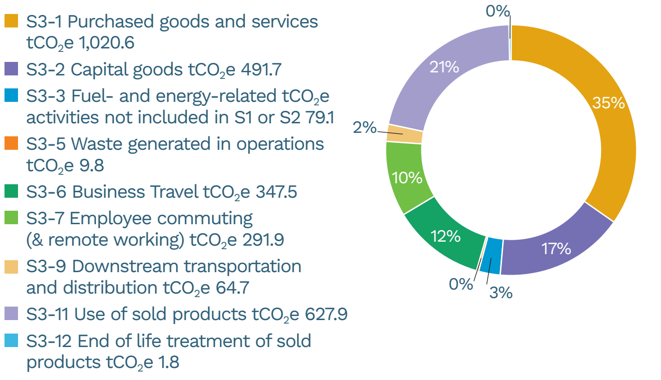


Figure 2: ATG's corporate value chain (Scope 3 emissions) in FY23.

This year, the Group's largest emission Scope 3 emission source continues to be from purchased goods and services (35% of Scope 3 emissions), which arise from the hosting of our online platforms in data centres operated by others. Other significant Scope 3 categories include the use of our products (21% of Scope 3 emissions), employee commuting and remote working (10% of Scope 3 emissions) and business travel (12% of Scope 3 emissions).

Additional climate-related metrics

We collect additional climate-related metrics as part of our GHG accounting processes and we disclosing these for the first time this year. The SEC is responsible for governance of these metrics and ESG Working Committee members collate data across our geographies in line with the operational control approach and scope boundaries of our GHG emissions.

Water usage is minimal due to ATG's operations. Water withdrawal refers to all water drawn into the boundaries of the organisation from all sources. We follow the CDP's definition of water withdrawal which is adapted from the GRI Standards Glossary 2016[6].

We are committed to preventing waste within our operations alongside preventing wasted raw materials through our services. We are committed to recycling office waste and ensuring that IT equipment, at end of life, is recycled or repurposed to minimise waste going to landfill. We recognise the consequences of long-term damage to biodiversity and we aim to reduce the impact of our operations on the local environment. Waste is reported in total tonnes generated, classified as recycled and non-recycled.

As with our GHG reporting, a data hierarchy is applied and we are working across the Group to improve data quality annually, as well as align with internationally recognised reporting standards and frameworks (such as GRI) in future years.

6 GRI Standards Glossary, 2016. Available: https://reportadviser.com/wp-content/uploads/2021/05/GRI-standards-glossary-2016.pdf.

Additional climate-related metrics

Energy

Energy consumption (kWh)	FY23
Non-renewable	**1,031,326**
Non-renewable by fuel type:	
Stationary combustion (gas)	50,715
Purchased electricity (fossil fuel)	417,290
Purchased heat (gas)	543,057
Mobile combustion (diesel)	20,264
Renewable	**37,126**
Renewable by fuel type	
Purchase electricity (REGO backed)	37,126
Total	**1,068,452**
Percentage of operations included	**>95%**

Waste

Waste generation (tonnes)	FY23
Total recycled	4.0
Total non-recycled	17.7
Total	**21.7**
Percentage of operations included	**>95%**

Water

Water withdrawal* (tonnes)	FY23
Water withdrawal	1,514
Water withdrawal intensity (withdrawal per £million turnover)	11.2
Percentage of operations included	**>95%**

* Water withdrawal refers to all water drawn into the boundaries of the organisation from all sources. We follow the CDP's definition of water withdrawal which is adapted from GRI Standards Glossary 2016.

Changes against previous years will be disclosed going forward from FY24.

Sustainability Report continued

Comparison with previous years

Greenhouse gas emissions

As in previous years, the Group accepts that our overall emissions have and may continue to rise as a growing and acquisitive company. Trends since we began reporting our emissions can be seen in Figure 3.

Our total absolute emissions across all scopes have increased by 13%. Scope 3 has increased by 20%, which predominantly is due to growth in our business and the associated growth in our value chain emissions. Scope 1 emissions have, however, decreased by 28% and Scope 2 (location based) have also decreased by 26%, with an overall 26% reduction seen in our Scope 1 and 2.

The reduction in our Scope 1 and 2 emissions is predominantly due to the relocation of our Omaha office to a smaller, more carbon efficient premises. The impact of this move was slightly offset by the acquisition of ESN and the organic growth of our business.

Our carbon intensity metrics, our measures of carbon emissions as a proportion of our overall activity, have however either remained constant or decreased. Carbon intensity when compared to our turnover has remained constant, whist carbon emission per FTE have declined by 4%. This indicates that our carbon emissions are not increasing in line with our growth.

Total emissions

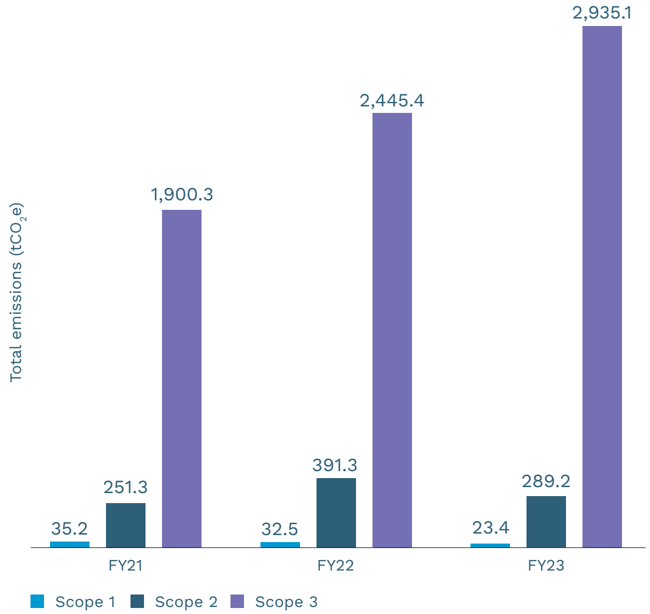


Figure 3: ATG's corporate value chain (Scope 1,2 and 3 emissions) in FY23.

Carbon intensity

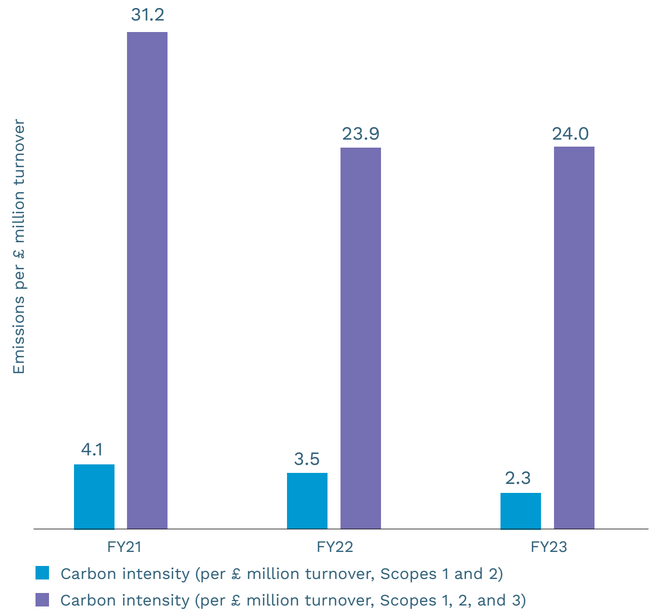


Figure 4: ATG's corporate value chain (Scope 1,2 and 3 emissions) in FY23.

Sustainability Report continued

Reducing our impact – planning our journey to Net zero

Near-term reduction target

Our main focus this year has been to identify and agree upon reduction strategies to achieve our near-term target of reducing absolute Scope 1 and 2 emissions by 42% by 2030 (FY31) from a FY22 base year, led by the ESG Committee. We are on track to achieve this target with a reduction of 26% in our first year of reporting.

Whilst our relocation of our Omaha office has contributed significantly to achieving this target, we are aware that more needs to be done to reduce our direct emissions and we will continue to improve the energy efficiency of our offices. We have identified a number reduction strategies to implement in FY24 through a carbon survey of our six office locations. For example, these include:

- Setting standard heating and cooling temperatures to minimise wasted energy associated with Heating, Ventilation, and Air Conditioning (HVAC);
- Ensuring HVAC systems are not in use outside of hours;
- Switching off appliances when not in use and investigating energy efficient alternative technologies; and
- Updating to LED lighting throughout our offices.

Our future commitment

We will continue to take a rigorous approach to calculating our overall climate impact by improving our approach to emission calculations annually and working to reduce our absolute emissions, including our value chain emissions to achieve our science-based reduction targets. As our Scope 3 makes up 90% of our carbon footprint, we plan to develop a supplier engagement strategy to work with our suppliers to improve the accuracy of our carbon emissions and inform our future procurement decisions. We intend to validate our long-term Net zero target with the SBTi in FY24 and publish a transition plan to outline how we will achieve this.

Streamlined Energy and Carbon Reporting ("SECR")

SECR overview

Descriptive Information	
Methodology used	The methodology used to calculate our greenhouse gas emissions, our 'GHG inventory', is based on the World Resources Institute GHG Protocol – A Corporate Accounting and Reporting Standard, Revised Edition (the Protocol) and follows the Protocol's guiding principles of relevance, completeness, consistency, transparency and accuracy. We were supported to do this by energy and sustainability consultants. An operational control approach has been taken, meaning that the inventory covers emissions from all operations that are under the Group's operational control, including operations in the UK, Germany and the USA. Emission factors have been chosen based on the location of the emissions. However, where emission factors are not available, UK Government emission factors have been applied. Emissions are reported in line with the Group's financial year.
Emission factors used	UK Government emission factors have been applied from "UK Government conversion factors for GHG reporting", as well as "European Residual Mixes Association of Issuing Bodies" and US location based emission factors for MROW, NYCP, and NWPP electricity and waste.
Intensity ratio	The intensity ratio used displays total gross emissions (tCO_2e) within scope 1 and 2 per million £ turnover.
Measures undertaken to improve energy efficiency	This year, we have established an ESG Working Committee with representatives from across our locations to focus improving the energy efficiency of our buildings, including improving monitoring, reducing heating temperatures, increasing cooling temperatures, installing LED lighting throughout our offices and ensuring all electronic appliances are switched off when our offices are closed or the appliances are not needed.
Additional voluntary reporting activities	As well as quantifying our direct emissions (Scope 1 and 2), as required by the Companies Act 2006 and the Companies (Directors' Report, Regulations 2013) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, ATG is committed to going beyond our statutory duty and comprehensively calculating and reporting indirect (Scope 3) emissions. As these emissions would not occur if we were not in existence, we consider it important for us to voluntarily report these emissions, providing our customers, clients and stakeholders with full transparency.

Sustainability Report continued

SECR data

Category	Scope	Current reporting year FY23		Previous reporting year FY22	
		UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Emissions from activities which the Company owns or controls including the combustion of fuel and operation of facilities (tCO_2e)	1	**7.8**	**15.6**	7.1	25.4
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (location based, tCO_2e)	2	**19.2**	**270.0**	20.6	370.7
Total gross Scope 1 and Scope 2 emissions (tCO_2e)	1 & 2	**27.0**	**285.6**	27.7	396.1
Energy consumption used to calculate the above emissions (kWh)	1 & 2	**120,309.9**	**948,142.0**	125,265.3	1,342,370.8
Total gross Scope 1 and Scope 2 emissions UK and global (tCO_2e)	1 & 2		**312.6**		423.8
Intensity ratio UK and Global: emissions (tCO_2e) per million £ budget	1 & 2		**2.3**		3.5

SECR change log

Change in consumption, emissions, and intensity ratio between the previous and reporting year	
Category	**Percentage change**
Consumption (kWh)	53%
Emissions (tCO_2e)	(26)%
Intensity ratio (emissions tCO_2e / million £ budget)	(34)%
Description of changes in consumption, emissions, and intensity ratio between the previous and reporting year.	Absolute Scope 1 and 2 emissions have decreased by 26%, whereas our carbon intensity, i.e., a measure our carbon emissions as a proportion of our overall activity, has decreased by 34%, indicating that we are becoming more carbon efficient as we grow. Our absolute Scope 1 emissions have declined by 29% since the prior reporting year and our absolute Scope 2 emissions have decreased by 26%. This can be predominantly attributed to our move to a smaller office in Omaha (which occurred half way through FY23). Our emissions this year include those from our newly acquired company, ESN We continue to measure and improve upon our understanding of our Scope 3 emissions. In total, our absolute Scope 1, 2, and 3 emissions have increased by 14%, however, have increased by 1% relative to turnover. As last year, we have included remote working emissions and emissions associated with the use of sold products in our carbon footprint to ensure we account for our home-based employees and continued growth in our online auction services.
External assurance statement	We confirm that this SECR report has been reviewed by external auditors as part of their full financial audit.

3. ATG's corporate value chain (Scope 3 emissions) in FY23.

Sustainability Report continued

Our People and Community

At ATG, we aim to ensure our employees feel they belong and can reach their full potential. Our people are our most valuable resource and asset. Ensuring that we attract, nurture and retain our people is key to ATG's success.

ATG Values

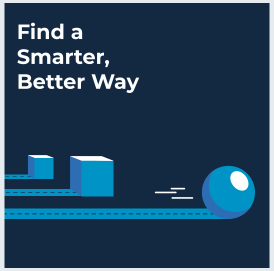
Our values encompass everything that we do, driving the way all ATG businesses operate, with a winning team made up of smart, passionate individuals who connect to our purpose of unlocking the value of the curated secondary goods market and accelerating the growth of the circular economy.

1. Drive Results

- Execute with excellence on the right priorities
- Take ownership on what matters and be accountable
- Set a pace that pushes ATG ahead of the competition

2. Create Customer Value

- Know your customer
- Understand how ATG creates value for buyers and sellers
- Act with trust, integrity and consistency



3. Find a Smarter, Better Way

- Innovate and seek improved ways of working
- Deliver today but also be future-focused
- Be creative in seeking ways to enhance efficiency, delivery or impact

4. Collaborate to Win

- Think, act and win as One ATG
- Work together across teams and borders to achieve and celebrate shared success
- Know the vision, work on the right priorities and be an expert in your discipline

5. Empower People to Grow

- Be ambitious in seeking ways to develop yourself and others
- Create an environment of respect, diversity and inclusion
- Start with trust and professional honesty

Sustainability Report continued

Engagement
We want to ensure that ATG remains a great place to work and we regularly engage with our employees to understand their feedback and concerns. In FY23, we ran a newly designed Group-wide survey to understand sentiment, which showed that our employees not only feel highly engaged with ATG, but are also confident in its strategy and outlook. The survey is testament to the positive and collaborative culture that we are creating, with 83% employees responding to the survey, 76% feeling favourable to ATG and 95% of employees stating they enjoy working with their team. Respondents to the survey also reported having a passion for serving the customer (91%). Scores across the engagement survey were closely aligned across males and females.

In FY23, we welcomed the ESN team to ATG and have worked hard to integrate their team, culture and ways of working into the business, for example through including them in all ATG employee offerings such as ATG Academy and Global All Hands meetings.

We also ran a pulse survey with ESN employees which showed positive results. Overall participation was 84%, with scores of 83% for favourability and 76% engagement, both in line with ATG Global scores. The following three items scored 100% for the ESN pulse survey: working with their team, accountability for results and passion for the customer. Questions focused on the integration with ATG scored 90% or higher, showing the positive experience for employees following the acquisition.

In FY23 we launched All ToGether, our connection and development programme which includes a range of training programmes, networking events and other programmes to support the development and engagement of our employees.

Tamsin Todd took over from Breon Corcoran during FY23 as the Board's designated Director for workforce engagement and the outputs of her twice-yearly meetings with employees were reported to the Board as detailed on page 36 of this report. As a result of these discussions, UK parental leave policies were enhanced, as detailed on page 36 of this report.

Reward and recognition
ATG offers employees competitive reward schemes and benefits programmes to ensure that we retain and recruit the best talent. As well as offering competitive remuneration and retirement arrangements, we offer comprehensive physical and mental healthcare benefits such as the provision of eight video counselling sessions with trained therapists each year. We offer our employees hybrid working practices whilst also offering permanent opportunities to work from home for some employees. We also offer flexible working practices for parents and enhanced maternity and paternity packages.

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

This year, ATG launched our first Employee Swag offering where all employees chose from four high-quality apparel or accessory items. Over 300 employees placed orders and items were custom made and fitted with an in-house designed ATG badge. All new joiners will now be offered a piece of ATG Swag in their first three months.

Sustainability Report continued

Employee share schemes

To encourage our employees to align their interests with shareholders and to benefit from their contribution to ATG's success, employees are offered equity awards. In FY23, all employees were offered equity under the Long Term Incentive Plan, which vests over a two, three or four-year period, or through other equity schemes.

Furthermore, UK and German employees have the opportunity to take part in a Share Incentive Plan ("SIP"). For every share an employee purchases, ATG will match it. US employees will be invited to buy shares under the Employee Share Purchase Plan ("ESPP"), purchasing shares at a 15% discount. 37% of eligible employees participate in one of the current schemes.

	Number of employees by region	
	FY23	FY22
Europe	116	109
N America	275	236
Asia	–	–
RoW	–	–
Total	**391**	**345**

	Employee turnover Voluntary (permanent employees only)		Total	
	FY23	FY22	FY23	FY22
Europe	9	17	20	22
N America	35	44	73	64
Asia	–	–	–	–
RoW	–	–	–	–
Total	**44**	**61**	**93**	**86**

Sustainability Report continued

Diversity and inclusion

At ATG, we value the differences that a diverse workforce brings to our organisation and are fully committed to the elimination of unlawful and unfair discrimination. We know that our continued success relies on people having a wide range of experience and skills to bring different perspectives, promote innovation and provide constructive challenge. In accordance with our Board diversity policy which can be found on our website at www.auctiontechnologygroup.com, in FY23 we implemented our workforce Diversity & Inclusion ("D&I") and Equal Opportunities policy. The policy does not discriminate against employees based on gender, race or ethnic origin, age, religion, sexual orientation, pregnancy or maternity, gender identity, disability, marriage or civil partnership, social background, nationality, or political opinion. The Board has oversight of this policy.

In FY23, we launched a series of D&I training and development programmes, as well as establishing a series of networking events. This included two sessions run by female Board members and female senior leaders where over 78 employees attended. The sessions focused on sharing insights into the challenges women face in the workplace. As an action from these sessions, ATG developed a guide and training on appropriate workplace behaviour and set up a global hotline to report any issues. 89% of employees in the engagement survey felt that employees are treated equally regardless of race, ethnicity, gender, disability, religious beliefs and sexual orientation.

Gender diversity

The Group is diverse in terms of gender mix, with women comprising 41% of the total workforce, an increase from 3% last year and we have achieved a gender balance in our UK and German businesses. ATG is committed to gender pay equality. The Group's employee base is diverse at the management level, with five females on our Senior Leadership Team, and one female leader in a senior management role. As illustrated on page 70, the Board comprises five males and three females. The Board reviewed its diversity policy in FY23 in light of the updated targets announced by the FTSE Women Leaders Review and the FCA's Policy Statement in respect of diversity and inclusion on company boards and executive management. As disclosed more fully on page 92, the Nomination Committee has considered the revised minimum target of 40% women on listed company boards and the provision that at least one of the positions of Chair, CEO, CFO or SID is filled by a woman, and aims to achieve this target by the end of 2025.

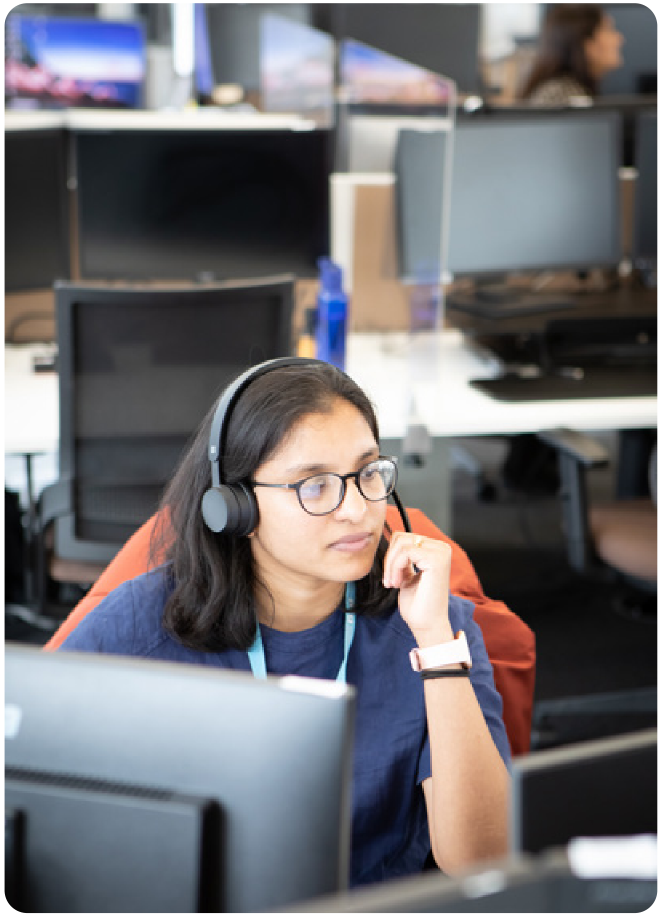
Ethnic diversity

ATG's employees are diverse in terms of ethnicity, with 24% having disclosed as identifying as non-white (FY22: 25%). We are committed to increasing ethnic diversity across all levels throughout the organisation through recruitment and succession planning. The Board has considered the Parker Review recommendation for all FTSE 250 Boards to have at least one director from an ethnically diverse background by 2024, and following consultation with the Nomination Committee, the Board considers that it has achieved this target, with John-Paul Savant representing a Eurasian ethnically diverse background.

Gender diversity statistics

	Male		Female		Other/ Prefer not to say		Total
	No.	%	No.	%	No.	%	%
Board	5	62	3	38	–	–	100
Number of senior positions on the Board (CEO, CFO, SID and Chair)	4	100	0	0	–	–	100
Senior Management	7	88	1	12	–	–	100
Senior Leadership Team	12	71	5	29	–	–	100
New recruits	54	63	32	37	–	–	100

Sustainability Report continued



Ethnic diversity statistics

	White British or other White (including minority-white groups)		Mixed/Multiple Ethnic Groups		Black/African/ Caribbean/Black British		Asian/Asian British		Not specified	
	No.	%	No.	%	No.	%	No.	%	No.	%
Board	7	88	1	12	–	–	–	–	–	–
Number of senior positions on the Board (CEO, CFO, SID and Chair)	3	75	1	25	–	–	–	–	–	–
Senior Management	5	63	1	13	–	–	2	25	–	–
Senior Leadership Team	10	59	2	12	–	–	4	24	1	6
New recruits	37	45	6	7	3	3	11	13	25	30

Employees with disabilities

We strive to be an inclusive employer and are committed to ensuring that people with disabilities are not disadvantaged in our hiring process, training, career development or promotion opportunities. Applicants with disabilities are given full and fair consideration during recruitment processes. We offer flexibility and support to any employees who are disabled upon joining or who become so during employment, including equipment or schedule accommodations. People with disabilities are treated equally in all internal processes including training, career development and promotions.

Recruitment

Our hiring practice is committed to fair and equal treatment regardless of an individual's race, age, gender, ethnic background, religion or beliefs, gender assignment, sexual orientation, marital or civil partnership status, or disabilities. Our recruitment and selection process focuses on selecting the best candidate for each role and we hire based on merit and the right skills for the role. In the last 12 months, 37% of our new joiners have been female.

Sustainability Report continued

Talent and career management

We ensure that all employees have access to the training they need to support their development. All employees are required to undertake mandatory training annually to ensure they understand their legal and regulatory duties in relation to insider trading, cyber security and data security. In FY23 we launched ATG Academy, our new global learning and development programme, which included 60 carefully designed courses that were bespoke to working at ATG, delivered by our own experts, as we believe that training from such employees can provide a more meaningful and tailored learning experience for roles within ATG.

We also launched a new on boarding programme to help set new employees up for success, which includes a day one induction, 30-day HR check in, a small group lunch or breakfast with the CEO and a thorough Global Orientation session where new employees have the opportunity to meet multiple executives. Professional qualification sponsorship is available for all employees to apply for. During objective-setting periods, employees review training needs with their managers and training will be offered on a case-by-case basis to support specific developmental skills.

Performance reviews are conducted at least twice a year across all employees in the Group by line managers, to enable meaningful discussions about an individual's progress and career development. Over 80% of the Group received an annual performance evaluation. To support these conversations, we offer access to development plans and 360 feedback tools.

Over the year, over 70 hours of internally provided training were completed by our employees.

ATG supports apprenticeship schemes in the UK and Germany, to offer young people, or those without the opportunity to study further education, a placement at ATG. This provides qualifications, training and on the job corporate experience in entry level roles.

Health and safety

We are committed to supporting our employees in all aspects of their health and well-being. We provide a comprehensive range of healthcare benefits as detailed on page 62.

The health and safety of all ATG employees and visitors to our offices is a priority for the business, and during the year we have ensured that our offices provided a safe working environment for both our employees and any visitors. ATG has a health and safety policy and appropriate insurance for all employees. We are pleased to report that we have had no fatalities or serious injuries during the year, and there was no impact to our operations due to work-related incidents or work-related occupational disease.

Political donations and expenditure

The Company and its subsidiaries did not make any political donations or incur any expenditure during the year.

Community partnerships

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

ATG is a key supporter of auction industry events and conferences, whether through sponsorship or provision of expertise. This included Industrial Auctioneers Association events in both North America and in France.

Charities

As part of the Proxibid office move, ATG donated furniture, monitors and office suppliers to local schools and libraries.

Employees at ESN volunteered within the local community during the year, including at local food banks and at the Safe House of Southeast Missouri's thrift shop in Cape Girardeau where employees helped to unpack and sort donations.

UK employees participated in a Christmas donation scheme to support local families around the festive period.

We also facilitate hundreds of charity auctions on our marketplaces each year, waiving our fees to ensure that all proceeds go to the charities. In the past 12 months, charity auctions hosted on our marketplaces have raised over £4.0m for good causes (FY22: £6.0m).

Governance

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

Operating a trusted marketplace

As a leading online marketplace, we are committed to operating a marketplace that is responsible, reliable and fair. Our aim is to provide a valuable platform for our consumers and customers to ensure we deliver relevant innovation, protect consumer data and provide an engaging user experience.

Restricted items

The Group has rules in place with regard to the listing of prohibited items on its marketplaces, such as offensive items, illegal firearms and weapons, and illegal wildlife products. We employ a compliance team to monitor adherence to these rules. The internal audit function audits and reviews the policy and its application on an annual basis.

Security of buying on our marketplaces

It is important that bidders can trust the buying experience on our marketplaces and that they know that auctioneers are following best practice. We vet all auction houses before allowing them to sell on our marketplaces. Equally, it is important that auction houses are protected against fraudulent bidders through bidder security teams dedicated to minimising the number of marketplace bidders who default on their purchases. The Internal Audit function audits and reviews these processes on an annual basis.

Information systems and technology (“IS&T”)

As highlighted in our materiality assessment, IS&T is a key priority for ATG and core to our operations. ATG has strengthened its IS&T capabilities in FY23 to ensure it has robust incident response procedures in place to manage information security, cyber security and/or breaches of confidential information. This includes the implementation of a new information security management system, which has been based on a recognised international standard. We also established an Information Security Steering Committee whose members include the Data Protection Officer, Chief Information Security Officer and Internal Risk Officer, whose responsibility is to oversee our IS&T programmes. This includes regular internal and external risk assessments on ATG’s technologies, cyber security and practices affecting user data. The committee report its findings to the Audit Committee.

We have an internal governance framework for data protection and information security including various policies, procedures and training. We undertake periodic analysis to identify potential vulnerabilities and risks, and we have processes in place to identify potential incidents and mitigate accordingly. Our policies are regularly reviewed and updated. Further specialised policies and standards are required for employees in engineering, product and design. ATG has had zero data breaches in both FY23 and FY22.

Card payments from bidders are handled by third-party supplier payment processors on behalf of the Group and by auction house clients. Therefore, the Group does not store card details, and follows all relevant regulations to comply with the Payment Card Industry Data Security Standard (“PCI DSS”). Under its contract with the Group, the supplier agrees to comply with the PCI DSS in respect of the storage of bidder card data.

In FY23, ATG deployed an industry leading security threat detection platform and 24x7 managed extended detection and response (MXDR) solution with end-to-end remediation. ATG also developed procedures to conduct regular security risk assessments and audits on the companies, technologies, and practices affecting user data. ATG tests its business continuity plans and incident response procedures every three years and in FY24, this will include external testing of an updated and integrated business continuity plan which is being rolled out.

Supply chain

As a technology platform, ATG’s supply chain is largely data centres, software and other services providers. We engaged with suppliers as part of our materiality assessment and will look to create a supply chain policy in the next year.

Sustainability Report continued

Modern slavery

ATG supports the Modern Slavery Act 2015. We are committed to ensuring that slavery and human trafficking are not taking place in any part of our business or our supply chain. We expect the same commitment from our suppliers, contractors and business partners. We will not tolerate the mistreatment of people in our employment and, wherever possible, employed in our supply chain. We continue to be compliant with the annual reporting requirements contained within section 54 of the Modern Slavery Act 2015. Our Modern Slavery Statement, which is reviewed and approved by the Board on an annual basis, can be found on our website www.auctiontechnologygroup.com.

During FY23, no incidents of modern slavery or human rights abuse were identified within the Group or our supply chain. We provide training to all colleagues working within procurement and HR on modern slavery.

Whistle-blowing

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

ATG has a whistle-blowing policy which includes access to a whistle-blowing telephone service run by an independent organisation, allowing employees to raise concerns on a strictly confidential basis. New employees are made aware of the whistle-blowing policy when they are on boarded, whilst existing employees were reminded about the policy in the year through the roll out of the updated ATG handbook. As detailed on page 84 of the Audit Committee receives regular reports on the use of the service, and any issues that are raised, the findings of any investigations and any actions arising. There were no reports made under the Group's whistle-blowing policy during the year.

Anti-bribery and corruption

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

Human rights

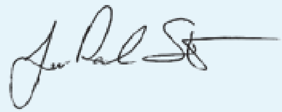
ATG supports the principles set out in the UN Declaration of Human Rights and is committed to supporting human rights through our compliance with national laws and through our internal policies which adhere to internationally recognised human rights principles. Our human rights and associated policies require respect and equal and fair treatment of all persons we encounter.

Tax transparency

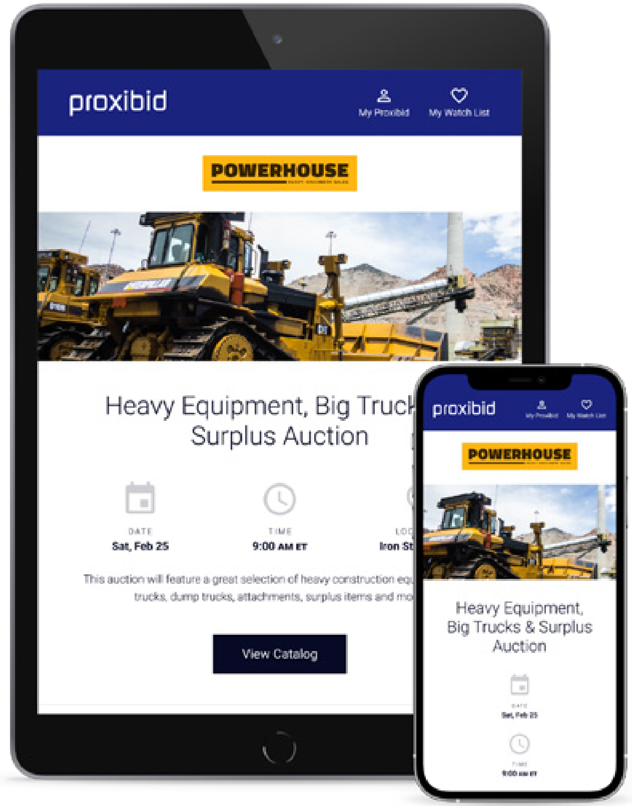
The Group is committed to compliance with all applicable tax laws and regulations and manages tax matters in line with our tax principles as set out in the Chief Financial Officer's review on pages 23 to 27. The Group's taxation policy for conducting its tax affairs and managing tax risk is published on our website www.auctiontechnologygroup.com. The tax policy has been approved by the Board of ATG and will be reviewed annually, including a formal consideration by the Audit Committee.

The Chief Financial Officer of the Group takes overall responsibility for the management of the tax policy and governance. On a day-to-day basis, in each local territory where ATG has a taxable presence, tax is managed by the Head of Tax and local financial controllers. In territories where there is no local financial controller, it is managed by the Group Financial Controller. The local financial controllers are supported by external advisers, where additional support and tax knowledge is desirable to assist with areas of complexity and specialist tax areas.

The Strategic Report, comprising the information on pages 03 to 68 inclusive, was approved by the Board of Directors on 30 November 2023 and signed on its behalf by:



John-Paul Savant
Chief Executive Officer



Chairman's Introduction

Corporate Governance Report

On behalf of the Board, I am pleased to introduce our Corporate Governance Report for the financial year ended 30 September 2023. The Company is subject to the UK Corporate Governance Code 2018 (the "Code") and this report sets out our corporate governance framework and describes how the Company has applied the principles and complied with the provisions of the Code during the year. A copy of the Code can be found at the Financial Reporting Council's website frc.org.uk. This report also includes reports from the Audit, Nomination and Remuneration Committees. The activities of the Sustainability and ESG Committee can be found in the Sustainability Report on page 44. This report explains in more detail the corporate governance structures in place, the work of the Board and its Committees in FY23 and our planned focus for FY24.

Code Compliance

The Board is ambitious to achieve the highest standards of corporate governance and as a Board we aim to lead by example. I am pleased to report that we have applied the principles of the Code and complied with its provisions in full during the year and up to the date of publication of this report.

Purpose, culture and values

ATG's purpose is to unlock the value of the secondary goods market and accelerate the growth of the circular economy. This is achieved through the delivery of our strategy, supported by an effective corporate governance and risk framework and by our cultures and values. We have an open, collaborative and diverse culture at ATG, aligned with the Company's purpose, values and strategy. The Board was delighted to support the launch of the refreshed ATG Values to all of our employees during the year, which aim to articulate the culture and values across the different businesses within our Group. Further details on the development of the refreshed ATG Values are set out on page 61.

Board activities during the year

We stated in our FY22 Annual Report that the Board's priorities for FY23 were to review the progress and delivery of the Group strategy, to continue to review any potential M&A opportunities, to review the composition of the Board to ensure progress in meeting diversity targets, and to review succession plans for the Board and the Senior Management Team. Progress on all of these priorities is set out within this report.

Board composition

There were no changes to the Board membership during FY23 and we continue to have a strong and balanced Board with appropriate skills, knowledge, experience and diversity, as validated by the Board skills assessment conducted by the Nomination Committee during the year, details for which can be found on page 90. We believe that maintaining a diverse Board is important to our decision-making and I am pleased to report that our Board composition is in line with the recommendations from the FTSE Women Leaders Review and the Parker Review. You can read more about the diversity of our Board and our plans for the future in the Nomination Committee Report on pages 90 to 93.

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held on Tuesday 30 January 2024, an opportunity for the Board to engage with our investors. Full details of the AGM, including the resolutions to be proposed for shareholder approval, can be found in the Notice of Meeting. In order to maximise shareholder engagement and participation, we encourage all shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to investorrelations@auctiontechnologygroup.com.

Shareholders who would prefer not, or are unable, to attend the AGM in person are invited to watch and listen to the AGM online via a live webcast, details for which can be found in the Notice of Meeting.

I would like to conclude with a personal note of thanks to all of our people across our global businesses and my fellow Board members for their continued support.

Breon Corcoran
Chairman
30 November 2023

Documents available at www.auctiontechnologygroup.com

- Articles of Association
- Matters Reserved to the Board
- Terms of Reference for Board Committees
- Board Diversity & Inclusion Policy
- Modern Slavery Statement
- Tax Strategy
- Notice of Annual General Meeting 2024
- Environmental Policy

Audit Committee Report page 82
Nomination Committee Report page 90
Remuneration Committee Report page 94
Sustainability Report page 44
Directors' biographies page 79
Chairman's Statement page 08

Governance Report

Overview

Compliance with the Code

The Company has assessed itself with reference to the Code. The Board confirms that the Company applied the principles and complied with the provisions of the Code throughout FY23 and up to the Last Practicable Date. The Board is actively considering the implications of the FRC consultation on changes to the UK Corporate Governance Code on the Company's governance framework and the operation of its committees and governing documents.

Directors' independence

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

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

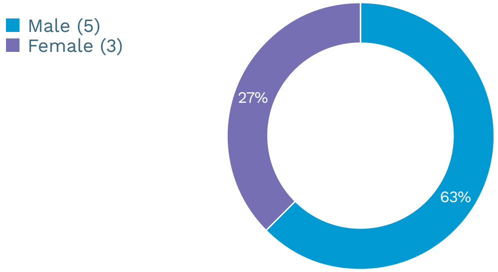
The Board is mindful that the Code lists that where Non-Executive Directors hold cross-directorships or have significant links with other Directors through involvement in other companies or bodies, this is likely to impair, or could appear to impair, a Non-Executive Director's independence. Accordingly,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

Board composition

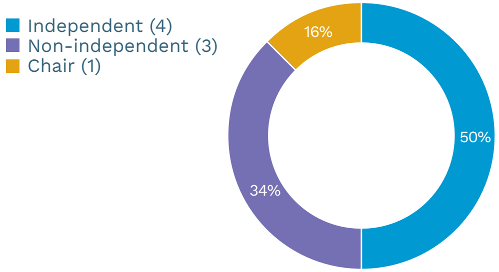
At the date of this report, our Board comprises eight members: the Chair, the CEO, the CFO, four independent Non-Executive Directors and one non-independent Non-Executive Director. Over half the Board (excluding the Chair) comprises independent Non-Executive Directors and the composition of all Board Committees complies with the Code.

Governance at a glance

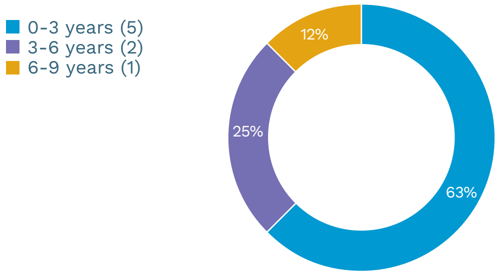
Board gender diversity



Board independence



Length of tenure



Governance Report continued

Operation of the Board and its Committees

The Board

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

Division of responsibilities

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

Board balance and independence	
Chairman	• Leadership and governance of the Board • Ensures constructive relationships between the Executive and Non-Executive Directors • Ensures appropriate engagement with key stakeholders • Sets the agenda and tone of the Board meetings • Reviews the Board's effectiveness and monitoring the Non-Executive Directors' independence • Oversees the succession and composition of the Board
Chief Executive Officer	• Day-to-day responsibility for managing the business • Reviews and recommends the Group's strategy to the Board and ensures its implementation • Provides regular updates to the Board on all significant matters • Delivers the Group's sustainability strategy • Delegation of authority to the Group's Senior Management Team • Responsible for effective and ongoing communication with shareholders
Senior Independent Director	• Acts as a sounding board to the Chairman • Acts as an intermediary for the other Board members and/or shareholders and other key stakeholders • Evaluates the Chairman's performance as part of the annual Board effectiveness review
Non-Executive Directors	• Provide independent judgement, knowledge and commercial advice • Constructively challenge the Executive Directors and monitor their performance against strategy • Manage agendas and provide input into key matters and issues through the Board Committees

Senior Independent Director

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

The Committees

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

Audit Committee

The Audit Committee is chaired by Suzanne Baxter and other members are Scott Forbes and Tamsin Todd.

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

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

Governance Report continued

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

There is further detail on the Audit Committee's activities on pages 82 to 89.

Audit Committee Report page 82

Remuneration Committee

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

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

There is further detail on the Remuneration Committee's activities on pages 94 to 112.

Remuneration Committee Report page 94

Nomination Committee

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

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

There is further detail on the Nomination Committee's activities on pages 90 to 93.

Nomination Committee Report page 90

Sustainability and ESG Committee

The Sustainability and ESG Committee was established in FY22 as the Sustainability and Climate Risk Committee primarily to support the implementation of the TCFD recommendations for corporate reporting, but more widely to cover climate-related developments and wider sustainability topics as may be required. The terms of reference of the Committee were expanded in FY23 to encompass corporate responsibility, environmental and wider ESG matters and its name changed to the Sustainability and ESG Committee. The Committee is chaired by Richard Lewis, Chief Operating Officer, and membership comprises Suzanne Baxter, Tom Hargreaves, and representatives from Finance, Investor Relations, Internal Audit and HR. The Committee meets at least twice a year.

Sustainability Report page 44

Disclosure Committee

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

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

Governance Report continued

Composition, succession and evaluation

Board appointments

The Nomination Committee is responsible for the appointment of new Directors to the Board and the Committees, in conjunction with the Chair of each Committee, to ensure that any new appointment provides the right balance of capabilities in line with the Board's policy on diversity. The Nomination Committee is also responsible for ensuring succession plans are in place at Board and senior management level. The Nomination Committee will consider the time commitment of any potential new appointment to the Board to ensure they are able to dedicate sufficient time to fulfil their role. The Chairman considers new external appointments which may impact existing time commitments and the Board must approve them. There are no Directors whom the Nomination Committee consider to be over-extended or unable to fulfil their duties to the Board. All Directors are expected to attend all Board and relevant Committee meetings.

Election and re-election

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

Taking account of the recommendations of the Nomination Committee and the results of the Board evaluation carried out during the year under review, the Board considers that all the current Directors continue to be effective, are committed to their roles, and have sufficient time to perform their duties. The Board therefore recommends the re-election of all Directors. Directors' biographies can be found on pages 79 to 81 and in the Notice of Meeting.

Induction and continuing development

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

Board evaluation

In early 2023 the Board conducted an effectiveness review of its performance and that of its Committees, led by the Chair and the Company Secretary. The Senior Independent Director led a review of the Chair. The focus of the internal review was to obtain feedback on progress so far, to seek recommendations for improvement and to consider the key priorities for the business and the Board in the second half of FY23 and beyond. The overall conclusion was that the Board and its Committees comprised high-quality, experienced individuals and that they were engaged in meetings and the quality of debate was high and centred on the right issues. Most review areas were scored as either good or excellent. Common outputs emerging from this exercise were as follows, along with agreed actions:

Finding: Increase Board focus on strategic discussion with less reliance on operating updates, framing the key strategic issues for debate and input from the Board.

Action: Board agendas have been re-focused to ringfence strategic items and stimulate strategic discussion. Board papers frame the key issues for debate and sufficient time is allocated at each Board meeting for each Director to reflect and contribute. Each Board meeting includes a strategic update by key members of the Senior Management Team, which stimulates Board discussion and challenge.

Finding: More consistent communication to the Board on risk-related outputs from each Board Committee, in particular the Audit Committee.

Action: Each Board agenda has an item dedicated to reporting from each Board Committee and risk-related outputs are formally captured in the minutes.

Finding: Regularly review the composition of the Board in terms of any skills gaps and diversity in the context of key markets and regulatory obligations.

Action: The Nomination Committee, on behalf of the Board, undertook a comprehensive Board skills assessment in FY23. The purpose of this assessment was to ensure appropriate future strategic direction of the Board and its alignment with strategic objectives, as well as its ability to monitor the key and emerging risks facing the Group. Further details on the methodology and output of the Board skills assessment can be found on page 91.

Finding: Review the size and content of Board papers to streamline Board reporting.

Action: The Company Secretary works with the management team to guide and advise on the nature and content of papers, ensuring that the purpose of each paper is clearly identified and the Board's time is optimised. Background information is provided in appendices if not essential for Board discussion and decision-making.

The Board intends to comply with Code Provision 21 whereby an externally facilitated evaluation will take place at least every three years. The Board intends to commission an externally facilitated board performance review in FY24.

Board leadership and Group purpose

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

The Board has established an effective governance and risk framework. The framework ensures that our people are able to raise any matters of concern, and that all policies and practices are consistent with the Company's values.

Governance Report continued

The Group's purpose, as detailed throughout the Annual Report, is to unlock the value of the secondary goods market and, in doing so, to accelerate growth of the circular economy. Through our eight online marketplaces we enable a large, diverse and fragmented buyer base to bid on a wide range of assets curated by expert auctioneers. In turn, auctioneers are able to access a global buyer base in a cost-efficient way, through our specialised marketplace technology. Every year our marketplaces ensure that millions of used items are resold for re-use or repurpose, preventing waste and carbon emissions from the manufacturing of new items. By extending the lives of millions of items, we are accelerating the growth of the circular economy and creating a new global channel of sustainable commerce. Our employees come to work each day to make their piece of the auction ecosystem better by making buying or selling second-hand goods easier and faster. Their efforts lead to more auctioneers selling more assets, in more categories, online, and more buyers from around the world placing more bids. This generates a virtuous circle of growth between auctioneers and bidders searching across an incredible range of specialised and unique second-hand items; all reducing the need to buy new. Our goal of unlocking this value underpins our entire business strategy as we continue to commit to leading the structural transformation of the auction industry as a trusted partner to auctioneers, bidders, our people and our community.

Our purpose informs our business strategy and commitment to being a supportive and trusted partner to the industry, our people and our community. Our strategy, which is to lead the evolution of the auction industry from offline to online by providing auctioneers with the most complete and impactful set of integrated online services and capabilities in the world, sets the direction the Group takes in order to help it achieve its purpose. The strategy and the purpose set out above are the key drivers to the Board's decision-making and actions and ensuring these are implemented successfully; this is particularly key when integrating a new business into the Group as part of the Group's M&A strategy. Further information on the Group's strategy can be found in the Strategic Report on pages 16 to 20.

The following table details how the Company has applied each of the five principles underpinning Board leadership and Company purpose. The Company has complied with the provisions of the Code for the financial year.

		Pages
Board leadership and Company purpose		
The Board is responsible for setting and delivering the Group's strategy and monitoring how it is performing against the agreed strategy for the benefit of all its stakeholders. The Board is also responsible for defining, monitoring and overseeing the Group's culture and ensuring it is aligned to the purpose and strategy. Further information on how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy can be found as follows:	Chairman's Statement	08
	Chief Executive Officer's Statement	09
	Business Model	13
	Six Strategic Growth Drivers	16
	Key Performance Indicators	21
	Principal Risks and Uncertainties	30
	Sustainability Report	44
	Governance, Board and Group purpose	70
	Committee Reports	82
Division of responsibilities		
The Chair leads the Board which includes an appropriate combination of Executive Directors and Non-Executive Directors. The Non-Executive Directors provide constructive challenge, strategic guidance and advice, and have sufficient time to meet their Board responsibilities. The Board has identified certain 'reserved matters' that only it can approve. Other matters, responsibilities and authorities have been delegated as appropriate, and there are relevant policies and processes in place for the Board to function effectively and efficiently. The Board has clear written guidelines on the division of responsibilities between the Chair, Chief Executive Officer, Senior Independent Director, Board and Committees. Further information on the application of these principles can be found as follows:	Division of responsibilities	71
	Board attendance	77
	Board independence	70
	Board Committees	71
Composition, succession and evaluation		
A rigorous, effective and transparent appointment process is in place, which, together with the effective succession plans, promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. A comprehensive and tailored induction programme is in place for new Directors joining the Board. The induction programme facilitates their understanding of the Group and the key drivers of the Group's performance. The Board has delegated responsibility to the Nomination Committee to keep under regular review the composition of the Board and its Committees. The Nomination Committee is also responsible for succession planning and the Group's policy on diversity and inclusion. Further information on the application of these principles can be found as follows:	Board biographies	79
	Board composition	70
	Nomination Committee Report	90
	Sustainability Report	44

Governance Report continued

		Pages
Audit, risk and internal control		
The Board has established formal and transparent policies and procedures to ensure the independence and effectiveness of both internal and external audit functions. The Board satisfies itself on the integrity of financial and narrative statements. The Board presents a fair, balanced and understandable assessment of the Group's position and prospects. The Board has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks of the Group. The Board has delegated responsibility to the Audit Committee to oversee the Group's financial framework, financial controls and internal controls, and that policies and procedures are in place to manage risks appropriately. Further information on the application of these principles can be found as follows:	Principal Risks and Uncertainties Risk Management Audit Committee Report	30 28 82
Remuneration		
The Company has designed the remuneration policies and practices to support strategy and promote long-term sustainable success. Executive remuneration is aligned to the interests of our shareholders and to the Company's purpose and values and is clearly linked to the successful delivery of our long-term strategy. There is a formal and transparent procedure for developing executive remuneration policy and determining Director and Senior Management remuneration. Directors are able to exercise independent judgement and discretion when authorising remuneration outcomes, taking into account Company and individual performance and wider circumstances. The Remuneration Committee is responsible on behalf of the Board for determining and monitoring the strategy and policy on remuneration, termination, performance-related pay, pension arrangements, share incentive plans to support the Group's strategy, and remuneration reporting and disclosure. Further information can be found as follows:	Directors' Remuneration Report	94

Board meetings

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

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

The Board schedules six meetings each year to allow the Board sufficient time to discharge its duties, with ad hoc meetings convened as and when required. There were six scheduled Board meetings during FY23, excluding ad hoc sub-committee meetings for time-sensitive approvals and matters approved via written resolution. Information on Directors' attendance at Board and Committee meetings is set out on page 77. Board meetings are held in person at our London offices. Given her location, Pauline Reader joins Board and Committee meetings via videoconference and attends at least one meeting per annum in person.

To ensure that the Board has good visibility of the key operations of the business, members of the Senior Management Team attend Board meetings regularly to provide presentations on areas of strategic focus and progress against our strategic growth drivers.

Governance Report continued

Board activities in FY23

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

Board areas of focus	
Strategy	• Acquisition of Vintage Software LLC (trading as EstateSales.NET ("ESN")) in January 2023 and subsequent integration into the Group • Continuous oversight of the M&A strategy at every Board meeting • Regular reports from the CEO at each meeting detailing the performance of the business against the strategic goals and six growth drivers • Review and refreshment of the Group's strategy, priorities and budget at offsite Senior Management Team meetings, which were thoroughly scrutinised by the Board at meetings held in July and September 2023 • Discussion and challenge of strategic updates from members of the Senior Management Team around the Group's two sectors, Industrial & Commercial and Arts & Antiques, and across the roll out of key strategic initiatives. These included atgPay, shipping, the transition to a single technology platform programme, cross-listing and the development of integrated bidding, the roll out of marketing initiatives, product development, milestone updates on people matters, IT strategy and future plans including IT security and resourcing • Briefings from the CEO on the reorganisation of the North America business
Risk and risk management	• A thorough review of the Group's risks and the potential impacts on the business was undertaken as part of the interim and annual results process • A review of the risk register, principal and emerging risks and risk appetite statement, was conducted by the Audit Committee and reported to the Board • Approval of the Group Financial Processes and Controls Manual and Group Accounting Manual, following recommendation by the Audit Committee
Financial performance	• Approval of the full year results for FY22 and interim results for FY23 • Receipt of reports from the CFO at each meeting detailing the Group's performance and progress against budget and against analyst consensus • Implementation of the TCFD recommendations for corporate reporting in the FY22 Annual Report, with oversight from the Sustainability and ESG Committee and the Audit Committee • Consideration of the FY24 annual business plan and budget • Approval of amendments to bank facilities agreements reflecting the transition from USD LIBOR to SOFR • Oversaw the Audit Committee's engagement with the Financial Reporting Council ("FRC") following the FRC's review of the FY22 Annual Report
Governance	• Approval of the resolutions to be put to shareholders at the AGM and reviewed investor feedback received • A review of the governance framework and consideration of the impact of regulatory changes, including the FRC consultation on changes to the UK Corporate Governance Code • An internal evaluation of the Board, its Committees and the Chair's performance • A review of all Committees' terms of reference • Approval of the Modern Slavery Statement • Completed the annual review of the Board's suite of governance policies
Stakeholders see s.172	• Feedback from shareholders following the FY22 full year results and FY23 interim results and feedback from investor roadshows and evaluation of market guidance • Considered reports on the integration of ESN into the business. Further details on the process and considerations of this decision are set out in the S.172 Statement on pages 35 to 43 • Received share register analyses and movements within the register • Engagement with major shareholders via the Remuneration Committee twice during the year regarding executive remuneration • Received two updates from the designated Non-Executive Directors following formal engagement with employees and agreed outputs • Consideration of the results of the employee engagement survey • Provided experience and feedback on proposed changes to parental leave policies in the UK • Approved new rental terms for the London office lease. Further details on the process and considerations of this decision are set out in the S.172 Statement on pages 35 to 43. • Approved the change of presentational currency of financial statements from FY24 onwards from pound sterling to US Dollars

Governance Report continued

Board and Committee meetings and attendance in FY23

As detailed on pages 71 to 72, the Board has in place a number of Committees that support the Board in providing oversight of specific areas of Audit, Remuneration, Nomination and Sustainability. The table below details the number of scheduled meetings held during the year under review and the attendance by each Director at the meetings they were eligible to attend.

Name	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability and ESG Committee
Breon Corcoran	5/6 (83%)	–	4/4 (100%)	2/2 (100%)	–
John-Paul Savant	6/6 (100%)	–	–	–	–
Tom Hargreaves	6/6 (100%)	–	–	–	1/2 (50%)
Scott Forbes	6/6 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	–
Suzanne Baxter	6/6 (100%)	5/5 (100%)	4/4 (100%)	–	2/2 (100%)
Pauline Reader	6/6 (100%)	–	–	2/2 (100%)	–
Tamsin Todd	6/6 (100%)	5/5 (100%)	4/4 (100%)	–	–
Morgan Seigler	6/6 (100%)	–	–	–	–

Notes

(i) The attendance above reflects the number of scheduled Board and Committee meetings held during FY23. The Board held four additional ad-hoc Board meetings during the reporting period to address urgent matters, which were attended by all Directors or at least the requisite quorum. This includes matters resolved by unanimous written resolution.

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

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

Board priorities for FY24

The key items proposed for FY24 are to:

- Review the progress and delivery of the Group strategy
- Continue to review any potential M&A opportunities
- Conduct an externally facilitated Board effectiveness review
- Review the composition of the Board to ensure progress to meeting diversity targets
- Review succession plans for the Board and the Senior Management Team
- Continue to develop our ESG and sustainability governance framework

Culture

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

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

The Board welcomed and supported the roll out of the refreshed ATG Values during the year, providing a 'North Star' for all at ATG. ATG and its companies have a diverse range of cultures and as well as maintaining some of the unique aspects of each of our companies, certain elements have been consolidated into common values across all of our businesses, an articulation of the environments our people work in and what it means to be part of 'OneATG'.

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

Stakeholder Engagement page 35

Diversity, equity and inclusion

The Board is committed to maintaining a Board with a diverse set of skills, experiences and backgrounds, as set out in the Board Diversity policy. The Board Diversity policy applies to the Board's Remuneration, Audit and Nomination Committees as well as the Board, and the Nomination Committee and the Board review the Board Diversity policy on an annual basis.

Governance Report continued

The Board Diversity policy has been expanded to cover wider diversity characteristics beyond gender and ethnicity, including disability, sexual orientation, socio-economic background and cognitive diversity, all of which are taken into account in the Board nomination and appointment process. Our Board Diversity policy can be found on our website.

During the year, the Committee considered the revised minimum target of 40% women on listed company boards and the provision that at least one of the positions of Chair, CEO, CFO or SID is filled by a woman, and aims to achieve this target by the end of 2025. Further details on the application of our Board diversity policy can be found in the Nomination Committee Report on pages 90 to 93. A description of our approach to diversity for our wider employee base is set out in our Sustainability Report on page 64.

Employee engagement

An employee engagement survey was conducted during the year, the results of which were shared with the Board in January 2023. The Board welcomed the 83% participation rate and the overall engagement score of 76%, as well as the high approval rate for the Senior Management Team. Overall results showed a high level of satisfaction amongst our employees and the areas of collaboration, passion and respect received high scores. Further details can be found in the Sustainability Report on page 62.

The Board recognises the importance of continuing to engage with the Group's workforce and considers employee perspectives as part of Board discussions and decision-making. Details of how the workforce has been consulted in relation to specific Board decisions, and the outcome of that engagement, is set out in the s.172 Statement on page 35 to 44. As signposted in the FY22 Annual Report, the Board reviewed the appointment of the designated Non-Executive Director for workforce engagement during the year and as a result, Tamsin Todd has taken over from Breon Corcoran as the Board's designated Non-Executive Director for workforce engagement, as defined in the Code. During FY23, both Breon and Tamsin met with a cross-section of the Group's employees, spread across operations in Europe and the US. These sessions are scheduled at least twice a year and cover topics such as culture, strategy, remuneration and any other key issues the employees wish to raise. At the scheduled Board meetings following these sessions, Breon and Tamsin reported on key themes, and the Board discussed issues and actions to be taken, delegating to Board Committees and executives where appropriate. Outputs and actions arising from these sessions are set out on page 73. Further feedback is solicited from employees through the annual employee engagement survey, the results of which are reviewed by all teams and via feedback sessions in smaller focus groups. Actions are identified and progress and trends are tracked over time.

Shareholder engagement

The Board recognises the importance of engaging with existing and potential shareholders. The Director of Investor Relations has defined an investor relations programme that aims to ensure that existing and potential investors understand the Group's business model, strategy and performance. The Board ensures a clear understanding of the views of investors through the various methods set out in the Stakeholder Engagement section of this report on page 39. The Executive Directors made formal presentations on the full year and interim results (in December 2022 and May 2023), which were made available on the Company's website. The results presentations were followed by formal investor roadshows. A continuous programme of meetings with existing and potential investors, fund managers and sell-side analysts covers a range of topics including strategy, performance, outlook and ESG matters. The Chair is also available for meetings with major shareholders and the Chair of the Remuneration Committee consulted with shareholders twice during the year in relation to executive remuneration.

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

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

Whistleblowing

A whistleblowing policy has been adopted and is regularly reviewed by the Audit Committee and the Board. The policy, which was updated during the year and cascaded to all employees, includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on a strictly confidential basis. The Audit Committee receives regular reports on the use of the service, issues that have been raised and the findings of any investigations and any actions arising. Our whistleblowing policy can be found on our website.

Conflicts of interest

In accordance with the Company's Articles of Association, the Board formally records any conflicts of interest and all Directors are given the opportunity to raise any conflicts of interest at the start of every Board meeting. Any conflicts that are raised will be considered for authorisation, assessed by the Board and a decision taken on the extent to which any such conflicts can be managed.

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. Further details about the Board's external commitments are detailed on pages 79 to 81 of this report and details about the Directors' interests in the shares of the Company are detailed on page 107.

Independent advice

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

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

Internal controls statement

The Board, assisted by the Audit Committee, has carried out a review of the effectiveness of the Group's systems of internal control during the year ended 30 September 2023 and the period up to the date of approval of the Consolidated Financial Statements contained in the Annual Report. Following this review, the Board concluded that although the Group is still on its journey in developing, rolling out and embedding its control and assurance framework no significant failings or weaknesses had been identified and plans were in place to address the issues flagged for improvement.

Compliance with the Disclosure Guidance and Transparency Rules

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

Board of Directors

Committee membership key

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

Breon Corcoran
N R

Chair

Appointed to the Board: 25 January 2021

Independent: Yes

Current external commitments: None

Breon joined the Group as Non-Executive Chairman in December 2020 and was appointed to the plc Board prior to IPO in January 2021. Breon held the position of CEO at WorldRemit (now known as Zepz) from 2018 to 2022 and prior to that, he was CEO of Paddy Power Betfair plc (now known as Flutter plc). In 2016, Breon led the merger of Betfair and Paddy Power to form one of the world's largest online gaming companies. Prior to this, Breon was the CEO at Betfair until 2016 and COO of Paddy Power until 2011. Breon was formerly non-executive director of Tilney Investment Management Services and Bestinvest, both part of the Tilney Group. In the 1990s, Breon was a Vice-President, Equity Derivative Trading, at J.P. Morgan and he has also worked at Bankers Trust. He has a BA (Mathematics) from Trinity College, Dublin and an MBA from INSEAD. In 2016, Breon was awarded the UK's Sunday Times' 'Business Leader of the Year' award.

Committee memberships

Nomination Committee (Chair), Remuneration Committee

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

Breon's knowledge and experience in strategic transformation are well respected by his Board colleagues and other stakeholders alike. He is recognised for his collaborative leadership and focus on creating a strong, diverse and effective Board. For part of FY23 Breon was the designated Non-Executive Director for workforce engagement, ensuring that the employee perspective was brought into Boardroom discussions.

John-Paul Savant
D

Chief Executive Officer

Appointed to the Board: 25 January 2021

Independent: No

Current external commitments: None

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

Committee memberships

Disclosure Committee (Chair)

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

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

Tom Hargreaves
D S

Chief Financial Officer

Appointed to the Board: 25 January 2021

Independent: No

Current external commitments: None

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

Committee memberships

Disclosure Committee, Sustainability and ESG Committee

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

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

Board of Directors continued

Committee membership key

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

Scott Forbes
R A N

Senior Independent Non-Executive Director

Appointed to the Board: 26 February 2021

Independent: Yes

Current external commitments:
Chair of Ascential plc

Chair of Cars.com LLC

Director of Ramayana Ventures Limited, Hampton and Richmond Football Club and Clicbrics Inc.

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

Committee memberships
Remuneration Committee (Chair), Audit Committee, Nomination Committee

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

Suzanne Baxter
A R S

Independent Non-Executive Director

Appointed to the Board: 4 February 2022

Independent: Yes

Current external commitments:
Non-Executive Director and Audit Committee Chair for Ascential plc

Independent member of PwC Public Interest Body, Audit Oversight Body and Audit Partner Remuneration and Admissions Committee

External Board member of Pinsent Masons LLP

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

Committee memberships
Audit Committee (Chair), Remuneration Committee, Sustainability and ESG Committee

How Suzanne supports the Company's strategy and long-term success
Alongside her significant financial experience and qualifications, Suzanne's expertise in growing businesses and corporate governance is invaluable to the Board. Suzanne's prior board experience enabled her to successfully step into the role of Audit Committee Chair immediately upon appointment in 2022 and she continuously provides constructive challenge to the Executive Directors and support and guidance to the finance function.

Pauline Reader
N

Independent Non-Executive Director

Appointed to the Board: 2 December 2021

Independent: Yes

Current external commitments:
Chief Marketing Officer, Podium

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

Committee memberships
Nomination Committee

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

Board of Directors continued

Committee membership key

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

Morgan Seigler
Non-Executive Director

Appointed to the Board: 18 January 2021

Independent: No

Current external commitments:
Co-head of TA Associates' EMEA Technology

Non-executive Director of W.A.G. Payment Solutions plc

Board director of The Access Group, Eurowag, ITRS, Netrisk Sovos, thinkproject, Unit 4, Bock Capital, Sovos Compliance, Adcubum AG and Hornet Security.

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

Committee memberships
None

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

Tamsin Todd
A R

Independent Non-Executive Director

Appointed to the Board: 4 February 2022

Independent: Yes

Current external commitments:
Non-executive Director of INTO University Partnerships

Tamsin has held product and commercial roles in high-growth, technology-enabled companies including Amazon, Microsoft and Betfair. Most recently, from 2017 to 2023, she was CEO of Findmypast, one of the world's largest genealogy companies, where she oversaw a period of growth and built a product-oriented, mission-led organisation. Prior to this she was Chief Customer Officer at Addison Lee and Managing Director of TUI-owned Crystal Ski Holidays, leading digital transformations with a focus on data, technology platforms and customer experience. Tamsin is also a Non-Executive Director of INTO, a leader in international higher education, and she was formerly a Trustee of the Imperial War Museums and Chair of its Trading Company. She holds an MBA from Imperial College London and an AB from Princeton, where she has served in senior leadership roles in the university's volunteer community.

Committee memberships
Audit Committee, Remuneration Committee

How Tamsin supports the Company's strategy and long-term success
Tamsin's digital transformation background, coupled with her questioning mindset and collaborative style, has proved a valuable asset to the Board. Tamsin brings broad international experience and a passion in excellence in customer service and the employee voice, as well as extensive knowledge and interest in the impact of diversity in the business and on the Board, where she provides insight and challenge. Tamsin took over as the designated Non-Executive Director for workforce engagement during FY23, a role that she fully embraces, providing an open channel of communication for employee issues to be considered by the Board.

Audit Committee Report

Suzanne Baxter
Audit Committee Chair

Members	Number of scheduled meetings attended/ eligible to attend
Suzanne Baxter	5 of 5 100%
Scott Forbes	5 of 5 100%
Tamsin Todd	5 of 5 100%

"The Audit Committee is focused on ensuring that there is a robust financial control and risk management framework in place to support the Group's strategy."

As Chair of the Audit Committee, I am pleased to present our report to shareholders on the role and key activities undertaken by the Audit Committee during the year ended 30 September 2023.

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

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

In the FY22 report to shareholders I stated that the Group would continue its journey in developing, rolling out and embedding its control and assurance frameworks. This has been an area of focus for the Committee and internal audit during the year, where we have been reviewing and continuing to monitor the progress and implementation of a consistent and more formalised control framework across the Group.

As signposted in our FY22 Annual Report, our external audit was put out to competitive tender during FY23. In May 2023, the Committee made a firm recommendation to the Board to appoint Ernst & Young LLP ("EY") as auditors for the financial year FY24. The Board accepted and endorsed this recommendation, which is subject to shareholder approval at the forthcoming AGM. Further details on the audit tender process can be found in this report. I would like to thank Deloitte for their support and service to the Group during their tenure as external auditor.

During FY23 the Group acquired Vintage Software LLC, trading as EstateSales.NET. The Committee considered the impact of the acquisition on the business and its controls systems as well as the accounting judgements made by management with input from their external advisers.

The Sustainability and ESG Committee, established during FY22, continued to report to the Committee during the year and successfully supported the Group's progress in relation to TCFD for FY23. The Group's disclosures in respect of its TCFD reporting requirements are provided in the Sustainability Report on pages 48 to 60.

This report provides further information on the matters mentioned above and on other activities and matters considered by the Audit Committee during the year under review, as well as those proposed for FY24. This report should be read in conjunction with the external auditor's report on pages 118 to 124 and the Consolidated Financial Statements on pages 125 to 159.

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

Suzanne Baxter
Audit Committee Chair
30 November 2023

Audit Committee Report continued

Role of the Audit Committee

The Committee is an essential part of the Company's governance framework. Its role is to support the Board by considering and reviewing the quality and integrity of the Group's financial reporting; to oversee the operation of the accounting, financial reporting and internal control environment; to approve and oversee the internal audit function and its work; and to monitor the appointment of the external auditor and to review the effectiveness and quality of the external auditor's work.

Audit Committee composition and meetings

The Committee is comprised solely of independent Non-Executive Directors in accordance with provision 24 of the UK Corporate Governance Code. As Chair, a Fellow of the Institute of Chartered Accountants in England and Wales, a former CFO of a FTSE 250 company and an experienced Audit Committee Chair, I have recent and relevant financial experience. Scott Forbes has over 35 years' experience in operations, finance, mergers and acquisitions and as set out in her biography, Tamsin Todd has a wealth of pertinent business experience. The members of the Committee all provide a breadth of financial, commercial and sector expertise, thereby enabling the Committee to meet its responsibilities and the requirements of the Code. Further information about the experience and qualifications of each member of the Committee can be found on pages 79 to 81.

The Board, via the Nomination Committee, conducted a skills review of all Directors during FY23 and reviewed the structure, size and composition (including skills, knowledge, experience and diversity) of the Audit Committee. As a result of this review, the Board concluded that it is satisfied with the structure, size and composition of the Audit Committee and that the Committee as a whole has competence relevant to the Company and to the sector in which the Company operates.

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

Meetings are held at least four times a year to coincide with key events, in particular the public reporting and audit cycle for the Group. The attendance details on page 77 reflect the number of scheduled Committee meetings held during FY23.

The Committee held two additional ad hoc meetings during the reporting period to address the audit tender process, which were attended by all Committee members or at least the requisite quorum. This includes matters resolved by unanimous written resolution. I report to the Board on the business conducted at the previous Committee meeting and inform the Board about the discussions and any recommendations made by the Committee.

Committee's key activities during the year ended 30 September 2023

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

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

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

Financial reporting

- Considered whether the Annual Report and the interim results, taken as a whole, are fair, balanced and understandable, provide shareholders with the information necessary to assess the Group's position, performance, business model and strategy, and considered the completeness of the included disclosures. To assist the Committee and Board in concluding that the Annual Report is fair, balanced and understandable, management presented a report to the Committee which included a summary of the key themes disclosed in the Annual Report, how the report links the Group's strategy, risks and key performance indicators, is consistent, and how APMs are used to aid comparability year-on-year.
- Received and considered reports from management on the key estimates and judgements made in the interim report and in the annual Consolidated Financial Statements. The Committee challenged the assumptions made, discussed alternative treatments, reviewed proposed disclosures and considered the opinion and work performed by the external auditor and other professional advisers. Further details of the challenges raised by the Committee are outlined in the key areas of focus for FY23 on page 85.
- Reviewed and concurred with the evaluation provided by management of the subsidiaries' functional currencies and the associated prior year adjustment for the interim results.
- Reviewed the risks, financial integration and accounting associated with the acquisition of EstateSales.NET.
- Received assurance on exposure to Silicon Valley Bank and concluded that this did not represent a material impact to the Group's current or future liquidity position.
- Received and supported the impairment indicator analysis performed by management for the Group, of which further details are outlined below as a key area of focus in FY23.
- Considered the outputs of tax advice, in particular on transfer pricing, intra-group debt structuring and thin capitalisation studies.
- Reviewed and recommended the approval by the Board of the Group's tax strategy and the new Group accounting manual.
- Reviewed and challenged management's forecasts, stress tests and assumptions in support of the use of the going concern basis for preparation of the financial statements contained in the Annual Report and interim report.
- Recommended that the Board approve the viability statement after consideration of the basis of preparation and management's key assumptions and stress tests. Further details of the key considerations made by the Committee are summarised on page 34.

Audit Committee Report continued

- Considered the Company's correspondence with the Financial Reporting Council ("FRC") following the FRC's review of the FY22 Annual Report in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. The FRC had requested further information on the accounting for deferred tax on unrealised foreign currency transactions and the classification of the repayment of acquiree debt within the cash flow statement in relation to the acquisition of LiveAuctioneers during FY22. No material changes were required to be made to the Company's financial statements as the result of this correspondence. Further details of this review are set out on page 87.
- Reviewed and challenged the overall presentation of APMs in the Annual Report including evaluating the clarity of definitions and reconciliations.
- Considered the mandatory requirements for TCFD reporting and the Group's disclosures in that regard and ensured alignment with the Sustainability and ESG Committee in responsibilities and reporting.
- Considered the implications of, and recommended to the Board, the change in the Group's presentational currency from pound sterling to US dollars with effect from 1 October 2023 noting that this would provide shareholders with greater transparency and comparability given the majority of the Group's revenue and external financing is in US dollars.

Risk management and internal control

- Reviewed and recommended the approval by the Board of the Group's updated financial controls manual and financial controls framework.
- Considered the adequacy of the Company's systems of internal control including consideration of those relating to the acquisition made during the year.
- Monitored and reviewed the Group's internal controls framework and risk management processes, including the risk appetite and risk register.

Compliance and governance

- Reviewed the Committee's own performance, its terms of reference and annual schedule of work.
- Monitored and received reports on the Group's fraud prevention processes and considered the application, accessibility and effectiveness of the whistleblowing policy.
- Received assurances from the Group's Data Protection Officer on the mitigation of key data protection risks, and from the Chief Operating Officer on the controls around and application of the prohibited items policy.
- Received reports on, and considered the implications for the Company of the proposed future developments in UK corporate governance and audit practices arising from the publication of the minimum standard for audit committees published by the FRC, and the consultation on changes to the UK Corporate Governance Code.
- Received reports on the activities of the Sustainability and ESG Committee and considered its approach to the compilation of and assurance regarding TCFD related data and wider ESG matters across the Group.
- Reviewed the Minimum Standard after it was published and considered that the Committee was largely compliant. As part of its activities for FY24 the Committee will review its procedures to ensure they are aligned.

Internal audit

- Considered the effectiveness and resourcing of the internal audit function, approved the internal audit charter and welcomed a new Group Head of Risk and Internal Audit during the year.
- Reviewed and approved the internal audit plan for FY23, ensuring that it was appropriately planned, resourced and effective, along with a three-year outline internal audit plan.
- Reviewed the proposed internal audit programme for FY24, ensuring that it was adequately aligned to the Group's principal≈risks.
- Reviewed internal audit reports on the IT control framework, on key financial controls in the US and UK, and on the implementation of atgPay and noted findings and actions by priority. The Committee challenged management on its proposed responses to the reports, the timeliness of that response and the resource levels focused on addressing the matters identified.

External audit

- Reviewed the plans and the reports of the external auditor for the interim and year-end reporting.
- The Committee met privately with the external auditor Deloitte LLP, without management present, to discuss their work and relationship with the Group. Separate meetings were also held between the external auditor and the Chair of the Audit Committee throughout the year.
- Assessed the independence and effectiveness of the Group's external auditor. It also reviewed and approved their remuneration and the appropriateness and operation of the policy on the supply of non-audit services.
- As set out in the FY22 Annual Report, the Company's external auditor Deloitte LLP was required to rotate the Senior Statutory Auditor responsible for the ATG audit in FY23. After meetings with management and a number of candidates, the Committee approved the appointment of Lee Welham as its Senior Statutory Auditor after consideration of his listed company and relevant audit experience. The Committee ensured that an appropriate induction programme was undertaken for Lee.
- Oversaw, coordinated and undertook a formal and comprehensive audit tender process, resulting in the recommendation to the Board and to shareholders the appointment of EY as external auditor with effect from FY24. It also considered the transition plan from the incumbent, Deloitte, to EY.

Whistleblowing policy

As referred to in the Corporate Governance Statement, the whistleblowing policy was updated during the year. This includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on a strictly confidential basis, without fear of recrimination. The policy is part of the employee handbook and is highlighted to all new employees. The Audit Committee receives regular reports from the Company Secretary on the use of the service, issues that have been raised and the findings of any investigations and any actions arising. During FY23 the Committee received additional assurance on the application and communication of the whistleblowing policy. The Committee reviewed the policy and subsequently confirmed that the policy and supporting processes remained appropriate.

Audit Committee Report continued

Key areas of focus for the Audit Committee during the year ended 30 September 2023

Significant judgements and estimates

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

Significant accounting estimates and judgements	
Key issue considered	**How the issue was addressed by the Audit Committee**
Goodwill and other intangible assets arising from the EstateSales.NET ("ESN") acquisition	
The Group acquired ESN on 6 February 2023. On acquisition of ESN, judgements were required to be made in respect of the fair value of assets and liabilities acquired and the identification and valuation of intangible assets arising on acquisition. At the date of a business combination, goodwill is required to be allocated to the appropriate cash-generating units ("CGUs") and may only be reallocated in limited circumstances. The determination of the value of the intangible assets requires significant judgements and estimates to be made. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. Of the intangibles acquired, the derived customer relationship assets are especially sensitive to changes in assumptions around discount rates and customer attrition rates. Judgement is also required in determining the appropriate useful economic lives ("UEL") of the intangible assets arising from the acquisition. Full details of the acquisition and the fair values of the assets and liabilities acquired are set out in note 11 of the Consolidated Financial Statements and the UEL of the intangible assets in note 1.	Management engaged with an external valuation expert to assist in calculating the fair value of the acquired total net identifiable assets (with particular reference to the identification and valuation of intangible assets). Management also performed a detailed review of the balance sheet to identify any further fair value assessments required and the goodwill that should be recognised. The Committee considered the output of the expert's valuation and the papers presented by management on the fair value assessments. The Committee assessed the appropriateness of the UEL of the intangible assets arising from the acquisition, discussing the different lives attached to each asset class and the amortisation periods that were subsequently allocated to those assets. The Committee challenged management on the factors underpinning the selection of the UELs and the alternatives considered. In particular, the Committee considered and challenged whether the judgement involved in the valuation process, including the derivation of fair value adjustments, and the Group's policy on intangible assets has been appropriately disclosed in the Consolidated Financial Statements. Following consideration of papers from management and from the external auditors, the Committee concurred with the proposed treatment and the appropriateness of the disclosures.
Functional currency and impact on deferred tax	
In FY22 management performed an assessment to ensure that the functional currency of each subsidiary was correctly determined. In FY23 there were seven US holding companies within the Group that had a pound sterling functional currency. However, under US tax rules, their tax functional currency is US dollars. The US tax basis for these holding companies for the year ending 30 September 2023 recognised an unrealised foreign exchange loss of £28.2m (FY22: gain of £61.9m) on intra-group loans totalling £295.6m (FY22: loans of £295.6m). Under US tax rules, foreign exchange gains and losses are not taxable until they are realised. On a consolidated basis, with the pound sterling functional currency applied for these US holding companies there was no foreign exchange gain recognised in the Group financial statements. Per the guidance of IAS 12 "Income taxes", paragraphs 7 and 8 a deferred tax liability should be recognised in the Group financial statements in respect of the movement on the carrying value of the intra-group loans. The deferred tax liability was recognised within the Statement of Profit or Loss on the basis of IAS 12 paragraph 58. At the Group consolidated level there was no accounting transaction or event recognised in the Statement of Other Comprehensive Income or directly in equity. Therefore, the deferred tax expense was recognised in the Statement of Profit or Loss.	In FY22 management presented to the Committee a detailed paper which considered each subsidiary within the Group and assessed the functional currency against the requirements and guidance of IAS21. For the intermediate holding entities management considered the autonomy of these entities and applied the "look-up" or "look-down" approach in their assessment. In FY23 management confirmed there has not been any change to the nature or functional currency of these entities during the year. FY22 the Committee reviewed the facts presented, challenged management and the auditors on the functional currency assessment and concluded the functional currency determination was appropriate. The Committee made enquiries regarding the position in 2023 and management confirmed that there have been no facts or circumstances affecting these holding entities which would change the assessment in FY23. In FY22 the Committee received and challenged papers from the Group's external tax advisers, management and the external auditors on the proposed treatment of the deferred tax and the classification of where this should be recognised in the financial statements as per the guidance of the accounting standards. For FY23 the Committee reviewed the updated calculations and paper prepared by management explaining the movements in the balance in the year. The Committee challenged management and Deloitte on this matter and on the continued appropriateness of the treatment adopted in the accounts. The Committee has reviewed the disclosures in these financial statements to ensure that there is appropriate explanation for how the deferred tax has arisen and sought assurance that the recommendations raised by the FRC review in respect of sensitivity to movements in the strengthening and weakening in pound sterling against the US dollar had been included within the description of the foreign exchange risk in note 22.

Audit Committee Report continued

Other areas of focus

In addition to the significant accounting estimates and judgements the Committee also focussed on a number of other key accounting and reporting matters for FY23. These are summarised in the table below.

Other areas of focus	
Key issue considered	**How the issue was addressed by the Audit Committee**
Goodwill impairment reviews	
As disclosed in note 12, the Group's goodwill and other intangible asset balance was £695.4m at 30 September 2023. At each reporting date, or as required, an assessment of the risk of impairment of goodwill and other intangible assets is undertaken comparing the book value of each asset with its recoverable amount (being the higher of value in use and fair value less costs to sell). Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty. The definition of the cash-generating units to which the cash flows and discount rates are applied is also considered as part of the impairment assessment. The resulting calculations are sensitive to the assumptions made in respect of the forecasts of future cash flows, and the discount rate and long-term growth rate applied to the cash flows.	Management presented the Committee with a detailed impairment paper outlining the overall impairment indicator assessment and the key inputs to the discounted cash flow models. Key inputs include the rationale for the cash-generating unit allocations, the future cash flows, the discount rate and the long-term growth rate. The discount rate was calculated by an external expert and their full report was also circulated to the Committee and external auditor for review and consideration. Management provided an overview of the inputs to the discount rate which had driven the movement year on year. The forecasts used within the impairment models are consistent with the Group's FY24 budget and longer-term forecasts which were approved by the Board in October 2023. Management summarised the factors which had improved the headroom over the carrying value from 30 September 2022, which predominantly arose from the inclusion of ESN in the CGU, reduced discount rate, one years amortisation charge and improved cashflows in the terminal year. Management also presented sensitivity analysis on the impairment models to the Audit Committee, highlighting the impact of increasing the discount rate, reducing the long-term growth rate and calculating the minimum CAGR on adjusted EBITDA over a five-year period which would result in an impairment of the asset, there being no headroom between the value in use calculation and the carrying value of the asset. The Committee reviewed and assessed the papers presented by management and from the external auditor on the matter of impairment. Following this review, the Committee was satisfied that no impairment was required at 30 September 2023. Given the sensitivity of the impairment tests to movements in the five year CAGR and discount rate the Committee specifically considered and discussed the proposed disclosures on this matter and challenged the external auditor and management as to their completeness. Following this active discussion, the Committee concurred with the disclosures proposed by management. These disclosures are set out in note 12.
Alternative performance measures ("APMs")	
The Group uses a number of APMs in addition to those measures reported in accordance with UK-adopted International Accounting Standards. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group. The Group's APMs are set out in note 3. The APMs are used internally in the management of the Group's business performance, budgeting and forecasting, and for determining Executive Directors' remuneration and that of other management throughout the business. The APMs are also presented externally to meet investors' requirements for further clarity, comparability and transparency of the Group's financial performance.	Previously the Group had reported proforma revenue and proforma revenue growth which included acquisitions as if they had occurred at the start of the comparative period, with the comparative period being presented on a constant currency basis using the current year exchange rates. In FY23, management deemed it more appropriate to present organic revenue and organic revenue growth given the addition of the ESN acquisition during the period. Organic revenue growth is presented whereby current period results exclude the acquisition of EstateSales.Net on 6 February 2023. Organic revenue is shown on a constant currency basis using average exchange rates for the current financial period applied to the comparative period and are used to eliminate the effects of fluctuations in assessing performance. The Committee reviewed the proposed change and concurred with the rationale proposed by management to change from proforma to organic revenue, considering the clarity of the measure and its ability to be understood by external and internal users of the Company's financial information. The Committee continued to assess the appropriateness of excluding the share-based-payments charge ("SBPC") from adjusted EBITDA and other APMs. In FY22 management presented an analysis of the profile of the SBPC and the extent to which it derived from the IPO and an in-year material acquisition. The Committee discussed the use of share-based remuneration to the Group and its management. It recognised both the unusual trend in SBPC in the short period since the IPO and where the Group is at in its lifecycle and therefore agreed it remains appropriate to exclude the measure for FY23. Following discussions and enhancements to the disclosures regarding APMs, the Committee has satisfied itself that the APMs adopted by the Group remain appropriate and provide the user of the Annual Report with greater clarity, comparability and transparency of the Group's underlying trading performance.

Audit Committee Report continued

Viability statement

The Committee reviewed and challenged the process undertaken and conclusions reached to support the Company's Viability Statement which is set out on page 34. The review included:

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

Following its review, the Committee concurred with the statement made by the Company and recommended its approval to the Board.

FRC Review

During the year, the Company was informed that the Financial Reporting Council's ("FRC")' Corporate Reporting Review team had carried out a review of the Company's FY22 Annual Report and Accounts (in accordance with part 2 of the FRC Corporate Reporting Review Operating Procedures) and had specific questions to help them understand how the Company had satisfied the relevant reporting requirements. The two areas where the FRC required further information related to the Company's accounting for deferred tax on unrealised foreign exchange differences and the classification of the repayment of acquiree debt relating to the LiveAuctioneers acquisition in FY22 within the consolidated cash flow statement. The letter also included a schedule of minor disclosure improvements to consider in the preparation of the Company's next Annual Report and Accounts, where the FRC believed that users of the accounts could benefit from increased disclosure.

The Committee reviewed the FRC's correspondence and the responses drafted by the Company and discussed them with management and Deloitte. Following this, responses were made to the FRC which enabled them to close their enquiries with no amendments required to the financial statements.

The FRC's review provides no assurance that the Annual Report and Accounts are correct in all material respects. The FRC's role is not to verify the information provided, but to consider compliance with reporting requirements. ATG's management and the Audit Committee welcomed the comments received by the FRC, have incorporated the minor disclosure improvements raised into the FY23 Annual Report and Accounts, where appropriate, and are supportive of its goal of increasing transparency in corporate reporting.

External Audit Tender

During the year, the Committee led a formal competitive tender process for the provision of external audit services for the 2024 financial year onwards. The Group has therefore complied with the UK Competition and Markets Authority's Statutory Audit Services Order 14, which states, among other matters, that FTSE 350 listed companies should put their external audit contract out to public tender at least every 10 years. Deloitte was invited to re-tender and the Board and the Committee have remained satisfied with both Deloitte's quality of service and their independence and objectivity throughout their tenure.

The Audit Committee led a rigorous tender process, including agreeing the selection criteria against which the tendering firms would be assessed, the tender timetable and requirements for the firms' proposal documents and presentations. An outline of the process undertaken is set out as follows:

- The Company announced that it would undertake a formal audit tender in advance of the 2024 financial year in both its 2021 and 2022 accounts. A tender process commenced in early 2023, formally led by the Audit Committee but with support and input from the CFO and Group Financial Controller. The members of the Audit Committee, Chairman, CEO and numerous members of the executive team met with the tendering firms as part of the process.
- Tender discussions commenced with market firms in 2022. Firms were asked to tender in 2023 for audits in 2024 and beyond. Five firms were invited to tender, including firms from both within and outside the Big 4 group of audit firms, PwC was not invited to tender as the Audit Committee Chair, Suzanne Baxter, is an independent non-executive member of that firms Public Interest Body. Deloitte, EY and Grant Thornton presented their formal proposals to the Audit Committee on 25 April 2023.
- Given that it is a formal requirement that the Audit Committee recommends two potential auditors to the Board and indicates its preference for the appointment, the Audit Committee recommended that the Board considered Deloitte and EY as its potential auditors based on their tenders and credentials as FTSE 350 auditors. The Audit Committee identified EY as the preferred candidate, the basis of which was set out in a detailed paper from the Audit Committee Chair to the Board and included the strength of the lead Partners and the EY team (including consideration of their listed company audit experience, engagement with management and the Audit Committee, and the receipt of strong references); consideration of the proposed audit model, which includes dedicated staff focused on the US-based business; credibility of EY as a provider of quality audit services to the FTSE 350 market and their internal structures to maintain that; specific recognition by EY in its proposed audit approach and team structure that ATG was a developing and newly listed business that would be subject to change during their tenure; and, no material concerns as to overall audit quality raised by the FRC in their latest published review of the firm.
- The Committee, following an assessment of the tender process and consultation with management, recommended the Board appoint EY as its external auditor, with effect from the year ending 30 September 2024, including the half year ending 31 March 2024. The Board accepted the Committee's recommendation to appoint EY as the Company's external auditor and a resolution for the appointment of EY will be put to shareholders at the Annual General Meeting in January 2024. Deloitte will cease to hold office following the completion of the audit of the Group's financial statements for the current year ended 30 September 2023. The Committee would like to thank Deloitte for their service as the Group's auditors and the professionalism with which they approached the tender process and planned handover to EY.

This recommendation to shareholders is free from influence from a third party and no contractual term restricting the choice by the general meeting of the Company's shareholders to certain categories or lists of statutory auditors or audit firms has been imposed on the Company.

Audit Committee Report continued

Internal audit

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

The Group established an internal audit function following the IPO, having not previously had such a function. During the year, there were changes in the method of delivering internal audit services, utilising both internal and external resources. An in-house Group Head of Risk and Internal Audit was appointed during the year. The new appointee will have access to specialists to support their work, where appropriate, and the Committee believes that this is the right resourcing strategy for the internal audit function of the Group at its current stage of development.

The Committee is satisfied that the reports received from the internal audit function during the year have been of a high quality and that management have taken, or agreed to take, actions to respond to the control or procedural recommendations identified. Internal audit is only a part of the internal control system of the Group and we have been pleased to see a continued strengthening of resources allocated to the development and operation of a developing control system across the Group during the year. This has included further focus on the Group finance and IT controls teams, and the formation of the Information Security Steering Committee.

The Committee reviewed and agreed the proposed internal audit strategy for the period to ensure that it was proportionate, focused and provided the necessary assurance over targeted aspects of the organisation's strategic risks, control and governance arrangements. The internal audit programme also allows for audits to be brought forward if felt necessary or for additional audits to be built in for any other areas of assurance that are identified over the course of the financial year.

Internal controls review

The Committee supports the Board in monitoring and reviewing the key elements of the Group's internal control and risk management framework arrangements.

The Committee is mindful that the Company operates in a fast-moving technology sector, has grown and continues to grow both organically and through acquisition, and is continuing to develop its operating model, footprint, systems and related controls. In that regard, the Committee recognises that some areas of the Company's internal control environment may be immature or, as reported in previous Annual Reports, remain the subject of management actions to enhance and strengthen them over time. Notably, having grown through acquisition it is acknowledged that work needs to be done to consolidate and centralise the finance IT systems to enhance and standardise the systems of control. The Committee therefore designs its activities to respond to areas of risk and change, and to support management in its plans to develop the control and assurance framework. The Committee is supportive of the steps being taken by management and will continue to monitor progress in this area.

The Group has specific internal controls and risk management systems to govern the financial reporting process. Group financial policies include the frequency and content of reporting to the Board, the Group's accounting policies, compliance with the guidance in the Company's newly updated finance manual, and the consolidation process to prepare the consolidated financial information which is reviewed for accuracy by the Group finance team and externally audited where required.

Specific matters considered by the Committee during the period in relation to its consideration of the effectiveness of the Group's internal controls included:

- internal audit reports produced in line with the annual internal audit plan, covering the following areas:
  - the implementation of atgPay;
  - UK financial controls; and
  - US financial controls.
- management responses to the internal audit reports;
- review and recommendation for Board approval of the Group's updated Group Financial Processes and Controls and Accounting Manuals;
- review of the Group's treasury policies and controls;
- review of tax risks and compliance;
- review of the Internal Audit Charter;
- consideration of developments in the Company's IT general controls and receiving reports from the Head of Information Architecture and Security and the Chief Technology Officer;
- the Group's policies relating to the listing of specific regulated items on US auction marketplaces; and
- controls around the operation of the whistle-blowing policy.

The internal audit programme for FY23 has included internal financial controls as a focus and the plan will continue to do so in FY24. Progress towards completion of actions identified to improve internal control is regularly monitored by management and the Audit Committee, contributing to the assurance on controls effectiveness provided to the Board.

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

Risk management review

The Board has delegated to the Committee the responsibility for monitoring the effectiveness of the systems of risk management. During the period under review the Committee reviewed the Group's risk register and the whistle-blowing policy and considered the Group's overall risk appetite, tolerance and strategy. It also recommended and participated in a Board presentation on the controls and risk appetite relating to the sale of certain auction items, such as regulated items or items controlled in line with internal policies, through the Group's marketplaces. The local market conditions and regulatory regimes along with the Group's response and risk management were considered for each of the Group's key markets. The Committee, in supporting the Board to assess the effectiveness of risk management and internal control processes, relies on reporting by management, compliance reports and the assurance provided by the external auditor. The principal risks and uncertainties facing the Group are addressed in the Strategic Report and in the table on pages 30 to 33.

Audit Committee Report continued

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

Effectiveness

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

Independence

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

Provision of non-audit services

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

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

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

Audit and non-audit fees

The Committee reviewed, and agreed, the audit and non-audit fees for the Group for the year ended 30 September 2023 following discussion with management and the external auditor, and after receipt of a detailed schedule setting out the nature of the work being undertaken, the location of that work and the rates associated with the work. Note 6 of the Consolidated Financial Statements sets out the breakdown of audit and non-audit fees payable to Deloitte in FY23 and FY22.

The non-audit fees in FY22 of £0.4m largely related to a private review on the closing acquisition balance sheet of LiveAuctioneers. This work was performed by a separate team to the external audit team for the Group and Deloitte were selected based on their knowledge and business understanding of the Group. The assurance services of £0.1m for FY22 and FY23 include work performed for the Group's interim review opinions.

External audit partner

External auditors are required to rotate the audit partner responsible for the Group audit every five years and, as a result, the former lead audit partner, Kate Darlison, rotated off following the FY22 audit. The Deloitte audit partner responsible for the FY23 audit is Lee Welham.

CMA order 2014 statement of compliance

The Company confirms that it has complied with the provisions of the Competition and Markets Authority's Order during FY23 in respect to audit tendering and the provision of non-audit services.

Key activities proposed for the financial year ending 30 September 2024

The Committee has an annual plan to guide its activities during the year. The key activities to be undertaken in the financial year ending 30 September 2024 include:

- Oversee and scrutinise the preparation of the financial statements for the year ended 30 September 2023 and the interim results for the first half of FY24, which are being presented in US dollars for the first time.
- Consider and review key areas of financial judgement and estimates used by management in the preparation of the financial statements.
- Oversee the transition of EY as external auditor from the outgoing auditors Deloitte, in order that they may commence their audit for the financial year ending 30 September 2024.
- Continue to monitor legislative and regulatory changes that may impact the work of the Committee, including the FRC minimum standard for audit committees and the FRC consultation on proposed revisions to the UK Corporate Governance Code, considering the impact on the Group's reporting and control environment.
- Consider the development of an audit and assurance framework and policy.
- Participate in an external evaluation of the Committee's performance and a review of the terms of reference.
- Monitor progress of the internal audit plan and the continuing development of the Group's systems of risk management and internal control.
- Continue to support the Board in the oversight of ESG and sustainability-related reporting, with a particular focus on ensuring the requirements of the TCFD framework are complied with and monitor the latest developments in the required reporting on sustainability which continue to evolve and become more complex.

Nomination Committee Report

Breon Corcoran
Nomination Committee Chair

Members	Number of scheduled meetings attended/ eligible to attend
Breon Corcoran (Chair)	2 of 2 100%
Scott Forbes	2 of 2 100%
Pauline Reader	2 of 2 100%

"The Nomination Committee made good progress during the year across the full range of its responsibilities."

I am delighted to present the Nomination Committee Report for the year ended 30 September 2023.

The Nomination Committee made good progress across the full range of its responsibilities during the year. This report outlines how the Committee discharged the duties delegated to it by the Board and explains the key matters considered by it in doing so.

Role of the Committee

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

The Committee reports at the subsequent Board meeting on the business concluded at the previous Committee meeting on the discharge of its responsibilities and informs the Board of any recommendations made by the Committee. The Committee has a clear set of responsibilities that are set out in its terms of reference, which are available on the Group's website, www.auctiontechnologygroup.com. The Company Secretary acts as Secretary to the Committee.

Nomination Committee composition and meetings

The Committee is comprised of the Chair and two independent Non-Executive Directors. The members of the Committee all provide a breadth of experience and expertise, thereby enabling the Committee to meet its responsibilities and the requirements of the Code. Further information about the experience of each member of the Committee can be found on pages 79 to 81. Meetings are attended by the Chief Executive Officer and other relevant attendees by invitation.

The Board, via this Committee, conducted a skills review of all Directors during FY23 and reviewed the structure, size and composition (including skills, knowledge, experience and diversity) of the Board and its Committees. As a result of this review, the Board concluded that it is satisfied with the structure, size and composition of the Nomination Committee and that the Committee as a whole has competence relevant to the sector in which the Company operates. Further details of the Board skills assessment conducted during the year are set out on page 91.

There were no changes to the composition of the Nomination Committee, nor any appointments to the Board during FY23. However, in considering any new appointments to the Board, the Committee has an established process for identifying the attributes, skills and experience required of potential candidates. A person specification is agreed by the Committee and external recruitment consultants are engaged to undertake the search and provide an initial long list of potential candidates, which is reviewed by the Committee. Members of the Committee then meet with short-listed candidates, before selecting a small number of preferred candidates to meet with other members of the Board.

Committee's key activities during the period ended 30 September 2023

- Monitored progress on succession planning for the Board and senior management and the development of a diverse talent pipeline.
- Recommended election and re-election of the Directors at the 2023 AGM.
- Following the completion of a Board skills analysis, conducted a thorough evaluation of the composition of the Board and its Committees to ensure alignment of relevant skills, experience and diversity to Company strategy.
- Completed a review of the effectiveness of the Committee as part of the Board evaluation process.
- Reviewed and recommended to the Board for approval the Board's diversity policy, to take account of the FCA's Policy Statement on diversity and inclusion on company boards and executive management.
- Received and discussed regular diversity and inclusion scorecards.
- Considered the additional diversity data required for the FY23 Annual Report on gender identity or sex and the ethnic diversity of the Board and senior management.

Nomination Committee Report continued

Key activities proposed for the financial year ending 30 September 2024

- Continue to embed succession planning for the Board and senior management.
- Work with the Board to complete the Board's first externally facilitated Board effectiveness review.
- Monitor progress towards achieving revised targets under the FTSE Women Leaders Review, the Parker Review and the FCA's Policy Statement in respect of diversity and inclusion on company boards and senior management.
- Review and recommend, if appropriate, the re-appointment of the Non-Executive Directors approaching the end of their initial three-year terms of appointment.

Key areas of focus during the period

The Committee held two scheduled meetings during the year. The Committee's main focus in both meetings was on succession planning, Board composition and diversity and inclusion, further details for which can be found below.

Succession planning

During the year, the Committee conducted detailed reviews of the succession plans in place at Board, Executive Director and senior management level. The Committee's discussions focused on the key Board roles of Chair, CEO and CFO and in particular emergency succession in the event of unforeseen circumstances.

The Committee reviewed the short and medium-term plans for succession within the Chief Executive Officer's Senior Management Team, noting the number of individuals in the Group capable of being developed over the next few years, as well as short-term emergency cover for contingency planning purposes. The Leadership Team was expanded in FY23 to include new commercial and operational roles, whilst we also consolidated the commercial leadership of our North American business under a single member of the Senior Management Team in order to improve scalability and ensure that the Company is well positioned to drive the business forward and deliver the next stage of growth for ATG.

Board skills assessment

In FY22 the Committee commissioned a skills and experience matrix analysis to highlight any gaps and to identify the key skills and experience valuable to the effective oversight of the Company and the execution of its strategy. This assessment was conducted during FY23 by the Company Secretary and the results were considered by the Committee. Each member of the Board was asked to validate their skills, knowledge and experience by way of a Board skills assessment. In addition to corporate governance compliance, the skills assessment ensures appropriate future strategic direction of the Board and its alignment with strategic objectives, challenges and opportunities facing the Company, as well as its ability to monitor the key and emerging risks facing the Group. It also enables the Committee to assess the skills and expertise needed on the Board in the future, keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and to make recommendations to the Board with regard to any changes.

The categories against which each member of the Board was asked to complete a self-assessment were as follows. These were identified as the key skills, experience and knowledge relevant to the ATG Board and all weighted equally: corporate governance/listed environments; corporate memory; digital transformation; digital marketplaces and commerce; ESG and sustainability; marketing and customer focus; financial and accounting; risk management; IT and cyber security; strategic transformation; M&A and corporate transactions; HR, talent management and culture; and investor relations and capital markets.

Overall, the Committee felt that there were no significant areas of concern or exposure in any category and concluded that the current structure, size and composition of the Board and its Committees remained appropriate for the Company and that they remained effective in focusing on driving forward the strategy of the Company. Following recommendation from the Nomination Committee, the Board confirmed that it was satisfied that it had the appropriate range of skills, experience, independence and knowledge of the Group to enable it to effectively discharge its duties and responsibilities.

The Committee will continue to keep the skills of the Board under review and take action as necessary, including bringing additional expertise onto the Board, training and development and building expertise from within.

Diversity and inclusion

The Board is committed to maintaining a Board with a diverse set of skills, experiences and backgrounds. The Committee reviews the Board diversity policy on an annual basis and the Board diversity policy was updated in FY22 in light of the updated targets announced by the FTSE Women Leaders Review and the FCA's Policy Statement in respect of diversity and inclusion on company boards and executive management, and further reviewed this in FY23. The UK Listing Rules require listed companies to disclose annually their position against the target of 40% women on listed company boards and the provision that at least one of the positions of Chair, CEO, CFO or SID is filled by a woman. The Company has not yet met these targets and as disclosed publicly in our Board Diversity Policy, we aim to achieve this by the end of 2025.

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

The Board is supportive of the ambition shown in reviews on ethnic diversity, including the Parker Review recommendation for all FTSE 250 boards to have at least one director of colour by 2024. The Board, having consulted with the Nomination Committee, believes that it has achieved this target, with John-Paul Savant representing a Eurasian ethnically diverse background.

The Board has considered the extension of the scope of the Parker Review announced in March 2023 to encompass senior management teams as well as Board directors in disclosures on ethnic diversity, which we fully support. We also support the request to set and publish our own target percentage for minority ethnic representation in senior management positions. Our aim is to determine the proportion of our Senior Management Team to be occupied by ethnic minority executives by December 2027 in conjunction with the development of our global Diversity Equity and Inclusion policy. We will report on progress towards this target in each Annual Report. Currently 37.5% of the Senior Management Team is represented by executives with an ethnically diverse background.

Nomination Committee Report continued

FCA Listing Rules – diversity reporting

The Committee is cognisant of the requirements on diversity and inclusion disclosures set out in the updated Listing Rules which apply to the Company for this reporting period, to include data in a prescribed format about the gender identity or sex, and the ethnic diversity of members of the Board and executive management. Our disclosures are set out as at our chosen reference date of 30 September 2023.

Approach to data collection

The Company has used a consistent approach to collecting the gender and ethnicity data displayed in the tables below, the source of which is the Group's HR database. For ethnicity, employees are asked to self-identify at the start of employment based on the Office for National Statistics (UK and Germany) and EE01 (US) ethnicity categories. Employees can update this information at any time during their employment and are periodically reminded to provide their gender and ethnicity information, if they have not done so already.

The tables below set out data about the gender and ethnicity of the Board and Senior Management as at 30 September 2023, in the format prescribed by the Listing Rules

(a) Gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	62.5	4	7	87.5
Women	3	37.5	0	1	12.5
Not specified/prefer not to say					

(b) Ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	87.5	3	5	62.5
Mixed/Multiple Ethnic Groups	1	12.5	1	1	12.5
Asian/Asian British				2	25
Black/African/Caribbean/Black British					
Other ethnic group, including Arab					
Not specified/prefer not to say					

No changes have occurred to the composition of the Board or Senior Management Team between 30 September 2023 and the date this document was approved (30 November 2023).

The Corporate Governance Report on pages 70 to 78 provides further information on the Board's current composition and its plans to continuously improve skills and diversity.

As at 30 September 2023 the Board met the recommendations of the FTSE Women Leaders Review relating to female membership of the Board. The Board consisted of five males (62.5%) and three females (37.5%), and in terms of wider leadership, the Senior Management Team, as defined by the Corporate Governance Code but excluding the Company Secretary, consisted of seven males and one female.

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

There is further information on the Group's diversity and inclusion policies and activities during FY23 in the Sustainability Report on pages 64 to 65.

Nomination Committee Report continued

Board induction and training

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

Re-election of Directors

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

Board performance review

As described in more detail on page 73, the Board undertook its second internally facilitated effectiveness review in February 2023, the approach for which was overseen by the Committee and the results for which are set out on page 73. The Board intends to commission an externally facilitated Board performance review in FY24.

Breon Corcoran
Chairman

30 November 2023

Remuneration Committee Report

Scott Forbes
Remuneration Committee Chair

Members	Number of scheduled meetings attended/ eligible to attend[1]
Scott Forbes (Chair)	4 of 4
Breon Corcoran	4 of 4
Suzanne Baxter	4 of 4
Tamsin Todd	4 of 4

1. In addition to these scheduled meetings, the Committee held two ad hoc meetings during the year. All Committee members attended both of these meetings.

Key Committee activities during the year

- Review of the Directors' remuneration policy in the context of ATG's growth and evolution since IPO.
- Assessment of market trends and developments and the implications for the policy.
- Review of the performance metrics used for incentive schemes.
- Review of workforce remuneration and related policies.
- Annual review of the Committee's terms of reference.
- Receiving reports and advice from advisers on a range of matters.

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the financial year ended 30 September 2023. The report summarises the activities of the Remuneration Committee during the year and explains the decisions we have taken in implementing the Directors' remuneration policy, both for FY23 and looking ahead to FY24. The report has been prepared in line with the relevant UK reporting requirements.

Overall approach to remuneration

ATG's overall remuneration philosophy and strategy has not changed. The Company believes in a remuneration programme that fairly rewards, attracts, retains and motivates high-calibre talent that is necessary to ensure the ongoing success and growth of the business. ATG therefore aims to offer remuneration that is competitive and reflects the dynamics of the markets in which the Company operates including the United Kingdom, Germany and increasingly North America, the location representing the majority of the Company's employees, revenue and growth.

Within this context, the Remuneration Committee evaluates remuneration strategy and decision-making for Executive Directors and the other members of the Leadership Team, considering ATG's remuneration philosophy and competitive markets to ensure that executive remuneration is aligned to the long-term interests of shareholders as well as the principles of good corporate governance.

It is three years since the Committee first adopted its approach to executive remuneration ahead of ATG's IPO in February 2021. This approach has served us well over the period since listing, and we were pleased to receive 99.9% support for the Directors' remuneration policy at the AGM in January 2022. In advance of the third-year anniversary of the remuneration policy established at IPO, the Committee reviewed the way Executive Directors and other leaders are rewarded, reflecting the evolution of the ATG business, geographic market considerations and the achievements and growth of ATG since the IPO. We have agreed to make a number of changes to the Executive Directors' remuneration packages within policy, as explained further below.

The business context

Since listing, ATG has delivered robust levels of growth exceeding the IPO guidance, while executing on the strategic drivers designed to ensure sustainable, long-term outperformance. As evidenced by the FY23 financial results, the business continues to report increases in revenue and adjusted EBITDA and has made rapid progress in achieving its strategic priorities, all despite macroeconomic uncertainty that has depressed market valuations for many digital businesses.

The Company has acquired and integrated a number of substantial businesses since the 2021 IPO, in particular the $525m October 2021 acquisition of LiveAuctioneers ("LA"). These acquisitions have enhanced short and long-term competitive positioning. Beyond this, the Leadership Team has grown each of the businesses it has acquired while also creating incremental value. Just prior to the IPO, the team leveraged its knowledge of selling timed auctions to massively expand the Proxibid conversion rate. It expanded the LA payments solution both within LA and, more recently, via Proxibid and launched an early-stage shipping solution that we expect will resolve a serious pain point for and deliver value to bidders, auctioneers and ATG. This new shipping solution is expected to drive direct revenue and increase conversion rate over time. During FY23, ATG acquired EstateSales.NET ("ESN") and has accelerated its growth. The Company has commenced the process for connecting ESN's 140 million web sessions to ATG marketplaces.

Group revenue is now over 150% greater than FY20, the last full year before IPO, with 85% of this revenue coming from North America (compared with 65% in FY20). During this period, the organisation has grown from 214 to 391 employees, with 275 based in North America. The majority of the Company's Leadership Team is now based in the US.

In short, ATG has made rapid strides in the years since the IPO and is now a significantly bigger, more complex business with an international focus.

Remuneration Committee Report continued

Our approach to executive reward for FY24

Executive Directors' remuneration agreed at IPO reflected the relative size and complexity of ATG at the time, with below market-median pay reflecting the substantial realisation of benefits triggered by the IPO. Nearly three years later, the Remuneration Committee considers that reward structures should reflect the transformation of the business and the achievements since listing (including exceptional performance) as well as the marketability of the Executive Directors and the prospects for ATG achieving its further growth ambitions through the continued efforts of the principal architects of the business strategy. The Committee is also mindful of maintaining a sensible balance and proportionality between the relative market remuneration of UK and US leadership executives.

We have agreed that the overall shape of the existing Directors' remuneration policy remains appropriate and does not require fundamental modifications. However, there are certain changes within policy for salary and LTIP grant percentages that we intend to make that are appropriate to our executives and are supported by market practice.

The Committee is aware that these increases in remuneration, whilst within policy, exceed the average salary increase for the wider workforce for FY24 (4.6%). This workforce increase was agreed to reflect ongoing inflationary pressures in ATG's key markets. For the reasons explained below, the increases are considered necessary and appropriate at the current time.

Basic salaries

- We have reviewed the salaries of the Executive Directors and propose to make phased adjustments over the next three years culminating in a 22% increase to £550,000 for John-Paul Savant (CEO). The phasing approach for John-Paul means that his salary will rise to £485,000 with effect from 1 October 2023, representing an increase of 7.6%. Similar annual increases to John-Paul's pay will apply for FY25 and FY26. Should CPI continue to be high for the duration of the three-year period, the Committee retains the flexibility to take this into account when determining the final salary for FY26. We have further agreed a 17% one-off increase to £415,000 commencing in fiscal year September 2024 for Tom Hargreaves (CFO).
- For John-Paul, the phased increases are not considered excessive given the business context as set out above and relative to market. The phased increases will result in a salary for FY26 between the current lower quartile and median level of FTSE 250 CEO salaries.
- For Tom, and in contrast to John-Paul, the increase with effect from FY24 is intended to achieve a salary that will be around the median of FTSE 250 CFO salaries. The Committee and John-Paul believe that Tom is a CFO of exceptionally high quality and recognise that he has been instrumental in the success of the business as it has grown through acquisition, requiring strong technical ability and superior commercial awareness. The relationship between CEO and CFO remuneration remains reasonably proportionate to market practice and is endorsed by John-Paul, who considers Tom a proven leadership partner with complementary skillsets. The salary positioning is considered appropriate for the current size and complexity of the Company.

LTIP

- The LTIP is a vitally important part of the remuneration policy, providing the opportunity for Directors to receive shares in the event that stretching performance conditions are met over a three-year period. We are retaining the LTIP in its current form but, with effect from FY24, we are making two key changes.
- First, the award size for the Executive Directors is increasing from 150% to 200% of basic salary, aligned at the upper limit of the remuneration policy and consistent with our philosophy of linking pay to performance. This change ensures that our incentive offering remains competitive, while the increase in reward opportunity depends on long-term outperformance. We also recognise the general preference of shareholders for incentive increases to apply to long-term remuneration rather than the annual bonus. The ATG bonus limit of 125% of salary remains below what is typically available at other companies of a similar size.
- Second, we are introducing some new performance measures for the FY24 LTIP award. Prior year awards have been based solely on adjusted diluted EPS growth over the relevant performance period. The Committee recognises that adjusted diluted EPS remains an important measure of long-term performance and we will retain it for 60% of the FY24 award. We are proposing appropriately stretching targets in recognition of the increased grant size.

  As the Board has challenged the Company to achieve revenue growth from new auctioneer customers and further penetration of existing auctioneer customers, a revenue performance condition will be introduced for 30% of the FY24 award.
- Lastly, and underpinning the Board's commitment to ESG, the Committee has incorporated a performance condition for the final 10% of the FY24 award that rewards material reductions in ATG's carbon emissions over the performance period. The LTIP targets have been set to be consistent with the previously communicated Science Based Target of reducing absolute Scope 1 and 2 emissions by 42% by 2030 (from the FY22 baseline year), and reflect the importance attached by ATG to playing a leading role in the transition to a lower carbon economy. The targets are also intended to complement the underlying strategic goal of the business of contributing to the growth of the circular economy, whereby the purchase and re-use of secondary goods reduces the demand for new items (the manufacturing and production of which result in additional carbon emissions). As markets for used goods continue to grow, and business opportunities for ATG expand, the Company has a responsibility to ensure its own emissions are managed appropriately, hence the choice of this measure for the LTIP award.

  Details of the specific performance targets for all of these measures are set out on page 111.
- As normal, a two-year post-vesting holding period will apply to the award and it will be subject to standard malus and clawback provisions.

Other elements of the remuneration policy

- There are no changes to the other elements of the Executive Directors' remuneration packages for FY24. Annual bonuses will be payable up to a maximum of 125% of basic salary in the event of the satisfaction of targets linked to adjusted EBITDA and revenue performance. The bonus limit remains below market when compared to companies of a similar size to ATG. One quarter of any bonus paid will continue to be deferred into shares for three years. Pension contributions remain at 6% of salary, in line with the contribution rate for the wider workforce. Whilst the Executive Directors are eligible to participate in the Company's all-employee share ownership plan, they have to date chosen not to do so.

Remuneration Committee Report continued

In aggregate, the changes to salary and LTIP move both Executive Directors from being at, or below, the lower quartile versus UK companies of a similar size in market cap terms to being at an appropriate range around median (when measured on the basis of total target remuneration). Notwithstanding that c. 85% of ATG's revenues are generated in North America, we are not seeking to benchmark against or match US quantum. We are, however, seeking to move the total remuneration packages to a level that will reflect the growth of the Company (as explained above), better recognise the calibre of our executive team and alleviate some of the pay compression issues within our current executive population. It is the Committee's belief that implementing these changes will serve to retain and motivate the Executive Directors for at least the next three to four-year period.

Towards the end of FY23, I wrote to major shareholders to set out the rationale for the changes as set out above. I am pleased to say that in general, there was a strong level of support for our proposals and for our clear commitment to reward, retain and incentivise the Executive Directors.

The changes we are making for FY24 are all possible within the terms of the current Directors' remuneration policy and as a result we are not presenting a new policy for shareholder approval at the AGM in January 2024. A new policy vote will be required at the January 2025 AGM and at the current time we do not envisage seeking to make any further material changes to our approach.

For completeness, the fees for the Non-Executive Directors have been reviewed, and a new fee level agreed for the Board Chair. Full details of the changes are set out on page 112.

The year under review

Reward for the Executive Directors in FY23 was in line with the approach stated in last year's Directors' Remuneration Report. The annual bonus scheme for the year was based on the achievement of targets linked to adjusted EBITDA and revenue, each measure having a 50% weighting in the scheme. In light of performance achieved, the Executive Directors' bonus for the year was 26.9% of basic salary. In line with the Directors' remuneration policy, three-quarters of the total bonus will be payable in cash, with the remaining one-quarter deferred into shares for a minimum three-year period. FY23 was also the final year of the three-year performance period for the first award granted under the LTIP. This award was made at the time of the IPO in February 2021 and was based on the achievement of challenging adjusted diluted EPS targets over the period ended 30 September 2023. As discussed in last year's report, the specific targets for this award were increased during FY22 to reflect the impact of the LA acquisition during the period. Performance against the targets was assessed after the FY23 year end. Taking into account the CAGR in adjusted diluted EPS of 28% over the performance period, the LTIP award will vest in February 2024 at a level of 100%, which the Committee believes is a fair reflection of ATG's overall performance over the period and consistent with the experience of shareholders and other stakeholders. A minimum two-year post-vesting holding period will apply to this award.

In December 2022 we agreed the terms for the FY23 LTIP award. Decisions on the exact adjusted diluted EPS performance targets for this award had not been made by the time the FY22 Directors' Remuneration Report was finalised. We published the targets in the regulatory announcement of the grant and they are also included in this report on page 106. Performance will be tested over the three-year period ending 30 September 2025.

Remuneration across the Company

Although the Committee's main focus is on executive remuneration, we consider carefully pay matters across ATG more broadly, with an interest in ensuring that there is appropriate alignment between the approach for Executive Directors and that for others in the organisation. Having a successful Company-wide compensation policy is essential given the competitive talent markets within which ATG operates, and considerable work has been undertaken to ensure that pay levels and structures are appropriate throughout the business. There is a significant emphasis on equity awards throughout the Company, particularly as growth in North America has increased the exposure to compensation practices where equity is a substantial part of the overall package. All-employee share schemes are also viewed as a key benefit for employees in the UK and the US, providing for increased alignment of interests with shareholders across a wider group of employees.

Tamsin Todd, a member of the Remuneration Committee, is also the designated Non-Executive Director for workforce engagement, taking over this role from Breon Corcoran during the year. The Board conducts two employee engagement sessions each year where a range of matters are discussed, including remuneration, benefits and the alignment of executive pay with wider Company pay policy. This year there was feedback on ATG's approach to parental leave, and this informed the development of a new UK parental leave policy, which was communicated to UK employees during the year. We will continue to solicit and take into consideration employee perspectives on matters relating to remuneration.

Remuneration Committee Report continued

The UK Corporate Governance Code

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

- **Clarity:** The remuneration policy has been designed to provide clarity to all interested parties. The Remuneration Committee has again endeavoured to explain the policy and its implementation in a clear and transparent fashion in this Directors' Remuneration Report. As explained on page 96 the Committee has engaged in two-way dialogue with major shareholders and with representatives of the workforce on remuneration matters and has received generally positive feedback.
- **Simplicity:** The remuneration policy is relatively simple and consistent with standard practice for UK-listed companies of a similar size to ATG. The rationale for each element of Directors' pay and explanations of the Committee's decisions in respect of operating the policy are set out in this report.
- **Risk:** The policy operates within clearly defined limits and the potential for rewards that would be considered excessive in the UK listed context is low. Nevertheless, the Committee is alive to the risks inherent in operating incentive schemes and has therefore ensured that the targets which have been set for the annual bonus scheme and the LTIP do not encourage inappropriate levels of risk-taking. For FY24, we are introducing new measures to the LTIP which will ensure we are assessing performance in a broader fashion, including – for the first time – a carbon metric which is linked to our ESG strategy. The remuneration policy includes a number of features which give the Committee additional control, such as the ability to override incentive outcomes if considered appropriate and the operation of recovery and withholding provisions for incentives.
- **Predictability:** While it is not possible to precisely predict the level of overall reward for the Executive Directors in any one year, the policy operates with reasonable limits which mean that outsize payments are highly unlikely. We provide an illustration of potential outcomes under different scenarios (see page 101).
- **Proportionality:** The performance conditions chosen for the annual bonus scheme and the LTIP in each year are closely linked to the successful delivery of strategy over the short and long term. The Committee carefully considers the optimum metrics and targets ahead of making decisions on the operation of the policy each year. A combination of the target-setting process and the Committee's overriding discretion to adjust outcomes ensures that poor performance will not be rewarded.
- **Alignment to culture:** The success of the business continues to be based on a combination of innovation, collaboration and performance which has driven the strong levels of growth which have been evidenced over the years since listing. The remuneration policy directly incentivises the Executive Directors and other members of the Senior Management Team to continue to focus on the activities which are likely to drive further levels of growth, for the benefit of all stakeholders.

Legacy matters

I would like to draw your attention to details of certain legacy payments that are expected to be made in FY24 to a number of continuing employees, including the Executive Directors. These legacy payments are to be made as a result of the liquidation of a sub-fund of the Company's Employee Benefit Trust that was established at the time of the IPO. Further information is included on page 111. The payments to the Executive Directors fall within the legacy payment provision contained in the Directors' remuneration policy.

The AGM

At the Company's forthcoming AGM on 30 January 2024, shareholders will be asked to approve this Directors' Remuneration Report by way of an advisory resolution.

I hope the Committee can count on your support for this resolution at the AGM. We remain fully committed to shareholder dialogue and engagement and I will be present at the meeting to answer any questions you may have on our approach to executive remuneration.

Scott E Forbes

Scott Forbes
Chair of the Remuneration Committee
30 November 2023

Directors' remuneration policy

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

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

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

Policy table for Executive Directors

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

Directors' remuneration policy continued

Element	Purpose and link to strategy	Operation	Opportunity
Annual bonus scheme and Deferred Share Bonus Plan ("DSBP")	Provides an annual incentive to reward Executive Directors for the achievement of performance objectives linked to the short-term strategic objectives of the business, with ongoing alignment with shareholders achieved through the deferral of a portion of the bonus into shares.	Annual bonuses are payable subject to the achievement of performance targets set by the Remuneration Committee. These targets will be determined by the Committee on an annual basis and will be linked to the short-term strategic priorities for the business. The Committee has discretion to choose the number of performance metrics which apply to the bonus in any year and the relative weightings of those metrics. The primary focus of the bonus scheme will be on rewarding financial performance (normally accounting for a majority of the bonus) although the Committee may choose to use non-financial performance conditions (normally for a minority of the bonus scheme). The Committee will review performance against the targets after the end of the financial year and bonus payments will be determined accordingly. The Committee has the discretion to adjust the bonus outcome where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders. Of the total bonus, 75% will be payable in cash and the remaining 25% will be deferred into shares under the DSBP. Deferred shares must normally be held for a period of three years. Amounts payable under the annual bonus scheme and the DSBP are subject to malus and clawback provisions as summarised on page 100. Where a deferred share award under the DSBP is granted in the form of an option or a conditional share award, dividend equivalents may be paid in respect of the deferred shares.	The maximum annual bonus opportunity is 125% of basic salary. For FY24, the bonus scheme will operate with a limit of 125% of basic salary for both the CEO and the CFO. 50% of the maximum bonus opportunity is payable for on-target performance. 25% of the maximum bonus opportunity is payable for threshold performance.
Long Term Incentive Plan ("LTIP")	Provides an annual award of shares to Executive Directors which will vest after three years subject to the achievement of performance objectives linked to the long-term strategic objectives of the business, aligning the interests of the Directors with those of shareholders.	Awards will normally be granted as either nil-cost options or awards of conditional shares. Awards will normally be granted annually to Executive Directors and will normally vest at the end of a three-year period subject to the recipient's continued employment at the date of vesting and the satisfaction of performance conditions measured over three financial years. The performance conditions will be determined by the Remuneration Committee on an annual basis at the time of each grant and will be linked to the long-term strategic priorities for the business. The Committee has discretion to choose the number of performance metrics which apply to an LTIP award in any year and the relative weightings of those metrics. It is expected that the majority of the performance conditions will be based on the achievement of financial targets, although the Committee may choose to apply relevant non-financial performance conditions to a minority of an award. The Committee will review performance against the targets after the end of the performance period and the level of vesting will be determined accordingly. The Committee has the discretion to adjust the vesting outcome where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders. Dividend equivalents may be paid in respect of any vested shares. Post-vesting, Executive Directors will be required to hold their vested shares for a further two years (other than shares which are required to be sold to pay tax due on vesting). Awards vesting under the LTIP are subject to malus and clawback provisions as summarised on page 100.	The maximum annual award is 200% of basic salary (or 250% of basic salary if the Remuneration Committee determines that exceptional circumstances apply). From FY24, the Committee has agreed that both Executive Directors will receive awards at a level of 200% of basic salary. Performance conditions are structured such that, for threshold levels of performance, no more than 25% of the award will vest.

Directors' remuneration policy continued

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

Malus and clawback

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

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

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

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

Directors' remuneration policy continued

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

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

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

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

Legacy arrangements
The Remuneration Committee has the authority to honour any commitments entered into with the existing Executive Directors that pre-date the approval of the remuneration policy.

In cases where an existing employee is promoted to the Board, any pre-existing incentive arrangements will normally continue in line with its original terms.

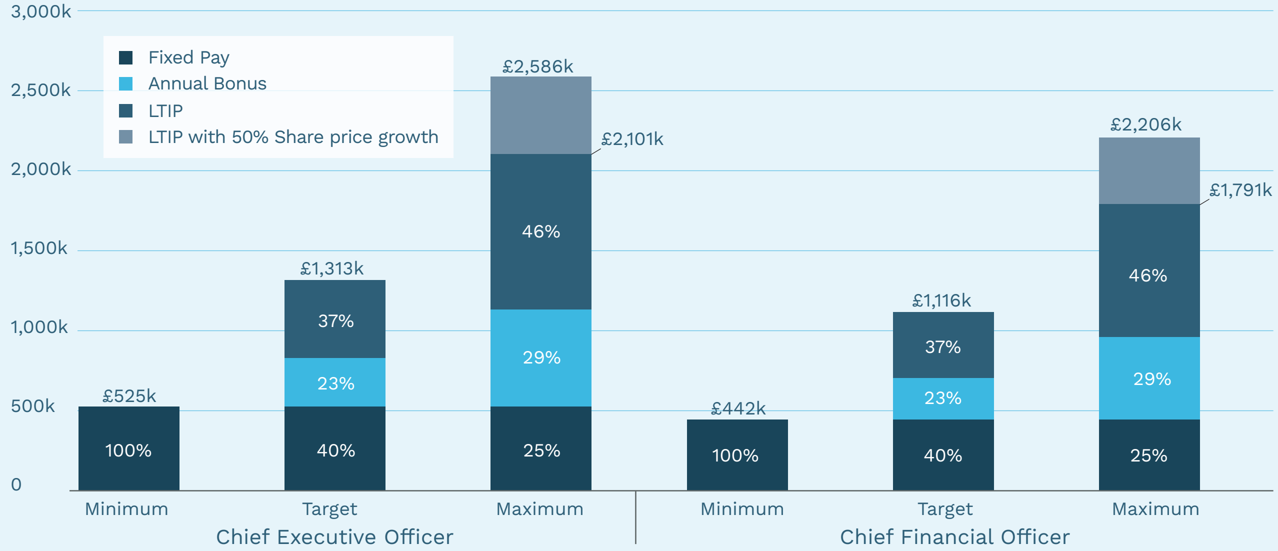
Remuneration for other employees
The Directors' remuneration policy reflects what the Committee considers to be an appropriate remuneration framework for the Executive Directors in light of their roles and responsibilities, what is considered necessary to retain their services and standard practice for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

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

Consideration of shareholder views
The general views of institutional shareholders and other key market participants were taken into account as part of the Remuneration Committee's pre-IPO review of the appropriate remuneration policy to apply to the Company post-Admission.

The Chair of the Remuneration Committee also wrote to major shareholders outlining the key features of the policy and seeking their feedback ahead of the policy being presented for formal shareholder approval at the 2022 AGM. None of the shareholders which responded to this engagement approach raised any material issues of concern with the policy. Further communications with shareholders took place in December 2022 and September 2023 regarding the implementation of the remuneration policy for FY23 and FY24 respectively.

Illustrations of the application of the remuneration policy ("Scenario charts")
The charts below give an indication of the level of total annual remuneration that would be received by each Executive Director in accordance with the remuneration policy (as it will apply in FY24) in respect of minimum pay (fixed pay), the pay based on target performance and maximum performance.



Notes to the charts:
- Minimum: Fixed pay, reflecting basic salary levels with effect from 1 October 2023, benefits of £11k for the CEO and £2k for the CFO and a 6% pension contribution.
- Target: Fixed pay plus a 50% pay-out under the bonus and LTIP.
- Maximum: Fixed pay plus full pay-out under the bonus and LTIP. The maximum scenario includes an additional element to represent 50% share price growth on the LTIP award.

Directors' remuneration policy continued

Policy table for the Board Chair and Non-Executive Directors

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

Letters of appointment for Non-Executive Directors

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

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

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

Annual Report on Remuneration

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

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

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

Committee members

The Remuneration Committee is chaired by Scott Forbes and its other members are Breon Corcoran, Suzanne Baxter and Tamsin Todd.

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

The Remuneration Committee held four scheduled meetings and two ad hoc meetings during the year ended 30 September 2023. There was full attendance by all members of the Committee at all meetings.

Committee support

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

The Committee is also supported by Korn Ferry, which has advised the Committee on remuneration matters since the IPO.

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

Fees payable to Korn Ferry for advice provided during the year were £108,190 (excluding VAT). No other services were provided by Korn Ferry to the Company during the year and Korn Ferry have no other connection with the Company or individual Directors.

Single total figure of remuneration (audited)

The following table sets out the total remuneration for Executive and Non-Executive Directors for the year ended 30 September 2023, alongside comparative data for the prior financial year.

All figures shown in £000	Year	Salary/fees	Benefits	Pension	Total fixed remuneration	Annual bonus[3]	LTIP[4,5]	Total variable remuneration	Total remuneration
John-Paul Savant	2023	451	11	27	489	121	752	873	1,362
	2022	438	10	26	474	353	–	353	827
Tom Hargreaves	2023	354	2	21	377	95	575	670	1,047
	2022	335	2	20	357	216	–	216	573
Breon Corcoran	2023	75	–	–	75	–	–	–	75
	2022	75	–	–	75	–	–	–	75
Morgan Seigler	2023	–	–	–	–	–	–	–	–
	2022	–	–	–	–	–	–	–	–
Scott Forbes	2023	75	–	–	75	–	–	–	75
	2022	75	–	–	75	–	–	–	75
Pauline Reader[1]	2023	54	–	–	54	–	–	–	54
	2022	50	–	–	50	–	–	–	50
Suzanne Baxter[2]	2023	70	–	–	70	–	–	–	70
	2022	45	–	–	45	–	–	–	45
Tamsin Todd[2/]	2023	60	–	–	60	–	–	–	60
	2022	39	–	–	39	–	–	–	39

1. Appointed to the Board on 2 December 2021.
2. Appointed to the Board on 4 February 2022.
3. 75% of annual bonuses for the Executive Directors are payable in cash and the remaining 25% in deferred shares, as explained in the relevant section below.
4. The FY23 value for LTIP reflects the value as at 30 September 2023 of the FY21 LTIP award, which will vest at a level of 100%. The value has been calculated on the basis of a share price of 707.8 pence, being the average price over the three months ended 30 September 2023. This will be updated in next year's report to reflect the value at the point of vesting in February 2024.
5. Of the total LTIP values for John-Paul Savant and Tom Hargreaves, £114,538 and £87,588 respectively are attributable to share price appreciation since the date of grant.

Annual Report on Remuneration continued

Additional information regarding the single total figure table (audited)

Salary and fees

As disclosed in last year's Directors' Remuneration Report, the salary of John-Paul Savant was increased by 3% with effect from 1 October 2022 to £450,883. Tom Hargreaves' salary was increased by 5.75% to £353,998.

The fees for the Board Chair and the Non-Executive Directors were set on Admission in 2021. The annual fee for Breon Corcoran as Board Chair was set at £75,000. For other Non-Executive Directors, the basic fee was £60,000, with additional fees of £10,000 paid to each of the Chairs of the Audit and Remuneration Committees and an additional fee of £5,000 paid to the Senior Independent Director. These fees were unchanged for FY23. Morgan Seigler does not receive any fees in respect of his role as a Non-Executive Director.

Benefits and pensions

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

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

Annual bonus for FY23

The annual bonus for FY23 was structured in line with the Directors' remuneration policy and with the approach taken in prior years. Performance was again based on adjusted EBITDA and revenue targets, these metrics being two of ATG's key financial performance indicators. In line with our normal practice, targets were set on a constant currency basis. Approximately 85% of the Group's revenue is in the United States and the Group's external financing is in US dollars. Movements in exchange rates can therefore have a significant impact on the reported results of the Group. Setting targets based on constant currency is intended to ensure that underlying performance is measured and that executives are not rewarded or penalised simply due to currency movements over the year. The FY23 targets set and the performance achieved are shown below:

		Threshold £m	Target £m	Stretch £m		
Measure	Weighting	25% of maximum[1]	50% of maximum[1]	100% of maximum[1]	Actual £m[2]	Achievement % of maximum opportunity
Adjusted EBITDA	50%	53.4	59.4	68.3	57.7	43%
Revenue	50%	129.2	136.0	146.2	125.0	0%

1. There is a straight-line payout between these targets.
2. Actuals reflect target achievement on a constant currency basis, as explained above. The targets were set assuming exchange rates of GBP 1/USD 1.2794/EUR 1.1829, these being the rates reflected in the FY23 internal budget process.

Based on the performance achieved, the total bonus payable is 21.5% of the maximum opportunity. The maximum opportunity was 125% of basic salary for both John-Paul Savant and Tom Hargreaves. Bonuses will be payable to the Executive Directors as set out below. The Committee believes that the outcome of the bonus, based on the performance achieved, is appropriate and so it has not needed to adjust the bonus outcome.

	Overall annual incentive outcome		
	% of maximum	% of salary	Payment (£'000)
John-Paul Savant	21.5%	26.9%	121
Tom Hargreaves	21.5%	26.9%	95

Of the total bonus, 75% will be paid in cash (£90,955 for the CEO and £71,419 for the CFO) and the remaining 25% (£30,319 for the CEO and £23,806 for the CFO) will be deferred into an award over shares under the DSBP to be held for three years.

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

Annual Report on Remuneration continued

Vesting of FY21 LTIP award (based on performance to 30 September 2023)

The LTIP value included in the single total figure table above relates to the awards granted to the Executive Directors on Admission in February 2021. The vesting of these awards is based on adjusted diluted EPS targets to be achieved over the period ended 30 September 2023, as set out below.

Performance level	Percentage of award vesting[1]	Adjusted diluted EPS growth per annum (% CAGR)[2]
Below "threshold"	0%	Below 14%
"Threshold"	25%	14%
"Stretch"	100%	19%

1. There is straight-line vesting in between these points.
2. As explained in last year's Directors' Remuneration Report, these targets were increased from those originally set to reflect the impact of the acquisition of LiveAuctioneers during the LTIP performance period.

The Remuneration Committee reviewed the performance conditions after the end of FY23. Based on the level of adjusted diluted EPS reported for FY23, the compound annual growth rate over the LTIP performance period was 28%. As a result, the Committee determined that the LTIP will vest at a level of 100%. The awards will vest in February 2024, three years after the date of grant. In line with the remuneration policy, the Executive Directors will be required to hold their vested shares for a minimum of two years (other than shares which are required to be sold to pay tax due on vesting).

The awards are summarised in the table below.

Executive	Grant date	Basis of the award (% of salary)	Threshold vesting (% of salary)	Number of shares granted[1]	Face value of the award at grant (£'000)	Level of vesting	Number of shares to vest	Value of shares to vest (£'000)[2]	Vest date
John-Paul Savant	26 Feb 21	150%	25%	106,250	637.5	100%	106,250	752	26 Feb 24
Tom Hargreaves	26 Feb 21	150%	25%	81,250	487.5	100%	81,250	575	26 Feb 24

1. The number of shares awarded was calculated on the basis of the Admission price of £6.00.
2. Based on a share price of £7.078, being the average price over the three-month period ended 30 September 2023.

LTIP awards granted during FY23 (audited)

LTIP awards were granted to the CEO and CFO on 15 December 2022 in the form of nil-cost options, as set out in the table below.

Executive	Basis of the award (% of salary)[1]	Threshold vesting (% of salary)	Number of shares granted[2]	Face value of the award (£'000)	Grant date	Vest date
John-Paul Savant	150%	25%	88,589	656.6	15 Dec 22	15 Dec 25
Tom Hargreaves	150%	25%	67,745	502.1	15 Dec 22	15 Dec 25

1. Based on a management recommendation, the Committee approved the awards on the basis of FY22 basic salary levels. This resulted in a smaller number of shares being granted than if the normal approach of using FY23 basic salary levels had been followed.
2. The number of shares awarded was calculated on the basis of a share price of £7.412, being the average share price over the five dealing days prior to grant.

Annual Report on Remuneration continued

These awards will vest subject to continuing employment and the achievement of challenging adjusted diluted EPS targets over the period to 30 September 2025:

Performance level	Percentage of award vesting[1]	Adjusted diluted EPS growth per annum (% CAGR)
Below "threshold"	0%	Below 5%
"Threshold"	25%	5%
"Stretch"	100%	17%

1. There is straight-line vesting in between these points.

Subject to performance, the awards will vest in December 2025, three years after the date of grant. The Directors will be required to hold any vested shares (excluding those sold to pay tax) for a period of two years following the date of vesting.

LTIP awards granted during FY22

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

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

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

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

Performance level	Percentage of award vesting[1]	Adjusted diluted EPS to be achieved in FY24[2]
Below "threshold"	0%	Below 29.3p
"Threshold"	25%	29.3p
"Stretch"	100%	35.6p

1. There is straight-line vesting in between these points.
2. As previously disclosed, the targets for the FY22 LTIP award were set on the basis of a pence per share number to be achieved at the end of the performance period in FY24 rather than a CAGR approach. This was done to avoid rebasing FY21 adjusted diluted EPS, which was impacted by one-off financing costs arising as a result of the IPO. The Remuneration Committee determined that the use of FY24 adjusted diluted EPS is more transparent and also takes into account the expected benefits of the LiveAuctioneers acquisition. As disclosed in last year's Directors' Remuneration Report, the specific adjusted diluted EPS targets for this award were amended in FY22 to align with changes to the calculation of adjusted diluted EPS as used by ATG for wider corporate reporting purposes.

Subject to performance, the awards will vest in December 2024, three years after the date of grant. The Directors will be required to hold any vested shares (excluding those sold to pay tax) for a period of two years following the date of vesting.

Annual Report on Remuneration continued

Payments to past Directors/Payments for loss of office (audited)

There were no payments to past Directors or payments for loss of office made during the year.

Statement of Directors' shareholding and share interests (audited)

The table below includes full details of shares held by each Director (and persons connected with each Director) as at 30 September 2023, including details of share awards which are subject to the achievement of performance conditions.

During employment, Executive Directors are required to build and maintain a shareholding equivalent to 200% of their base salary. Executive Directors are expected to build up their shareholding over a five-year period (as a minimum through the retention of at least 50% of the after-tax number of vested share awards). This requirement was met as of 30 September 2023. Post-cessation of employment, Executive Directors must retain shares to the value of 200% of base salary for a period of two years in accordance with the Directors' remuneration policy. There are no former Executive Directors to whom this requirement currently applies.

Director	Beneficially owned shares on 30 September 2023	Unvested share awards subject to performance conditions[1]	Unvested share awards not subject to performance conditions[2]	Options exercised in year	Vested unexercised share options	Shareholding requirement (% of base salary)	Requirement met?
John-Paul Savant[3,5]	2,573,631	240,249	17,262	–	–	200%	Yes
Tom Hargreaves[2]	1,046,700	183,720	10,561	–	–	200%	Yes
Breon Corcoran	729,497	–	–	–	–	–	–
Morgan Seigler[4]	–	–	–	–	–	–	–
Scott Forbes	160,548	–	–	–	–	–	–
Pauline Reader	–	–	–	–	–	–	–
Suzanne Baxter	3,389	–	–	–	–	–	–
Tamsin Todd	2,773	–	–	–	–	–	–

1. Awards granted as nil-cost options under the LTIP.
2. Awards granted as nil-cost options under the Deferred Share Bonus Plan.
3. Shares also held in the name of spouse (Samantha Savant) and the Savant Discretionary Trust (whose trustees are John-Paul Savant and Samantha Savant).
4. Morgan Seigler is not directly interested in any shares but acts as a representative of TA Associates on the Board.
5. The total figure for the number of beneficially owned shares includes the pre-Admission equity awards summarised below.

As previously disclosed, pre-Admission equity awards were granted to John-Paul Savant and Tom Hargreaves on Admission. John-Paul Savant holds an equity award over 83,409 shares and Tom Hargreaves holds an equity award over 97,261 shares. These awards were originally granted to them over 1,391 and 1,622 ATG B ordinary shares respectively.

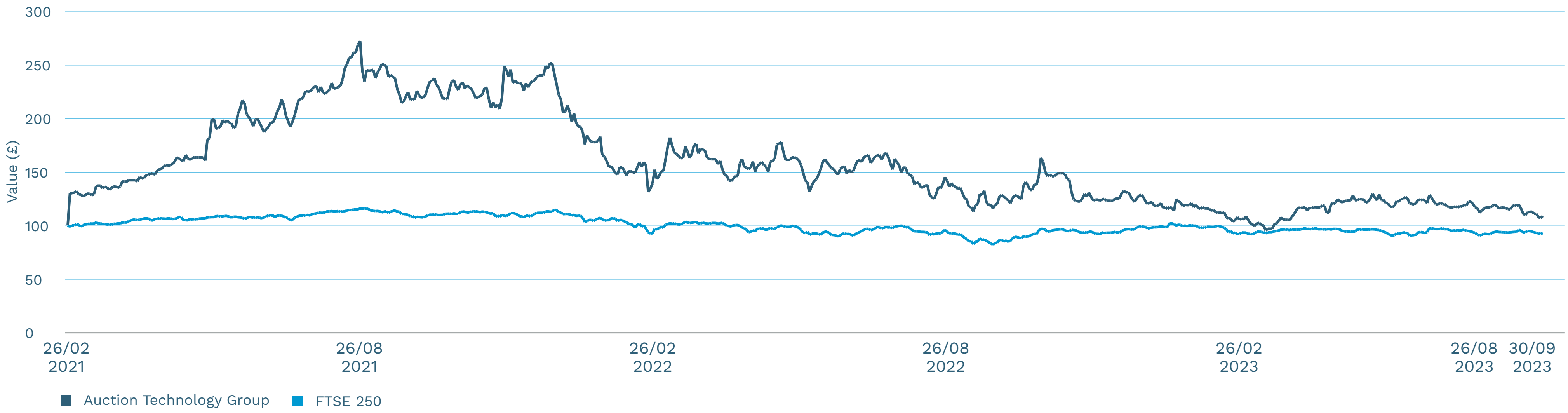
The shares over which the pre-Admission equity awards were granted will be forfeited if the holder leaves the Group for any reason prior to the third anniversary of Admission (other than in cases of death or a change of control). In normal circumstances the shares must also be held for a further year, until the fourth anniversary of Admission, before they can be sold or otherwise transferred. The forfeiture and holding periods cease to apply in the event of a change of control.

There has been no change in the Directors' interests in the ordinary share capital of the Company between 30 September 2023 and the date of this report.

Annual Report on Remuneration continued

Total Shareholder Return (TSR) performance graph and table of CEO pay

ATG shares were admitted to the London Stock Exchange's Main Market on 26 February 2021. The chart below shows the TSR performance of £100 invested in ATG from 26 February 2021 (using the offer price of 600p per share) to 30 September 2023 against the FTSE 250 index. The FTSE 250 index is considered an appropriate comparison as ATG is positioned within this index.



	2021	2022	2023
CEO single figure total remuneration (£000s)	580	827	1,362
Annual bonus (as % of maximum opportunity)	100%	64.5%	21.5%
Long-term incentive vesting (as % of maximum opportunity)	N/A	N/A	100%

Annual Report on Remuneration continued

Annual percentage change in remuneration of Directors and employees

The table below shows the year-on-year percentage changes in the pay of the Directors, as required by the reporting regulations, compared with the average percentage change for employees for the same periods. The Directors' remuneration for FY23 and FY22 is based on the disclosures in the single total figure tables for these years. Where relevant, we have annualised the single total figure table disclosures to ensure a meaningful comparison.

	FY23 vs FY22			FY22 vs FY21		
Director	**Salary/fees**	**Taxable benefits**	**Annual bonus**	**Salary/fees**	**Taxable benefits**	**Annual bonus**
John-Paul Savant	3%	10%	(66%)	3%	43%	(34%)
Tom Hargreaves[1]	6%	0%	(56%)	3%	100%	(34%)
Breon Corcoran	0%	–	–	0%	–	–
Morgan Seigler	–	–	–	–	–	–
Scott Forbes	0%	–	–	0%	–	–
Pauline Reader[2]	8%	–	–	–	–	–
Suzanne Baxter[2]	0%	–	–	–	–	–
Tamsin Todd[2]	0%	–	–	–	–	–
Employees						
Average per employee[3]	5%	15%	(58%)	3%	11%	(10%)

1. Year-on-year change for taxable benefits in FY22 vs FY21 reflects absence of taxable benefits in prior financial year.
2. These Directors were appointed to the Board during FY22 and therefore no comparison with FY21 remuneration is made.
3. Figures relate to Group as a whole. No figures are shown for the parent company as the only employees of the parent company are the Directors.

CEO pay ratio and wider employee remuneration

As ATG has fewer than 250 UK employees, it is not required by law to include details of total pay for the CEO relative to that of UK employees at the median, lower quartile and upper quartile. Nevertheless, the Remuneration Committee reviews wider workforce remuneration when setting the remuneration policy for the Executive Directors.

The Committee remains satisfied that the remuneration for the Directors is appropriate in the context of pay practices more widely at the Company noting, for example, the focus on performance-related pay throughout the organisation, broad levels of equity ownership across the business and the alignment of Executive Director pension contributions with the rate applicable to the majority of the wider workforce. In the UK, US and Germany, the Company has established all-employee share incentive schemes in which all eligible employees may participate.

As is the norm, levels of incentive opportunity within the wider organisation are lower than the levels in place for the Executive Directors. In addition, certain elements of the Directors' remuneration policy do not apply to others in the organisation. For example, annual bonuses for other employees are paid wholly in cash, with no requirement for an element to be deferred into shares. There is also a minority weighting on personal non-financial targets in the bonus scheme for employees below Board level.

Equity awards are an important part of the compensation packages offered to employees within the organisation, particularly in reflection of the sector within which the Company operates and the increasing focus on North America. LTIP awards are granted to certain other employees normally with a different structure than is in place for Executive Directors. This is predominantly in the form of restricted share awards (i.e. nil-cost options or restricted stock units that are not subject to financial performance conditions), which often have a different vesting profile than Directors' LTIPs, reflective of US market norms and expectations. This recognises the need for the Company to be able to offer incentives to employees which are relevant for the specific commercial circumstances of competing for talent in the technology sector, particularly in the United States.

Annual Report on Remuneration continued

Relative importance of spend on pay

The table below shows the Company's expenditure on employee pay compared to distributions to shareholders for FY22 and FY23.

	FY23 £m	FY22 £m	% change
Distributions to shareholders	–	–	–
Overall spend on pay for employees, including Executive Directors	30.6	27.7	11%

Statement of shareholder voting

The table below shows the results of the voting on (1) the Directors' Remuneration Report resolution at the AGM held on 26 January 2023, and (2) the Directors' remuneration policy resolution at the AGM held on 25 January 2022.

	% Votes for	% Votes against	Votes withheld (no.)
Directors' Remuneration Report (2023 AGM)	91.74	8.26	1
Directors' remuneration policy (2022 AGM)	99.97	0.03	0

Statement of implementation of remuneration policy during FY24

The Annual Statement from the Chair of the Remuneration Committee on pages 94 to 97 explains the context for changes to the Executive Directors' basic salary and LTIP awards for FY24. Other aspects of the Directors' pay for the year ahead remain unchanged.

Base salary

The salaries of the Executive Directors will rise by the following amounts with effect from 1 October 2023.

Executive Director	Salary with effect from 1 Oct 2022	Salary with effect from 1 Oct 2023	% increase
John-Paul Savant	£450,883	£485,000	7.6
Tom Hargreaves	£353,998	£415,000	17.2

Pension and benefits

Executive Directors will continue to receive a pension contribution of 6% of salary, which remains aligned to the rate currently payable to the majority of the UK workforce. Other benefits include private medical insurance, permanent health insurance and life assurance.

Annual bonus

The maximum annual bonus opportunity will be unchanged at 125% of salary for both the CEO and the CFO.

The performance measures for the FY24 bonus will remain appropriately challenging and will again be payable subject to the achievement of targets linked to revenue (50% weighting) and adjusted EBITDA (50% weighting), measured on a constant currency basis. The specific targets are currently considered commercially confidential but full details will be disclosed in next year's Directors' Remuneration Report.

Of the total bonus, 75% will be payable in cash and the remaining 25% will be deferred into an award over shares under the DSBP to be held for three years.

Malus and clawback provisions apply in line with the remuneration policy, as summarised on page 100.

Annual Report on Remuneration continued

Long Term Incentive Plan

The LTIP award size will be 200% of salary, in line with the limit in the Directors' remuneration policy.

Performance will be measured over the three-year period ending 30 September 2026. The performance measures will be adjusted diluted EPS (60% weighting), revenue (30%) and carbon emission reductions (10%). The specific targets are set out below.

Adjusted diluted EPS (60% of award) performance level	Percentage of this element of award vesting[1]	Adjusted diluted EPS growth per annum (% CAGR)
Below "threshold"	0%	Below 10%
"Threshold"	25%	10%
"Stretch"	100%	22%

Revenue (30% of award) performance level	Percentage of this element of award vesting[1]	Revenue growth per annum (% CAGR)
Below "threshold"	0%	Below 8%
"Threshold"	25%	8%
"Stretch"	100%	21%

Carbon emission reductions (10% of award) performance level	Percentage of this element of award vesting[1]	Reduction in emissions over performance period
Below "threshold"	0%	Below 26%
"Threshold"	25%	26%
"Stretch"	100%	29%

1 There is straight-line vesting in between these points.

The carbon measure is based on Scope 1 and 2 CO_2 emission reductions (calculated on a tCO_2e basis) over the three-year period ending 30 September 2026, using FY23 emissions as the baseline year for calculation. The targets are consistent with ATG's previously communicated Science Based Target of reducing absolute Scope 1 and 2 emissions by 42% by 2030 (from a FY22 baseline year). In the event of any material acquisitions or divestments the Committee retains the right to restate the performance targets so that they remain similarly challenging having regard to the impact of the corporate activity.

Subject to performance, the awards will vest three years after the date of grant. The Directors will be required to hold any vested shares (excluding those sold to pay tax) for a period of two years following the date of vesting.

Malus and clawback provisions apply in line with the remuneration policy, as summarised on page 100.

Legacy payments

As stated on page 97, certain legacy payments are expected to be made in FY24 to a number of continuing employees, including the Executive Directors. These legacy payments are to be made as a result of the liquidation of a sub-fund of the Company's Employee Benefit Trust ("EBT") that was established at the time of the IPO in 2021 and funded with assets accumulated pre-IPO (during the Company's period of private equity ownership).

Prior to the IPO, the EBT facilitated the making of pre-IPO equity awards to beneficiaries of the sub-fund out of sweet equity that had been allocated to management by the private equity investors. However, not all of the assets in the sub-fund were allocated to beneficiaries on IPO. Given February 2024 will be three years since the Company's IPO it has been agreed that the legacy sub-fund should be wound up by the trustee in February 2024 and the assets of the sub-fund (circa £3.7m in value) be distributed to its beneficiaries.

The assets held in the sub-fund are held for the benefit of pre-IPO employees of the Company and the terms on which such assets are to be shared were agreed with the trustee of the EBT pre-IPO. It is expected that cash distributions will be made by the EBT to approximately 25 employees, including the Executive Directors, at nil cost to the Company. To the extent that the distributions give rise to employment tax liabilities, these will be withheld from the payments made to beneficiaries and/or settled out of the assets by the trustee of the EBT, also at no cost to the Company.

The payments to the Executive Directors are expected to be c.£1m each. The exact payments to the CEO and CFO will be finalised at the time the sub-fund is wound up. The payments are expected to be made during FY24 and will be disclosed in next year's Directors' Remuneration Report. The payments will be made pursuant to the legacy payment provision contained within the Directors' remuneration policy. No shareholder approval is required for the payments.

Annual Report on Remuneration continued

Non-Executive Director remuneration

As stated in last year's Directors' Remuneration Report, the fees for the Non-Executive Directors have been reviewed. The Remuneration Committee (excluding the Board Chair) reviewed the fee for the Board Chair, and the Board (excluding the Non-Executive Directors) reviewed the fees for the Non-Executive Directors. These fee reviews have taken place to ensure that the remuneration paid to the Non-Executive Directors is appropriate in the context of the growth of ATG since the IPO in 2021 as well as the fees payable at other companies of a similar size and complexity.

Following the reviews, a new fee level has been determined for the Board Chair. The Committee has agreed to move his fee to a level more appropriate for ATG at the current time, and more in line with standard market rates. His fee of £75,000 (unchanged since the IPO) is therefore increasing to £200,000, which is closer to typical FTSE 250 levels and a fairer reflection of his time commitment and contribution. The Committee recognises that the level of increase is significant and has therefore agreed a phased approach such that the Board Chair's fee will increase to £150,000 for FY24, £175,000 for FY25 and finally to £200,000 for FY26. Other Non-Executive Director fees have been reviewed by the Board and will remain unchanged for FY24.

The fees payable to the Non-Executive Directors for FY24 are set out below.

Non-Executive Director	Fee
Chair of the Board	£150,000
Non-Executive Director base fee	£60,000
Senior Independent Director	£5,000
Audit Committee Chair's fee	£10,000
Remuneration Committee Chair's fee	£10,000

This report was approved by the Board of Directors and signed on its behalf by:

Scott Forbes
Chair of the Remuneration Committee
30 November 2023

Directors' Report

The Directors present their report, together with the audited Consolidated Financial Statements and auditor's report for the year ended 30 September 2023.

Auction Technology Group plc is a public limited company incorporated in the United Kingdom and registered in England & Wales with registered number 13141124. The Company acts as a holding company for the Group of subsidiaries. A list of its subsidiary companies is set out in note 25 on page 159.

This Directors' Report should be read in conjunction with the other sections of this Annual Report as detailed below to fulfil these requirements which are incorporated into the Directors' Report by reference. In accordance with section 414C(11) of the Companies Act 2006 and the Companies (Miscellaneous Reporting) Regulations 2018 the Board has included certain disclosures in other sections of the Annual Report set out below:

Topic	Section of report	Pages
Strategy and future developments	Chief Executive Officer's Statement Strategic Report	09–10 02–68
Diversity and inclusion	Nomination Committee Report Sustainability Report	90–93 44–68
Risk management	Risk Management within Strategic Report	28–29
Going concern	Chief Financial Officer's Review Financial Statements	23–27 125–159
Viability statement	Viability Statement	34
Employee matters, disabled employees and employee engagement	Sustainability Report Stakeholder Engagement and s.172 Statement	44–68 35–43
Climate-related financial disclosures, greenhouse gas and carbon emissions, energy consumption and energy efficiency action	Strategic Report Sustainability Report	02–68 44–68
Business relationships with suppliers, customers and other stakeholder engagement	Stakeholder Engagement and s.172 Statement	35–43
Corporate governance	Corporate Governance Report	69–78
Internal controls	Audit Committee Report	82–89
Financial instruments	Financial Statements	125–159
Statement of Directors' Responsibilities	Statement of Directors' Responsibilities	117
Directors' interests	Directors' Remuneration Report	94–112
Employee share plans	Directors' Remuneration Report	94–112

Listing Rule 9.8.4R disclosures

The following sets out where disclosures required in compliance with Listing Rule 9.8.4R are located. There are no other disclosures to be made under Listing Rule 9.8.4.

Topic	Section of report	Pages
Details of long-term incentive schemes	Directors' Remuneration Report	94–112
Non pre-emptive issues of equity for cash (including major subsidiaries)	Financial Statements (Notes 20 and 21)	153–154

Energy and carbon reporting

The Group's energy and carbon disclosures are detailed in the Sustainability Report on pages 44 to 60.

Engagement with employees, suppliers, customers and others

The Group's engagement with its stakeholders is detailed in the Stakeholder Engagement section of the Strategic Report on pages 35 to 43.

Research and development

The Group is engaged in various research and development activities regarding innovation and enhancing its technology applications. These are set out in the Strategic Report on pages 09 to 10.

Directors' Report continued

Compliance with the UK Corporate Governance Code 2018

The Disclosure Guidance and Transparency Rules ("DGTR") require certain information to be included in a corporate governance statement in the Directors' Report. The Corporate Governance Report is incorporated by reference and includes details of our compliance with the Code. Our statement includes a description of the main features of our internal control and risk management systems in relation to the financial reporting process and forms part of this Directors' Report.

Dividend

The Directors do not propose the payment of a dividend (FY22: nil).

Branches

In accordance with the Companies Act 2006, the Board confirms that there were no branches of the Company or its subsidiaries during the financial year.

Board of Directors

The names of the Directors who, at any time during the financial year, were directors of the Company, are set out below. Further details about each Director are given on pages 79 to 81 of this report.

Name	Position	Date of appointment
Breon Corcoran	Chair	25 January 2021
John-Paul Savant	Chief Executive Officer	25 January 2021
Tom Hargreaves	Chief Financial Officer	25 January 2021
Scott Forbes	Senior Independent Non-Executive Director	26 February 2021
Suzanne Baxter	Independent Non-Executive Director	4 February 2022
Pauline Reader	Independent Non-Executive Director	2 December 2021
Morgan Seigler	Non-Executive Director	18 January 2021
Tamsin Todd	Independent Non-Executive Director	4 February 2022

There have been no changes in the composition of the Board between 30 September 2023 and the date of this report.

All Directors will retire, and being eligible, offer themselves for re-election at the forthcoming AGM.

Directors' interests in the share capital and equity of the Company as at 30 September 2023 are contained in the Directors' Remuneration Report on page 94.

Pursuant to the Relationship Agreement with TA Associates, through its sub-funds TA XIII-A, L.P., TA XIII-B, L.P., TA Investors XIII, L.P., TA Investors IV EU AIV, L.P. and TA Subordinated Debt Fund IV, L.P ("TA Associates") that the Company entered into on 17 February 2021, the Company agrees to appoint one Non-Executive Director nominated by TA Associates to the Board for so long as TA Associates owns in aggregate more than 10% of the issued ordinary share capital in the Company. Morgan Seigler is the TA Associates nominated Non-Executive Director.

All other Directors are appointed in their personal capacity.

Directors' insurance and indemnity provisions

The Company maintains Directors' and Officers' insurance in respect of any liabilities arising from the performance of their duties. In addition, during the financial year ended 30 September 2023 and to the date of this report, the Directors have had the benefit of qualifying third-party indemnities under which the Company has agreed to indemnify the Directors, to the extent permitted by law and by the Company's Articles of Association, against any liabilities they may incur in the execution of their duties as directors of the Company or of its subsidiaries. There were no qualifying pension scheme indemnity provisions in force during the 2023 financial year for the Company's Directors.

Directors' interests in contracts and conflicts of interest

No member of the Board had a material interest in any contract of significance with the Company, or any of its subsidiaries, at any time during the period. Directors are required to notify the Company of any conflict or potential conflict of interest.

Capital structure and shareholder voting rights

The shares in issue as at 29 November 2023, being the latest practicable date prior to the publication of this report consisted of 121,641,412 ordinary shares of 0.01 pence each.

The changes in the Company's issued share capital during the financial year are detailed in note 20 to the Consolidated Financial Statements.

Rights and obligations of ordinary shares

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, one or more corporate representatives.

On a show of hands, each holder of ordinary shares who is present in person or by proxy/corporate representative shall have one vote.

There are no restrictions on voting rights or the transfer of shares in the Company and the Company is not aware of agreements between holders of securities that result in such restrictions.

Powers of the Company to purchase own shares

At the AGM held in January 2023, shareholders passed a special resolution in accordance with the Act to authorise the Company to make market purchases of its own ordinary shares up to a maximum of 12,059,932 ordinary shares, representing 10% of the Company's issued ordinary share capital as at 8 December 2022. No shares have been purchased under this authority. The authority will expire at the conclusion of the Company's AGM in January 2024, when the Company intends to seek a renewal.

Shares held by Employee Benefit Trust

The Employee Benefit Trust ("EBT") is a discretionary employee benefit trust constituted by a trust deed entered into on 12 February 2020 between Auction Topco Limited and Zedra Trust Company (Guernsey) Limited, independent offshore professional trustees (the "Trustee"). The Company succeeded Auction Topco Limited as the settlor of the EBT under a deed of succession entered into on 25 February 2021. The EBT is operated as an employee share scheme within the meaning of Section 1166 of the Companies Act 2006, with the purpose of encouraging and facilitating the holding of shares by bona fide employees of the Company (which for these purposes includes the Executive Directors) and its subsidiaries, former employees and certain of their relatives or for their benefit.

Shares held by the Company's EBT rank pari passu with the other shares in issue and have no special rights. Voting rights and rights of acceptance of any offer relating to the shares held in the Trust rests with the Trustees, who may take account of any recommendation from the Company.

Directors' Report continued

Relationship Agreement

The Relationship Agreement, which was entered into on 17 February 2021, complies with the requirements of the Listing Rules and remains effective whilst TA Associates holds at least 10% of the voting rights of the Company. As at 30 September 2023 TA Associates held 17.63% of the issued share capital of the Company.

The Board is satisfied that the Company has complied with the independence provisions included in the Relationship Agreement during the period ended 30 September 2023:

- Transactions and arrangements between the Company and TA Associates are and will be, at arm's length and on normal commercial terms.
- Neither TA Associates nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the LR, the DGTR, the requirements of the London Stock Exchange, the Financial Services and Markets Act, Market Abuse Regulation or the Articles of Association.
- Neither TA Associates nor any of its associates will propose, or procure the proposal of, a shareholder resolution that is intended or appears to be intended to circumvent the proper application of the LR.

As far as the Company is aware, such provisions have been complied with during the period ended 30 September 2023 by TA Associates.

Substantial shareholdings

The table below sets out those shareholders that have notified the Company of their direct or indirect interest in 3% or more of the issued share capital of the Company in accordance with Rule 5 of the DGTR as at 29 November 2023 being the latest practicable date prior to the publication of this report:

Shareholder	Holding	% Voting rights
TA Associates Management, L.P.	Indirect	17.61[1]
BlackRock, Inc.	Indirect	9.85[2]
The Capital Group Companies, Inc.	Indirect	7.97[1]
Jupiter Asset Management Limited	Indirect	6.46[1]
Ameriprise/Threadneedle	Indirect	5.05[2]
Invesco Ltd	Indirect	4.34[1]
abrdn plc	Indirect	3.99[1]
Royal London Asset Management	Indirect	3.37[1]
The Vanguard Group Inc.	Indirect	3.29[1]

1. Based on total voting rights of 121,641,412 as at 29 November 2023.
2. Information provided to the Company pursuant to Rule 5 of the DGTR published on a Regulatory Information Service and on the Company's website.

Change in control

The Company is required to disclose any significant agreements which take effect, alter or terminate upon a change of control of the Company. In common with many other companies, the Group's bank facility is terminable upon change of control of the Company. In addition, the Relationship Agreement with TA Associates would also cease to be effective on a change of control.

In the event of a change of control of the Company, unvested LTIP awards will vest and become exercisable for a period of six months following the change of control to the extent determined by the Remuneration Committee in its absolute discretion. When making its decision, the Remuneration Committee will consider the period of time the award has been held by the participant and the extent to which the performance conditions have been achieved.

Where appropriate, and with the agreement of the acquiring company, the Committee may specify that unvested awards will not become exercisable as a result of the change of control and instead they will be exchanged (in whole or in part) for awards over shares in the acquiring company. Different decisions can be taken in respect of different grants of awards held by the participant.

Holders of the pre-Admission equity awards will forfeit their shares for no payment if they leave the Group for any reason prior to the third anniversary of Admission (other than in the case of their death or the sale of the company or business that they work for out of the Group). In normal circumstances, the shares must also be held for a further year until the fourth anniversary of Admission, before they can be sold or otherwise transferred. If there is a corporate event resulting in the change of control of the Company, the forfeiture and holding periods will cease to apply.

There are no agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment because of a takeover bid other than for payment for loss of office as detailed on page 101.

Anti-takeover devices

We do not have any devices which would limit the ability to perform a takeover of Auction Technology Group plc. This includes devices which would limit share ownership and/or issue new capital for the purpose of limiting or stopping a takeover.

Modern Slavery Statement

The Company's Modern Slavery Statement is reviewed and approved by the Board annually and published on our corporate website, in line with Section 54(1) of the Modern Slavery Act 2015. The statement covers the activities of the Company and its subsidiaries and details policies, processes and actions we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or any part of our business. More information on our statement can be found on our website www.auctiontechnologygroup.com.

Directors' Report continued

Articles of Association

The rules governing the appointment and removal of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by a special resolution of the shareholders. The powers of Directors are described in the Matters Reserved for the Board document and the Articles of Association, both of which can be found on our website.

Political donations

It is not the policy of the Company, or its subsidiaries, to make political donations as contemplated by the Companies Act and no donations were made by the Company to any political party during the year. However, the application of the relevant provisions of the Companies Act is very wide in nature and normal business activities of the Company, which might not be considered political donations or expenditure in the usual sense, may possibly be construed as political expenditure and fall within the restrictions of the Act. This could include sponsorships, subscriptions, payment of expenses and support for bodies representing the community. The Board therefore intends to renew shareholder authority at the Company's AGM to ensure that the Company does not inadvertently breach these provisions.

Post balance sheet events

There were no events after the balance sheet date.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Deloitte LLP will resign as auditor of the Group following the completion of the audit of the financial year ended 30 September 2023. The Board recommends to shareholders for approval the appointment of Ernst & Young LLP at the forthcoming AGM, following a competitive tender process conducted during FY23.

Annual General Meeting

The Company's AGM will be held at the office of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL on 30 January 2024. The Notice of AGM accompanies this report as a separate document.

Shareholders may requisition a general meeting of the Company, ask for a resolution to be tabled at the AGM or require the circulation of a members' statement in accordance with the requirements and procedure set out in the Companies Act 2006.

This report was approved by the Board of Directors on 30 November 2023 and signed on its behalf by:

Jayne Meacham
Company Secretary

30 November 2023

Directors' Responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements of the Group and Company in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with United Kingdom adopted International Accounting Standards and with the requirements of the Companies Act 2006. The Directors have chosen to prepare the parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 30 November 2023 and is signed on its behalf by:

John-Paul Savant
Chief Executive Officer
30 November 2023

Tom Hargreaves
Chief Financial Officer
30 November 2023

Independent Auditor's Report to the Members of Auction Technology Group plc

Report on the audit of the Financial Statements

1. Opinion

In our opinion:

- the Financial Statements of Auction Technology Group plc (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2023 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with United Kingdom adopted International Accounting Standards, and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB");
- the parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss;
- the Consolidated and parent Company Statements of Financial Position;
- the Consolidated and parent Company Statements of Changes in Equity;
- the Consolidated Statement of Cash Flows;
- the related notes 1 to 25 to the Consolidated Financial Statements; and
- the related notes 1 to 10 the Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group Consolidated Financial Statements is applicable law and United Kingdom adopted International Accounting Standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent Company for the year are disclosed in note 6 to the Financial Statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent Company.

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

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Risk of impairment to goodwill • Revenue recognition – auction fixed fees Within this report, key audit matters are identified as follows: ! Newly identified ↑ Increased level of risk — Similar level of risk ↓ Decreased level of risk
Materiality	The materiality that we used for the Consolidated Financial Statements was £1,620,000 which was determined on the basis of a blend of 3% of adjusted earnings before interest tax, depreciation, and amortisation (adjusted EBITDA – refer to note 3) and 5% of profit before tax.
Scoping	Four components were subject to full scope audits and three components were subject to specified audit procedures. These components provided coverage which totals 90% of the Group's adjusted EBITDA, 90% of revenue and 96% of net assets. All work performed on components was performed by the Group audit team.
Significant changes in our approach	We identified a new key audit matter this year relating to revenue recognition, with a focus on auction fixed fee revenue given the increase seen in this balance compared to the prior year. In the prior year we identified key audit matters related to the acquisition of LiveAuctioneers and functional currency. These are no longer considered as key audit matters as the level of audit effort involved in appropriately addressing these risks is not the most significant in our audit.

Independent Auditor's Report to the Members of Auction Technology Group plc continued

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting included:

- assessing as part of our risk assessment the nature of the Group and its business model and related risks including where relevant, the effect of the current macro economic uncertainty;
- obtaining an understanding of the relevant controls implemented by the Directors during the going concern assessment;
- challenging the underlying data and key assumptions used to make the assessment as well as evaluating the Directors' plans for future actions;
- understanding financing facilities including assessing forecast compliance with interest cover ratio covenants;
- understanding how the going concern model mirrors the business model and the forecasts used to assess impairments testing;
- assessing the maturity profile of the Company debt and the liquidity for the going concern period;
- performing sensitivity analysis based on the contradictory evidence, including consideration of market, latest third-party economic forecasts; and
- assessing the appropriateness of the going concern disclosures made in the Financial Statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Risk of impairment to goodwill

Key audit matter description	Goodwill on the balance sheet at 30 September 2023 is £474m (FY22: £489m). As required by IAS 36 Impairment of assets ("IAS 36") management performs an impairment review for all goodwill balances on an annual basis and for other assets whenever an indication of impairment is identified. This review identified the following groups of Cash Generating Units ("CGUs"): • Arts & Antiques ("A&A") (goodwill £299m) • Industrial & Commercial ("I&C") (goodwill £155m) • Auction Services (goodwill £20m) Impairment of goodwill and acquired intangibles has been identified as a key audit matter as a result of the quantitative significance of the balances, and the application of management judgement and estimation in performing impairment reviews, specifically with respect to: • the selection of the appropriate methodology (fair value less costs to sell or value in use) in determining recoverable amount for each group of CGUs; • the forecasted future cash flows, especially future cash flows resulting from payments and shipping revenue in the A&A CGU; and • determination of the appropriate discount and growth rates to be used in the model. Further details are included in notes 2, 11 and 12 to the Consolidated Financial Statements in relation to business combinations. Refer to the Audit Committee Report on page 85.

Independent Auditor's Report to the Members of Auction Technology Group plc continued

How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over management's review of the forecast, goodwill impairment model and the review of discount rates applied, which is performed annually. Our audit procedures included, but are not limited to the following: • performing sensitivity analyses and risk assessments to determine the level of risk in management's model; • obtaining an understanding of the relevant key controls relating to the impairment process; • assessing the integrity of management's impairment model through testing of the mechanical accuracy and the application of the input assumptions; • evaluating the process management undertook to prepare the cash flow forecasts in their impairment models including agreement with the latest Board-approved plans and management approved forecasts; • challenging the cash flow projections through assessing the accuracy of historical budgeting by comparing them with actual performance and independent evidence to support any significant expected future changes to the business assessing the allocation of goodwill to CGUs against the requirements of IAS 36; • involving internal valuation specialists to independently assess the appropriateness of the discount rates used; and • assessing the disclosures included in the Financial Statements, including the sensitivity analysis disclosures required by both IAS 36.
Key observations	Based on our procedures performed, we are satisfied goodwill is appropriately stated and concluded that the disclosure in the Financial Statements in relation to the impairment assessment of goodwill is appropriate.

5.2 Revenue recognition – auction fixed fees

Key audit matter description	The Group has recognised total revenue of £135.2m for the year ended 30 September 2023 (FY22: £119.8 m). Revenue is generated from marketplace revenues, auction services revenues and content related services as detailed in note 1. Revenue increased 13% compared to prior year as a result of higher auction fixed fees and the roll out of value-added services, the acquisition of ESN and a foreign exchange benefit. Auction fixed fees are fees charged to auction houses for the use of the different ATG online platforms, typically sold on a pay-as-you-go or a subscription basis. These fees charged to customers are based upon contracts that will vary for each customer based upon the number of auctions hosted on different ATG platforms, and the specific rate charged per auction. Given the increase seen in this revenue balance compared to the prior year and the manual nature of the internal controls in this area, we have pinpointed our key audit matter to the risk that auction fixed fees revenues are recorded for events that have not occurred. Further details are included in notes 2, 4 and 5 to the Consolidated Financial Statements in relation to revenue.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over auction fixed fees revenue relating to the approval of contractual rates. Our audit procedures included, but were not limited to the following: • understanding the revenue streams susceptibility to fraud; • performed tests of detail on the fixed fee revenue stream where we inspected the underlying contracts, invoices, receipt of funds, and agreed the transactions to the auction platforms; • assessing post year end credit notes listings to determine whether auction fixed fees are overstated; • assessing the disclosures provided in the Financial Statements in relation to revenue recognition against the requirements of IFRS 15.
Key observations	Based on our procedures performed, we are satisfied that the occurrence of auction fixed fee revenue for the year ended 30 September 2023 is appropriate.

Independent Auditor's Report to the Members of Auction Technology Group plc continued

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
Materiality	£1,620,000 (FY22: £1,320,000)	£1,458,000 (FY22: £1,188,000)
Basis for determining materiality	Using professional judgement, we determined materiality to be £1,620,000 based on a blended assessment of 3% of adjusted EBITDA and 5% of profit before tax. We also considered revenue as a supporting benchmark. In the prior year, we determined materiality based on a blended assessment of 4% of adjusted EBITDA and 5% of profit before tax.	Consistent with the prior year, we determined materiality based on net assets, which was then capped at 90% of Group materiality in order to address the risk of aggregation when combined with other components.
Rationale for the benchmark applied	We based materiality on a profit before tax metric as this is considered most relevant to the investors and analysts. The adjusted EBITDA metric was applied as this is the measure used by the Directors to assess the trading performance of the Group's businesses and is the measure of segment profit.	The Company acts principally as a holding company and therefore net assets is a key measure for this business.

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole.

	Group Financial Statements	Parent Company Financial Statements
Performance materiality	70% (FY22: 70%) of group materiality	70% (FY22: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we primarily considered our risk assessment of the Group's overall control environment, the history of aggregated prior period adjustments and our assessment of the competence of key management and accounting personnel.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.08m (FY22: £0.07m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

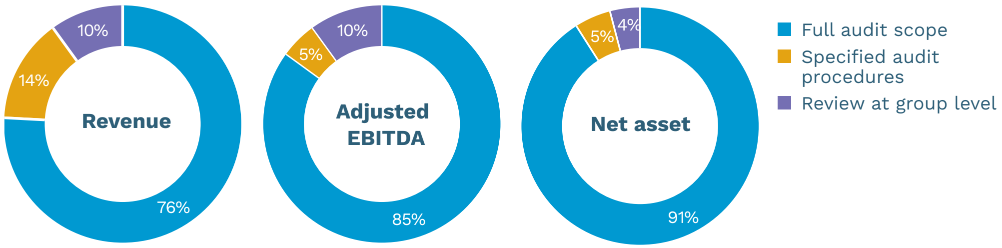
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

We performed scoping of the Group components using relevant benchmarks such as adjusted EBITDA and revenue to determine which entities we consider to be significant components. We considered all components that contribute in excess of 15% (FY22: 15%) of the benchmarks to be significant and require full audit procedures ("full audit scope"). Four components have been identified as significant and full audit procedures were performed. Specified audit procedures have been performed on three components.

Independent Auditor's Report to the Members of Auction Technology Group plc continued

Coverage from full scope components and specified audit procedures totals 90% (FY22: 92%) of the Group's adjusted EBITDA, 90% (FY22: 91%) of revenue and 96% (FY22: 80%) of net assets. All procedures were completed by the Group engagement team, we did not engage the use of component auditors.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit.



7.2 Our consideration of the control environment

We involved IT specialists to test the general IT controls over the key IT systems. We obtained an understanding of controls over revenue, the financial close and reporting and management's review of judgements and estimates. As described in the Audit Committee Report on page 88 there are IT control findings that still need to be remediated and there is work ongoing to align the systems of financial control across the Group. As such, we have not taken a control reliance approach as the control environment has deficiencies which management still need to address.

7.3 Our consideration of climate-related risk

This is the Group's second year reporting on climate-related issues in line with the Task Force on Climate-related Financial Disclosures ("TCFD") framework. Management considered the principal risks and uncertainties facing the Group and factored climate change into their risk assessment where they considered transitional, physical, and investor-related risks and opportunities, across the Group's value chain. This is set out in the Sustainability Report on page 48 to 50. The environmental impact and carbon footprint is considered to be low since the Group is a provider of digital marketplace technology. Based on the nature of the Group's operations, it has been assessed that climate change actually presents opportunities for the Group. As explained in note 1 in preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year. These considerations did not have a material impact on the financial reporting judgements and estimates. This is consistent with our evaluation of the climate related risks facing the Group. In addition, we have:

- performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction and did not identify any reasonably possible risks of material misstatement;
- involved our Environmental Social and Governance ("ESG") specialists in assessing the TCFD on pages 48 to 50 against the recommendations of the TCFD framework and disclosures. Our procedures consisted solely of considering whether they are materially inconsistent with the Financial Statements, or our knowledge obtained in the course of the audit. We have not been engaged to provide assurance over the accuracy of these disclosures.

8. Other information

The other information comprises the information included in the annual report other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the Members of Auction Technology Group plc continued

10. Auditor's responsibilities for the audit of the Financial Statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the legal function including the Group's general counsel, Directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: revenue recognition of auction fixed fees. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, tax legislation in the Group's various jurisdiction and pensions legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the General Data Protection Regulations, UK Bribery Act, employment law, health and safety, Energy and Carbon regulations, USA Firearms legislation, Laws around sale of Nazi memorabilia in Germany, Restrictions of ivory items and Competition law in the Group's various jurisdiction.

11.2 Audit response to risks identified

As a result of performing the above, we identified revenue recognition of auction fixed fees as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, procedures to respond to risks identified included the following:

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the Audit Committee, in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report to the Members of Auction Technology Group plc continued

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 27;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 34;
- the Directors' statement on fair, balanced and understandable set out on page 83;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 30;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 88; and
- the section describing the work of the Audit Committee set out on page 82.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors in 2014 to audit the Financial Statements for the year ending 30 September 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 10 years, covering the years ending 30 September 2014 to 30 September 2023.

The year ending 30 September 2023 will be the final year of Deloitte's tenure as Auction Technology Group plc's auditors.

15.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these Financial Statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Lee Welham, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

30 November 2023

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

for the year ended 30 September 2023

	Note	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Revenue	4,5	**135,225**	119,846
Cost of sales		**(43,481)**	(40,101)
Gross profit		**91,744**	79,745
Administrative expenses		**(69,724)**	(63,646)
Other operating income		**556**	718
Operating profit	6	**22,576**	16,817
Finance income	8	**181**	2,127
Finance costs	8	**(15,611)**	(9,665)
Net finance costs	8	**(15,430)**	(7,538)
Profit before tax		**7,146**	9,279
Income tax	9	**9,792**	(15,406)
Profit/(loss) for the year attributable to the equity holders of the Company		**16,938**	(6,127)
Other comprehensive (loss)/income for the year 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		**(42,378)**	86,126
Fair value gain/(loss) arising on hedging instruments during the year	22	**11,841**	(16,173)
Tax relating to these items	9	**(2,606)**	3,074
Other comprehensive (loss)/income for the year, net of income tax		**(33,143)**	73,027
Total comprehensive (loss)/income for the year attributable to the equity holders of the Company		**(16,205)**	66,900
Earnings /(loss) per share		**p**	p
Basic	10	**13.9**	(5.1)
Diluted	10	**13.8**	(5.1)

The above results are derived from continuing operations.

The notes on pages 129 to 159 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

as at 30 September 2023

	Note	30 September 2023 £000	30 September 2022 £000
ASSETS			
Non-current assets			
Goodwill	12	**474,315**	488,978
Other intangible assets	12	**221,112**	246,475
Property, plant and equipment	13	**734**	526
Right of use assets	17	**3,231**	1,714
Trade and other receivables	14	**113**	90
Total non-current assets		**699,505**	737,783
Current assets			
Trade and other receivables	14	**17,894**	15,790
Tax asset		**101**	1,565
Cash and cash equivalents	15	**8,539**	51,817
Total current assets		**26,534**	69,172
Total assets		**726,039**	806,955
LIABILITIES			
Non-current liabilities			
Loans and borrowings	18	**(108,969)**	(149,862)
Tax liabilities		**(800)**	(1,074)
Lease liabilities	17	**(2,656)**	(1,094)
Deferred tax liabilities	19	**(40,689)**	(64,618)
Total non-current liabilities		**(153,114)**	(216,648)
Current liabilities			
Trade and other payables	16	**(26,407)**	(18,780)
Loans and borrowings	18	**(12,861)**	(30,983)
Tax liabilities		**(3,098)**	(475)
Lease liabilities	17	**(599)**	(746)
Total current liabilities		**(42,965)**	(50,984)
Total liabilities		**(196,079)**	(267,632)
Net assets		**529,960**	539,323

	Note	30 September 2023 £000	30 September 2022 £000
EQUITY			
Share capital	20	**12**	12
Share premium	20	**236,231**	235,903
Other reserve	20	**238,385**	238,385
Capital redemption reserve	20	**5**	5
Share option reserve	20	**23,485**	34,690
Foreign currency translation reserve	20	**36,203**	66,740
Retained losses		**(4,361)**	(36,412)
Total equity		**529,960**	539,323

The notes on pages 129 to 159 are an integral part of these Consolidated Financial Statements. The Consolidated Financial Statements were approved by the Board of Directors on 30 November 2023 and signed on its behalf by:

John-Paul Savant **Tom Hargreaves**

Company registration number 13141124

Consolidated Statement of Changes in Equity

for the year ended 30 September 2023

	Note	Share capital £000	Share premium £000	Other reserve £000	Capital redemption reserve £000	Share option reserve £000	Foreign currency translation reserve £000	Retained losses £000	Total equity £000
1 October 2021		12	235,903	238,385	5	1,649	(3,213)	(33,287)	439,454
Loss for the year		–	–	–	–	–	–	(6,127)	(6,127)
Other comprehensive income		–	–	–	–	–	69,953	3,074	73,027
Total comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**69,953**	**(3,053)**	**66,900**
Transactions with owners									
Options issued as consideration for a business combination, net of transaction costs and tax	20	–	–	–	–	28,346	–	–	28,346
Share-based payments	21	–	–	–	–	4,695	–	78	4,773
Income tax relating to items taken directly to equity	9	–	–	–	–	–	–	(150)	(150)
30 September 2022		**12**	**235,903**	**238,385**	**5**	**34,690**	**66,740**	**(36,412)**	**539,323**
Profit for the year		–	–	–	–	–	–	16,938	16,938
Other comprehensive loss		–	–	–	–	–	(30,537)	(2,606)	(33,143)
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**–**	**–**	**(30,537)**	**14,332**	**(16,205)**
Transactions with owners									
Shares issued	20	–	328	–	–	–	–	–	328
Options exercised relating to previous business combination	20	–	–	–	–	(15,763)	–	15,763	–
Share-based payments	21	–	–	–	–	4,558	–	1,956	6,514
30 September 2023		**12**	**236,231**	**238,385**	**5**	**23,485**	**36,203**	**(4,361)**	**529,960**

Consolidated Statement of Cash Flows

for the year ended 30 September 2023

	Note	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Cash flows from operating activities			
Profit before tax		**7,146**	9,279
Adjustments for:			
Amortisation of acquired intangible assets	12	**26,595**	26,591
Amortisation of internally generated software	12	**3,827**	4,118
Depreciation of property, plant and equipment	13	**330**	280
Depreciation of right of use assets	17	**896**	920
Share-based payment expense	21	**7,028**	5,226
Finance income	8	**(181)**	(2,127)
Finance costs	8	**15,611**	9,665
Operating cash flows before movements in working capital		**61,252**	53,952
(Increase)/decrease in trade and other receivables		**(3,259)**	304
Decrease in trade and other payables		**(289)**	(4,847)
Cash generated by operations		**57,704**	49,409
Income taxes paid		**(8,143)**	(9,981)
Net cash from operating activities		**49,561**	39,428
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	11	**(24,932)**	(358,763)
Additions to internally generated software	12	**(8,727)**	(4,209)
Payment for property, plant and equipment	13	**(411)**	(270)
Payment for right of use assets	17	**(188)**	–
Interest income received		**181**	–
Payment of contingent consideration		**–**	(20,946)
Net cash used in investing activities		**(34,077)**	(384,188)
Cash flows from financing activities			
Payment of contingent consideration		**–**	(1,222)
Repayment of loans and borrowings	18	**(69,110)**	(359)
Proceeds from loans and borrowings	18	**21,250**	–
Payment of interest on lease liabilities	17	**(189)**	(137)
Payment of lease liabilities	17	**(794)**	(959)
Shares issued	20	**328**	–
Interest paid	18	**(10,651)**	(7,283)
Net cash used in financing activities		**(59,166)**	(9,960)
Cash and cash equivalents at the beginning of the year		**51,817**	397,451
Net decrease in cash and cash equivalents		**(43,682)**	(354,720)
Effect of foreign exchange rate changes		**404**	9,086
Cash and cash equivalents at the end of the year	15	**8,539**	51,817

Notes to the Consolidated Financial Statements

1. Accounting policies

General information
Auction Technology Group plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act.

The Company is a public company limited by shares and is registered in England and Wales. The registered office of the Company is The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom.

The principal activities of the Company and its subsidiaries (the "Group") and the nature of the Group's operations are set out in note 25 and in the Strategic Report on pages 2 to 68.

Presentation currency
The Consolidated Financial Statements are presented in pound sterling which is the currency of the primary economic environment in which the Group operates rounded to the nearest thousand. Foreign operations are included in accordance with policies set out on page 131. Given that a significant majority of the Group's revenue, costs and cash flows are generated in US dollars, the Board has determined that, for financial periods beginning on or after 1 October 2023, the Group will change the presentational currency in which the Group presents its consolidated financial results from pound sterling to US dollars.

Basis of preparation
The Consolidated Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company accounts present information about the entity and not about its Group.

The Consolidated Financial Statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS") and with the requirements of the Companies Act 2006. The Company has elected to prepare its parent Company Financial Statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006; these are presented on pages 160 to 163.

The Consolidated Financial Statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. All accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

New and amended accounting standards effective during the year
The following amended standards and interpretations were effective during the year:

- Amendments to IAS 16: Property, Plant and Equipment: proceeds before intended use
- IAS 37: Onerous Contracts: costs of fulfilling a contract
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3: Business Combinations: reference to conceptual framework

The adoption of the standards and interpretations has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

New standards, interpretations and amendments issued but not yet effective
The following new accounting standards, amendments and interpretations to accounting standards have been issued but these are not mandatory for 30 September 2023 and they have not been adopted early by the Group:

- IFRS 17: Insurance Contracts
- Amendments to IAS 1: Classification of liabilities as current and non-current
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies
- Amendments to IAS 8: Definition of accounting estimates
- Amendments to IAS 12: Deferred Tax related to assets and liabilities arising from a single transaction

The Directors anticipate that the adoption of planned standards and interpretations in future periods will not have a material impact on the Consolidated Financial Statements of the Group.

Going concern
The Directors are required to assess going concern at each reporting period. The Directors have undertaken the going concern assessment for the Group for a minimum of 12 months from the date of signing these financial statements. The Directors have assessed the Group's prospects, both as a going concern and its longer-term viability as set out on page 34. After considering the current financial projections, the bank facilities available and then applying severe but plausible sensitivities, the Directors of the Company are satisfied that the Group has sufficient resources for its operational needs and will remain in compliance with the financial covenants in its bank facilities for at least the next 12 months from the date of approving these Consolidated Financial Statements. The process and key judgements in coming to this conclusion are set out below:

Liquidity
The Group entered into the Senior Facilities Agreement on 17 June 2021 which included the Senior Term Facility for $204.0m for the acquisition of LiveAuctioneers. The Senior Term Facility was drawn down in full on 30 September 2021 prior to completion of the acquisition of LiveAuctioneers on 1 October 2021. During the year ended 30 September 2023, a prepayment of $53.7m (£48.0m) was paid on the Senior Term Facility. In the absence of any other prepayments, the next scheduled repayment would be $7.4m on 30 June 2024. The loan will be due for repayment on 17 June 2026. At 30 September 2023 the loan was subject to interest at a margin of 3.00% over US SOFR. In addition, the Group has a multi-currency revolving credit working capital facility (the "RCF") for $49.0m. Any sums outstanding under the RCF will be due for repayment on 17 June 2026. On 1 February 2023, $26.3m (£21.3m) was drawn down to partly fund the acquisition of ESN (see note 11), which has been repaid in full as at 30 September 2023. As at 30 September 2023 the Group has adjusted net debt of £115.7m and is in a net current liability position.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Covenants
The Group is subject to covenant tests on the Senior Term Facility, with the most sensitive covenant being the net leverage ratio covenant adjusted net debt: trailing 12-month adjusted EBITDA. The net leverage ratio covenant was a maximum of 4.0x, which reduced to 3.5x in Q2 FY23, was 3.0x at 30 September 2023 and will reduce to 2.75x in Q4 FY24. Under the base case forecasts and each of the downside scenarios, including the combined downside scenario, the Group is forecast to be in compliance with the covenants and have cash headroom, without applying mitigating actions which could be implemented such as reducing capital expenditure spend. At 30 September 2023, the net leverage ratio was 1.8x compared to the limit of 3.0x and therefore the Group was comfortably within the covenant.

Scenario planning
The Directors have undertaken the going concern assessment for the Group, taking into consideration the Group's business model, strategy, and principal and emerging risks. As part of the going concern review the Directors have reviewed the Group's forecasts and projections, assessed the headroom on the Group's facilities and the banking covenants. This has been considered under a base case and several plausible but severe downside scenarios, taking into consideration the Group's principal risks and uncertainties. These scenarios include significant reduction in commission revenue due to THV reduction, significant reduction in commission revenue due to conversion rate decline and lower revenue growth from value-added services across the Group. None of these scenarios individually or collectively threaten the Group's ability to continue as a going concern. Even in the combined downside scenario modelled (the combination of all downside scenarios occurring at once) the Group would be able to operate within the level of its current available debt facilities and covenants. Accordingly, the Directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements for the year ended 30 September 2023.

Climate change
The Group has assessed the impacts of climate change on the Group's Consolidated Financial Statements, including our commitment to achieving Net zero by 2040 and the actions the Group intends to take to achieve those targets. The assessment did not identify any material impact on the Group's significant judgements or estimates at 30 September 2023, or the assessment of going concern and the Group's viability over the next three years. Specifically, we have considered the following areas:

- the physical and transition risks associated with climate change; and
- the actions the Group is taking to meet its carbon reduction and Net zero targets.

As a result, the Group has assessed the potential impacts of climate change on the Consolidated Financial Statements, and in particular on the following areas:

- the impact on the Group's future cash flows, and the resulting impact such adjustments to the future cash flows would have on the outcome of the annual impairment testing of goodwill balances (see note 12), the recognition of deferred tax assets and our assessment of going concern;
- the carrying value of the Group's assets, in particular the recoverable amounts of intangible assets and property, plant and equipment; and
- changes to estimates of the useful economic lives of intangible assets and property, plant and equipment.

Basis of consolidation
The Consolidated Financial Statements consist of the financial statements of the ultimate parent Company and all entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of subsidiaries acquired or sold are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Employee Benefit Trust
The assets and liabilities of the Employee Benefit Trust have been included in the Consolidated Financial Statements. Any assets held by the Employee Benefit Trust cease to be recognised on the Consolidated Statement of Financial Position when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the Employee Benefit Trust are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Consolidated Statement of Comprehensive Income.

Business combinations
The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date.

Goodwill is stated after separate recognition of other identifiable intangible assets.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the accounting for business combinations involves provisional amounts, which are finalised in a subsequent reporting period during the 12-month measurement period as permitted under IFRS 3, restatement of these provisional amounts may be required in the subsequent reporting period.

Foreign currency

Functional currency

The functional currency of Auction Technology Group plc and its subsidiaries, other than the US holding companies, is measured using the currency of the primary economic environment in which the entity operates. The US holding companies in FY23 which had a functional currency of pound sterling include ATG US Holdings Limited and ATG US Holdings Inc. (formerly named ATG Media US Inc.), Proxibid Bidco Inc., Platinum Parent Inc., Platinum Intermediate Inc., Platinum Purchaser Inc. and LiveAuctioneers Inc.

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates of exchange at the reporting date. Gains and losses arising on foreign currency borrowings, to the extent that they are used to provide a hedge against the Group's equity investments in overseas undertakings, are taken to other comprehensive income together with the exchange difference arising on the net investment in those undertakings. All other exchange differences on monetary items are taken to profit and loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into pound sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the acquisition closing rate. This is then revalued at the year-end rate with any foreign exchange difference taken directly to the translation reserve.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged to the Consolidated Statement of Profit or Loss over the estimated useful lives of each part of an item of property, plant and equipment. The Directors reassess the useful economic lives and estimated residual values on an annual basis. The estimated useful lives are as follows:

Leasehold improvements	3 to 7 years straight line
Computer equipment	3 to 5 years straight line
Fixtures and fittings	3 to 5 years straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit or Loss.

Intangible assets

Identifiable intangibles are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Internally generated intangible assets

Included within internally generated software are development costs in relation to software which are capitalised when the related projects meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset has been established;
- it can be demonstrated that the asset will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development;
- the expenditure attributable to the intangible asset can be reliably measured; and
- management has the ability and intention to use or sell the asset.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

These projects are designed to enhance the existing software within the Group. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets.

The Group only capitalises internally generated costs from the configuration and capitalisation of SaaS projects when it is able to obtain economic benefits from the activities independent from the SaaS solution itself.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Development expenditure is only amortised over the period the Group is expected to benefit and is subject to annual impairment testing.

Acquired intangible assets

Acquired intangible assets include software, customer relationships, brand and non-compete agreements. Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation relating to capitalised software development costs is recognised through cost of sales whilst amortisation in respect of non-software intangibles is recognised through administrative expenses. Amortisation is charged to the Consolidated Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

Internally generated software	3 years
Software	3 to 10 years
Customer relationships	2 to 14 years
Brand	5 to 15 years
Non-compete agreement	4 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of non-financial assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit or Loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

Cash and cash equivalents, and restricted cash

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash includes cash held by the Group which can only be used to exchange or settle a specific liability in the future and cash held by the Trustee of the Group's Employee Benefit Trust.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Group classifies its financial assets into the following categories: financial assets at amortised cost, financial assets at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVTOCI").

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL on trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All income and expenses relating to financial assets that are recognised in the Consolidated Statement of Profit or Loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administrative expenses.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried at fair value with gains or losses recognised in the Consolidated Statement of Profit or Loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the Consolidated Statement of Profit or Loss are included within finance costs or finance income.

Hedge accounting

The Group designates foreign currency loans as hedging instruments in respect of foreign currency risk and hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Gains and losses accumulated in the foreign currency translation reserve are included in the Consolidated Statement of Profit or Loss on disposal of the foreign operation.

Revenue recognition

The Group recognises revenue when it has transferred the promised services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those services.

Marketplace revenues

Marketplace revenues include commissions (based on a percentage of the price of items sold at auction), auction fees (both pay-as-you-go and subscription based), value-added services, digital marketing and advertising and auction-related services.

Commission fees

The Group recognises commission fees as an agent on the basis that there is no contractual relationship with the end-consumer of goods sold at auction and the Group will receive its commission irrespective of whether the end-consumer makes its payment to the auction house.

The commission element of both subscription and pay-as-you-go contracts (see below) is based on the value of the items sold at auction and as such is subject to inherent uncertainty and cannot be estimated reliably in advance. The Group has determined that it is not possible to make a reliable estimate of the commissions that will be earned under a particular contract and as such the commission element of auction revenue is not recognised until the auction has completed and the revenue value is known.

Auction fixed fees

Contracts will typically specify an event (pay-as-you-go) or period of time during which the auction house may host a number of events (subscription) as well as other auction-related services.

Auction fixed fees sold under subscription-based contracts, in which the performance obligation is the provision of access to the technology platform and any auction-related services specified in the contract for that period of time, are recognised straight-line over the term of the contract. This recognition reflects the fact that the contract allows for continuous usage of the technology platform and its functionality together with any auction-related services.

Auction fixed fees sold under pay-as-you-go contracts result in a performance obligation that is satisfied by providing access for the duration of that specific auction. As auctions typically complete within one to three days, the Group recognises revenue on completion of the auction.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Value-added services
Value-added services include payments and shipping. The transaction price is the agreed fee between the marketplace and the customer and is recognised at a point in time when control of the promised services is transferred to the customer. The services are a distinct performance obligation based on the capability of being separately identified (optional) service and providing the customer a service that can be used on its own. The revenue recognised is the full fees received as the Group is acting as principal in the process. The Group has primary responsibility for fulfilling the service to the customer and has sole discretion in establishing the prices. The expenses for the fees paid to the other parties involved in the process are recognised separately within cost of sales.

Digital marketing and advertising
Marketing revenues are principally derived from banner advertising and fees generated from email campaigns. Revenue is recognised in line with the satisfaction of the campaign objectives (i.e. at the point that the campaign emails are sent or over the period that the banner is provided on the website).

Auction-related services
Auction-related services include mirrored bidding, customer support, buy-it-now functionality, online cataloguing and the provision of personnel to operate the auction. These contracts are deemed to represent a single performance obligation, on the basis that the customer could not benefit from the auction-related services without also having access to the auction platform, and therefore are not distinct performance obligations.

Auction services revenues
For back-office and software technology products, auction revenues sold under subscription-based contracts, in which the performance obligation is the provision of access to the technology platform and any auction-related services specified in the contract for that period of time, are recognised straight-line over the term of the contract. This recognition reflects the fact that the contract allows for continuous usage of the technology platform and its functionality together with any auction-related services.

Auction revenues sold under pay-as-you-go contracts result in a performance obligation that is satisfied by providing access for the duration of that specific auction. As auctions typically complete within one to three days, the Group recognises revenue on completion of the auction.

Content-related services
Content-related services primarily include print and digital advertising revenues and subscriptions to the Antiques Trade Gazette.

The Group identified one performance obligation for print advertising services which is to include the advert in a particular edition of the Antiques Trade Gazette. The performance obligation is satisfied and revenue is recognised at the point that the magazine is published. Where the advert is featured in a number of editions, the performance obligation is satisfied over the period that the advertisement is featured. Revenue is recognised evenly over the period that the advertisement is featured.

For magazine subscriptions, customers receive a specified number of editions during the subscription period. Revenue is recognised evenly over the subscription period.

Contract balances
Timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets represent revenue recognised prior to invoicing when it has satisfied its performance obligation and has the unconditional right to payment.

Contract liabilities consist of fees received related to unsatisfied performance obligations at the end of the period.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amounts of deferred tax assets are reviewed at each reporting date.

Employee benefits
Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred.

Share-based payments
The Group measures the cost of services received in exchange for share options based on the grant-date fair value of the award and recognises the cost over the period of required service for the award. The Group accounts for awards of shares to employees as share-based compensation as they vest with a corresponding credit to reserve for share-based payments. The fair value of options is calculated using an option pricing model.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of share options, any proceeds received from share option holders are recorded as an increase to share capital.

Leases

The Group's leases predominantly relate to property, mainly offices, however the Group's lease portfolio also includes other assets such as motor vehicles and computer equipment.

The Group recognises all leases on the Consolidated Statement of Financial Position, apart from in cases where the lease is for a period of less than 12 months or is for an asset with a low value. Low-value and short-term leases continue to be charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the period of the lease.

Lease liabilities are recognised at the present value of future lease payments, determined using the implicit interest rate in the lease where available, or using an incremental borrowing rate appropriate to the subsidiary and lease term where an implicit interest rate is not available or appropriate. A corresponding right of use asset is recognised, equivalent to the value of the lease liability, which is depreciated in a straight line over the shorter of the useful economic life of the asset and the lease term. The depreciation is recognised as an administrative expense within overheads. The unwinding of the discount on the present value of the lease liability is recognised as a finance charge over the lease term. Rent payments are used to reduce the lease liability and are disclosed as debt repayments in the Consolidated Statement of Cash Flows. Lease terms include any options to extend when it is reasonably certain that the extension will be taken.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Alternative performance measures

Management exercises judgement in determining the adjustments to apply to UK-adopted IAS measurements in order to derive suitable alternative performance measures ("APMs"). As set out and reconciled in note 2, APMs are used as management believes these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for performance analysis. The APMs are not defined by UK-adopted IAS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, their equivalent UK-adopted IAS.

2. Significant judgements and key sources of estimation uncertainty

The preparation of the Group's Consolidated Financial Statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are evaluated continually, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key estimation uncertainties are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimates were based, or as a result of new information or more experience.

Significant judgements are those that the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The significant judgements and key sources of estimation uncertainty disclosed in the annual financial statements for the year ended 30 September 2022 which are no longer applicable are:

- Impairment of goodwill (estimate); and
- LiveAuctioneers consideration (judgement).

For the year ended 30 September 2023, there are no key sources of estimation uncertainty and the significant judgements are detailed below:

Goodwill and other intangible assets arising from business combinations

The purchase price of an acquired company is allocated between intangible assets and the net tangible assets of the acquired business with the residual amount of the purchase price recorded as goodwill. The determination of the value of the intangible assets requires significant judgements and estimates to be made by management. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. Of the intangibles acquired, the customer relationship balances are especially sensitive to changes in assumptions around discount rates and customer attrition rates (see note 11).

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 two to 14 years; brands have a UEL of five to 15 years; software has a UEL of three to 10 years; and non-compete agreements have a UEL of four years.

Notes to the Consolidated Financial Statements continued

2. Significant judgements and key sources of estimation uncertainty continued

Functional currency of subsidiaries

There is an element of judgement required when assessing the functional currency of each subsidiary against the requirements and guidance of IAS21 "The Effects of Changes in Foreign Exchange Rates", in particular for intermediate holding companies. There were seven US holding companies within the Group that have a pound sterling functional currency. However, under US tax rules, their tax functional currency is US dollars. The US tax basis for these holding companies for the year ending 30 September 2023 included an unrealised foreign exchange loss of £28.2m (FY22: gain of £61.9m) on intra-group loans totalling £295.6m (FY22: loans of £295.6m). Under US tax rules, foreign exchange gains and losses are not taxable until they are realised. On a consolidated basis, with the pound sterling functional currency applied for these US holding companies there was no foreign exchange gain recognised in the Consolidated Financial Statements.

3. Alternative performance measures

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

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

Other commentary within the Annual Report and Accounts (CFO's Review pages 23 to 27), 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 operating items. Adjusted EBITDA at segment level is consistently defined but excludes central administration costs including Directors' salaries.

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Profit before tax	**7,146**	9,279
Adjustments for:		
Net finance costs (note 8)	**15,430**	7,538
Amortisation of acquired intangible assets (note 12)	**26,595**	26,591
Amortisation of internally generated software (note 12)	**3,827**	4,118
Depreciation of property, plant and equipment (note 13)	**330**	280
Depreciation of right of use assets (note 17)	**896**	920
Share-based payment expense (note 21)	**7,028**	5,226
Exceptional operating items	**2,712**	–
Adjusted EBITDA	**63,964**	53,952

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Reported revenue (note 4,5)	**135,225**	119,846
Adjusted EBITDA	**63,964**	53,952
Adjusted EBITDA margin	**47%**	45%

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

Share-based payment expense

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

Notes to the Consolidated Financial Statements continued

3. Alternative performance measures continued

Exceptional operating items

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

The exceptional operating items are detailed below:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Acquisition costs	2,712	–
Total exceptional operating items	**2,712**	–

For the year ended 30 September 2023, the Group's exceptional operating costs were in respect of the costs relating to the acquisition of ESN on 6 February 2023 (see note 11).

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

The business has undertaken focused acquisitive activity which has been strategically implemented to increase income, service range and critical mass of the Group. Acquisition costs comprise legal, professional, other consultancy expenditure incurred and retention bonuses for ESN employees payable one year after completion. The retention bonus is subject to service conditions and is being accrued over the period. The net cash outflow related to exceptional operating items in the period is £1.5m (FY22: £4.0m).

Adjusted earnings and adjusted diluted earnings per share

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

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Profit/(loss) attributable to equity shareholders of the Company	**16,938**	(6,127)
Adjustments for:		
Amortisation of acquired intangible assets	26,595	26,591
Exceptional finance items	4,272	(221)
Share-based payment expense	7,028	5,226
Exceptional operating items	2,712	–
Deferred tax on unrealised foreign exchange differences	(7,185)	15,899
Tax on adjusted items	(10,273)	(5,254)
Adjusted earnings	**40,087**	36,114

	Number	Number
Diluted weighted average number of shares (note 10)	**123,088,377**	122,441,916
	p	p
Adjusted diluted earnings per share (pence)	**32.6**	29.5

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

Amortisation of acquired intangible assets through business combinations

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

Exceptional finance items

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

Deferred tax on unrealised foreign exchange differences

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

Notes to the Consolidated Financial Statements continued

3. Alternative performance measures continued

Tax on adjusted items

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

Organic revenue

The Group has made certain acquisitions that have affected the comparability of the Group's results. Previously the Group had reported proforma revenue and proforma revenue growth which included acquisitions as if they had occurred at the start of the comparative period, with the comparative period being presented on a constant currency basis using the current year exchange rates. It was deemed by management more appropriate to present organic revenue and organic revenue growth in FY23 given the size of the ESN acquisition. Organic revenue shows the current period results excluding the acquisition of ESN on 6 February 2023. Organic revenue is shown on a constant currency basis using average exchange rates for the current financial period applied to the comparative period and is used to eliminate the effects of fluctuations in assessing performance. Refer to the Glossary on page 164 for the full definition.

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

	Unaudited Year ended 30 September 2023 £000	Unaudited Year ended 30 September 2022 £000
Reported revenue	**135,225**	119,846
Acquisition related adjustment	**(5,682)**	–
Constant currency adjustment	**–**	3,193
Organic revenue	**129,543**	123,039
Increase in organic revenue %	**5%**	

Adjusted net debt

Adjusted net debt comprises external borrowings net of arrangement fees and cash at bank which allows management to monitor the indebtedness of the Group. Adjusted net debt excludes lease liabilities and restricted cash (see note 15).

In the prior year, cash at bank included cash held by the Trustee of the Group's Employee Benefit Trust, which is not available to circulate within the Group on demand. This has been included in restricted cash and results in a restatement for the year ended 30 September 2022. This change in policy provides users with more reliable information about the nature of the Group's cash and cash equivalents.

	30 September 2023 £000	Restated 30 September 2022 £000
Cash at bank (note 15)	**6,097**	49,427
Current loans and borrowings (note 18)	**(12,861)**	(30,983)
Non-current loans and borrowings (note 18)	**(108,969)**	(149,862)
Total loans and borrowings	**(121,830)**	(180,845)
Adjusted net debt	**(115,733)**	(131,418)

Adjusted free cash flow and adjusted free cash flow conversion

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

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Adjusted EBITDA	**63,964**	53,952
Cash generated by operations	**57,704**	49,409
Adjustments for:		
Exceptional operating items	**2,712**	–
Working capital from exceptional and other items	**(1,187)**	4,983
Additions to internally generated software (note 12)	**(8,727)**	(4,209)
Additions to property, plant and equipment (note 13)	**(411)**	(270)
Payment for right of use assets (note 17)	**(188)**	–
Adjusted free cash flow	**49,903**	49,913
Adjusted free cash flow conversion (%)	**78%**	93%

Notes to the Consolidated Financial Statements continued

4. Operating segments

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

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

The four operating segments are as follows:

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

There are no undisclosed or other operating segments.

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

	Year ended 30 September 2023					
	A&A £000	**I&C £000**	**Auction Services £000**	**Content £000**	**Centrally allocated costs £000**	**Total £000**
Revenue	**65,624**	**58,223**	**8,300**	**3,078**	**–**	**135,225**
Adjusted EBITDA (see note 3 for definition and reconciliation)	**53,941**	**49,897**	**5,216**	**1,116**	**(46,206)**	**63,964**
Amortisation of intangible assets (note 12)	**(19,853)**	**(9,158)**	**(1,411)**	**–**	**–**	**(30,422)**
Depreciation of property, plant and equipment (note 13)	**(112)**	**(197)**	**(8)**	**(13)**	**–**	**(330)**
Depreciation of right of use assets (note 17)	**(554)**	**(279)**	**(8)**	**(55)**	**–**	**(896)**
Share-based payment expense (note 21)	**(1,491)**	**(1,764)**	**(84)**	**–**	**(3,689)**	**(7,028)**
Exceptional operating items (note 3)	**(2,712)**	**–**	**–**	**–**	**–**	**(2,712)**
Operating profit/(loss)	**29,219**	**38,499**	**3,705**	**1,048**	**(49,895)**	**22,576**
Net finance costs (note 8)	**–**	**–**	**–**	**–**	**(15,430)**	**(15,430)**
Profit/(loss) before tax	**29,219**	**38,499**	**3,705**	**1,048**	**(65,325)**	**7,146**

	Year ended 30 September 2022					
	A&A £000	I&C £000	Auction Services £000	Content £000	Centrally allocated costs £000	Total £000
Revenue	55,279	52,775	8,636	3,156	–	119,846
Adjusted EBITDA (see note 3 for definition and reconciliation)	45,777	45,629	6,090	1,089	(44,633)	53,952
Amortisation of intangible assets (note 12)	(18,504)	(10,931)	(1,274)	–	–	(30,709)
Depreciation of property, plant and equipment (note 13)	(87)	(176)	(6)	(11)	–	(280)
Depreciation of right of use assets (note 17)	(475)	(381)	(13)	(51)	–	(920)
Share-based payment expense (note 21)	(1,848)	(893)	(3)	–	(2,482)	(5,226)
Operating profit/(loss)	24,863	33,248	4,794	1,027	(47,115)	16,817
Net finance costs (note 8)	–	–	–	–	(7,538)	(7,538)
Profit/(loss) before tax	24,863	33,248	4,794	1,027	(54,653)	9,279

Notes to the Consolidated Financial Statements continued

4. Operating segments continued

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

	30 September 2023		30 September 2022	
	Total non-current assets £000	**Additions to non-current assets £000**	Total non-current assets £000	Additions to non-current assets £000
By operating segment				
A&A	**483,977**	**38,188**	506,484	395,683
I&C	**187,313**	**5,986**	199,504	58,829
Auction Services	**27,939**	**350**	31,704	201
Content	**276**	**256**	91	15
	699,505	**44,780**	737,783	454,728

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
By geographical location		
United Kingdom	**57,960**	65,954
USA	**637,489**	667,696
Germany	**4,056**	4,133
	699,505	737,783

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 2023 £000	Year ended 30 September 2022 £000
Product and customer types		
A&A	**65,624**	55,279
I&C	**58,223**	52,775
Auction Services	**8,300**	8,636
Content	**3,078**	3,156
	135,225	119,846
Primary geographical markets		
by location of operations		
United Kingdom	**19,654**	18,539
USA	**111,637**	97,765
Germany	**3,934**	3,542
	135,225	119,846
by location of customer		
United Kingdom	**20,029**	18,571
USA	**102,138**	89,055
Europe	**7,049**	6,648
Rest of world	**6,009**	5,572
	135,225	119,846
Timing of transfer of goods and services		
Point in time	**122,559**	110,539
Over time	**12,666**	9,307
	135,225	119,846

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

	30 September 2023 £000	30 September 2022 £000	1 October 2021 £000
Contract assets	**1,486**	837	597
Contract liabilities	**1,518**	1,783	1,367

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**1,452**	1,258

Notes to the Consolidated Financial Statements continued

6. Operating profit

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Employment costs (note 7)	**40,785**	35,725
Amortisation of intangible assets (note 12)		
– Acquired intangible assets	**26,595**	26,591
– Internally generated software	**3,827**	4,118
Depreciation of property, plant and equipment (note 13)	**330**	280
Depreciation of right of use assets (note 17)	**896**	920
Exceptional operating items (note 3)	**2,712**	–
Net exchange differences	**7**	(56)

The total remuneration of the Group auditor and its affiliates for services to the Group is analysed below:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Fees payable for the Group's annual financial statements	**897**	628
Fees payable for other assurance services:		
– Interim review	**100**	100
– Non-audit fees	**10**	365
Total auditor's remuneration	**1,007**	1,093

The non-audit fees for FY23 relate to covenant compliance reporting.

The non-audit fees for FY22 related to covenant compliance reporting and a review of the closing balance sheet of LiveAuctioneers at 30 September 2021. The review costs have been included as exceptional operating items (see note 3).

7. Staff costs and numbers

Staff costs for the year were as follows:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Wages and salaries	**30,596**	27,665
Social security costs	**2,533**	2,259
Pension costs	**628**	575
Share-based payment expense (note 21)	**7,028**	5,226
Total employment costs	**40,785**	35,725

The monthly average number of employees (including Executive Directors) by function:

	Year ended 30 September 2023 Number	Year ended 30 September 2022 Number
Management	**13**	10
Administrative employees	**56**	48
Operational employees	**327**	284
Average number of employees	**396**	342

8. Net finance costs

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Foreign exchange gain	**–**	2,070
Interest income	**181**	57
Finance income	**181**	2,127
Interest on loans and borrowings	**(10,572)**	(7,214)
Amortisation of finance costs	**(499)**	(465)
Foreign exchange loss	**(4,061)**	–
Movements in contingent consideration	**(211)**	(1,849)
Interest on lease liabilities	**(189)**	(137)
Interest on tax	**(79)**	–
Finance costs	**(15,611)**	(9,665)
Net finance costs	**(15,430)**	(7,538)

Notes to the Consolidated Financial Statements continued

9. Taxation

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Current tax		
Current tax on profit for the year	**9,379**	11,395
Adjustments in respect of prior years	**(167)**	(903)
Total current tax	**9,212**	10,492
Deferred tax		
Current year	**(18,198)**	6,328
Adjustments from change in tax rates	**(505)**	(564)
Adjustments in respect of prior years	**(301)**	(850)
Deferred tax	**(19,004)**	4,914
Tax (credit)/expense	**(9,792)**	15,406

The tax on the Group's profit 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 2023 £000	Year ended 30 September 2022 £000
Profit before tax	**7,146**	9,279
Tax at United Kingdom tax rate of 22% (FY22: 19%)	**1,572**	1,763
Tax effect of:		
Additional items deductible for tax purposes	**(643)**	(1,649)
Differences in overseas tax rates	**1**	(1,317)
Deferred tax on unrealised foreign exchange differences	**(7,185)**	15,899
Foreign exchange difference not (taxable)/deductible for tax purposes	**(2,564)**	3,027
Adjustments from change in tax rates	**(505)**	(564)
Adjustments in respect of prior years	**(468)**	(1,753)
Tax (credit)/expense	**(9,792)**	15,406

The deferred tax credit on unrealised foreign exchange differences of £7.2m (FY22: charge of £15.9m) arises from US holding companies which have pound sterling as their functional currency for the Consolidated Financial Statements but US dollar functional currency under US tax rules. Per the US tax basis these holding companies incurred an unrealised foreign exchange loss of £28.2m on intra-group loans denominated in pound sterling totalling £295.6m (FY22: gain of £61.9m). Unrealised foreign exchange differences are not taxable until realised, giving rise to deferred tax.

The Group's profit before tax includes foreign exchange gain of £10.1m from US holding companies on their US dollar denominated intra-group balances (FY22: loss of £15.9m) which are not (taxable)/deductible for US tax purposes giving rise to a permanent difference of £2.6m (FY22: £3.0m).

The Group's tax affairs are governed by local tax regulations in the UK, US and Germany. Given the uncertainties that could arise in the application of these regulations, judgements are often required in determining the tax that is due. Where management is aware of potential uncertainties in local jurisdictions, that are judged more likely than not to result in a liability for additional tax, a provision is made for management's best estimate of the liability, determined with reference to similar transactions and third-party advice. This provision at 30 September 2023 amounted to £0.8m (FY22: £1.1m).

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

Tax recognised in other comprehensive income and equity:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Other comprehensive income		
Current tax	**(2,606)**	3,074
Equity		
Deferred tax	**–**	(150)

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

Notes to the Consolidated Financial Statements continued

10. Earnings/(loss) per share

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

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares including non-vested/non-exercised ordinary shares. During the year and prior year, the Group awarded conditional share awards to Directors and certain employees through an LTIP (see note 21). For FY22, the non-vested/non-exercised ordinary shares are anti-dilutive given the loss for the year and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share calculation.

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Profit/(loss) attributable to equity shareholders of the Company	**16,938**	(6,127)

	Number	Number
Weighted average number of shares in issue	**121,050,307**	120,364,831
Weighted average number of options vested not exercised	**1,338,182**	–
Weighted average number of shares held by the Employee Benefit Trust	**(162,934)**	(61,741)
Weighted average number of shares	**122,225,555**	120,303,090
Dilutive share options	**862,822**	2,138,826
Diluted weighted average number of shares	**123,088,377**	122,441,916
	p	p
Basic earnings/(loss) per share	**13.9**	(5.1)
Diluted earnings/(loss) per share	**13.8**	(5.1)

11. Business combinations

Business combinations for the year ended 30 September 2023

Acquisition of Vintage Software LLC., trading as EstateSales.NET ("ESN")

On 6 February 2023, the Group acquired 100% of the equity share capital of ESN. ESN provides a platform to facilitate estate sales across the US. Both corporate estate sale companies as well as private customers use ESN to advertise online the sale of millions of unique second-hand items sourced from a range of events including private home estate sales and business liquidations. The purpose of the acquisition was to further strengthen the Group's presence in the US and expand its A&A segment into an attractive adjacent channel for the resale of second-hand items.

The maximum consideration payable is $40.0m (£33.1m), with an initial cash payment of $30.2m (£25.1m), deferred consideration of $10.0m (£8.3m) payable after 12 months and a working capital adjustment of $27,000 (£22,000).

Management calculated the fair value of the deferred consideration using the acquisition's internal rate of return to discount the liability, resulting in a liability of $9.6m (£8.0m). Exchange differences to reserves were recorded within foreign exchange differences on translation of foreign operations in the Consolidated Statement of Comprehensive Income or Loss. The unwinding of discount of £0.3m will be reported as a finance cost in the Consolidated Statement of Profit or Loss over the period of the earn-out.

Provisional purchase price allocation

Management assessed the fair value of the acquired assets and liabilities as part of the purchase price allocation ("PPA"). This has been prepared on a provisional basis and the fair values of the assets and liabilities is as set out below.

	Book value £000	Fair value adjustments £000	Provisional fair value £000
Acquired intangible assets – software	–	2,161	2,161
Acquired intangible assets – customer relationships	–	9,559	9,559
Acquired intangible assets – brand	229	2,406	2,635
Property, plant and equipment	161	–	161
Right of use assets	438	–	438
Cash and cash equivalents	155	–	155
Trade receivables and other receivables	41	–	41
Lease liabilities	(438)	–	(438)
Trade and other payables	(264)	–	(264)
Net assets on acquisition	**322**	**14,126**	**14,448**
Goodwill (note 12)			**18,609**
Total consideration			**33,057**
Consideration satisfied by:			
Initial cash consideration			25,087
Deferred consideration			7,970
			33,057
Net cash flow arising on acquisition:			
Initial cash consideration			25,087
Less: cash and cash equivalent balances acquired			(155)
			24,932

Notes to the Consolidated Financial Statements continued

11. Business combinations continued

Acquired intangible assets

Acquired intangible assets represent customer relationships, auction technology platform and brand for which amortisation of £1.4m has been charged for the year ended 30 September 2023. The intangible assets will be amortised over their respective expected useful economic lives: customer relationships of two to seven years, auction technology platform of five years and brand of 15 years. A 1% change in the customer attrition rate results in a £0.5m change in the valuation.

Deferred tax

Goodwill and acquired intangible assets of £33.0m are expected to be deductible for income tax purposes.

Goodwill

Goodwill arises as a result of the surplus of consideration over the fair value of the separately identifiable assets acquired. The main reason leading to the recognition of goodwill is the future economic benefits arising from assets which are not capable of being individually identified and separately recognised; these include the value of synergies expected to be realised post-acquisition, new customer relationships and the fair value of the assembled workforce within the business acquired.

Acquisition costs of £2.7m 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 operating items (see note 3). Between 6 February 2023 and 30 September 2023, ESN contributed £5.7m to Group revenues and a profit before tax of £1.1m. If the acquisition had occurred on 1 October 2022, Group revenue would have been £137.4m and Group profit before tax would have been £8.2m.

Business combinations for the year ended 30 September 2022

Acquisition of Platinum Parent Inc. ("LiveAuctioneers")

On 1 October 2021, the Group acquired 100% of the equity share capital of LiveAuctioneers. LiveAuctioneers is the provider of a curated online marketplace focused on the North American A&A segment, designed for live auctions of collectibles, antiques and fine art. The purpose of the acquisition was to further strengthen the Group's presence in the US and expand its A&A segment and accelerate the Group's build out of an online auction ecosystem that will benefit all stakeholders via the addition of an integrated payments solution.

Consideration

The maximum consideration payable of £404.7m ($543.9m) comprised:

- upfront cash consideration of £358.8m ($482.2m);
- rollover options and restricted stock units in Auction Technology Group plc in exchange for share options previously held in LiveAuctioneers' parent company, Platinum Parent Inc., for the value of £27.3m ($36.7m); and
- contingent consideration of up to a maximum £18.6m ($25.0m), subject to the performance of LiveAuctioneers against certain targets for the year ending 31 December 2021.

Management calculated the fair value of the contingent consideration based on the expected forecasts for the earn-out period and discounted using the acquisition's internal rate of return, resulting in a liability of £17.9m ($24.0m). The targets were met in full and cash contingent consideration of £18.0m was paid during the year ended 30 September 2022. Payments for the fair value of contingent consideration at the acquisition date are presented in the Consolidated Statement of Cash Flows within cash flows from investing activities. Payments for the changes in the fair value of contingent consideration since acquisition date are presented within cash flows from financing activities. Exchange differences to reserves were recorded within foreign exchange differences on translation of foreign operations in the Consolidated Statement of Comprehensive Income or Loss. The unwinding of discount of £0.7m is reported as a finance cost in the Consolidated Statement of Profit or Loss.

Notes to the Consolidated Financial Statements continued

11. Business combinations continued

Purchase price allocation

Management assessed the fair value of the acquired assets and liabilities as part of the purchase price allocation ("PPA").

The fair values of the assets and liabilities following the finalisation of the purchase price allocation are set out below:

	Book value £000	Fair value adjustments £000	Final fair value £000
Acquired intangible assets – software	8,133	16,361	24,494
Acquired intangible assets – customer relationships	27,053	92,970	120,023
Acquired intangible assets – brand	2,275	19,182	21,457
Internally generated software	1,820	–	1,820
Property, plant and equipment	88	–	88
Right of use assets	959	–	959
Trade receivables and other receivables	3,974	–	3,974
Income tax receivable/(payable)	194	(644)	(450)
Trade and other payables	(4,733)	(1,784)	(6,517)
Lease liabilities	(1,063)	–	(1,063)
Deferred tax liabilities	(11,287)	(30,865)	(42,152)
Net assets on acquisition	**27,413**	**95,220**	**122,633**
Goodwill (note 12)			**281,341**
Total consideration			**403,974**
Consideration satisfied by:			
Initial cash consideration			288,524
Debt amounts settled			70,239
Fair value of equity interest			27,322
Contingent consideration – cash			16,865
Contingent consideration – equity			1,024
			403,974
Net cash flow arising on acquisition:			
Initial cash consideration			288,524
Debt amounts settled			70,239
			358,763

Intangible assets

Intangible assets represent customer relationships, auction technology platform, payment technology and brand for which amortisation of £13.4m was charged for the year ended 30 September 2022. The intangible assets will be amortised over their respective expected useful economic lives: customer relationships of 14 years, auction technology platform of 10 years, payment technology of five years and brand of 15 years. Of the intangibles acquired, the customer relationship balances are especially sensitive to changes in assumptions around discount rates and customer attrition rates. A 1% change in the customer attrition rate results in a £12.0m change in the valuation.

Deferred tax

The fair value adjustment to the deferred tax liabilities of £30.9m relates to the deferred tax liability recognised on the acquired intangible asset and the tax effect of the other fair value adjustments.

Other fair value adjustments

During the measurement period, the Group finalised the valuation of onerous contracts and costs not accrued. Adjustments were made to the provisional PPA resulting in an increase in trade and other payables of £1.8m and income tax payable of £0.6m. The fair value of the assets acquired includes gross trade receivables of £4.1m. At acquisition date, the Group's best estimate of trade receivables expected not to be collected amounted to £0.3m.

Goodwill

Goodwill arises as a result of the surplus of consideration over the fair value of the separately identifiable assets acquired. The main reason leading to the recognition of goodwill is the future economic benefits arising from assets which are not capable of being individually identified and separately recognised; these include the value of future technology including the roll out of the payments platform to the wider Group, synergies expected to be realised post-acquisition, new customer relationships and the fair value of the assembled workforce within the business acquired. Goodwill deductible for tax purposes amounts to £18.1m.

Between 1 October 2021 and 30 September 2022, LiveAuctioneers contributed £38.7m to Group revenues and a profit before tax of £5.0m.

Notes to the Consolidated Financial Statements continued

12. Goodwill and other intangible assets

	Software £000	Customer relationships £000	Brand £000	Non-compete agreement £000	Total acquired intangible assets £000	Internally generated software £000	Goodwill £000	Total £000
Cost								
1 October 2021	11,945	59,817	11,426	1,236	84,424	11,485	141,160	237,069
Acquisition of business (note 11)	24,494	120,023	21,457	–	165,974	1,820	281,341	449,135
Additions	–	–	–	–	–	4,209	–	4,209
Exchange differences	5,953	27,966	5,493	260	39,672	2,118	66,477	108,267
30 September 2022	**42,392**	**207,806**	**38,376**	**1,496**	**290,070**	**19,632**	**488,978**	**798,680**
Acquisition of business (note 11)	2,161	9,559	2,635	–	14,355	–	18,609	32,964
Additions	–	–	–	–	–	8,727	–	8,727
Exchange differences	(3,040)	(14,019)	(2,764)	(126)	(19,949)	(1,448)	(33,272)	(54,669)
30 September 2023	**41,513**	**203,346**	**38,247**	**1,370**	**284,476**	**26,911**	**474,315**	**785,702**
Amortisation and impairment								
1 October 2021	5,376	12,947	1,880	297	20,500	7,332	–	27,832
Amortisation	6,118	17,436	2,736	301	26,591	4,118	–	30,709
Exchange differences	924	2,023	477	106	3,530	1,156	–	4,686
30 September 2022	**12,418**	**32,406**	**5,093**	**704**	**50,621**	**12,606**	**–**	**63,227**
Amortisation	4,610	18,727	2,917	341	26,595	3,827	–	30,422
Exchange differences	(527)	(1,303)	(276)	(59)	(2,165)	(1,209)	–	(3,374)
30 September 2023	**16,501**	**49,830**	**7,734**	**986**	**75,051**	**15,224**	**–**	**90,275**
Net book value								
1 October 2021	6,569	46,870	9,546	939	63,924	4,153	141,160	209,237
30 September 2022	29,974	175,400	33,283	792	239,449	7,026	488,978	735,453
30 September 2023	**25,012**	**153,516**	**30,513**	**384**	**209,425**	**11,687**	**474,315**	**695,427**

Included within internally generated software is capital work-in-progress of £3.5m (FY22: £2.8m).

Intangible assets, other than goodwill, have a finite life and are amortised over their expected useful lives at the rates set out in the accounting policies in note 1.

The expected amortisation profile of acquired intangible assets is shown below:

	Software £000	Customer relationships £000	Brand £000	Non-compete agreement £000	Total £000
One to five years	17,070	83,262	14,873	384	115,589
Six to 10 years	7,942	50,879	10,224	–	69,045
11 to 15 years	–	19,375	5,416	–	24,791
30 September 2023	**25,012**	**153,516**	**30,513**	**384**	**209,425**

Notes to the Consolidated Financial Statements continued

12. Goodwill and other intangible assets continued

Impairment assessment

The goodwill and intangibles attributed to each of the Group's cash-generating units ("CGUs") and groups of CGUs are assessed for impairment at least annually or more frequently where there are indicators of impairment. The Group tests for impairment of goodwill at the operating segment level representing an aggregation of CGUs, the level at which goodwill is monitored by management. No CGU or group of CGUs is larger than an operating segment as defined by IFRS 8 "Operating Segments" before aggregation. The recoverable amount for CGU groups has been determined on a value in use basis ("VIU").

The table below sets out the carrying values of goodwill and other acquired intangible assets allocated to each CGU at 30 September 2023 along with the pre-tax discount rates applied to the risk-adjusted cash flow forecasts and the long-term growth rate.

2023	Goodwill £000	Acquired intangible assets £000	Valuation method	Long-term growth rate	Pre-tax discount rate
A&A marketplaces	**299,196**	**177,091**	**VIU**	**3%**	**12.7%**
I&C marketplaces	**154,900**	**25,057**	**VIU**	**3%**	**12.7%**
Auction Services	**20,219**	**7,277**	**VIU**	**3%**	**11.4%**
Total	**474,315**	**209,425**			

2022	Goodwill £000	Acquired intangible assets £000	Valuation method	Long-term growth rate	Pre-tax discount rate
A&A marketplaces	304,282	196,672	VIU	3%	13.4%
I&C marketplaces	162,615	33,420	VIU	3%	13.4%
Auction Services	22,081	9,357	VIU	3%	12.1%
Total	488,978	239,449			

When testing for impairment, recoverable amounts for all the Group's CGUs and groups of CGUs are measured at their value in use by discounting the future expected cash flows from the assets in the CGUs. These calculations use cash flow projections based on Board approved budgets and approved plans. While the Group prepares a five-year plan, levels of uncertainty increase as the planning horizon extends. The Group's plan focuses more closely on the next three years, however for the purposes of the impairment testing the five-year forecasts are used as we do not anticipate the long-term growth rate to be achieved until after this time.

The key assumptions and estimates used for value in use calculations are summarised as follows:

Assumption	Approach
Risk-adjusted cash flows	are determined by reference to the budget for the year following the balance sheet date and forecasts for the following four years, after which a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Board has been prepared after considering the current economic environment in each of the Group's markets. These projections represent the Directors' best estimate of the future performance of these businesses.
CAGR	is the five-year compound annual growth rate from FY23 of the risk-adjusted cash flows above.
Long-term growth rates	are applied after the forecast period. These are based on external reports on long-term GDP growth rates for the main markets in which each CGU operates. Therefore, these do not exceed the long-term average growth rates for the individual markets.
Pre-tax discount rates	are derived from the post-tax weighted average cost of capital ("WACC") which has been calculated using the capital asset pricing model. They are weighted based on the geographical area in which the CGU group's revenue is generated. The assumptions used in the calculation of the WACC are benchmarked to externally available data and they represent the Group's current market assessment of the time value of money and risks specific to the CGUs. Movements in the pre-tax discount rates for CGUs since the year ended 30 September 2022 are driven by changes in market-based inputs. Any unsystematic risk on the CGUs has been inherently built into the cash flows of each of the CGUs and therefore no additional element of risk has been included in the discount rates used at 30 September 2023.

Notes to the Consolidated Financial Statements continued

12. Goodwill and other intangible assets continued

Sensitivity analysis

At 30 September 2023 under the impairment assessments prepared there is no impairment required. However, both the A&A marketplaces and Auction Services CGUs are sensitive to a movement in any one of the key assumptions. Management have therefore performed sensitivity analysis based on reasonably possible scenarios including increasing the discount rates and reducing the CAGR on the future forecast cash flows, both of which are feasible given the current future uncertainty of macroeconomics. For the I&C marketplaces CGU, there is no realistic change of assumption that would cause the CGU's carrying amount to exceed its recoverable amount.

For the A&A marketplaces CGU, under the base case there is headroom of £248.8m at 30 September 2023 (FY22: £28.0m). The year-on-year increase in headroom is due a number of factors but predominantly arises from the inclusion of ESN in the CGU, reduced discount rate, one year's amortisation and improved cash flows in the terminal year.

For the recoverable amount to fall to the carrying value, the discount rate would need to be increased to 17.4% from 12.7% (FY22: 13.9% from 13.4%), the long-term growth rate reduced to a negative 4.5% from 3.0% (FY22: 2.2% from 3.0%), or the CAGR from FY23 on the five-year future forecast cash flows reduced by nine ppt (FY22: one ppt). With an uncertain macroeconomic outlook, it is difficult to model the precise impact on business performance at this time but should there be an economic downturn the A&A segment is likely to be impacted in the short term due to reduced sales and margins but it would then be expected to return to higher growth in later years. Management has modelled a scenario where A&A CGU revenue declines 4% in both FY24 and FY25, resulting in a cumulative decrease of 8% with a return to steeper growth from FY26 to FY28. The overall impact on the five-year adjusted EBITDA CAGR is a reduction of 3%. A potential increase of 1% in discount rate or a reasonable worst-case increase of 2% in the discount rate and 3% reduction in five-year CAGR growth rate could reduce the headroom to £90.0m and £39.0m respectively (FY22: impairment of £59.0m and £96.0m).

For Auction Services with a headroom of £6.1m (FY22: £1.7m) for the recoverable amount to fall to the carrying value, the discount rate would need to be increased to 13.4% from 11.4% (FY22: 12.6% from 12.1%), the long-term growth rate reduced to 0.2% from 3.0% (FY22: 2.3% from 3.0%), or the CAGR on the five-year future forecast cash flows reduced by two ppt (FY22: three ppt). Auction Services is particularly sensitive to the long-term growth rate and discount rate applied. An increase of 1% in the discount rate and 1% reduction in the long-term growth rate could reduce headroom to £0.7m (FY22: impairment of £3.6m).

13. Property, plant and equipment

	Land and buildings leasehold £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost				
1 October 2021	245	370	144	759
Acquisition of business (note 11)	56	–	32	88
Additions	3	253	14	270
Disposals	–	(208)	–	(208)
Exchange differences	221	202	181	604
30 September 2022	**525**	**617**	**371**	**1,513**
Acquisition of business (note 11)	161	–	–	161
Additions	52	293	66	411
Disposals	(394)	(19)	(10)	(423)
Exchange differences	(51)	(31)	(33)	(115)
30 September 2023	**293**	**860**	**394**	**1,547**
Accumulated depreciation				
1 October 2021	102	221	57	380
Charge for the year	102	140	38	280
Disposals	–	(208)	–	(208)
Exchange differences	205	173	157	535
30 September 2022	**409**	**326**	**252**	**987**
Charge for the year	99	188	43	330
Disposals	(394)	(19)	(10)	(423)
Exchange differences	(52)	(14)	(15)	(81)
30 September 2023	**62**	**481**	**270**	**813**
Net book value				
1 October 2021	143	149	87	379
30 September 2022	116	291	119	526
30 September 2023	**231**	**379**	**124**	**734**

There is no material difference between the property, plant and equipment's historical cost values as stated above and their fair value equivalents.

Notes to the Consolidated Financial Statements continued

14. Trade and other receivables

	30 September 2023 £000	30 September 2022 £000
Current		
Trade receivables	**12,974**	12,660
Less: loss provision	**(376)**	(846)
	12,598	11,814
Other debtors and prepayments	**3,810**	3,139
Contract assets	**1,486**	837
	17,894	15,790
Non-current		
Other debtors and prepayments	**113**	90
	18,007	15,880

The Group applies the IFRS 9 “Financial Instruments” simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss model incorporates current and forward-looking information on macroeconomic factors affecting the Group’s customers.

The average credit period on sales is 30 days after the invoice has been issued. No interest is charged on outstanding trade receivables. At 30 September 2023 there were no customers who owed in excess of 10% of the total trade debtor balance (FY22: nil).

The ageing of trade receivables at 30 September was:

	2023			2022		
	Gross £000	Loss provision £000	Expected loss rate %	Gross £000	Loss provision £000	Expected loss rate %
Within 30 days	**9,940**	**39**	**–**	11,385	259	2%
Between 30 and 60 days	**1,074**	**2**	**–**	461	93	20%
Between 60 and 90 days	**525**	**9**	**2%**	249	99	40%
Over 90 days	**1,435**	**326**	**23%**	565	395	70%
30 September	**12,974**	**376**	**3%**	12,660	846	7%

The movement in the loss provision during the year was as follows:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
1 October	**846**	503
Arising on acquisition	**–**	277
(Decrease)/increase in loss allowance recognised in Consolidated Statement of Profit or Loss	**(132)**	226
Uncollectable amounts written off	**(270)**	(290)
Exchange differences	**(68)**	130
30 September	**376**	846

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The carrying amount of trade and other receivables approximates to their fair value. The total amount of trade receivables that were past due but not impaired was £1.6m (FY22: £0.3m).

Notes to the Consolidated Financial Statements continued

15. Cash and cash equivalents

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

	30 September 2023 £000	Restated 30 September 2022 £000
Cash at bank	**6,097**	49,427
Restricted cash	**2,442**	2,390
	8,539	51,817

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

In the prior year cash at bank included cash held by the Trustee of the Group's Employee Benefit Trust. As these funds are not available to circulate within the Group on demand, it is deemed more appropriate this should be classified as restricted cash. The prior year has been restated accordingly. This change in policy provides users with more reliable information about the nature of the Group's cash and cash equivalents.

16. Trade and other payables

	30 September 2023 £000	30 September 2022 £000
Current		
Trade payables	**3,715**	2,375
Payroll tax and other statutory liabilities	**5,490**	5,133
Deferred consideration	**8,090**	–
Accruals	**7,594**	9,489
Contract liabilities	**1,518**	1,783
	26,407	18,780

The carrying amount of trade and other payables classified as financial liabilities at amortised cost approximates to their fair value.

The deferred consideration will be settled in cash in February 2024. The unwinding of the discount on deferred consideration is £0.2m which is included as a finance cost (note 8) in the Consolidated Statement of Profit or Loss.

17. Leases

The Group leases assets including property and computer equipment.

The weighted average incremental borrowing rate contracted in FY23 was 7.5% (FY22: 6.6%).

	Land and buildings leasehold £000	Computer equipment £000	Motor vehicles £000	Total £000
Right of use assets				
1 October 2021	1,237	163	1	1,401
Acquisition of business (note 11)	959	–	–	959
Additions	67	–	–	67
Depreciation charge for the year	(752)	(167)	(1)	(920)
Exchange differences	200	7	–	207
30 September 2022	**1,711**	**3**	**–**	**1,714**
Acquisition of business (note 11)	438	–	–	438
Additions	567	–	–	567
Modifications	1,512	–	–	1,512
Depreciation charge for the year	(894)	(2)	–	(896)
Exchange differences	(103)	(1)	–	(104)
30 September 2023	**3,231**	**–**	**–**	**3,231**
Lease liabilities				
1 October 2021	1,253	179	–	1,432
Acquisition of business (note 11)	1,063	–	–	1,063
Additions	67	–	–	67
Interest charge for the year	132	5	–	137
Lease payments	(909)	(187)	–	(1,096)
Exchange differences	231	6	–	237
30 September 2022	**1,837**	**3**	**–**	**1,840**
Acquisition of business (note 11)	438	–	–	438
Additions	566	–	–	566
Modifications	1,324	–	–	1,324
Interest charge for the year	189	–	–	189
Lease payments	(980)	(3)	–	(983)
Exchange differences	(119)	–	–	(119)
30 September 2023	**3,255**	**–**	**–**	**3,255**
Current	599	–	–	599
Non-current	2,656	–	–	2,656
30 September 2023	**3,255**	**–**	**–**	**3,255**

During the year ended 30 September 2023, the Group's existing property lease in Omaha, United States expired and the Group entered into a new five-year lease with an option to extend for a further 10 years. The new lease is treated as an addition. The Directors have concluded that it is not reasonably certain that they would exercise their right to extend the lease until March 2038.

Notes to the Consolidated Financial Statements continued

17. Leases continued

The Group also extended its existing property lease in London, United Kingdom by five-and-half-years with no option to extend. The lease is treated as a modification as it original terms and conditions remain unchanged. Incremental costs of £0.2m incurred in extending the lease are included in the modification of the right of use asset.

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Depreciation charge	**(896)**	(920)
Interest charge	**(189)**	(137)
	(1,085)	(1,057)

The non-cancellable lease rentals are payable as follows:

	30 September 2023 £000	30 September 2022 £000
Within 1 year	**756**	881
Between 1 and 2 years	**772**	408
Between 2 and 5 years	**1,710**	556
	3,238	1,845

At 30 September 2022 and 2023, there were no non-cancellable commitments relating to short-term leases or low-value lease commitments.

18. Loans and borrowings

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

	30 September 2023 £000	30 September 2022 £000
Current		
Secured bank loan	**12,861**	30,983
Non-current		
Secured bank loan	**108,969**	149,862
	121,830	180,845

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

- A senior term loan facility (the "Senior Term Facility") for $204.0m for the acquisition of LiveAuctioneers. The Senior Term Facility was drawn down in full on 30 September 2021 prior to completion of the acquisition of LiveAuctioneers on 1 October 2021. During the year ended 30 September 2023, a prepayment of $53.7m (£48.0m) was paid on the Senior Term Facility. In the absence of any other prepayments, the scheduled repayment in FY24 is $7.4m on 30 June 2024 and $8.7m on 30 September 2024. The loan will be due for repayment on 17 June 2026.
- A multi-currency revolving credit working capital facility (the "Revolving Credit Facility") for $49.0m. Any sums outstanding under the Revolving Credit Facility will be due for repayment on 17 June 2026. On 1 February 2023, $26.3m (£21.3m) was drawn down to partly fund the acquisition of ESN (see note 11), and has been fully repaid by 30 September 2023.
- The Senior Facilities Agreement contains an adjusted net leverage covenant which tests the ratio of adjusted net debt against adjusted EBITDA and an interest cover ratio which tests the ratio of adjusted EBITDA against net finance charges, in each case as at the last date of each financial quarter, commencing with the financial quarter ending 30 September 2021. The Group has complied with the financial covenants of its borrowing facilities during the year ended 30 September 2023.

The movements in loans and borrowings are as follows:

	30 September 2023 £000	30 September 2022 £000
1 October	**180,845**	149,039
Repayment of loans and borrowings	**(69,110)**	(359)
Proceeds from loans and borrowings	**21,250**	–
Accrued interest and amortisation of finance costs	**11,071**	7,679
Interest paid	**(10,651)**	(7,283)
Exchange differences	**(11,575)**	31,769
30 September	**121,830**	180,845

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

	30 September 2023 £000	30 September 2022 £000
US dollar	**121,830**	180,845

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

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

Notes to the Consolidated Financial Statements continued

19. Deferred taxation

The movement of net deferred tax liabilities is as follows:

	Capitalised goodwill and intangibles £000	Tax losses £000	Share-based payments £000	Foreign exchange £000	Research and development £000	Other temporary differences £000	Total £000
1 October 2021	(12,229)	1,370	19	1,563	–	383	(8,894)
Acquisition of business (note 11)	(43,514)	548	276	511	–	27	(42,152)
Amount credited/(charged) to Consolidated Statement of Profit or Loss	6,327	3,526	1,002	(15,509)	–	(260)	(4,914)
Amount charged to equity	–	–	(150)	–	–	–	(150)
Exchange differences	(8,869)	673	(13)	(308)	–	9	(8,508)
30 September 2022	**(58,285)**	**6,117**	**1,134**	**(13,743)**	**–**	**159**	**(64,618)**
Deferred tax asset	–	–	–	–	–	–	–
Deferred tax liabilities	(58,285)	6,117	1,134	(13,743)	–	159	(64,618)
1 October 2022	(58,285)	6,117	1,134	(13,743)	–	159	(64,618)
Amount credited to Consolidated Statement of Profit or Loss	5,922	3,766	674	7,268	1,548	(174)	19,004
Exchange differences	4,163	(475)	–	1,172	9	56	4,925
30 September 2023	**(48,200)**	**9,408**	**1,808**	**(5,303)**	**1,557**	**41**	**(40,689)**
Deferred tax asset	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Deferred tax liabilities	**(48,200)**	**9,408**	**1,808**	**(5,303)**	**1,557**	**41**	**(40,689)**

Tax losses include unrelieved interest in the US, where there are sufficient taxable profits forecast to be available in the future to enable them to be utilised. These losses are available indefinitely. Tax on foreign exchange include unrealised foreign exchange differences arises from US holding companies with pound sterling as their functional currency for the Consolidated Financial Statements but US dollar functional currency under US tax rules (see note 9). A deferred tax asset of £1.6m (2022 nil) relates to the US research and development credit which is spread over future years rather than fully deductible in the year it arises.

No deferred tax asset has been recognised in respect of unused tax losses in the UK of £0.7m (FY22: £0.7m) as it is not considered probable that there will be future taxable profits available to offset these tax losses. The losses may be carried forward indefinitely. The temporary differences relating to the unremitted earnings of overseas subsidiaries amounted to £0.9m (FY22: £1.1m). However, as the Group can control whether it pays dividends from its subsidiaries and it can control the timing of any dividends, no deferred tax has been provided on the unremitted earnings on the basis there is no intention to repatriate these amounts. In presenting the Group's deferred tax balances, the Group offsets assets and liabilities to the extent we have a legally enforceable right to set off the arising income tax liabilities and assets when hose deferred tax balances reverse.

Notes to the Consolidated Financial Statements continued

20. Share capital and reserves

	30 September 2023 £000	30 September 2022 £000
Authorised, called up and fully paid		
121,491,412 ordinary shares at 0.01p each (FY22: 120,525,304 ordinary shares at 0.01p each)	**12**	12
	12	12

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

	Number of shares	Share capital £000	Share premium £000	Other reserve £000
1 October 2021	119,999,990	12	235,903	238,385
Shares issued	506,926	–	–	–
Shares issued in respect of share-based payment plans	18,388	–	–	–
30 September 2022	**120,525,304**	**12**	**235,903**	**238,385**
Shares issued	680,794	–	328	–
Shares issued in respect of share-based payment plans	285,314	–	–	–
30 September 2023	**121,491,412**	**12**	**236,231**	**238,385**

For the year ended 30 September 2023

966,108 ordinary shares of 0.01p each with an aggregate nominal value of £97 were issued for options that vested for a cash consideration of £328,000. These included management rollover options and restricted stock units granted in FY22 for the acquisition of LiveAuctioneers, Long-term Incentive Plan Awards (“LTIP Awards”), shares issued under the Share Incentive Plan (“SIP”) and Employee Stock Purchase Plan (“ESPP”) and to the Trust for LTIP Awards that have vested in the year.

For the year ended 30 September 2022

525,314 ordinary shares of 0.01p each with an aggregate nominal value of £53 were issued for options that vested. These included 50% of the restricted stock units granted for the LiveAuctioneers acquisition (see note 11), LTIP Awards, shares issued under the SIP and ESPP and to the Trust for LTIP Awards that have vested in the year.

Reserves

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

Retained losses	represent the profits/(losses) of the Group made in current and preceding years.
Other reserve	comprises: • a merger reserve that arose on the Group reorganisation on 13 January 2020 and is the adjustment of the comparative and current year consolidated reserves of the Group to reflect the statutory share capital and share premium of Auction Technology Group plc as if it had always existed; and • share premium, net of share issue costs, recognised in the other reserve in accordance with section 612 of the Companies Act 2006 for the equity raise on 17 June 2021 via a cashbox placing.
Capital redemption reserve	arose on the redemption or purchase of the Company’s own shares. The Company issued shares directly to the Trusts of 266,322 during the year and held 210,475 as at 30 September 2023 (FY22: 124,927).
Share option reserve	relates to share options awarded (see note 21) and options granted in FY22 for the acquisition of LiveAuctioneers.
Foreign exchange reserve	comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

21. Employee benefits

Defined contribution pension plans

The Group operates several defined contribution pension plans. The total expense relating to these plans in the current year was £0.6m (FY22: £0.6m). There was £69,000 accruing to these pension schemes as at 30 September 2023 (FY22: £78,000).

Share-based payments

The Group had three share-based payment plans in effect in FY23, details of which are set out in this note and the Directors’ Remuneration Report.

Pre-admission awards

Pre-admission awards were granted to employees in January and February 2021 in advance of the IPO. Pre-admission awards are subject to a three-year holding period subject to the recipient’s continued employment.

LTIP

The Long-term Incentive Plan (“LTIP”) is the primary long-term incentive plan for approximately 130 employees within the Group. Under the plan, annual nil-cost awards, based on a percentage of salary, may be offered. It is expected that these awards will normally vest over a three-year period subject to the recipient’s continued employment at the date of vesting and, for Executive Directors, the satisfaction of performance conditions to be measured over three financial years.

LA LTIP

Nil-cost awards under the LTIP were granted to employees on acquisition of LiveAuctioneers on 1 October 2021. These awards will vest over a range from one to six-year period subject to the recipient’s continued employment at the date of vesting.

Notes to the Consolidated Financial Statements continued

21. Employee benefits continued

SIP and ESPP

The Group operates a Share Incentive Plan ("SIP") and Employee Stock Purchase Plan ("ESPP") in which all employees, including Executive Directors, are eligible to participate. The plans were approved by shareholders in 2021 and implemented with effect from 1 November 2021.

UK participants in the SIP may invest up to £1,800 of their pre-tax salary each year to purchase shares in the Company. For each share acquired, the Company purchases a matching share. Employees must remain with the Group for three years from the date of purchase of each Partnership Share in order to qualify for the matching share, and for five years for the shares to be transferred to them tax free. The employee is entitled to dividends on shares purchased, and to vote at shareholder meetings. There is a similar scheme for employees in Germany. US participants in the ESPP may contribute a portion of their monthly salary over six-month periods up to a maximum of $12,500. At the end of the period, the employee has the option to withdraw their accumulated funds or purchase shares at a price equal to 85% of the lower of the market prices prevailing at the beginning or end of the period. Employees purchased 50,184 (FY22: 9,354) shares of the Company at a weighted average exercise price of £5.89.

Deferred bonus – equity settled

The Deferred Share Bonus Plan ("DSBP") is a discretionary plan for Executive employees to defer a portion of their cash bonus into an award of shares. Of the annual incentive to Executive Directors, 25% is deferred into shares under the DSBP. Deferred shares must normally be held for a period of three years.

The share awards/options set out below are outstanding at 30 September 2023.

	Share-based payment expense £000	Options at 1 October 2022 Number	Granted in the year Number	Exercised during the year Number	Cancelled/forfeited during the year Number	Options at 30 September 2023 Number
Pre-admission awards	**798**	**549,069**	**–**	**–**	**(65,503)**	**483,566**
LTIP	**4,884**	**1,043,047**	**919,954**	**(147,167)**	**(243,542)**	**1,572,292**
LA LTIP	**665**	**236,241**	**82,289**	**(39,820)**	**(107,532)**	**171,178**
Deferred bonus – equity settled	**79**	**8,636**	**19,187**	**–**	**–**	**27,823**
SIP and ESPP	**88**	**–**	**14,343**	**–**	**(1,672)**	**12,671**
Payroll tax	**514**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Total	**7,028**	**1,836,993**	**1,035,773**	**(186,987)**	**(418,249)**	**2,267,530**

The share awards/options set out below are outstanding at 30 September 2022.

	Share-based payment expense £000	Options at 1 October 2021 Number	Granted in the year Number	Exercised during the year Number	Cancelled/forfeited during the year Number	Options at 30 September 2022 Number
Pre-admission awards	909	642,686	–	–	(93,617)	549,069
LTIP	2,530	483,641	706,757	(10,144)	(137,207)	1,043,047
LA LTIP	1,301	–	242,174	–	(5,933)	236,241
Deferred bonus – equity settled	33	–	8,636	–	–	8,636
Payroll tax	453	n/a	n/a	n/a	n/a	n/a
Total	5,226	1,126,327	957,567	(10,144)	(236,757)	1,836,993

All share options outstanding are equity-settled and are options to subscribe for new ordinary shares of 0.01p each in the Company. The fair value is determined at the date of grant and is not subsequently remeasured unless conditions on which the award was granted are modified. The share options granted in the year have no market performance conditions associated with them and so fair value is deemed to be the share price at date of grant. The weighted average fair value per option granted during the year was £7.49 (FY22: £11.84). The resulting fair value which is expensed over the service period is adjusted, based on management's best estimate, for a percentage of employees that will leave the Group.

The weighted average exercise price of the options granted, exercised and forfeited was £nil (FY22: £nil) and the market price at date of exercise was £7.06 (FY22: £9.50). The options outstanding at 30 September 2022 and 2023 had a weighted average exercise price of £nil (FY22: £nil) and a weighted average remaining contractual life of 1.1 years (FY22: 1.7 years). There are 18,850 share options with a weighted average exercise price of £nil exercisable at 30 September 2023 (FY22: 6,072).

Notes to the Consolidated Financial Statements continued

22. Financial instruments

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The significant accounting policies are disclosed in note 1.

Financial instruments by category

	30 September 2023 £000	30 September 2022 £000
Financial assets held at amortised cost		
Trade and other receivables (excluding prepayments and non-financial assets)	**15,291**	13,078
Cash and cash equivalents	**8,539**	51,817
	23,830	64,895
Financial liabilities held at amortised cost		
Trade and other payables (excluding non-financial liabilities)	**(20,917)**	(13,647)
Loans and borrowings	**(121,830)**	(180,845)
	(142,747)	(194,492)

Financial risk management

The Group's activities and the existence of the above financial instruments expose it to a variety of financial risks. The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

Credit risk

The Group's exposure to credit risk arises from cash and cash equivalents, as well as outstanding receivables (note 14).

The Group's cash and cash equivalents are all held on deposit with leading international banks and hence the Directors consider the credit risk associated with such balances to be low. It is the Group's policy that banks and financial institutions only independently rated parties with a minimum rating of 'A' are accepted. If a bank rating is downgraded the business is required to move banks as soon as practicably possible.

The Group provides credit to customers in the normal course of business. The amounts presented in the Consolidated Statement of Financial Position in relation to the Group's trade receivables are presented net of loss allowances. The Group measures loss allowances at an amount equal to the lifetime ECL using both qualitative and quantitative information and analysis based on the Group's historical experience and forward-looking information. During the year there was a credit to the Consolidated Statement of Profit or Loss of £0.1m (FY22: charge of £0.2m) to reduce the loss allowance.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for growth. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group manages its cash and borrowing requirements through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects in order to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the Group. Borrowing facilities are arranged as necessary to finance requirements.

The table below analyses the Group's financial liabilities based on the period remaining to the contractual maturity dates at the reporting date. The amounts disclosed in the table are the carrying amounts and undiscounted net contractual cash flows.

2023	Carrying amount £000	Contractual cash flows £000	Due less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000
Loans and borrowings	**121,830**	**123,290**	**13,391**	**109,899**	**–**
Trade and other payables	**20,917**	**20,917**	**20,917**	**–**	**–**
30 September 2023	**142,747**	**144,207**	**34,308**	**109,899**	**–**

2022	Carrying amount £000	Contractual cash flows £000	Due less than 1 year £000	Between 1 and 5 years (restated[1]) £000	Over 5 years £000
Loans and borrowings	180,845	182,673	31,342	151,331	–
Trade and other payables	13,647	13,647	13,647	–	–
30 September 2022	194,492	196,320	44,989	151,331	–

1 Restated due to calculation error in the FY22 Consolidated Financial Statements.

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their local functional currency (primarily pound sterling, US dollars or euro) with the cash generated from their own operations in that currency.

The Group earns revenue and incurs costs in local currencies and is able to manage foreign exchange risk by matching the currency in which revenue is generated and expenses are incurred.

Movements in the exchange rate of the US dollar and the euro against pound sterling have an impact on both the result for the period and equity.

Notes to the Consolidated Financial Statements continued

22. Financial instruments continued

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	30 September 2023 £000	30 September 2022 £000
Net foreign currency monetary liabilities		
US dollars	**(125,770)**	(143,890)
Euros	**124**	1,888

The following table details the Group's sensitivity to a 10% (FY22: 10%) strengthening and weakening in pound sterling against the US dollar and euro. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. Where pound sterling strengthens 10% (FY22: 10%) against the relevant currency, a negative number below indicates an increase in profit in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Changes in Equity and a positive number indicates a decrease in profit in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Changes in Equity. For a 10% (FY22: 10%) weakening in pound sterling against the relevant currency, there would be an equal and opposite impact on the profit in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Changes in Equity.

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
US dollars		
Change in profit for the year in Consolidated Statement of Profit or Loss	**12,097**	15,842
Change in profit in Consolidated Statement of Changes in Equity	**480**	(1,953)
Euros		
Change in profit for the year in Consolidated Statement of Profit or Loss	**(8)**	(3)
Change in profit in Consolidated Statement of Changes in Equity	**(4)**	(183)

Deferred tax on unrealised foreign exchange differences arises from US holding companies with pound sterling as their functional currency for the Consolidated Financial Statements but US dollar functional currency under US tax rules (see note 9). Per the US tax basis these holding companies incurred an unrealised foreign exchange loss of £28.2m on intra-group loans denominated in pound sterling totalling £295.6m (FY22: gain of £61.9m). Unrealised foreign exchange differences are not taxable until realised, giving rise to deferred tax. Movements in the exchange rate of the US dollar against sterling have an impact on the result for the period. A 10% strengthening or weakening in pound sterling against the US dollar would result in an decrease or increase in the profit in the Consolidated Statement of Profit of Loss of £19.9m (FY22: £19.9m).

Net investment hedge

In June 2022, the Senior Term Facility was designated as a hedge of the net investment in the US dollar denominated subsidiaries. There was no ineffectiveness recorded from the net investment in foreign entity hedges.

	30 September 2023 £000	30 September 2022 £000
Net investment hedge		
Loans and borrowings	**121,830**	180,845
US dollar carrying amount of Senior Term Facility	**$150,286**	$183,000
Hedge ratio	**1:1**	1:1
Change in carrying amount of Senior Term Facility as a result of foreign currency movements recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss	**11,841**	(16,173)
Change in value of hedged item used to determine hedge effectiveness	**(11,841)**	16,173

Interest rate risk

The Group was exposed to interest rate risk during the year because entities in the Group borrowed funds at floating interest rates. There were loans of £121.8m outstanding at 30 September 2023 (FY22: £180.8m).

The sensitivity analyses below have been determined based on the exposure to interest rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole period.

If interest rates had been 200bps higher/lower and all other variables were held constant, the Group's profit for the year ended 30 September 2023 would increase or decrease by £2.3m (FY22: £3.3m). This is mainly attributable to the Group's exposure on its variable rate Senior Term Facility and Revolving Credit Facility.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure which provides an adequate return to shareholders. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Notes to the Consolidated Financial Statements continued

22. Financial instruments continued

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with IFRS 13 “Fair Value Measurement” as follows:

Level 1

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

Level 2

The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Level 3

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

There are no financial instruments classified as level 3.

Financing activities

The movements in assets/(liabilities) arising from financing activities are as follows:

2023	1 October 2022 £000	Arising on acquisition £000	Fair value movements £000	Other non-cash movements £000	Cash flow £000	Exchange differences £000	30 September 2023 £000
Cash and cash equivalents	**51,817**	**–**	**–**	**–**	**(43,682)**	**404**	**8,539**
Total financing assets	**51,817**	**–**	**–**	**–**	**(43,682)**	**404**	**8,539**
Bank loans	**(180,845)**	**–**	**–**	**(11,071)**	**58,511**	**11,575**	**(121,830)**
Lease liabilities	**(1,840)**	**(438)**	**–**	**(2,079)**	**983**	**119**	**(3,255)**
Total financing liabilities	**(182,685)**	**(438)**	**–**	**(13,150)**	**59,494**	**11,694**	**(125,085)**

2022	1 October 2021 £000	Arising on acquisition £000	Fair value movements £000	Other non-cash movements £000	Cash flow £000	Exchange differences £000	30 September 2022 £000
Cash and cash equivalents	397,451	–	–	–	(354,720)	9,086	51,817
Total financing assets	397,451	–	–	–	(354,720)	9,086	51,817
Bank loans	(148,686)	–	–	(7,674)	7,283	(31,768)	(180,845)
Loan notes	(353)	–	–	(5)	359	(1)	–
Contingent consideration	(2,794)	(17,889)	(1,849)	1,024	22,168	(660)	–
Lease liabilities	(1,432)	(1,063)	–	(204)	1,096	(237)	(1,840)
Total financing liabilities	(153,265)	(18,952)	(1,849)	(6,859)	30,906	(32,666)	(182,685)

Other non-cash movements include accrued finance costs, amortisation of finance costs, additions to lease liabilities and contingent consideration - equity portion.

Notes to the Consolidated Financial Statements continued

23. Related party transactions

For the year ended 30 September 2023

The Group paid seven months' rent of $80,000 (£64,000) to McQuade Enterprises LLC, a company owned by the previous owners of ESN. There were other no related party transactions.

For the year ended 30 September 2022

There were no related party transactions.

Key management personnel compensation

The Group has determined that the key management personnel constitute the Board and the members of the Senior Management Team.

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Short-term employee benefits	**3,182**	4,600
Post-employment benefits	**61**	73
Share-based payment expense	**3,908**	3,062
Total key management personnel compensation	**7,151**	7,735

Remuneration of Directors

Further details of the Directors' remuneration and share options are set out in the Remuneration Committee Report on pages 94 to 112. The total amounts for Directors' remuneration were as follows:

	Year ended 30 September 2023 £000	Restated[1] Year ended 30 September 2022 £000
Short-term employee benefits	**1,034**	1,354
Non-Executive Directors' fees	**334**	284
Post-employment benefits	**48**	46
Share-based payment expense	**1,624**	1,152
Total Directors' remuneration	**3,040**	2,836

1 Short-term benefits restated to include annual bonuses.

24. Events after the balance sheet date

There were no other events after the balance sheet date.

Notes to the Consolidated Financial Statements continued

25. List of subsidiaries

In accordance with section 409 of the Companies Act 2006, a full list of subsidiaries, the registered office and the effective percentage of equity owned included in these Consolidated Financial Statements at 30 September 2023 are disclosed below.

Subsidiary undertakings	Registered office	Principal activity	Proportion held
ATG Media Holdings Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
ATG Nominees Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
ATG US Holdings Inc.	251 Little Falls Drive, Wilmington, Delaware, 19808, United States	Holding company	100%
ATG US Holdings Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
Auction Bidco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
Auction Fluency Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Holdco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
Auction Midco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Mobility LLC	251 Little Falls Drive, Wilmington, Delaware, 19808, United States	Provision of auction trading software	100%
Auction Payment Network LLC	233 South 13th Street Suite 1900, Lincoln, Nebraska, 68508, United States	Provision of auction trading software	100%
Auction Technology Group Germany GmbH	Grosse Backerstrasse 9, 20095, Hamburg, Germany	Provision of auction trading software	100%
Auction Technology Group UK Holdings Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Topco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Bidspotter Inc.	251 Little Falls Drive, Wilmington, Delaware, 19808, United States	Provision of auction trading software	100%
LiveAuctioneers LLC	80 State Street, Albany, New York, 12207-2543, United States	Provision of auction trading software	100%
Metropress Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Provision of auction trading software	100%
Peddars Management Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Proxibid Inc.	233 South 13th Street Suite 1900, Lincoln, Nebraska, 68508, United States	Provision of auction trading software	100%
Proxibid UK Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Turner Bidco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Turner Topco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Vintage Software LLC	221 Bolivar Street, Jefferson City, Missouri, 65101, United States	Provision of auction trading software	100%

All holdings of subsidiaries are of ordinary shares. In addition, there are 100% preference shares held in Auction Topco Limited.

The United Kingdom dormant companies listed above are exempt from preparing individual accounts and from filing with the registrar individual accounts by virtue of Section 394 and 448 of the Companies Act 2006 respectively.

For the year ended 30 September 2023, the following subsidiary undertakings of the Group were exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Companies Act 2006.

Company	Company registration number
ATG Media Holdings Limited	06521301
Auction Bidco Limited	12401140
Auction Holdco Limited	12400986
Auction Midco Limited	12400881
Auction Technology Group UK Holdings Limited	06636047
Auction Topco Limited	12400807
Proxibid UK Limited	09023785
Turner Bidco Limited	08968359
Turner Topco Limited	08968154

Company Statement of Financial Position

as at 30 September 2023

	Note	30 September 2023 £000	30 September 2022 £000
ASSETS			
Non-current assets			
Investments	5	**270,351**	270,351
Trade and other receivables	6	**257,587**	246,457
Total non-current assets		**527,938**	516,808
Current assets			
Trade and other receivables	6	**314**	340
Cash and cash equivalents	7	**32**	–
Total current assets		**346**	340
Total assets		**528,284**	517,148
LIABILITIES			
Current liabilities			
Trade and other payables	8	**(1,629)**	(3,608)
Total current liabilities		**(1,629)**	(3,608)
Total liabilities		**(1,629)**	(3,608)
Net assets		**526,655**	513,540
EQUITY			
Share capital	9	**12**	12
Share premium	9	**236,231**	235,903
Other reserve	9	**238,389**	238,389
Capital redemption reserve	9	**5**	5
Share option reserve	9	**23,485**	34,690
Retained earnings		**28,533**	4,541
Total equity		**526,655**	513,540

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Profit or Loss and Other Comprehensive Income or Loss is presented in respect of the parent Company. The profit for the year attributable to the shareholders of the Company and recorded through the accounts of the Company was £6.3m (FY22: £14.7m).

The Company Financial Statements on pages 160 to 163 were approved by the Board of Directors on 30 November 2023 and signed on its behalf by:

John-Paul Savant **Tom Hargreaves**

Company registration number 13141124

Company Statement of Changes in Equity

for the year ended 30 September 2023

	Share capital £000	Share premium £000	Other reserve £000	Capital redemption reserve £000	Share option reserve £000	Retained earnings/ (losses) £000	Total £000
1 October 2022	**12**	**235,903**	**238,389**	**5**	**1,649**	**(10,265)**	**465,693**
Comprehensive income							
Profit and total comprehensive income for the period	–	–	–	–	–	14,728	14,728
Transactions with owners							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	–	–	–	–	28,346	–	28,346
Movement due to equity-settled share-based payments	–	–	–	–	4,695	78	4,773
30 September 2022	**12**	**235,903**	**238,389**	**5**	**34,690**	**4,541**	**513,540**
Comprehensive income							
Profit and total comprehensive income for the year	–	–	–	–	–	6,273	6,273
Transactions with owners							
Shares issued	–	328	–	–	–	–	328
Share-based payments	–	–	–	–	(11,205)	17,719	6,514
30 September 2023	**12**	**236,231**	**238,389**	**5**	**23,485**	**28,533**	**526,655**

Notes to the Company Financial Statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

General information

Auction Technology Group plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act.

The Company is a public company limited by shares and is registered in England and Wales. The registered office of the Company can be found on page 129.

The principal activity of the Company is to act as an investment holding company that provides management services to its subsidiaries.

Basis of preparation

These financial statements present information about the Company as an individual undertaking and not about its Group. These financial statements have been prepared under the historic cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of the UK-adopted International Accounting Standards ("UK-adopted IAS") but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of share-based payments;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures", including disclosures in respect of the compensation of key management personnel;
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 "Impairment of Assets"; and
- a separate Statement of Profit or Loss in line with the Section 408 exemption.

Where required, equivalent disclosures are given in the Consolidated Financial Statements.

The Company has no other related party transactions other than the compensation of key management personnel, set out in note 23 of the Consolidated Financial Statements.

The principal accounting policies adopted are the same as those set out in note 1 to the Consolidated Financial Statements except as noted below.

Share-based payments

The Company had three share-based payment plans in effect in FY23, set out in note 21 of the Consolidated Financial Statements and the Directors' Remuneration Report.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Impairment of investments

The Company evaluates its investments for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, an impairment is recorded.

2. Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements and estimates made by the Directors in the application of these accounting policies that have significant effect on these financial statements and estimates with a significant risk of material adjustment in the next financial year are set out below. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. There are no significant estimates or judgements in the financial statements.

3. Staff costs

The Company has no employees other than the Directors. The monthly average number of persons employed by the Company during the year amounted to two (FY22: two). Details of Directors' remuneration are set out in the Directors' Remuneration Report.

4. Auditor's remuneration

The Company has incurred audit fees of £15,000 (FY22: £13,700) for the year.

Notes to the Company Financial Statements continued

5. Investments

	30 September 2023 £000	30 September 2022 £000
1 October	**270,351**	134,048
Additions	**–**	136,303
30 September	**270,351**	270,351

In September 2022, the Company restructured its investments resulting in an increased investment in Auction Topco Limited of £11.9m and Auction Holdco Limited, previously an indirect investment, becoming a direct subsidiary following the transfer of its shares from Auction Midco Limited to the Company at book value of £124.7m.

Details of the principal subsidiary undertakings of the Company at 30 September 2023 can be found in note 25 of the Consolidated Financial Statements.

6. Trade and other receivables

	30 September 2023 £000	30 September 2022 £000
Current		
Other debtors and prepayments	**314**	340
	314	340
Non-current		
Deferred tax asset	**432**	229
Amounts owed by Group undertakings	**257,155**	246,228
	257,587	246,457
	257,901	246,797

Non-current amounts owed by Group undertakings is a loan with interest rate of 5.5% and repayable in September 2029.

The Directors are of the opinion that based on recent and forecast trading it is probable that the level of profits in future years is sufficient for the deferred tax assets to be recovered.

7. Cash and cash equivalents

	30 September 2023 £000	30 September 2022 £000
Cash at bank	**32**	–

8. Trade and other payables

	30 September 2023 £000	30 September 2022 £000
Trade payables	**530**	112
Corporation tax	**40**	1,781
Amounts owed to Group undertakings	**–**	235
Payroll tax and other statutory liabilities	**319**	153
Accruals	**740**	1,327
	1,629	3,608

9. Share capital and reserves

	30 September 2023 £000	30 September 2022 £000
Authorised, called up and fully paid		
121,491,412 ordinary shares at 0.01p each (FY22: 120,525,304 ordinary shares at 0.01p each)	**12**	12

Further details of movements in share capital and reserves are outlined in note 20 of the Consolidated Financial Statements.

Reserves

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

Retained earnings/ (losses)	represent the profits/(losses) of the Company made in current and preceding years.
Other reserve	comprises: • a merger reserve that arose on the Group reorganisation on 13 January 2020 and is the adjustment of the comparative and current year consolidated reserves of the Group to reflect the statutory share capital and share premium of Auction Technology Group plc as if it had always existed; and • share premium, net of share issue costs, recognised in the other reserve in accordance with section 612 of the Companies Act 2006 for the equity raise on 17 June 2021 via a cashbox placing.
Capital redemption reserve	arose on the redemption or purchase of the Company's own shares. The Company issued shares directly to the Trust of 266,322 during the year and held 210,475 as at 30 September 2023 (FY22: 124,927).
Share option reserve	relates to share options awarded and options granted for the FY22 acquisition of LiveAuctioneers (see note 20 and 21 of the Consolidated Financial Statements). Equity-settled share-based payments made available to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award with a corresponding charge to the Company's subsidiaries.

10. Post balance sheet events

There were no other events after the balance sheet date.

Glossary

A&A	Art & Antiques
atgPay	the Group's integrated payment solution
atgShip	the Group's integrated shipping solution
Auction Mobility	Auction Mobility LLC
Bidder sessions	web sessions on the Group's marketplaces online within a given timeframe
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
ESN	the Group's marketplace operated via the www.EstateSales.NET domain
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 fees and auctioneers' commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
i-bidder	the Group's marketplace operated by the www.i-bidder.com domain
I&C	Industrial & Commercial
LiveAuctioneers	the Group's marketplace operated via the www.liveauctioneers.com domain
Lot-tissimo	the Group's marketplace operated via the www.lot-tissimo.com domain
LTIP Awards	the Company's Long-term Incentive Plan
Marketplaces	the online auction marketplaces operated by the Group
Conversion rate	represents GMV as a percentage of THV; previously called 'online share'
Organic revenue	Organic revenue shows the current period results excluding the acquisition of ESN on 6 February 2023. Organic revenue is shown on a constant currency basis using average exchange rates for the current financial period applied to the comparative period and is used to eliminate the effects of fluctuations in assessing performance
Proxibid	the Group's marketplace operated via the www.proxibid.com domain
The Saleroom	the Group's marketplace operated via the www.the-saleroom.com domain
Take rate	represents the Group's marketplace revenue, excluding EstateSales.NET, as a percentage of GMV. Marketplace revenue is the Group's reported revenue excluding Content and Auction Services revenue
THV	total hammer value, representing the total final sale value of all lots listed on the marketplaces or the platform, excluding additional fees (such as online fees and auctioneers' commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
Timed auctions	auctions which are held entirely online (with no in-room or telephone bidders) and where lots are only made available to online bidders for a specific, pre-determined timeframe
Timed+	the Group's integrated bidding solution for timed auctions on LiveAuctioneers and Auction Mobility

Auction item images featured within this report

- Page 5: image courtesy of Palm Beach Modern Auctions
- Page 9: image courtesy of Dore & Rees
- Page 12: image courtesy of Keys Fine Art Auctioneers
- Page 29: image courtesy of Mellors & Kirk
- Page 44: image courtesy of Dreweatts
- Page 45: image courtesy of Dreweatts
- Page 71: image courtesy of Roseberys Fine Art Auctioneers

Shareholder Information

Company website
The Company's website at www.auctiontechnologygroup.com contains the latest information for shareholders.

Annual General Meeting
The 2024 AGM will be held on 30 January 2024 at 2:00pm at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL. The AGM provides the Board with the opportunity to engage with shareholders. Full details of the business to be considered at the meeting will be included in the Notice of Annual General Meeting. The Notice of Meeting and all other details for the AGM will be available on the Company's website, www.auctiontechnologygroup.com.

Share price information
The latest price of the Company's ordinary shares is available on www.londonstockexchange.com. ATG's ticker symbol is ATG.

Registrar
The Company's share register is maintained by Equiniti. Shareholders should contact the registrar, Equiniti, in connection with changes of address, lost share certificates, transfers of shares etc and they can be contacted as follows:

Shareholder helpline: +44 (0) 371 384 2030 (If calling from outside of the UK, please ensure the country code is used). Open Monday to Friday 08:30am to 5.30pm.

Further contact details can be found here: https://equiniti.com/uk/contact-us/shareholder-enquiries/

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex
BN99 6DA

Electronic communications
If you would like to receive all shareholder information such as the Annual Report and Notice of Meeting via our website and receive a notification by email each time new information is available, please register for electronic communications at www.shareview.co.uk.

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www.auctiontechnologygroup.com