

AUCTION TECHNOLOGY GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

Strong first half performance leading to increased full year outlook as ATG leads the transformation of the auction industry

London, United Kingdom, 19 May 2022 – Auction Technology Group plc (“ATG”, “the Company”, “the Group”) (LON: ATG), operator of the world’s leading marketplaces for curated online auctions, today announces its unaudited financial results for the six months ended 31 March 2022.

Financial results

	HY 22	HY 21	Movement
Adjusted¹			
Proforma revenue ^{1&2}	£57.7m	£49.9m	+16%
Adjusted EBITDA ¹	£26.8m	£17.0m	+ 58%
Adjusted EBITDA margin % ¹	46%	49%	-3ppt
Adjusted diluted earnings per share ¹	13.4p	0.9p	+1,389%
Adjusted free cash flow ¹	£24.3m	£14.5m	+68%
Adjusted net (debt)/cash ¹	£(119.7)m	£6.1m	-£125.8m
Reported			
Revenue	£57.7m	£34.5m	+67%
Operating profit/(loss)	£9.2m	£(12.0)m	+177%
Operating margin %	16%	(35%)	+51ppt
Profit/(loss) before tax	£3.3m	£(22.6)m	+115%
Basic earnings/(loss) per share	3.2p	(37.1)p	+109%
Cash generated by operations	£22.1m	£8.7m	+154%

Financial highlights

- Revenue of £57.7m, up 16% a proforma basis² year-on-year and up 67% on a reported basis, driven by resilient growth in Total Hammer Value³ (“THV”) as well as strong growth in value-add services; a consecutive strong first half performance with the prior year having benefited from Covid-19 tailwinds
- Adjusted EBITDA of £26.8m, up 58% year-on-year; Adjusted EBITDA margin of 46%, up from 45% in FY 21
- Profit before tax of £3.3m, compared to a loss of £22.6m in the same period last year, after share-based payments expense, intangible asset amortisation and FX losses on our USD denominated loan
- Basic earnings per share of 3.2p and adjusted diluted earnings per share of 13.4p compared to 0.9p in the same period last year
- Strong cash generation, with £24.3m of Adjusted free cash flow and closing adjusted net debt of £119.7m after completion of the LiveAuctioneers acquisition. Adjusted net debt/ adjusted last twelve months EBITDA ratio below 2.5x

Operational Highlights

- THV up 27% to £4.9bn, driven by the auction industry’s continuing structural shift online, more inventory coming to market, higher second-hand asset prices and our continued strategic expansion into newer verticals
- Gross Merchandise Value³ (“GMV”) of £1.6bn, up 25% year-on-year; online share³ of 33%
- Take rate³ impacted by particularly strong THV growth in verticals that typically have a significantly lower commission rate, including real estate. Excluding the impact of real estate, take rate would have increased by 0.2ppt
- Successful acquisition and integration of LiveAuctioneers; performing ahead of our plans. Over 50% of auction houses on LiveAuctioneers have adopted their payments solution and we are on track for a payments rollout to Proxibid by the end of the calendar year
- Over 89m bidding sessions and over 54m bids placed in the half, demonstrating the strength of our competitive position in the online auction market

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

“I am delighted with the strong performance that we delivered in the first half of 2022. Our continued growth clearly demonstrates that the auction industry’s structural shift online that began pre Covid-19, and accelerated during the pandemic, has continued. Auctioneers list their assets where they can get the highest return for their consignors, and bidders buy where they can find the widest choice while buying with the highest degree of trust. ATG’s growth, even amidst uncertainty in the broader world economy, demonstrates both the value that we bring to auctioneers and bidders and the increasing diversity of our revenues. Our team is continuing to work hard to enhance our offering and we have seen more bidders, higher asset prices and more items listed to sell, thereby driving the virtuous cycle for bidders and auctioneers.

“The successful acquisition of LiveAuctioneers has provided us with access to the huge North America Arts & Antiques market. We are particularly pleased with the strength of LiveAuctioneers’ payments product and the depth of the LiveAuctioneers team, which gives us confidence in the roll-out of payments later this year, as well as giving us good visibility into other value-add services in the future.

“We are looking forward to building on the milestones we have achieved as we continue to unlock the value of the secondary goods market and accelerate the growth of the circular economy. I am incredibly excited by the future for ATG as we are still in the early stages of our journey to lead the evolution of the auction industry. Our shared success model means we are very well placed both to deliver against the multiple growth

opportunities ahead while enabling our partners to also grow and to maximise the value of all secondary market goods, which we believe will lead to a less wasteful, greener world.”

Current trading and outlook

Our performance in the first half of FY 22 was better than expected, driven by the strong growth in THV. Trading for the second half to date has remained in line with Board expectations. Therefore, based on our HY 22 outperformance and management’s unchanged view of the second half of FY 22, we are increasing our revenue growth guidance. For FY 22, we now expect low double digit proforma revenue growth. Our FY margin guidance remains unchanged as we continue to invest in our business to support future growth. We remain confident of achieving our medium-term targets of mid-teens plus proforma revenue growth and mid-high 40’s Adjusted EBITDA margin percentages.

Webcast presentation

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

For further information, please contact:

ATG

For investor enquiries rebeccaedelman@auctiontechnologygroup.com
For media enquiries press@auctiontechnologygroup.com

J.P. Morgan Cazenove

(Joint corporate broker to ATG) +44 207 742 4000
Bill Hutchings, James Summer, Will Vanderspar

Numis Securities Limited

(Joint corporate broker to ATG) +44 207 260 1000
Nick Westlake, Matt Lewis, William Baunton

Tulchan Communications

(Public relations advisor to ATG) +44 207 353 4200
Tom Murray, Matt Low, Laura Marshall
ATG@tulchangroup.com

About Auction Technology Group plc

Auction Technology Group plc (“ATG”) is the operator of the world’s leading marketplaces and auction services for curated online auctions, seamlessly connecting bidders from around the world to over 3,600 trusted auction houses across two major sectors: Industrial & Commercial (“I&C”) and Art & Antiques (“A&A”).

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

CAUTIONARY STATEMENT The announcement may contain forward-looking statements. These statements may relate to (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses or future prospects, and (ii) developments, expansion or business and management strategies of the Company. Forward-looking statements are identified by the use of such terms as “believe”, “could”, “should”, “envisage”, “anticipate”, “aim”, “estimate”, “potential”, “intend”, “may”, “plan”, “will” or variations or similar expressions, or the negative thereof. Any forward-looking statements contained in this announcement are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. If one or more of these risks or uncertainties materialise, or if underlying assumptions prove incorrect, the Company’s actual results may vary materially from those expected, estimated or projected. No representation or warranty is made that any forward-looking statement will come to pass. Any forward-looking statements speak only as at the date of this announcement. The Company and its directors expressly disclaim any obligation or undertaking to publicly release any update or revisions to any forward-looking statements contained in this announcement to reflect any change in events, conditions or circumstances on which any such statements are based after the time they are made, other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority). Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

LEI Number: 213800U8Q9K2XI3WRE39

1. The Group provides alternative performance measures (“APMs”) which are not defined or specified under the requirements of International Financial Reporting Standards as adopted by the EU. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 2 to the Condensed Consolidated Interim Financial Statements, with definitions, an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.
2. The Group has made certain acquisitions that have affected the comparability of the Group’s results. To aid comparisons between HY 22 and HY 21, the prior period results have been presented to include the results as if the acquisition of LiveAuctioneers and Auction Mobility had occurred on 1 October 2020. Proforma 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.
3. Refer to glossary for full definition of the terms.

CEO REVIEW

ATG's mission is to unlock the value of the secondary goods market and, in doing so, to significantly accelerate growth of the circular economy. We create value by connecting a large, diverse and fragmented global buyer base to our seven online marketplaces, where they bid on a wide range of assets, curated by expert auctioneers. For auctioneers, we provide global buyer reach, specialised marketplace technology and operational cost savings. For bidders, we provide unparalleled choice, convenience and trust when buying secondary goods online. The combination of these unlocks the value of each asset sold to ensure maximum return to the consignors. 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: a virtuous circle that benefits both auctioneers and bidders.

Resilience in the auction industry's shift online

In FY 21 we achieved strong growth, benefiting from the ongoing structural shift of the auction industry from offline to online. This was accelerated by the Covid-19 pandemic, in addition to enhancements we made to how auctioneers can sell and how bidders can buy on our marketplaces. As we lap this period of strong performance, we have continued to deliver very strong growth across our marketplaces in the first half, ahead of our expectations at the start of the year.

THV has grown significantly across both of our sectors, driven both by more inventory coming to auction, higher second-hand asset prices as well as strategic growth as we expand into newer verticals such as real estate. In addition to the benefits that the ATG model offers for both auctioneers and bidders, the Industrial & Commercial ("I&C") market has benefited from favourable market tailwinds including supply chain disruptions for new assets resulting in inflation for secondary assets, as well as more assets coming to online auctions from other secondary market channels. I&C THV grew 27% in the first half of the year and I&C marketplace revenue grew 16% on a proforma basis. Whilst Arts & Antiques ("A&A") THV also grew strongly, as anticipated we saw lower growth in GMV as we lapped the strong performance in the prior year, which had benefited from Covid-19. However, due to our multiple growth levers and the diversification in our revenue streams, we were more than able to offset this lower volume growth through value-add services, including digital marketing, enabling ATG to monetise at a higher rate and resulting in A&A marketplace revenue growing 16% on a proforma basis.

Enhancing the value proposition for both bidders and auctioneers

Our employees are working hard to enhance ATG's part of the auction ecosystem to make buying and selling curated second-hand goods easier and faster. We are improving our Search Engine Optimisation functionality to drive bidder acquisition and reached over 89m bidder sessions across the Group in the last six months. We revamped marketing emails and continue to improve results from our new recommendation engine to deliver more relevant ads to bidders. Most importantly, we have driven total bids with over 54m bids placed in the half year. The incremental bidders we generate are continuing to attract more assets, reflected in our THV growth.

Previous investments to improve our technology infrastructure helped optimise the performance and enhance the security of our marketplaces in the first half. This, combined with strong account management and numerous technology updates to help auctioneers approve bidders faster and with more confidence, resulted in very high auctioneer retention rates across the Group. It also resulted in steadily stronger adoption of timed online only auctions, with THV on timed-only auctions growing 32% year-on-year. Auctioneers have also increasingly used other offerings such as digital marketing, with value-add services growing 63% year-on-year across the Group. As we improve the value proposition, we continue to drive our flywheel of more bidders, higher online prices, and more lots to sale.

Strengthening our competitive positioning

Whilst we are the market leader in the geographies and sectors where we operate, we are constantly working to strengthen our competitive position, by giving auctioneers more reasons to list their assets on ATG marketplaces and giving bidders more reasons to purchase on them. The acquisition of LiveAuctioneers has unlocked significant opportunities within the North American market and its integration into the Group has progressed well. The business has performed ahead of our expectations when we acquired it. Looking forward, M&A continues to be a key growth driver for us, and we are actively looking at a number of opportunities, although we remain disciplined in our approach.

LiveAuctioneers has also seen rapid growth in both its payments and advertising solutions. Adoption rates of both payments and advertising for active auction houses on LiveAuctioneers has now passed 50% and the gross payment transaction value that LiveAuctioneers processed in the last six months has increased 34% from the previous six-months to the end of September 2021. Over the last six months, ATG has adapted this payments product, in partnership with the LiveAuctioneers team. We have recently completed our first milestone in the payments rollout across ATG, ahead of schedule, having processed the first payment on Proxibid. We remain on track for a payments rollout to Proxibid by the end of the calendar year.

We have added to the breadth and depth of our executive team to further strengthen our ability to pursue the attractive future opportunities in front of ATG. In May, we welcomed Pratyush Rai to the role of Global Chief Technology Officer and promoted Rob Cummings, former CPO/CTO of LiveAuctioneers, to the newly created role of Global Chief Product Officer. In May we also brought on board Darren Ali as our new Chief People Officer (CPPO) and Jayne Meacham has joined us as our new company secretary. Pratyush brings over 20 years of leadership in the technology sector having led successful transformative work at both McMillan Publishing and Kaplan. A key focus of his work will be to develop tools to accelerate the shift towards online only auctions and to enable cross-listing across our different marketplaces, both with a view to accelerating the network effect. Pratyush will be based in North America to align with our growing presence in this large and high growth market. Rob Cummings brings an extensive depth of knowledge of the auction industry, having served as Chief Technology Officer at LiveAuctioneers for the past seven years. The Chief Product Officer role will be key in developing our value-add services as well as enhancing the bidding experience on our marketplaces as we attract and retain an even larger pool of global bidders. Darren, our CPPO, brings over 20 years' experience in HR with extensive international experience in the USA, Europe and the UK. He is passionate about building a strong ATG employee experience, a critical differentiator for our business and an exciting opportunity based on the many benefits ATG offers our team.

ESG at the heart of our operations and central to our purpose and proposition

Environmental sustainability is at the heart of ATG, with our online marketplaces ensuring that millions of items are resold for re-use or repurpose each year, extending their value within the economy, preventing waste, and reducing the massive carbon emissions that are a derivative of the manufacturing process for new items. In the secondary market, auctions are especially important because all used items for sale have been carefully curated. This curation is key to building trust and bidders' confidence. External research commissioned by ATG calculated that in 2021 one million tonnes of carbon emissions was avoided by the sale of the 15 most popular items sold second-hand at auctions run on our marketplaces. This is a staggering amount when you consider both that these top 15 items make up just 6% of the total number of items sold on our marketplaces and that one million tonnes is equivalent to the carbon capture of 50 million mature trees growing for one year. ATG is proud in the role we play in facilitating these sales.

We are committed to the highest standards of corporate governance, and we have been delighted to welcome three new Board members in the last six months. Suzanne Baxter, based in the UK, brings substantial listed company experience and expertise gained in both executive and non-executive roles. She has held a range of senior commercially focused financial and operational roles, as well as in workplace inclusion programmes. Based in North America, Pauline Reader brings over 20 years of product marketing, e-commerce and branding experience through roles at a range of global, consumer businesses and in investment banking including eBay and StitchFix. Tamsin Todd is currently CEO of Findmypast, where she has overseen a period of transformation and growth, and built a tech-led, mission driven organisation. Prior to this she has held leadership roles across a range of consumer and technology companies, including Amazon.

Leading the transformation of the auction industry

ATG is early in our journey to unlock the value of secondary goods market and we are uniquely positioned to lead the transformation of the industry, with deep knowledge and the scale to invest. We are executing against our vision in three phases: Foundation, End-to-End Experience, and Expansion. In phase one, Foundation, we have made strong progress, having spent the last ten plus years developing a set of technologies that are able to work across multiple geographies, sectors and across live and timed auctions, unifying the highly fragmented market of auction inventory and also building the best secondary market bidder base. Key in this phase is that we have also built a shared success revenue model that aligns ATG's success to that of auctioneers.

Today, in phase two, we are focused on building our ecommerce capabilities to a high standard. We are investing to upgrade the user experience to drive bidder conversion and are integrating multiple parts of the auction value chain to reduce auctioneer costs and simplify the buyer experience. This includes the roll out of payments, which will provide convenience for bidders while simultaneously saving our auctioneer partners cost relative to other payment solutions, as well as enabling us to access a new part of the total auction transaction value. ATG is also providing multiple tiers of service for our auctioneers so that they can access the online market seamlessly through either our marketplaces or our white label offering.

Once these pieces are in place, we will look at the final phase, Expansion. We will do this by creating value beyond the initial transaction by integrating the broader auction ecosystem. There is an opportunity for ATG to extend into a range of other value add services; from financing to insurance, restoration, repair, maintenance and logistics. There is also an opportunity to expand the auction ecosystem digitally, leveraging insight to make our marketplaces increasingly proactive. Not only will this phase create new revenue streams for ATG and help further accelerate the growth in the circular economy, but it will simultaneously allow auctioneers to lower their operating costs and to share in the growth and value creation.

We are still early in our journey of growth and expansion. However, our strong track record of financial and operational performance gives us confidence in our strategic plan and in our ability execute. As we grow, we expect our addressable market to grow even faster as more secondary assets than those traded today find their way to the auction market.

Six growth levers

Six growth levers underpin our success. We have pulled each of these levers for the past three years and looking ahead, we see significant opportunity to pull all six levers into the future:

- **Extending our addressable market:** adding new assets from existing auction houses, adding new auction houses, or moving into new verticals - we continue to actively identify new THV that we wish to bring online over the medium term
- **Growing our online share:** we facilitate the move from live to online only auctions on the sell side. On the buy side, we continue to improve the end-to-end user experience on our marketplaces to support bidder acquisition and bidder conversion
- **Enhancing the network effect:** we will make it easier for auctioneers to cross-list assets to grow the bidder reach. This cross-listing also helps encourage bidders to use ATG as their primary search portal by presenting them with the broadest array of inventory
- **Expanding operating leverage:** we will transition all marketplaces to a single technology platform and continue to centralise key back-office functions and streamline processes
- **Growing our take rate via value-add services:** we will roll out our payments platform to Proxibid by the end of 2022. After this we will develop other value add services for auction houses and bidders
- **Pursuing accretive M&A:** we are actively looking for opportunities to add to our footprint and to increase value across our network

Summary

The management team and the Board are very pleased with our performance in the first half. The structural shift online has proven to be resilient, driven by cost efficiencies, scale benefits, convenience and bidder reach for auctioneers and driven by choice, convenience and trust for bidders. Our team at all levels have done a superb job at adapting and managing the growth and higher expectations held of us as a public company. We are excited by the years ahead and confident in the value we can create as we lead the transformation of the auction industry. The opportunity is significant, and whilst our vision is ambitious, it is underpinned by our scale, depth of industry knowledge, breadth of capabilities, and shared success model that brings this important industry with ATG on the journey to the next evolution of auctions.

John-Paul Savant

Chief Executive Officer

CFO REVIEW

Group presentation of results

The financial results for HY 22 are presented for the six months ended 31 March 2022. On 1 October 2021, the Group completed its acquisition of LiveAuctioneers. The results for LiveAuctioneers are included within the A&A operating segment in HY 22. Full details of the accounting implications are detailed in note 9 of the Condensed Consolidated Interim Financial Statements.

The impact of the acquisition affects the comparability of the Group's results. Therefore, to aid comparisons between HY 21 and HY 22 alternative performance measures ("APMs") have been presented. The prior period proforma unaudited results have been presented as if the acquisition of LiveAuctioneers and Auction Mobility had occurred on 1 October 2020.

Note 2 of the Condensed Consolidated Interim Financial Statements includes a full reconciliation of all APMs presented to the reported results.

Revenue

	HY 22 £m	HY 21 £m	Movement
Proforma revenue			
Arts & Antiques ("A&A")	26.9	23.2	16%
Industrial and Commercial ("I&C")	25.1	21.6	16%
Total marketplace	52.0	44.8	16%
Auction Services	4.1	3.7	11%
Content	1.6	1.4	14%
Total	57.7	49.9	16%
	HY 22 £m	HY 21 £m	Movement
Reported revenue			
Arts & Antiques ("A&A")	26.9	8.1	232%
Industrial & Commercial ("I&C")	25.1	21.5	17%
Total marketplace	52.0	29.6	76%
Auction Services	4.1	3.5	17%
Content	1.6	1.4	14%
Total	57.7	34.5	67%

Group

On a reported basis, Group revenue increased 67% year-on-year to £57.7m driven by both the contribution from LiveAuctioneers as well as growth across each of the reporting segments. Proforma revenue grew at 16% driven by strong growth in THV as the shift of the auction industry online proved to be resilient. The take rate across marketplaces fell by 0.2ppt on a proforma basis to 3.2% impacted by the growth of low commission rate THV, resulting in marketplace proforma revenue growth of 16%.

Art & Antiques

Reported revenue in the A&A segment increased by 232% to £26.9m and on a proforma basis, revenue grew 16%. The performance was driven by strong growth in THV as well as growth in LiveAuctioneers payment and advertising solutions, resulting in an increase in the take rate for A&A to 7.6%. As we faced tough comparators due to the tailwinds from the Covid-19 pandemic in the prior year, GMV grew 2% on a proforma basis, with much of the THV that was bought online being from newer types of verticals and newer auction houses which typically have a lower online share. This was more than offset by strong growth in value-add services. Adoption rates of both payments and advertising for active auction houses on LiveAuctioneers has now passed 50% and the gross payment transaction value that LiveAuctioneers processed in the last six months increased 34% from the previous six-months to the end of September 2021.

Industrial & Commercial

I&C revenue grew 16% on a proforma basis and 17% on a reported basis to £25.1m driven by a 27% year-on-year increase in THV and an increase in online share to 46%. The attractiveness of the ATG model and the value proposition that we offer to both bidders and auctioneers, contributed to this strong growth. In addition, strong THV growth was driven by supply chain disruption in many parts of the primary market which resulted in asset price inflation as well as high levels of activity of our auctioneer base. The strong growth in GMV of 33% was partially offset by a small decline in the take rate due to the impact of low commission rate THV, including real estate. Value-add services including marketing sales also performed well in the I&C sector as auctioneers adopted a broader range of products on offer from ATG.

Auction Services

Auction Services revenue of £4.1m grew 17% year-on-year, or 11% on a proforma basis, driven by the continued growth of our white label offering through Auction Mobility. We continue to see the benefits of providing auctioneers with a suite of integrated products, which in turn offers them optionality with their online presence. Revenue growth was largely derived from new account growth.

Content

Content revenue grew 14% to £1.6m, benefiting from the recovery in advertising volumes following the impact of the Covid-19 pandemic. Revenue in this segment has now recovered to pre pandemic volumes.

Financial performance

	Reported		
	HY 22 £m	HY 21 £m	Movement
Revenue	57.7	34.5	67%
Cost of sales	(18.6)	(11.5)	62%
Gross profit	39.1	23.0	70%
Administrative expenses	(30.0)	(35.2)	(15)%
Other operating income	0.1	0.1	–
Operating profit/(loss)	9.2	(12.1)	176%
Adjusted EBITDA (as defined in note 2)	26.8	17.0	58%
Finance income	–	3.7	(100)%
Finance cost	(5.9)	(14.2)	(58)%
Net finance costs	(5.9)	(10.5)	(44)%
Profit/(loss) before tax	3.3	(22.6)	115%
Tax credit/(expense)	0.5	(1.5)	133%
Profit/(loss) for the period attributable to the equity holders of the Company	3.8	(24.1)	116%

Operating profit

Gross profit increased 70% to £39.1m reflecting the increase in revenue and high flow through to gross profit. The gross profit margin of 68% was broadly flat year-on-year.

The Group's administrative expenses decreased to £30.0m, largely due to the impact of one-off exceptional costs of £9.1m incurred in the prior year relating to the IPO and the acquisition of Auction Mobility. The share-based payment expense in HY 22 of £2.5m represents the pre admission awards at IPO, the one-off LiveAuctioneers LTIPs and the 2021 and 2022 LTIP which have been issued to Directors and senior management. The charge of £10.4m in HY 21 included the one-off share awards that were issued to Directors and employees as part of the IPO. Excluding the year-on-year impact of these costs, administrative expenses increased by £11.8m driven by a £5.5m increase in amortisation in addition to the addition of costs from LiveAuctioneers, costs associated with being a listed company and planned investments to support future growth.

The Group reported an operating profit of £9.2m compared with an operating loss of £12.1m in HY 21.

Adjusted EBITDA

Adjusted EBITDA increased from £17.0m in the six months ended 31 March 2021 to £26.8m, driven by the inclusion of LiveAuctioneers, strong revenue growth and the high operational leverage with a significant proportion of revenue dropping through to adjusted EBITDA. Adjusted EBITDA margin of 46% decreased as expected year-on-year due to the impact of public company costs, planned investments to drive future growth as well as the mix impact from the growth in payments. Adjusted EBITDA margin improved by one percentage point compared to 45% in FY 21.

Net finance costs

Net finance costs were £5.9m in HY 22 (HY 21: £10.5m). Finance costs of £5.9m (HY 21: £14.2m) primarily relate to the interest on the New US dollar denominated Senior Term Facility which carries an interest rate linked to LIBOR, commitment fees on the undrawn Revolving Credit Facility, foreign exchange losses on our US dollar denominated loan and the movement in contingent consideration. During the period, the Auction Mobility contingent consideration was re-evaluated based on the outperformance of the business ahead of initial management expectations, resulting in an additional £1.1m uplift to the contingent consideration liability which totals £3.5m at 31 March 2022. Prior period finance costs related to interest costs and early repayment fees for the Old Senior Facilities agreement and interest on the preference shares which were fully settled as part of the IPO restructure.

Profit before tax

After the impact of net finance costs, the Group reported a profit before tax of £3.3m (HY 21: loss of £22.6m).

Taxation

In the period, there was a tax credit of £0.5m (HY 21: tax expense of £1.5m), arising from the profit in the period, net of a deferred tax liability rate adjustment which arose on the LiveAuctioneers intangible assets recognised.

The tax charge is based on the effective tax rate, estimated on a full year basis, being applied to the reported profit for the six months ended 31 March 2022. The Group's effective tax rate of 17% (HY 21: 7%) reflects the impact of the deferred tax liability rate adjustment.

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

Basic earnings per share was 3.2p and diluted earnings per share was 3.1p for HY 22 compared to a loss of 37.1p in HY 21, due to the increase in profit before tax year-on-year. The weighted average number of shares in issue during the period was 120.2m (HY 21: 64.9m shares), with the increase year-on-year attributable to the equity raise via a cash-box placing for the LiveAuctioneers acquisition in June 2021.

Adjusted diluted earnings per share of 13.4p (HY 21: 0.9p) 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.

A reconciliation of the Group's diluted earnings per share to adjusted diluted earnings per share is set out in note 2.

LiveAuctioneers acquisition

On 1 October 2021, the Group acquired 100% of the equity share capital of LiveAuctioneers for total consideration of £404.0m. Of the total consideration, £28.3m was settled via equity instruments in ATG plc. When determining the consideration, the equity instruments were fair valued based on the share price as at the date the acquisition completed. LiveAuctioneers is the largest curated online marketplace for Art & Antiques in North America and the purpose of the acquisition was to further strengthen the Group's presence in this segment. The full acquisition accounting is detailed in note 9.

Foreign currency impact

The Group's reported performance is sensitive to movements in both the US dollar and the euro against the British pound sterling. The pound sterling marginally weakened by 0.7% against the US dollar and strengthened by 5.3% on an average rate basis against the euro compared to HY 21, as shown in the table below.

	Average rate			Closing rate		
	HY 22	HY 21	Movement	HY 22	HY 21	Movement
Euro	1.19	1.13	5.3%	1.18	1.17	0.9%
US dollar	1.34	1.35	(0.7%)	1.31	1.38	(5.1%)

When comparing revenue in HY 21 to HY 22, changes to currency exchange rates had an unfavourable impact on proforma revenue of £0.1m.

Statement of financial position

Overall net assets at 31 March 2022 have increased by £43.1m to £482.6m since 30 September 2021. Total assets increased by £93.8m, and the main drivers for the increase were the goodwill and other intangibles of £449.3m recognised in respect of the LiveAuctioneers acquisition, net of the cash outflow of £376.8m for the purchase of LiveAuctioneers. Total liabilities increased by £50.7m, primarily due to an increase in the deferred tax liabilities of £44.7m arising from the LiveAuctioneers acquisition.

Cash flow and adjusted net debt

Cash generated from operations (before tax) remained strong at £22.1m (HY 21: £8.7m) driven by the Group's high pass through of revenue to adjusted EBITDA and capital light model. Capital expenditure in the period was £1.8m (HY 21: £1.4m) and primarily related to investments in technology to support platform enhancements in addition to infrastructure to support more seamless dual listing across our marketplaces.

The New Senior Term Facility for \$204.0m was drawn down in full on 30 September 2021, prior to completion of the acquisition of LiveAuctioneers on 1 October 2021. Using the cash proceeds raised from the equity placing, (which was held in escrow as a 30 September 2021) and the New Senior Term Facility, the Group paid total cash consideration of £376.8m for LiveAuctioneers during the period.

Due to the impact of the acquisition, adjusted net debt increased to £119.7m as at 31 March 2022 (30 September 2021: adjusted net cash of £24.6m). The Group had cash in bank of £35.2m and borrowings of £154.9m (30 September 2021: cash in bank of £173.6m and borrowings of £149.0m).

The Group's adjusted free cash flow was £24.3m (HY 21: £14.5m), a conversion rate of 91% (HY 21: 86%). A reconciliation of cash generated from operations to adjusted free cash flow¹ and adjusted free cash flow conversion¹ is included below and note 2:

	HY 22	HY 21
	£m	£m
Adjusted EBITDA	26.8	17.0
Cash generated from operations	22.1	8.7
Adjustments for:		
Exceptional items	–	9.1
Working capital from exceptional and other items	4.0	(1.8)
Capital expenditure	(1.8)	(1.4)
Adjusted free cash flow	24.3	14.5
Adjusted free cash flow conversion	91%	86%

Risk and uncertainties

The Board retains ultimate responsibility for the Group's Risk Management Framework and continues to undertake ongoing monitoring to review the effectiveness of the Framework and ensure the principal risks of the Group are being appropriately mitigated in line with its risk appetite. The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain those detailed on pages 52 to 55 of the 2021 Annual Report available at www.auctiontechnologygroup.com. A summary of the risks is included as follows:

1. IT infrastructure – stability and business continuity of auction platforms
2. IT infrastructure – inability to keep pace with innovation and changes
3. Data security/data loss
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

The Directors note that the global geopolitical outlook suggests continuing potential for short-term volatility and instability across markets. A number of these risks and uncertainties could have an impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ from expected and historical results.

Related parties

Related party disclosures are detailed in note 15.

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

1. The Group provides alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards as adopted by the EU. We believe these APMs provide readers with important additional information on our business and aid comparability. We have included a comprehensive list of the APMs in note 2 to the Condensed Consolidated Interim 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss
for the six months ended 31 March 2022

	Note	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Revenue	4,5	57,738	34,488	70,080
Cost of sales		(18,607)	(11,451)	(24,544)
Gross profit		39,131	23,037	45,536
Administrative expenses		(30,051)	(35,193)	(66,506)
Other operating income		103	131	346
Operating profit/(loss)	4	9,183	(12,025)	(20,624)
Finance income	6	1	3,697	10,394
Finance cost	6	(5,931)	(14,237)	(17,078)
Net finance costs	6	(5,930)	(10,540)	(6,684)
Profit/(loss) before tax	4	3,253	(22,565)	(27,308)
Tax credit/(expense)	7	539	(1,501)	(2,322)
Profit/(loss) for the period attributable to the equity holders of the Company		3,792	(24,066)	(29,630)
Other comprehensive income/(loss) for the period attributable to the equity holders of the Company				
<i>Items that may subsequently be transferred to profit and loss:</i>				
Foreign exchange differences on translation of foreign operations		10,520	(1,594)	(507)
Income tax relating to these items		(1,805)	–	–
Other comprehensive income/(loss) for the period, net of tax		8,715	(1,594)	(507)
Total comprehensive income/(loss) for the period attributable to the equity holders of the Company		12,507	(25,660)	(30,137)
Earnings/(loss) per share				
		p	p	p
Basic	8	3.2	(37.1)	(33.6)
Diluted	8	3.1	(37.1)	(33.6)

The above results are derived from continuing operations.

Condensed Consolidated Statement of Financial Position
as at 31 March 2022

	Note	Unaudited 31 March 2022 £000	Unaudited 31 March 2021 £000	Audited 30 September 2021 £000
ASSETS				
Non-current assets				
Goodwill	10	430,703	140,412	141,160
Other Intangible assets	10	227,506	75,884	68,077
Property, plant and equipment		471	379	379
Right of use assets		1,919	1,526	1,401
Deferred tax asset	13	–	–	366
Trade and other receivables		85	85	85
Total non-current assets		660,684	218,286	211,468
Current assets				
Trade and other receivables		16,087	10,307	9,699
Current tax asset		826	–	437
Cash and cash equivalents	11	35,219	44,696	397,451
Total current assets		52,132	55,003	407,587
Total assets		712,816	273,289	619,055
LIABILITIES				
Non-current liabilities				
Current tax liabilities		(1,392)	(1,607)	(1,392)
Loans and borrowings	12	(140,643)	(37,981)	(148,686)
Lease liabilities		(1,206)	(819)	(775)
Deferred tax liabilities	13	(50,141)	(10,538)	(9,260)
Total non-current liabilities		(193,382)	(50,945)	(160,113)
Current liabilities				
Trade and other payables		(20,607)	(13,402)	(17,310)
Current tax liabilities		(1,162)	(1,922)	(1,168)
Loans and borrowings	12	(14,276)	(661)	(353)
Lease liabilities		(837)	(743)	(657)
Total current liabilities		(36,882)	(16,728)	(19,488)
Total liabilities		(230,264)	(67,673)	(179,601)
Net assets		482,552	205,616	439,454
EQUITY				
Share capital	14	12	10	12
Share premium		235,903	235,902	235,903
Other reserve		238,385	1,527	238,385
Capital redemption reserve		5	5	5
Share option reserve		32,157	1,351	1,649
Foreign currency translation reserve		9,573	(2,034)	(947)
Retained losses		(33,483)	(31,145)	(35,553)
Total equity		482,552	205,616	439,454

Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 March 2022

	Share capital £000	Share premium £000	Other reserve £000	Capital redemption reserve £000	Share option reserve £000	Foreign currency translation reserve £000	Retained losses £000	Total equity £000
1 October 2020	11	–	1,125	–	276	(440)	(16,388)	(15,416)
Comprehensive loss								
Loss for the period	–	–	–	–	–	–	(29,630)	(29,630)
Other comprehensive loss	–	–	–	–	–	(507)	–	(507)
	–	–	–	–	–	(507)	(29,630)	(30,137)
Transactions with owners								
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	6	235,903	237,260	–	–	–	–	473,169
Share buyback of ordinary shares, net of tax	(5)	–	–	5	–	–	–	–
Movement in equity-settled share-based payments	–	–	–	–	1,373	–	10,401	11,774
Tax relating to items taken directly to equity	–	–	–	–	–	–	64	64
30 September 2021	12	235,903	238,385	5	1,649	(947)	(35,553)	439,454
Comprehensive income								
Profit for the period	–	–	–	–	–	–	3,792	3,792
Other comprehensive income/(loss)	–	–	–	–	–	10,520	(1,805)	8,715
	–	–	–	–	–	10,520	1,987	12,507
Transactions with owners								
Issue of options as consideration for a business, net of transactions costs and tax	–	–	–	–	28,346	–	–	28,346
Movement in equity-settled share-based payments	–	–	–	–	2,162	–	51	2,213
Tax relating to items taken directly to equity	–	–	–	–	–	–	32	32
31 March 2022	12	235,903	238,385	5	32,157	9,573	(33,483)	482,552

	Share capital £000	Share premium £000	Other reserve £000	Capital redemption reserve £000	Share option reserve £000	Foreign currency translation reserve £000	Retained losses £000	Total equity £000
1 October 2020	11	–	1,125	–	276	(440)	(16,388)	(15,416)
Comprehensive loss								
Loss for the period	–	–	–	–	–	–	(24,066)	(24,066)
Other comprehensive loss	–	–	–	–	–	(1,594)	–	(1,594)
	–	–	–	–	–	(1,594)	(24,066)	(25,660)
Transactions with owners								
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	4	235,902	402	–	–	–	–	236,308
Share buyback of ordinary shares, net of tax	(5)	–	–	5	–	–	–	–
Movement in equity-settled share-based payments	–	–	–	–	1,075	–	9,309	10,384
31 March 2021	10	235,902	1,527	5	1,351	(2,034)	(31,145)	205,616

Condensed Consolidated Statement of Cash Flows
for the six months ended 31 March 2022

		Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
	Note			
Cash flows from operating activities				
Profit/(loss) before tax		3,253	(22,565)	(27,308)
Adjustments for:				
Amortisation of acquired intangible assets	10	12,855	6,772	13,219
Amortisation of internally generated software	10	1,725	2,310	4,576
Depreciation of property, plant and equipment		135	116	228
Depreciation of right of use assets		467	355	743
Share-based payment expense		2,450	10,384	11,892
Net exchange differences		25	(217)	–
Net finance costs	6	5,930	10,540	6,684
Increase in trade and other receivables		(2,707)	(591)	(439)
(Decrease)/increase in trade and other payables		(2,073)	1,573	6,271
Cash generated by operations		22,060	8,677	15,866
Income taxes paid		(6,123)	(2,311)	(6,090)
Net cash generated from operating activities		15,937	6,366	9,776
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	9	(358,763)	(24,948)	(24,948)
Payment for internally generated software	10	(1,621)	(1,367)	(1,956)
Payment for property, plant and equipment		(130)	(40)	(149)
Payment of deferred consideration		–	(234)	(234)
Net cash used in investing activities		(360,514)	(26,589)	(27,287)
Cash flows from financing activities				
Payment of contingent consideration		(18,517)	(492)	(492)
Repayment of loans and borrowings		(359)	(70,013)	(108,956)
Repayment of preference shares		–	(117,716)	(117,716)
Proceeds from loans and borrowings		–	25,382	176,639
Proceeds from the issue of preference shares		–	714	714
Interest element of lease payments		(73)	(45)	(74)
Capital element of lease payments		(481)	(356)	(742)
Issue of new share capital, net of share issue costs		–	235,906	473,158
Interest paid		(1,608)	(21,951)	(26,428)
Net cash (used in)/generated by financing activities		(21,038)	51,429	396,103
Cash and cash equivalents at beginning of the period		397,451	14,193	14,193
Net (decrease)/increase in cash and cash equivalents		(365,615)	31,206	378,592
Effect of foreign exchange rate changes		3,383	(703)	4,666
Cash and cash equivalents at the end of the period		35,219	44,696	397,451

Notes to the Condensed Consolidated Interim 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.

These Condensed Consolidated Interim Financial Statements have been approved for issue on 18 May 2022.

These Condensed Consolidated Interim Financial Statements for the period do not constitute statutory financial statements within the meaning of s434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2021 have been delivered to the Registrar of Companies. They are also available on the Group's website (www.auctiontechnologygroup.com). The audit report for those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying the report and did not contain a statement under 498(2) or (3) of the Companies Act 2006. These Condensed Consolidated Interim Financial Statements have been reviewed and not audited.

Basis of preparation

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting". The Condensed Consolidated Interim Financial Statements do not include all the information required for full annual financial statements and should be read in conjunction with the Group's Annual Report and Accounts for the period ended 30 September 2021 which have been prepared in accordance with the requirements of the Companies Act 2006.

In determining the information to be disclosed in the notes to the Condensed Consolidated Interim Financial statements in accordance with IAS 34, the Group has taken into account its materiality in relation to these Condensed Consolidated Interim Financial Statements.

The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

The accounting policies applied in these Condensed Consolidated Interim Financial Statements are the same as those applied in the most recent annual financial statements. Taxes on income in the interim period is recognised by applying the effective tax rate that would be applicable to expected total annual profit or loss for the twelve-month period to the period's result.

The Group's contingent consideration is classified as level 3 (for further details of fair valuation methods used see note 3 and 9). There are no other financial instruments measured at fair value on a recurring basis.

Going concern

The Directors have undertaken the going concern assessment for the Group, taking into consideration the Group's business model, strategy and principal 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 current facilities and the banking covenants. This has been considered under a base case and several plausible but severe downside scenarios.

These scenarios include significant reduction in commission revenue due to THV reduction, significant reduction in commission revenue due to online share decline and delay in the roll-out of payments technology across the Group. None of these scenarios individually, or collectively threaten the Group's ability to continue as a going concern. Even in the combined downside scenario modelled (the combination of all downside scenarios occurring at once) the Group would be able to operate within the level of its current available debt facilities and covenants. As at 31 March 2022 the Group has adjusted net debt of £119.7m and is in a net current asset position.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in preparing these Condensed Consolidated Interim Financial Statements for the Group.

2. Alternative performance measures

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

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

Other commentary within the CFO's Review, should be referred to in order to fully appreciate all the factors that affect the Group.

Adjusted EBITDA

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

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

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

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Profit/(loss) before tax	3,253	(22,565)	(27,308)
Adjustments for:			
Net finance costs (note 6)	5,930	10,540	6,684
Amortisation of acquired intangible assets (note 10)	12,855	6,772	13,219
Amortisation of internally generated software (note 10)	1,725	2,310	4,576
Depreciation of property, plant and equipment	135	116	228
Depreciation of right of use assets	467	355	743
Share-based payment expense	2,450	10,384	11,892
Exceptional operating items	–	9,064	21,765
Adjusted EBITDA	26,815	16,976	31,799

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

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Reported revenue (note 4,5)	57,738	34,488	70,080
Adjusted EBITDA	26,815	16,976	31,799
Adjusted EBITDA margin	46.4%	49.2%	45.4%

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

Share-based payment expense

The Group issued several share awards to employees and Directors before and post IPO and operates employee share schemes. Income statement charges relating to such schemes are significant non-cash charges (and related expenses) and are driven by a valuation model which references the Group's share price. As the share based payment expense currently includes significant charges related to the IPO awards and one-off grants made to LiveAuctioneers management, these charges are not currently representative of the Group's steady state operational performance.

Exceptional operating items

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

The exceptional operating items are detailed below:

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Acquisition costs	–	(1,300)	(13,323)
Listing costs	–	(7,764)	(8,442)
Exceptional operating items	–	(9,064)	(21,765)

There were no exceptional operating items for the six months ended 31 March 2022.

For the six months ended 31 March 2021, the Group's exceptional costs were in respect of the listing costs of the IPO and the acquisition costs relating to the acquisition of Auction Mobility LLC on 16 October 2020.

For the year ended 30 September 2021, the Group's exceptional operating costs were in respect of listing costs of the IPO and the acquisition costs relating to the acquisition of the LiveAuctioneers (see note 9) and Auction Mobility LLC.

The business has undertaken focused acquisitive activity which has been strategically implemented to increase income, service range and critical mass of the Group. Acquisition costs comprise legal, professional and other consultancy expenditure incurred. The net cash outflow related to exceptional operating items in the period is £3,962,000 (31 March 2021: £9,651,000, 30 September 2021: £19,058,000).

Adjusted earnings and adjusted diluted earnings per share

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

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

Amortisation of intangible assets including software acquired through business combinations

The amortisation of acquired intangibles arises from the purchase consideration of a number of separate acquisitions. These acquisitions are portfolio investment decisions that took place at different times and are balance sheet items that relate to M&A activity rather than the trading performance of the business. The calculation for period ending 31 March 2021 and 30 September 2021 has been restated to include an adjustment for acquired software intangibles assets as well as customer relationships, brands and non-compete agreements.

Exceptional finance items

Exceptional finance items include foreign exchange differences arising on the revaluation of the foreign currency loans and cash held on escrow (restricted cash), movements in contingent consideration and costs incurred on the early repayment of loan costs. These exceptional finance items are excluded from adjusted earnings to provides 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.

Adjusted number of ordinary shares for HY 21 and FY 21

The adjusted number of ordinary shares for 31 March 2021 and 30 September 2021 reflects the number of shares in issue at IPO adjusted for the dilutive effect from non-vested/non-exercised ordinary shares granted after the IPO through Long Term Incentive Plan awards to the Executive Directors and other senior management.

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

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 (restated) £000	Audited Year ended 30 September 2021 (restated) £000
Profit/(loss) attributable to equity shareholders of the Company	3,792	(24,066)	(29,630)
Adjustments for:			
Amortisation of acquired intangible assets	12,855	6,772	13,219
Exceptional finance items	2,539	(644)	(5,652)
Share-based payment expense	2,450	10,384	11,892
Exceptional operating items	–	9,064	21,765
Tax on adjusted items	(5,318)	(641)	(2,394)
Adjusted earnings	16,318	869	9,200
	Number	Number	Number
Reported weighted average number of shares	120,205,794	64,893,047	88,248,037
Adjustment for: weighted average effect of shares issued in the period up to and including the IPO	–	35,106,953	11,751,963
Adjusted weighted average number of shares in issue	120,205,794	100,000,000	100,000,000
Weighted average number of shares held by the Trust	(26,501)	–	(622)
Effect of dilutive share options	2,015,643	7,330	128,106
Number of ordinary shares and dilutive options	122,194,936	100,007,330	100,127,484
		p	p
Adjusted diluted earnings per share (in pence)	13.4	0.9	9.2

Proforma revenue

The Group has made certain acquisitions that have affected the comparability of the Group's results. To aid comparisons between HY 22 and HY 21 in the CFO's review, the prior period results have been presented to include the full year results as if the acquisition of Platinum Parent Inc. ("LiveAuctioneers") and Auction Mobility LLC ("Auction Mobility") had occurred on 1 October 2020. In addition, proforma revenue is stated at constant exchange rates with the prior year comparatives being restated using current year exchange rates. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.

The following table provides a reconciliation of proforma revenue from reported results for the six months ended 31 March 2021:

	Unaudited six months ended 31 March 2021 £000
Reported revenue	34,488
Acquisition related adjustment	15,329
Constant currency adjustment	89
Proforma revenue	49,906

Adjusted net (debt)/cash

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

	Unaudited 31 March 2022 £000	Unaudited 31 March 2021 £000	Audited 30 September 2021 £000
Cash and cash equivalents excluding restricted cash (note 11)	35,219	44,696	173,675
Current loans and borrowings (note 12)	(14,276)	(661)	(353)
Non-current loans and borrowings (note 12)	(140,643)	(37,981)	(148,686)
Total loans and borrowings	(154,919)	(38,642)	(149,039)
Adjusted net (debt)/cash	(119,700)	6,054	24,636

Adjusted free cash flow and adjusted free cash flow conversion

Free cash flow represents cash flow from operations less capitalised development costs, which include development costs in relation to software that are capitalised when the related projects meet the recognition criteria under IFRS for an internally generated intangible asset. Movement in working capital is adjusted for balances relating to exceptional items. The Group monitors its operational efficiency with reference to operational cash conversion, defined as free cash flow as a percentage of adjusted EBITDA.

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

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Adjusted EBITDA	26,815	16,976	31,799
Cash generated from operations	22,060	8,677	15,866
Adjustments for:			
Exceptional items	–	9,064	21,765
Working capital from exceptional and other items	3,962	(1,804)	(5,098)
Additions to internally generated software (note 10)	(1,621)	(1,367)	(1,956)
Additions to property, plant and equipment	(130)	(40)	(149)
Adjusted free cash flow	24,271	14,530	30,428
Adjusted free cash flow conversion (%)	90.5%	85.6%	95.7%

3. Significant judgements and key sources of estimation uncertainty

The preparation of the Group's Condensed Consolidated Interim 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.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recent annual financial statements for the year ended 30 September 2021 with the exception of the below.

Estimates

Contingent consideration arising on the acquisition of Auction Mobility

During the period, the Auction Mobility contingent consideration was re-evaluated based on the outperformance of the business ahead of initial management expectations, resulting in an additional £1,149,000 increase to the contingent consideration liability. The contingent consideration for the acquisition of Auction Mobility has been finalised therefore there no longer remains an estimate in respect of this balance at 31 March 2022. The contingent consideration recognised at 31 March 2022 was £3,503,000 and has been paid out post the period end.

Judgements

LiveAuctioneers consideration

The Group acquired LiveAuctioneers on 1 October 2021 for total consideration of £403,974,000. Please see note 9 for further details. Judgement was required in determining whether the rollover options and restricted stock units granted, predominantly to management should be classified as consideration or remuneration for post-combination services. The indicators under IFRS 3 were reviewed for each of these elements. One of the key indicators under IFRS3 leading to managements conclusion the elements should be treated as consideration is that none of the shareholders, including management are required to continue in employment for the options and restricted stock units to vest.

Goodwill and other intangible assets arising from business combinations

The purchase price of an acquired company is allocated between intangible assets and the net tangible assets of the acquired business with the residual of the purchase price recorded as goodwill. The determination of the value of the intangible assets requires significant judgements and estimates to be made by the Directors. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital.

Judgement is also required in determining appropriate useful economic lives ("UEL") of the intangible assets arising from business combinations. Management makes this judgement on an asset class basis and has determined that contracts with customers have a UEL of seven to 14 years; brands have a UEL of five to 15 years; software has a UEL of three to 10 years; and non-compete agreements have a UEL of four years.

4. Operating segments

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

The Board has determined an operating management structure aligned around the four core activities of the Group. LiveAuctioneers which was acquired in the period, has been allocated to the Arts and Antiques segment.

The four operating segments are as follows:

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

There are no undisclosed or other operating segments.

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

Unaudited six months ended 31 March 2022						
	A&A £000	I&C £000	Auction Services £000	Content £000	Centrally allocated costs £000	Total £000
Revenue	26,948	25,132	4,060	1,598	–	57,738
Adjusted EBITDA (see note 2 for definition and reconciliation)	22,124	21,965	2,899	559	(20,732)	26,815
Amortisation of intangible assets (note 10)	(8,526)	(5,453)	(601)	–	–	(14,580)
Depreciation of property, plant and equipment	(40)	(87)	(3)	(5)	–	(135)
Depreciation of right of use assets	(236)	(199)	(8)	(24)	–	(467)
Share-based payment expense	(768)	(416)	(1,205)	(61)	–	(2,450)
Operating profit/(loss)	12,554	15,810	1,082	469	(20,732)	9,183
Net finance costs (note 6)	–	–	–	–	(5,930)	(5,930)
Profit/(loss) before tax	12,554	15,810	1,082	469	(26,662)	3,253

Unaudited six months ended 31 March 2021						
	A&A £000	I&C £000	Auction Services £000	Content £000	Centrally allocated costs £000	Total £000
Revenue	8,138	21,468	3,458	1,424	–	34,488
Adjusted EBITDA (see note 2 for definition and reconciliation)	7,045	18,677	3,120	452	(12,318)	16,976
Amortisation of intangible assets (note 10)	(2,198)	(6,288)	(596)	–	–	(9,082)
Depreciation of property, plant and equipment	(27)	(81)	(3)	(5)	–	(116)
Depreciation of right of use assets	(124)	(196)	(8)	(27)	–	(355)
Share-based payment expense	(1,235)	(2,861)	(53)	–	(6,235)	(10,384)
Exceptional operating items (note 2)	–	–	(1,107)	–	(7,957)	(9,064)
Operating profit/(loss)	3,461	9,251	1,353	420	(26,510)	(12,025)
Net finance costs (note 6)	–	–	–	–	(10,540)	(10,540)
Profit/(loss) before tax	3,461	9,251	1,353	420	(37,050)	(22,565)

Audited year ended 30 September 2021

	A&A £000	I&C £000	Auction Services £000	Content £000	Centrally allocated costs £000	Total £000
Revenue	16,203	43,695	7,129	3,053	–	70,080
Adjusted EBITDA (see note 2 for definition and reconciliation)	13,938	37,897	5,276	1,063	(26,375)	31,799
Amortisation of intangible assets (note 10)	(4,307)	(12,321)	(1,167)	–	–	(17,795)
Depreciation of property, plant and equipment	(53)	(160)	(6)	(9)	–	(228)
Depreciation of right of use assets	(259)	(410)	(17)	(57)	–	(743)
Share-based payment expense	(1,415)	(3,276)	(61)	–	(7,140)	(11,892)
Exceptional operating items (note 2)	–	–	(1,107)	–	(20,658)	(21,765)
Operating profit/(loss)	7,904	21,730	2,918	997	(54,173)	(20,624)
Net finance costs (note 6)	–	–	–	–	(6,684)	(6,684)
Profit/(loss) before tax	7,904	21,730	2,918	997	(60,857)	(27,308)

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

	Unaudited 31 March 2022		Unaudited 31 March 2021		Audited 30 September 2021	
	Total non-current assets £000	Additions to non- current assets £000	Total non-current assets £000	Additions to non-current assets £000	Total non-current assets £000	Additions to non- current assets £000
A&A	465,211	412,569	52,150	989	50,433	1,714
I&C	167,875	39,402	137,857	412	133,320	715
Auction Services	27,490	76	28,144	29,509	27,218	29,511
Content	108	6	135	6	131	10
	660,684	452,053	218,286	30,916	211,102	31,950

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

5. Revenue

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
<i>Product and customer types</i>			
A&A	26,948	8,138	16,203
I&C	25,132	21,468	43,695
Auction Services	4,060	3,458	7,129
Content	1,598	1,424	3,053
	57,738	34,488	70,080
<i>Primary geographical markets</i>			
United Kingdom	9,402	9,397	18,901
North America	46,422	23,316	47,773
Germany	1,914	1,775	3,406
	57,738	34,488	70,080
<i>Timing of transfer of goods and services</i>			
Point in time	53,033	31,113	62,142
Over time	4,705	3,375	7,938
	57,738	34,488	70,080

Due to the nature of the Group's business, it is not materially affected by seasonal or cyclical trading.

6. Net finance costs

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Foreign exchange gain	–	3,524	8,923
Interest income	1	1	9
Movements in contingent consideration	–	172	1,462
Finance income	1	3,697	10,394
Interest on loans and borrowings	(3,094)	(6,609)	(8,071)
Movements in contingent consideration	(1,860)	–	–
Foreign exchange loss	(679)	–	–
Interest on lease liabilities	(73)	(45)	(65)
Interest payable on preference shares	–	(6,328)	(6,328)
Amortisation of finance costs	(225)	(1,255)	(2,614)
Finance cost	(5,931)	(14,237)	(17,078)
Net finance costs	(5,930)	(10,540)	(6,684)

7. Taxation

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Current tax			
Current tax on profit/(loss) for the period	4,131	2,062	4,566
Adjustments in respect of prior years	–	–	(40)
Total current tax	4,131	2,062	4,526
Deferred tax			
Current year	(3,144)	(1,118)	(3,039)
Adjustments from change in tax rates	(1,608)	557	1,299
Adjustments in respect of prior years	82	–	(464)
Deferred tax	(4,670)	(561)	(2,204)
Tax (credit)/expense	(539)	1,501	2,322

The total tax expense recognised based on management's best estimate of the effective tax rate for the full year is a credit of 17% (31 March 2021: 7%) applied to the profit/(loss) before tax of the six-month period. In the period ended 31 March 2022 £2,262,000 (31 March 2021: £1,514,000) of the deferred tax liability relating to the capitalised acquisition intangible assets was unwound and credited to the Condensed Consolidated Statement of Profit or Loss.

Factors that may affect future tax charges

The UK Budget on 3 March 2021 announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The effect of the rate increase is reflected in the Condensed Consolidated Interim Financial Statements as it had been substantively enacted at the balance sheet date. The current tax expense for the year would have been £4,554,000 if the expected increased rate of corporation tax at 25% for the UK entities had applied.

In addition to the amount charged to the Condensed Statement of Profit or Loss, the following amounts relating to tax on share options and foreign exchange differences have been directly recognised in other comprehensive income/(loss) and equity:

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Other comprehensive income/(loss)			
Current tax	(1,805)	–	–
Equity			
Deferred tax	32	–	64
	(1,773)	–	64

8. Earnings/(loss) per share

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

Diluted earnings per share is calculated by dividing the profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares including non-vested/non-exercised ordinary shares. During the period and prior period, the Group awarded conditional share awards to Directors and certain employees through an LTIP. For the six months ended 31 March 2021 and the year ended 30 September 2021, the non-vested/non-exercised ordinary shares are anti-dilutive given the loss for the period and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share calculation.

	Unaudited six months ended 31 March 2022 £000	Unaudited six months ended 31 March 2021 £000	Audited Year ended 30 September 2021 £000
Profit/(loss) attributable to equity shareholders of the Company	3,792	(24,066)	(29,630)
	Number	Number	Number
Weighted average number of shares	120,205,794	64,893,047	88,248,037
Weighted average number of shares held by the Employee Benefit Trust	(26,501)	–	(622)
Weighted average number of shares	120,179,293	64,893,047	88,247,415
Dilutive share options	2,015,643	7,330	128,106
	122,194,936	64,900,377	88,375,521
Basic earnings/(loss) per share (in pence)	3.2	(37.1)p	(33.6)p
Diluted earnings/(loss) per share (in pence)	3.1	(37.1)p	(33.6)p

9. Acquisition of Platinum Parent Inc. (“LiveAuctioneers”)

On 1 October 2021, the Group acquired 100% of the equity share capital of the 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.

The maximum consideration payable of £404,685,000 (\$543,941,000), comprised:

- upfront cash consideration of £358,763,000 (\$482,218,000),
- 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 £27,322,000 (\$36,723,000); and,
- contingent consideration of up to a maximum £18,600,000 (\$25,000,000), was subject to the performance of the 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 £17,889,000 (\$24,045,000). The targets were met in full and cash contingent consideration of £18,022,000 was paid during the period ended 31 March 2022. Exchange differences to reserves were recorded within foreign exchange differences on translation of foreign operations in the Condensed Consolidated Statement of Comprehensive Income or Loss. The unwinding of discount of £711,000 was reported as a finance cost in the Condensed Consolidated Statement of Profit or Loss.

At the date of acquisition, LiveAuctioneers had net assets with a fair value of £122,513,000 (\$164,678,000). The provisional acquisition accounting is set out below.

	Provisional fair value £000
Acquired intangible assets – software	24,494
Acquired intangible assets – customer relationships	120,023
Acquired intangible assets – brand	21,457
Internally generated software	1,820
Property, plant and equipment	88
Right of use assets	959
Trade receivables and other receivables	3,974
Income tax receivable	194
Trade and other payables	(4,733)
Lease liabilities	(1,063)
Deferred tax liabilities	(44,700)
Net assets on acquisition	122,513
Goodwill (note 10)	281,461
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 outflow arising on acquisition:	
Initial cash consideration	288,524
Debt amounts settled	70,239
	358,763

Goodwill arises as a result of the surplus of consideration over the fair value of the separately identifiable assets acquired. The main reason leading to the recognition of goodwill is the future economic benefits arising from assets which are not capable of being individually identified and separately recognised; these include the value of future technology including the rollout of the payments platform to the wider Group, synergies expected to be realised post acquisition, new customer relationships and the fair value of the assembled workforce within the business acquired. The fair value adjustment to the deferred tax liabilities of £33,413,000 relates to the deferred tax liability recognised on the acquired intangible asset. Goodwill of £4,856,000 is deductible for tax purposes. The fair value of the assets acquired includes gross trade receivables of £3,815,000 which are expected to be fully recoverable.

Acquisition costs of £nil (31 March 2021: £nil, 30 September 2021: £12,028,000) directly related to the business combination have been immediately expensed to the Condensed Consolidated Statement of Profit or Loss as part of administrative expenses and included within exceptional items (see note 2). Between 1 October 2021 and 31 March 2022, LiveAuctioneers contributed £18,530,000 to Group revenues and a profit before tax of £5,287,000.

10. Goodwill and other intangible assets

	Software £000	Customer relationships £000	Brand £000	Non- compete agreement £000	Total acquired intangible assets £000	Internally generated software £000	Goodwill £000	Total £000
1 October 2020	7,412	49,712	10,655	–	67,779	7,051	124,023	198,853
Acquisition of business	2,786	6,094	371	1,286	10,537	–	18,972	29,509
Additions	–	–	–	–	–	1,956	–	1,956
Amortisation	(3,422)	(8,246)	(1,258)	(293)	(13,219)	(4,576)	–	(17,795)
Exchange differences	(207)	(690)	(222)	(54)	(1,173)	(278)	(1,835)	(3,286)
30 September 2021	6,569	46,870	9,546	939	63,924	4,153	141,160	209,237
Acquisition of business (note 9)	24,494	120,023	21,457	–	165,974	1,820	281,461	449,255
Additions	–	–	–	–	–	1,621	–	1,621
Amortisation	(3,003)	(8,403)	(1,293)	(156)	(12,855)	(1,725)	–	(14,580)
Exchange differences	647	3,213	628	25	4,513	81	8,082	12,676
31 March 2022	28,707	161,703	30,338	808	221,556	5,950	430,703	658,209

	Software £000	Customer relationships £000	Brand £000	Non- compete agreement £000	Total acquired intangible assets £000	Internally generated software £000	Goodwill £000	Total £000
1 October 2020	7,412	49,712	10,655	–	67,779	7,051	124,023	198,853
Acquisition of business	2,786	6,094	371	1,286	10,537	–	18,972	29,509
Additions	–	–	–	–	–	1,367	–	1,367
Amortisation	(1,747)	(4,206)	(679)	(140)	(6,772)	(2,310)	–	(9,082)
Exchange differences	(248)	(883)	(284)	(69)	(1,484)	(284)	(2,583)	(4,351)
31 March 2021	8,203	50,717	10,063	1,077	70,060	5,824	140,412	216,296

The Group has reviewed each cash-generating unit for indicators of impairment at the reporting date and no indicators were identified.

11. Cash and cash equivalents

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

	Unaudited 31 March 2022 £000	Unaudited 31 March 2021 £000	Audited 30 September 2021 £000
Cash in bank	35,219	44,696	173,675
Cash held in escrow (restricted cash)	–	–	223,776
	35,219	44,696	397,451

Cash in bank includes cash of £2,402,000 (31 March 2021: £3,881,000; 30 September 2021: £2,402,000) held by the Trustee of the Group's Employee Benefit Trust relating to share awards for employees. These funds are not available to circulate within the Group on demand.

As a result of the capital raising on 17 June 2021, the cash, net of transaction fees associated with the acquisition and financing of LiveAuctioneers was transferred to an escrow account. The funds held at 30 September 2021 were restricted and are not available to circulate within the Group on demand. The funds were released on 1 October 2021 for the acquisition of LiveAuctioneers (see note 9).

12. Loans and borrowings

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

	Unaudited 31 March 2022 £000	Unaudited 31 March 2021 £000	Audited 30 September 2021 £000
Current			
Secured bank loan	14,276	322	–
Unsecured loan notes	–	339	353
	14,276	661	353
Non-current			
Secured bank loan	140,643	37,981	148,686
	140,643	37,981	148,686
	154,919	38,642	149,039

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

- a senior term loan facility (the "New Senior Term Facility") for \$204.0m for the acquisition of LiveAuctioneers. The New Senior Term Facility was drawn down in full on 30 September 2021 prior to completion of the acquisition of LiveAuctioneers on 1 October 2021. The loan will be due for repayment on 17 June 2026.
- a multi-currency revolving credit working capital facility (the "New Revolving Credit Facility") for \$49.0m. Any sums outstanding under the New Revolving Credit Facility will be due for repayment on 17 June 2024, subject to the optionality of two 12-month extensions. The facility has not been drawn down as at 31 March 2022 or 30 September 2021.

The New Senior Facilities Agreement contains an adjusted net leverage covenant which tests the ratio of adjusted net debt against adjusted EBITDA and an interest cover ratio which tests the ratio of adjusted EBITDA against net finance charges, in each case, as at the last date of each financial quarter, commencing with the financial quarter ending 30 September 2021. The Group has been in full compliance with the covenants during the period.

13. Deferred taxation

The movement in net deferred tax liabilities is as follows:

	Total £000
1 October 2020	(11,588)
Amount credited to Condensed Consolidated Statement of Profit or Loss	2,204
Amount credited to equity	64
Exchange differences	426
30 September 2021	(8,894)
Acquisition of business (note 9)	(44,700)
Amount credited to Condensed Consolidated Statement of Profit or Loss	4,670
Amount credited to equity	32
Exchange differences	(1,249)
31 March 2022	(50,141)

The net deferred tax liabilities include deferred tax asset of £nil at 31 March 2022 (31 March 2021: £nil; 30 September 2021: £366,000).

14. Share capital

	Unaudited 31 March 2022 £000	Unaudited 31 March 2021 £000	Audited 30 September 2021 £000
Allotted, called up and fully paid			
120,519,793 ordinary shares at 0.01p each (31 March 2021: 100,000,000, 30 September 2021: 119,999,990)	12	10	12
	12	10	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 for business combination	506,926	–	–	–
Share options exercised	6,339	–	–	–
Shares issued to the Trust	6,538	–	–	–
31 March 2022	120,519,793	12	235,903	238,385

During the period, 519,803 ordinary shares of 0.01p each with an aggregate nominal value of £52 were issued for options that vested. These included 50% of the restricted stock units granted for the LiveAuctioneers acquisition (see note 9), Long-term Incentive Plan Awards (“LTIP Awards”), shares issued to the Trust for LTIP Awards that have vested in the period but not yet exercised.

15. Related party transactions

There were no related party transactions for the six month period ended 31 March 2022. The Group’s related party transactions for FY 21 are disclosed in the Group’s 2021 Annual Report. There have been no material changes in the related party transactions described in the last annual report.

16. Events after the balance sheet date

There were no events after the balance sheet date.

Responsibility Statement

The Directors confirm that to the best of our knowledge:

- these Condensed Consolidated Interim Financial Statements have been prepared in accordance with United Kingdom adopted International Accounting Standard 34 “Interim Financial Reporting”,
- the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

By order of the Board,

John-Paul Savant
Chief Executive Officer

Tom Hargreaves
Chief Financial Officer

18 May 2022

18 May 2022

Glossary

A&A	Art & Antiques
Auction Mobility	Auction Mobility LLC
Bidder sessions	web sessions on the Group's marketplaces online within a given time frame
BidSpotter	the Group's 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
GMV	gross merchandise value, representing the total final sale value of all lots sold via winning bids placed on the marketplaces or the platform, on a proforma basis, excluding additional fees (such as online fee and auctioneers' commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
i-bidder	the Group's marketplace operated by the www.i-bidder.com domain
I&C	Industrial & Commercial
KPIs	key performance indicators
LiveAuctioneers	the Group's marketplace operated via the www.liveauctioneers.com domain
Live auctions	Live auctions typically feature a physical auction room (with bidders participating in the room and by phone) supplemented by bids made online. Lots are run consecutively and so apart from the first lot there is no fixed time for specific lots to be called
Lot-tissimo	the Group's marketplace operated via the www.lot-tissimo.com domain
LTIP Awards	the Company's Long Term Incentive Plan
Marketplaces	the online auction marketplaces operated by the Group
Online share	represents GMV as a percentage of THV
Proforma basis	certain measures have been used as the acquisition of LiveAuctioneers on 1 October 2021 and Auction Mobility on 16 October 2020 have affected the comparability of the Group's results of operations for HY 22. The measures are presented for the Group to provide comparisons of the Group's results between HY 21 and HY 22 as if the acquisitions had occurred on 1 October 2020. In addition, proforma revenue is stated at constant exchange rates with the prior year comparatives being restated using current year exchange rates. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results
Proxibid	the Group's marketplace operated via the www.proxibid.com domain
The Saleroom	the Group's marketplace operated via the www.the-saleroom.com domain
Take rate	represents the Group's marketplace revenue as a percentage of GMV. Marketplace revenue is the Group's reported revenue excluding Auction Services and Content revenue
THV	total hammer value, representing the total final sale value of all lots listed on the marketplaces or the platform, on a proforma basis, excluding additional fees (such as online fee and auctioneers' commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
Timed auctions	auctions which are held entirely online (with no in-room or telephone bidders) and where lots are only made available to online bidders for a specific, pre-determined timeframe
Verticals	industry or inventory, for example, art and antiques, industrial and construction, consumer surplus and returns and sub-verticals such as equine, real estate and classic cars

Independent Review Report to Auction Technology Group plc

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 31 March 2022 which comprises the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 16. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 31 March 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, UK
18 May 2022