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

for the year ended 30 September 2023

	Note	**Year ended 30 September 2023 £000**	Year ended 30 September 2022 £000
Revenue	4,5	**135,225**	119,846
Cost of sales		**(43,481)**	(40,101)
Gross profit		**91,744**	79,745
Administrative expenses		**(69,724)**	(63,646)
Other operating income		**556**	718
Operating profit	6	**22,576**	16,817
Finance income	8	**181**	2,127
Finance costs	8	**(15,611)**	(9,665)
Net finance costs	8	**(15,430)**	(7,538)
Profit before tax		**7,146**	9,279
Income tax	9	**9,792**	(15,406)
Profit/(loss) for the year attributable to the equity holders of the Company		**16,938**	(6,127)
Other comprehensive (loss)/income for the year attributable to the equity holders of the Company			
Items that may subsequently be transferred to profit and loss:			
Foreign exchange differences on translation of foreign operations		**(42,378)**	86,126
Fair value gain/(loss) arising on hedging instruments during the year	22	**11,841**	(16,173)
Tax relating to these items	9	**(2,606)**	3,074
Other comprehensive (loss)/income for the year, net of income tax		**(33,143)**	73,027
Total comprehensive (loss)/income for the year attributable to the equity holders of the Company		**(16,205)**	66,900
Earnings /(loss) per share		**p**	p
Basic	10	**13.9**	(5.1)
Diluted	10	**13.8**	(5.1)

The above results are derived from continuing operations.

The notes on pages 129 to 159 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

as at 30 September 2023

	Note	30 September 2023 £000	30 September 2022 £000
ASSETS			
Non-current assets			
Goodwill	12	**474,315**	488,978
Other intangible assets	12	**221,112**	246,475
Property, plant and equipment	13	**734**	526
Right of use assets	17	**3,231**	1,714
Trade and other receivables	14	**113**	90
Total non-current assets		**699,505**	737,783
Current assets			
Trade and other receivables	14	**17,894**	15,790
Tax asset		**101**	1,565
Cash and cash equivalents	15	**8,539**	51,817
Total current assets		**26,534**	69,172
Total assets		**726,039**	806,955
LIABILITIES			
Non-current liabilities			
Loans and borrowings	18	**(108,969)**	(149,862)
Tax liabilities		**(800)**	(1,074)
Lease liabilities	17	**(2,656)**	(1,094)
Deferred tax liabilities	19	**(40,689)**	(64,618)
Total non-current liabilities		**(153,114)**	(216,648)
Current liabilities			
Trade and other payables	16	**(26,407)**	(18,780)
Loans and borrowings	18	**(12,861)**	(30,983)
Tax liabilities		**(3,098)**	(475)
Lease liabilities	17	**(599)**	(746)
Total current liabilities		**(42,965)**	(50,984)
Total liabilities		**(196,079)**	(267,632)
Net assets		**529,960**	539,323

	Note	30 September 2023 £000	30 September 2022 £000
EQUITY			
Share capital	20	**12**	12
Share premium	20	**236,231**	235,903
Other reserve	20	**238,385**	238,385
Capital redemption reserve	20	**5**	5
Share option reserve	20	**23,485**	34,690
Foreign currency translation reserve	20	**36,203**	66,740
Retained losses		**(4,361)**	(36,412)
Total equity		**529,960**	539,323

The notes on pages 129 to 159 are an integral part of these Consolidated Financial Statements. The Consolidated Financial Statements were approved by the Board of Directors on 30 November 2023 and signed on its behalf by:

John-Paul Savant **Tom Hargreaves**

Company registration number 13141124

Consolidated Statement of Changes in Equity

for the year ended 30 September 2023

	Note	Share capital £000	Share premium £000	Other reserve £000	Capital redemption reserve £000	Share option reserve £000	Foreign currency translation reserve £000	Retained losses £000	Total equity £000
1 October 2021		12	235,903	238,385	5	1,649	(3,213)	(33,287)	439,454
Loss for the year		–	–	–	–	–	–	(6,127)	(6,127)
Other comprehensive income		–	–	–	–	–	69,953	3,074	73,027
Total comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**69,953**	**(3,053)**	**66,900**
Transactions with owners									
Options issued as consideration for a business combination, net of transaction costs and tax	20	–	–	–	–	28,346	–	–	28,346
Share-based payments	21	–	–	–	–	4,695	–	78	4,773
Income tax relating to items taken directly to equity	9	–	–	–	–	–	–	(150)	(150)
30 September 2022		**12**	**235,903**	**238,385**	**5**	**34,690**	**66,740**	**(36,412)**	**539,323**
Profit for the year		–	–	–	–	–	–	16,938	16,938
Other comprehensive loss		–	–	–	–	–	(30,537)	(2,606)	(33,143)
Total comprehensive (loss)/income for the year		**–**	**–**	**–**	**–**	**–**	**(30,537)**	**14,332**	**(16,205)**
Transactions with owners									
Shares issued	20	–	328	–	–	–	–	–	328
Options exercised relating to previous business combination	20	–	–	–	–	(15,763)	–	15,763	–
Share-based payments	21	–	–	–	–	4,558	–	1,956	6,514
30 September 2023		**12**	**236,231**	**238,385**	**5**	**23,485**	**36,203**	**(4,361)**	**529,960**

Consolidated Statement of Cash Flows

for the year ended 30 September 2023

	Note	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Cash flows from operating activities			
Profit before tax		**7,146**	9,279
Adjustments for:			
Amortisation of acquired intangible assets	12	**26,595**	26,591
Amortisation of internally generated software	12	**3,827**	4,118
Depreciation of property, plant and equipment	13	**330**	280
Depreciation of right of use assets	17	**896**	920
Share-based payment expense	21	**7,028**	5,226
Finance income	8	**(181)**	(2,127)
Finance costs	8	**15,611**	9,665
Operating cash flows before movements in working capital		**61,252**	53,952
(Increase)/decrease in trade and other receivables		**(3,259)**	304
Decrease in trade and other payables		**(289)**	(4,847)
Cash generated by operations		**57,704**	49,409
Income taxes paid		**(8,143)**	(9,981)
Net cash from operating activities		**49,561**	39,428
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	11	**(24,932)**	(358,763)
Additions to internally generated software	12	**(8,727)**	(4,209)
Payment for property, plant and equipment	13	**(411)**	(270)
Payment for right of use assets	17	**(188)**	–
Interest income received		**181**	–
Payment of contingent consideration		**–**	(20,946)
Net cash used in investing activities		**(34,077)**	(384,188)
Cash flows from financing activities			
Payment of contingent consideration		**–**	(1,222)
Repayment of loans and borrowings	18	**(69,110)**	(359)
Proceeds from loans and borrowings	18	**21,250**	–
Payment of interest on lease liabilities	17	**(189)**	(137)
Payment of lease liabilities	17	**(794)**	(959)
Shares issued	20	**328**	–
Interest paid	18	**(10,651)**	(7,283)
Net cash used in financing activities		**(59,166)**	(9,960)
Cash and cash equivalents at the beginning of the year		**51,817**	397,451
Net decrease in cash and cash equivalents		**(43,682)**	(354,720)
Effect of foreign exchange rate changes		**404**	9,086
Cash and cash equivalents at the end of the year	15	**8,539**	51,817

Notes to the Consolidated Financial Statements

1. Accounting policies

General information

Auction Technology Group plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act.

The Company is a public company limited by shares and is registered in England and Wales. The registered office of the Company is The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom.

The principal activities of the Company and its subsidiaries (the "Group") and the nature of the Group's operations are set out in note 25 and in the Strategic Report on pages 2 to 68.

Presentation currency

The Consolidated Financial Statements are presented in pound sterling which is the currency of the primary economic environment in which the Group operates rounded to the nearest thousand. Foreign operations are included in accordance with policies set out on page 131. Given that a significant majority of the Group's revenue, costs and cash flows are generated in US dollars, the Board has determined that, for financial periods beginning on or after 1 October 2023, the Group will change the presentational currency in which the Group presents its consolidated financial results from pound sterling to US dollars.

Basis of preparation

The Consolidated Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company accounts present information about the entity and not about its Group.

The Consolidated Financial Statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS") and with the requirements of the Companies Act 2006. The Company has elected to prepare its parent Company Financial Statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006; these are presented on pages 160 to 163.

The Consolidated Financial Statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. All accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

New and amended accounting standards effective during the year

The following amended standards and interpretations were effective during the year:

- Amendments to IAS 16: Property, Plant and Equipment: proceeds before intended use
- IAS 37: Onerous Contracts: costs of fulfilling a contract
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3: Business Combinations: reference to conceptual framework

The adoption of the standards and interpretations has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

New standards, interpretations and amendments issued but not yet effective

The following new accounting standards, amendments and interpretations to accounting standards have been issued but these are not mandatory for 30 September 2023 and they have not been adopted early by the Group:

- IFRS 17: Insurance Contracts
- Amendments to IAS 1: Classification of liabilities as current and non-current
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies
- Amendments to IAS 8: Definition of accounting estimates
- Amendments to IAS 12: Deferred Tax related to assets and liabilities arising from a single transaction

The Directors anticipate that the adoption of planned standards and interpretations in future periods will not have a material impact on the Consolidated Financial Statements of the Group.

Going concern

The Directors are required to assess going concern at each reporting period. The Directors have undertaken the going concern assessment for the Group for a minimum of 12 months from the date of signing these financial statements. The Directors have assessed the Group's prospects, both as a going concern and its longer-term viability as set out on page 34. After considering the current financial projections, the bank facilities available and then applying severe but plausible sensitivities, the Directors of the Company are satisfied that the Group has sufficient resources for its operational needs and will remain in compliance with the financial covenants in its bank facilities for at least the next 12 months from the date of approving these Consolidated Financial Statements. The process and key judgements in coming to this conclusion are set out below:

Liquidity

The Group entered into the Senior Facilities Agreement on 17 June 2021 which included the Senior Term Facility for $204.0m for the acquisition of LiveAuctioneers. The Senior Term Facility was drawn down in full on 30 September 2021 prior to completion of the acquisition of LiveAuctioneers on 1 October 2021. During the year ended 30 September 2023, a prepayment of $53.7m (£48.0m) was paid on the Senior Term Facility. In the absence of any other prepayments, the next scheduled repayment would be $7.4m on 30 June 2024. The loan will be due for repayment on 17 June 2026. At 30 September 2023 the loan was subject to interest at a margin of 3.00% over US SOFR. In addition, the Group has a multi-currency revolving credit working capital facility (the "RCF") for $49.0m. Any sums outstanding under the RCF will be due for repayment on 17 June 2026. On 1 February 2023, $26.3m (£21.3m) was drawn down to partly fund the acquisition of ESN (see note 11), which has been repaid in full as at 30 September 2023. As at 30 September 2023 the Group has adjusted net debt of £115.7m and is in a net current liability position.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Covenants
The Group is subject to covenant tests on the Senior Term Facility, with the most sensitive covenant being the net leverage ratio covenant adjusted net debt: trailing 12-month adjusted EBITDA. The net leverage ratio covenant was a maximum of 4.0x, which reduced to 3.5x in Q2 FY23, was 3.0x at 30 September 2023 and will reduce to 2.75x in Q4 FY24. Under the base case forecasts and each of the downside scenarios, including the combined downside scenario, the Group is forecast to be in compliance with the covenants and have cash headroom, without applying mitigating actions which could be implemented such as reducing capital expenditure spend. At 30 September 2023, the net leverage ratio was 1.8x compared to the limit of 3.0x and therefore the Group was comfortably within the covenant.

Scenario planning
The Directors have undertaken the going concern assessment for the Group, taking into consideration the Group's business model, strategy, and principal and emerging risks. As part of the going concern review the Directors have reviewed the Group's forecasts and projections, assessed the headroom on the Group's facilities and the banking covenants. This has been considered under a base case and several plausible but severe downside scenarios, taking into consideration the Group's principal risks and uncertainties. These scenarios include significant reduction in commission revenue due to THV reduction, significant reduction in commission revenue due to conversion rate decline and lower revenue growth from value-added services across the Group. None of these scenarios individually or collectively threaten the Group's ability to continue as a going concern. Even in the combined downside scenario modelled (the combination of all downside scenarios occurring at once) the Group would be able to operate within the level of its current available debt facilities and covenants. Accordingly, the Directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements for the year ended 30 September 2023.

Climate change
The Group has assessed the impacts of climate change on the Group's Consolidated Financial Statements, including our commitment to achieving Net zero by 2040 and the actions the Group intends to take to achieve those targets. The assessment did not identify any material impact on the Group's significant judgements or estimates at 30 September 2023, or the assessment of going concern and the Group's viability over the next three years. Specifically, we have considered the following areas:

- the physical and transition risks associated with climate change; and
- the actions the Group is taking to meet its carbon reduction and Net zero targets.

As a result, the Group has assessed the potential impacts of climate change on the Consolidated Financial Statements, and in particular on the following areas:

- the impact on the Group's future cash flows, and the resulting impact such adjustments to the future cash flows would have on the outcome of the annual impairment testing of goodwill balances (see note 12), the recognition of deferred tax assets and our assessment of going concern;
- the carrying value of the Group's assets, in particular the recoverable amounts of intangible assets and property, plant and equipment; and
- changes to estimates of the useful economic lives of intangible assets and property, plant and equipment.

Basis of consolidation
The Consolidated Financial Statements consist of the financial statements of the ultimate parent Company and all entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of subsidiaries acquired or sold are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Employee Benefit Trust
The assets and liabilities of the Employee Benefit Trust have been included in the Consolidated Financial Statements. Any assets held by the Employee Benefit Trust cease to be recognised on the Consolidated Statement of Financial Position when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the Employee Benefit Trust are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Consolidated Statement of Comprehensive Income.

Business combinations
The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date.

Goodwill is stated after separate recognition of other identifiable intangible assets.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the accounting for business combinations involves provisional amounts, which are finalised in a subsequent reporting period during the 12-month measurement period as permitted under IFRS 3, restatement of these provisional amounts may be required in the subsequent reporting period.

Foreign currency

Functional currency

The functional currency of Auction Technology Group plc and its subsidiaries, other than the US holding companies, is measured using the currency of the primary economic environment in which the entity operates. The US holding companies in FY23 which had a functional currency of pound sterling include ATG US Holdings Limited and ATG US Holdings Inc. (formerly named ATG Media US Inc.), Proxibid Bidco Inc., Platinum Parent Inc., Platinum Intermediate Inc., Platinum Purchaser Inc. and LiveAuctioneers Inc.

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates of exchange at the reporting date. Gains and losses arising on foreign currency borrowings, to the extent that they are used to provide a hedge against the Group's equity investments in overseas undertakings, are taken to other comprehensive income together with the exchange difference arising on the net investment in those undertakings. All other exchange differences on monetary items are taken to profit and loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into pound sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the acquisition closing rate. This is then revalued at the year-end rate with any foreign exchange difference taken directly to the translation reserve.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged to the Consolidated Statement of Profit or Loss over the estimated useful lives of each part of an item of property, plant and equipment. The Directors reassess the useful economic lives and estimated residual values on an annual basis. The estimated useful lives are as follows:

Leasehold improvements	3 to 7 years straight line
Computer equipment	3 to 5 years straight line
Fixtures and fittings	3 to 5 years straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit or Loss.

Intangible assets

Identifiable intangibles are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Internally generated intangible assets

Included within internally generated software are development costs in relation to software which are capitalised when the related projects meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset has been established;
- it can be demonstrated that the asset will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development;
- the expenditure attributable to the intangible asset can be reliably measured; and
- management has the ability and intention to use or sell the asset.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

These projects are designed to enhance the existing software within the Group. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets.

The Group only capitalises internally generated costs from the configuration and capitalisation of SaaS projects when it is able to obtain economic benefits from the activities independent from the SaaS solution itself.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Development expenditure is only amortised over the period the Group is expected to benefit and is subject to annual impairment testing.

Acquired intangible assets

Acquired intangible assets include software, customer relationships, brand and non-compete agreements. Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation relating to capitalised software development costs is recognised through cost of sales whilst amortisation in respect of non-software intangibles is recognised through administrative expenses. Amortisation is charged to the Consolidated Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

Internally generated software	3 years
Software	3 to 10 years
Customer relationships	2 to 14 years
Brand	5 to 15 years
Non-compete agreement	4 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of non-financial assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit or Loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

Cash and cash equivalents, and restricted cash

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash includes cash held by the Group which can only be used to exchange or settle a specific liability in the future and cash held by the Trustee of the Group's Employee Benefit Trust.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Group classifies its financial assets into the following categories: financial assets at amortised cost, financial assets at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVTOCI").

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL on trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All income and expenses relating to financial assets that are recognised in the Consolidated Statement of Profit or Loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administrative expenses.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried at fair value with gains or losses recognised in the Consolidated Statement of Profit or Loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the Consolidated Statement of Profit or Loss are included within finance costs or finance income.

Hedge accounting

The Group designates foreign currency loans as hedging instruments in respect of foreign currency risk and hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Gains and losses accumulated in the foreign currency translation reserve are included in the Consolidated Statement of Profit or Loss on disposal of the foreign operation.

Revenue recognition

The Group recognises revenue when it has transferred the promised services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those services.

Marketplace revenues

Marketplace revenues include commissions (based on a percentage of the price of items sold at auction), auction fees (both pay-as-you-go and subscription based), value-added services, digital marketing and advertising and auction-related services.

Commission fees

The Group recognises commission fees as an agent on the basis that there is no contractual relationship with the end-consumer of goods sold at auction and the Group will receive its commission irrespective of whether the end-consumer makes its payment to the auction house.

The commission element of both subscription and pay-as-you-go contracts (see below) is based on the value of the items sold at auction and as such is subject to inherent uncertainty and cannot be estimated reliably in advance. The Group has determined that it is not possible to make a reliable estimate of the commissions that will be earned under a particular contract and as such the commission element of auction revenue is not recognised until the auction has completed and the revenue value is known.

Auction fixed fees

Contracts will typically specify an event (pay-as-you-go) or period of time during which the auction house may host a number of events (subscription) as well as other auction-related services.

Auction fixed fees sold under subscription-based contracts, in which the performance obligation is the provision of access to the technology platform and any auction-related services specified in the contract for that period of time, are recognised straight-line over the term of the contract. This recognition reflects the fact that the contract allows for continuous usage of the technology platform and its functionality together with any auction-related services.

Auction fixed fees sold under pay-as-you-go contracts result in a performance obligation that is satisfied by providing access for the duration of that specific auction. As auctions typically complete within one to three days, the Group recognises revenue on completion of the auction.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

Value-added services
Value-added services include payments and shipping. The transaction price is the agreed fee between the marketplace and the customer and is recognised at a point in time when control of the promised services is transferred to the customer. The services are a distinct performance obligation based on the capability of being separately identified (optional) service and providing the customer a service that can be used on its own. The revenue recognised is the full fees received as the Group is acting as principal in the process. The Group has primary responsibility for fulfilling the service to the customer and has sole discretion in establishing the prices. The expenses for the fees paid to the other parties involved in the process are recognised separately within cost of sales.

Digital marketing and advertising
Marketing revenues are principally derived from banner advertising and fees generated from email campaigns. Revenue is recognised in line with the satisfaction of the campaign objectives (i.e. at the point that the campaign emails are sent or over the period that the banner is provided on the website).

Auction-related services
Auction-related services include mirrored bidding, customer support, buy-it-now functionality, online cataloguing and the provision of personnel to operate the auction. These contracts are deemed to represent a single performance obligation, on the basis that the customer could not benefit from the auction-related services without also having access to the auction platform, and therefore are not distinct performance obligations.

Auction services revenues
For back-office and software technology products, auction revenues sold under subscription-based contracts, in which the performance obligation is the provision of access to the technology platform and any auction-related services specified in the contract for that period of time, are recognised straight-line over the term of the contract. This recognition reflects the fact that the contract allows for continuous usage of the technology platform and its functionality together with any auction-related services.

Auction revenues sold under pay-as-you-go contracts result in a performance obligation that is satisfied by providing access for the duration of that specific auction. As auctions typically complete within one to three days, the Group recognises revenue on completion of the auction.

Content-related services
Content-related services primarily include print and digital advertising revenues and subscriptions to the Antiques Trade Gazette.

The Group identified one performance obligation for print advertising services which is to include the advert in a particular edition of the Antiques Trade Gazette. The performance obligation is satisfied and revenue is recognised at the point that the magazine is published. Where the advert is featured in a number of editions, the performance obligation is satisfied over the period that the advertisement is featured. Revenue is recognised evenly over the period that the advertisement is featured.

For magazine subscriptions, customers receive a specified number of editions during the subscription period. Revenue is recognised evenly over the subscription period.

Contract balances
Timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets represent revenue recognised prior to invoicing when it has satisfied its performance obligation and has the unconditional right to payment.

Contract liabilities consist of fees received related to unsatisfied performance obligations at the end of the period.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amounts of deferred tax assets are reviewed at each reporting date.

Employee benefits
Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Profit or Loss as incurred.

Share-based payments
The Group measures the cost of services received in exchange for share options based on the grant-date fair value of the award and recognises the cost over the period of required service for the award. The Group accounts for awards of shares to employees as share-based compensation as they vest with a corresponding credit to reserve for share-based payments. The fair value of options is calculated using an option pricing model.

Notes to the Consolidated Financial Statements continued

1. Accounting policies continued

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of share options, any proceeds received from share option holders are recorded as an increase to share capital.

Leases

The Group's leases predominantly relate to property, mainly offices, however the Group's lease portfolio also includes other assets such as motor vehicles and computer equipment.

The Group recognises all leases on the Consolidated Statement of Financial Position, apart from in cases where the lease is for a period of less than 12 months or is for an asset with a low value. Low-value and short-term leases continue to be charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the period of the lease.

Lease liabilities are recognised at the present value of future lease payments, determined using the implicit interest rate in the lease where available, or using an incremental borrowing rate appropriate to the subsidiary and lease term where an implicit interest rate is not available or appropriate. A corresponding right of use asset is recognised, equivalent to the value of the lease liability, which is depreciated in a straight line over the shorter of the useful economic life of the asset and the lease term. The depreciation is recognised as an administrative expense within overheads. The unwinding of the discount on the present value of the lease liability is recognised as a finance charge over the lease term. Rent payments are used to reduce the lease liability and are disclosed as debt repayments in the Consolidated Statement of Cash Flows. Lease terms include any options to extend when it is reasonably certain that the extension will be taken.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Alternative performance measures

Management exercises judgement in determining the adjustments to apply to UK-adopted IAS measurements in order to derive suitable alternative performance measures ("APMs"). As set out and reconciled in note 2, APMs are used as management believes these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for performance analysis. The APMs are not defined by UK-adopted IAS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, their equivalent UK-adopted IAS.

2. Significant judgements and key sources of estimation uncertainty

The preparation of the Group's Consolidated Financial Statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are evaluated continually, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key estimation uncertainties are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimates were based, or as a result of new information or more experience.

Significant judgements are those that the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The significant judgements and key sources of estimation uncertainty disclosed in the annual financial statements for the year ended 30 September 2022 which are no longer applicable are:

- Impairment of goodwill (estimate); and
- LiveAuctioneers consideration (judgement).

For the year ended 30 September 2023, there are no key sources of estimation uncertainty and the significant judgements are detailed below:

Goodwill and other intangible assets arising from business combinations

The purchase price of an acquired company is allocated between intangible assets and the net tangible assets of the acquired business with the residual amount of the purchase price recorded as goodwill. The determination of the value of the intangible assets requires significant judgements and estimates to be made by management. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital. Of the intangibles acquired, the customer relationship balances are especially sensitive to changes in assumptions around discount rates and customer attrition rates (see note 11).

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

Notes to the Consolidated Financial Statements continued

2. Significant judgements and key sources of estimation uncertainty continued

Functional currency of subsidiaries

There is an element of judgement required when assessing the functional currency of each subsidiary against the requirements and guidance of IAS21 "The Effects of Changes in Foreign Exchange Rates", in particular for intermediate holding companies. There were seven US holding companies within the Group that have a pound sterling functional currency. However, under US tax rules, their tax functional currency is US dollars. The US tax basis for these holding companies for the year ending 30 September 2023 included an unrealised foreign exchange loss of £28.2m (FY22: gain of £61.9m) on intra-group loans totalling £295.6m (FY22: loans of £295.6m). Under US tax rules, foreign exchange gains and losses are not taxable until they are realised. On a consolidated basis, with the pound sterling functional currency applied for these US holding companies there was no foreign exchange gain recognised in the Consolidated Financial Statements.

3. Alternative performance measures

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

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

Other commentary within the Annual Report and Accounts (CFO's Review pages 23 to 27), should be referred to in order to fully appreciate all the factors that affect the Group.

Adjusted EBITDA

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

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

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Profit before tax	**7,146**	9,279
Adjustments for:		
Net finance costs (note 8)	**15,430**	7,538
Amortisation of acquired intangible assets (note 12)	**26,595**	26,591
Amortisation of internally generated software (note 12)	**3,827**	4,118
Depreciation of property, plant and equipment (note 13)	**330**	280
Depreciation of right of use assets (note 17)	**896**	920
Share-based payment expense (note 21)	**7,028**	5,226
Exceptional operating items	**2,712**	–
Adjusted EBITDA	**63,964**	53,952

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Reported revenue (note 4,5)	**135,225**	119,846
Adjusted EBITDA	**63,964**	53,952
Adjusted EBITDA margin	**47%**	45%

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

Share-based payment expense

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

Notes to the Consolidated Financial Statements continued

3. Alternative performance measures continued

Exceptional operating items

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

The exceptional operating items are detailed below:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Acquisition costs	**2,712**	–
Total exceptional operating items	**2,712**	–

For the year ended 30 September 2023, the Group's exceptional operating costs were in respect of the costs relating to the acquisition of ESN on 6 February 2023 (see note 11).

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

The business has undertaken focused acquisitive activity which has been strategically implemented to increase income, service range and critical mass of the Group. Acquisition costs comprise legal, professional, other consultancy expenditure incurred and retention bonuses for ESN employees payable one year after completion. The retention bonus is subject to service conditions and is being accrued over the period. The net cash outflow related to exceptional operating items in the period is £1.5m (FY22: £4.0m).

Adjusted earnings and adjusted diluted earnings per share

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

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Profit/(loss) attributable to equity shareholders of the Company	**16,938**	(6,127)
Adjustments for:		
Amortisation of acquired intangible assets	**26,595**	26,591
Exceptional finance items	**4,272**	(221)
Share-based payment expense	**7,028**	5,226
Exceptional operating items	**2,712**	–
Deferred tax on unrealised foreign exchange differences	**(7,185)**	15,899
Tax on adjusted items	**(10,273)**	(5,254)
Adjusted earnings	**40,087**	36,114

	Number	Number
Diluted weighted average number of shares (note 10)	**123,088,377**	122,441,916
	p	p
Adjusted diluted earnings per share (pence)	**32.6**	29.5

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

Amortisation of acquired intangible assets through business combinations

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

Exceptional finance items

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

Deferred tax on unrealised foreign exchange differences

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

Notes to the Consolidated Financial Statements continued

3. Alternative performance measures continued

Tax on adjusted items

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

Organic revenue

The Group has made certain acquisitions that have affected the comparability of the Group's results. Previously the Group had reported proforma revenue and proforma revenue growth which included acquisitions as if they had occurred at the start of the comparative period, with the comparative period being presented on a constant currency basis using the current year exchange rates. It was deemed by management more appropriate to present organic revenue and organic revenue growth in FY23 given the size of the ESN acquisition. Organic revenue shows the current period results excluding the acquisition of ESN on 6 February 2023. Organic revenue is shown on a constant currency basis using average exchange rates for the current financial period applied to the comparative period and is used to eliminate the effects of fluctuations in assessing performance. Refer to the Glossary on page 164 for the full definition.

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

	Unaudited Year ended 30 September 2023 £000	Unaudited Year ended 30 September 2022 £000
Reported revenue	**135,225**	119,846
Acquisition related adjustment	**(5,682)**	–
Constant currency adjustment	**–**	3,193
Organic revenue	**129,543**	123,039
Increase in organic revenue %	**5%**	

Adjusted net debt

Adjusted net debt comprises external borrowings net of arrangement fees and cash at bank which allows management to monitor the indebtedness of the Group. Adjusted net debt excludes lease liabilities and restricted cash (see note 15).

In the prior year, cash at bank included cash held by the Trustee of the Group's Employee Benefit Trust, which is not available to circulate within the Group on demand. This has been included in restricted cash and results in a restatement for the year ended 30 September 2022. This change in policy provides users with more reliable information about the nature of the Group's cash and cash equivalents.

	30 September 2023 £000	Restated 30 September 2022 £000
Cash at bank (note 15)	**6,097**	49,427
Current loans and borrowings (note 18)	**(12,861)**	(30,983)
Non-current loans and borrowings (note 18)	**(108,969)**	(149,862)
Total loans and borrowings	**(121,830)**	(180,845)
Adjusted net debt	**(115,733)**	(131,418)

Adjusted free cash flow and adjusted free cash flow conversion

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

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Adjusted EBITDA	**63,964**	53,952
Cash generated by operations	**57,704**	49,409
Adjustments for:		
Exceptional operating items	**2,712**	–
Working capital from exceptional and other items	**(1,187)**	4,983
Additions to internally generated software (note 12)	**(8,727)**	(4,209)
Additions to property, plant and equipment (note 13)	**(411)**	(270)
Payment for right of use assets (note 17)	**(188)**	–
Adjusted free cash flow	**49,903**	49,913
Adjusted free cash flow conversion (%)	**78%**	93%

Notes to the Consolidated Financial Statements continued

4. Operating segments

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

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

The four operating segments are as follows:

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

There are no undisclosed or other operating segments.

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

	Year ended 30 September 2023					
	A&A £000	I&C £000	Auction Services £000	Content £000	Centrally allocated costs £000	Total £000
Revenue	**65,624**	**58,223**	**8,300**	**3,078**	**–**	**135,225**
Adjusted EBITDA (see note 3 for definition and reconciliation)	**53,941**	**49,897**	**5,216**	**1,116**	**(46,206)**	**63,964**
Amortisation of intangible assets (note 12)	**(19,853)**	**(9,158)**	**(1,411)**	**–**	**–**	**(30,422)**
Depreciation of property, plant and equipment (note 13)	**(112)**	**(197)**	**(8)**	**(13)**	**–**	**(330)**
Depreciation of right of use assets (note 17)	**(554)**	**(279)**	**(8)**	**(55)**	**–**	**(896)**
Share-based payment expense (note 21)	**(1,491)**	**(1,764)**	**(84)**	**–**	**(3,689)**	**(7,028)**
Exceptional operating items (note 3)	**(2,712)**	**–**	**–**	**–**	**–**	**(2,712)**
Operating profit/(loss)	**29,219**	**38,499**	**3,705**	**1,048**	**(49,895)**	**22,576**
Net finance costs (note 8)	**–**	**–**	**–**	**–**	**(15,430)**	**(15,430)**
Profit/(loss) before tax	**29,219**	**38,499**	**3,705**	**1,048**	**(65,325)**	**7,146**

	Year ended 30 September 2022					
	A&A £000	I&C £000	Auction Services £000	Content £000	Centrally allocated costs £000	Total £000
Revenue	55,279	52,775	8,636	3,156	–	119,846
Adjusted EBITDA (see note 3 for definition and reconciliation)	45,777	45,629	6,090	1,089	(44,633)	53,952
Amortisation of intangible assets (note 12)	(18,504)	(10,931)	(1,274)	–	–	(30,709)
Depreciation of property, plant and equipment (note 13)	(87)	(176)	(6)	(11)	–	(280)
Depreciation of right of use assets (note 17)	(475)	(381)	(13)	(51)	–	(920)
Share-based payment expense (note 21)	(1,848)	(893)	(3)	–	(2,482)	(5,226)
Operating profit/(loss)	24,863	33,248	4,794	1,027	(47,115)	16,817
Net finance costs (note 8)	–	–	–	–	(7,538)	(7,538)
Profit/(loss) before tax	24,863	33,248	4,794	1,027	(54,653)	9,279

Notes to the Consolidated Financial Statements continued

4. Operating segments continued

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

	30 September 2023		30 September 2022	
	Total non-current assets £000	**Additions to non-current assets £000**	Total non-current assets £000	Additions to non-current assets £000
By operating segment				
A&A	**483,977**	**38,188**	506,484	395,683
I&C	**187,313**	**5,986**	199,504	58,829
Auction Services	**27,939**	**350**	31,704	201
Content	**276**	**256**	91	15
	699,505	**44,780**	737,783	454,728

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
By geographical location		
United Kingdom	**57,960**	65,954
USA	**637,489**	667,696
Germany	**4,056**	4,133
	699,505	737,783

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

5. Revenue

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Product and customer types		
A&A	**65,624**	55,279
I&C	**58,223**	52,775
Auction Services	**8,300**	8,636
Content	**3,078**	3,156
	135,225	119,846
Primary geographical markets		
by location of operations		
United Kingdom	**19,654**	18,539
USA	**111,637**	97,765
Germany	**3,934**	3,542
	135,225	119,846
by location of customer		
United Kingdom	**20,029**	18,571
USA	**102,138**	89,055
Europe	**7,049**	6,648
Rest of world	**6,009**	5,572
	135,225	119,846
Timing of transfer of goods and services		
Point in time	**122,559**	110,539
Over time	**12,666**	9,307
	135,225	119,846

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

	30 September 2023 £000	30 September 2022 £000	1 October 2021 £000
Contract assets	**1,486**	837	597
Contract liabilities	**1,518**	1,783	1,367

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**1,452**	1,258

Notes to the Consolidated Financial Statements continued

6. Operating profit

Operating profit is stated after charging/(crediting) the following:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Employment costs (note 7)	**40,785**	35,725
Amortisation of intangible assets (note 12)		
– Acquired intangible assets	**26,595**	26,591
– Internally generated software	**3,827**	4,118
Depreciation of property, plant and equipment (note 13)	**330**	280
Depreciation of right of use assets (note 17)	**896**	920
Exceptional operating items (note 3)	**2,712**	–
Net exchange differences	**7**	(56)

The total remuneration of the Group auditor and its affiliates for services to the Group is analysed below:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Fees payable for the Group's annual financial statements	**897**	628
Fees payable for other assurance services:		
– Interim review	**100**	100
– Non-audit fees	**10**	365
Total auditor's remuneration	**1,007**	1,093

The non-audit fees for FY23 relate to covenant compliance reporting.

The non-audit fees for FY22 related to covenant compliance reporting and a review of the closing balance sheet of LiveAuctioneers at 30 September 2021. The review costs have been included as exceptional operating items (see note 3).

7. Staff costs and numbers

Staff costs for the year were as follows:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Wages and salaries	**30,596**	27,665
Social security costs	**2,533**	2,259
Pension costs	**628**	575
Share-based payment expense (note 21)	**7,028**	5,226
Total employment costs	**40,785**	35,725

The monthly average number of employees (including Executive Directors) by function:

	Year ended 30 September 2023 Number	Year ended 30 September 2022 Number
Management	**13**	10
Administrative employees	**56**	48
Operational employees	**327**	284
Average number of employees	**396**	342

8. Net finance costs

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Foreign exchange gain	**–**	2,070
Interest income	**181**	57
Finance income	**181**	2,127
Interest on loans and borrowings	**(10,572)**	(7,214)
Amortisation of finance costs	**(499)**	(465)
Foreign exchange loss	**(4,061)**	–
Movements in contingent consideration	**(211)**	(1,849)
Interest on lease liabilities	**(189)**	(137)
Interest on tax	**(79)**	–
Finance costs	**(15,611)**	(9,665)
Net finance costs	**(15,430)**	(7,538)

Notes to the Consolidated Financial Statements continued

9. Taxation

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Current tax		
Current tax on profit for the year	**9,379**	11,395
Adjustments in respect of prior years	**(167)**	(903)
Total current tax	**9,212**	10,492
Deferred tax		
Current year	**(18,198)**	6,328
Adjustments from change in tax rates	**(505)**	(564)
Adjustments in respect of prior years	**(301)**	(850)
Deferred tax	**(19,004)**	4,914
Tax (credit)/expense	**(9,792)**	15,406

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard tax rate applicable to profits of the Group as follows:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Profit before tax	**7,146**	9,279
Tax at United Kingdom tax rate of 22% (FY22: 19%)	**1,572**	1,763
Tax effect of:		
Additional items deductible for tax purposes	**(643)**	(1,649)
Differences in overseas tax rates	**1**	(1,317)
Deferred tax on unrealised foreign exchange differences	**(7,185)**	15,899
Foreign exchange difference not (taxable)/deductible for tax purposes	**(2,564)**	3,027
Adjustments from change in tax rates	**(505)**	(564)
Adjustments in respect of prior years	**(468)**	(1,753)
Tax (credit)/expense	**(9,792)**	15,406

The deferred tax credit on unrealised foreign exchange differences of £7.2m (FY22: charge of £15.9m) arises from US holding companies which have pound sterling as their functional currency for the Consolidated Financial Statements but US dollar functional currency under US tax rules. Per the US tax basis these holding companies incurred an unrealised foreign exchange loss of £28.2m on intra-group loans denominated in pound sterling totalling £295.6m (FY22: gain of £61.9m). Unrealised foreign exchange differences are not taxable until realised, giving rise to deferred tax.

The Group's profit before tax includes foreign exchange gain of £10.1m from US holding companies on their US dollar denominated intra-group balances (FY22: loss of £15.9m) which are not (taxable)/deductible for US tax purposes giving rise to a permanent difference of £2.6m (FY22: £3.0m).

The Group's tax affairs are governed by local tax regulations in the UK, US and Germany. Given the uncertainties that could arise in the application of these regulations, judgements are often required in determining the tax that is due. Where management is aware of potential uncertainties in local jurisdictions, that are judged more likely than not to result in a liability for additional tax, a provision is made for management's best estimate of the liability, determined with reference to similar transactions and third-party advice. This provision at 30 September 2023 amounted to £0.8m (FY22: £1.1m).

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

Tax recognised in other comprehensive income and equity:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Other comprehensive income		
Current tax	**(2,606)**	3,074
Equity		
Deferred tax	**–**	(150)

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

Notes to the Consolidated Financial Statements continued

10. Earnings/(loss) per share

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

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares including non-vested/non-exercised ordinary shares. During the year and prior year, the Group awarded conditional share awards to Directors and certain employees through an LTIP (see note 21). For FY22, the non-vested/non-exercised ordinary shares are anti-dilutive given the loss for the year and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share calculation.

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Profit/(loss) attributable to equity shareholders of the Company	**16,938**	(6,127)

	Number	Number
Weighted average number of shares in issue	**121,050,307**	120,364,831
Weighted average number of options vested not exercised	**1,338,182**	–
Weighted average number of shares held by the Employee Benefit Trust	**(162,934)**	(61,741)
Weighted average number of shares	**122,225,555**	120,303,090
Dilutive share options	**862,822**	2,138,826
Diluted weighted average number of shares	**123,088,377**	122,441,916
	p	p
Basic earnings/(loss) per share	**13.9**	(5.1)
Diluted earnings/(loss) per share	**13.8**	(5.1)

11. Business combinations

Business combinations for the year ended 30 September 2023

Acquisition of Vintage Software LLC., trading as EstateSales.NET ("ESN")

On 6 February 2023, the Group acquired 100% of the equity share capital of ESN. ESN provides a platform to facilitate estate sales across the US. Both corporate estate sale companies as well as private customers use ESN to advertise online the sale of millions of unique second-hand items sourced from a range of events including private home estate sales and business liquidations. The purpose of the acquisition was to further strengthen the Group's presence in the US and expand its A&A segment into an attractive adjacent channel for the resale of second-hand items.

The maximum consideration payable is $40.0m (£33.1m), with an initial cash payment of $30.2m (£25.1m), deferred consideration of $10.0m (£8.3m) payable after 12 months and a working capital adjustment of $27,000 (£22,000).

Management calculated the fair value of the deferred consideration using the acquisition's internal rate of return to discount the liability, resulting in a liability of $9.6m (£8.0m). Exchange differences to reserves were recorded within foreign exchange differences on translation of foreign operations in the Consolidated Statement of Comprehensive Income or Loss. The unwinding of discount of £0.3m will be reported as a finance cost in the Consolidated Statement of Profit or Loss over the period of the earn-out.

Provisional purchase price allocation

Management assessed the fair value of the acquired assets and liabilities as part of the purchase price allocation ("PPA"). This has been prepared on a provisional basis and the fair values of the assets and liabilities is as set out below.

	Book value £000	Fair value adjustments £000	Provisional fair value £000
Acquired intangible assets – software	–	2,161	2,161
Acquired intangible assets – customer relationships	–	9,559	9,559
Acquired intangible assets – brand	229	2,406	2,635
Property, plant and equipment	161	–	161
Right of use assets	438	–	438
Cash and cash equivalents	155	–	155
Trade receivables and other receivables	41	–	41
Lease liabilities	(438)	–	(438)
Trade and other payables	(264)	–	(264)
Net assets on acquisition	**322**	**14,126**	**14,448**
Goodwill (note 12)			**18,609**
Total consideration			**33,057**
Consideration satisfied by:			
Initial cash consideration			25,087
Deferred consideration			7,970
			33,057
Net cash flow arising on acquisition:			
Initial cash consideration			25,087
Less: cash and cash equivalent balances acquired			(155)
			24,932

Notes to the Consolidated Financial Statements continued

11. Business combinations continued

Acquired intangible assets

Acquired intangible assets represent customer relationships, auction technology platform and brand for which amortisation of £1.4m has been charged for the year ended 30 September 2023. The intangible assets will be amortised over their respective expected useful economic lives: customer relationships of two to seven years, auction technology platform of five years and brand of 15 years. A 1% change in the customer attrition rate results in a £0.5m change in the valuation.

Deferred tax

Goodwill and acquired intangible assets of £33.0m are expected to be deductible for income tax purposes.

Goodwill

Goodwill arises as a result of the surplus of consideration over the fair value of the separately identifiable assets acquired. The main reason leading to the recognition of goodwill is the future economic benefits arising from assets which are not capable of being individually identified and separately recognised; these include the value of synergies expected to be realised post-acquisition, new customer relationships and the fair value of the assembled workforce within the business acquired.

Acquisition costs of £2.7m directly related to the business combination have been immediately expensed to the Consolidated Statement of Profit or Loss as part of administrative expenses and included within exceptional operating items (see note 3). Between 6 February 2023 and 30 September 2023, ESN contributed £5.7m to Group revenues and a profit before tax of £1.1m. If the acquisition had occurred on 1 October 2022, Group revenue would have been £137.4m and Group profit before tax would have been £8.2m.

Business combinations for the year ended 30 September 2022

Acquisition of Platinum Parent Inc. (“LiveAuctioneers”)

On 1 October 2021, the Group acquired 100% of the equity share capital of LiveAuctioneers. LiveAuctioneers is the provider of a curated online marketplace focused on the North American A&A segment, designed for live auctions of collectibles, antiques and fine art. The purpose of the acquisition was to further strengthen the Group’s presence in the US and expand its A&A segment and accelerate the Group’s build out of an online auction ecosystem that will benefit all stakeholders via the addition of an integrated payments solution.

Consideration

The maximum consideration payable of £404.7m ($543.9m) comprised:

- upfront cash consideration of £358.8m ($482.2m);
- rollover options and restricted stock units in Auction Technology Group plc in exchange for share options previously held in LiveAuctioneers’ parent company, Platinum Parent Inc., for the value of £27.3m ($36.7m); and
- contingent consideration of up to a maximum £18.6m ($25.0m), subject to the performance of LiveAuctioneers against certain targets for the year ending 31 December 2021.

Management calculated the fair value of the contingent consideration based on the expected forecasts for the earn-out period and discounted using the acquisition’s internal rate of return, resulting in a liability of £17.9m ($24.0m). The targets were met in full and cash contingent consideration of £18.0m was paid during the year ended 30 September 2022. Payments for the fair value of contingent consideration at the acquisition date are presented in the Consolidated Statement of Cash Flows within cash flows from investing activities. Payments for the changes in the fair value of contingent consideration since acquisition date are presented within cash flows from financing activities. Exchange differences to reserves were recorded within foreign exchange differences on translation of foreign operations in the Consolidated Statement of Comprehensive Income or Loss. The unwinding of discount of £0.7m is reported as a finance cost in the Consolidated Statement of Profit or Loss.

Notes to the Consolidated Financial Statements continued

11. Business combinations continued

Purchase price allocation

Management assessed the fair value of the acquired assets and liabilities as part of the purchase price allocation ("PPA").

The fair values of the assets and liabilities following the finalisation of the purchase price allocation are set out below:

	Book value £000	Fair value adjustments £000	Final fair value £000
Acquired intangible assets – software	8,133	16,361	24,494
Acquired intangible assets – customer relationships	27,053	92,970	120,023
Acquired intangible assets – brand	2,275	19,182	21,457
Internally generated software	1,820	–	1,820
Property, plant and equipment	88	–	88
Right of use assets	959	–	959
Trade receivables and other receivables	3,974	–	3,974
Income tax receivable/(payable)	194	(644)	(450)
Trade and other payables	(4,733)	(1,784)	(6,517)
Lease liabilities	(1,063)	–	(1,063)
Deferred tax liabilities	(11,287)	(30,865)	(42,152)
Net assets on acquisition	**27,413**	**95,220**	**122,633**
Goodwill (note 12)			**281,341**
Total consideration			**403,974**
Consideration satisfied by:			
Initial cash consideration			288,524
Debt amounts settled			70,239
Fair value of equity interest			27,322
Contingent consideration – cash			16,865
Contingent consideration – equity			1,024
			403,974
Net cash flow arising on acquisition:			
Initial cash consideration			288,524
Debt amounts settled			70,239
			358,763

Intangible assets

Intangible assets represent customer relationships, auction technology platform, payment technology and brand for which amortisation of £13.4m was charged for the year ended 30 September 2022. The intangible assets will be amortised over their respective expected useful economic lives: customer relationships of 14 years, auction technology platform of 10 years, payment technology of five years and brand of 15 years. Of the intangibles acquired, the customer relationship balances are especially sensitive to changes in assumptions around discount rates and customer attrition rates. A 1% change in the customer attrition rate results in a £12.0m change in the valuation.

Deferred tax

The fair value adjustment to the deferred tax liabilities of £30.9m relates to the deferred tax liability recognised on the acquired intangible asset and the tax effect of the other fair value adjustments.

Other fair value adjustments

During the measurement period, the Group finalised the valuation of onerous contracts and costs not accrued. Adjustments were made to the provisional PPA resulting in an increase in trade and other payables of £1.8m and income tax payable of £0.6m. The fair value of the assets acquired includes gross trade receivables of £4.1m. At acquisition date, the Group's best estimate of trade receivables expected not to be collected amounted to £0.3m.

Goodwill

Goodwill arises as a result of the surplus of consideration over the fair value of the separately identifiable assets acquired. The main reason leading to the recognition of goodwill is the future economic benefits arising from assets which are not capable of being individually identified and separately recognised; these include the value of future technology including the roll out of the payments platform to the wider Group, synergies expected to be realised post-acquisition, new customer relationships and the fair value of the assembled workforce within the business acquired. Goodwill deductible for tax purposes amounts to £18.1m.

Between 1 October 2021 and 30 September 2022, LiveAuctioneers contributed £38.7m to Group revenues and a profit before tax of £5.0m.

Notes to the Consolidated Financial Statements continued

12. Goodwill and other intangible assets

	Software £000	Customer relationships £000	Brand £000	Non-compete agreement £000	Total acquired intangible assets £000	Internally generated software £000	Goodwill £000	Total £000
Cost								
1 October 2021	11,945	59,817	11,426	1,236	84,424	11,485	141,160	237,069
Acquisition of business (note 11)	24,494	120,023	21,457	–	165,974	1,820	281,341	449,135
Additions	–	–	–	–	–	4,209	–	4,209
Exchange differences	5,953	27,966	5,493	260	39,672	2,118	66,477	108,267
30 September 2022	**42,392**	**207,806**	**38,376**	**1,496**	**290,070**	**19,632**	**488,978**	**798,680**
Acquisition of business (note 11)	2,161	9,559	2,635	–	14,355	–	18,609	32,964
Additions	–	–	–	–	–	8,727	–	8,727
Exchange differences	(3,040)	(14,019)	(2,764)	(126)	(19,949)	(1,448)	(33,272)	(54,669)
30 September 2023	**41,513**	**203,346**	**38,247**	**1,370**	**284,476**	**26,911**	**474,315**	**785,702**
Amortisation and impairment								
1 October 2021	5,376	12,947	1,880	297	20,500	7,332	–	27,832
Amortisation	6,118	17,436	2,736	301	26,591	4,118	–	30,709
Exchange differences	924	2,023	477	106	3,530	1,156	–	4,686
30 September 2022	**12,418**	**32,406**	**5,093**	**704**	**50,621**	**12,606**	**–**	**63,227**
Amortisation	4,610	18,727	2,917	341	26,595	3,827	–	30,422
Exchange differences	(527)	(1,303)	(276)	(59)	(2,165)	(1,209)	–	(3,374)
30 September 2023	**16,501**	**49,830**	**7,734**	**986**	**75,051**	**15,224**	**–**	**90,275**
Net book value								
1 October 2021	6,569	46,870	9,546	939	63,924	4,153	141,160	209,237
30 September 2022	29,974	175,400	33,283	792	239,449	7,026	488,978	735,453
30 September 2023	**25,012**	**153,516**	**30,513**	**384**	**209,425**	**11,687**	**474,315**	**695,427**

Included within internally generated software is capital work-in-progress of £3.5m (FY22: £2.8m).

Intangible assets, other than goodwill, have a finite life and are amortised over their expected useful lives at the rates set out in the accounting policies in note 1.

The expected amortisation profile of acquired intangible assets is shown below:

	Software £000	Customer relationships £000	Brand £000	Non-compete agreement £000	Total £000
One to five years	17,070	83,262	14,873	384	115,589
Six to 10 years	7,942	50,879	10,224	–	69,045
11 to 15 years	–	19,375	5,416	–	24,791
30 September 2023	**25,012**	**153,516**	**30,513**	**384**	**209,425**

Notes to the Consolidated Financial Statements continued

12. Goodwill and other intangible assets continued

Impairment assessment

The goodwill and intangibles attributed to each of the Group's cash-generating units ("CGUs") and groups of CGUs are assessed for impairment at least annually or more frequently where there are indicators of impairment. The Group tests for impairment of goodwill at the operating segment level representing an aggregation of CGUs, the level at which goodwill is monitored by management. No CGU or group of CGUs is larger than an operating segment as defined by IFRS 8 "Operating Segments" before aggregation. The recoverable amount for CGU groups has been determined on a value in use basis ("VIU").

The table below sets out the carrying values of goodwill and other acquired intangible assets allocated to each CGU at 30 September 2023 along with the pre-tax discount rates applied to the risk-adjusted cash flow forecasts and the long-term growth rate.

2023	Goodwill £000	Acquired intangible assets £000	Valuation method	Long-term growth rate	Pre-tax discount rate
A&A marketplaces	**299,196**	**177,091**	**VIU**	**3%**	**12.7%**
I&C marketplaces	**154,900**	**25,057**	**VIU**	**3%**	**12.7%**
Auction Services	**20,219**	**7,277**	**VIU**	**3%**	**11.4%**
Total	**474,315**	**209,425**			

2022	Goodwill £000	Acquired intangible assets £000	Valuation method	Long-term growth rate	Pre-tax discount rate
A&A marketplaces	304,282	196,672	VIU	3%	13.4%
I&C marketplaces	162,615	33,420	VIU	3%	13.4%
Auction Services	22,081	9,357	VIU	3%	12.1%
Total	488,978	239,449			

When testing for impairment, recoverable amounts for all the Group's CGUs and groups of CGUs are measured at their value in use by discounting the future expected cash flows from the assets in the CGUs. These calculations use cash flow projections based on Board approved budgets and approved plans. While the Group prepares a five-year plan, levels of uncertainty increase as the planning horizon extends. The Group's plan focuses more closely on the next three years, however for the purposes of the impairment testing the five-year forecasts are used as we do not anticipate the long-term growth rate to be achieved until after this time.

The key assumptions and estimates used for value in use calculations are summarised as follows:

Assumption	Approach
Risk-adjusted cash flows	are determined by reference to the budget for the year following the balance sheet date and forecasts for the following four years, after which a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Board has been prepared after considering the current economic environment in each of the Group's markets. These projections represent the Directors' best estimate of the future performance of these businesses.
CAGR	is the five-year compound annual growth rate from FY23 of the risk-adjusted cash flows above.
Long-term growth rates	are applied after the forecast period. These are based on external reports on long-term GDP growth rates for the main markets in which each CGU operates. Therefore, these do not exceed the long-term average growth rates for the individual markets.
Pre-tax discount rates	are derived from the post-tax weighted average cost of capital ("WACC") which has been calculated using the capital asset pricing model. They are weighted based on the geographical area in which the CGU group's revenue is generated. The assumptions used in the calculation of the WACC are benchmarked to externally available data and they represent the Group's current market assessment of the time value of money and risks specific to the CGUs. Movements in the pre-tax discount rates for CGUs since the year ended 30 September 2022 are driven by changes in market-based inputs. Any unsystematic risk on the CGUs has been inherently built into the cash flows of each of the CGUs and therefore no additional element of risk has been included in the discount rates used at 30 September 2023.

Notes to the Consolidated Financial Statements continued

12. Goodwill and other intangible assets continued

Sensitivity analysis

At 30 September 2023 under the impairment assessments prepared there is no impairment required. However, both the A&A marketplaces and Auction Services CGUs are sensitive to a movement in any one of the key assumptions. Management have therefore performed sensitivity analysis based on reasonably possible scenarios including increasing the discount rates and reducing the CAGR on the future forecast cash flows, both of which are feasible given the current future uncertainty of macroeconomics. For the I&C marketplaces CGU, there is no realistic change of assumption that would cause the CGU's carrying amount to exceed its recoverable amount.

For the A&A marketplaces CGU, under the base case there is headroom of £248.8m at 30 September 2023 (FY22: £28.0m). The year-on-year increase in headroom is due a number of factors but predominantly arises from the inclusion of ESN in the CGU, reduced discount rate, one year's amortisation and improved cash flows in the terminal year.

For the recoverable amount to fall to the carrying value, the discount rate would need to be increased to 17.4% from 12.7% (FY22: 13.9% from 13.4%), the long-term growth rate reduced to a negative 4.5% from 3.0% (FY22: 2.2% from 3.0%), or the CAGR from FY23 on the five-year future forecast cash flows reduced by nine ppt (FY22: one ppt). With an uncertain macroeconomic outlook, it is difficult to model the precise impact on business performance at this time but should there be an economic downturn the A&A segment is likely to be impacted in the short term due to reduced sales and margins but it would then be expected to return to higher growth in later years. Management has modelled a scenario where A&A CGU revenue declines 4% in both FY24 and FY25, resulting in a cumulative decrease of 8% with a return to steeper growth from FY26 to FY28. The overall impact on the five-year adjusted EBITDA CAGR is a reduction of 3%. A potential increase of 1% in discount rate or a reasonable worst-case increase of 2% in the discount rate and 3% reduction in five-year CAGR growth rate could reduce the headroom to £90.0m and £39.0m respectively (FY22: impairment of £59.0m and £96.0m).

For Auction Services with a headroom of £6.1m (FY22: £1.7m) for the recoverable amount to fall to the carrying value, the discount rate would need to be increased to 13.4% from 11.4% (FY22: 12.6% from 12.1%), the long-term growth rate reduced to 0.2% from 3.0% (FY22: 2.3% from 3.0%), or the CAGR on the five-year future forecast cash flows reduced by two ppt (FY22: three ppt). Auction Services is particularly sensitive to the long-term growth rate and discount rate applied. An increase of 1% in the discount rate and 1% reduction in the long-term growth rate could reduce headroom to £0.7m (FY22: impairment of £3.6m).

13. Property, plant and equipment

	Land and buildings leasehold £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost				
1 October 2021	245	370	144	759
Acquisition of business (note 11)	56	–	32	88
Additions	3	253	14	270
Disposals	–	(208)	–	(208)
Exchange differences	221	202	181	604
30 September 2022	**525**	**617**	**371**	**1,513**
Acquisition of business (note 11)	161	–	–	161
Additions	52	293	66	411
Disposals	(394)	(19)	(10)	(423)
Exchange differences	(51)	(31)	(33)	(115)
30 September 2023	**293**	**860**	**394**	**1,547**
Accumulated depreciation				
1 October 2021	102	221	57	380
Charge for the year	102	140	38	280
Disposals	–	(208)	–	(208)
Exchange differences	205	173	157	535
30 September 2022	**409**	**326**	**252**	**987**
Charge for the year	99	188	43	330
Disposals	(394)	(19)	(10)	(423)
Exchange differences	(52)	(14)	(15)	(81)
30 September 2023	**62**	**481**	**270**	**813**
Net book value				
1 October 2021	143	149	87	379
30 September 2022	116	291	119	526
30 September 2023	**231**	**379**	**124**	**734**

There is no material difference between the property, plant and equipment's historical cost values as stated above and their fair value equivalents.

Notes to the Consolidated Financial Statements continued

14. Trade and other receivables

	30 September 2023 £000	30 September 2022 £000
Current		
Trade receivables	**12,974**	12,660
Less: loss provision	**(376)**	(846)
	12,598	11,814
Other debtors and prepayments	**3,810**	3,139
Contract assets	**1,486**	837
	17,894	15,790
Non-current		
Other debtors and prepayments	**113**	90
	18,007	15,880

The Group applies the IFRS 9 “Financial Instruments” simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss model incorporates current and forward-looking information on macroeconomic factors affecting the Group’s customers.

The average credit period on sales is 30 days after the invoice has been issued. No interest is charged on outstanding trade receivables. At 30 September 2023 there were no customers who owed in excess of 10% of the total trade debtor balance (FY22: nil).

The ageing of trade receivables at 30 September was:

	2023			2022		
	Gross £000	Loss provision £000	Expected loss rate %	Gross £000	Loss provision £000	Expected loss rate %
Within 30 days	**9,940**	**39**	**–**	11,385	259	2%
Between 30 and 60 days	**1,074**	**2**	**–**	461	93	20%
Between 60 and 90 days	**525**	**9**	**2%**	249	99	40%
Over 90 days	**1,435**	**326**	**23%**	565	395	70%
30 September	**12,974**	**376**	**3%**	12,660	846	7%

The movement in the loss provision during the year was as follows:

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
1 October	**846**	503
Arising on acquisition	**–**	277
(Decrease)/increase in loss allowance recognised in Consolidated Statement of Profit or Loss	**(132)**	226
Uncollectable amounts written off	**(270)**	(290)
Exchange differences	**(68)**	130
30 September	**376**	846

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The carrying amount of trade and other receivables approximates to their fair value. The total amount of trade receivables that were past due but not impaired was £1.6m (FY22: £0.3m).

Notes to the Consolidated Financial Statements continued

15. Cash and cash equivalents

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

	30 September 2023 £000	Restated 30 September 2022 £000
Cash at bank	**6,097**	49,427
Restricted cash	**2,442**	2,390
	8,539	51,817

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

In the prior year cash at bank included cash held by the Trustee of the Group's Employee Benefit Trust. As these funds are not available to circulate within the Group on demand, it is deemed more appropriate this should be classified as restricted cash. The prior year has been restated accordingly. This change in policy provides users with more reliable information about the nature of the Group's cash and cash equivalents.

16. Trade and other payables

	30 September 2023 £000	30 September 2022 £000
Current		
Trade payables	**3,715**	2,375
Payroll tax and other statutory liabilities	**5,490**	5,133
Deferred consideration	**8,090**	–
Accruals	**7,594**	9,489
Contract liabilities	**1,518**	1,783
	26,407	18,780

The carrying amount of trade and other payables classified as financial liabilities at amortised cost approximates to their fair value.

The deferred consideration will be settled in cash in February 2024. The unwinding of the discount on deferred consideration is £0.2m which is included as a finance cost (note 8) in the Consolidated Statement of Profit or Loss.

17. Leases

The Group leases assets including property and computer equipment.

The weighted average incremental borrowing rate contracted in FY23 was 7.5% (FY22: 6.6%).

	Land and buildings leasehold £000	Computer equipment £000	Motor vehicles £000	Total £000
Right of use assets				
1 October 2021	1,237	163	1	1,401
Acquisition of business (note 11)	959	–	–	959
Additions	67	–	–	67
Depreciation charge for the year	(752)	(167)	(1)	(920)
Exchange differences	200	7	–	207
30 September 2022	**1,711**	**3**	**–**	**1,714**
Acquisition of business (note 11)	438	–	–	438
Additions	567	–	–	567
Modifications	1,512	–	–	1,512
Depreciation charge for the year	(894)	(2)	–	(896)
Exchange differences	(103)	(1)	–	(104)
30 September 2023	**3,231**	**–**	**–**	**3,231**
Lease liabilities				
1 October 2021	1,253	179	–	1,432
Acquisition of business (note 11)	1,063	–	–	1,063
Additions	67	–	–	67
Interest charge for the year	132	5	–	137
Lease payments	(909)	(187)	–	(1,096)
Exchange differences	231	6	–	237
30 September 2022	**1,837**	**3**	**–**	**1,840**
Acquisition of business (note 11)	438	–	–	438
Additions	566	–	–	566
Modifications	1,324	–	–	1,324
Interest charge for the year	189	–	–	189
Lease payments	(980)	(3)	–	(983)
Exchange differences	(119)	–	–	(119)
30 September 2023	**3,255**	**–**	**–**	**3,255**
Current	599	–	–	599
Non-current	2,656	–	–	2,656
30 September 2023	**3,255**	**–**	**–**	**3,255**

During the year ended 30 September 2023, the Group's existing property lease in Omaha, United States expired and the Group entered into a new five-year lease with an option to extend for a further 10 years. The new lease is treated as an addition. The Directors have concluded that it is not reasonably certain that they would exercise their right to extend the lease until March 2038.

Notes to the Consolidated Financial Statements continued

17. Leases continued

The Group also extended its existing property lease in London, United Kingdom by five-and-half-years with no option to extend. The lease is treated as a modification as it original terms and conditions remain unchanged. Incremental costs of £0.2m incurred in extending the lease are included in the modification of the right of use asset.

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

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Depreciation charge	**(896)**	(920)
Interest charge	**(189)**	(137)
	(1,085)	(1,057)

The non-cancellable lease rentals are payable as follows:

	30 September 2023 £000	30 September 2022 £000
Within 1 year	**756**	881
Between 1 and 2 years	**772**	408
Between 2 and 5 years	**1,710**	556
	3,238	1,845

At 30 September 2022 and 2023, there were no non-cancellable commitments relating to short-term leases or low-value lease commitments.

18. Loans and borrowings

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

	30 September 2023 £000	30 September 2022 £000
Current		
Secured bank loan	**12,861**	30,983
Non-current		
Secured bank loan	**108,969**	149,862
	121,830	180,845

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

- A senior term loan facility (the "Senior Term Facility") for $204.0m for the acquisition of LiveAuctioneers. The Senior Term Facility was drawn down in full on 30 September 2021 prior to completion of the acquisition of LiveAuctioneers on 1 October 2021. During the year ended 30 September 2023, a prepayment of $53.7m (£48.0m) was paid on the Senior Term Facility. In the absence of any other prepayments, the scheduled repayment in FY24 is $7.4m on 30 June 2024 and $8.7m on 30 September 2024. The loan will be due for repayment on 17 June 2026.
- A multi-currency revolving credit working capital facility (the "Revolving Credit Facility") for $49.0m. Any sums outstanding under the Revolving Credit Facility will be due for repayment on 17 June 2026. On 1 February 2023, $26.3m (£21.3m) was drawn down to partly fund the acquisition of ESN (see note 11), and has been fully repaid by 30 September 2023.
- The Senior Facilities Agreement contains an adjusted net leverage covenant which tests the ratio of adjusted net debt against adjusted EBITDA and an interest cover ratio which tests the ratio of adjusted EBITDA against net finance charges, in each case as at the last date of each financial quarter, commencing with the financial quarter ending 30 September 2021. The Group has complied with the financial covenants of its borrowing facilities during the year ended 30 September 2023.

The movements in loans and borrowings are as follows:

	30 September 2023 £000	30 September 2022 £000
1 October	**180,845**	149,039
Repayment of loans and borrowings	**(69,110)**	(359)
Proceeds from loans and borrowings	**21,250**	–
Accrued interest and amortisation of finance costs	**11,071**	7,679
Interest paid	**(10,651)**	(7,283)
Exchange differences	**(11,575)**	31,769
30 September	**121,830**	180,845

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

	30 September 2023 £000	30 September 2022 £000
US dollar	**121,830**	180,845

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

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

Notes to the Consolidated Financial Statements continued

19. Deferred taxation

The movement of net deferred tax liabilities is as follows:

	Capitalised goodwill and intangibles £000	Tax losses £000	Share-based payments £000	Foreign exchange £000	Research and development £000	Other temporary differences £000	Total £000
1 October 2021	(12,229)	1,370	19	1,563	–	383	(8,894)
Acquisition of business (note 11)	(43,514)	548	276	511	–	27	(42,152)
Amount credited/(charged) to Consolidated Statement of Profit or Loss	6,327	3,526	1,002	(15,509)	–	(260)	(4,914)
Amount charged to equity	–	–	(150)	–	–	–	(150)
Exchange differences	(8,869)	673	(13)	(308)	–	9	(8,508)
30 September 2022	**(58,285)**	**6,117**	**1,134**	**(13,743)**	**–**	**159**	**(64,618)**
Deferred tax asset	–	–	–	–	–	–	–
Deferred tax liabilities	(58,285)	6,117	1,134	(13,743)	–	159	(64,618)
1 October 2022	(58,285)	6,117	1,134	(13,743)	–	159	(64,618)
Amount credited to Consolidated Statement of Profit or Loss	5,922	3,766	674	7,268	1,548	(174)	19,004
Exchange differences	4,163	(475)	–	1,172	9	56	4,925
30 September 2023	**(48,200)**	**9,408**	**1,808**	**(5,303)**	**1,557**	**41**	**(40,689)**
Deferred tax asset	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Deferred tax liabilities	**(48,200)**	**9,408**	**1,808**	**(5,303)**	**1,557**	**41**	**(40,689)**

Tax losses include unrelieved interest in the US, where there are sufficient taxable profits forecast to be available in the future to enable them to be utilised. These losses are available indefinitely. Tax on foreign exchange include unrealised foreign exchange differences arises from US holding companies with pound sterling as their functional currency for the Consolidated Financial Statements but US dollar functional currency under US tax rules (see note 9). A deferred tax asset of £1.6m (2022 nil) relates to the US research and development credit which is spread over future years rather than fully deductible in the year it arises.

No deferred tax asset has been recognised in respect of unused tax losses in the UK of £0.7m (FY22: £0.7m) as it is not considered probable that there will be future taxable profits available to offset these tax losses. The losses may be carried forward indefinitely. The temporary differences relating to the unremitted earnings of overseas subsidiaries amounted to £0.9m (FY22: £1.1m). However, as the Group can control whether it pays dividends from its subsidiaries and it can control the timing of any dividends, no deferred tax has been provided on the unremitted earnings on the basis there is no intention to repatriate these amounts. In presenting the Group's deferred tax balances, the Group offsets assets and liabilities to the extent we have a legally enforceable right to set off the arising income tax liabilities and assets when hose deferred tax balances reverse.

Notes to the Consolidated Financial Statements continued

20. Share capital and reserves

	30 September 2023 £000	30 September 2022 £000
Authorised, called up and fully paid		
121,491,412 ordinary shares at 0.01p each (FY22: 120,525,304 ordinary shares at 0.01p each)	**12**	12
	12	12

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

	Number of shares	Share capital £000	Share premium £000	Other reserve £000
1 October 2021	119,999,990	12	235,903	238,385
Shares issued	506,926	–	–	–
Shares issued in respect of share-based payment plans	18,388	–	–	–
30 September 2022	**120,525,304**	**12**	**235,903**	**238,385**
Shares issued	680,794	–	328	–
Shares issued in respect of share-based payment plans	285,314	–	–	–
30 September 2023	**121,491,412**	**12**	**236,231**	**238,385**

For the year ended 30 September 2023

966,108 ordinary shares of 0.01p each with an aggregate nominal value of £97 were issued for options that vested for a cash consideration of £328,000. These included management rollover options and restricted stock units granted in FY22 for the acquisition of LiveAuctioneers, Long-term Incentive Plan Awards ("LTIP Awards"), shares issued under the Share Incentive Plan ("SIP") and Employee Stock Purchase Plan ("ESPP") and to the Trust for LTIP Awards that have vested in the year.

For the year ended 30 September 2022

525,314 ordinary shares of 0.01p each with an aggregate nominal value of £53 were issued for options that vested. These included 50% of the restricted stock units granted for the LiveAuctioneers acquisition (see note 11), LTIP Awards, shares issued under the SIP and ESPP and to the Trust for LTIP Awards that have vested in the year.

Reserves

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

Retained losses	represent the profits/(losses) of the Group made in current and preceding years.
Other reserve	comprises: • a merger reserve that arose on the Group reorganisation on 13 January 2020 and is the adjustment of the comparative and current year consolidated reserves of the Group to reflect the statutory share capital and share premium of Auction Technology Group plc as if it had always existed; and • share premium, net of share issue costs, recognised in the other reserve in accordance with section 612 of the Companies Act 2006 for the equity raise on 17 June 2021 via a cashbox placing.
Capital redemption reserve	arose on the redemption or purchase of the Company's own shares. The Company issued shares directly to the Trusts of 266,322 during the year and held 210,475 as at 30 September 2023 (FY22: 124,927).
Share option reserve	relates to share options awarded (see note 21) and options granted in FY22 for the acquisition of LiveAuctioneers.
Foreign exchange reserve	comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

21. Employee benefits

Defined contribution pension plans

The Group operates several defined contribution pension plans. The total expense relating to these plans in the current year was £0.6m (FY22: £0.6m). There was £69,000 accruing to these pension schemes as at 30 September 2023 (FY22: £78,000).

Share-based payments

The Group had three share-based payment plans in effect in FY23, details of which are set out in this note and the Directors' Remuneration Report.

Pre-admission awards

Pre-admission awards were granted to employees in January and February 2021 in advance of the IPO. Pre-admission awards are subject to a three-year holding period subject to the recipient's continued employment.

LTIP

The Long-term Incentive Plan ("LTIP") is the primary long-term incentive plan for approximately 130 employees within the Group. Under the plan, annual nil-cost awards, based on a percentage of salary, may be offered. It is expected that these awards will normally vest over a three-year period subject to the recipient's continued employment at the date of vesting and, for Executive Directors, the satisfaction of performance conditions to be measured over three financial years.

LA LTIP

Nil-cost awards under the LTIP were granted to employees on acquisition of LiveAuctioneers on 1 October 2021. These awards will vest over a range from one to six-year period subject to the recipient's continued employment at the date of vesting.

Notes to the Consolidated Financial Statements continued

21. Employee benefits continued

SIP and ESPP

The Group operates a Share Incentive Plan ("SIP") and Employee Stock Purchase Plan ("ESPP") in which all employees, including Executive Directors, are eligible to participate. The plans were approved by shareholders in 2021 and implemented with effect from 1 November 2021.

UK participants in the SIP may invest up to £1,800 of their pre-tax salary each year to purchase shares in the Company. For each share acquired, the Company purchases a matching share. Employees must remain with the Group for three years from the date of purchase of each Partnership Share in order to qualify for the matching share, and for five years for the shares to be transferred to them tax free. The employee is entitled to dividends on shares purchased, and to vote at shareholder meetings. There is a similar scheme for employees in Germany. US participants in the ESPP may contribute a portion of their monthly salary over six-month periods up to a maximum of $12,500. At the end of the period, the employee has the option to withdraw their accumulated funds or purchase shares at a price equal to 85% of the lower of the market prices prevailing at the beginning or end of the period. Employees purchased 50,184 (FY22: 9,354) shares of the Company at a weighted average exercise price of £5.89.

Deferred bonus – equity settled

The Deferred Share Bonus Plan ("DSBP") is a discretionary plan for Executive employees to defer a portion of their cash bonus into an award of shares. Of the annual incentive to Executive Directors, 25% is deferred into shares under the DSBP. Deferred shares must normally be held for a period of three years.

The share awards/options set out below are outstanding at 30 September 2023.

	Share-based payment expense £000	Options at 1 October 2022 Number	Granted in the year Number	Exercised during the year Number	Cancelled/forfeited during the year Number	Options at 30 September 2023 Number
Pre-admission awards	**798**	**549,069**	**–**	**–**	**(65,503)**	**483,566**
LTIP	**4,884**	**1,043,047**	**919,954**	**(147,167)**	**(243,542)**	**1,572,292**
LA LTIP	**665**	**236,241**	**82,289**	**(39,820)**	**(107,532)**	**171,178**
Deferred bonus – equity settled	**79**	**8,636**	**19,187**	**–**	**–**	**27,823**
SIP and ESPP	**88**	**–**	**14,343**	**–**	**(1,672)**	**12,671**
Payroll tax	**514**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Total	**7,028**	**1,836,993**	**1,035,773**	**(186,987)**	**(418,249)**	**2,267,530**

The share awards/options set out below are outstanding at 30 September 2022.

	Share-based payment expense £000	Options at 1 October 2021 Number	Granted in the year Number	Exercised during the year Number	Cancelled/forfeited during the year Number	Options at 30 September 2022 Number
Pre-admission awards	909	642,686	–	–	(93,617)	549,069
LTIP	2,530	483,641	706,757	(10,144)	(137,207)	1,043,047
LA LTIP	1,301	–	242,174	–	(5,933)	236,241
Deferred bonus – equity settled	33	–	8,636	–	–	8,636
Payroll tax	453	n/a	n/a	n/a	n/a	n/a
Total	5,226	1,126,327	957,567	(10,144)	(236,757)	1,836,993

All share options outstanding are equity-settled and are options to subscribe for new ordinary shares of 0.01p each in the Company. The fair value is determined at the date of grant and is not subsequently remeasured unless conditions on which the award was granted are modified. The share options granted in the year have no market performance conditions associated with them and so fair value is deemed to be the share price at date of grant. The weighted average fair value per option granted during the year was £7.49 (FY22: £11.84). The resulting fair value which is expensed over the service period is adjusted, based on management's best estimate, for a percentage of employees that will leave the Group.

The weighted average exercise price of the options granted, exercised and forfeited was £nil (FY22: £nil) and the market price at date of exercise was £7.06 (FY22: £9.50). The options outstanding at 30 September 2022 and 2023 had a weighted average exercise price of £nil (FY22: £nil) and a weighted average remaining contractual life of 1.1 years (FY22: 1.7 years). There are 18,850 share options with a weighted average exercise price of £nil exercisable at 30 September 2023 (FY22: 6,072).

Notes to the Consolidated Financial Statements continued

22. Financial instruments

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The significant accounting policies are disclosed in note 1.

Financial instruments by category

	30 September 2023 £000	30 September 2022 £000
Financial assets held at amortised cost		
Trade and other receivables (excluding prepayments and non-financial assets)	**15,291**	13,078
Cash and cash equivalents	**8,539**	51,817
	23,830	64,895
Financial liabilities held at amortised cost		
Trade and other payables (excluding non-financial liabilities)	**(20,917)**	(13,647)
Loans and borrowings	**(121,830)**	(180,845)
	(142,747)	(194,492)

Financial risk management

The Group's activities and the existence of the above financial instruments expose it to a variety of financial risks. The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

Credit risk

The Group's exposure to credit risk arises from cash and cash equivalents, as well as outstanding receivables (note 14).

The Group's cash and cash equivalents are all held on deposit with leading international banks and hence the Directors consider the credit risk associated with such balances to be low. It is the Group's policy that banks and financial institutions only independently rated parties with a minimum rating of 'A' are accepted. If a bank rating is downgraded the business is required to move banks as soon as practicably possible.

The Group provides credit to customers in the normal course of business. The amounts presented in the Consolidated Statement of Financial Position in relation to the Group's trade receivables are presented net of loss allowances. The Group measures loss allowances at an amount equal to the lifetime ECL using both qualitative and quantitative information and analysis based on the Group's historical experience and forward-looking information. During the year there was a credit to the Consolidated Statement of Profit or Loss of £0.1m (FY22: charge of £0.2m) to reduce the loss allowance.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for growth. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group manages its cash and borrowing requirements through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects in order to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the Group. Borrowing facilities are arranged as necessary to finance requirements.

The table below analyses the Group's financial liabilities based on the period remaining to the contractual maturity dates at the reporting date. The amounts disclosed in the table are the carrying amounts and undiscounted net contractual cash flows.

2023	Carrying amount £000	Contractual cash flows £000	Due less than 1 year £000	Between 1 and 5 years £000	Over 5 years £000
Loans and borrowings	**121,830**	**123,290**	**13,391**	**109,899**	**–**
Trade and other payables	**20,917**	**20,917**	**20,917**	**–**	**–**
30 September 2023	**142,747**	**144,207**	**34,308**	**109,899**	**–**

2022	Carrying amount £000	Contractual cash flows £000	Due less than 1 year £000	Between 1 and 5 years (restated[1]) £000	Over 5 years £000
Loans and borrowings	180,845	182,673	31,342	151,331	–
Trade and other payables	13,647	13,647	13,647	–	–
30 September 2022	194,492	196,320	44,989	151,331	–

1 Restated due to calculation error in the FY22 Consolidated Financial Statements.

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their local functional currency (primarily pound sterling, US dollars or euro) with the cash generated from their own operations in that currency.

The Group earns revenue and incurs costs in local currencies and is able to manage foreign exchange risk by matching the currency in which revenue is generated and expenses are incurred.

Movements in the exchange rate of the US dollar and the euro against pound sterling have an impact on both the result for the period and equity.

Notes to the Consolidated Financial Statements continued

22. Financial instruments continued

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	30 September 2023 £000	30 September 2022 £000
Net foreign currency monetary liabilities		
US dollars	**(125,770)**	(143,890)
Euros	**124**	1,888

The following table details the Group's sensitivity to a 10% (FY22: 10%) strengthening and weakening in pound sterling against the US dollar and euro. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. Where pound sterling strengthens 10% (FY22: 10%) against the relevant currency, a negative number below indicates an increase in profit in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Changes in Equity and a positive number indicates a decrease in profit in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Changes in Equity. For a 10% (FY22: 10%) weakening in pound sterling against the relevant currency, there would be an equal and opposite impact on the profit in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Changes in Equity.

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
US dollars		
Change in profit for the year in Consolidated Statement of Profit or Loss	**12,097**	15,842
Change in profit in Consolidated Statement of Changes in Equity	**480**	(1,953)
Euros		
Change in profit for the year in Consolidated Statement of Profit or Loss	**(8)**	(3)
Change in profit in Consolidated Statement of Changes in Equity	**(4)**	(183)

Deferred tax on unrealised foreign exchange differences arises from US holding companies with pound sterling as their functional currency for the Consolidated Financial Statements but US dollar functional currency under US tax rules (see note 9). Per the US tax basis these holding companies incurred an unrealised foreign exchange loss of £28.2m on intra-group loans denominated in pound sterling totalling £295.6m (FY22: gain of £61.9m). Unrealised foreign exchange differences are not taxable until realised, giving rise to deferred tax. Movements in the exchange rate of the US dollar against sterling have an impact on the result for the period. A 10% strengthening or weakening in pound sterling against the US dollar would result in an decrease or increase in the profit in the Consolidated Statement of Profit of Loss of £19.9m (FY22: £19.9m).

Net investment hedge

In June 2022, the Senior Term Facility was designated as a hedge of the net investment in the US dollar denominated subsidiaries. There was no ineffectiveness recorded from the net investment in foreign entity hedges.

	30 September 2023 £000	30 September 2022 £000
Net investment hedge		
Loans and borrowings	**121,830**	180,845
US dollar carrying amount of Senior Term Facility	**$150,286**	$183,000
Hedge ratio	**1:1**	1:1
Change in carrying amount of Senior Term Facility as a result of foreign currency movements recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss	**11,841**	(16,173)
Change in value of hedged item used to determine hedge effectiveness	**(11,841)**	16,173

Interest rate risk

The Group was exposed to interest rate risk during the year because entities in the Group borrowed funds at floating interest rates. There were loans of £121.8m outstanding at 30 September 2023 (FY22: £180.8m).

The sensitivity analyses below have been determined based on the exposure to interest rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole period.

If interest rates had been 200bps higher/lower and all other variables were held constant, the Group's profit for the year ended 30 September 2023 would increase or decrease by £2.3m (FY22: £3.3m). This is mainly attributable to the Group's exposure on its variable rate Senior Term Facility and Revolving Credit Facility.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure which provides an adequate return to shareholders. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Notes to the Consolidated Financial Statements continued

22. Financial instruments continued

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with IFRS 13 “Fair Value Measurement” as follows:

Level 1

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

Level 2

The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Level 3

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

There are no financial instruments classified as level 3.

Financing activities

The movements in assets/(liabilities) arising from financing activities are as follows:

2023	1 October 2022 £000	Arising on acquisition £000	Fair value movements £000	Other non-cash movements £000	Cash flow £000	Exchange differences £000	30 September 2023 £000
Cash and cash equivalents	51,817	–	–	–	(43,682)	404	8,539
Total financing assets	51,817	–	–	–	(43,682)	404	8,539
Bank loans	(180,845)	–	–	(11,071)	58,511	11,575	(121,830)
Lease liabilities	(1,840)	(438)	–	(2,079)	983	119	(3,255)
Total financing liabilities	(182,685)	(438)	–	(13,150)	59,494	11,694	(125,085)

2022	1 October 2021 £000	Arising on acquisition £000	Fair value movements £000	Other non-cash movements £000	Cash flow £000	Exchange differences £000	30 September 2022 £000
Cash and cash equivalents	397,451	–	–	–	(354,720)	9,086	51,817
Total financing assets	397,451	–	–	–	(354,720)	9,086	51,817
Bank loans	(148,686)	–	–	(7,674)	7,283	(31,768)	(180,845)
Loan notes	(353)	–	–	(5)	359	(1)	–
Contingent consideration	(2,794)	(17,889)	(1,849)	1,024	22,168	(660)	–
Lease liabilities	(1,432)	(1,063)	–	(204)	1,096	(237)	(1,840)
Total financing liabilities	(153,265)	(18,952)	(1,849)	(6,859)	30,906	(32,666)	(182,685)

Other non-cash movements include accrued finance costs, amortisation of finance costs, additions to lease liabilities and contingent consideration - equity portion.

Notes to the Consolidated Financial Statements continued

23. Related party transactions

For the year ended 30 September 2023

The Group paid seven months' rent of $80,000 (£64,000) to McQuade Enterprises LLC, a company owned by the previous owners of ESN. There were other no related party transactions.

For the year ended 30 September 2022

There were no related party transactions.

Key management personnel compensation

The Group has determined that the key management personnel constitute the Board and the members of the Senior Management Team.

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Short-term employee benefits	**3,182**	4,600
Post-employment benefits	**61**	73
Share-based payment expense	**3,908**	3,062
Total key management personnel compensation	**7,151**	7,735

Remuneration of Directors

Further details of the Directors' remuneration and share options are set out in the Remuneration Committee Report on pages 94 to 112. The total amounts for Directors' remuneration were as follows:

	Year ended 30 September 2023 £000	Restated[1] Year ended 30 September 2022 £000
Short-term employee benefits	**1,034**	1,354
Non-Executive Directors' fees	**334**	284
Post-employment benefits	**48**	46
Share-based payment expense	**1,624**	1,152
Total Directors' remuneration	**3,040**	2,836

1 Short-term benefits restated to include annual bonuses.

24. Events after the balance sheet date

There were no other events after the balance sheet date.

Notes to the Consolidated Financial Statements continued

25. List of subsidiaries

In accordance with section 409 of the Companies Act 2006, a full list of subsidiaries, the registered office and the effective percentage of equity owned included in these Consolidated Financial Statements at 30 September 2023 are disclosed below.

Subsidiary undertakings	Registered office	Principal activity	Proportion held
ATG Media Holdings Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
ATG Nominees Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
ATG US Holdings Inc.	251 Little Falls Drive, Wilmington, Delaware, 19808, United States	Holding company	100%
ATG US Holdings Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
Auction Bidco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
Auction Fluency Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Holdco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Holding company	100%
Auction Midco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Mobility LLC	251 Little Falls Drive, Wilmington, Delaware, 19808, United States	Provision of auction trading software	100%
Auction Payment Network LLC	233 South 13th Street Suite 1900, Lincoln, Nebraska, 68508, United States	Provision of auction trading software	100%
Auction Technology Group Germany GmbH	Grosse Backerstrasse 9, 20095, Hamburg, Germany	Provision of auction trading software	100%
Auction Technology Group UK Holdings Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Auction Topco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Bidspotter Inc.	251 Little Falls Drive, Wilmington, Delaware, 19808, United States	Provision of auction trading software	100%
LiveAuctioneers LLC	80 State Street, Albany, New York, 12207-2543, United States	Provision of auction trading software	100%
Metropress Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Provision of auction trading software	100%
Peddars Management Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Proxibid Inc.	233 South 13th Street Suite 1900, Lincoln, Nebraska, 68508, United States	Provision of auction trading software	100%
Proxibid UK Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Turner Bidco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Turner Topco Limited	The Harlequin Building, 65 Southwark Street, London, SE1 0HR, United Kingdom	Dormant	100%
Vintage Software LLC	221 Bolivar Street, Jefferson City, Missouri, 65101, United States	Provision of auction trading software	100%

All holdings of subsidiaries are of ordinary shares. In addition, there are 100% preference shares held in Auction Topco Limited.

The United Kingdom dormant companies listed above are exempt from preparing individual accounts and from filing with the registrar individual accounts by virtue of Section 394 and 448 of the Companies Act 2006 respectively.

For the year ended 30 September 2023, the following subsidiary undertakings of the Group were exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Companies Act 2006.

Company	Company registration number
ATG Media Holdings Limited	06521301
Auction Bidco Limited	12401140
Auction Holdco Limited	12400986
Auction Midco Limited	12400881
Auction Technology Group UK Holdings Limited	06636047
Auction Topco Limited	12400807
Proxibid UK Limited	09023785
Turner Bidco Limited	08968359
Turner Topco Limited	08968154

Company Statement of Financial Position

as at 30 September 2023

	Note	30 September 2023 £000	30 September 2022 £000
ASSETS			
Non-current assets			
Investments	5	**270,351**	270,351
Trade and other receivables	6	**257,587**	246,457
Total non-current assets		**527,938**	516,808
Current assets			
Trade and other receivables	6	**314**	340
Cash and cash equivalents	7	**32**	–
Total current assets		**346**	340
Total assets		**528,284**	517,148
LIABILITIES			
Current liabilities			
Trade and other payables	8	**(1,629)**	(3,608)
Total current liabilities		**(1,629)**	(3,608)
Total liabilities		**(1,629)**	(3,608)
Net assets		**526,655**	513,540
EQUITY			
Share capital	9	**12**	12
Share premium	9	**236,231**	235,903
Other reserve	9	**238,389**	238,389
Capital redemption reserve	9	**5**	5
Share option reserve	9	**23,485**	34,690
Retained earnings		**28,533**	4,541
Total equity		**526,655**	513,540

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Profit or Loss and Other Comprehensive Income or Loss is presented in respect of the parent Company. The profit for the year attributable to the shareholders of the Company and recorded through the accounts of the Company was £6.3m (FY22: £14.7m).

The Company Financial Statements on pages 160 to 163 were approved by the Board of Directors on 30 November 2023 and signed on its behalf by:

John-Paul Savant **Tom Hargreaves**

Company registration number 13141124

Company Statement of Changes in Equity

for the year ended 30 September 2023

	Share capital £000	Share premium £000	Other reserve £000	Capital redemption reserve £000	Share option reserve £000	Retained earnings/ (losses) £000	Total £000
1 October 2022	**12**	**235,903**	**238,389**	**5**	**1,649**	**(10,265)**	**465,693**
Comprehensive income							
Profit and total comprehensive income for the period	–	–	–	–	–	14,728	14,728
Transactions with owners							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	–	–	–	–	28,346	–	28,346
Movement due to equity-settled share-based payments	–	–	–	–	4,695	78	4,773
30 September 2022	**12**	**235,903**	**238,389**	**5**	**34,690**	**4,541**	**513,540**
Comprehensive income							
Profit and total comprehensive income for the year	–	–	–	–	–	6,273	6,273
Transactions with owners							
Shares issued	–	328	–	–	–	–	328
Share-based payments	–	–	–	–	(11,205)	17,719	6,514
30 September 2023	**12**	**236,231**	**238,389**	**5**	**23,485**	**28,533**	**526,655**

Notes to the Company Financial Statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

General information

Auction Technology Group plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act.

The Company is a public company limited by shares and is registered in England and Wales. The registered office of the Company can be found on page 129.

The principal activity of the Company is to act as an investment holding company that provides management services to its subsidiaries.

Basis of preparation

These financial statements present information about the Company as an individual undertaking and not about its Group. These financial statements have been prepared under the historic cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of the UK-adopted International Accounting Standards ("UK-adopted IAS") but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of share-based payments;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures", including disclosures in respect of the compensation of key management personnel;
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 "Impairment of Assets"; and
- a separate Statement of Profit or Loss in line with the Section 408 exemption.

Where required, equivalent disclosures are given in the Consolidated Financial Statements.

The Company has no other related party transactions other than the compensation of key management personnel, set out in note 23 of the Consolidated Financial Statements.

The principal accounting policies adopted are the same as those set out in note 1 to the Consolidated Financial Statements except as noted below.

Share-based payments

The Company had three share-based payment plans in effect in FY23, set out in note 21 of the Consolidated Financial Statements and the Directors' Remuneration Report.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Impairment of investments

The Company evaluates its investments for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, an impairment is recorded.

2. Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements and estimates made by the Directors in the application of these accounting policies that have significant effect on these financial statements and estimates with a significant risk of material adjustment in the next financial year are set out below. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. There are no significant estimates or judgements in the financial statements.

3. Staff costs

The Company has no employees other than the Directors. The monthly average number of persons employed by the Company during the year amounted to two (FY22: two). Details of Directors' remuneration are set out in the Directors' Remuneration Report.

4. Auditor's remuneration

The Company has incurred audit fees of £15,000 (FY22: £13,700) for the year.

Notes to the Company Financial Statements continued

5. Investments

	30 September 2023 £000	30 September 2022 £000
1 October	**270,351**	134,048
Additions	**–**	136,303
30 September	**270,351**	270,351

In September 2022, the Company restructured its investments resulting in an increased investment in Auction Topco Limited of £11.9m and Auction Holdco Limited, previously an indirect investment, becoming a direct subsidiary following the transfer of its shares from Auction Midco Limited to the Company at book value of £124.7m.

Details of the principal subsidiary undertakings of the Company at 30 September 2023 can be found in note 25 of the Consolidated Financial Statements.

6. Trade and other receivables

	30 September 2023 £000	30 September 2022 £000
Current		
Other debtors and prepayments	**314**	340
	314	340
Non-current		
Deferred tax asset	**432**	229
Amounts owed by Group undertakings	**257,155**	246,228
	257,587	246,457
	257,901	246,797

Non-current amounts owed by Group undertakings is a loan with interest rate of 5.5% and repayable in September 2029.

The Directors are of the opinion that based on recent and forecast trading it is probable that the level of profits in future years is sufficient for the deferred tax assets to be recovered.

7. Cash and cash equivalents

	30 September 2023 £000	30 September 2022 £000
Cash at bank	**32**	–

8. Trade and other payables

	30 September 2023 £000	30 September 2022 £000
Trade payables	**530**	112
Corporation tax	**40**	1,781
Amounts owed to Group undertakings	**–**	235
Payroll tax and other statutory liabilities	**319**	153
Accruals	**740**	1,327
	1,629	3,608

9. Share capital and reserves

	30 September 2023 £000	30 September 2022 £000
Authorised, called up and fully paid		
121,491,412 ordinary shares at 0.01p each (FY22: 120,525,304 ordinary shares at 0.01p each)	**12**	12

Further details of movements in share capital and reserves are outlined in note 20 of the Consolidated Financial Statements.

Reserves

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

Retained earnings/ (losses)	represent the profits/(losses) of the Company made in current and preceding years.
Other reserve	comprises: • a merger reserve that arose on the Group reorganisation on 13 January 2020 and is the adjustment of the comparative and current year consolidated reserves of the Group to reflect the statutory share capital and share premium of Auction Technology Group plc as if it had always existed; and • share premium, net of share issue costs, recognised in the other reserve in accordance with section 612 of the Companies Act 2006 for the equity raise on 17 June 2021 via a cashbox placing.
Capital redemption reserve	arose on the redemption or purchase of the Company's own shares. The Company issued shares directly to the Trust of 266,322 during the year and held 210,475 as at 30 September 2023 (FY22: 124,927).
Share option reserve	relates to share options awarded and options granted for the FY22 acquisition of LiveAuctioneers (see note 20 and 21 of the Consolidated Financial Statements). Equity-settled share-based payments made available to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award with a corresponding charge to the Company's subsidiaries.

10. Post balance sheet events

There were no other events after the balance sheet date.