AUCTION TECHNOLOGY GROUP PLC

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2021

Strong performance, with continued momentum and trading ahead of Board expectations

London, United Kingdom, 26 May 2021 – Auction Technology Group plc ("ATG", "the Company", "the Group") (LON: ATG), operator of the world's leading marketplaces for curated online auctions, reports strong financial results for the six months ended 31 March 2021.

Following its successful IPO, ATG has continued to lead the evolution of the auction industry from offline to online. With strong brands, a compelling proposition for both auctioneers and bidders and multiple levers for growth, the Group is well positioned to benefit from the significant opportunities ahead.

First Half 2021 Highlights

Financial results:

	H1 2021 £m	H1 2020 £m	Var
Adjusted[1]			
Aggregate revenue[1&2]	**34.5**	23.3	48%
Aggregate Adjusted EBITDA[1,2 &3]	**17.0**	6.6	158%
Aggregate Adjusted EBITDA margin %[1,2&3]	**49%**	28%	+21pp
Free cash flow[1]	**14.5**	0.1	14,400%
Net cash/(debt)[1]	**6.1**	(199.7)	103%
Reported			
Revenue	**34.5**	6.5	431%
Operating loss	**(12.0)**	(6.4)	(88%)
Loss before tax	**(22.6)**	(12.3)	(84%)
Cash generated by/(used in) operations	**8.7**	(2.0)	535%

Financial Highlights:

- Aggregate revenue of £34.5m, a 48% increase year-on-year with growth in all six of the Group's marketplaces
- Aggregate Adjusted EBITDA of £17.0m, a margin of 49%
- Loss before tax of £22.6m after charges for exceptional items and share based compensation, primarily related to the IPO, and intangible asset amortisation
- High cash generation, with £14.5m of free cash flow in the period and net cash of £6.1m

Operational Highlights:

- Successful IPO, demonstrating confidence in the scale of the ATG opportunity
- Total Hammer Value[1] ("THV") up 31% year-on-year, with the attraction of new volume and verticals[1] to auctions further expanding options for growth

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1. Refer to the Glossary and reconciliation of Alternative Performance Measures.
2. Aggregate measures have been used as the acquisitions of Turner Topco Limited ("Standalone ATG") and Proxibid Inc ("Proxibid group") on 13 February 2020 have affected the comparability of the Group's half-year results of operations for 2021. The measures are presented for the Group to provide comparisons of the Group's results between HY20 and HY21 as if the acquisitions of Standalone ATG and Proxibid group had occurred on 1 October 2019.
3. Adjusted EBITDA represents profit/(loss) before taxation, finance costs (including non-operating gains and losses in respect of financial instruments), depreciation and amortisation, share-based compensation and exceptional items. The Group considers this non-GAAP measure to be an important supplemental measure of the Group's financial performance.

- Online share[1] of 37%, up 13pp year-on-year; shift from live to timed[4] auctions continuing across ATG's marketplaces
- 64m bidder sessions[1], growth of 35% year-on-year driven by the increasing appeal of the online channel and the quality of ATG inventory
- Gross merchandise value[1] ("GMV") of £1.1bn, up 101% year-on-year as a result of the increased THV and online share
- Acquired Auction Mobility[1], expanding our white label offering and breadth of services available to auctioneers

Current trading:

Trading for the year to date has been strong and as a result we are currently trading ahead of Board expectations. However, we remain mindful that we have yet to lap the very strong COVID-19 comparators and accordingly our expectations for FY22 currently remains unchanged.

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

"I am very proud of all ATG has achieved in the past six months. We have delivered strong operational and financial results whilst simultaneously managing historically high levels of online auction activity across all our marketplaces, integrating Proxibid in North America and leading the company through a successful listing on the London Stock Exchange. I am hugely grateful for the hard work and commitment of the whole ATG team, who have enabled us to demonstrate the value we provide to auctioneers, consignors and bidders at a critical and challenging time.

"ATG has been well-positioned amidst the uncertainties created by the pandemic, which has accelerated the auction industry's ongoing structural shift from offline to online. Investment in our technology, people and brand has made us the channel of choice for auctioneers and bidders in all of our respective verticals and geographies and enabled us to attract great talent, particularly in our engineering team. The value and breadth of items listed on our marketplaces, and the number of registered and active bidders have grown significantly, reinforcing the virtuous circle of our business model.

"We start life as a public company in a strong position. While it is too early to predict the impact of lockdowns easing, we are excited about the many growth opportunities ahead. We remain committed to a shared success model with auctioneers to deliver exceptional returns to their consignors, while providing bidders with a convenient, secure, and engaging way to access the best curated inventory of unique and specialised items in the world."

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4. Live auctions are available to online and offline bidders whereas timed auctions are held entirely online for a specific, pre-determined timeframe.

Webcast presentation

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

ATG is pleased to announce that it has appointed J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) and Numis Securities Limited to act as joint corporate brokers to the Company, with immediate effect.

For further information, please contact:

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About Auction Technology Group plc

Auction Technology Group plc ("ATG") is the operator of the world's leading marketplaces and auction services for curated online auctions, seamlessly connecting bidders from around the world to over 2,000 trusted auction houses across three major sectors: industrial & commercial equipment, art & antiques, and consumer surplus & retail returns.

The Group powers six online marketplaces using its proprietary auction platform technology, hosting in excess of 30,000 live and timed auctions and listing over 12 million items for sale each year. ATG has been supporting the auction industry since 1971 and the company has offices in the UK, USA and Germany.

Strategy Update

ATG's strategy is to lead the evolution of the auction industry as a trusted partner to auctioneers and bidders by providing, on the one side, an integrated suite of services for auctioneers that drive exceptional auction sale results while reducing the cost of operating their auction houses and, on the other side, providing bidders with a trusted, convenient, safe, and engaging way to bid at auction.

ATG is focused on six growth levers as it executes against that strategy:

- Extending our addressable market
- Growing our online share
- Enhancing the network effect within our verticals
- Expanding operating leverage
- Pursuing accretive M&A
- Grow take rate via value added services

Over HY21, we have executed impactfully against this strategy.

Extending our Addressable Market

ATG has increased THV to £3bn (+31%) in the period. We have grown THV by attracting more assets to auction in our existing verticals and by development of some new verticals. We believe this shift has come from auctioneers and dealers moving assets that once were sold at private treaty or via other channels into the online auction space. This shift is occurring because ATG has demonstrated that auctioneers can achieve the same or often better results for their consignors when selling at online auction versus selling via other channels and methods historically used with the result being reflected in our financials. As we continue to enhance the ease of buying online at auction for an ever-wider pool of bidders, we will endeavour to actively grow this further, aided by the structural shift already well underway in the industry.

Growing our Online Share

ATG has been able to grow online share significantly in all its marketplaces. This has been facilitated by the general shift from offline to online but also by more industrial auctioneers adopting the timed auction format. We are pleased to report that the online share growth at Proxibid has continued the strong momentum from the previous six-month reporting period and now sits at 39% up from 32% at the full year. On the bidder side, we have grown online share through improved user experience on our UK Art & Antiques ("A&A") marketplace thesaleroom.com.

Overall online share has grown significantly to 37% in HY21 from 24% in HY20. Online share in all our core verticals has grown significantly and remains at similar levels to those seen in the second half of FY20. However, the material increase in the period that we have seen in THV in new areas that have a lower online penetration has meant that our total online share percentage has reduced in the first half of FY21 compared to the second half of FY20.Our overall GMV has continued to rise, up 101% year-on-year to £1.1bn, and also up 15% on the second half of FY20.

Enhancing the Network Effect Within our Verticals

ATG has leveraged its two North American Industrial and Commercial ("I&C") marketplaces (Proxibid and BidSpotter) to enable auctioneers to cross-list on both marketplaces simultaneously. This has attracted incremental bidders to our auctions with the biggest impact being felt at BidSpotter where we were able to add the large Proxibid bidder base to the existing strong BidSpotter base to drive better outcomes for auctioneers. We are continuing to build on our network effect with an enhanced Search Engine Optimisation workstream underway, which we expect to contribute from the final quarter of this calendar year.

Expanding Operating Leverage

We have invested significantly into the technology behind our business, resulting in strong auction performance and total bidder sessions growth of 35% year-on-year. At the same time, we have expanded operating leverage by centralising key back-office functions and streamlining processes, particularly in our Proxibid division. This has enabled us to grow Aggregate Adjusted EBITDA margins from 28% to 49%.

Pursuing Accretive M&A

ATG has a goal to streamline the various services and tools that serve the auctioneer and bidder ecosystem to enable a seamless and cost-effective solution for buying and selling at auction. We have now integrated Lot-tissimo, our German A&A marketplace, into the core ATG technology stack.

In October of 2020, we purchased Auction Mobility, the leading provider of white label technology for the auction industry in North America.

Operating and Financial Review

Revenue

	HY20 £m	HY20 £m	Var
Aggregate revenue[1]			
Arts and antiques	**8.1**	6.7	21%
Industrial and commercial	**21.5**	14.2	51%
Total marketplace	**29.6**	20.9	42%
Auction services	**3.5**	0.8	338%
Digital revenues	**33.1**	21.7	53%
Content	**1.4**	1.6	(13%)
Total	**34.5**	23.3	48%
Reported revenue			
Arts and antiques	**8.1**	1.7	376%
Industrial and commercial	**21.5**	4.2	412%
Total marketplace	**29.6**	5.9	402%
Auction services	**3.5**	0.2	1650%
Digital revenues	**33.1**	6.1	443%
Content	**1.4**	0.4	250%
Total	**34.5**	6.5	431%

Group
Reported revenue was £34.5m an increase of £28m, reflecting a full six-month contribution for HY21 combined with underlying business growth compared to a six-week contribution from 13 February 2020 for HY20. Aggregate revenue grew 48% reflecting strong performance in both Arts and & Antiques and Industrial and Commercial combined with the contribution from the acquisition of Auction Mobility in the period.

Auctioneers across the Group's verticals and geographies remained active, driving growth in THV above historical levels. In addition, the trends accelerated by COVID-19, such as the shift to online auctions, have continued, with the Group's online share remaining elevated at similar levels (on a vertical-by-vertical basis) to that seen in the second half of 2020.

The commentary below is based on Aggregate revenue which has been used as the acquisitions of Proxibid and Standalone ATG on 13 February 2020 have affected the comparability of the Group's half-year results of operations for FY21.

Art and Antiques ("A&A")
The six months ended 31 March 2020 started to see the beginnings of disruption caused by COVID-19, particularly in the UK with some reduction in levels of auction activity towards the end of the period. Whilst the six months ended 31 March 2021 saw further periods of lock down, overall auction activity was less impacted than the first lockdown beginning in March 2020. The first half of 2021 has also benefitted from some deferral of activity from the second half of 2020, again due to COVID-19, contributing to overall good growth in THV in the period. COVID-19 has also led to an acceleration of the structural trend toward online activity, which has continued into the six months ended 31 March 2021.

The Group's revenue in the A&A segment was also supported by a full contribution from the Group's key partnership with Bonhams auction house (part of the Big 4[1]), albeit Bonhams typically carries below average online share, which has offset some of the underlying increase in share seen during the period.

Lot-tissmo also performed strongly, benefitting from the same COVID-19 tail winds as the rest of the Group, combined with the historic relatively low online penetration resulting in faster growth as it moves towards online share seen in other marketplaces.

Industrial and Commercial ("I&C")
Revenue grew significantly in the I&C segment due to both THV growth above historic levels and elevated online share. Overall levels of activity amongst our auctioneer base remained extremely high with a high level of inventory coming to market for sale through auction. THV growth has further benefitted from growth in verticals which have not traditionally been a major source of activity (for example equine and real estate). Elevated levels of THV began in the second half of FY20 and has remained through the six months ended 31 March 2021.

I&C continued to benefit from the structural trends towards online auctions and timed auctions which were significantly accelerated as a result of the COVID-19 pandemic. In particular we saw no material reversion to live auctions from auctioneers who adopted timed auctions for the first time during the early months of COVID-19.

On a like for like verticals basis, in the first half of 2021 we have seen no significant reduction in online share versus that achieved in the second half of 2020. However, headline levels of online share have reduced due to the growth in non-traditional vertical THV which tends to carry below average online share.

Auction Services
The significant increase in the Group's revenue attributable to Auction Services was due to the acquisition of Auction Mobility on 16 October 2020. Auction Mobility is enjoying strong growth due to increased take up of a white label offering as auctioneers respond to an increasingly online market. As with both the A&A and I&C segments, Auction Mobility also benefitted from an increasing share of auctions being transacted online. As in historic periods, revenue from the Group's back-office software remained stable.

Content
The decline in revenue attributable to the Content segment was principally due to a significant decline in revenue from advertising fees generated by the Antiques Trade Gazette that began in the second half of FY20 due to the impact of the COVID-19 pandemic. Whilst there has been some recovery in advertising volumes, overall, it remains below levels achieved pre pandemic.

Aggregate Adjusted EBITDA and Operating Loss

The Group reported an operating loss of £12m compared with an operating loss of £6.4m in HY20, an increase of 88%.

Aggregate Adjusted EBITDA increased from £6.6m in the six months ended 31 March 2020 to £17.0m in the six months ended 31 March 2021. Aggregate Adjusted EBITDA margin increased to 49%. The Group continues to benefit from very high operating leverage with the vast majority of the increase in revenue dropping through to Aggregate Adjusted EBITDA. Whilst there was some increase in costs in the current year following the acquisition of Auction Mobility, this was partially offset by the benefits of synergies from the integration of Proxibid undertaken during FY20, reduced travel and entertaining costs due to COVID-19 and costs associated with agents attending live auctions.

Despite the strong Aggregate Adjusted EBITDA, the Group incurred an operating loss of £12.0m in the period. This principally related to:

- A share-based compensation charge of £10.4m, mainly relating to equity grants made in the run up to the IPO
- Exceptional costs of £9.1m, related to the IPO and the acquisition of Auction Mobility
- Amortisation of intangible assets of £9.1m

These items are excluded from the Aggregate Adjusted EBITDA and have been set out in detail in the Glossary and reconciliation of Alternative Performance Measures.

Finance Costs

Net finance costs were £10.5m (HY20: £5.9m). Before the IPO the Group incurred significant financing costs on secured loan notes and preference shares. On IPO most of these borrowings were repaid, with only £38.6m of debt outstanding at 31 March 2021. Finance costs of £14.2m (HY20: £3.0m) relate both to the interest costs on these borrowings and the cost of £1m for early settlement of certain of the secured loans. Net finance costs were partly offset by foreign exchange gains on external US$ borrowings of £3.5m (HY20: loss of £2.8m).

Taxation

The tax charge of £1.5m (HY20: credit of £2.5m) is based on the effective rate, estimated on a full year basis, being applied to the reported loss for the six months ended 31 March 2021.

The Group's effective tax rate is a charge of 7% which reflects adjustments for disallowable interest costs, costs associated with the listing and certain fees relating to the acquisition of Auction Mobility.

Foreign Currency Impact

The Group's reported performance is sensitive to movements in both the US Dollar and the Euro against the British Pound sterling. In the first half, sterling strengthened by 7% against the US Dollar and declined by 1% against the Euro compared to HY20 as shown in the table below.

	Weighted average rate			Closing rate		
	HY21	HY20	Var	**HY21**	HY20	Var
Euro	**1.13**	1.14	(1%)	**1.17**	1.14	3%
US Dollar	**1.35**	1.26	7%	**1.38**	1.24	11%

When comparing Aggregate revenue in HY20 to HY21, changes to currency exchange rates had an adverse impact on Aggregate revenue of £1.1m.

Cash flow and net debt

Net cash at 31 March 2021 stood at £6.1m (HY20: net debt of £199.7m). The Group had cash on hand of £44.7m and borrowings of £38.6m.

Cash generated from operations (before tax) amounted to £8.7m, after incurring £9.1m in relation to exceptional items referred to above. Capital expenditure in the period was £1.4m and payments in relation to business acquisitions was £25.2m.

On completion of the IPO, the Group raised cash from the issue of equity of £235.9m, net of share issue costs which was used to repay debt and preference shares of £187.7m, leaving net inflows from financing activities of £51.4m.

An analysis of Adjusted EBITDA used to generate free cash flow is included below:

	HY21	**HY20**
	£m	**£m**
Adjusted EBITDA	**17.0**	0.9
Movement in working capital	**(1.1)**	(0.6)
Capital expenditure	**(1.4)**	(0.2)
Free cash flow	**14.5**	0.1
Free cash flow conversion	**86%**	14%

A reconciliation of the Group's cash generated by operations to free cash flow and free cash flow conversion is set out in the Glossary and reconciliation of Alternative Performance Measures.

Earnings Per Share

Basic and diluted loss per share was £1 in HY21 compared to £98,170 in HY20, due to the increase in loss year-on-year and the increase in weighted average shares outstanding. The weighted average number of shares in issue during the period was 23.5m (HY20: 100 shares).

Adjusted earnings per share of 3.4 pence (HY20: 4,622,000.0 pence) are based on profit after tax adjusted to exclude share-based payments, exceptional items and the amortisation of acquired intangible assets and any related tax effects.

A reconciliation of the Group's basic and diluted loss per share to Adjusted earnings per share is set out in the Glossary and reconciliation of Alternative Performance Measures.

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

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Condensed Consolidated Income Statement
for the six months ended 31 March 2021

	Notes	**Unaudited six months ended 31 March 2021 £000**	Unaudited 2.5 months ended 31 March 2020 £000	Audited 8.5 months ended 30 Sept 2020 £000
Revenue	3,4	**34,488**	6,464	35,478
Cost of sales		**(11,451)**	(3,330)	(15,042)
Gross profit		**23,037**	3,134	20,436
Administration expenses		**(35,193)**	(9,596)	(25,594)
Other operating income		**131**	70	179
Operating loss		**(12,025)**	(6,392)	(4,979)
Net finance costs	7	**(10,540)**	(5,915)	(14,000)
Loss before tax		**(22,565)**	(12,307)	(18,979)
Tax (expense)/credit	8	**(1,501)**	2,490	2,591
Loss for the period		**(24,066)**	(9,817)	(16,388)
Other comprehensive loss for the period				
Items that may subsequently be transferred to profit and loss:				
Foreign exchange differences on translation of foreign operations		**(1,594)**	(228)	(440)
Other comprehensive loss for the period, net of tax		**(1,594)**	(228)	(440)
Total comprehensive loss for the period		**(25,660)**	(10,045)	(16,828)
Loss per share (£)				
Basic	9	**(1)**	(98,170)	(163,880)
Diluted		**(1)**	(98,170)	(163,880)

Condensed Consolidated Statement of Financial Position

as at 31 March 2021

	Note	**Unaudited as at 31 March 2021 £000**	Unaudited as at 31 March 2020 £000	Audited as at 30 Sept 2020 £000
ASSETS				
Non–current assets				
Goodwill	11	**140,412**	124,023	124,023
Other Intangible assets	11	**75,884**	81,731	74,830
Property, plant and equipment		**379**	540	478
Right of use asset		**1,526**	2,262	1,924
Trade and other receivables		**85**	90	88
Total non–current assets		**218,286**	208,646	201,343
Current assets				
Trade and other receivables		**10,307**	8,188	9,044
Cash and cash equivalents		**44,696**	9,848	14,193
Total current assets		**55,003**	18,036	23,237
Total assets		**273,289**	226,682	224,580
EQUITY AND LIABILITIES				
Equity				
Share capital	13	**10**	-	-
Share premium		**235,902**	-	-
Merger reserve		**1,527**	1,527	1,527
Share option reserve		**1,351**	55	276
Foreign exchange reserve		**(2,034)**	(228)	(440)
Accumulated losses		**(31,140)**	(9,817)	(16,388)
Total equity		**205,616**	(8,463)	(15,025)
LIABILITIES				
Non-current liabilities				
Trade and other payables		**1,607**	2,118	2,100
Loans and borrowings	12	**37,981**	208,335	213,444
Lease liabilities		**819**	1,557	1,208
Deferred tax liability		**10,538**	11,668	11,588
Total non-current liabilities		**50,945**	223,678	228,340
Current liabilities				
Trade and other payables		**15,324**	9,489	9,350
Loans and borrowings	12	**661**	1,222	1,159
Lease liabilities		**743**	756	756
Total current liabilities		**16,728**	11,467	11,265
Total equity and liabilities		**273,289**	226,682	224,580

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 March 2021

	Share capital £000	Share premium £000	Merger Reserve £000	Share option reserve £000	Foreign exchange reserves £000	Accumulated losses £000	Total £000
At 13 January 2020	-	-	1,527	-	-	-	1,527
Comprehensive loss							
Loss for the period	-	-	-	-	-	(16,388)	(16,388)
Other comprehensive loss	-	-	-	-	(440)	-	(440)
	-	-	-	-	(440)	(16,388)	(16,828)
Transactions with owners							
Share-based compensation	-	-	-	276	-	-	276
At 30 September 2020	**-**	**-**	**1,527**	**276**	**(440)**	**(16,388)**	**(15,025)**
Comprehensive loss							
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(24,066)**	**(24,066)**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(1,594)**	**-**	**(1,594)**
	-	**-**	**-**	**-**	**(1,594)**	**(24,066)**	**(25,660)**
Transactions with owners							
Shares issued	**15**	**247,431**	**-**	**-**	**-**	**-**	**247,446**
Share issue costs	**-**	**(11,529)**	**-**	**-**	**-**	**-**	**(11,529)**
Share buyback	**(5)**	**-**	**-**	**-**	**-**	**5**	**-**
Share-based compensation	**-**	**-**	**-**	**10,384**	**-**	**-**	**10,384**
Share options exercised	**-**	**-**	**-**	**(9,309)**	**-**	**9,309**	**-**
At 31 March 2021	**10**	**235,902**	**1,527**	**1,351**	**(2,034)**	**(31,140)**	**205,616**

	Share capital £000	Share premium £000	Merger reserve £000	Share option reserves £000	Foreign exchange reserves £000	Accumulated losses £000	Total £000
At 13 January 2020	-	-	1,527	-	-	-	1,527
Comprehensive loss							
Loss for the period	-	-	-	-	-	(9,817)	(9,817)
Other comprehensive loss	-	-	-	-	(228)	-	(228)
	-	-	-	-	(228)	(9,817)	(10,045)
Transactions with owners							
Share-based compensation	-	-	-	55	-	-	55
At 31 March 2020	-	-	1,527	55	(228)	(9,817)	(8,463)

Condensed Consolidated Statement of Cash Flows

for the six months ended 31 March 2021

	Note	**Unaudited six months ended 31 March 2021 £000**	Unaudited 2.5 months ended 31 March 2020 £000	Audited 8.5 months ended 30 Sept 2020 £000
Cash flows from operating activities:				
Loss before tax		**(22,565)**	(12,307)	(18,979)
Amortisation of intangible assets	11	**9,082**	2,132	10,149
Depreciation of property, plant and equipment		**116**	32	167
Depreciation of right of use assets		**355**	146	483
Loss on disposal of property, plant and equipment		**-**	-	10
Share-based compensation		**10,384**	55	276
Foreign exchange gains		**(217)**	(90)	(3)
Net finance costs	7	**10,540**	5,915	14,000
		7,695	(4,117)	6,103
Working capital adjustments:				
(Increase)/decrease in trade and other receivables		**(591)**	414	(670)
Increase in trade and other payables		**1,573**	1,702	2,248
Cash generated by operations		**8,677**	(2,001)	7,681
Income taxes paid		**(2,311)**	(2)	(513)
Net cash generated from/(used in) operating activities		**6,366**	(2,003)	7,168
Cash flows from investing activities:				
Acquisition of subsidiaries, net of cash acquired	10	**(24,948)**	(181,195)	(181,195)
Additions to other intangible assets	11	**(1,367)**	(188)	(1,304)
Additions to property, plant and equipment		**(40)**	-	(81)
Payment of deferred consideration		**(234)**	-	-
Net cash used in investing activities		**(26,589)**	(181,383)	(182,580)
Cash flows from financing activities:				
Issue of share capital	13	**247,435**	-	-
Share issue costs		**(11,529)**	-	-
Repayment of loans and borrowings		**(70,013)**	(2,697)	(2,697)
Repayment of preference shares		**(117,716)**	-	-
Proceeds from loans and borrowings, net of loan arrangement fees		**25,382**	86,088	86,088
Proceeds from the issue of preference shares		**714**	111,859	111,859
Contingent consideration paid		**(492)**	(1,847)	(1,847)
Payment of lease liabilities		**(401)**	(150)	(580)
Interest paid		**(21,951)**	-	(3,187)
Net cash generated from financing activities		**51,429**	193,253	189,636
Net increase in cash and cash equivalents		**31,206**	9,867	14,224
Cash and cash equivalents at beginning of the period		**14,193**	-	-
Effect of foreign exchange rate changes		**(703)**	(19)	(31)
Cash and cash equivalents at end of the period		**44,696**	9,848	14,193

Notes to the condensed consolidated interim financial statements

1. Group reorganisation

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

On 17 February 2021, as part of a capital reorganisation, all shares held in Auction Topco Limited were transferred to Auction Technology Group plc, a newly incorporated intermediate parent entity, in a share for share exchange. Following this reorganisation Auction Technology Group plc undertook an initial public offering (IPO) on London Stock Exchange for a proportion of its share capital.

As there were no changes in rights or proportion of control exercised because of the insertion of Auction Technology Group plc on top of the existing Auction Topco Limited Group, the reorganisation does not constitute a business combination under IFRS 3 'Business Combinations'. Following guidance from IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the integration of the Company has been prepared under merger accounting principles. This policy, which does not conflict with IFRS, reflects the economic substance of the transaction. Under these principles, the Group has presented its Financial Statements of the Group as though the current Group structure had been in place from the date of incorporation of Auction Topco Limited. The comparative and current year consolidated reserves of the Group are adjusted to reflect the statutory share capital, share premium and merger reserve of Auction Technology Group plc as if it had always existed. A merger reserve of £1,527,000 has been recognised as at 13 January 2020 to complete the equity position as a result of the application of merger accounting.

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

2. Basis of preparation

Auction Technology Group plc ("the Company") is a company domiciled and incorporated and registered in England and Wales.

These Condensed Consolidated Interim Financial Statements have been prepared for the six months ended 31 March 2021 and were approved by the Board of Directors on 25 May 2021.

These Condensed Consolidated Interim Financial Statements, which have been reviewed and not audited, have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU. The comparative information for the two and half months ended 31 March 2020 has not been audited and has not been reviewed. The Condensed Consolidated Interim Financial Statements do not include all the information required for full annual financial statements and should be read in conjunction with the Group's Annual Report and Accounts for the period ended 30 September 2020 (being that of the Auction Topco Limited group) which have been delivered to the Registrar of Companies. They are also available on the Group's website (www.auctiontechnologygroup.com). The audit report for those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying the report and did not contain a statement under 498(2) or (3) of the Companies Act 2006.

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

2. Basis of preparation *continued*

Accounting policies
The Condensed Consolidated Interim Financial Statements has been prepared under the historical cost convention except for certain financial instruments.

The accounting policies applied in these Condensed Interim Financial Statements are the same as those applied in the most recent annual financial statements for the predecessor group. Taxes on income in the interim period is recognised by applying the effective tax rate that would be applicable to expected total annual profit or loss for the twelve-month period to the period's result. Disallowable legal fees pertaining to the Auction Mobility acquisition, IPO listing costs and disallowable interest costs incurred in the period have been recognised and reflected in the effective tax rate. The integration of the Company has been prepared under merger accounting principles. This policy, which does not conflict with IFRS, reflects the economic substance of the transaction (refer to note 1). Under these principles, the Group has presented its Financial Statements of the Group as though the current Group structure had been in place from the date of incorporation of Auction Topco Limited.

Alternative performance measures
In reporting financial information, the Group presents alternative performance measures ("APMs") which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Executive Committee. Some of these measures are also used for the purpose of setting remuneration targets. The key APMs that the Group uses include: Aggregate revenue; Aggregate Adjusted EBITDA; Aggregate Adjusted EBITDA margin; Adjusted EBITDA; Adjusted earnings per share; net debt; free cash flow and free cash flow conversion. Each of these APMs, and others used by the Group, are set out in the Glossary and reconciliation of Alternative Performance Measures, including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

Impact of COVID-19
There continues to be uncertainty regarding the impact of the coronavirus pandemic on businesses throughout the country. The adverse consequences of the pandemic such as global market uncertainty, closure of businesses and macroeconomic factors reducing discretionary expenditure may have an impact on the financial condition and results of the Group. However, the nature of the Group's operations is such that the four reportable segments diversify the Group's exposure to a recession, whilst the platforms offer businesses a marketplace to sell their goods. Further the pandemic has accelerated the transition of activity from offline to online which has directly benefited the Group.

Going concern
The Company has been admitted to the premium listing segment of the Official List of the FCA and London Stock Exchange's Main Market for listed securities effective 26 February 2021. The following changes took place:

- Primary proceeds were used to, amongst other things, repay all outstanding liabilities with financing parties except for the loans under the Senior Facilities Agreement.
- An Amendment and Restatement Deed resulted in £39.4m (US$43.2m and £8m) left outstanding under the Senior Facilities Agreement. The loan principal is repayable on 10 February 2027.
- A £20m general purpose undrawn Revolving Credit Facility ("RCF") effective from 1 March 2021 is in place for 36 months.

In considering the forecast trading performance of the Company and the enlarged Group, the Directors have considered the impact of the COVID-19 pandemic. The assessment made recognises the inherent uncertainty associated with any forecasting at the present time.

The Group has performed strongly throughout the COVID-19 pandemic. This is largely due to the acceleration in auction activity migrating from offline to online. The Group has also benefitted from being more geographically diverse, due to its recent US acquisition, and its portals which cater for insolvency auctioneers which have benefitted from the current macroeconomic environment. Due to recent performance the Directors believe that trading performance will remain robust and do not expect any adverse scenarios where the operations of the Group are adversely affected by COVID-19.

In assessing the appropriateness of the going concern assumption, the Directors have considered the ability of the Group to meet the debt covenants and maintain adequate liquidity through the forecast period. The Group has cash of £44.7m as at 31 March 2021. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate comfortably within the level of its current facilities and meet its debt covenant obligations.

2. Basis of preparation *continued*

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

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

Judgements and estimates
The preparation of the Condensed Consolidated Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recent annual financial statements for the predecessor group for the year ended 30 September 2020 with the exception of the below.

Contingent consideration arising on the acquisition of Auction Mobility
The Group acquired Auction Mobility LLC on 16 October 2020. The consideration payable comprises $33,000,000 which was paid on completion, deferred consideration of $308,000 and a contingent amount up to a maximum of $10,000,000 payable subject to the achievement of certain revenue targets. Management have prepared a forecast of the expected revenue performance and fair valued the contingent consideration using a weighted average probability model, discounting the cash outflow back using a risk-free rate. The future performance of Auction Mobility is uncertain and the potential range of outcomes is $nil to $10,000,000. The amount recognised on acquisition was £3,918,000 (note 10). The Group's total contingent consideration as at 31 March 2021 amounted to £4,008,000. The Group regularly performs a review of the underlying businesses to assess the impact of the fair value of the contingent consideration. The change of £172,000 (2020: nil) in these fair values was reported as a finance income in the Condensed Consolidated Income Statement. Exchange differences to reserves were recorded within foreign exchange differences on translation of foreign operations in the Condensed Consolidated Statement of Comprehensive Income.

3. Operating Segments

Management has determined the operating segments based on information reviewed by the Board of Directors (the Chief Operating Decision Maker (CODM)), 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 of Directors has determined an operating management structure aligned around the four core activities of the Group. Following the acquisition of Auction Mobility during the period, a fourth operating segment for Auction Services has been separated from the previous three reported segments. The comparative split of segmental revenue has been restated to split other Auction Services products previously incorporated into A&A and I&C segment. This movement is an alignment of how the businesses are managed internally.

The four operating segments are as follows:

- **Arts and Antiques ("A&A"):** focused on offering auction houses that specialise in the sale of arts and antiques access to the platforms thesaleroom.com and lot-tissimo.com. A significant part of our services is provision of the platform as a marketplace for the A&A auction houses to sell their goods. The segment also generates earnings through additional services such as marketing income. The Group contracts with customers predominantly under service agreements, where the number of auctions to be held and the service offering differs from client to client.

- **Industrial and Commercial ("I&C"):** focused on offering auction houses that specialise in the sale of industrial and commercial goods and machinery access to the platforms BidSpotter.com, BidSpotter.co.uk and Proxibid.com, as well as i-bidder.com for consumer surplus and retail returns. A significant part of our services is provision of the platform as a marketplace for the I&C auction houses to sell their goods. The segment also generates earnings through additional services such as marketing income. We contract 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 product with Auction Mobility and other white label products including Wavebid.com.

- **Content:** focused on the Antiques Trade Gazette paper and online magazine. The business focusses on two streams of income: selling subscriptions to the Gazette and also selling advertising space within the paper and online. The Directors have disclosed information required by IFRS 8 for the Content segment despite the segment not meeting the reporting threshold.

The accounting policies of the reportable segments are the same as those described in the accounting policies section of the most recent annual financial statements for the predecessor group. There are no undisclosed or other operating segments.

3. Operating Segments *continued*

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

	Unaudited six months ended 31 March 2021 £000	Unaudited 2.5 months ended 31 March 2020 £000	Audited 8.5 months ended 30 Sept 2020 £000
Revenue			
A&A	**8,138**	1,701	8,352
I&C	**21,468**	4,154	24,684
Auction services	**3,458**	189	840
Content	**1,424**	420	1,602
Total	**34,488**	6,464	35,478
Adjusted EBITDA			
A&A	**7,045**	1,412	6,932
I&C	**18,677**	3,323	19,747
Auction services	**3,120**	151	672
Content	**452**	134	513
Centrally allocated costs	**(12,318)**	(4,122)	(11,979)
Total	**16,976**	898	15,885
Reconciliation from Adjusted EBITDA to loss before tax			
Adjusted EBITDA	**16,976**	898	15,885
Net finance cost (note 7)	**(10,540)**	(5,915)	(14,000)
Amortisation of intangible assets (note 11)	**(9,082)**	(2,132)	(10,149)
Depreciation of property plant and equipment	**(116)**	(32)	(167)
Depreciation of right of use assets	**(355)**	(146)	(483)
Share-based compensation	**(10,384)**	(55)	(276)
Exceptional items (note 5)	**(9,064)**	(4,925)	(9,789)
Loss before tax	**(22,565)**	(12,307)	(18,979)

The performance measure the Group uses to evaluate performance is Adjusted EBITDA. The Group considers this non-GAAP measure to be an important supplemental measure of the Group's financial performance. Refer to the Glossary and reconciliation of Alternative Performance Measures for further detail of the Group's adjusted measures.

The Group does not monitor segmental asset by geography or segmental debtors, and therefore have not disclosed this above.

4. Revenue

	Unaudited six months ended 31 March 2021 £000	Unaudited 2.5 months ended 31 March 2020 £000	Audited 8.5 months ended 30 Sept 2020 £000
Product and customer types			
A&A	**8,138**	1,701	8,352
I&C	**21,468**	4,154	24,684
Auction services	**3,458**	189	840
Content	**1,424**	420	1,602
	34,488	6,464	35,478
Primary geographical markets			
United Kingdom	**9,397**	2,041	9,605
USA	**23,316**	4,075	24,116
Germany	**1,775**	348	1,757
	34,488	6,464	35,478
Timing of transfer of goods and services			
Point in time	**31,113**	5,837	32,886
Over time	**3,375**	627	2,592
	34,488	6,464	35,478

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

5. Exceptional items

	Unaudited six months ended 31 March 2021 £000	Unaudited 2.5 months ended 31 March 2020 £000	Audited 8.5 months ended 30 Sept 2020 £000
Acquisition costs	1,300	4,925	7,963
Listing costs	7,764	-	-
Restructuring costs	-	-	1,826
Exceptional items	9,064	4,925	9,789

The Group's exceptional costs in the period are in respect of listing costs of the IPO and the acquisition costs predominantly relating to the acquisition of Auction Mobility LLC on 16 October 2020. These costs comprise legal, professional and other consultancy expenditure incurred. The business has undertaken focussed acquisitive activity in the periods prior to the listing of the IPO, including the acquisition of Auction Mobility which has been strategically implemented to increase income, service range and critical mass of the Group.

For the period ended 31 March 2020 and 30 September 2020, acquisition costs comprise legal, professional and incidental expenditure incurred in relation to the acquisition of Proxibid Inc. and Turner Topco Limited. Restructuring costs comprise costs levied by professional advisors and redundancy costs in connection with restructuring activities.

6. Employee benefit expenses

From 1 October 2020 to 26 February 2021, the Group issued the following share awards:

- 6,500 Auction Topco Limited B Ordinary shares to certain employees.
- 16,260 Auction Topco Limited A Ordinary shares to certain Non-Executive Directors.
- 10,977 Auction Topco Limited B Ordinary shares (“Pre-admission Awards”) were issued to the Executive Directors and certain employees.
- 8,097 Auction Topco Limited B Ordinary shares to the ATG Employee Benefit Trust for the benefit of certain employees as a staff gift and payment of associated tax liabilities for shares awards issued to employees and Executive Directors.
- The holders are subject to a service condition and, as such, the shares represent remuneration for service thereby constituting an IFRS 2 equity settled, share based arrangement. The Pre-admission Awards are subject to a three-year holding period.

Since 13 January 2020 to 17 February 2021, 231,293 Ordinary shares in Auction Topco Limited have been issued to its employees and Non-Executive Directors. As part of the Group reorganisation described in note 1 and 13 the ordinary shares in Auction Topco Limited were exchanged in a share for share exchange with Auction Technology Group plc, subdivided such that the number of ordinary shares increased by 100 to 23,129,300 and reduced by 9,627,043 shares as part of the share buyback. This resulted in 13,502,257 ordinary shares listed in the IPO. The fair value charge in the period to 31 March 2021 is £10,280,000 (March 2020: £55,000 and September 2020: £276,000).

On 26 February 2021, the Group granted conditional nil-cost share options over 437,665 shares through a Long-term Incentive Plan (“LTIP Awards”) to the Executive Directors and other senior management. It is expected that these awards will normally vest over a three-year period subject to the recipient’s continued employment at the date of vesting and, for Executive Directors, the satisfaction of performance conditions to be measured over three financial years. The fair value charge in the period to 31 March 2021 is £104,000.

7. Net finance costs

	Unaudited six months ended 31 March 2021 £000	Unaudited 2.5 months ended 31 March 2020 £000	Audited 8.5 months ended 30 Sept 2020 £000
Foreign exchange gain	**3,524**	-	-
Bank interest	**1**	1	2
Movements in contingent consideration	**172**	-	-
Finance income	**3,697**	1	2
Interest on secured loans	**(5,739)**	(872)	(4,016)
Movements in contingent consideration	**-**	(31)	(31)
Interest on lease liabilities	**(45)**	(13)	(71)
Interest payable on preference shares	**(6,328)**	(1,846)	(8,886)
Finance costs on loan notes	**(2,125)**	(326)	(998)
Foreign exchange loss	**-**	(2,828)	-
Finance cost	**(14,237)**	(5,916)	(14,002)
Net finance costs	**(10,540)**	(5,915)	(14,000)

8. Taxation

The total tax expense recognised based on management's best estimate of the effective tax rate for the full year is a charge of 7% (March 2020: credit of 20%) applied to the loss before tax of the six-month period. Adjustments were made to reflect disallowable interest costs and legal fees relating to the acquisition of Auction Mobility and the listing costs of the IPO. In the period ended 31 March 2021, £1,514,000 of the deferred tax liability relating to the capitalised acquisition intangible assets was unwound and credited to the Condensed Consolidated Statement of Comprehensive Income.

The UK Budget on 3 March 2021 announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The effect of the rate increase is not reflected in the Condensed Consolidated Interim Financial Statements as it was not substantively enacted at the balance sheet date. If the rate increase had been substantively enacted at the balance sheet date an additional £2.8m UK deferred tax liability would be recognised, resulting in an increase of £2.8m in the tax charge for the period.

9. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	Unaudited six months ended 31 March 2021 £000	Unaudited 2.5 months ended 31 March 2020 £000	Audited 8.5 months ended 30 Sept 2020 £000
Loss attributable to equity shareholders of the Company	**(24,066)**	(9,817)	(16,388)

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

	Number	Number	Number
Weighted average number of shares	**23,491,366**	100	100
Effect of dilutive share options	**4,027**	-	-
Diluted weighted average number of shares	**23,495,393**	100	100
	£	£	£
Basic loss per share	**(1)**	(98,170)	(163,880)
Diluted loss per share	**(1)**	(98,170)	(163,880)

During the period ended 31 March 2021, the Group awarded conditional share awards to Directors and certain employees through a LTIP, see note 6 for further details. The awards have not yet vested but as per IAS 33 these awards must be reflected through the diluted EPS.

10. Acquisition of Auction Mobility LLC

On 16 October 2020, the Group acquired 100% of the equity share capital of Auction Mobility LLC for a total maximum consideration of $43,308,000 (equivalent to £33,350,000), comprising of upfront cash consideration of $33,000,000 (equivalent to £25,424,000), deferred consideration of $305,000 (£234,000) and contingent consideration of up to a maximum $10,000,000 (equivalent to £7,692,000), subject to the performance of the acquired company against certain targets. Auction Mobility provides a customised auction software platform, a leading white label app and web developer, for auction houses. The purpose of the acquisition was to further strengthen the Group's presence in the USA.

The Directors have calculated the fair value of the contingent consideration expected to be paid, based on a weighted average probability model, resulting in a liability of £3,918,000. The key inputs to the model were revenue growth assumptions and percentage probability weightings applied to forecast earn-out cash flows based on the various scenarios modelled.

At the date of acquisition, Auction Mobility LLC had net assets with a fair value of $13,786,000 (equivalent to £10,604,000). The acquisition accounting is set out below and is provisional pending final determination of the fair value of the assets and liabilities acquired.

	At fair value £000
Intangible assets - software	2,786
Intangible assets- Customer relationships	6,094
Intangible assets – brand	371
Intangible assets – non-compete	1,286
Trade receivables	462
Other debtors and prepayments	647
Cash and cash equivalents	476
Trade payables	(129)
Accruals and contract liabilities	(1,389)
Net assets on acquisition	**10,604**
Goodwill (note 11)	**18,972**
Total consideration	**29,576**
Consideration satisfied by:	
Cash consideration	25,424
Contingent consideration	3,918
Deferred consideration	234
	29,576
Net cash outflow arising on acquisition:	
Cash consideration	25,424
Less: cash and cash equivalents balances acquired	(476)
	24,948

Goodwill arises as a result of the surplus of consideration over the fair value of the separately identifiable assets acquired. The main reasons leading to the recognition of goodwill is the future economic benefits arising from assets which are not capable of being individually identified and separately recognised, these include the value of the assembled workforce within the business acquired. All of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition costs of £1,078,000 directly related to the business combination have been immediately expensed to the Condensed Income Statement as part of administrative expenses and included within exceptional items (note 5).

Between 16 October and 31 March 2021, Auction Mobility LLC contributed £2,755,000 to Group revenues and a profit of £246,000 for the interim period ended 31 March 2021. If the acquisition had occurred on 1 October 2020, Group unaudited revenue would have been £34,488,000 and Group unaudited loss before tax would have been £30,299,000.

11. Intangible assets

2021	Goodwill £000	Software development costs £000	Customer relationships £000	Brand £000	Non-compete £000	Total £000
At 1 October 2020	**124,023**	**14,463**	**49,712**	**10,655**	**-**	**198,853**
Additions arising through business combinations (note 10)	**18,972**	**2,786**	**6,094**	**371**	**1,286**	**29,509**
Additions	**-**	**1,367**	**-**	**-**	**-**	**1,367**
Amortisation	**-**	**(4,057)**	**(4,206)**	**(679)**	**(140)**	**(9,082)**
Exchange differences	**(2,583)**	**(532)**	**(883)**	**(284)**	**(69)**	**(4,351)**
At 31 March 2021	**140,412**	**14,027**	**50,717**	**10,063**	**1,077**	**216,296**

The Group has reviewed each cash-generating unit for indicators of impairment at the reporting date and no indicators were identified. The value in use models, inputs and assumptions used at 30 September 2020 remain appropriate and no impairment is therefore required in the period to 31 March 2021.

12. Loans and borrowings

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

	Unaudited as at 31 March 2021 £000	Unaudited as at 31 March 2020 £000	Audited as at 30 Sept 2020 £000
Current			
Secured bank loan	**322**	864	789
Unsecured loan notes	**339**	358	370
	661	1,222	1,159
Non-current			
Secured bank loan	**37,981**	80,312	77,754
Preference shares	**-**	118,375	125,414
Subordinated loan notes	**-**	9,286	9,947
Unsecured loan notes	**-**	362	329
	37,981	208,335	213,444
Total	**38,642**	209,557	214,603

On 13 October 2020, new parties to the Senior Facilities Agreement were entered with Macquarie and Sixth Street for USD$75,000,000, of which $33,500,000 (equivalent of £25,679,000) was drawn at this date. The loan carries an effective rate of interest of EURIBOR+6.5% payable half yearly and is secured on the assets of the Group.

An Amendment and Restatement Deed under the Senior Facilities Agreement effective from 1 March 2021 resulted in £39.4m (US$43.2m and £8m) available under the facility. The loan, net of loan arrangement fees of £1.4m, was fully drawn as at 31 March 2021 and the principal is repayable on 10 February 2027. A £20m general purpose undrawn Revolving Credit Facility ("RCF") effective from 1 March 2021 is in place for 36 months.

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

13. Share capital

	Number of shares '000	Share capital £000
Ordinary shares in issue as at 31 March 2020 and 30 September 2020	**1**	**-**
Issue of new shares	**42,323,050**	**15**
Subdivision of shares	**97,014,159**	**-**
Share buyback	**(39,337,210)**	**(5)**
At 31 March 2021	**100,000,000**	**10**

As detailed in note 1, the Group completed a capital reorganisation during February 2021. The issued share capital as at 31 March 2021 represents the authorised share capital of Auction Technology Group plc. The issued share capital as at 31 March 2020 and 30 September 2020 have been restated to reflect the reorganisation as a result of the application of merger accounting.

During the period, 1,083,793 ordinary shares of 0.1p each with an aggregate nominal value £10,838 were issued following the share for share exchange for the entire share capital of Auction Topco Limited and 41,239,257 ordinary shares of 0.01p each with an aggregate nominal value of £4,124 were issued on IPO for cash consideration of £247,435,000.

The Group completed the purchase for cancellation of 39,233,357 ordinary shares of 0.01p each and 103,853 ordinary shares of 0.1p for cash consideration of £2. The aggregate nominal value of the shares cancelled was £4,962.

The ordinary shares were subdivided such that the number of ordinary shares increased by 100 and the nominal value of shares decreased from 0.1p to 0.01p.

14. Related party transactions

On 13 February 2020 preference shares of £86,401,000 were issued to funds advised by TA Associates Management LP. The preference shares including interest amounting to £97,085,000 were repaid on 1 March 2021 (accrued interest as at March 2020: £1,363,000 and September 2020: £6,562,000).

On 13 February 2020 preference shares of £26,093,000 were issued to funds advised by ECI Partners LLP. The preference shares including interest amounting to £29,377,000 were repaid on 1 March 2021 (accrued interest as at March 2020: £412,000 and September 2020: £1,982,000).

On 13 February 2020 preference shares of £4,508,000 were issued to members of the management team. The preference shares including interest amounting to £5,269,000 were repaid on 1 March 2021 (accrued interest as at March 2020: £71,000 and September 2020: £342,000).

On 13 February 2020 a loan note of £385,000 was issued to a member of the management team. Interest of £49,000 (accrued interest as at March 2020: £6,000 and September 2020: £24,000) was waived on 26 February 2021 and the loan note repaid on 26 February 2021.

On 13 February 2020 a subordinated loan note of USD$13,000,000 (equivalent of £9,334,000) was issued to funds held by ECI Partners LLP and TA Associates Management LP. The subordinated loan note and related accrued interest of US$15.157,000 (equivalent of £10,883,000) (accrued interest as at March 2020: £158,000 and September 2020: £759,000) were repaid on 1 March 2021.

On 30 September 2020, Tom Hargreaves, a director of the Company received a loan of £7,000, the full amount and related interest were repaid on 26 February 2021.

On 30 December 2020 preference shares of £272,000 were issued to Breon Corcoran, a Non-Executive Director. On 15 January 2021 preference shares were issued to Non-Executive Directors, Scott Forbes and Penny Ladkin-Brand for £221,000 each. The proceeds from the redemption of their preference shares including interest amounting to £724,000 were used to apply for the subscription of Ordinary shares on IPO.

15. Events after the balance sheet date

There were no other events after balance sheet date.

Responsibility Statement

The Directors confirm that these Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors of Auction Technology Group plc are listed in the Prospectus, taking effect from Admission to London Stock Exchange. There have been no changes of director since Admission. A list of Directors is maintained on the Company's website, www.auctiontechnologygroup.com.

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The Directors are responsible for the maintenance and integrity of the Company's website.

By order of the Board,

John-Paul Savant
Chief Executive Officer
25 May 2021

Tom Hargreaves
Chief Financial Officer
25 May 2021

Glossary and reconciliation of alternative performance measures

Glossary

A&A	Arts and Antiques
Aggregate basis	certain measures have been used as the acquisitions of Turner Topco Limited and Proxibid Inc on 13 February 2020 have affected the comparability of the Group's half-year results of operations for 2021. The measures are presented for the Group to provide comparisons of the Group's results between HY20 and HY21 as if the acquisitions had occurred on 1 October 2019
Auction Mobility	Auction Mobility LLC
Bidder sessions	web sessions on the Group's Marketplaces online within a given timeframe
BidSpotter	the Group's Marketplace operated via the www.BidSpotter.co.uk and www.BidSpotter.com domain
Big 4	Christie's, Sotheby's, Phillips and Bonhams A&A auction houses
EBITDA	earnings before interest, taxes, depreciation and amortisation
GMV	gross merchandise value, representing the total final sale value of all lots sold via winning bids placed on the Marketplaces or the Platform, excluding additional fees (such as online fee and auctioneer's commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
i-bidder	the Group's marketplace operated by the www.i-bidder.com domain
I&C	Industrial and Commercial
KPIs	key performance indicators
Live auctions	Live auctions typically feature a physical auction room (with bidders participating in the room and by phone) supplemented by bids made online. Lots are run consecutively and so apart from the first lot there is no fixed time for specific lots to be called
Lot-tissimo	the Group's Marketplace operated via the www.lot-tissimo.com domain
LTIP Awards	the Company's Long-term Incentive Plan
Marketplaces	the online auction marketplaces operated by the Group
Online share	represents GMV as a percentage of THV.
Proxibid	the Group's Marketplace operated via the www.proxibid.com domain
Proxibid group	the operations of Proxibid Inc and its subsidiaries prior to acquisition by Auction Topco Limited
The Saleroom	the Group's Marketplace operated via the www.the-saleroom.com domain
Standalone ATG	the operations of Turner Topco Limited and its subsidiaries prior to acquisition by Auction Topco Limited
THV	total hammer value, representing the total final sale value of all lots listed on the Marketplaces or the Platform excluding additional fees (such as online fee and auctioneer's commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
Timed auctions	auctions which are held entirely online (with no in-room or telephone bidders) and where lots are only made available to online bidders for a specific, pre-determined timeframe
Verticals	like-for-like industry or inventory for example, arts & antiques, industrial and construction, consumer surplus and returns and sub-verticals such as equine, real estate and classic cars.

Definitions and reconciliation of Alternative Performance Measures

These half-year results contain various financial measures and ratios that are not presented in accordance with IFRS requirements or any other generally accepted accounting principles and which may not be comparable with similarly titled measures used by others in the Group's industry (collectively, the "Non-IFRS Financial Measures").

Adjusted EBITDA

Adjusted EBITDA is the measure used by management to assess the trading performance of the Group's businesses and is the measure of segment profit that the Group presents under IFRS. The Group considers this non-GAAP measure to be an important supplemental measure of the Group's financial performance. Additionally, the Group believes this measure is frequently used by investors, securities analysts and other interested parties to evaluate the efficiency of the Group's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements.

Adjusted EBITDA represents profit/(loss) before taxation, finance costs (including non-operating gains and losses in respect of financial instruments), depreciation and amortisation, share-based compensation and exceptional items. Adjusted EBITDA at segment level is consistently defined with the above but excludes central administration costs including directors' salaries.

Details of the charges and credits presented as adjusting items are set out below and note 3 to the financial statements. The basis for treating these items as adjusting is as follows:

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

Exceptional items
Exceptional items are items of income or expense 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 underlying business performance. They arise from portfolio investment decisions, from changes to the Group's capital structure, as well as material events that are expected to be non-recurring and outside the course of ordinary operating activities. These items have been disclosed separately in note 5.

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

	HY21 £000	HY20 £000	FY20 £000
Loss before tax	**(22,565)**	(12,307)	(18,979)
Net finance cost (note 7)	**10,540**	5,915	14,000
Amortisation of intangible assets (note 11)	**9,082**	2,132	10,149
Depreciation of property plant and equipment	**116**	32	167
Depreciation of right of use assets	**355**	146	483
Share-based compensation	**10,384**	55	276
Exceptional items (note 5)	**9,064**	4,925	9,789
Adjusted EBITDA	**16,976**	898	15,885

Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue.

	HY21 £000	HY20 £000	FY20 £000
Reported revenue	**34,488**	6,464	35,478
Adjusted EBITDA	**16,976**	898	15,885
Adjusted EBITDA margin	**49%**	14%	45%

Aggregate revenue, Aggregate Adjusted EBITDA and Aggregate Adjusted EBITDA margin
The Group has made certain acquisitions that have affected the comparability of the Group's half-year results of operations for 2021. For ease of comparisons between HY20 and HY21, certain figures are also presented for the Group in the Operating and Financial Review of the Group to provide comparisons of the Group's results between HY20 and HY21 as if the acquisitions of Turner Topco Limited ("Standalone ATG") and Proxibid Inc ("Proxibid group") had occurred on 1 October 2019. The adjustment below reflects the revenue, Adjusted EBITDA and Adjusted EBITDA margin from Proxibid group and Standalone ATG for the period 1 October 2019 to 12 February 2020.

The following table provides reconciliation of Aggregate revenue and Aggregate Adjusted EBITDA from reported results for six months ended 31 March 2020:

	HY20 £000
Reported revenue from the date of acquisition	6,464
Revenue for the period from 1 October 2019 to 12 February 2020	16,828
Aggregate revenue for the period from 1 October 2019 to 31 March 2020	23,292
Adjusted EBITDA from the date of acquisition	898
Adjusted EBITDA for the period from 1 October 2019 to 12 February 2020	5,679
Aggregate Adjusted EBITDA for the period from 1 October 2019 to 31 March 2020	6,577
Aggregate Adjusted EBITDA margin	28%

Adjusted earnings per share
Adjusted earnings per share is based on adjusted earnings which exclude share-based compensation, exceptional items, amortisation of intangible assets and any related tax effects.

The number of shares in issue reflect the number of shares in issue at the IPO adjusted for the dilutive effect of the conditional nil-cost share options granted after IPO through LTIP Awards to the Executive Directors and other senior management.

	HY21 **£000**	HY20 £000
Loss attributable to equity shareholders of the Company	**(24,066)**	(9,817)
Add back:		
Amortisation of intangible assets (note 11)	**9,082**	2,132
Share-based compensation	**10,384**	55
Exceptional items (note 5)	**9,064**	4,925
Tax	**(1,091)**	(1,917)
Adjusted earnings	**3,373**	(4,622)

	HY21 **Number**	HY20 Number
Reported diluted weighted average number of shares	**23,495,393**	100
Add back: weighted average effect of shares issued in the period	**76,942,272**	-
Number of ordinary shares and options granted at IPO	**100,437,665**	100
Adjusted earnings per share (pence)	**3.4**	(4,622,000.0)

The adjusted earnings per share figure has been disclosed since the Directors consider it necessary in order to give an indication of the adjusted trading performance.

Net cash/(debt)
Net debt comprises external borrowings net of arrangement fees, cash and cash equivalents. Net debt excludes lease liabilities.

	HY21 £000	HY20 £000	FY20 £000
Cash and cash equivalents	**44,696**	9,848	14,193
Current loans and borrowings	**(661)**	(1,222)	(1,159)
Non-current loans and borrowings	**(37,981)**	(208,335)	(213,444)
Total loans and borrowings	**(38,642)**	(209,557)	(214,603)
Net cash/(debt)	**6,054**	(199,709)	(200,410)

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

	HY21 £000	HY20 £000
Adjusted EBITDA	**16,976**	898
Cash generated from operations	**8,677**	(2,001)
Exceptional items	**9,064**	4,925
Working capital from exceptional and other items	**(1,804)**	(2,610)
Additions to other intangibles assets	**(1,367)**	(188)
Additions to property, plant & equipment	**(40)**	-
Free cash flow	**14,530**	126
Free cash flow conversion (%)	**86%**	14%

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

Further analysis of the adjusting items is presented in notes 3 and 5 to the Consolidated Financial Statements. The Group has applied these principles in calculating adjusted measures and it is the Group's intention to continue to apply these measures in future, excluding the aggregate results for HY20 and FY20. These aggregate measures will fall away after FY21.

Key performance indicators ("KPIs")
The Group monitors various key KPIs as defined in the Glossary to track the financial and operating performance of its business, including THV, GMV, online share and bidder sessions. These KPIs are presented on an aggregate basis (as defined in the Glossary) to illustrate certain growth trends of the underlying business operations and have been used in this report.

Principal risks and uncertainties

The principal risks and uncertainties that affect the Group can be found on page 4 of the 2020 Group Annual Report and Accounts (being that of the Auction Topco Limited group).

RISK	IMPACT
COVID-19	There have been changes in the macroeconomic conditions as a result of the threat and uncertainty posed by the Coronavirus outbreak. The outbreak has resulted in potential risks to the business which are outlined below together with how these risks have been mitigated. <u>Employees</u> The ability to work on a remote basis posed a potential risk to the business, however a robust control environment with good IT processes and controls in place has enabled this to happen with limited impact on the business. <u>Trading environment</u> The closure of auction houses posed a potential risk to revenue from live auctions. However, the business has instead experienced an acceleration in auction activity migrating from offline to online which has directly benefitted the Group's performance. The Group has also benefited from being more geographically diverse, due to its recent US acquisition, and its portals which cater for insolvency auctioneers have benefited from the current macroeconomic environment.
Business Model	The Group's business model may come under significant pressure should a significant number of auctioneers choose to take bidder generation, technology development and customer service (amongst other things) in-house and so bypass the Marketplaces or Platform, including as a result of auctioneers who use the Group's white label offering attempting to maintain their own platforms rather than use the Group's Platform.
Technology	An inability to maintain a consistently high-quality and secure experience for the Group's auctioneers and bidders across its Marketplaces or Platform or to keep pace with innovation and changes in technology could result in fewer auctioneers and/or bidders using the Marketplaces or Platform.
Business interruption and IT systems	Security breaches and other disruptions to, or failures in, the Group's IT infrastructure and networks, or those of third parties, could disrupt the Group's business, compromise sensitive and confidential information, affect the Group's reputation, increase its operational costs and cause losses.
Acquisitions	The Group has in the past made, and in the future may make, acquisitions and investments, which may prove unsuccessful or divert its resources, result in operating difficulties and otherwise disrupt the Group's operations.
Brand	The Group relies on its brand and reputation, which could be impaired.
People	The loss of senior executives or one or more of the Group's key employees could adversely affect it business, results of operations and financial condition.
Regulation	The Group is subject to regulatory oversight by competition authorities, including the Competition and Markets Authority in the UK, which may impact its acquisition activity.
Foreign exchange	Exposure to US Dollar exchange rate

The Board does not believe there has been a material change in the principal risks in the first six months of 2021. The Board does not expect a material change in these risks in the remaining six months of the year.

Independent review report to Auction Technology Group plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2021 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statements of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash flows and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report
This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, UK
25 May 2021