Company Registered No: 12400807 (England and Wales)

AUCTION TOPCO LIMITED

ANNUAL REPORT AND FINANICAL STATEMENTS

FOR THE PERIOD FROM 13 JANUARY 2020 TO 30 SEPTEMBER 2020

AUCTION TOPCO LIMITED

COMPANY INFORMATION

Directors	T E Hargreaves J Savant
Company Secretary	M Edwards
Registered number	12400807
Registered office	The Harlequin Building 6th Floor 65 Southwark Street London SE1 0HR
Registered auditor	Deloitte LLP London United Kingdom

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The directors present the Annual Report and financial statements for the period from 13 January 2020 to 30 September 2020.

The directors, in preparing this report, have complied with s414C of the Companies Act 2006. This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiary undertakings when viewed as a whole.

Review of business

Auction Topco Limited was incorporated on 13 January 2020. On 13 February 2020, Auction Topco Limited acquired Turner Topco Limited and its subsidiaries and Proxibid Inc and its subsidiaries. The profit and loss figures included within this report are from the incorporation to 30 September 2020.

Auction Topco Limited is an Investment holding company with investments in companies in the UK, USA and Germany. The investments are funded by debt and equity.

Through its investments in subsidiaries the Group operates marketplaces and proprietary auction platforms for curated online auctions, connecting bidders and auctioneers at scale. As a key partner and advocate for auctioneers, the Group creates value by providing them with access to robust online marketplace capabilities, a global bidder base and a range of value-added tools and services that enable them to maximise value on lots sold. The Group also helps auctioneers achieve operational efficiencies and improves bidder experience on their behalf. The Group provides bidders with access to a curated selection of unique and specialised secondary items in a trusted, simple, sustainable and convenient manner. The Group's goal is to provide the auction industry with the most cost-effective integrated suite of services including robust online marketplace, impactful digital marketing, business intelligence and insight, efficient back-office software, and customisable white label. For bidders the Group strives to provide a quality end-to-end buying experience that includes access to and integration with the broader auction ecosystem, making purchases in the secondary market simpler and more transparent. The Group primarily caters to auctioneers and bidders across the following three specific industry verticals, with a focus on driving value for its users:

- Arts & Antiques ("A&A"), which includes watches, jewellery, furniture, fine art, decorative art, classic cars, collectables and fashion.

- Industrial & Commercial ("I&C"), which includes used equipment, commercial vehicles and machinery, for use across a range of different industries including manufacturing (such as plastic, metal, wood, chemical, food and beverage, and other manufacturing industries), laboratories and pharmaceuticals, warehousing, mining and utilities, oil and gas, firearms, real estate, construction and agriculture.

- Consumer Surplus and Returns ("CS&R"), which includes surplus retail stock and items returned by consumers not suitable for re-sale in-store, covering a range of retail goods including technology and electronics, homeware and furniture.

The Group achieves this through its six leading curated digital Marketplaces in the United Kingdom, the United States and Europe:

- Proxibid (proxibid.com) in the North American I&C market, which primarily focuses on 'green iron' and 'yellow iron' (agricultural and construction used equipment);
- BidSpotter US (BidSpotter.com) in the North American I&C market, which primarily focuses on 'grey iron' (manufacturing used equipment);
- The Saleroom (the-saleroom.com) in the UK A&A market;
- Lot-tissimo (lot-tissimo.com) with the EU A&A market;
- i-bidder (i-bidder.com) in the UK CS&R market; and
- BidSpotter UK (BidSpotter.co.uk) in the UK I&C market, which is dedicated to insolvency auctioneers in the UK.

The Group's Marketplaces are operationally integrated, with the Group's management team (based in London) overseeing the Group's shared operational infrastructure across its geographies. The Group's marketplaces generally operate on its proprietary global auction platforms.

Our businesses operate in dynamic growth sectors across multiple global industries. We hold significant market positions in each of the geographies and markets we operate in. The Arts and Antiques ("A&A") industry reports £45 billion+ in sales annually and the collection of Industrial and Commercial ("I&C") verticals that we serve is estimated by us to be in excess of £100 billion. The auction markets for A&A and I&C are in the early stages of their digital evolution with less than 10% of realised auction hammer values occurring online. We believe this trend will increase as more auctioneers and bidders see the huge advantage online brings in terms of increased bidders and the resulting higher hammer values for the former, and the greater access to wide ranging inventory for the latter.

Future Developments

The focus is on improving the marketplace; making it easier for auctioneers to hold events and easier for prospective bidders to find items of interest and place a winning bid. During the period we've invested in both our technology and in developing the bidder base, adding new features including enabling improved search and more. In the year ahead, we will continue to focus on the user journey and marketing to continue to grow the number of bidders buying at auction.

Key performance indicators

The Group monitors various KPIs to track the financial and operating performance of its business, the key metrics used by Management in determining performance are:

- Revenue
- Adjusted EBITDA
- Free Cash Flow

Revenue

Revenue from auction, marketing and content related services are the measures used by the Directors to assess the ability of each operating segment to generate cash inflows from the Group's assets. The revenue is recognised in line with IFRS 15 Revenue from Contracts with customers as specified in note 1.10 of these financial statements.

Within the period ended 30 September 2020, £35,478,000 revenue was generated by the Group. An analysis by segment and by geographical market can be found in note 4 of these statements.

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, non-trading foreign exchange gains/(losses), share-based compensation and exceptional costs. Adjusted EBITDA at segment level is consistently defined with the above but excludes central administration costs including directors' salaries.

The Adjusted EBITDA for the period was £15,885,000, a reconciliation can be found from the loss before tax to Adjusted EBITDA for the period in note 3 to the financial statements.

Free cash flow

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 that relate to exceptional items.

During the period ended 30 September 2020, the free cash flow was £14,234,000. A reconciliation from Loss before tax can be found below:

	Note	Period ending 30 September 2020 £m
Loss before tax	3	(18,979)
Add back:		
Net finance cost	6	14,000
Depreciation of PPE	10	167
Amortisation of Intangible assets	9	10,149
Depreciation of right of use assets	12	483
Non-cash equity incentive	7	276
Exceptionals	5	9,789
Adjusted EBITDA		**15,885**
Working capital outflow[1]		(238)
Adjusted cashflows from operations		**15,647**
Capital expenditure[2]	9/10	(1,385)
Free Cashflow		**14,262**

[1] The cash outflow for movement in working capital consists of the movement in net working capital between the date of the acquisitions and the period end. The working capital balance includes all trade and other receivables and all trade and other payables as recorded in notes 13 and 14 of these statements. No cash and cash equivalents have been included within the working capital movements.

[2] Capital expenditure includes all capital additions to other intangibles (note 9) and property, plant and equipment (note 10), not including the assets acquired as part of the acquisitions.

Non-financial key performance indicators

The Directors, on a regular basis, review other non-financial key performance indicators, the metrics reviewed include:

- Average daily visitors to each platforms
- Online share of the live auction market
- Number of new clients per platform
- Monthly trades per platform
- Weekly subscribers to the Antiques Gazette

The above measures are used by Management to assess their position in the market, their market share and the performance on a segment by segment basis.

Principal risks and uncertainties

Due to the nature of the Group's business, and the assets and liabilities contained within the Group's balance sheet, the only financial risks that the directors consider relevant to the group are credit risk through its trade debtors, interest rate risk on loans and exchange rate risk on foreign currency. Credit risk is mitigated by credit control policies and the fact that exposure is spread over a large number of customers. With increased international presence, the group recognises the need to manage its exchange rate risk. In order to manage and consider the potential risks posed by movements in foreign exchange rate, Management regularly review rates and consider the need for hedging through derivative financial instruments. During the period Management did not feel the need to use derivatives as the level of foreign capital and income received in the USA and the EU were offset through the level of cash held in its foreign bank accounts.

In light of recent events, 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.

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.

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 benefited 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.

The Group has sufficient liquidity to enable all operations of the business to continue. The Directors have considered this and do not expect there to be an adverse impact to the company and its operations.

Other key risks that are specific to the Group include:

- 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 platforms, 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.

- The Group relies on its brand and reputation, which could be impaired.

- 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.

- 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.

Post reporting date events

Auction Technology Group plc (which was incorporated and has become the holding company for the Group following a reorganisation) applied to (i) the FCA for the Shares to be admitted to the premium listing segment of the Official List of the FCA and (ii) the London Stock Exchange for all of the Shares to be admitted to the London Stock Exchange's Main Market for listed securities ("Admission"). The Admission became effective on 26 February 2021.

On 13 October 2020, a new secured borrowing facility was entered into with Macquarie and Sixth Street for USD$33,500,000 (equivalent of £25,769,000). The loan carried an effective rate of interest of EURIBOR+6.5% payable half yearly and is secured on the assets of the Group. The loan was repaid on 1 March 2021.

On 16 October 2020, ATG Media US Inc. 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 $308,000 (£234,000) and a contingent consideration of up to $10m (equivalent to £7,692,000), subject to the performance of the acquired company against certain targets.
The purpose of the acquisition was to further strengthen the Group’s presence in the US.

At the date of acquisition, Auction Mobility LLC had net assets on acquisition of $13,683,000 (equivalent to £10,525,000).

Approved by the board and signed on its behalf by:

T E Hargreaves
Director

25 May 2021

The Directors present the Director's report and financial statements for the period ended 30 September 2020.

Principal activities

The Company was incorporated on 13 January 2020. The Company is an investment holding Company.

Results and dividends

The Consolidated Income Statement for the period is set out on page 14.

The Directors do not recommend payment of an ordinary dividend.

Directors

The following Directors have held office since 13 January 2020:

S A Dandl	(appointed 13 January 2020, resigned 26 February 2021)
T E Hargreaves	(appointed 13 February 2020)
J Savant	(appointed 13 February 2020)
J M Seigler III	(appointed 13 January 2020, resigned 26 February 2021)
C J Watt	(appointed 13 February 2020, resigned 26 February 2021)
B R Corcoran	(appointed 28 December 2020, resigned 26 February 2021)

Going concern

The Group 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.

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.

Financial instruments

The Group's principal financial instruments comprise bank balances, trade creditors, trade debtors, bank loans and loan notes issued. The main purpose of these instruments is to raise funds to finance the Group's operations.

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 transactions 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 are 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, financial assets are classified into the following categories upon initial recognition:

• Financial assets at amortised cost

• Financial assets/liabilities held at fair value through profit or loss (FVTPL).

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.

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 always recognises lifetime ECL on trade receivables. The expected credit losses 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 debtors, 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 Comprehensive Income are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administration expenses.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, convertible loan notes, trade and other payables and derivative financial instruments.

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 Comprehensive Income.

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

Auditor

Deloitte LLP were appointed auditors to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

Approved by the board and signed on behalf of the board.

T E Hargreaves
Director

25 May 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law required the Directors to prepare financial statements in each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and the Group's profit or loss for that period. In preparing the financial statements the Directors are also required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable, relevant and reliable.
- Assess the ability of the Group to continue as a going concern, disclosing as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they intend to liquidate the Group or to cease operations or they have no realistic alternative to doing so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board and signed on behalf of the Board.

T E Hargreaves
Director

25 May 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUCTION TOPCO LIMITED

Report on the audit of the financial statements

Opinion
In our opinion:

- the financial statements of Auction Topco Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2020 and of the group's loss for the period from 13 January 2020 to 30 September 2020;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This included health & safety legislation.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- We identified a significant risk of revenue misstatement associated with the completeness of auction commission revenue, linked to any unmatched revenue transactions between the auction management system, customer relationship management system and the accounting system. We obtained an understanding of relevant controls in the revenue cycle and engaged our specialist analytics team to perform a reconciliation between each system. Substantive tests of details were then performed around any unreconciled items of audit interest and on a sample of transactions from reports extracted from the underlying systems.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Darlison

Kate Darlison FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 25 May 2021

AUCTION TOPCO LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Note	Period from incorporation to 30 September 2020
		£'000
Revenue	4	35,478
Cost of sales		(15,042)
Gross profit		20,436
Administrative expenses		(25,594)
Other operating income		179
Operating loss	5	(4,979)
Finance income	6	2
Finance costs	6	(14,002)
Loss before tax		(18,979)
Taxation	8	2,591
Loss for the period		**(16,388)**
Other comprehensive loss for the period (net of tax)		
Items that may subsequently be transferred to profit and loss		
Foreign exchange loss on translation of foreign operations		(440)
Total comprehensive loss for the period		**(16,828)**

The profit for the period derives wholly from continuing operations and the Group has no non-controlling interests and all profits are attributable to the equity holders of the Parent Company.

The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2021 and are signed on its behalf by

T E Hargreaves
Director

AUCTION TOPCO LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Note	Group 30 September 2020 £'000	Company 30 September 2020 £'000
ASSETS			
Non-current assets			
Goodwill	9	124,023	-
Other intangible assets	9	74,830	-
Investments	11	-	112,503
Property, plant and equipment	10	478	-
Right of use asset	12	1,924	-
Trade and other receivables	13	88	4,822
Total non-current assets		**201,343**	**117,325**
Current assets			
Trade and other receivables	13	8,653	200,606
Cash and cash equivalents		14,193	-
Total current assets		**22,846**	**200,606**
Total assets		**224,189**	**317,931**
EQUITY AND LIABILITIES			
Equity			
Share capital	18	11	11
Share premium		1,125	1,125
Share-based payments reserve		276	276
Foreign exchange reserves		(440)	-
Accumulated losses		(16,388)	(9,032)
Total Equity		**(15,416)**	**(7,620)**
LIABILITIES			
Non-current liabilities			
Trade and other payables	14	2,100	199,723
Loans and borrowings	15	213,444	-
Lease liabilities	12	1,208	-
Deferred tax liabilities	17	11,588	-
Total non-current liabilities		**228,340**	**199,723**
Current liabilities			
Trade and other payables	14	9,350	-
Loans and borrowings	15	1,159	125,828
Lease liabilities	12	756	-
Total current liabilities		**11,265**	**125,828**
Total liabilities		**239,605**	**325,551**
Total equity and liabilities		**224,189**	**317,931**

A separate Statement of Comprehensive Income for Auction Topco Limited has not been prepared as permitted by Section 408 of the Companies Act 2006. The loss of the Company for the year ended 30 September 2020 was £9,032,000. The financial statements were approved by the Board of Directors and authorised for issue on 25 May 2021 and are signed on its behalf by

T Hargreaves
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Group	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Foreign exchange reserves £'000	Accumulated losses £'000	Total £'000
Comprehensive Loss						
Loss for the period	-	-	-	-	(16,388)	(16,388)
Other comprehensive loss	-	-	-	(440)	-	(440)
	-	-	-	(440)	(16,388)	(16,828)
Transactions with owners						
Shares issued (equity)	11	1,129	-	-	-	1,140
Share issue costs (equity)	-	(4)	-	-	-	(4)
Share-based payments charge	-	-	276	-	-	276
Balance at 30 September 2020	**11**	**1,125**	**276**	**(440)**	**(16,388)**	**(15,416)**

Details of the nature of each reserve can be found in note 19.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Company	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Accumulated losses £'000	Total £'000
Comprehensive Loss					
Loss for the period	-	-	-	(9,032)	(9,032)
	-	-	-	(9,032)	(9,032)
Transactions with owners					
Shares issued (equity)	11	1,129	-	-	1,140
Share issue costs (equity)	-	(4)	-	-	(4)
Share-based payments charge	-	-	276	-	276
Balance at 30 September 2020	**11**	**1,125**	**276**	**(9,032)**	**(7,620)**

Details of the nature of each reserve can be found in note 19.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Note	For the period from incorporation to 30 September 2020
		£'000
Cash flows from operating activities:		
Loss before tax		(18,979)
Amortisation of other intangible assets	9	10,149
Depreciation of property, plant and equipment	10	167
Depreciation of right of use assets	12	483
Share based payment expenses		276
Loss on disposal of property, plant and equipment		10
Foreign exchange gains		(2)
Net finance costs	9	14,000
		6,104
Working capital adjustments		
Increase in trade and other receivables		(1,527)
Increase in trade and other payables		2,248
		721
Cash generated by operations		6,825
Income taxes paid		(513)
Net cash generated from operating activities		**6,312**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	20	(181,195)
Additions to other intangible assets	9	(1,304)
Additions to property, plant and equipment	10	(81)
Net cash used in investing activities		**(182,580)**
Cash flows from financing activities		
Issue of share capital		857
Repayment of loans and borrowings	21	(2,697)
Proceeds of loans and borrowings	21	86,088
Contingent consideration paid	20	(1,847)
Proceeds from the issue of preference shares	21	111,859
Payment of lease liabilities	11	(580)
Interest paid		(3,187)
Net cash used in financing activities		**190,493**
Net increase in cash and cash equivalents		**14,225**
Cash and cash equivalents at beginning of the period		-
Effect of foreign exchange rate changes		(32)
Cash and cash equivalents at end of the period		**14,193**

For the period ended 30 September 2020, the Company did not have a bank account.

1. General Information

Auction Topco Limited is a private company limited by shares domiciled and incorporated and registered in England and Wales. The registered office address is The Harlequin Building, 6th Floor, 65 Southwark Street, London, United Kingdom, SE1 0HR.

The principal activity of Auction Topco Limited and its subsidiaries is the provision of auction technology software and related services to auction houses and other customers.

The financial statements are presented in Pounds Sterling, which is also the Company's functional currency. The historical financial information is prepared on the historical cost basis, except for contingent consideration, which is stated at their fair value.

Impact of Brexit

There continues to be uncertainty regarding the UK's withdrawal from the European Union ("EU") (referred to as "Brexit"). Potential adverse consequences of Brexit such as global market uncertainty, volatility in currency exchange rates, greater restrictions on imports and exports between UK and EU countries and increased regulatory complexities may have an impact on the business, financial condition and result of operations of UK businesses. However, the nature of the Group's operations is such that each of its core businesses operates principally within its own territory with relatively low levels of cross-border trading between the UK and the EU, Brexit is not currently expected to have a significant impact on the Group's business, financial conditions or results of operations.

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 the Group. However, the nature of the Group's operations is such that the three segments diversify the Group's exposure to a recession, whilst the platforms offer businesses a market place to sell their goods. Further the pandemic has accelerated the transition of activity from offline to online which has directly benefitted the Group. These factors have limited the impact of the coronavirus pandemic on the Group.

Going concern

The Group 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

1. General Information *(continued)*

Going concern (continued)

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.

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.

Accounting Policies

1.1. Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as adopted by the European Union (EU) and effective at 30 September 2020, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated Group financial statements are presented in Pounds Sterling, generally rounded to the nearest thousand. The financial statements are prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value.

New standards, interpretations and amendments issued not yet effective
There are a number of standards, amendments to standards, and interpretations which have been issued by the EU that are effective in future accounting periods that the Group has decided not to adopt early.

The following standards were in issue but have not come into effect:

Amendments to
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on Interest Rate Benchmark Reform
IFRS 3 Business Combinations
IAS 16 Property, Plant and Equipment;
IFRS 10 and IAS 38; Classification of liabilities as current and non-current
IFRS 17: Insurance Contracts
IAS 37: Provisions

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

The Group's significant accounting policies are set out below.

1.2. Basis of consolidation

The consolidated Group financial statements consist of the financial statements of the ultimate Parent Company, 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 financial information from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of acquired subsidiaries to bring their accounting policies into line with those used by the Group.

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

1.2 Basis of consolidation (continued)

Employee benefit trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the consolidated financial statements. Any assets held by the EBT 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 EBT 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 consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values 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 expensed as incurred.

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.

Identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values.

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

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.

1.3. Foreign currency

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Pounds Sterling.

1.3 *Foreign currency (continued)*

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 Pounds Sterling at the rates of exchange at the reporting date. Exchange differences on monetary items are taken to the profit and loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Pounds 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 exchange 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.

1.4. 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 Comprehensive Income 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	14-33% straight line
Computer equipment	20-33% straight line
Fixtures and fittings	20-33% 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 Statement of Comprehensive Income.

1.5. Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on research activities is recognised as an expense in the period in which is it incurred.

Included within 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.

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. Refer to note 2 – Significant judgments and sources of estimation uncertainty.

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.

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.

Amortisation relating to capitalised software development costs is recognised through cost of sales whilst amortisation in respect non-software intangibles are recognised through administrative expenses. Amortisation is charged to the Consolidated Statement of Comprehensive Income 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:

Software	33% per annum straight line
Brand	10% per annum straight line
Customer relationships	14% per annum straight line

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

1.6. Goodwill

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 (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units 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.

1.7. Impairment of non-financial assets (excluding goodwill)

At each balance sheet 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 cash-generating unit 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

1.8. Cash and cash equivalents

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

1.9. 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 transactions 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 are 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, financial assets are classified into the following categories upon initial recognition:

- Financial assets at amortised cost
- Financial assets/liabilities held at fair value through profit or loss (FVTPL).

1.9 Financial instruments (continued)

Recognition, initial measurement and derecognition

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.

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 always recognises lifetime ECL on trade receivables. The expected credit losses 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 debtors, 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 Comprehensive Income 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, convertible loan notes, trade and other payables and derivative financial instruments.

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 Comprehensive Income.

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

1.10. 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.

Auction services
Auction 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) and other fees, including fees to promote listings and catalogue 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.

1.10 Revenue recognition (continued)

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 including 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 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 in a performance obligation that is satisfied by providing access for the duration of that specific auction. As auctions typically complete within 1-3 days, the Company recognises revenue on completion of the auction.

The commission element of both subscription and pay-as-you-go contracts 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.

Marketing services
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).

Content-related services
Content-related services primarily includes print advertising revenues and subscriptions to the Gazette.

The Group identified one performance obligation for print advertising services which is to include the advert in a particular edition of the 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 have the unconditional right to payment.

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

1.11. Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Tax is recognised in the Consolidated Statement of Comprehensive Income 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 balance sheet 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 balance sheet 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 balance sheet date.

1.12. 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 or profit-sharing plans 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 recognized as an expense in the Consolidated Statement of Comprehensive Income as incurred.

1.13. 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.
Share options issued to employees are measured at fair value at the grant date and are recognised as an expense over the relevant vesting periods with a corresponding credit to reserve for share-based payments. Share options issued to non-employees are measured at either the fair value of goods or services received, or the fair value of equity instruments issued if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of non-employee share options is recorded as an expense at the date the goods or services are received.

The fair value of options is calculated using an option pricing model. When determining the fair value of share options, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date.

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. Amounts recorded for forfeited or expired unexercised options are transferred to share capital in the year of forfeiture or expiry. Upon the exercise of share options, proceeds received from share option holders are recorded as an increase to share capital.

1.14. Leases

As a lessee

A contract, or a portion of a contract, is accounted as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from use of the asset; and
- The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset. In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRS rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated based on termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.14 Leases (continued)

As a lessor
The Group enters into lease agreements as a lessor with respect of some of its leased properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.15. Exceptional costs

As permitted by IAS 1 'Presentation and Disclosure' certain items are disclosed separately from other administrative expenses in note 5 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 underlying business performance. These items have been disclosed separately in note 5. These items include restructuring costs, which Management deem to be exceptional due to the costs associated with any significant restructuring and acquisition and listing costs which Management consider to be exceptional due to the strategically implemented acquisitions and the costs relating to the post year end IPO which in the opinion of the Directors do not relate to the Group's underlying trading and are adjusted from the Group's measure of segment performance, Adjusted EBITDA (refer to note 3).

2. Significant judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2.1. Significant judgments

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

Judgement is also required in determining appropriate useful economic lives ("UEL") of the intangible assets arising from business combinations. The Directors make this judgement on an asset class by asset class basis and have determined that contracts with customers have a UEL of seven years; brands have a UEL of ten years, and software development costs have a UEL of three years.

2.1 Significant judgments (continued)

Revenue recognition (note 4)
Determining whether performance obligations should be accounted for separately or combined may require significant judgement. Judgement has been applied in determining whether associated services, such as the mirrored bidding, occupies a distinct service. Management have determined that these supplementary performance obligations are separate.

In determining when to recognise subscription auctioneer services, management assessed how many auctions each auction house is likely to hold over the course of the contract. In making this judgement management have considered the previous year's trading activity as well as the fair usage clause incorporated in each contract. Management have determined that the most appropriate policy is to recognise revenue arising from this revenue stream over the life of the contract on a straight-line basis given that contracts are in substance stand-ready arrangements.

For commissions arising from subscription contracts, management have determined that attempting to estimate future lot sales values (which the commissions are based upon) would be constraining and infeasible and have therefore made the judgement to recognise the commissions arising from auctioneer services at the point the auction ends.

2.2. Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Goodwill and Other intangible assets impairment reviews (note 9)

At each reporting year-end date, the Group reviews the carrying amounts of goodwill and intangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss.

The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The carrying value of goodwill and other intangible assets at 30 September 2020 is £198,053,000. See note 9 for details of the test for impairment.

The key assumptions, relevant to the assessment at 30 September 2020 are:

Projected cash flows

The estimated future cash flows used to assess the impairment of goodwill are based on management's assumptions. The three-year forecasts performed at each year-end represent the latest detailed forecasts by management at each reporting date, the 2020 year-end forecast has also been based on the COVID-19 containment measures in the markets in which the Group operates.

If the Group's forecasted cash flows, and terminal cash flows were to reduce by 100bp in each reporting period, the Group's goodwill would not be impaired.

2.2 Key sources of estimation uncertainty (continued)

Discount rates

The estimated future cash flows used to assess the impairment of goodwill and other intangibles assets are based on management's assumptions. A weighted average cost of capital of 13.5% has been assumed in assessing the value in use for all three cash generating units. The discount rate would have to increase by 200 bps to result in an impairment of goodwill at 30 September 2020.

3. Segmental reporting

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 three core activities of the Operating Group, with the following operating segments applicable:

- **Arts and Antiques ("A&A"):** focused on offering auction houses that specialise in the sale of arts and antiques access to the platforms the-Saleroom.com and lot-tissimo.com. A significant part of the 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 the 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, Proxibid.com iBidder.com and Wavebid.com. A significant part of the 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 the marketing income. The business contracts with customers predominantly under service agreements, where the number of auctions to be held and the service offering differs from client to client.

- **Content:** focused on the Gazette trade paper and online trade magazine. The business focusses on two streams of income: selling subscriptions to the Gazette and also selling advertising space within the paper and online. Content does not meet the reportable segment thresholds established under IFRS 8 for the year ended 30 September 2020; however, the Company want to report on these for transparency purposes.

The accounting policies of the reportable segments are the same as those described in the accounting policies section. Segment profit includes an allocation of Group, central overheads consistent with information presented to the CODM.

There are no un-disclosed or other operating segments. As a result of the Auction Mobility acquisition in October 2020, the Group's operating segments may change in the year ending 30 September 2021 to include a fourth operating segment.

3. Segmental reporting *(continued)*

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

2020

	A&A	**I&C**	**Content**	**Centrally allocated costs**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	8,539	25,337	1,602	-	35,478
Adjusted EBITDA	7,087	20,270	513	(11,985)	15,885

Reconciliation from Adjusted EBITDA to Loss before tax	
Net finance costs	(14,000)
Depreciation of property, plant and equipment	(167)
Amortisation of intangible assets	(10,149)
Depreciation of right of use assets	(483)
Share based payments expense (note 7)	(276)
Exceptional costs (note 5)	(9,789)
Loss before tax	**(18,979)**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. The profit measure the Group uses to evaluate performance is Adjusted EBITDA. Adjusted EBITDA represents the profit or (loss) before taxation, finance costs (including non-operating gains and losses in respect of financial instruments), other income, depreciation and amortisation, share-based payments expense and exceptional costs. Adjusted EBITDA at segment level is consistently defined with the above but excludes central administration costs including Directors' salaries.

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.

3. Segmental reporting *(continued)*

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

The Group does not currently monitor the non-current tangible, intangible and financial assets attributable to each segment, however these disclosures have been voluntarily provided on the basis that the Group intends to monitor this going forward. All assets are allocated to reportable segments.

Segment assets

	Total £'000
A&A	56,857
I&C	162,576
Content	4,756
Total and consolidated segment assets	**224,189**

Segment depreciation and amortisation

	Total £'000
A&A	2,549
I&C	7,753
Content	497
Total segment and consolidated depreciation and amortisation	**10,799**

Net additions to non-current assets

	Total £'000
A&A	53,583
I&C	154,395
Content	4,086
Total segment and consolidated additions to non-current assets	**212,064**

4. Revenue

An analysis of turnover by class of business is given below:

	For the period from incorporation to 30 September 2020 £'000
Product and customer types	
A&A	8,539
I&C	25,337
Content	1,602
	35,478
Primary geographical markets	
United Kingdom	9,605
USA	24,116
Germany	1,757
	35,478
Timing of transfer of goods and services	
Point in time	32,554
Over time	2,924
	35,478

5. Operating loss, auditor's remuneration and exceptional costs

(a) Group operating loss is stated after charging/(crediting) the following:

	For the period from incorporation to 30 September 2020 £'000
Net foreign exchange losses	139
Research and development costs	98
Amortisation of other intangible assets (note 9)	10,149
Depreciation of property, plant & equipment (note 10)	167
Loss on disposal of property, plant and equipment (note 10)	10
Depreciation of right of use assets (note 12)	483
Share-based payments expense (note 7)	276

5. Operating loss, auditor's remuneration and exceptional costs *(continued)*

(b) Auditor's remuneration

	For the period from incorporation to 30 September 2020 £'000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	234
Fees payable to the Group's auditor and its associates for other services	
audit of the Group's subsidiaries	156
other non-audit assurance services	240
	630

Costs in relation to other non-audit assurance services have been incurred in respect of fees associated with acquisitions and listing. These have been categorised as exceptional items as per section c), as detailed below.

(c) Exceptional items

The Board considers certain items to be exceptional, due to their nature or infrequency, such presentation is relevant to an understanding of the Group's performance. These items do not relate to the Group's underlying trading and are adjusted from the Group's adjusted operating profit measure (refer to note 3).

	For the period from incorporation to 30 September 2020 £'000
Acquisition and listing costs	7,963
Restructuring costs	1,826
	9,789

The principal exceptional costs are in respect of the following:

- Acquisition and listing costs comprise legal, professional and incidental expenditure incurred during the period in relation to acquisition activity and the anticipated listing on the London Stock Exchange. The business has undertaken focused acquisitive actively in the periods prior to the anticipated listing, which has been strategically implemented to increase income, service range and critical mass of the Group, not least in anticipation of the listing of the Group on the London Stock Exchange ("IPO") in the post-reporting period. The listing costs incurred in preparing for the anticipated IPO are also included as exceptional.
- Restructuring costs comprise costs levied by professional advisors and redundancy costs in connection with restructuring activities.

6. Finance costs and income

	Group For the period from incorporation to 30 September 2020 £'000
Finance income	**2**
Finance cost on secured loan	4,016
Interest payable on contingent consideration	31
Interest on lease liabilities (note 12)	71
Interest payable on preference shares	8,886
Finance cost on loan notes	998
Finance Costs	**14,002**
Net Finance costs	**14,000**

7. Employee information

	Group For the period from incorporation to 30 September 2020 £'000
Wages and salaries	12,007
Social security costs	1,085
Other pension costs	195
Share based payments expense	276
	13,563

The average number of persons, including Directors, employed during the period was:

	Group For the period from incorporation to 30 September 2020
Management	7
Administrative staff	66
Operational staff	106
	179

No Director received any emoluments for services to this company. There are no employees remunerated by this Company.

7. Employee information *(continued)*

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

The Director's consider that key management personnel (KMP) are those persons who are members of the Board of Auction Topco Limited, as parent company of the Group.

	Group For the period from incorporation to 30 September 2020 £'000
Short-term employment benefits	1,259
Post-employment benefits	19
Share-based payments expense	276
	1,554

The remuneration of the highest paid Director during the period was £306,000.

During the period six of the Directors were entitled to accrue retirement benefits under money purchase schemes.

Share-based payments

The Company has issued KMP B Ordinary shares in exchange for continued service. The Company has issued KMP B Ordinary shares to management and certain employees. 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 shares vest over four years from the grant date or upon an exit event, whichever arises first. The shares have been valued at the grant date using a Black Scholes option pricing model, based on an Enterprise-Value multiple.

The B Ordinary shares issued in the period are as follows:

On 13 February 2020, 116,675 B ordinary shares were issued to KMP at £1.60 per share. The fair value of this issue was £882,000. The Company will recognise the fair value through profit and loss over vesting period which is deemed to be two years.

On 30 September 2020, 35,633 B ordinary shares were issued to KMP at a value of £1.60 per share, as set out in note 22.

All 152,338 B Ordinary shares issued in the period were outstanding at period end, with none being forfeited.

The Group recognised total expenses of £276,000 relating to the B Ordinary share-based payment transactions in the period ended 30 September 2020. All relates to the remuneration of KMP.

8. Taxation

Analysis of the tax credit recognised in the period

	For the period from incorporation to 30 September 2020 £'000
Current tax expense	
Current period	(2,174)
Total current tax	**(2,174)**
Deferred tax	
Origination and reversal of timing differences (note 17)	4,765
Total deferred tax	4,765
Total income tax credit	**2,591**

The standard rate of corporation tax applied to the loss is 19%. Post year end, following the announcement of the 2021 Budget, the tax rate within the United Kingdom is anticipated to increase from 19% to 25% over the next two years. This will have the impact of increase the corporation tax charge and increasing the deferred tax asset on unutilised losses (note 17).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below.

Reconciliation of effective tax rate:

	For the period from incorporation to 30 September 2020 £'000
Loss before tax	(18,979)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19%	(3,606)
Tax effect of:	
Expenses not deductible for tax purposes	3,388
Differences in US tax rate	70
Deferred tax assets not recognised	102
Adjustment to tax charge in respect of deferred tax arising on acquisition	(3,218)
Adjustment to tax charge in respect of current periods deferred tax	673
Total tax credit	**(2,591)**

8. Taxation *(continued)*

The Group's tax affairs are governed by complex local tax regulations in the UK, US and Germany. Given the uncertainties that could arise in the application of these regulations, judgments 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 amounted to £1,576,000 at 30 September 2020.

9. Intangible assets

Group	Goodwill	Software	Customer relationships	Brand	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
Additions through business combinations (note 20)	124,023	17,963	54,429	11,283	207,698
Additions	-	1,304	-	-	1,304
At 30 September 2020	**124,023**	**19,267**	**54,429**	**11,283**	**209,002**
Amortisation and impairment					
Amortisation charge for the period	-	4,804	4,717	628	10,149
At 30 September 2020	**-**	**4,804**	**4,717**	**628**	**10,149**
Net book value					
At 30 September 2020	**124,023**	**14,463**	**49,712**	**10,655**	**198,853**

During the period £434,000 of research and development costs were capitalised as software.

Impairment testing for cash-generating units containing goodwill

As goodwill is not amortised, the Group tests goodwill for impairment on an annual basis, or more frequently if there are indicators of impairment. The impairment assessment is performed by considering the recoverable amount of individual cash-generating units against carrying value.

The Group tests for impairment of goodwill at the operating segment level (see Note 3) representing an aggregation of CGUs reflecting the level at which goodwill is monitored. Intangible assets are tested for impairment at the individual CGU level.

The impairment testing of goodwill involved testing for impairment at a segment level by aggregating the carrying value of assets across CGUs in each division and at a segment level and comparing this to value in use calculations derided from the latest Group cash flow projections.

9. Intangible assets *(continued)*

There were three groups of CGUs for goodwill impairment testing and these matched the three operating segments in all three reporting periods. The carrying amount of goodwill recorded in the CGU groups is set out below:

	2020
	£'000
A&A	32,692
I&C	91,331
Content	-
	124,023

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

Estimated future cash flows are determined by reference to the budget for the year following the balance sheet date and forecasts for the following two years, after which a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Board of Directors has been prepared after considering the current economic environment in each of the Group's markets. These projections represent the Director's best estimate of the future performance of these businesses.

The pre-tax discount rates used in the value in use calculations represent the Group's assessment of the current market and other risks specific to the CGUs.

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.

The Group has undertaken a sensitivity analysis based on changes to key assumptions considered to be reasonably possible by management. These sensitivities of revenue growth rate and operating profit growth rate have been considered as to whether they are reasonably possible to either erode headroom or give risk of material adjustment to carrying values, across CGU groups. Results for both goodwill and intangibles testing showed that no CGU was at risk of impairment when applying these reasonably possible sensitivity scenarios.

Arts & Antiques ('A&A')

The recoverable amount of the A&A segment as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a three-year period, and a pre-tax discount rate of 12% per annum.

In each reportable period, the value in use model assumes an annual sales growth rate over the three-year forecasted period of 10% to 15% per cent and a cash flow growth of 21% to 34%. In the period, cash-flow growth would have to fall by 1500 basis points (15%) for any impairment to occur.

The Directors estimate that a change in the discount rate of 800 basis points (8%) to a revised discount rate of 20%. would reduce the headroom in the cash-generating unit at each reporting date, however would not result in an impairment charge.

A terminal growth rate of three per cent. has been used to derive the terminal value in the value in use model.

9. Intangible assets *(continued)*

Industrial & Commercial ('I&C')

The recoverable amount of the I&C segment as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a three-year period, and a pre-tax discount rate of 12% per annum.

In each reportable period, the value in use model assumes an annual sales growth rate over the three-year forecasted period of 10% to 15% per cent and a cash flow growth of 21% to 34%. In the period, cash-flow growth would have to fall by 1500 basis points (15%) for any impairment to occur.

The Directors estimate that a change in the discount rate of 800 basis points (8%) to a revised discount rate of 20%. would reduce the headroom in the cash-generating unit at each reporting date, however would not result in an impairment charge.

A terminal growth rate of three per cent has been used to derive the terminal value in the value in use model.

10. Property, plant and equipment

Group	**Land and buildings leasehold £'000**	**Computer equipment £'000**	**Fixtures, fittings and equipment £'000**	**Total £'000**
Cost				
Additions through business combinations (note 20)	239	243	92	574
Additions	10	43	28	81
Disposals	-	-	(10)	(10)
At 30 September 2020	249	286	110	645
Depreciation and impairment				
Depreciation charge for the period	37	89	41	167
At 30 September 2020	37	89	41	167
Net book value				
At 30 September 2020	212	197	69	478

The Company did not have any property, plant and equipment during the period ended 30 September 2020.

Details of security over assets are provided in note 15.

11. Investment in subsidiaries

	Company £'000
Cost	
Additions	112,503
At 30 September 2020	**112,503**

Investments in subsidiaries are recorded at cost. Details of additions are provided in note 20.

The Group consists of the following subsidiary undertakings:

Company	Country of incorporation	Principal activity	Company Number	Ownership %
Auction Midco Limited (directly held) *	United Kingdom	*Holding Company*	12400881	100
Auction Holdco Limited *	United Kingdom	*Holding Company*	12400986	100
Auction Bidco Limited *	United Kingdom	*Holding Company*	12401140	100
ATG Media Holdings Limited *	United Kingdom	*Holding Company*	06521301	100
Proxibid UK Limited *	United Kingdom	*Provision of auction trading software*	09023475	100
Auction Fluency Limited *	United Kingdom	*Dormant*	0426274	100
Auction Technology Group UK Holdings Ltd *	United Kingdom	*Holding Company*	06636047	100
ATG Nominees Limited *	United Kingdom	*Employee benefit trust*	09083365	100
Metropress Limited	United Kingdom	*Provision of auction trading software*	1010311	100
Peddars Management Limited *	United Kingdom	*Dormant*	07901998	100
Turner Topco Limited *	United Kingdom	*Holding Company*	08968154	100
Turner Bidco Limited *	United Kingdom	*Holding Company*	08968359	100
Auction Technology Group Germany GmbH	Germany	*Provision of auction trading software*	-	100
Proxibid Bidco Inc	USA	*Holding Company*	-	100
Proxibid Inc	USA	*Provision of auction trading software*	-	100
Auction Payment Network LLC	USA	*Provision of auction trading software*	-	100
Bidspotter Inc.	USA	*Provision of auction trading software*	-	100
ATG Media US Inc.	USA	*Holding Company*	-	100

** Auction Midco Limited (Company number 12400881), Auction Holdco Limited (Company number 12400986), Auction Bidco Limited (Company number 12401140), ATG Media Holdings Limited (Company number 06521301), Proxibid UK Limited (Company number 09023475), Auction Fluency Ltd (Company number 04266274), Peddars Management Limited (Company number 07901998), Auction Technology Group UK Holdings Ltd (Company number 06636047), Turner Topco Limited (Company number 08968154) and Turner Bidco Limited (Company number 08968359) have taken advantage of Section 479A of the Companies Act 2006 to not require an audit on the basis that they meet the necessary criteria, in particular that the immediate parent undertaking has provided a guarantee concerning debts in the form prescribed by Section 479C. This guarantee, together with a notice from the member agreeing to claim the exemption, will be filed at Companies House along with these financial statements for Auction Topco Limited (Company number 12400807) , as the ultimate parent undertaking.*

The registered office of all undertakings incorporated in England is The Harlequin Building, 65 Southwark Street, London, SE1 OHR. The registered office address of all undertakings incorporated in the USA is 1821 Dock Street, Suite 100, Tacoma, WA 98402. The registered office address of Auction Technology Group Germany GmbH is Oberhafenkontor, Stadtdeich 27, 20097 Hamburg, Germany.

12. Leases

Nature of leasing activities (in the capacity as lessee)
The Group leases several assets including property, motor vehicles and computer equipment.

As at 30 September 2020, the Group held leases over three property one in the UK, one in the US and one in Germany. The Company did not have any leased assets during the period ended 30 September 2020.

The US office is office is operated under a 6-year lease which began on 1 June 2017 with escalating fixed lease payments over the term. In addition to base rent, this lease also requires variable payments for common area building maintenance, insurance and taxes which have been determined to be non-lease components and are not included in the measurement of right of use assets and lease liabilities.

The German office lease expires in July 2021 but includes an option to extend through to July 2027. The Directors have concluded that it is reasonably certain that the Company will exercise its right to extend the lease through July 2027 and have therefore accounted for the lease cost over this period.

The Group also leases computer equipment and motor vehicles. These leases comprise only fixed payments over the lease terms. During the period ended 30 September 2020, Group leased a server and a printer.

The weighted average incremental borrowing rate contracted in 2020 was 4.24%.

Right of use assets

Group	**Land and buildings leasehold**	**Computer Equipment**	**Motor vehicles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Additions through business combinations (note 20)	1,861	535	11	2,407
Depreciation charge for the period	(342)	(138)	(3)	(483)
At 30 September 2020	**1,519**	**397**	**8**	**1,924**

Lease liabilities

Group	**Land and buildings leasehold**	**Computer equipment**	**Motor vehicles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Additions through business combinations (note 20)	1,886	545	20	2,451
Interest charge for the period (note 6)	57	13	1	71
Lease payments	(416)	(149)	(15)	(580)
Foreign exchange	11	11	-	22
At 30 September 2020	**1,538**	**420**	**6**	**1,964**
Current				**756**
Non-current				**1,208**

12. Leases *(continued)*

Maturity analysis for lease liabilities

Non-cancellable lease rentals are payable as follows:

	Group £'000
Up to 3 months	189
Between 3 and 12 months	1,027
Between 1 and 2 years	1,131
Between 2 and 5 years	483
Over 5 years	36
At 30 September 2020	**2,866**

At 30 September 2020, there was £nil of non-cancellable commitments relating to short-term leases. There were no low value lease commitments.

13. Trade and other receivables

	Group £'000	Company £'000
Current		
Trade receivables	7,374	-
Less: Loss provision	(458)	-
	6,916	**-**
Amounts due from subsidiaries	-	200,549
Other debtors and prepayments	953	57
Contract assets	784	-
At 30 September 2020	**1,737**	**200,606**
Trade and other receivables due within a year	**8,653**	**200,606**
Non-current		
Amounts due from subsidiaries	**-**	4,822
Other debtors and prepayments	88	**-**
At 30 September 2020	**88**	**4,822**

At a Company level there was a £200,549,000 intercompany debtor included within current trade and other receivables which is repayable on demand, with no interest accruing on this instrument.

There is also a £4,822,000 intercompany debtor owed to the Company by Auction Midco Limited, this facility is repayable on 12 February 2030 and accrues at a rate of 12% annually.

13. Trade and other receivables *(continued)*

The Group applies the IFRS 9 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 aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the nine months prior to the period end. The historical loss rates are then adjusted for 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.

The Group has identified that the risk affecting A&A debtors is different to those affecting the I&C debtors, as they are exposed to different macroeconomic factors in the countries where the Group operates.

At 30 September 2020 there were no customers who owed in excess of 10% of the total trade debtor balance.

Trade receivables – days past due as at 30 September 2020

Group	**Not past due**	**<30**	**31 – 60**	**61 – 90**	**91+**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Expected credit loss rate	1.42%	2.85%	8.57%	9.77%	100.00%	
Gross carrying amount	4,517	1,578	805	215	259	7,374
Loss provision	64	45	69	21	259	458

Movements in the impairment allowance for trade receivables and contract assets are as follows:

	Group	**Company**
	£'000	**£'000**
At incorporation	-	-
Expected credit loss provision included within the fair value of trade and other receivables arising from business combinations (note 20)	560	-
Unused amounts reversed	(102)	-
At 30 September 2020	**458**	**-**

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 were £930,000.

14. Trade and other payables

	Group £'000	Company £'000
Current		
Trade payables	1,128	-
Corporation tax	2,119	-
Other taxes and social security	561	-
Amounts payable to subsidiaries	-	199,723
Deferred consideration payable (note 20)	518	-
Accruals and contract liabilities	5,024	-
At 30 September 2020	**9,350**	**199,723**
Non-current		
Deferred consideration payable (note 20)	522	-
Corporation tax payable	1,578	-
At 30 September 2020	**2,100**	**-**

At a Company level there was a £199,723,000 intercompany payable included within current trade and other payables which is repayable on demand, with no interest accruing on this instrument.

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

15. Loans and borrowings

	Group £'000	Company £'000
Current		
Secured bank loan	789	-
Unsecured loan notes	370	-
At 30 September 2020	**1,159**	**-**
Non-current		
Secured bank loan	77,754	-
Preference shares	125,414	125,414
Subordinated debt	9,947	414
Unsecured loan notes	329	-
	213,444	**125,828**
At 30 September 2020	**214,603**	**125,828**

15. Loans and borrowings *(continued)*

The movements in loans and borrowings during the period were as follows:

	Group £'000	Company £'000
Arising on acquisition	8,479	
Repayment of loans	(2,697)	-
Proceeds from loans	197,947	116,925
Accrued interest	13,676	8,903
Repayment of interest	(3,186)	-
Foreign exchange movements	384	-
At 30 September 2020	**214,603**	**125,828**

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

	Group £'000	Company £'000
GBP	146,456	125,818
USD	68,147	-
At 30 September 2020	**214,603**	**125,818**

Below is the weighted average interest charge per period:

	Group At 30 September 2020 £'000	Company At 30 September 2020 £'000
Secured bank loans	6.09%	6.09%
Unsecured loan notes	12.00%	12.00%
Subordinated loan note	12.00%	-
Preference share	12.00%	12.00%

Secured bank loans

The secured bank loans are denominated in GBP, USD and EUR. Loan repayments commence on 11 July 2020 with the amount outstanding being repayable on 11 July 2021. The loan is secured by a floating charge over certain of the Group's assets such as the Trademarks, and shares in the subsidiary companies. The loan carries interest rate at a rate between 4-4.5 per cent above 3-month LIBOR. The interest is repayable on a quarterly basis.

a) *Senior Term Loan 1*

On 10 February 2020, the Company entered into a Senior Term loan agreement with Crescent Capital Group for a facility of GBP£23,070,483. The loan principal is repayable as a bullet repayment on 10 February 2027. Interest accrues daily at a rate of LIBOR +6.5% and is payable in quarterly instalments.

15. Loans and borrowings *(continued)*

b) *Senior Term Loan 2*

On 10 February 2020, the Auction Bidco Limited entered into a Senior Term loan agreement with Crescent Capital Group for a facility of US $73,840,430. The loan principal is repayable as a bullet repayment on 10 February 2027. Interest accrues daily at a rate of EURIBOR +6.5% and is payable in quarterly instalments.

Subordinated loan note

On 13 February 2020, Auction MidCo Limited entered into a subordinated debt facility for US $13,000,000. The loan is repayable as a bullet repayment on 13 February 2027. Interest accrues daily at a rate of 12%.

On 13 February 2020, a £385,000 unsecured, subordinated loan note facility was entered into at a fixed rate of 12%. The interest on the loan is repayable annually. The principal is repayable in a bullet repayment on 13 February 2027.

Preference shares

On 13 February 2020, Auction Topco Limited issued £117,002,000 of preference shares with a nominal value of £1 per preference share. The issue of the preference shares was to partially finance the acquisition of Turner Topco Limited and its subsidiaries.

The preference shares are subject to a mandatory 12% dividend of the issue price of the preference share. The dividend is payable out of available profits, in the event the Group does not have distributable reserves, the Group will be unable to declare the payment of the preference dividends. Notwithstanding this, the holder retains the right to the dividend until such time as the dividend is paid.

The preference shares do not carry any voting rights or conversion rights into ordinary share capital.

There is no repayment date, however in the event of an exit, the redeemable preference shares are repayable in full plus accrued dividends payable.

16. Financial instruments

In common with other businesses, 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 regarding financial instruments are disclosed in note 2.

Principal financial instruments
The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings
- Deferred consideration payable
- Preference shares payable

Financial instruments by category

	Group £'000	Company £'000
Assets as per balance sheet – at amortised cost		
Trade and other receivables, excluding prepayments and non-financial assets	8,143	205,428
Cash and cash equivalents	14,193	-
At 30 September 2020	**22,336**	**205,428**
Liabilities as per balance sheet – other financial liabilities measured at amortised cost		
Trade and other payables, excluding non-financial liabilities	6,152	199,723
Loans and borrowings	89,189	414
Preference shares	125,414	125,414
Deferred consideration payable	1,040	-
At 30 September 2020	**221,795**	**325,551**

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.

16. Financial instruments *(continued)*

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Foreign exchange risk
- Interest rate risk

Credit risk
The Group’s exposure to credit risk arises from cash and cash equivalents, as well as outstanding receivables (note 13).

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.

The Group provides credit to customers in the normal course of business. The amounts presented in the 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 expected credit losses (ECL’s) using both qualitative and quantitative information and analysis based on the Group’s historical experience and forward-looking information. During the period there was a credit to the Consolidated Statement of Comprehensive Income of £102,000 to decrease 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 minimize 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 follow table shows the maturities of gross undiscounted contractual cash flows of financial liabilities:

Group	**Carrying amount £’000**	**Contractual cash flows £’000**	**<1 year £’000**	**1-5 years £’000**	**5 years and over £’000**
Loans and borrowings	89,189	91,845	1,159	-	90,686
Preference shares	125,414	125,414	-	-	125,414
Trade and other payables	6,152	6,152	6,152	-	-
Deferred consideration payable	1,040	1,040	518	522	-
	221,795	**224,451**	**7,829**	**522**	**216,100**

16. Financial instruments *(continued)*

Company	Carrying amount £'000	Contractual cash flows £'000	<1 year £'000	1-5 years £'000	5 years and over £'000
Trade and other payables	199,723	199,723	-	-	199,723
Loans and Borrowings	414	414	-	-	414
Preference shares	125,414	125,414	-	-	125,414
	325,551	**325,551**	-	-	**325,551**

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, Euro or US Dollars) 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.

The majority of the Group's financial assets are held in Pound Sterling but movements in the exchange rate of the Euro and the US Dollar against Sterling have an impact on both the result for the period and equity.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the period were as follows:

	Group At 30 September 2020	Company At 30 September 2020
Net foreign currency financial assets/(liabilities)		
US Dollars	(57,867)	-
Euros	1,673	-

The effect of a 5% strengthening of the US Dollar against the Pound Sterling at the reporting date on the US Dollar-denominated net financial liabilities carried at that date would, all other variables held constant, have resulted in an increase in loss for the year and increase net liabilities of £3,450,000. The effect of a 5% strengthening in the exchange rate would also result in an increase to the Foreign Exchange Reserve of £438,000. A weakening in the exchange rate would, on the same basis, have reduced the loss for the period and decreased net liabilities by £3,203,000. The effect of a 5% weakening in the exchange rate would also result in a decrease to the Foreign Exchange Reserve of £396,000.

16. Financial instruments *(continued)*

The effect of a 5% strengthening of the Euro against the Pound Sterling at the reporting date on the Euro denominated net financial liabilities carried at that date would, all other variables held constant, have resulted in an increase in loss for the period and increase net liabilities of £29,000. The effect of a 5% strengthening in the exchange rate would also result in an increase to the Foreign Exchange Reserve of £56,000. A weakening in the exchange rate would, on the same basis, have reduced the loss for the period and decreased net liabilities by £32,000. The effect of a 5% weakening in the exchange rate would also result in a decrease to the Foreign Exchange Reserve of £51,000.

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

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. A 100bps (1%) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100bps (1%) higher/lower and all other variables were held constant, the Group's profit for the period ended 30 September 2020 would have no impact.

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 makes adjustments to 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.

17. Deferred taxation

The deferred tax balance comprises:

	Group £'000	Company £'000
Deferred tax arising on		
Accelerated capital allowances	89	-
Other temporary differences	369	-
Acquired goodwill	(65)	-
Unutilised losses	2,118	-
Fair value movements arising on acquisition	(14,116)	-
Lease liability	223	-
Right of use asset	(206)	-
At 30 September 2020	**(11,588)**	**-**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset has not been recognised for the following:

	Group £'000	Company £'000
Unused tax losses	3,210	-
At 30 September 2020	**3,210**	**-**

At the reporting date, the Group has unused tax losses of £11,560,000 available for offset against future profits. A deferred tax asset has been recognised in respect of £9,820,000 of such losses. No deferred tax asset has been recognised in respect of the remaining £1,740,000 as it is not considered probable that there will be future taxable profits available to offset these particular tax losses. The losses may be carried forward indefinitely. 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 £2,559,000 UK deferred tax asset would be recognised, resulting in an increase of £818,000 in the tax credit for the period.

The movement on the deferred tax asset during the period is as follows:

	Group £'000	Company £'000
At 13 January 2020	-	-
Arising on acquisition of subsidiaries (note 20)	(16,353)	-
Charge to profit or loss	4,765	-
At 30 September 2020	**(11,588)**	**-**

18. Share capital

	Company At 30 September 2020 £'000
Issued, authorised and fully paid	
900,364 A ordinary share of 1p each	9
152,348 B ordinary shares of 1p each	2
	11

Shares issued in 2020

- On 13 February 2020, the Company issued 900,364 A ordinary shares of 1p each for £1, raising proceeds of £900,364, and 116,675 B ordinary shares of 1p each for £1.60, raising proceeds of £186,680.
- On 30 September 2020, the Company issued 35,674 B ordinary shares of 1p each for £1.60, raising proceeds of £57,079.

Both A and B Ordinary shares rank *pari passu* and entitle the holder of the share to one vote per ordinary share. The A and B Ordinary shares entitle the holders to a dividend based on a set amount per ordinary share.

19. Reserves

Share capital
Share capital represents the nominal value of share capital subscribed for.

Share premium
The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium, net of associated share issue costs.

Own shares held
Own shares held represents the cost of Company shares held by the Group's Employee Benefit Trusts.

Share-based payments reserve
Share option reserve represents the reserve for the shares options issued to key management personnel.

Foreign exchange reserve
The foreign exchange reserve represents exchange differences which arise on consolidation from the translation of the financial statements of foreign subsidiaries.

Accumulated losses
The retained earnings/accumulated losses reserve represents cumulative net gains and losses not recognised elsewhere.

20. Business combinations

Acquisition of Turner Topco Limited ('TTL')
On 13 February 2020, Auction Bidco Limited acquired the entire share capital of TTL for £150,101,000 and also incurred transaction costs of £4,175,000.

The purpose of the acquisition was a part of the Group's reorganisation which involved investment by TA Associates and a new private equity corporate structure added to the Group.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	At fair value
	£'000
Property, plant and equipment	134
Intangibles - Brand	6,065
Intangibles - Technology assets	7,972
Intangibles - Customer relationships	42,923
Right of use asset	1,397
Trade and other receivables	4,714
Cash and cash equivalents	8,900
Trade and other payables	(4,827)
Lease liabilities	(1,397)
Deferred taxation liability	(10,993)
Contingent consideration	(1,844)
Net assets on acquisition	53,044
Consideration paid	150,101
Settled as:	
Cash consideration	74,659
Issuance of preference shares	5,066
Debt amounts settled	70,376
Goodwill (note 9)	97,057
Net cashflow arising on acquisition	
Cash consideration	74,659
Debt amounts settled	70,376
Less: cash and cash equivalents acquired	(8,900)
	136,135

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.

20. Business combinations *(continued)*

Acquisition costs of £4,175,000 directly related to the business combination have been immediately expensed to the statement of comprehensive income as part of administrative expenses and included within Exceptional Items (note 5).

Between 13 February 2020 and 30 September 2020, Turner Topco Limited contributed £18,004,000 to Group revenues and a loss before tax of £23,165,000 for the period. If the acquisition had occurred on 17 January 2020, Group revenue would have been £37,394,000 and Group un-audited loss after tax would have been £15,227,000.

Acquisition of Proxibid Inc.

On 13 February 2020, the Company incorporated Proxibid Bidco Inc which acquired the entire share capital of Proxibid Inc. for £45,810,000 and also incurred transaction costs of £2,941,000.

The purpose of the acquisition was to strengthen the Group's Industrial & Commercial offering in the USA.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	At fair value
	£'000
Property, plant and equipment	440
Intangibles - Brand	5,218
Intangibles - Technology assets	9,991
Intangibles - Customer relationships	11,506
Right of use asset	1,010
Trade and other receivables	2,599
Cash and cash equivalents	750
Trade and other payables	(2,576)
Bank loans acquired	(2,678)
Lease liabilities	(1,054)
Deferred taxation	(5,360)
Deferred Consideration	(1,002)
Net assets on acquisition	18,844
Consideration paid	45,810
Goodwill (note 9)	26,966
Net cashflow arising on acquisition	
Cash consideration	45,810
Less: cash and cash equivalents acquired	(750)
	45,060

20. Business combinations *(continued)*

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 recognized, these include the value of the assembled workforce within the business acquired. The consideration was all paid in cash, with no deferred or contingent consideration.

Acquisition costs of £2,941,000 directly related to the business combination have been immediately expensed to the statement of comprehensive income as part of administrative expenses and included within Exceptional Items (note 5).

Between 13 February 2020 and 30 September 2020, Proxibid Inc. contributed £17,474,000 to Group revenues and a profit before tax of £4,186,000 for the period. If the acquisition had occurred on 17 January 2020, Group revenue would have been £36,549,000 and Group un-audited loss after tax would have been £16,047,000.

21. Notes supporting statement of cash flows

Included within net cash inflow of £14,193 is £2,697,000 of loan repayments, £86,088,000 of facility loan drawdowns and the issue of preference shares of £111,859,000.

2020	**Arising on acquisition**	**Non-cash**	**Cash flow**	**Exchange movements**	**30 September 2020**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash at Bank	9,650	-	4,575	(32)	14,193
	9,650	-	**4,575**	**(32)**	**14,193**
Preference shares	(4,682)	(8,873)	(111,859)	-	(125,414)
Bank loans	(2,678)	(4,013)	(71,468)	(384)	(78,543)
Loan notes	(1,119)	(790)	(8737)	-	(10,646)
Lease Liabilities	(2,451)	(71)	580	(22)	(1,964)
	(10,930)	**(13,747)**	**(191,484)**	**(406)**	**(216,567)**

22. Ultimate controlling party and related party transactions

In the opinion of the Directors the ultimate controlling party at the balance sheet date and date of report was TA Associates. All transactions and balances with related parties, which are presented in the Group and Company, are detailed below.

On 13 February 2020 preference shares of £86,401,000 were issued to funds advised by TA Associates Management LP. Interest of £6,562,000 was payable during the period in relation to these preference shares.

On 13 February 2020 preference shares of £26,093,000 were issued to funds advised by ECI Partners LLP. Interest of £1,982,000 was payable during the period in relation to these preference shares. On 13 February 2020 preference shares of £4,508,000 were issued to members of the management team. Interest of £342,000 was payable during the period in relation to these preference shares.

On 13 February 2020 a loan note of £385,000 was issued to a member of the management team. Interest of £24,224 was payable during the period in relation to this loan note.

On 13 February 2020 a subordinated loan note of USD$13,000,000 (equivalent of £10,063,000) was issued to funds held ECI Partners LLP and TA Associates Management LP. Interest of £759,000 was payable during the period in relation to this loan note.

On 30 September 2020, Tom Hargreaves, a director of the Company received a loan of £7,000, the full amount of the loan was outstanding at period end.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

All related party transactions were performed at an arm’s length basis.

Details of remuneration of key management personnel can be found in note 7.

23. Events after the balance sheet date

On 16 October 2020, ATG Media US Inc. 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 $308,000 (£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. 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 model were revenue growth assumptions and percentage probability weightings applied to forecast earn-out cash flows based on the various scenarios modelled.

The purpose of the acquisition was to further strengthen the Group's presence in the US.

At the date of acquisition, Auction Mobility LLC had net assets with a fair value of $13,683,000 (equivalent to £10,525,000). Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	At fair value £'000
Software	2,809
Customer relationships	6,115
Brand	375
Non-compete agreement	1,159
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	10,525
Consideration paid	30,631
Settled as:	
Cash consideration	25,424
Contingent consideration	3,918
Deferred consideration	234
Goodwill	19,501

On 13 October 2020, a new secured borrowing facility was entered into with Macquarie and Sixth Street for USD$33,500,000 (equivalent of £25,769,000). The loan carried an effective rate of interest of EURIBOR+6.5% payable half yearly and is secured on the assets of the Group. The loan is was repaid on 1 March 2021.

Auction Technology Group plc (which was incorporated and has become the holding company for the Group following a reorganisation) applied to (i) the FCA for the Shares to be admitted to the premium listing segment of the Official List of the FCA and (ii) the London Stock Exchange for all of the Shares to be admitted to the London Stock Exchange's Main Market for listed securities ("Admission"). The Admission become effective on 26 February 2021.