



# 2022 Full Year Results

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Twelve months ended 30 September 2022  
01 December 2022

Auction Technology Group

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# Agenda

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1. Results highlights
  2. Financial performance
  3. Strategic update and outlook
  4. Q&A
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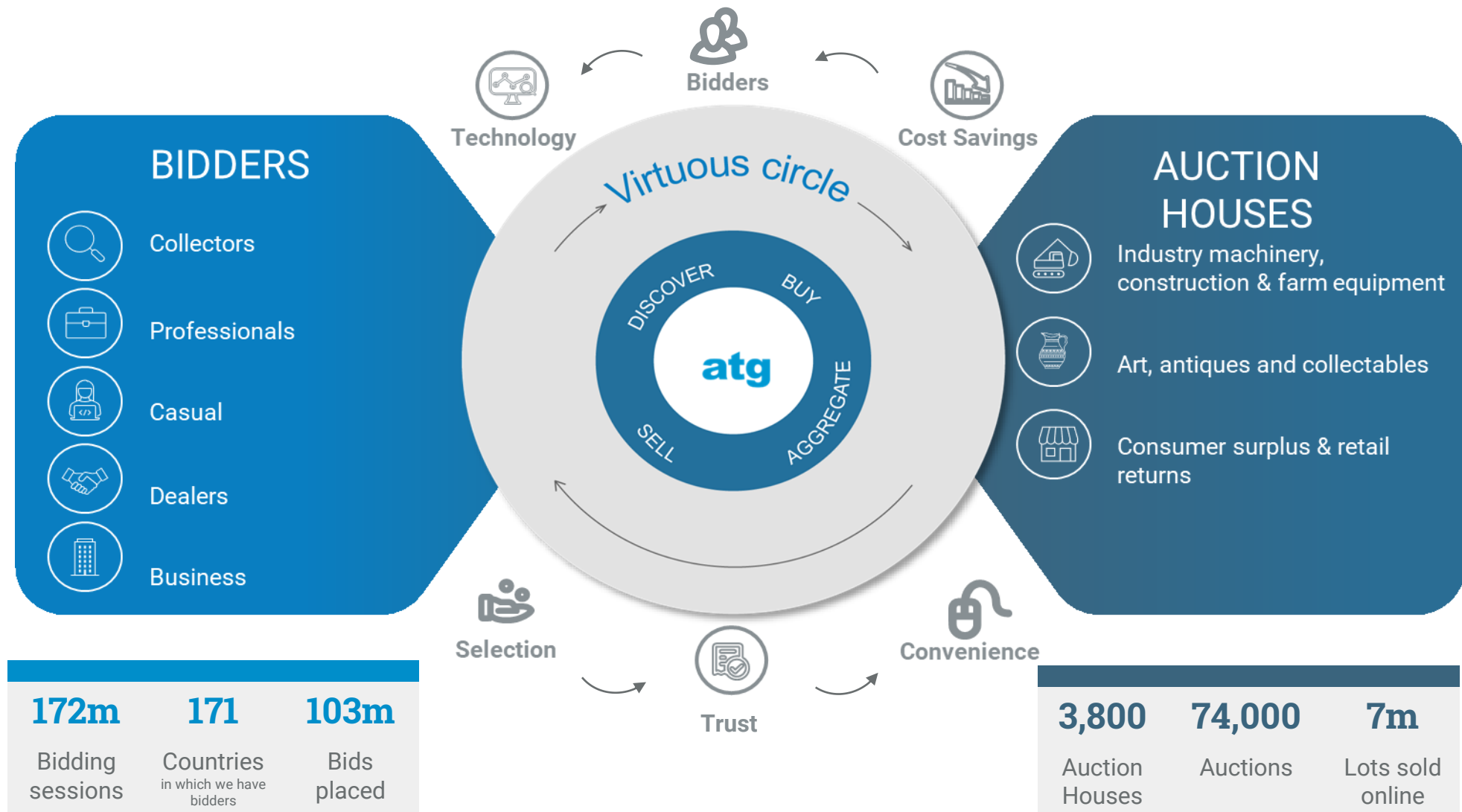




# 01. Results highlights

John-Paul Savant

# Unlocking the value of the curated secondary goods market...



# ... and accelerating the growth of the circular economy

## Auctions play a critical role in facilitating the circular economy



In FY 22, popular 15 items sold on ATG marketplaces saved  
**c.3m tonnes** CO2 emissions<sup>1</sup>

## We are making it easier for consumers to make green choices

The trend towards 're-commerce' is growing<sup>2</sup>

**44%** of respondents more likely to buy second-hand than they were three years ago<sup>3</sup>

**47%** of these respondents cite being 'more aware of the impact of sustainable buying'

**42%** of respondents still don't realise buying second-hand is greener than buying new

There is a huge opportunity for ATG to spread the word about the sustainable impact of auctions

1. FY 21 on a proforma basis would have been c.2.7m tonnes CO2 emissions saved vs purchasing new.

2. Data is from ATG commissioned external market survey September 2022.

3. 13% of respondents were less likely to buy second-hand.

# FY 22 Highlights: a year of further growth and progress

Expanded THV<sup>1</sup>

**£10.1bn**  
+22%

Maintained conversion rate<sup>2</sup>

**33%**  
flat

Grew GMV

**£3.3bn**  
+20%

VAS rollout support take rate

**3.3%**  
(0.2)ppt +0.1ppt  
ex real estate

Double digit revenue growth

**£119.8m**  
+71% +11%  
proforma

Increased adjusted EBITDA

**£54.0m**  
+70%

KPIs are shown on a proforma basis at constant currency growth rates.

1. THV is ATG's immediately addressable market and represents the total final sale value of all lots listed on ATG's marketplaces or the platform.

2. Conversion rate was previously called "online share."

# FY 22 Highlights: strengthened ATG's competitive position and executed against our strategic pillars to sustain our growth

- 1 Delivered growth across all divisions against challenging comparisons and economic environment
- 2 Added new growth through successful rollout of Payments & Digital Marketing, with value-added services now accounting for 16% of revenue
- 3 Integrated LiveAuctioneers, providing us with exposure to large North American A&A market
- 4 Enhanced our E2E customer experience including upgraded auctioneer and lot content, improved taxonomy and better search functionality
- 5 Invested in high quality talent in key areas, setting ourselves apart from competition, whilst maintaining EBITDA margin
- 6 Impact for both sides of the marketplace; over 172 million bidding sessions & over 7m lots sold of 20m lots listed, driving asset prices and providing selection





# 02. Financial performance

Tom Hargreaves

# FY 22 Financial Highlights: a year of strong growth and investment while maintaining adjusted EBITDA margins

Revenue

**£119.8m**

+11%<sup>1</sup>

Adjusted EBITDA

**£54.0m**

+70%

Adjusted EBITDA margin

**45%**

Flat

Adjusted diluted EPS

**29.5p**

+221%

Adjusted free cash flow

**£49.9m**

93% conversion<sup>2</sup>

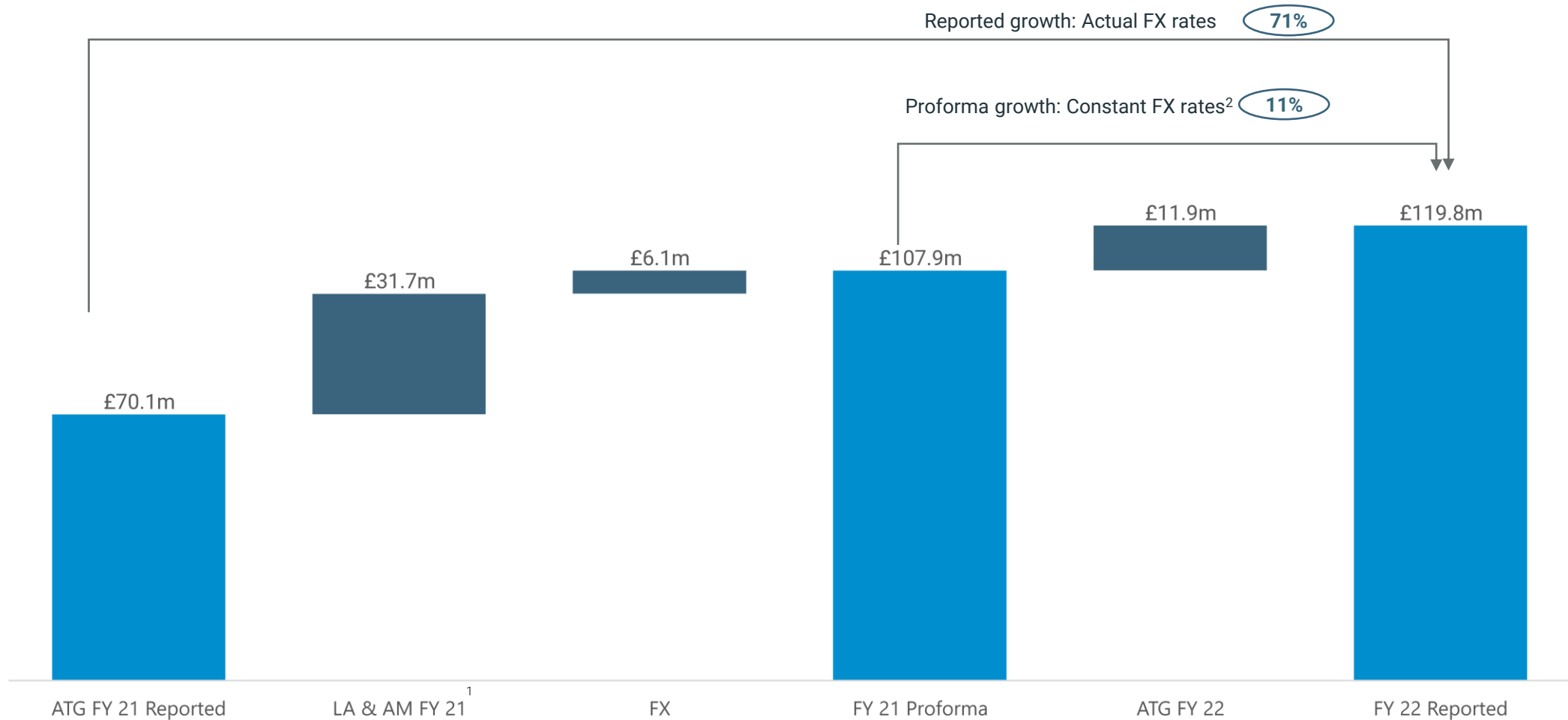
Adjusted net debt

**£129.0m**

2.2x leverage on FX adjusted basis<sup>3</sup>

1. On a proforma basis at constant exchange rates.  
2. Adjusted free cash flow as a percentage of adjusted EBITDA.  
3. Recalculating adjusted net debt using an FY 22 average FX rate.

# Robust revenue growth benefiting from successful roll out of value-add services and FX tailwind



1. Includes £0.2m for Auction Mobility.  
 2. Average US dollar rate: FY 22 1.27 and FY 21 1.37.

# Solid progress made against our strategic KPIs

## GMV (£bn)

YoY growth at actual FX rate	40%	27%
YoY growth at constant FX rate	48%	20%

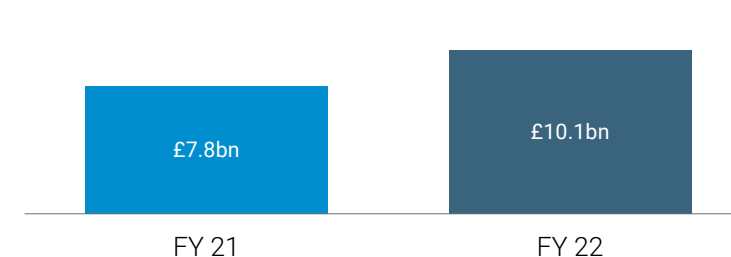


## Conversion rate (%)

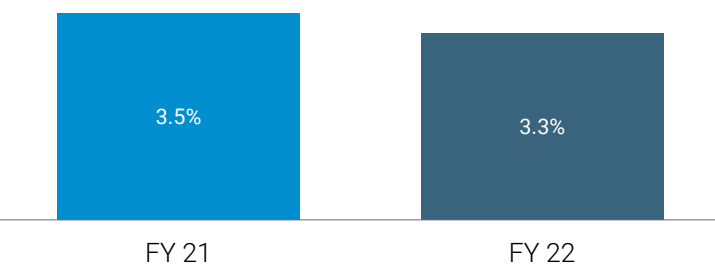


## THV (£bn)

YoY growth at actual FX rate	29%	29%
YoY growth at constant FX rate	37%	22%

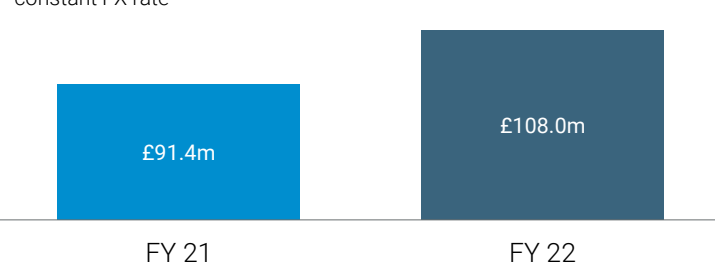


## Take rate (%)



## Marketplace revenue (£m)

YoY growth at actual FX rate	31%	18%
YoY growth at constant FX rate	39%	11%



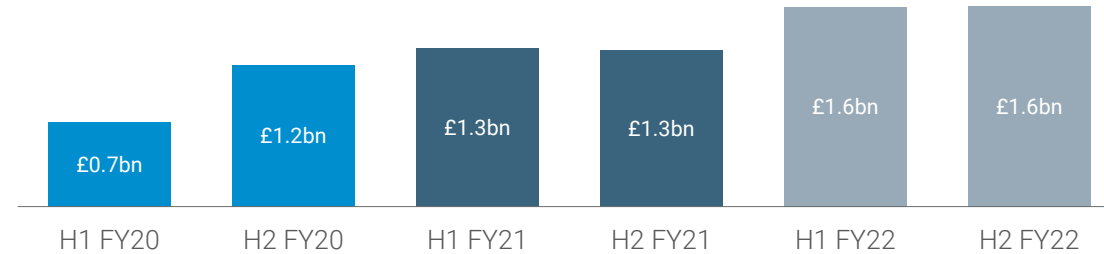
- GMV up 20% despite annualising exceptional Covid-19 comparators
- Conversion rate flat year-on-year
- THV growth driven by attractiveness of ATG model with more auction houses listing more assets and achieving higher prices on our marketplaces
- Take rate of 3.3%, reflects growth in value-add services, offset by real estate. Excluding real estate, take rate was up 0.1ppt
- Growth in GMV and other value-add services resulted in total marketplace revenue +11%



# Delivering growth on growth in FY 22 as we lap Covid-19, despite tougher comps in H2

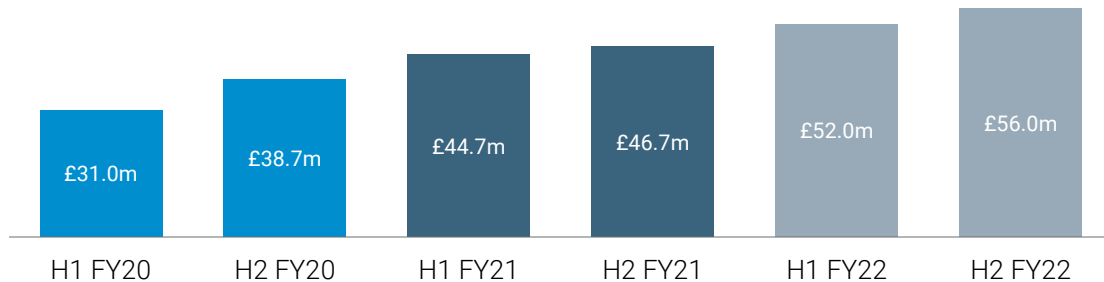
## GMV (£bn)

H2 22 YoY growth at actual FX rate	28%
H2 22 YoY growth at constant FX rate	14%



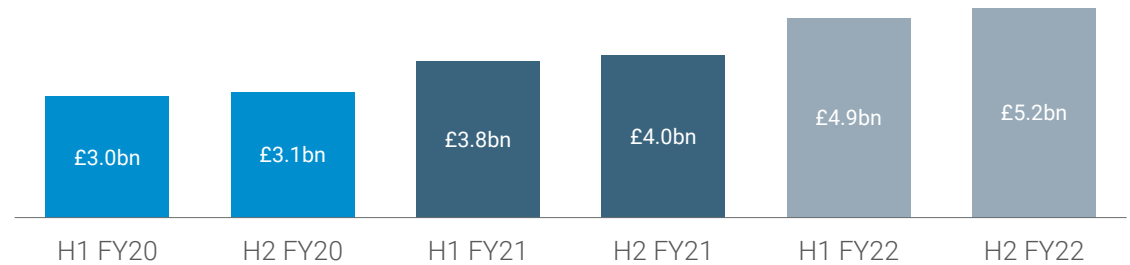
## Marketplace Revenue (£m)

H2 22 YoY growth at actual FX rate	20%
H2 22 YoY growth at constant FX rate	6%



## THV (£bn)

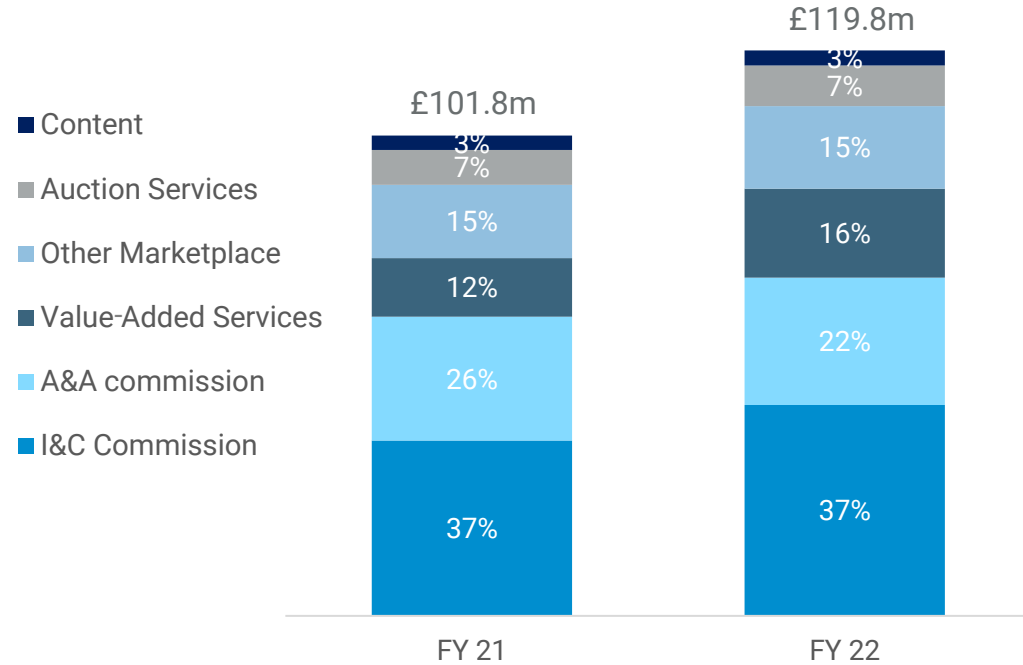
H2 22 YoY growth at actual FX rate	30%
H2 22 YoY growth at constant FX rate	17%



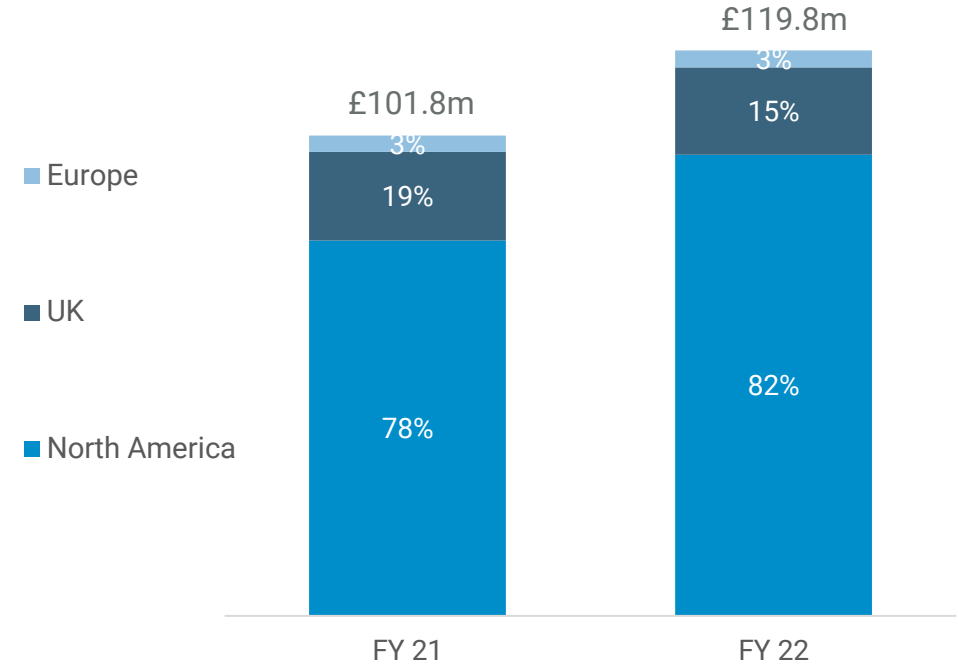
- Sustained growth in THV, GMV and marketplace revenue demonstrates the benefits of the ATG model and our virtuous circle
- H2 22 included comparisons from H2 21 which saw three months with a significant tailwind from Covid-19, particularly in A&A

# A diversified and resilient revenue model

## Revenue by product



## Revenue by geography



# Growth across each of our business segments

## KPIs by segment

£m	I&C	Proforma YoY % <sup>2</sup>	A&A	Proforma YoY % <sup>2</sup>
THV	5,737	+28%	4,343	+15%
Conversion rate	45%	Flat	16%	Down 3ppt
GMV	2,584	+29%	694	(5)%
Take rate	2.0%	Down 0.3ppt	8.0%	Up 1.2ppt
<b>Marketplace Revenue</b>	<b>52.7</b>	<b>13%</b>	<b>55.3</b>	<b>10%</b>

- I&C driven by growth in volume, mix and price of secondary assets listed on marketplaces, although rate of price increases slowed in second half
- Flat conversion rate in I&C with take rate impacted by real estate; excluding real estate take rate would be flat
- Rollout of value-add services in A&A offset GMV decline, which was impacted by challenging comparisons in prior year and the return of physical auctions

## Revenue by segment

£m	FY 22	FY 21	Reported YoY % <sup>1</sup>	Proforma YoY % <sup>2</sup>
Arts & Antiques	55.3	16.2	241%	10%
Industrial & Commercial	52.7	43.7	21%	13%
<b>Total Marketplace</b>	<b>108.0</b>	<b>59.9</b>	<b>80%</b>	<b>11%</b>
Auction Services	8.6	7.1	21%	9%
Content	3.2	3.1	3%	3%
<b>Revenue</b>	<b>119.8</b>	<b>70.1</b>	<b>71%</b>	<b>11%</b>

- Marketplace revenue growth driven by LiveAuctioneers acquisition and growth across both verticals and value-add services
- Auction services growth reflects new customer uptake of our white label offering
- Content revenue driven by recovery of advertising volumes, although we would expect revenue to revert to its historic trends of moderate decline going forward

1. At actual FX rates.  
2. At constant FX rates.

# Strong earnings growth driven by operational leverage, offsetting investment in future growth

- Gross margin of 67%, up year-on-year as high margin commission revenue offset growth in payments
- Adjusted EBITDA up 70% reflecting acquisition of LiveAuctioneers and high flow through of revenue to profit
- EBITDA margin of 45%, flat year-on-year as expected with planned investments to drive future growth
- Net finance costs includes higher finance costs reflecting FX and USD LIBOR rate
- Adjusted EPS up 221% to 29.5p; 122.4m ordinary and diluted shares
- No exceptional costs in FY 22

## Group financial summary

£m	FY 22	Restated FY 21 <sup>1</sup>	Reported YoY <sup>2</sup>	Proforma YoY <sup>3</sup>
Revenue	119.8	70.1	71%	11%
Cost of sales	(40.1)	(24.5)	64%	
<b>Gross profit</b>	<b>79.7</b>	<b>45.6</b>	<b>75%</b>	
<i>Gross margin</i>	67%	65%	+1ppt	
Administrative expenses	(63.6)	(66.5)	(4)%	
Other operating income	0.7	0.3	133%	
<b>Operating profit/(loss)</b>	<b>16.8</b>	<b>(20.6)</b>	<b>182%</b>	
Net finance costs	(7.5)	(4.4)	(70)%	
<b>Profit/(loss) before tax</b>	<b>9.3</b>	<b>(25.0)</b>	<b>137%</b>	
<b>Net loss</b>	<b>(6.1)</b>	<b>(27.4)</b>	<b>78%</b>	
<b>Adjusted EBITDA</b>	<b>54.0</b>	<b>31.8</b>	<b>70%</b>	
<i>Adjusted EBITDA margin</i>	45%	45%		
<b>Adjusted diluted EPS</b>	<b>29.5p</b>	<b>9.2p</b>	<b>+221%</b>	

1. The FY 21 results have been restated to adjust the foreign currency translation reserves and finance income by £2.3m. Full details are provided in note 1 of the Consolidated Financial Statements.

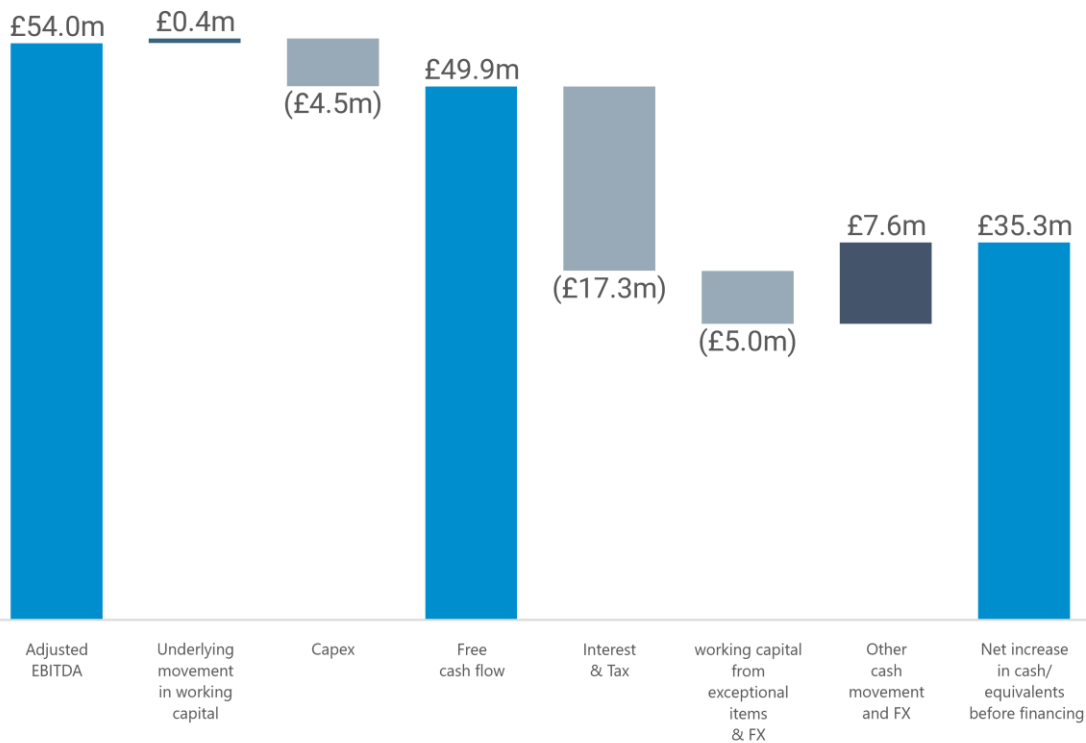
2. At actual FX rates.

3. At constant FX rates.



# Strong cash generation drove deleveraging over the year

## Movement in cash excluding acquisition of LiveAuctioneers



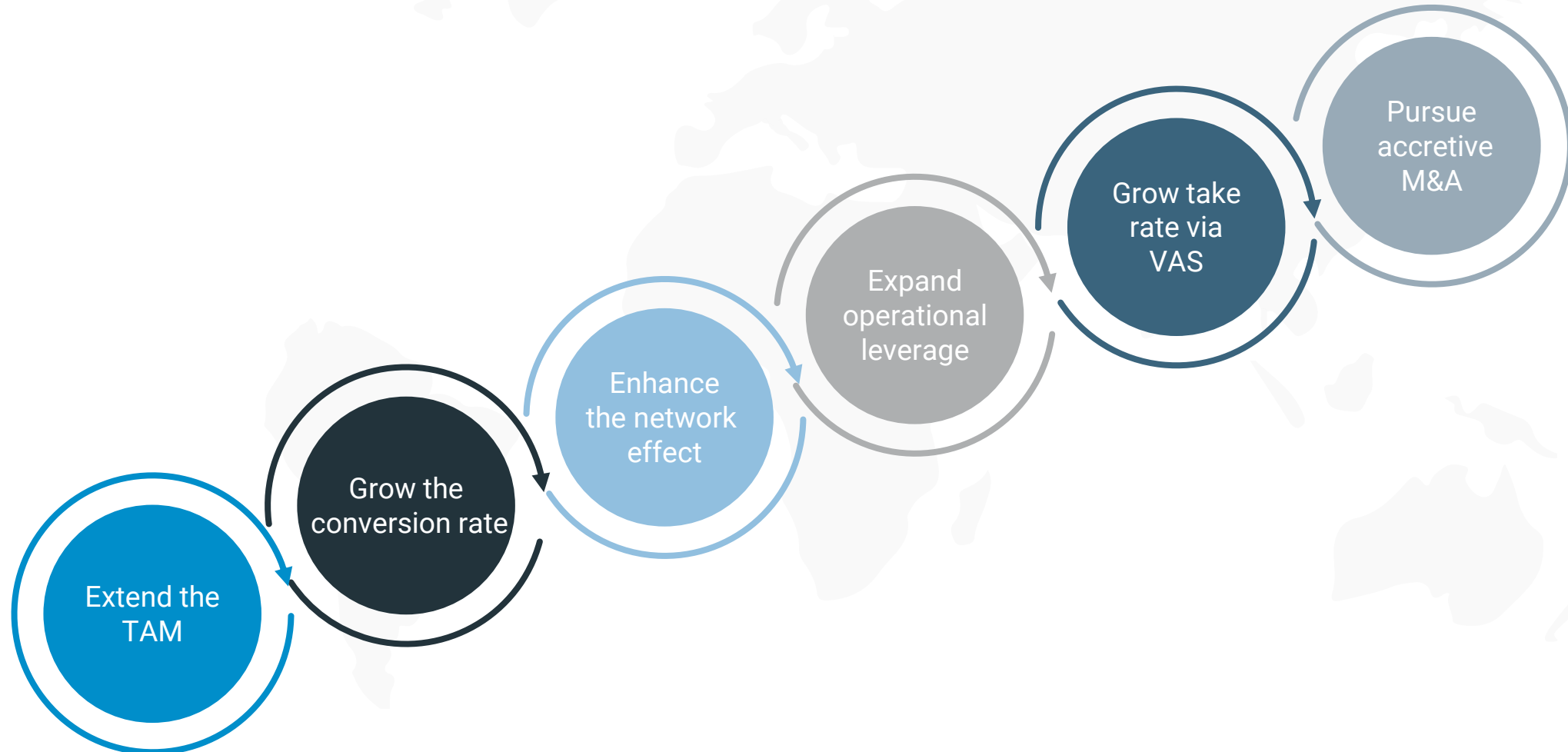
- 93% adjusted free cash flow conversion
- Higher cash interest due to impact of USD LIBOR rate
- US dollar-denominated senior loan
  - Adjusted net debt/ adjusted EBITDA of 2.4x
  - Recalculating adjusted net debt at average FX rates, leverage ratio of 2.2x
- Capital allocation priorities
  - Investment in future growth; includes additional capex spend in FY 23 and FY 24 for build out of single technology platform. From FY 25, platform is expected to deliver £2m of opex cost savings annually
  - \$43.7m prepayment of Senior Term Facility in October 22



# 03. Strategic update and outlook

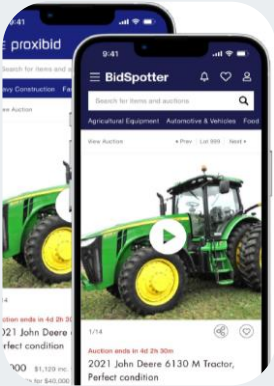
John-Paul Savant

# We continue to execute against our six strategic growth drivers

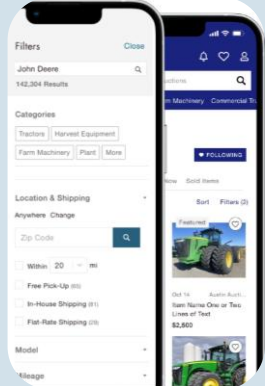


# In FY 22, we invested to improve our product and develop our team which will help to drive future growth

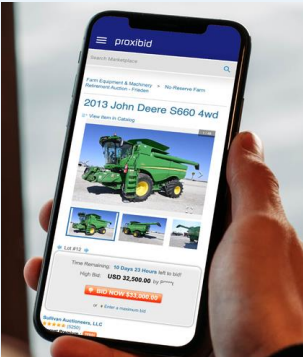
Developed an integrated bidding solution to make it easier to cross-list



Improved the bidder experience including upgraded auctioneer and lot content, improved taxonomy and better search functionality



Facilitated the shift to timed auctions



Expanded and strengthened the ATG team, at the leadership level and across key specialist roles





# Our auctioneer marketing programme provides a revenue opportunity for both ATG and auctioneers

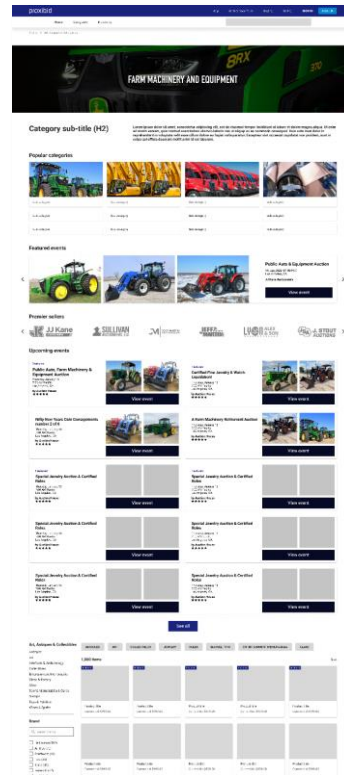
Auctions supported with paid for marketing deliver better results:

Proxibid auctions supported by paid for marketing delivered an average

**+72%** registered bidders

**+38%** winning bidders

We have upgraded our onsite advertisement experience



SEO rich content

Rotating banner space

New features

New ad units

New marketing features should further drive conversion



**30%** registered bidders forget to bid<sup>1</sup>

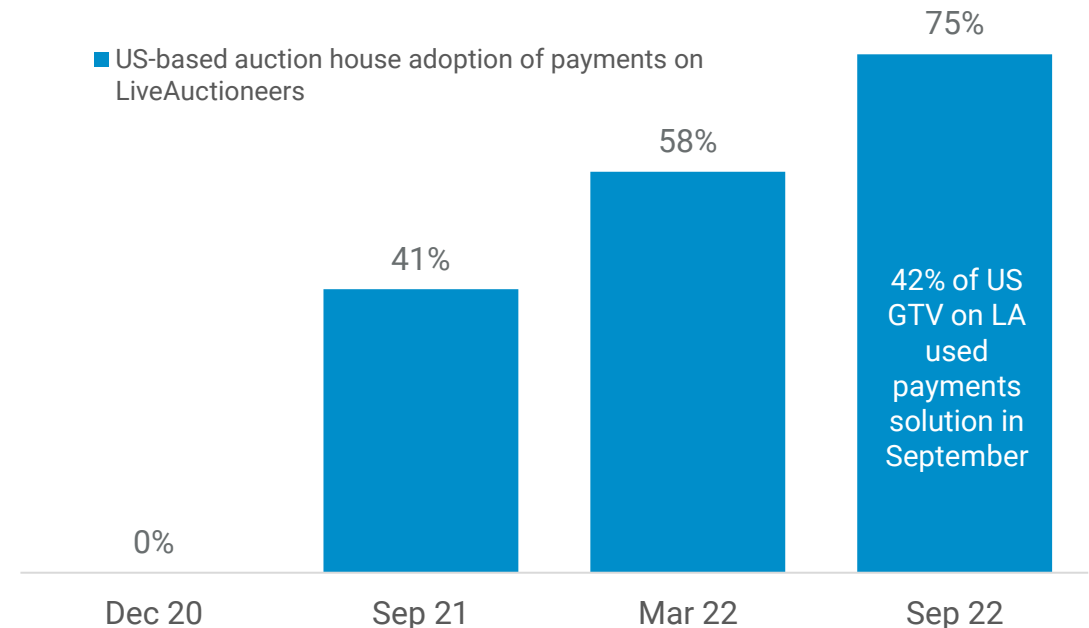
**98%** open rate on SMS messages (>4x email)

# Payments is a significant new revenue stream and is critical in improving the buying process on our marketplaces

**79%** of bidders' and **71%** of auctioneers' pain points are related to payments<sup>1</sup>

- ATG makes payments faster, easier and more secure
  - **2-3x** faster disbursement cycles
  - **99.8%** payment rate for bidders with cards on file
  - **75%** payment rate within 24 hours of auction close
- Encouraged by initial launch on Proxibid

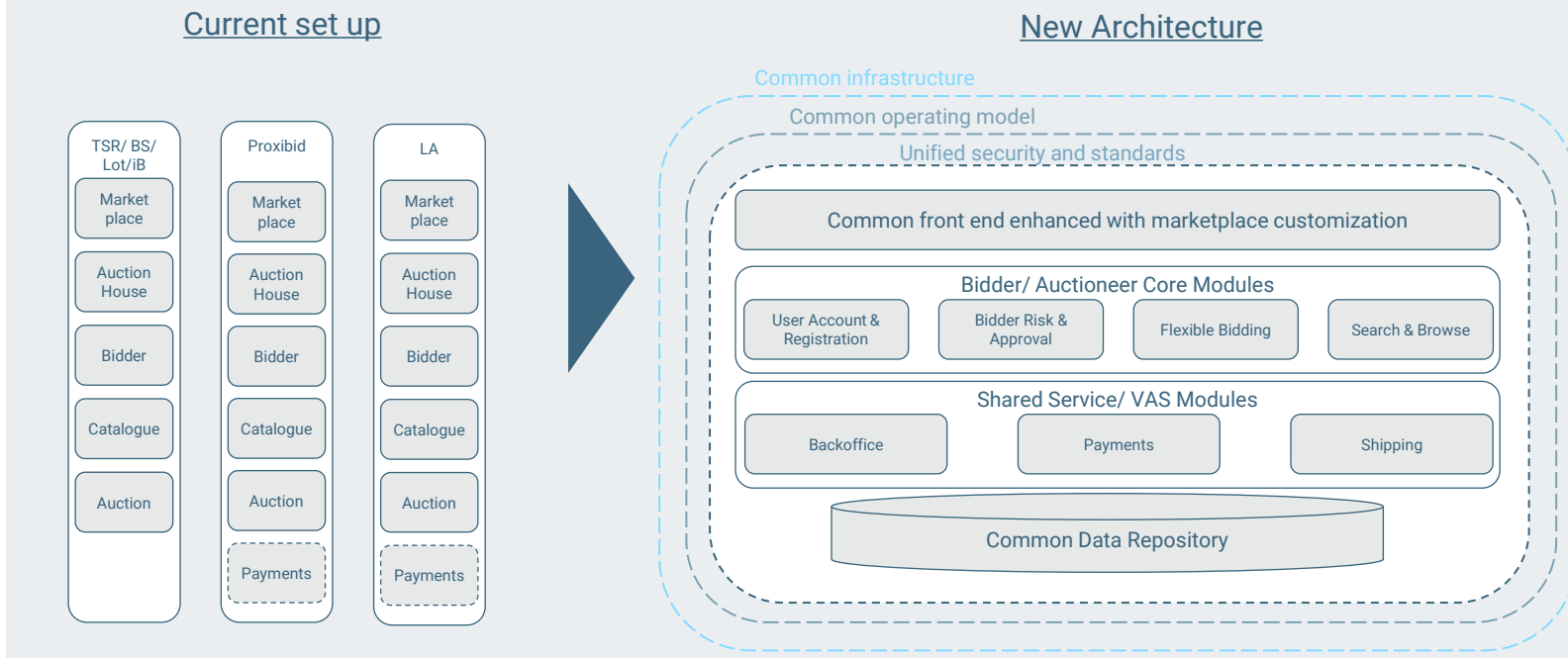
Both auctioneers and bidders are increasingly adopting our payments solution on LiveAuctioneers



1. Proxibid auctioneer and bidder survey, March 2022.

# We are investing in our single technology platform to drive growth and improve efficiency

## Moving from silos to a single technology platform architecture

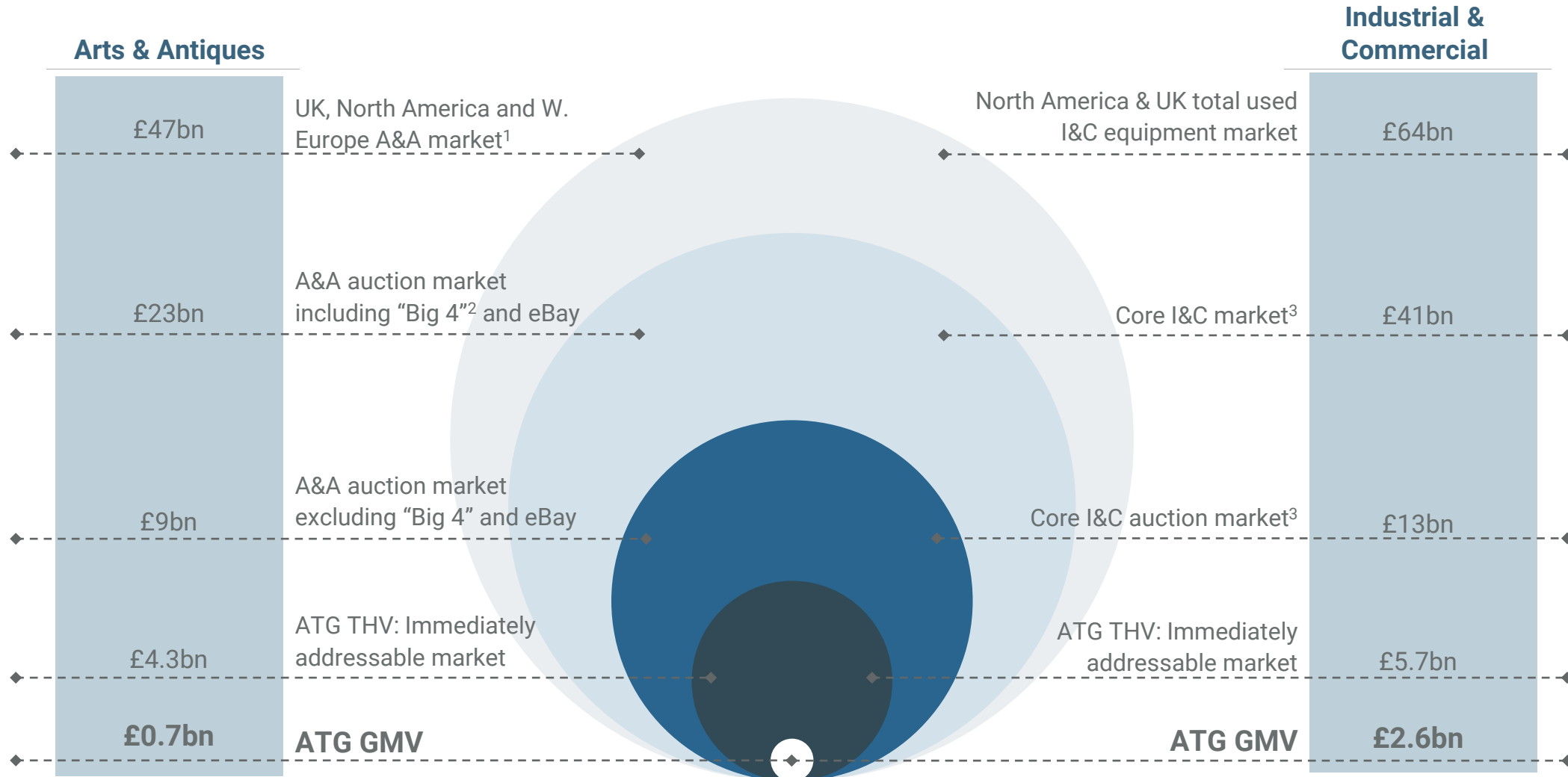


- Single platform will enable acceleration of new product development
- Through shared services architecture, platform will also provide agility, flexibility and operational savings
- Expect additional capex in FY 23 and FY 24
- From FY 25, expect platform to deliver £2m annualised opex savings

# ATG is leading the transformation of the auction industry, adding value for both bidders and our auctioneer partners



# Our TAM is very large and growing, with the ongoing shift to online auctions providing further opportunity for ATG



Source: Management estimates November 2022.

1. Includes eBay A&A auctions only.

2. Big 4: Christie's, Sotheby's, Phillips and Bonhams A&A auction houses.

3. Core I&C market classified as grey, green and yellow iron and transport. Does not include other industrial segments such as mining and utilities, or chemical manufacturing.



# We see significant scope across all drivers in FY 23

## Extend the TAM

- Drive new THV by actively identifying new auction houses
- Grow penetration with existing auction houses including expanding into new verticals

## Expand operational leverage

- Invest in single technology platform to provide flexibility and agility
- Invest in long term scalability of our model

## Grow the conversion rate

- Facilitate the shift from live to timed auctions
- Enhance bidder acquisition and conversion including through SEO and marketing

## Grow take rate via VAS

- Launch and grow payments across marketplaces
- Accelerate auctioneer marketing programme
- Develop delivery solution

## Enhance the network effect

- Roll out integrated bidding to make it easier to integrate with our white label solution
- Further simplify cross-listing across our marketplaces

## Pursue accretive M&A

- Continue to look for value accretive opportunities that add to our footprint and increase value across our network

# We remain confident and excited in our ability to lead the transformation of the auction industry

- In the medium term, we remain confident in achieving our target of mid-teen plus revenue growth and mid-high 40's adjusted EBITDA margin percentages, as value-add services ramp alongside core growth levers in a firmly post Covid-19 world
- For FY 23 we remain confident in our growth levers, multiple of which are in our control, despite an uncertain macro-economic backdrop
- ATG has a blend of revenue which should provide both protection and upside across both our divisions
  - I&C: Robust end markets, volume tailwinds, very strong opportunity in value-add services
  - A&A: revenue mix includes recurring fixed fees and value-add services, plus relative strength of mid-priced auction market
- Trading in the first two months of FY 23 has remained broadly in line with performance in H2 22
- For FY 23, we expect high single digit to low double-digit constant currency revenue growth with a higher rate of growth in the second half of the year reflecting the roll out and take up of value-add services
- We expect a broadly flat adjusted EBITDA margin reflecting ongoing investments to support future growth

# A strong FY 22; confident into FY 23 and over the medium term

- Another year of strong performance, demonstrating the resilience and attractiveness of the ATG model
- We have a compelling investment case
  - ✓ Structural shift of auction industry online
  - ✓ Strong competitive position
  - ✓ Diversified and resilient financial model
  - ✓ Six proven growth drivers
  - ✓ The right team to execute
- ATG is stronger and more capable than ever to lead the transformation of the auction industry







# 04. Q&A





# 05. Appendix

# Glossary of key definitions

<b>Term</b>	<b>Definition</b>
A&A	Arts and Antiques
GMV	gross merchandise value, representing the total final sale value of all lots sold via winning bids placed on the marketplaces or the platform, on a proforma basis, excluding additional fees (such as online fee and auctioneers' commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
I&C	Industrial and Commercial
Conversion rate	represents GMV as a percentage of THV; previously called "online share"
Proforma basis	certain measures have been used as the acquisition of LiveAuctioneers on 1 October 2021 and Auction Mobility on 16 October 2020, have affected the comparability of the Group's results of operations for FY22. The measures are presented for the Group to provide comparisons of the Group's results between FY21 and FY22 as if the acquisitions had occurred on 1 October 2020. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.
Take rate	represents the Group's marketplace revenue as a percentage of GMV. Marketplace revenue is the Group's reported revenue excluding Auction Services and Content revenue
THV	total hammer value, representing the total final sale value of all lots listed on the marketplaces or the platform, on a proforma basis, excluding additional fees (such as online fees and auctioneers' commissions) and sales of retail jewellery (being new, or nearly new, jewellery)



# FY 23 Financial guidance

Revenue growth	High single digit to low double digit at constant currency with higher rate of growth in the second half of the year
Adjusted EBITDA margin	Broadly flat reflecting ongoing investments to support future growth
Net finance cost	USD LIBOR <sup>1</sup> + 3% margin on c.\$145m average gross debt balance
Effective tax rate	22%
No. ordinary and dilutive shares outstanding	123.5m
Capex	£8-£10m including capitalised expenditure on single technology platform
Foreign exchange	Over 80% of our revenue in FY22 is US Dollar. For a 10% change in the pound sterling to US dollar exchange rate, we would expect a c.8% change in revenue

1. Expect to transition from USD LIBOR to SOFR during FY 23.

# Reconciliation of APMs

## Reconciliation of profit before tax to adjusted EBITDA

	FY 22	FY 21
	£m	£m
Profit/(loss) before tax	9.3	(25.0)
Adjustments for:		
Net finance costs	7.5	4.4
Amortisation of acquired intangible assets	26.6	13.2
Amortisation of internally generated software	4.1	4.6
Depreciation of property, plant and equipment	0.3	0.2
Depreciation of right of use assets	0.9	0.7
Share-based payment expense	5.2	11.9
Exceptional operating items	-	21.8
<b>Adjusted EBITDA</b>	<b>54.0</b>	<b>31.8</b>

## Reconciliation of loss after tax to adjusted earnings

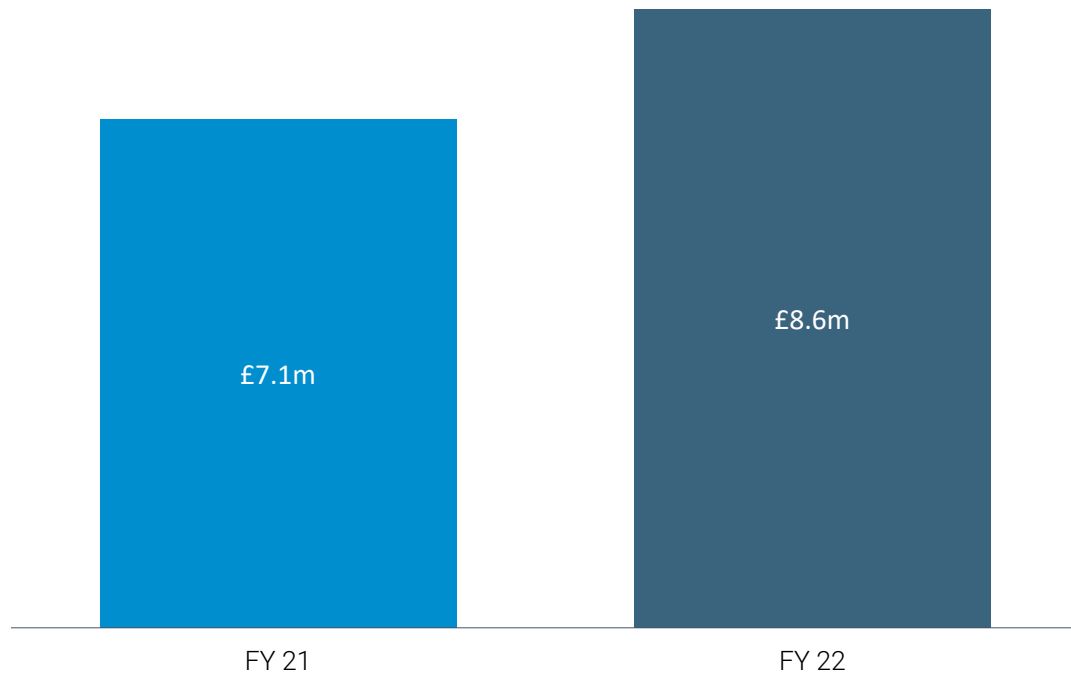
	FY 22	FY 21
	£m	£m
Loss attributable to equity shareholders of the Company	(6.1)	(27.4)
Adjustments for:		
Amortisation of acquired intangible assets	26.6	13.2
Exceptional finance items	(0.2)	(7.9)
Share-based payment expense	5.2	11.9
Exceptional operating items	-	21.8
Deferred tax on unrealised foreign exchange differences	16.7	-
Tax on adjusted items	(3.5)	(2.4)
<b>Adjusted earnings</b>	<b>38.6</b>	<b>9.2</b>

## Cash generated from operations and adjusted free cash flow

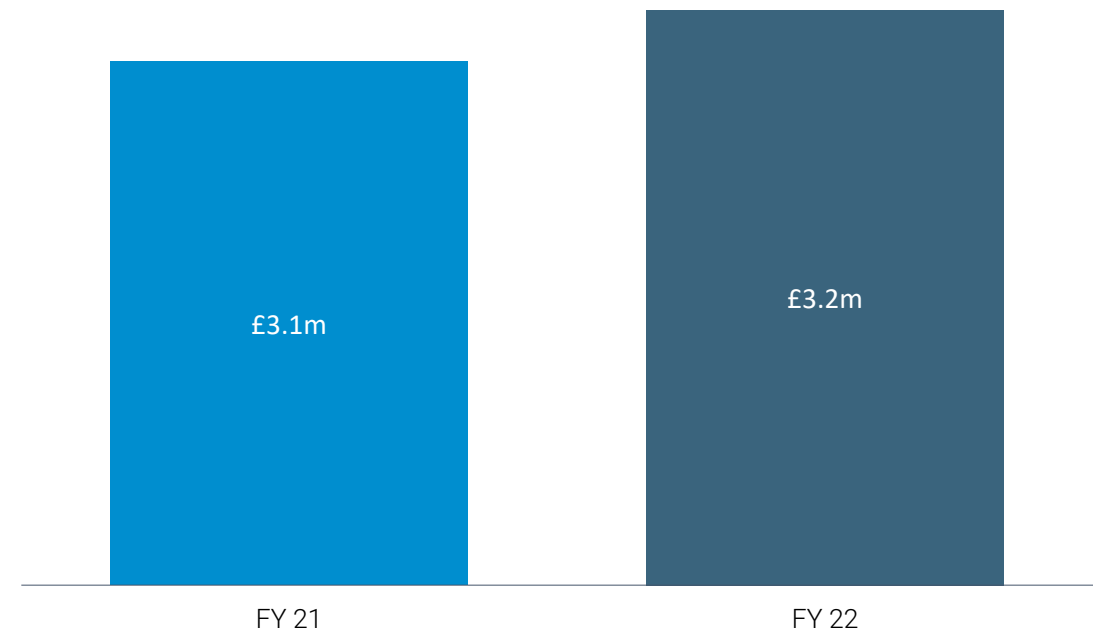
	FY 22	FY 21
	£m	£m
<b>Adjusted EBITDA</b>	<b>54.0</b>	<b>31.8</b>
<b>Cash generated from operations</b>	<b>49.4</b>	<b>15.9</b>
Adjustments for:		
Exceptional operating items	-	21.8
Working capital from exceptional and other items	5.0	(5.1)
Additions to internally generated software	(4.2)	(2.0)
Additions to property, plant and equipment	(0.3)	(0.1)
<b>Adjusted free cash flow</b>	<b>49.9</b>	<b>30.4</b>
<b>Adjusted free cash flow conversion (%)</b>	<b>92.5%</b>	<b>95.7%</b>

# Auction Services & Content

Auction Service Revenue



Content Revenue



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## The world's leading marketplaces and auction services for curated online auctions

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