



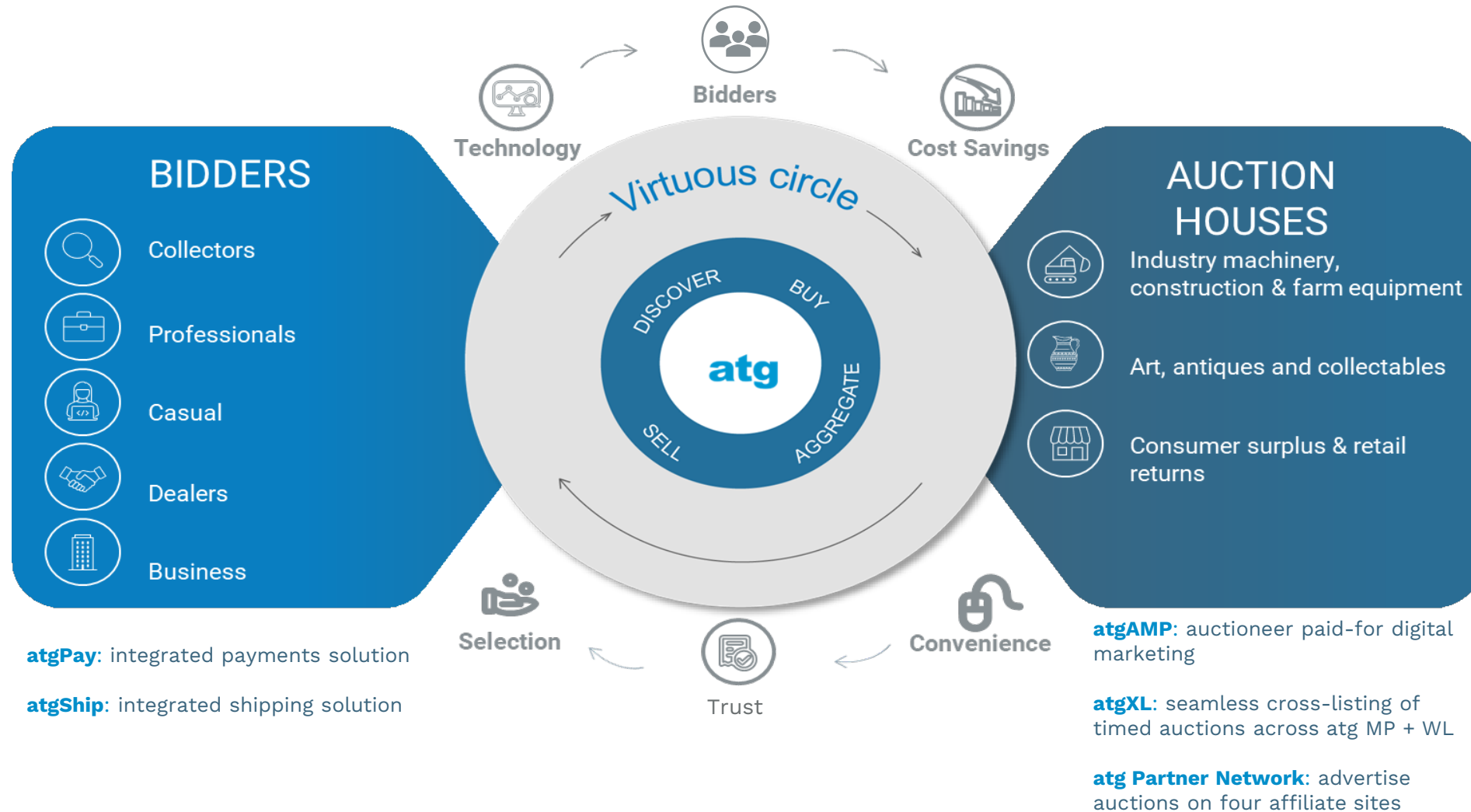
# Auction Technology Group

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January 2025

Auction Technology Group

ATG's connect bidders from 170 countries with 4,000 auctioneers, facilitating the sale of over \$13bn of curated used items



# ATG operates eight leading marketplaces for online auctions, whilst also offering value-added services and ancillary products

## Leading market position in respective geographies across two sectors



### Arts & Antiques (A&A")

the saleroom

liveauctioneers

LOT-TISSIMO

EstateSales.NET



### Industrial & Commercial ("I&C")

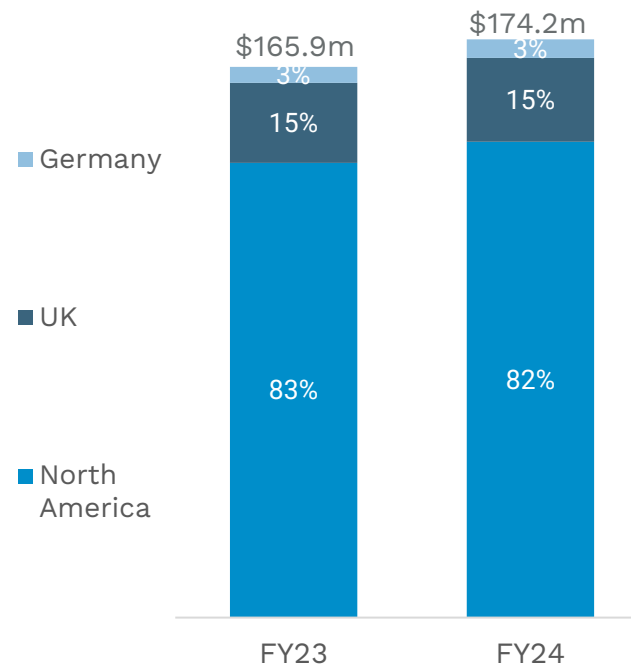
proxibid

BidSpotter

BidSpotter

iBidder

## Over 80% of revenue from North America



## ATG in numbers: the no. 1 competitor

Auctions facilitated on ATG

**88,000**

+2%

Lots listed on ATG auctions

**23.8m**

+7%

Web Sessions on ATG

**390m**

+16%

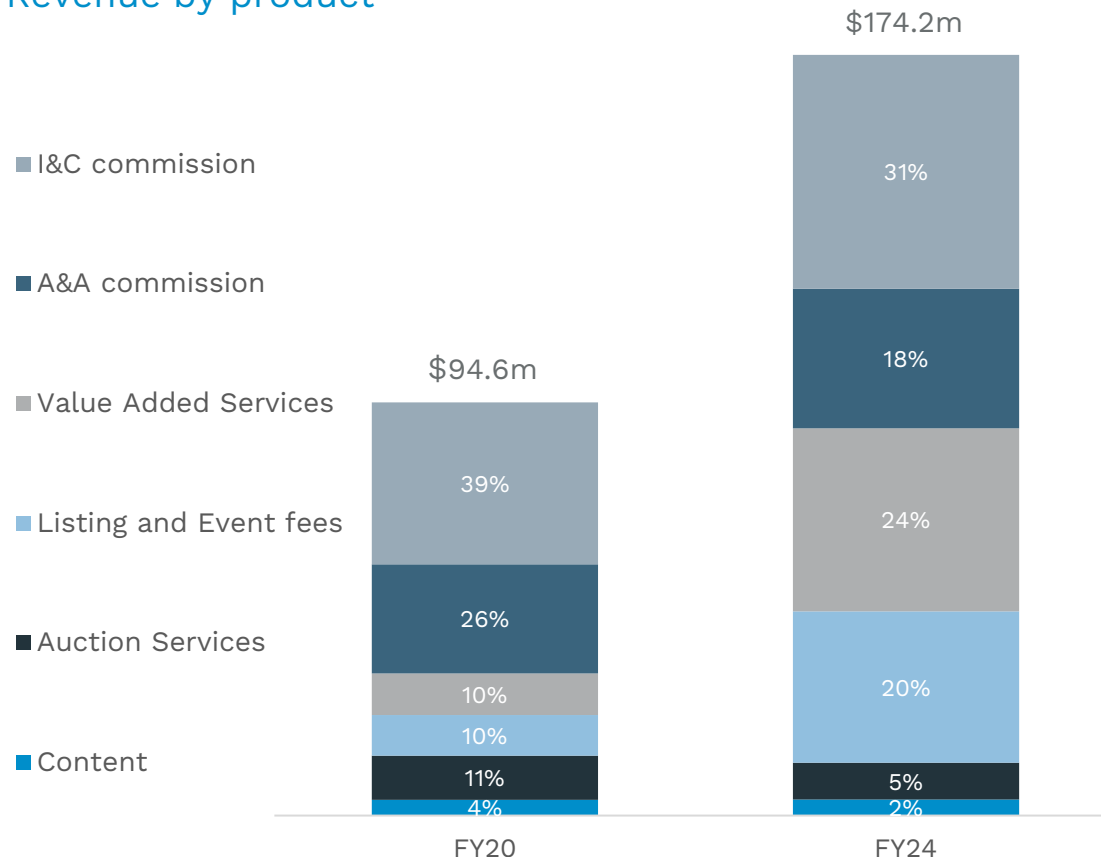
Lots sold on ATG

**7.2m**

+16%

# ATG has a resilient and diversified business model including high re-occurring revenue, driven by the strong and differentiated value proposition it offers auctioneers

## Revenue by product

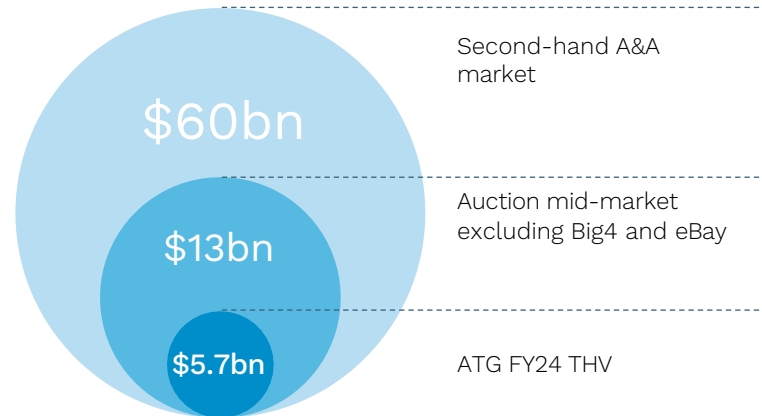


- ATG revenue streams:
  - **Commission:** c.2% I&C and 5% A&A charge on every winning bid through on ATG marketplace
  - **Event fees:** auctioneers pay fixed fee per auction and ESN subscription revenue
  - **Value-added services:** atgAMP - paid for auctioneer marketing, atgPay - integrated payments, and atgShip - integrated shipping
  - **Auction services:** non marketplace-integrated white label and back-office products and **Content:** Antiques Trade Gazette – printed publication for UK A&A auctioneers
- Auctioneer retention on ATG marketplaces is consistently high at c.98% driven by:
  - **Scale of bidders:** >55%<sup>1</sup> of all bids placed in an auction where ATG participates come originate from ATG
  - **New bidders:** >40%<sup>1</sup> of GMV come from bidders who were new to the auction house
  - **Product:** ATG offers an integrated technology suite including access to multiple marketplaces and white label

ATG's TAM is large with structural growth from the growth in demand of second-hand items and a channel shift to buying at online auctions

## Arts & Antiques (“A&A”)

Addressable market  
(US\$bn)



ATG share

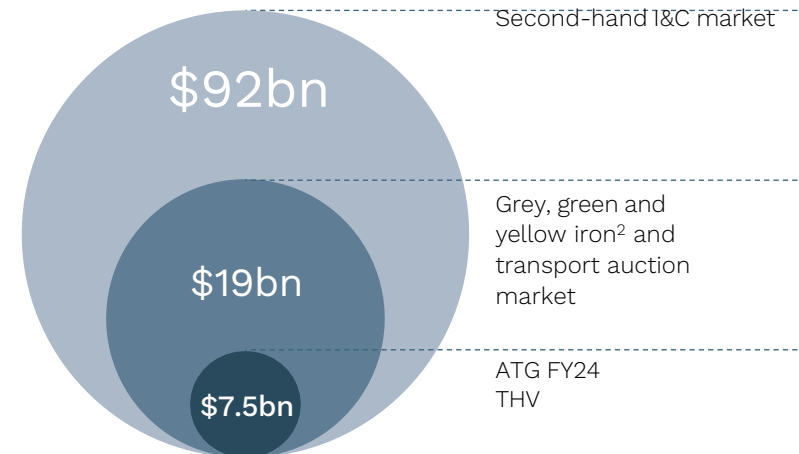


~45%

of mid-market A&A THV  
is listed on ATG

## Industrial & Commercial (“I&C”)

Addressable market (US\$bn)



ATG share



~40%

of mid-market I&C THV  
is listed on ATG







1. Management estimates April 24

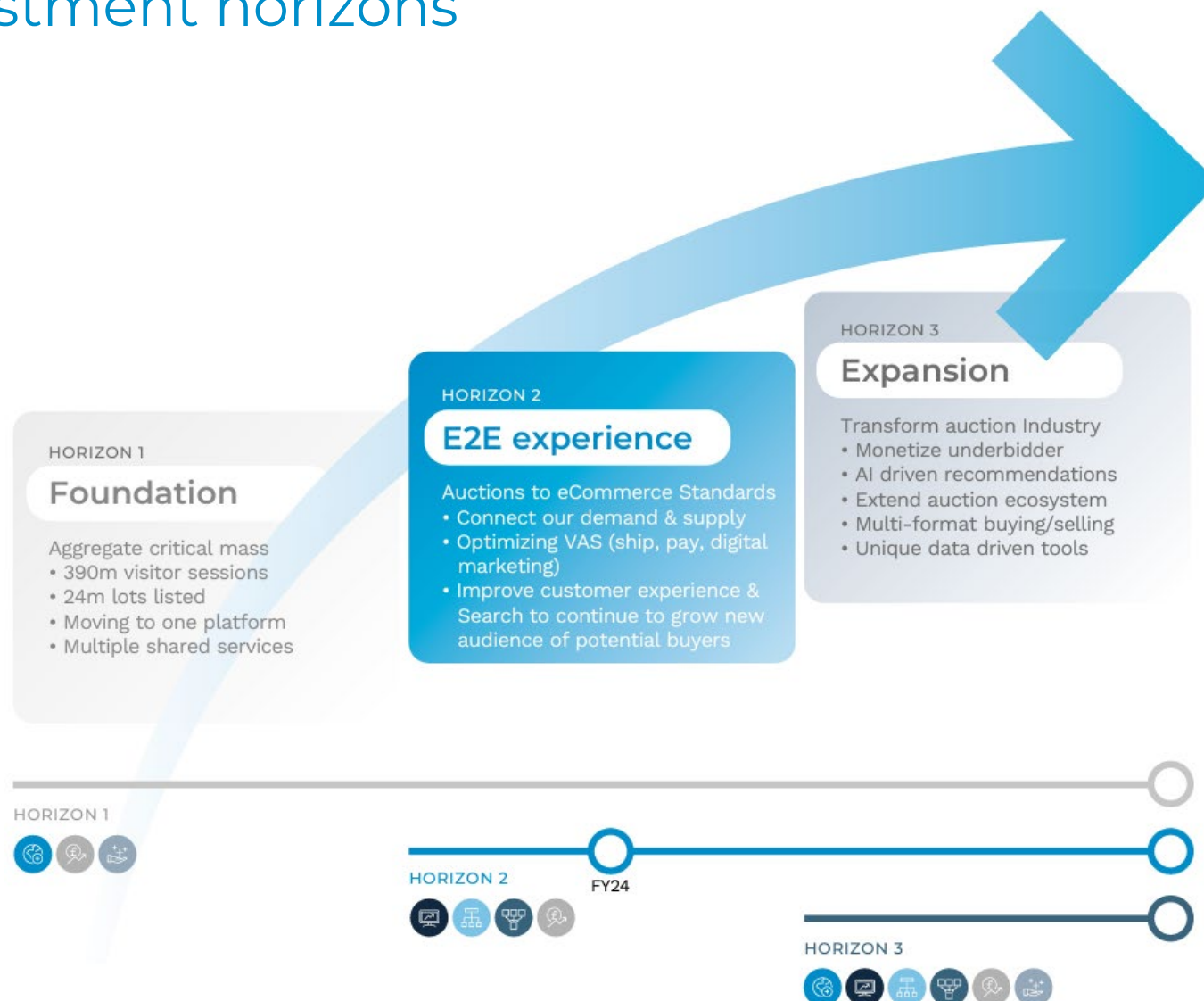
2. Grey, green and yellow iron refers to general industrial equipment, agricultural equipment and construction equipment

# ATG's strategic vision to transform the auction industry is underpinned by three investment horizons

In FY24, we made significant progress in our second investment horizon, making enhancements to both sides of our marketplace, removing the frictions that are present in online auctions, generating more revenue per transaction and investing in capabilities that improve conversion

Our strategic vision is enabled by execution against our **six strategic drivers**

-  **Extend the total addressable market**
-  **Grow ATG's conversion rate**
-  **Enhance the network effect**
-  **Grow take rate via value-added services**
-  **Expand operational leverage**
-  **Pursue accretive M&A**



# We see significant scope across all six strategic drivers

## Extend the TAM

- THV largely dependent on macro economic factors –should grow at least with GDP
- Potential to outgrow market by targeting new auctioneers and improving the user experience to attract even more bidder

## Grow take rate via VAS

- Continue to grow the adoption of atgAMP, atgPay for LiveAuctioneers and Proxibid, and atgShip for LiveAuctioneers
- Develop atgPay and atgShip for other ATG marketplaces

## Grow the Conversion rate

- Invest to drive the adoption of atg white label and make it even easier to cross-list across marketplaces
- Facilitate the shift from live to timed auctions through price incentives on fixed fees
- Invest to enhance bidder experience including through search and taxonomy

## Expand operational leverage

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

## Enhance the network effect

- Roll out atgXL (cross-listing) across marketplaces and white label
- Continue to develop atgXL including single upload and for live auctions
- Develop ATG Partner Network which links to high traffic listings sites and provides one way source of bidders for ATG

## Pursue accretive M&A

- Remain active in looking for acquisition opportunities that add to our footprint and/or increase value across our network
- Continue to drive revenue synergies between ESN and other ATG marketplaces



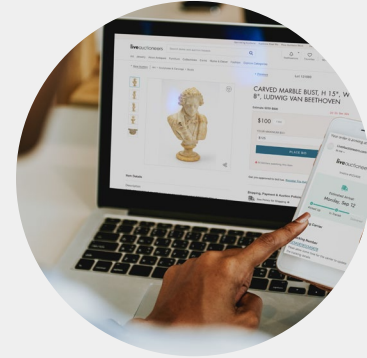
# Six reasons to invest in ATG



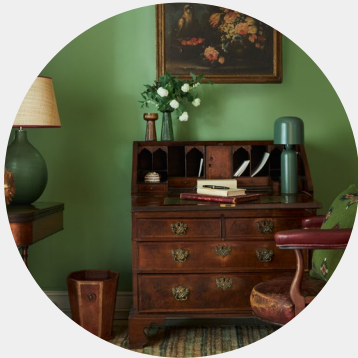
**A large and growing market,  
with transactions shifting online**



**Scalable platform model with  
proprietary auction technology**



**Attractive, diversified and resilient  
financial model**



**Unparalleled competitive position**



**Six strategic growth drivers  
providing multiple levers for growth**



**A facilitator of the circular economy, providing a  
channel of sustainable commerce**



# Appendix

# FY25 Guidance

Measure	Guidance
Revenue	4-6% revenue growth, supported by the continued growth of value-added services, and positive GMV growth also reflecting uncertain end markets
Adjusted EBITDA margin	45% - 46%
Net finance cost	7% effective interest rate on c.\$97m average gross debt balance plus other finance costs
Effective adjusted tax rate	19% in line with FY24
No. ordinary and dilutive shares outstanding	124.8m
Capex	\$12m - \$13m

# ATG P&L: high gross margin revenue resulting in ~45% adjusted EBITDA margin and ~80% free cash flow conversion

- Commission, event fees and marketing revenue all have very high gross margins, resulting in high operational leverage
- This is partially offset by continued investment (opex and capex), largely focused on product development and technology
- Admin expenses also include \$28m acquired amortisation, \$6m and \$1m exceptional costs (ESN)
- Net finance costs reflect c.8% effective interest rate on term loan (\$115m net debt as at FY24)
- Loan due to be refinanced in FY25, with lower net finance costs therefore expected with lower average debt balance and expected lower interest rate (SOFR)
- Effective adjusted tax rate of 24%. Tax credit includes deferred tax credit on FX differences due to intergroup loan. This loan has now been redenominated and therefore there are not expected to be significant deferred tax movements going forward
- Adjusted EPS movement in FY24 impacted by higher effective tax rate at 19% reflecting increase in UK corporation tax; 123.8m ordinary diluted shares

Group financial summary			
\$m	FY24	FY23	Movement <sup>1</sup>
<b>Revenue</b>	<b>174.2</b>	<b>165.9</b>	<b>5%</b>
Cost of sales	(57.0)	(53.3)	7%
<b>Gross profit</b>	<b>117.2</b>	<b>112.6</b>	<b>4%</b>
<i>Gross margin</i>	<i>67%</i>	<i>68%</i>	<i>-1ppt</i>
Administrative expenses	(84.8)	(85.7)	(1)%
Other operating income	-	0.7	100%
<b>Operating profit</b>	<b>32.4</b>	<b>27.6</b>	<b>17%</b>
Net finance costs	(14.0)	(19.0)	(26)%
<b>Profit before tax</b>	<b>18.4</b>	<b>8.6</b>	<b>114%</b>
<b>Net profit</b>	<b>24.2</b>	<b>20.5</b>	<b>18%</b>
<b>Adjusted EBITDA</b>	<b>80.0</b>	<b>78.4</b>	<b>2%</b>
<i>Adjusted EBITDA margin</i>	<i>46%</i>	<i>47%</i>	<i>(1)ppt</i>
<b>Adjusted diluted EPS</b>	<b>38.6c</b>	<b>39.8c</b>	<b>(3)%</b>

1. At actual FX rates.

# Capital allocation

ATG will continue to carefully manage its balance sheet, including retaining a prudent and appropriate level of liquidity headroom. Our priorities for capital allocation are:

## 1. Organic investment

ATG continues to focus on driving growth through organic investment, particularly within product development and technology.

## 2. M&A

ATG may supplement this with inorganic investment, assessing selective M&A opportunities that both help accelerate delivery of its strategic growth priorities whilst also maintaining a high threshold for value accretion.

## 3. Shareholder returns

ATG will also consider returning excess capital to shareholders through the repurchase of ATG's shares.

# Reconciliation of APMs

## Reconciliation of profit before tax to adjusted EBITDA

	FY24 \$m	FY23 \$m
<b>Profit before tax</b>	<b>18.4</b>	<b>8.7</b>
Adjustments for:		
Net finance costs	14.0	19.0
Amortisation of acquired intangible assets	32.5	32.6
Amortisation of internally generated software	6.5	4.7
Depreciation of property, plant and equipment	0.4	0.4
Depreciation of right of use assets	0.9	1.1
Share-based payment expense	6.0	8.6
Exceptional operating items	1.1	3.3
<b>Adjusted EBITDA</b>	<b>80.0</b>	<b>78.4</b>

## Reconciliation of profit after tax to adjusted earnings

	FY24 \$m	FY23 \$m
<b>Profit attributable to equity shareholders of the Company</b>	<b>24.1</b>	<b>20.5</b>
Adjustments for:		
Amortisation of acquired intangible assets	32.5	32.6
Exceptional finance items	0.9	5.3
Share-based payment expense	6.0	8.6
Exceptional operating items	1.1	3.3
Deferred tax on unrealised foreign exchange differences	(8.1)	(8.8)
Tax on adjusted items	(8.9)	(12.6)
<b>Adjusted earnings</b>	<b>47.8</b>	<b>49.0</b>

## Cash generated from operations and adjusted free cash flow

	FY24 \$m	FY23 \$m
<b>Adjusted EBITDA</b>	<b>80.0</b>	<b>78.4</b>
<b>Cash generated from operations</b>	<b>71.6</b>	70.7
Adjustments for:		
Exceptional operating items	1.1	3.3
Working capital from exceptional and other items	4.4	(1.4)
Additions to internally generated software	(10.8)	(10.8)
Additions to property, plant and equipment	(0.4)	(0.5)
Payment for right of use assets	-	(0.2)
<b>Adjusted free cash flow</b>	<b>65.8</b>	<b>61.1</b>
<b>Adjusted free cash flow conversion</b>	<b>82%</b>	<b>78%</b>

# Sustainability is at the heart of ATG's purpose

Facilitating the circular economy is imperative for a sustainable future. We are committed to driving sustainability, with our online auction marketplaces providing an efficient channel of “re-commerce” for second-hand goods.



Our long-term target to be Net Zero by 2040 validated and approved by the Science Based Targets initiative (“SBTi”).



We are committed to operating as a responsible and a sustainable business with our sustainability credentials recognised through ATG’s inclusion in the FTSE4Good Index for a second year running.



We made good progress against our most material ESG issues as outlined in the FY24 Annual Report

Strategic Report

Corporate Governance

Financial Statements

Further Information

# Sustainability Report

continued

Progress against material issues

Key issue	Why the issue is important to ATG	Link to strategic growth driver	Progress in FY24	Plans for FY25
<div>Cyber data security protection</div> <div>18</div>	Ensuring the safe collection, retention and use of confidential data of our auctioneers, bidders and employees, and safeguarding this data against security breaches and cybercrime is a cornerstone of our business and financial performance.	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>No reportable data breaches or security events.</li><li>Updated our cyber security policy for latest National Institute of Standards and Technology Cyber Security Framework (“NIST CSF”).</li><li>Completed an external audit against the NIST CSF framework with strong results.</li></ul>	<ul style="list-style-type: none"><li>Continue to consolidate and standardise cyber security solutions.</li><li>Enhance disaster recovery processes to improve recovery times.</li><li>Maintain data protection framework and controls.</li></ul>
<div>Ethical conduct and integrity</div> <div>19</div>	Managing our business with integrity in an honest, ethical and responsible manner is key to ensuring we maintain our strong reputation and protect future revenue-generating opportunities.	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>Completed first externally facilitated Board effectiveness review.</li><li>Successful transition to EY as external auditor.</li><li>Zero whistleblowing reports made.</li></ul>	<ul style="list-style-type: none"><li>Publish new supplier principles.</li><li>Recruit and appoint new Non-Executive Directors.</li></ul>
<div>Product quality and safety</div> <div>17</div>	Although we have no direct responsibility for the products sold, their specification or quality, adherence to their specifications is crucial to protect our reputation and future revenue-generating opportunities.	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>New services including atgXL and atgShip were fully tested before roll out.</li><li>Reviewed and updated sensitive items policy.</li></ul>	<ul style="list-style-type: none"><li>Ensure all new products and services are fully tested before roll out.</li><li>Continue to monitor and review sensitive items and policy.</li></ul>
<div>Talent and workforce development</div> <div>16</div>	Recruiting and retaining high-performing talent and ensuring our people feel they belong and can reach their full potential are essential to ensure our business maintains competitiveness and can innovate.	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>Implementation of atgPeople providing a space for employees to connect with each other.</li><li>Assembled first Diversity, Equity and Inclusion Working Group.</li></ul>	<ul style="list-style-type: none"><li>New ATG Academy with 2,215 hours of training available.</li><li>New Career Hub to help employees and managers build meaningful careers at ATG.</li><li>Exploration of cohort development programs for Early, Rising and Senior Talent.</li></ul>

We recognise the pivotal role we can play in facilitating the circular economy. Therefore alongside the top four priority focus areas identified from the materiality assessment, we continue to prioritize climate action and reducing our own carbon emissions.

<div>Carbon emissions</div> <div>9</div>	We recognise that the changing climate could impact all our stakeholders. Although we have a relatively small carbon footprint, we aim to minimise our own environmental impact.	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>Our long-term target to be Net Zero by 2040 has been validated and approved by the Science Based Targets initiative (“SBTi”).</li><li>Reduced Scope 1 and 2 emissions by 35% in FY24.</li></ul>	<ul style="list-style-type: none"><li>Improve the data quality available for some of the more difficult to measure categories within Scope 3, which assists us in targeting the right areas to further reduce our emissions.</li></ul>
<div>Innovative and efficient services</div> <div>15</div>	Our marketplaces play a pivotal role in facilitating the circular economy. We invest to improve the online auction experience.	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none"><li>&gt;2m tonnes carbon saved versus manufacturing of 15 popular items.</li><li>Roll out of atgPay and atgShip to make it even easier to transact at online auctions.</li></ul>	<ul style="list-style-type: none"><li>Continue to invest in products and services to make it easier to buy and sell at online auctions.</li></ul>

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Auction Technology Group plc

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