THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

Subject to the restrictions set out in this document, if you sell or transfer or have sold or otherwise transferred all of your Existing Shares please send this document together with the accompanying Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. **However, such documents should not be distributed, forwarded to or transmitted in or into the United States, Australia, Canada, the Republic of South Africa, Japan or any jurisdiction where to do so might constitute a violation of registration or of other local securities laws or regulations.** Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document is a circular prepared for the purposes of the Listing Rules of the Financial Conduct Authority (the "**FCA**") (the "**Listing Rules**") relating to Auction Technology Group plc (the "**Company**") in connection with the acquisition of Platinum Parent, Inc. and has been approved by the FCA. The information provided in this document is provided solely in compliance with the Listing Rules for the purpose of enabling Shareholders to consider the Resolutions.

The Existing Shares have been admitted to the premium listing segment of the official list maintained by the FCA (the "**Official List**") and to trading on the London Stock Exchange's main market for listed securities. Applications will be made to the Financial Conduct Authority and the London Stock Exchange for the New Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities respectively. No application is currently intended to be made for the New Shares to be admitted to listing or dealing on any other exchange.

The Company and each of the Directors, whose names appear on page 49 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and this document does not omit anything likely to affect the import of such information.

This document should be read as a whole, including any of the documents (or parts thereof) incorporated by reference. Your attention is drawn to the letter from the Chairman of Auction Technology Group plc which is set out in Part VI (*Letter from the Chairman of Auction Technology Group plc*) of this Circular and which contains a unanimous recommendation from the Board that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn to the section entitled "*Risk Factors*" for a discussion of certain risks and other factors that should be considered in connection with the matters referred to in this Circular.

Auction Technology Group plc

(a public limited company incorporated and registered in England and Wales with registered number 13141124)

Proposed acquisition of Platinum Parent, Inc.

and

Notice of General Meeting

A Notice of General Meeting of the Company, to be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 09:00 a.m. on 20 August 2021, is set out at the end of this document. At the present time, it is expected that UK Government rules and advice relating to the COVID-19 pandemic will permit a physical meeting to be held, but this is subject to change at short notice. **In light of these changing circumstances, Shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy in relation to voting on the Resolutions, whether or not they intend to be present at the General Meeting.** You are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar, Equiniti Limited, by not later than 09:00 a.m. on 18 August 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting excluding any part of a day that is not a working day). You may also submit your proxy electronically at www.sharevote.co.uk using the Voting ID, Task ID and Shareholder Reference Number on the Form of Proxy. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service.

The Company will continue to closely monitor the developing impact of COVID-19, including the latest guidance from the UK Government. Should it become necessary or appropriate to revise the current arrangements for the General Meeting, this will be notified to Shareholders on the Company's website and/or via a Regulatory Information Service.

This document is not a prospectus, but a shareholder circular, and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of an offer to sell, dispose of, issue, purchase, acquire or subscribe for, any security. This document is a circular which has been prepared in accordance with the Listing Rules and approved by the FCA to comply with English law and applicable regulations and the information disclosed may not be the same as that which would have been disclosed if this Circular or the accompanying documents had been prepared in accordance with the laws of any jurisdiction outside the United Kingdom.

Numis Securities Limited ("**Numis**") is authorised and regulated in the United Kingdom by the FCA. J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**" and, together with Numis the "**Joint Financial Advisers**") is authorised by the Prudential Regulation Authority ("**PRA**") and regulated in the United Kingdom by the PRA and the FCA. Numis is acting exclusively for the Company and no one else as Sponsor and joint financial adviser in connection with the Acquisition and will not regard any other person (whether or not a recipient of this Circular) as a client in relation to the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis or its affiliates, nor for providing advice in connection with the Acquisition or any matter or arrangement referred to in this Circular. J.P. Morgan Cazenove is acting exclusively for the Company and no one else as joint financial adviser in connection with the Acquisition and will not regard any other person (whether or not a recipient of this Circular) as a client in relation to the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in connection with the Acquisition or any matter or arrangement referred to in this Circular. Apart from the responsibilities and liabilities, if any, that may be imposed on the Joint Financial Advisers by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, each of the Joint Financial Advisers and their respective affiliates or representatives accept no responsibility whatsoever for, and make no representation or warranty, express or implied, as to the contents of, this Circular or its accuracy, completeness or verification or for any other statement made or purported to be made by any of them, or on their behalf, in connection with the Company or the Acquisition and nothing in this Circular will be relied upon as a promise or representation in this respect, whether or not to the past, present or future.

Each of Numis, J.P. Morgan Cazenove and their respective affiliates, directors, officers, employees, advisers, representatives or agents accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Circular or any such statement. The Joint Financial Advisers and/or their respective affiliates have from time to time engaged in, and may in the future engage in, various investment banking, financial advisory and/or commercial banking transaction and services in the ordinary course of their business with the Company. They have received and will receive customary fees and commissions for these transactions and services. No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, Numis or J.P. Morgan Cazenove. In particular, the contents of the Company's websites do not form part of this Circular and Shareholders and investors should not rely on them.

Without prejudice to any legal or regulatory obligation on Auction Technology Group plc to publish a supplementary circular pursuant to Listing Rule 10.5.4, the delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this Circular or that the information in it is correct as of any time after the date of this Circular. Auction Technology Group plc will comply with its obligation to publish a supplementary circular containing further information required by law or by any regulatory authority but assumes no further obligation to publish additional information.

NOTICE TO ALL SHAREHOLDERS

Recipients of this Circular may not reproduce or distribute this Circular, in whole or in part, and may not disclose any of the contents of this Circular or use any information in it for any purpose other than considering the Resolutions. Recipients of this Circular agree to the foregoing by accepting delivery of this Circular. The contents of this Circular should not be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice, respectively.

NOTICE TO OVERSEAS SHAREHOLDERS

This Circular does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer or invitation to purchase or subscribe for, any Shares or any other securities in the Company to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, subject to certain exceptions, is not for distribution in the United States, Australia, Canada, the Republic of South Africa or Japan.

The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in or into the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act, and in accordance with applicable securities laws of any State or other jurisdiction of the United States. There will be no public offering of the Shares in the United States. Neither the US Securities and Exchange Commission (the "**SEC**"), nor any other US federal or State securities commission or regulatory authority in the United States has approved or disapproved the Shares or reviewed or passed judgement upon the adequacy or accuracy of this Circular. Any representation to the contrary is a criminal offence in the United States.

The Shares have not been and will not be registered or qualified for distribution under the applicable securities laws of Australia, Canada, the Republic of South Africa or Japan.

The distribution of this Circular and the offer and sale of Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors or the Joint Financial Advisers to permit a public offering of the Shares under the applicable securities laws of any jurisdiction. Other than in the United Kingdom, no action has been taken to permit possession or distribution of this Circular in any jurisdiction where action for that purpose may be required or doing so is restricted by applicable laws. Persons into whose possession this Circular comes are required by the Company to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In the United States, persons may not distribute this Circular or make copies of it without the Company's prior written consent.

This Circular is dated 4 August 2021.

CONTENTS

PART I

RISK FACTORS

Before deciding whether or how to vote in respect of the Resolutions, you should consider carefully the risks and uncertainties described below together with your personal circumstances, the Shares, and each of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's business, its industry and the macroeconomic environment in which it operates, together with all other information contained in this Circular including, in particular, the risk factors described below and any information incorporated by reference into this Circular.

The risk factors described below represent the risks that the Directors believe to be material to the Acquisition, the Company, the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group and/or the industry and macroeconomic environment in which any of them operates as at the Latest Practicable Date. However, these risk factors are not the only ones facing the Acquisition, the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group. Other risks and uncertainties relating to the Shares and to each of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's business, its industry and the macroeconomic environment in which it operates, that are not currently known to the Existing Group or the LiveAuctioneers Group, or that the Directors currently deem immaterial, may individually or cumulatively also have a material adverse effect on each of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's business, results of operations, financial condition and/or prospects. If any such risks occur, the price of the Shares may decline.

RISKS RELATING TO THE COMPANY

A. RISKS RELATING TO THE ACQUISITION

A.1 Completion is subject to the satisfaction or waiver of a number of conditions which, if not satisfied or waived, could result in the Acquisition not proceeding and in which case the Platinum Parent Purchaser may be liable to pay a break fee to Platinum Parent, Inc.

Completion is subject to the satisfaction or waiver of a number of conditions, some of which are outside of the control of the parties, including:

- approval of the Resolutions by a requisite percentage of the Shareholders; and
- approval of the Acquisition by the relevant antitrust authorities in the US and UK (including the expiration or termination of any applicable waiting periods under US antitrust laws) (the "**Regulatory Conditions**").

In relation to the conditions related to antitrust laws and approval, such consents and/or expiry of any waiting periods may take a longer time than expected to obtain, may not be granted and/or the relevant authorities may consider, as a condition to granting their approval or confirmation, requiring divestitures or restrictions on the conduct of the Combined Group's business. This could delay and/or prevent Completion, reduce the expected benefits of the Acquisition or result in a material adverse effect on the business, results of operations, financial condition and prospects of the Combined Group.

If Completion does not occur, the Existing Group may experience a delay in the achievement of its strategic objectives and could suffer a significant impact on its reputation. Additionally, (i) subject to the approval of the Reverse Termination Fee Resolution, in the event that the Regulatory Conditions are not satisfied or otherwise waived by the Platinum Parent Purchaser by 5pm on 20 July 2022, (ii) if Shareholders do not approve the Resolutions and (iii) in certain other circumstances, a party elects to terminate the Acquisition Agreement, the Platinum Parent Purchaser has agreed to pay a reverse termination fee of $25 million to LiveAuctioneers (the "**Reverse Termination Fee**"). If Shareholders do not approve the agreement to pay the Reverse Termination Fee, the amount of such fee payable by the Platinum Parent Purchaser shall be capped at $12.5 million (inclusive of VAT), which is equal to one per cent. of the market capitalisation of the Company at the close of business on the day prior to the announcement of the Acquisition. If Completion does not occur, this could have a material adverse effect on the business, financial condition, results of operation and prospects of the Existing Group.

A.2 Completion may occur even if there is an adverse change in the business, financial condition, results of operations and prospects of the Existing Group or the LiveAuctioneers Group.

The Acquisition Agreement contains very limited rights for the Existing Group to terminate it prior to Completion if a breach of warranty or conduct undertaking occurs. In particular, the Platinum Parent Purchaser may only terminate the Acquisition Agreement (i) with the prior written consent of Platinum Parent, Inc.; (ii) in the event of a material breach of the Acquisition Agreement by Platinum Parent, Inc. or the Sellers which remains unremedied 30 days after the Platinum Parent Purchaser notifies Platinum Parent, Inc. of such breach; (iii) if the Regulatory Conditions are not satisfied or otherwise waived by the Platinum Parent Purchaser by 5pm on 20 July 2022 or if any antitrust authority has indicated in writing that it will not approve the Acquisition; (iv) if the Platinum Partner Inc. Purchaser or the Company are injuncted from consummating the Acquisition; or (v) if Shareholders do not approve the Resolutions. Accordingly, the Platinum Parent, Inc. Purchaser has no right to terminate the Acquisition Agreement if either the LiveAuctioneers Group or the Existing Group suffers a material adverse change.

As a result, Completion may occur even if there is a material adverse change in relation to the LiveAuctioneers Group or the Existing Group. If a material adverse change occurs and Completion proceeds, the commercial benefits of the Acquisition identified by the Directors may cease to exist or may be materially reduced, and the Combined Group may be unable to integrate the LiveAuctioneers Group into the Group more widely or it may no longer be commercially beneficial to so do. Any of the above could have a detrimental effect on the Combined Group's business, results of operations, financial condition and/or prospects.

A.3 The Combined Group may fail to realise anticipated benefits of the Acquisition or the total cost of the Acquisition may exceed the Combined Group's cost expectations.

Realising the benefits of the Acquisition will depend partly on the efficient management and coordination of the activities of the Existing Group and the LiveAuctioneers Group. This is likely to require a significant amount of management time and, as a result, may affect or impair the ability of the management team of the Combined Group to run the business effectively during the period of integration. There is a risk that the anticipated benefits of the Acquisition may fail to materialise, or that they may not meet management or shareholder expectations. If the Acquisition takes place, the LiveAuctioneers Group will need to be integrated into the internal management and other reporting requirements of the Existing Group. The Combined Group may encounter difficulties when seeking so to integrate the LiveAuctioneers Group, as a result of differences in organisational structure, IT systems, operating cultures, internal controls and financial reporting and management and operational issues. In particular, certain remedial actions relating to the LiveAuctioneers Group's data protection, IT systems security infrastructure and cybersecurity processes following a data breach in 2020 will need to be implemented as part of the integration process. See the risk factor entitled "*The LiveAuctioneers Group may suffer losses as a result of a data breach attack in June 2020*" below. If the integration process takes longer, or proves more costly, than expected, or difficulties relating to the integration, of which the Directors are not yet aware, arise, there is a risk that the operations of the Combined Group may be negatively affected.

The Combined Group may also incur higher than expected integration, transaction and costs relating to the Acquisition. In the short to medium term following Completion, the Directors intend to maintain the LiveAuctioneers Marketplace on the LiveAuctioneers Group's technology platform and integrate relevant features on a modular basis between this platform and the Existing Group's Platform. However, integrating aspects of these differing tech stacks may be impractical, or may be delayed or cost more to implement than the Directors had anticipated. Additionally, elements of the LiveAuctioneers Group's technology platform may not be sufficiently scalable and/or secure to enable a quick and efficient integration with the Platform. In particular, the Directors believe that the LiveAuctioneers Group's payments solution will be integrated into the Combined Group's other North American Marketplaces within six months of Completion, with integration across the UK and DACH region Marketplaces within 12-15 months of Completion, but such integration may be delayed (which would impede the Combined Group's ability to realise anticipated benefits of the Acquisition) and/or more expensive to implement than the Directors had anticipated.

Similarly, the Combined Group may experience difficulties in retention and integration of employees from the LiveAuctioneers Group, including difficulties relating to differing corporate cultures and internal control and financial reporting environments. The Directors value the LiveAuctioneers Group employees and the loss of key personnel may have a short-term impact on the LiveAuctioneers Group's relationships with certain of its auctioneer customers. Additionally, if any senior employee of the LiveAuctioneers Group were to leave, this could require additional direct input and oversight by the Existing Group's management team, which could distract them from pursuing the Existing Group's (and, from Completion, the Combined Group's) growth strategy.

In addition, the Existing Group will incur legal, accounting and transaction fees and other costs related to the Acquisition. Some of these costs are payable regardless of whether Completion occurs and such costs may be higher than anticipated, which may reduce the net benefits of the Acquisition and have a detrimental effect on the Combined Group's business, results of operations, financial condition and/or prospects.

A.4 Increased indebtedness of the Group in connection with the New Senior Facilities Agreement and the Acquisition may affect the Combined Group's flexibility in the longer term.

Following Completion, as a result of the draw down of the New Senior Facilities Agreement the Combined Group will have increased debt relative to the Existing Group's historical level of debt. As at 31 March 2021, the Existing Group had borrowings of £38.6 million and a net cash position of £6.1 million.

Assuming satisfaction of the relevant conditions relating to the New Senior Facilities Agreement, in order to pay the Cash Consideration under the Acquisition Agreement the Company intends to draw the New Senior Term Facility of $183 million in full, together with up to $21 million of the revolving credit facility which has been re-designated as part of the New Senior Term Facility. Under the terms of the New Senior Facilities Agreement, the Existing Group and (subject to Completion) the Combined Group must comply with the terms of various covenants for so long as it continues to have outstanding indebtedness. Such covenants include maximum adjusted net leverage ratios and a minimum interest cover ratio. Additionally, the New Senior Facilities Agreement will, in certain circumstances, limit the ability of the Company and its subsidiaries to pay dividends, make certain restricted payments and investments (including acquisitions), enter into certain transactions, transfer or otherwise sell or dispose of assets, grant certain security and/or provide guarantees and incur additional debt.

This increase in indebtedness will increase the Group's finance costs. In the longer term, this increased level of debt could have the effect of, amongst other things, reducing the Combined Group's flexibility to respond to changing business and economic conditions and/or reduce funds available for the Combined Group's investments in capital expenditure and other activities and may create competitive disadvantages for the Combined Group relative to other companies with lower debt levels, which could have a material adverse effect on the business, financial condition, results of operation and prospects of the Combined Group.

A.5 The LiveAuctioneers Group may suffer losses as a result of a data breach attack in June 2020.

The LiveAuctioneers Group contracts with a third-party supplier, to provide a development analytics tool in relation to the LiveAuctioneers Group's IT infrastructure and systems. In June 2020, an unauthorised third party was able to access certain of that supplier's systems and thereby was able to access that supplier's IT systems and a number of that supplier's partners' IT systems, including the LiveAuctioneers Group's systems, and was able to access personal information from the LiveAuctioneers Group's bidder database. The data breach compromised the personal information of 3.4 million users of the LiveAuctioneers Group's platform.The data that was exposed as a result of this unauthorised access included user account information such as names, email addresses, mailing addresses, phone numbers, and encrypted passwords. The unauthorised third party was able to decrypt the passwords following the unauthorised access to the LiveAuctioneers Group's systems. The LiveAuctioneers Group took steps to mitigate the results of this unauthorised access upon becoming aware of it, including resetting bidder account passwords, notifying bidders and recommending that they change the password to any other online account which had used the same password. As part of its regulatory obligations, the LiveAuctioneers Group notified relevant regulatory authorities, including various data protection regulators in the US, the UK, Canada, the EU and elsewhere. The LiveAuctioneers Group has received confirmation from some of these regulators that no regulatory action will be taken, however there remains a risk that the LiveAuctioneers Group could face regulatory action in the future in relation to the attack. The LiveAuctioneers Group has also engaged a number of third parties to perform penetration tests and vulnerability assessments of the LiveAuctioneers Group's IT systems to assist with recommendations to improve the LiveAuctioneers Group's IT systems security infrastructure and cybersecurity processes. Whilst the LiveAuctioneers Group has implemented a number of the actions recommended by such third parties, some of these recommendations remain to be implemented. There can be no assurance that the steps taken by the LiveAuctioneers Group since the attack will be successful in addressing all of the risks arising from this unauthorised access including any risk of litigation, regulatory action or unauthorised access to the LiveAuctioneers Group's systems in the future.

Additionally, and particularly given the extensive press coverage of the attack, the LiveAuctioneers Group's reputation could be adversely impacted as a result of the data breach if auctioneers, bidders or other potential users of the platform were to view the LiveAuctioneers Group's platform as being less secure as a result, as further detailed in the risk factors entitled "*An inability to maintain a consistently high-quality and secure experience for each of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's auctioneers and bidders across its respective Marketplaces or the Platform or the LiveAuctioneers Group's platform or to keep pace with innovation and changes in technology could result in fewer auctioneers and/or bidders using the Marketplaces, the Platform and/or the LiveAuctioneers Group's platform*" and "*Each of the Existing Group and the LiveAuctioneers Group relies, and (following Completion) the Combined Group will rely, on its brand and reputation, which could be impaired*."

As a result of this data breach incident, the LiveAuctioneers Group is currently subject to individual claims against it and litigation and is potentially exposed to regulatory action and/or further individual claims and litigation, which could have a material adverse effect on the LiveAuctioneers Group's and (subject to Completion) the Combined Group's business, financial condition, results of operations and prospects.

A.6 The Placing was not conditional on Completion and, if Completion does not occur, the net proceeds of the Placing will be retained by the Company.

The Placing was not conditional on Completion and completed on 22 June 2021. If the Acquisition does not complete, the Directors' current intention is that the net proceeds of the Placing will be invested by the Company on a short term basis in high quality, highly liquid assets and/or in pursuing other M&A opportunities.

If the Group is unable to identify uses for the net proceeds of the Placing which the Directors consider to be appropriate then the Company may seek to return some of the net proceeds of the Placing to Shareholders, at which point the Directors will evaluate how best, in their view, to execute such return of capital. However, there can be no guarantee that such proceeds will be returned to Shareholders in a timely manner or at all. Additionally, the Company has incurred and will incur costs and expenses in connection with the Placing and the Acquisition, which will diminish the available proceeds to return to Shareholders. In particular, if Completion does not occur, in certain circumstances the Platinum Parent Purchaser may be required to pay the Reverse Termination Fee to Platinum Parent, Inc., as detailed in the risk factor entitled "*Completion is subject to the satisfaction or waiver of a number of conditions which, if not satisfied or waived, could result in the Acquisition not proceeding and in which case the Platinum Parent Purchaser may be liable to pay a break fee to Platinum Parent, Inc*."

A.7 The Combined Group may not be able to recover damages for any losses suffered as a result of a breach of a business warranty by the Sellers under the Acquisition Agreement.

Under the Acquisition Agreement, each of the Management Sellers has given certain business representations and warranties to the Platinum Parent Purchaser that are customary for an acquisition of this nature, certain of which will be repeated on Completion. The Platinum Parent Purchaser has obtained a representations and warranty insurance policy (the "**R&W Policy**") that will become effective on Completion pursuant to which the Platinum Parent Purchaser will be able to seek to recover from third-party insurers for losses incurred as a result of a breach, prior to signing the Acquisition Agreement, of any of the representations and warranties given by the Sellers or Platinum Parent, Inc. under the Acquisition Agreement, subject to the terms thereof and certain exemptions and exclusions. The liability of the insurers under the R&W Policy is subject to customary limitations and a coverage limit of $25 million.

Certain claims under the business warranties given by the Management Sellers are subject to limitations, including financial and timing limitations. In certain circumstances therefore, there may be no recourse for any breaches of such business warranties, and so the Combined Group may not have contractual recourse against, or otherwise be able to recover from, the Sellers, Platinum Parent, Inc. or any other party, in respect of any losses which it may suffer in respect of a breach of such business warranties in the Acquisition Agreement. In particular, if a breach of warranty or representation occurs between the date of signing the Acquisition Agreement and the date of Completion, the Platinum Parent Purchaser will not be able to bring a claim under the R&W Policy in respect of such breach. Even if the Platinum Parent Purchaser is able to successfully claim for a breach of representation or warranty under the R&W Policy, if the insurers under the R&W Policy dispute any claim under the policy then the Platinum Parent Purchaser will be delayed in recovering such sums and may incur costs (including legal expenses) in so doing, which it may not recover in full.

As a result, any such losses resulting from the breach of any such business warranties may not be recoverable (either in full or in part) under the terms of the Acquisition Agreement and/or the R&W Policy and such losses could have a material adverse effect on the business, financial condition, results of operation and prospects of the Combined Group.

A.8 Uncertainties associated with the Acquisition may have a destabilising effect on employees and/or auctioneer customers of the Combined Group.

The Acquisition and any uncertainty regarding the effect of the Acquisition could cause disruptions to the businesses of the Combined Group. Uncertainty about the effect of the Acquisition on employees and/or auctioneer customers of the Existing Group and/or the LiveAuctioneers Group may have an adverse effect on the respective groups and, consequently, on the Combined Group following Completion.

These uncertainties may also impair the Combined Group's ability to attract, retain and motivate key personnel for a period of time after Completion. If, despite retention efforts, key employees and/or auctioneer customers depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain, this may adversely affect the financial position of the Combined Group, and ultimately the trading price of the Shares.

A.9 The Existing Group and, following Completion, the Combined Group will have greater exposure to foreign exchange rate risk.

The Cash Consideration payable by the Platinum Parent Purchaser in relation to the Acquisition is payable in US dollars and has been set in the Acquisition Agreement. On 18 June 2021, the Company converted the majority of the net proceeds of the Placing (which were denominated in pound sterling) into US dollars. If Completion does not occur and the Company elects to convert the net proceeds back to pounds sterling in order to pursue other M&A opportunities or return some proceeds to Shareholders, and if there is a weakening of the US dollar relative to the pound sterling, this would affect the amount of pounds sterling received by the Company on conversion.

In addition, the Existing Group and (following Completion) the Combined Group are also exposed to currency translation risk. The Existing Group's financial statements are reported in pounds sterling, which is the Group's (and will (following Completion) be the Combined Group's) presentation currency, while the functional currencies of the Existing Group's subsidiaries in the US and Germany are US dollars and the Euro (respectively) and the functional currency of the LiveAuctioneers Group is US dollars. The LiveAuctioneers Group generates most of its revenue in US dollars and pays its supplier in US dollars. The Existing Group translates, for the purposes of financial reporting, revenue and expenses from other currencies into pounds sterling using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured, while assets and liabilities are translated at period-end exchange rates, with the effect of such translation being recognised in the Existing Group's cumulative translation reserve.

The Existing Group's exposure to this risk was significantly increased as a result of the Proxibid Acquisition and this risk will be exacerbated as a result of the Acquisition because, following Completion, it is expected that approximately 80 per cent. of the revenue of the Combined Group will be generated in US dollars. Any decline in the value of the US dollar against the pound sterling, could have a material adverse effect on the Combined Group's reported results of operations.

The Marketplaces which target the US markets (Proxibid, BidSpotter US and, following Completion, LiveAuctioneers) generate their revenue in US dollars. The revenues generated in US dollars account for a significant proportion of the Existing Group's and, following Completion and together with the revenues attributable to the LiveAuctioneers Marketplace, the Combined Group's revenue (in H1 FY21, 60 per cent. of the Existing Group's revenue, in its FY20, 36 per cent. of the Standalone ATG Group's revenue, approximately 100 per cent. of the Standalone Proxibid Group's revenue and in the LiveAuctioneers Group's FY20 approximately 85 per cent. of the LiveAuctioneers Group's revenue) and therefore the exchange rate of the US dollar against the pound sterling is particularly material to the Existing Group and (subject to Completion) the Combined Group.

Any decline in the value of foreign currencies, particularly the US dollar and, to a lesser extent, the Euro, against the pound sterling, could have a material adverse effect on the Existing Group's and/or (following Completion) the Combined Group's reported results of operations. The Directors expect that the Existing Group and (following Completion) Combined Group will continue to report their financial results in pounds sterling and, consequently, their reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses.

A.10 The Combined Group will have greater exposure to concentration risk.

In H1 FY21, the Existing Group generated 68 per cent. of its revenue and in its FY20, the LiveAuctioneers Group generated 83 per cent. of its revenue from North America. Subject to Completion, the Directors expect that approximately 80 per cent. of the revenues of the Combined Group will be generated from lots sold via the Marketplaces, the Platform or the LiveAuctioneers Group platform which originate in North America.

As a result of an increased percentage of the Combined Group's revenue being attributable to North America, (subject to Completion) the Combined Group will have a greater exposure to events in North America, and therefore a greater concentration risk, including increased risks relating to natural catastrophic events (as detailed in the risk factor entitled "*Factors outside of the Existing Group's, the LiveAuctioneers Group's or (following Completion) the Combined Group's control, such as fires, floods and other natural catastrophic events, any epidemics or pandemics, or man-made events such as terrorism, protests or other harassment could have a material adverse effect on its business, results of operations, financial condition and prospects*") and macroeconomic factors (as detailed in the risk factor entitled "*General economic factors, including a decline in consumer spending, may adversely affect the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial performance and results of operations, including impacting the willingness of bidders to purchase goods or reducing the prices at which they are willing to make such purchases*") in North America.

A.11 Existing Shareholders will have a reduced ownership and voting interest in the Combined Group than they currently do in the Existing Group.

Shareholders holding Existing Shares will experience dilution as a result of the issue of the Consideration Shares, Management RSU Shares and the Shares relating to the One-Off Equity Awards and the LiveAuctioneers Group Staff Gift. The number of Consideration Shares, Management RSU Shares and Shares relating to the One-Off Equity Awards and LiveAuctioneers Group Staff Gift is not fixed and will depend on, amongst other things, (i) how many options over Platinum Parent, Inc. shares are exchanged at Completion pursuant to the terms of the Rollover, (ii) the per share Acquisition value of a Platinum Parent, Inc. share, (iii) the closing share price of the Shares on the date of Completion, (iv) the US dollar to pound sterling exchange rate at Completion and (v) the number of qualifying employees. The interests of the Rollover Management Sellers may not always be aligned with those of other Shareholders. In exercising their voting rights, the Rollover Management Sellers may be motivated by interests that differ from those of the other Shareholders.

RISKS RELATING TO THE GROUP, THE LIVEAUCTIONEERS GROUP AND (SUBJECT TO COMPLETION) THE COMBINED GROUP

B. RISKS RELATING TO THE GROUP'S, THE LIVEAUCTIONEERS GROUP'S AND (SUBJECT TO COMPLETION) THE COMBINED GROUP'S BUSINESS ACTIVITIES AND INDUSTRY

B.1 The Existing Group and the LiveAuctioneers Group face and (subject to Completion) the Combined Group will face competition on a number of fronts and may fail to compete effectively.

The industry in which the Existing Group and the LiveAuctioneers Group operate, and (subject to Completion) the Combined Group will operate, is competitive and rapidly changing. The Existing Group and the LiveAuctioneers Group face, and (subject to Completion) the Combined Group will face, competition in a number of respects.

Some of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's existing competitors may have greater brand recognition, as well as financial, distribution, advertising and marketing resources than the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group, and may be able to secure better terms with auctioneers and bidders, adopt more aggressive pricing and maintain more capacity to absorb costs. Further, new competitors with greater financial and other resources and/or different business models or strategies may enter the markets in which any of the Existing Group and/or the LiveAuctioneers Group operates presently or in which either of them (subject to Completion) the Combined Group operates in the future, which could intensify competition. These may include competitors who currently operate in different segments or markets within the wider online marketplace industry, some of whom may already enjoy strong name and brand recognition and have access to large user bases, and who may be able to provide users with certain products and services that the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group do not offer, should they enter the markets of the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group. Competitive pressures that each of the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group experiences may intensify if its competitors consolidate or enter into business combinations or alliances.

The Directors believe that eBay, Etsy and Ritchie Bros. compete directly with A&A, A&A and I&C auctioneers (respectively) who use the Marketplaces and/or Platform in relation to acquiring consignments of items for sale and attracting prospective bidders, and the Existing Group and LiveAuctioneers Group compete (and, following Completion, the Combined Group will compete) with eBay, Etsy and Ritchie Bros. in relation to the provision of a secure and user-friendly end-to-end buying experience. In this way, the Existing Group and the LiveAuctioneers Group compete, and (subject to Completion) the Combined Group will also compete, with eBay and Etsy in the A&A vertical and Ritchie Bros. in the I&C vertical.

The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may experience competitive pressure relating to its respective take rate. For example, the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's competitors may seek to undercut the Group by offering a lower (and therefore more attractive) take rate.

Additionally, existing or future competitors may succeed in entering and establishing successful operations in new geographic markets (where the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group is not yet active but has intent to expand) prior to the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's entry into those markets. This may make it more difficult for any of the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group to establish itself in those markets. Similarly, take rates in any new markets that the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may seek to penetrate may have pre-existing competitors who charge lower take rates, and the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may need to reduce its own respective take rate to enhance its competitive position in such markets.

Commission on lots sold represents the majority of the Existing Group's annual revenue (in its FY20, 61 per cent. of the Standalone ATG Group's revenue and 75 per cent. of the Standalone Proxibid Group's revenue) and the LiveAuctioneers Group's annual revenue and (subject to Completion) will represent the majority of the Combined Group's revenue. Since the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group only earn commission on winning bids which are placed online via its respective Marketplaces or Platform, the Existing Group's and the LiveAuctioneers Group's respective business faces, and (subject to Completion) the Combined Group's business will face, competition from in-person and telephone bidders at physical auction houses, as further detailed in the risk factor entitled "*A decrease in successful online bids and/or a decline in the value of inventory listed by auctioneers on its Marketplaces or Platform would reduce the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's commissions, which are the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's primary revenue stream*."

Additionally, the Existing Group and the LiveAuctioneers Group compete, and (subject to Completion) the Combined Group will compete, to attract and retain potential auctioneers and bidders with platforms operated by other auction marketplaces and white/private label providers in what is a fragmented market, and the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's success in competing with these competitors depends upon a number of factors, including those detailed in the risk factor entitled "*The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may be unable to retain existing, or attract new, bidders and auctioneers, who are the principal drivers of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's respective revenue.*"

If the Existing Group and the LiveAuctioneers Group is not able to maintain its respective market position and effectively compete in the markets in which it operates, or in which either of them and/or (subject to Completion) the Combined Group will operate, or into which it or they seek to expand, its respective business, financial condition, results of operations and prospects may be materially adversely affected.

B.2 The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may be unable to retain existing, or attract new, bidders and auctioneers, who are the principal drivers of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's respective revenue.

The Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's revenues and performance are driven primarily by the volume and price of goods sold through its respective Marketplaces and the Platform, which in turn depend significantly upon the number of bidders and auctioneers using the Marketplaces and the Platform.

The Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's strategy relies on bidders and auctioneers returning to use its Marketplaces or the Platform on a regular basis as one of the drivers of revenue stability and growth for the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group. Revenue attributable to existing auctioneer customers typically represents a substantial portion of the Existing Group's and the LiveAuctioneers Group's respective revenues in each financial period, and (subject to Completion) is expected to represent a substantial portion of the Combined Group's revenues. For example, net revenue retention (representing revenue from the pool of auctioneers from whom revenue was generated in the prior financial period, expressed as a percentage of the revenue generated by these auctioneers in the prior financial period) was 117 per cent. for the Existing Group's Aggregated Operations in its FY20 and 119 per cent. for the LiveAuctioneers Group in its FY20. Additionally, part of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's growth strategy is to increase its revenues by attracting new bidders and auctioneers to its Marketplaces or Platform.

The Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's ability to retain existing bidders and auctioneers and to attract new bidders and auctioneers to utilise its Marketplaces or the Platform will depend on a number of factors, including:

- the uptake of online auctions across the auction landscape more generally by moving bidders from offline channels (such as in-room and phone-based bidding) to online channels;
- the volume of bidders and auctioneers that will return to physical auction rooms once the COVID-19 pandemic and the mitigation responses thereto have substantially passed;
- the overall volume of active users of its Marketplaces or the Platform;
- the strength of the markets and customer demand for the goods sold via its Marketplaces or the Platform;
- the competition from other auction or e-commerce platforms for the types of goods sold on the Marketplaces or the Platform;
- the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's fee structure and payment terms in comparison to its competitors;
- the maintenance and enhancement of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's Marketplaces and the Platform as well as auction management solutions and other ancillary services to keep pace with auctioneer and bidder demands;
- the strength of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's brands;
- the strength of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's white label offerings for auctioneers;
- the level and effectiveness of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's sales and marketing activities directed towards attracting auctioneers and bidders, including marketing opportunities that the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group offers, such as within the Existing Group's trade magazine, the *Antiques Trade Gazette*;
- the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's search engine optimisation ("**SEO**") strategy, which influences the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's domain authority and ranking within internet search results;
- the effect of exclusivity clauses in certain of the Existing Group's and (subject to Completion) the Combined Group's agreements with auctioneers in the US which restrict the Existing Group's and/or (subject to Completion) the Combined Group's ability to do business with specific competitors of such auctioneers; and
- the amount and effectiveness of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's customer relationship management ("**CRM**") expenditure directed towards retaining auctioneers and bidders.

Moreover, each of the Existing Group and the LiveAuctioneers Group relies, and (subject to Completion) the Combined Group will rely, on the value it delivers to auctioneers rather than on contracts to retain auctioneers' business. The Existing Group's agreements with auctioneers do not require auctioneers to continue to use its Marketplaces or the Platform for ongoing sales of goods. Even with those auctioneers who pay monthly subscription-style event fees to host auctions on the Existing Group's or the LiveAuctioneers Group's Marketplaces or Platform, auctioneers (other than certain auctioneers in North America) are free to use other auction platforms (including their own websites or platforms) or other venues to sell their goods, concurrently or otherwise. Some of the Existing Group's and some of the LiveAuctioneers Group's auctioneer customers have in the past ceased using its Marketplaces and/or the Platform and have set up their own platform(s). Accordingly, there is no guarantee that auctioneers or bidders will use, or continue to use, any of the Marketplaces or the Platform for the sale or purchase of goods or that the proportion of these goods sold on the Existing Group's, the LiveAuctioneers Group's or, (subject to Completion) the Combined Group's Marketplaces or the Platform rather than via other platforms or venues will not decrease.

If a significant number of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's existing bidders or auctioneers were to stop using one or more of its Marketplaces or the Platform the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group (as the case may be) would, over time, lose the benefit of the "network effect" (i.e. the virtuous circle which the Directors believe is generated by a steadily growing number of new and returning bidders choosing to place more bids through the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's Marketplaces, thus encouraging more items to be listed by more auctioneers and vice versa), potentially leading to a decline in the number of bidders and/or auctioneers and, consequently, revenue. If any of the Existing Group, the LiveAuctioneers Group or (subject to Completion) the Combined Group is unable to attract or maintain sufficient numbers of auctioneers to or on its Marketplaces or the Platform, it may need to reduce its take rate (including commissions) in order to incentivise auctioneers to hold more auctions on its Marketplaces or the Platform and to incentivise bidders (both new and existing) to use its Marketplaces or the Platform.

Any of the foregoing could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's business, financial condition, results of operations and prospects.

B.3 A decrease in successful online bids and/or a decline in the value of inventory listed by auctioneers on its Marketplaces or Platform would reduce the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's commissions, which are the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's primary revenue stream.

The Existing Group's and the LiveAuctioneers Group's primary revenue stream is, and (subject to Completion) the Combined Group's primary revenue stream will be, from commissions paid by successful (i.e. winning) bidders, which are only payable to the Existing Group, the LiveAuctioneers Group or (subject to Completion) the Combined Group when a winning bid is made by an online bidder using its Marketplaces or Platform. Such commissions comprise the majority of the Existing Group's and the LiveAuctioneers Group's revenue (in H1 FY21, 66 per cent. of the Existing Group's revenue, in its FY20, 61 per cent. of the Standalone ATG Group's revenue and 75 per cent. of the Standalone Proxibid Group's revenue) and, subject to Completion, will constitute the majority of the Combined Group's revenue. In order to maintain and grow its respective revenues from commissions on online sales, the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group must not only attract bidders to its Marketplaces and Platform, but a significant proportion of those bidders must also make successful bids on auctions on those Marketplaces or the Platform. To the extent the auctions taking place on any of the Marketplaces or Platform are simultaneously taking place in physical auction houses or on other internet platforms not owned by the Existing Group, the LiveAuctioneers Group or (subject to Completion) the Combined Group, winning bidders not using its Marketplaces or Platform would not generate any commission for the Existing Group, the LiveAuctioneers Group or (subject to Completion) the Combined Group.

In addition, as the Existing Group's and the LiveAuctioneers Group's commissions are calculated, and (subject to Completion) the Combined Group's commissions will be calculated, as a percentage of the winning bid price, the amount of commissions that the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group is able to generate also depends on the prices achieved on the inventory sold in the auction. Various factors may affect the proportion of bidders on the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's Marketplaces or the Platform who make successful bids (the "**conversion rate**") and the price achieved on the inventory, including:

- the number of potential bidders who are signed up to its Marketplaces or Platform but do not place a bid, for example if the range of inventory available is not adequate, does not meet their needs or is not priced competitively enough, to entice them to bid at all;
- the quality of the inventory, including the market perceptions of the quality and value of such inventory, and the number of bidders bidding on particular inventory;
- the effectiveness of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's conversion rate optimisation efforts to encourage bidders on its Marketplaces or the Platform to place bids;
- auctioneers' ability to respond to changing consumer tastes and supply inventory that is attractive to bidders, in a timely manner and at competitive prices;
- the level of disposable income or financing available to the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's bidder base as compared with bidders not using the

Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's Marketplaces or the Platform;

- the availability of the Marketplaces and Platform, including any IT failures or outages, even if such failures are only brief, given the time-sensitive nature of auctions;
- the number of auctions held as online-only (where all winning bids will contribute positively to the conversion rate) rather than live auctions with in-room and telephone bidders; and
- whether the auction is conducted only on the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's Marketplaces and/or the Platform or whether it is simultaneously conducted on multiple platforms.

If any of these factors, among others, were to cause the conversion rate or commission levels to decline, it could cause the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's revenue to decline or to grow less quickly, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

B.4 The Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's business models may come under significant pressure should a significant number of auctioneers choose to take bidder generation, technology development and customer service (amongst other things) in-house and so bypass the Marketplaces or Platform, including as a result of auctioneers who use the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's white label offering attempting to maintain their own platforms rather than use the Existing Group's Platform.

The Existing Group's and the LiveAuctioneers Group's business models include, and (subject to Completion) the Combined Group's business model will include, a white label offering, which enables auctioneers to maintain their own brands whilst using the Existing Group's Platform or the LiveAuctioneers Group's platform on their own websites. The Existing Group's auction services (including white label) offering represented a small proportion of revenue in FY20 (1.0 per cent. of the Standalone ATG Group's revenue and 4.8 per cent. of the Standalone Proxibid Group's revenue) but this grew for the Existing Group in its H1 FY21, following the Auction Mobility Acquisition in October 2020 (in H1 FY21, 10.1 per cent. of the Existing Group's revenue, comprising 14.8 per cent. of the Standalone ATG Group's revenue and 3.8 per cent. of the Standalone Proxibid Group's Revenue). The LiveAuctioneers Group does not generate revenue directly via its white label offering, which is included at no additional cost to auctioneers other than the event fee for the auction. The Existing Group and (subject to Completion) the Combined Group intends to enhance its white label offering with a premium and fully customisable white label service through Auction Mobility, capitalising in particular on its reputation within the North American A&A vertical/geography but expanding it to other verticals/geographies as well in due course. However, the white label offering inherently gives rise to certain risks as auctioneers using this offering are not utilising the Existing Group's, the LiveAuctioneers Group's or (subject to Completion) the Combined Group's, branded Marketplaces to the same extent and may therefore find it easier to change to alternative platforms. Auctioneers may choose to use a white label solution provided by one of the Existing Group's, the LiveAuctioneers Group's or (subject to Completion) the Combined Group's, competitors. Alternatively, use of the Existing Group's, the LiveAuctioneers Group's or (subject to Completion) the Combined Group's, white label offering could, in time, result in auctioneers attempting to replicate the power and size of the Marketplaces for bidder generation, technology development, customer support and conversion tools so as to enable them to bypass the Existing Group's, or (subject to Completion) the Combined Group Platform, or the LiveAuctioneers Group's platform entirely and maintain their own platform. If a sufficient number of auctioneers were to choose not to continue to use the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's offering as a result, this could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's business, financial condition, results of operations and prospects.

B.5 An inability to maintain a consistently high-quality and secure experience for each of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's auctioneers and bidders across its respective Marketplaces or the Platform or the LiveAuctioneers Group's platform or to keep pace with innovation and changes in technology could result in fewer auctioneers and/or bidders using the Marketplaces, the Platform and/or the LiveAuctioneers Group's platform.

The Existing Group's and the LiveAuctioneers Group's and (subject to Completion) the Combined Group's success and ability to compete depends (or (subject to Completion) in the case of the Combined Group will depend) on its ongoing ability to maintain a consistent, convenient, high quality and secure experience for auctioneers and bidders across its Marketplaces, the Platform and/or the LiveAuctioneers Group's platform, through well-trained and skilled personnel as well as effective technology and digital tools that have the right features and are reliable, secure and easy to use.

Each of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's ability to deliver such an experience depends and will depend on its ability to adapt to changing technologies, including changing consumer trends in relation to technologies and adapting to new technologies that the Existing Group, the LiveAuctioneers Group, (subject to Completion) the Combined Group and/or the market have not yet encountered, as well as adapting to evolving industry standards. In particular, it is necessary for the Marketplaces, the Platform and the LiveAuctioneers Group's platform to evolve and innovate through regular improvements and enhancements to functionality, performance, conversion rate optimisation (i.e. features that help to increase the proportion of bidders that make successful bids), reliability, design, security and scalability of its technology. The Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group may be unable to attract and retain sufficient technical personnel required to deliver such improvements and enhancements. An inability to keep pace with innovation and changes in technology could result in a deterioration in the user experience and, consequently, fewer auctioneers and/or bidders using the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's Marketplaces, the Platform and/or the LiveAuctioneers Group's platform.

Each of the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group needs to continually update, test and enhance its respective software, to seek to ensure that its respective technology operates effectively across multiple devices, operating systems and internet browsers. Software development involves significant amounts of time and financial resources to update, code and test new and upgraded solutions and integrate them into the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's existing technology infrastructure.

Additionally, whilst some of the Existing Group's technologies are developed and maintained in-house, the Existing Group contracts with third-party developers in relation to development and maintenance. In particular, the Existing Group relies on a third-party developer, Objectivity Limited ("**Objectivity**"), with respect to certain software development. The Existing Group has had an agreement in place with Objectivity since 2017 and Objectivity has assisted the Existing Group in the development of software through a number of "work packages" which each governs the specific software development services to be provided by Objectivity. Objectivity represented the Existing Group's highest expenditure of any supplier in FY20. Similarly, the LiveAuctioneers Group also contracts with third-party developers in relation to development and maintenance of its IT infrastructure and has in the past experienced disruptions in its operations due to a third-party, as detailed in the risk factor entitled "*The LiveAuctioneers Group may suffer losses as a result of a data breach attack in June 2020*". If the Existing Group or (subject to Completion) the Combined Group is unable to secure ongoing "work packages" with Objectivity on a favourable basis, or if either of them or the LiveAuctioneers Group is unable to secure contracts with other third-party developers on a favourable basis, or if the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group or third parties on whom such party relies, in particular Objectivity, experience difficulties in developing key software in a timely manner, within anticipated cost parameters, effectively, or at all, this could delay or prevent the development, introduction or implementation of new solutions and enhancements to its technology infrastructure.

As access to the internet via desktop and laptop computers declines due to the increased use and functionality of mobile devices, voice-assisted speakers, wearables and automobile in-dash systems, the functionality and user experiences associated with the use of devices other than a desktop computer, such as a smaller screen size or lack of a screen, may make the use of the Marketplaces, the Platform and/or the LiveAuctioneers Group's platform through such devices more difficult than through a desktop computer, lower the use of the Marketplaces, the Platform and/or the LiveAuctioneers Group platform and/or require additional technological innovation by the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group to keep pace with changing device preferences. In addition, consumer purchasing patterns can differ on alternative devices, and it is uncertain how the proliferation of mobile devices will impact the use of the Marketplaces, the Platform and/or the LiveAuctioneers Group's platform. Each of the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group will need to ensure that its online offering remains attractive as consumers shift to these alternative means of accessing the internet.

If any of the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group is unable to consistently meet customer expectations or to develop or improve customer-facing technology in a timely manner that responds to its own or auctioneers' or bidders' evolving needs, its business, financial condition, results of operations and prospects will be adversely affected.

B.6 The Existing Group and (subject to Completion) the Combined Group may be unable to successfully manage its future growth.

The Existing Group has grown rapidly since FY16 and the Directors believe future growth is important to the ongoing success of the Existing Group and (subject to Completion) the Combined Group. The Existing Group and (subject to Completion) the Combined Group may fail to achieve further growth, may encounter setbacks in its ongoing expansion, or may be unable to successfully manage its expanding operations, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects. Additionally, the Existing Group incurred losses for the year of £3.5 million, £8.8 million and £16.0 million for FY18, FY19 and FY20, respectively, and losses of £24 million for the six-months of H1 FY21, and the Existing Group and/or (following Completion) the Combined Group may not be able to achieve profitability.

Each of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's growth strategy contemplates significant investments and initiatives designed to continue the growth of its revenue and market share, particularly through acquisitions and the ongoing development of the Platform and/or the LiveAuctioneers Group's platform.

In implementing its growth strategy, the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group must effectively manage an increasing number of distinct business divisions and revenue streams, as well as new business opportunities, whilst maintaining operational service quality and increasing capacity and Marketplace traffic to meet the expectations of existing and prospective auctioneers and bidders. The Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's respective growth strategy also entails developing new offerings with which it has less experience. For example, the Existing Group and (subject to Completion) the Combined Group intends to expand its service offerings to auctioneers and bidders in the future, including developing an ecosystem on its Marketplaces which would support bidders and auctioneers in accessing financing, logistics, maintenance and repair, restoration and inventory storage via third parties. However, each of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's efforts and investments may be unsuccessful in growing its business as planned. The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may incur higher than expected capital expenditures and other costs, and may be unable to realise the anticipated benefits of the capital expenditure and other investments, within the anticipated timelines or at all. The Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group may also have reduced amounts of cash available for use towards other initiatives.

The implementation of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's respective growth strategy, including the Acquisition, is also expected to expose each of the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group to additional competitive and operational complexities, and may place additional requirements and strain on the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's respective infrastructure and systems, controls, procedures and management, including the need to invest in recruiting and training incremental personnel with relevant expertise, and to expand the scope of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's current technology systems beyond current expectations. In addition, the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's investments in new technology may not provide anticipated benefits or may expose any or all of them to additional risks, for example, due to poor implementation or due to unexpected outcomes of new functionalities. Some of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's systems are interdependent and a failure of one of these systems may result in dependent systems failing. Any updates to the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's systems and infrastructure to support its operations and growth and/or respond to changes in regulations and markets, create risks associated with implementing new systems and integrating them with existing ones, including as a result of the Acquisition, as detailed in the risk factors entitled "*The Combined Group may fail to realise anticipated benefits of the Acquisition or the total cost of the Acquisition may exceed the Combined Group's cost expectations*" and "*The Existing Group has in the past made, and in the future it and/or (subject to Completion) the Combined Group may make, acquisitions and investments, which may prove unsuccessful or divert its resources, result in operating difficulties and otherwise disrupt the Existing Group's or the Combined Group's operations*".

The Directors believe the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's innovation and collaboration-driven cultures are core to their success and such culture may fail to be maintained or adequately adapted to meet the needs of future and evolving operations, in particular as the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group grow internationally. Each of the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group may also fail to apply best practices in marketing, CRM, IT processes and systems as it expands into new businesses or into new markets.

If the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's fails to implement its growth strategy and manage the related risks and costs successfully, its business, financial condition, results of operations and prospects may be materially adversely affected.

B.7 The Existing Group has in the past made, and in the future it and/or (subject to Completion) the Combined Group may make, acquisitions and investments, which may prove unsuccessful or divert its resources, result in operating difficulties and otherwise disrupt the Existing Group's and/or the Combined Group's operations.

Acquisitions and investments, such as the Acquisition, are a significant component of the Existing Group's and (subject to Completion) Combined Group's growth strategy. The Existing Group has in the past made, and in the future it or (subject to Completion) the Combined Group may make, acquisitions and investments which are material to its financial condition and results of operations. For example, in February 2020 the Existing Group acquired Proxibid which has had a material effect on the Existing Group's financial condition and results of operations, with the Existing Group's THV (Total Hammer Value, representing the total final sale value of all lots listed on the Existing Group's Marketplaces or Platform) growing from £1,500 million in FY19 to £4,800 million in FY20 (with the Standalone Proxibid Group accounting for £3,200 million of that sum and the Standalone ATG Group accounting for £1,600 million). Similarly, in October 2020, the Existing Group completed the Auction Mobility Acquisition, with the Existing Group's revenue from its auction services (including white label) offering growing from a small proportion of its revenue in FY20 (1.0 per cent. of the Standalone ATG Group's revenue and 4.8 per cent. of the Standalone Proxibid Group's revenue) to 10.1 per cent. of the Existing Group's revenue in H1 FY21 (comprising 14.8 per cent. of the Standalone ATG Group's revenue and 3.8 per cent. of the Standalone Proxibid Group's Revenue). Please also refer to the risk factors in Section A (*Risks relating to the Acquisition*) of this Part I.

The Existing Group and/or (subject to Completion) the Combined Group may make additional significant acquisitions in the future and, subject to the provisions of the Listing Rules or other applicable law, Shareholders may not have the opportunity to vote on or approve future acquisitions.

The process of acquiring and integrating another company or technology could create unforeseen operating difficulties and expenditures and involves a number of risks, such as:

- diversion of management time and focus from operating the business;
- use of resources as part of the initial target scoping, due diligence and integration processes that are needed in other areas of the business;
- implementation or remediation of controls, procedures and policies of the acquired company in order to bring them up to the standards of, and achieve uniformity with, those applied by the Existing Group or the Combined Group more widely;
- difficulties integrating the systems of the acquired operations with those of the Existing Group or the Combined Group, potential delays and difficulties associated with incrementally migrating the operations to the Platform and the potential diversion of technology resource from the ongoing development of the Platform and the existing Marketplaces in addition to the opportunity cost of trying to achieve certain technical synergies from integrating an acquisition which may result in the diversion of key employees from the achievement of other synergies;
- difficulties in co-ordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with supporting legacy services and products and hosting infrastructure of the acquired company and difficulty converting the auctioneer clients of the acquired company onto the Existing Group's or the Combined Group's contract terms;
- disparities in the revenues, licensing, support or professional services model of the acquired company;
- difficulties in retention and integration of employees from the acquired company including difficulties relating to differing corporate cultures as well as integration and re-restructuring costs, both one-off and ongoing;
- failures in due diligence prior to acquisition, leading to unforeseen costs or liabilities;
- adverse effects on the Existing Group's or the Combined Group's existing business relationships with auctioneers and bidders;
- adverse tax consequences;

- regulatory risks, including the risk that such acquisition or investment attracts scrutiny from competition authorities, as further detailed in the risk factor entitled "*The Group is subject to regulatory oversight by competition authorities, including the Competition and Markets Authority in the UK*";
- litigation or other claims arising out of the acquisitions;
- the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries; and
- a failure to generate expected margins or cash flows, or to realise the anticipated benefits of any acquisitions, including expected operational, revenue, technical and other synergies or other benefits within anticipated timeframes or at all.

In addition, the Existing Group's and/or the Combined Group's assessments of, and assumptions regarding acquisition targets may prove to be incorrect, and actual results may differ significantly from expectations. A significant portion of the purchase price of acquisitions may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually and could therefore have a material effect on the Existing Group's or the Combined Group's financial position. If the Existing Group's or the Combined Group's acquisitions or investments do not yield expected returns, it may be required to take charges or impairments to its operating results based on this impairment assessment process, which could adversely affect the Existing Group's or the Combined Group's business, financial condition, results of operations and prospects.

Moreover, acquisitions or investments in jurisdictions other than the ones the Existing Group currently operates in, or (subject to Completion) the Combined Group will operate in, would subject it to market practices, as well as other regulatory and tax requirements, that differ from those it is currently familiar with, which may in turn expose the Existing Group and/or the Combined Group to unanticipated risks.

Any of the above risks associated with acquisitions could have a material adverse effect on the Existing Group's and/or the Combined Group's business, financial condition, results of operations and prospects.

B.8 The loss of senior executives or one or more of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's key employees could adversely affect its business, results of operations and financial condition.

Each of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's success depends to a large extent on the experience and knowledge of its key executive officers and other key employees, and loss of the services of one or more of such persons could adversely affect its business.

Each of the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's success also depends on its ability to attract, motivate and retain skilled development, technical, operating and sales and marketing personnel, and it may not be able to continue attracting similarly qualified and skilled individuals to join its staff and senior management or to retain its current personnel. For example, the Group has recently recruited a new Chief Marketing Officer following a recruitment process. Competition for qualified employees (particularly in the technology field) is intense and changes in labour or tax laws could require the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group to incur higher labour costs. The specialised skills the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group require are difficult and time consuming to acquire and, as a result, such skills are in short supply and may be more expensive to employ (particularly in concentrated tech hubs such as London). Further, the effects of the United Kingdom's withdrawal from the European Union (commonly referred to as "**Brexit**") have resulted in a reduction in freedom of movement between the United Kingdom and Europe, which could impair in particular the Existing Group's, and (subject to Completion) the Combined Group's, ability to hire new personnel from the European Union.

If the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group loses a number of qualified employees to its competitors, new entrants or otherwise, is unable to attract, retain and motivate the additional highly skilled employees required for the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's activities, or is required to pay substantially higher wages in order to attract and retain the highly qualified and skilled personnel it needs, this could delay or curtail the successful implementation of the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's strategic objectives and result in significant costs being incurred, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

B.9 Each of the Existing Group and the LiveAuctioneers Group relies, and (following Completion) the Combined Group will rely, on its brand and reputation, which could be impaired.

Any failure to maintain the Marketplaces, Platform or the LiveAuctioneers Group's platform, or perception that the Marketplaces, the Platform or the LiveAuctioneers Group's platform are not maintained, at the level expected by the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's auctioneers or bidders, or any failure to maintain high quality customer service, could adversely affect the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's reputation and undermine the strength of its brands. Any negative information or commentary relating to the Existing Group, the LiveAuctioneers Group, (following Completion) the Combined Group, the Marketplaces, the Platform, or the LiveAuctioneers Group's platform, whether accurate or not, may be widely disseminated on social networking platforms, which could amplify any adverse effect on the reputation of the Existing Group, the LiveAuctioneers Group, (following Completion) the Combined Group, the Marketplaces, the Platform, and/or the LiveAuctioneers Group's platform. Each of the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may also suffer reputational harm or suffer negative publicity as a result of the actions of auctioneers using its Marketplaces, the Platform, or the LiveAuctioneers Group platform for example listing items that are defective or incorrectly described, or items which give rise to controversy, including firearms and offensive items, as further detailed in the risk factor entitled "*The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could incur liability by reason of the actions of auctioneers on its Marketplaces, the Platform or the LiveAuctioneers Group's platform*". Similarly, none of the Existing Group nor the LiveAuctioneers Group tests, nor (following Completion) will the Combined Group test, any products which are sold on its Marketplaces, the Platform or the LiveAuctioneers platform prior to their sale, including electrical products and industrial equipment, and so there is a risk that such products could be defective and potentially dangerous if they have not been properly tested, or tested at all, by auctioneers, in which case the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could suffer reputational harm.

In addition, the Existing Group has an editorial team that publishes editorial reviews and opinionated comments relating to auction items and the state of the market for certain categories of goods in the Existing Group's trade magazine, the *Antiques Trade Gazette*. This editorial content, whilst controlled by the Existing Group, could have a negative effect on consumer sentiment relating to the A&A market and/or any of the Marketplaces, or could be perceived unfavourably by auctioneers and/or bidders, which could have a material adverse effect on the Existing Group's or (following Completion) the Combined Group's reputation.

Any negative publicity associated with the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group or its Marketplaces, or any deterioration in the strength of the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's or their Marketplaces' brands or reputation could adversely affect the volume of traffic through the Marketplaces and therefore have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial condition, results of operations and prospects.

B.10 The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may be unable to adequately promote its services through digital marketing, social media, e-mails or other marketing efforts and would be adversely affected by any adverse fluctuations in search engine search result rankings.

Each of the Existing Group and the LiveAuctioneers Group relies and (subject to Completion) the Combined Group will rely on its ability to attract auctioneers and bidders to the Marketplaces through internet search results on search platforms such as Google, as well as advertising through digital marketing and social media (including via Facebook, Twitter and Instagram). Each of the Existing Group and the LiveAuctioneers Group views these as an important means of promoting its services and reaching auctioneers and bidders. The Existing Group and the LiveAuctioneers Group also provide, and (following Completion) the Combined Group will provide, e-mails and "push" communications to existing bidders and other visitors informing them of what is currently, or will be, available for purchase via its Marketplaces. The Directors believe these platforms help (in the case of the Existing Group and the LiveAuctioneers Group) and will help ((subject to Completion) in the case of the Combined Group) generate a substantial portion of its revenue and form an important part of the customer experience.

An important factor in attracting bidders to the Marketplaces is how prominently listings are displayed in response to search queries for key search terms. Search engines typically rely on algorithms to determine which websites are included in search results and at what ranking. The Existing Group's, the LiveAuctioneers Group's and (following Completion) the Combined Group's domain name ranking may change from time to time, due to factors that may be outside the control of the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group, such as a change in a search engine's ranking algorithm or methodology. Historically, the Existing Group has been able to maintain a stable, targeted and efficient level of marketing spend due to its high ranking in search results. If the Marketplaces are ranked lower or fail to appear in search results for any reason, visits to the Marketplaces could decline, and the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may not be able to replace this traffic. The Marketplaces have experienced fluctuations in search result rankings in the past and the Directors anticipate that such fluctuations will occur from time to time in the future. Adverse changes in search engine rankings may have an adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial condition, results of operations and prospects. Additionally, to further grow online presence, the Existing Group is currently executing a revised and enhanced SEO strategy but there is no guarantee that it will be effective or, if it is initially effective, that it will remain effective.

If the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's domain name authority decreases, or the price of marketing the Marketplaces via search engines or on social media platforms increases, the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's marketing spend may need to be increased, or a larger portion may need to be allocated to search engine marketing which will increase the Existing Group's, the LiveAuctioneers Group's and/or the Combined Group's direct marketing costs.

The Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's growth strategy contemplates, among other things, an increase in digital marketing activities, social media engagement and customer support (including enhanced CRM) across the online channel. If any of the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group is unable to successfully implement these initiatives, its business and results of operations could be materially adversely affected.

Each of the Existing Group and the LiveAuctioneers Group is also exposed, and (subject to Completion) the Combined Group will also be exposed, to the risk that search engines, e-mail, current major social media platforms or other messaging services are replaced with more popular services to which the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group is slow to adapt. Additionally, changes in how webmail applications organise and prioritise e-mail may reduce the number of subscribers opening the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's e-mails. Actions by third parties to block, impose restrictions on, or charge for, the delivery of e-mails, social media posts or other messages could also adversely affect the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business.

Each of the Existing Group and the LiveAuctioneers Group uses the placement and use of "cookies" (text files stored on an auctioneer's or user's web browser or device) to support tailored marketing to consumers. The Existing Group's, the LiveAuctioneers Group's and (following Completion) the Combined Group's marketing activities, including its use of cookies, are (or, in the case of the Combined Group, will be) subject to data protection regulation as further detailed in the risk factor entitled "*The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group's may incur additional costs in implementing and complying with new regulations, or any changes to existing regulations, such as the GDPR*".

In addition, any disruption or downtime experienced by search engines, e-mail providers or social networking services, or a decline in the use or engagement with such platforms and services by customers and potential customers, could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial condition and results of operations.

B.11 The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could incur liability by reason of the actions of auctioneers on its Marketplaces, the Platform or the LiveAuctioneers Group's platform.

The law relating to the liability of online services companies for information carried on, hosted by or disseminated through websites operated by such companies is currently unclear, and there is a risk that any of the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could be held liable for information posted on its websites by third parties, such as auctioneers. Although none of the Existing Group nor the LiveAuctioneers Group creates, nor (following Completion) will the Combined Group create, the listings or take possession of the items offered for auction on its Marketplaces, the Platform or the LiveAuctioneers Group's platform, since it does not verify the authenticity of the items listed it may be subject to allegations that items listed are counterfeit, defective or illegal. Although each of the Existing Group and the LiveAuctioneers Group has processes in place in order to reduce the risk of fraudulent items being sold via its Marketplaces, the Platform or the

LiveAuctioneers Group platform, there can be no assurance that such policies and procedures will be effective in preventing them from materialising in the future.

In particular, a number of auctioneers using the Proxibid Marketplace and/or the LiveAuctioneers Marketplace in the United States sell firearms, which is subject to both US federal and state law and regulation. Whilst the Existing Group and the LiveAuctioneers Group have systems in place to confirm that any auctioneer which indicates at sign-up it is intending to sell firearms via the Proxibid Marketplace and/or the LiveAuctioneers Marketplace has the required US Federal Firearms Licence, neither the Existing Group nor the LiveAuctioneers Group then verifies or monitors that any subsequent sales by such auctioneers are compliant with the terms of that licence, and the Existing Group and the LiveAuctioneers Group rely on the relevant auctioneer to ensure compliance with this as well as other federal and state laws and regulations. Additionally, pursuant to the International Traffic in Arms Regulations ("**ITAR**"), the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could incur liability in relation to any sale of military-grade weaponry on the Marketplaces, the Platform and/or the LiveAuctioneers Group's platform. ITAR restricts not only the sale of relevant items for export but also the brokering of such a sale. The definition of brokering under ITAR is broad and, although the Existing Group has been advised that it is unlikely to be deemed to be brokering the sale by an auctioneer of an item, there can be no assurance that relevant regulators will not take a contrary view. The Existing Group has banned the sale of items restricted under ITAR with effect from 4 January 2021. The most likely impact of an auction being found to be non-compliant with ITAR would be for the US Department of Defense Trade Controls to require the auction to be closed or for an ITAR-registered broker to be present at the auction but in extreme cases the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could face criminal penalties of not more than a $1,000,000 fine and/or imprisonment for culpable individuals of not more than 20 years and civil penalties of a fine of up to approximately $1,200,000, if the Existing Group, the LiveAuctioneers Group or (following Completion) the Combined Group were found to have committed a wilful violation of ITAR, including providing wilful untrue statements regarding material facts and making wilful omission of material facts.

Some auctioneers, particularly in Germany and the UK, may also sell offensive or "hate" items, which are subject to additional local restrictions with which the Existing Group, the LiveAuctioneers Group and (following Completion) the Combined Group must comply—for example Paragraph 86 of the German Criminal Code which outlaws the use of symbols of unconstitutional organisations including the Nazi regime. Although the law is currently unclear as to whether the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group or the relevant auctioneer would be liable for non-compliance with this legislation, if the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group were to be found liable, it could be subject to a fine, the quantum of which is subject to the discretion of the relevant German court but could, in an extreme scenario, be in the region of approximately €10 million. In order to comply with this legislation, with limited exceptions, the Existing Group and the LiveAuctioneers Group prohibit auctioneers from listing offensive items on any of its Marketplaces. This includes items that promote or glorify hatred or violence toward people on the basis of race, ethnicity, religion, gender, identity, disability or sexual orientation, or that promote organisations with such views. However, the Existing Group and the LiveAuctioneers Group recognise that there may be legitimate reasons for preserving antique items that represent historical injustices or antiquated social norms. The Existing Group's policies relating to "hate" items requires auctioneers to include information about historical context when such items are listed and expressly forbids the sale of all such items except in accordance with those requirements and, in particular, expressly forbids the sale of all items promoting or linked to white supremacist groups including the Ku Klux Klan; Nazi items unless established as legitimate historical artefacts produced before 1945; items that support or imply support of terrorist groups; items that convey racist, homophobic or otherwise offensive portrayals of their subjects; and items of an explicit or offensive sexual nature. Additionally, the Existing Group's terms and conditions with its auctioneers prohibit the sale of any lot which is 'harmful' or 'questionable', which includes (amongst other things) any items which may cause the auctioneer or the Existing Group to suffer civil or criminal liability of any kind. The Existing Group employs a compliance team to monitor compliance with the above restrictions and remove listings if issues are identified. Similarly, the LiveAuctioneers Group's terms and conditions with its auctioneers prohibit the sale of any lot which would violate any applicable laws or regulations or which would subject the LiveAuctioneers Group or its suppliers to potential harm, damages or liability. However, there can be no assurance the Existing Group, the LiveAuctioneers Group or (following Completion) the Combined Group will always be effective in identifying listings in breach of its policies.

Particularly given recent events in the United States, as well as the change in US administration and in control of the US Senate, laws and regulations in the United States governing the sale of firearms could change, as could laws and regulations governing liability of online service companies for information carried on, hosted by or disseminated through websites operated by such companies. See also the risk factor entitled "*The Existing Group and the LiveAuctioneers Group are, and (following Completion) the Combined Group will be, subject to a range of laws and* *regulations of general applicability, as well as evolving laws and regulations affecting the use of the internet and e-commerce*". Future restrictions on online sales of firearms could reduce or eliminate the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's revenue associated with auctions of firearms, and changes more broadly to the liability regime that would apply to the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could have a material adverse effect on its business, financial condition, results of operations and prospects. Changes in consumer sentiment with respect to the availability for bidding of firearms or items associated with extremist groups could also lead to reputational damage for the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group were such items to remain available for auction on Marketplaces, the Platform or the LiveAuctioneers Group platform, and would also require greater compliance resources to be dedicated to monitoring of listings. Similarly, firearms acquired through a Marketplace that are used in the commission of crimes or terrorist incidents could also give rise to reputational damage, as detailed in the risk factor entitled "*Each of the Existing Group and the LiveAuctioneers Group relies, and (following Completion) the Combined Group will rely, on its brand and reputation, which could be impaired*".

Additionally, the Existing Group and the LiveAuctioneers Group allow, and (following Completion) the Combined Group will allow, third-party auctioneers to advertise their products and auctions, including links to their websites, on the Existing Group's, the LiveAuctioneers Group's or (following Completion) the Combined Group's websites (respectively). These third-party websites are outside of the Existing Group's, the LiveAuctioneers Group's and the Combined Group's control and may contain information or content which may be subject to copyright or trademark infringement claims or other claims (based on the nature and content of the information disseminated) under the laws of the UK, US or other relevant jurisdictions. While the Existing Group and the LiveAuctioneers Group review, and (following Completion) the Combined Group will review, advertisements before they are placed on the Existing Group's, the LiveAuctioneers Group's or (following Completion) the Combined Group's websites (respectively) in order to mitigate this risk, it does not audit the website of each third-party seeking to advertise on its websites. Further, while the Existing Group's and the LiveAuctioneers Group's contracts with auctioneers confirm that the Existing Group acts only as a conduit of products on its Marketplaces and its Platform and that the LiveAuctioneers Group acts only as a conduit of products on the LiveAuctioneers Marketplace and its platform, and that it is the responsibility of the relevant auctioneer to ensure that all sales are compliant with applicable law, the laws in this area are evolving and could evolve in such as a way as to create greater liability for the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group.

B.12 The Marketplaces', the Platform's and LiveAuctioneers Group's platform's systems and processes may be subject to undetected errors, defects or bugs which could adversely affect the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business.

Each of the Existing Group's, the LiveAuctioneers Group's and (following Completion) the Combined Group's business is dependent on the suitability, reliability, durability and performance of its Marketplaces', the Platform's and the LiveAuctioneers Group's platform's systems and processes, including third-party components and systems that support its business. The software underlying the Marketplaces, the Platform and the LiveAuctioneers Group's platform is complex and may contain undetected errors, defects or bugs. In the past, the Existing Group and the LiveAuctioneers Group have experienced instances where defects have been released onto the Platform despite its engineering and quality assurance processes. Although these defects have usually been discovered and resolved quickly and there has been no material adverse effect on the Existing Group's or the LiveAuctioneers Group's business as a result of any such instances to date, the Existing Group, the LiveAuctioneers Group or (following Completion) the Combined Group may discover significant errors, defects or bugs in the future that it may not be able to correct in a timely, cost-effective manner, or at all. In addition, the Existing Group's and LiveAuctioneers Group's services are, and (subject to Completion) the Combined Group's services will be, integrated with products and systems developed by third parties. Such third-party software programs may contain undetected errors, defects or bugs when they are first introduced or when subsequent updates are released.

Additionally, the Existing Group and the LiveAuctioneers Group provide white label auction products (via GAP White Label and Auction Mobility in the case of the Existing Group and via its own white label offering in the case of the LiveAuctioneers Group) which auctioneers can use to run auctions via their own websites, and the back-office systems (via GAP Office and Wavebid in the case of the Existing Group and via its payments processing service in the case of the LiveAuctioneers Group) which auctioneers can use to support the administrative aspects of running an auction house. If the software supplied by the Existing Group, the LiveAuctioneers Group or (following Completion) the Combined Group is defective, including if such software contains a virus or other forms of malware, this software could cause loss or damage to an auctioneer which may result in claims being brought against the Existing Group, the LiveAuctioneers Group and/or the Combined Group. If such a claim were successfully brought against the Existing

Group, the LiveAuctioneers Group or the Combined Group, its insurance may not cover such claim fully or at all and its reputation, business, results of operations, financial condition and prospects may be materially adversely affected.

Errors, defects or bugs could be found in the Existing Group's or the LiveAuctioneers Group's existing, or any of their or (following Completion) the Combined Group's future, services or third-party products upon which its services are dependent. This could cause, among other things, delays in, or loss of market acceptance of, its services, loss of key internal systems, diversion of resources and injury to its reputation, which could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial condition, results of operations and prospects.

Any security intrusion, virus or other breach may also compromise information held by the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group (see further the risk factor below entitled "*Security breaches and other disruptions to, or failures in, the Group's IT infrastructure and networks, or those of third parties, could disrupt the Group's business, comprise sensitive and confidential information, affect the Group's reputation, increase its operational costs, and cause losses*.").

B.13 Disruptions in third-party systems and processes that the Existing Group and the LiveAuctioneers Group rely on, and/or that (following Completion) the Combined Group will rely on, could result in lower sales and increased costs.

The Marketplaces, the Platform and the LiveAuctioneers Group's platform are designed to work in conjunction with hardware, software and data hosted and maintained by third parties, including Microsoft and Amazon Web Services. Any significant disruption in the supply or maintenance of such third-party hardware, software and data could impair the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's ability to offer its services until the functionality offered by the third-party providers is rectified or replaced. In addition, the Existing Group and the LiveAuctioneers Group utilise, and (subject to Completion) the Combined Group will utilise, services provided by third parties to enhance its current service offering and respond to emerging industry standards and other technological changes in a timely and cost-effective manner.

The Existing Group and the LiveAuctioneers Group also rely, and (subject to Completion) the Combined Group will also rely, on third parties to provide payment processing services, as the Marketplaces, the Platform and the LiveAuctioneers Group's platform are integrated with such processing systems, which are offered to auctioneers if they do not wish to arrange payment themselves. If these companies become unwilling or unable to provide these payment services, if such services are disrupted, or if the cost of providing such services increases, the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's operations may be disrupted and the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may lose revenue from referral and transaction fees that it generates from such services. Any significant failure of payment processing systems, including third-party systems such as those maintained by banks, could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's revenue and undermine confidence in the Marketplaces, the Platform and/or the LiveAuctioneers Group's platform. The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may be unable to source alternative providers of such services in a timely manner, or at all.

Any failure by the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group or its third-party service providers to maintain and improve the relevant technology systems and infrastructure may result in system interruptions. Like many technology-based businesses, each of the Existing Group and the LiveAuctioneers Group and its respective third-party service suppliers have experienced, and may experience, material system interruptions, which could be caused by any number of factors, including fires, floods, power loss, telecommunications failures, physical or electronic break-ins, earthquakes, acts of war or terrorism or other events or disruptions. Additionally, in the event of such interruptions the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may need, for commercial reasons, to compensate its auctioneers for income lost as a result of being unable to host auctions on the Marketplaces, the Platform and/or the LiveAuctioneers Group's platform during those interruptions, or may otherwise result in auctioneers reducing their use of the Marketplaces, Platform and/or the LiveAuctioneers Group's platform. The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may fail to replace the functionality or data provided by the third-party vendors that is presently incorporated into the Existing Group's and/or LiveAuctioneers Group's. or (following Completion) is at a point in time incorporated into the Combined Group's, technology infrastructure in the event that the hardware, software or data provided by the third parties becomes obsolete or incompatible with its services, or is not adequately maintained or updated.

If any of the factors noted above were to occur, it could impair the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's ability to process bidder traffic and transactions which, in turn, might materially adversely affect its business, financial condition, results of operations and prospects.

B.14 Security breaches and other disruptions to, or failures in, the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's IT infrastructure and networks, or those of third parties, could disrupt its business, compromise sensitive and confidential information, affect its reputation, increase its operational costs and cause losses.

The Existing Group and the LiveAuctioneers Group rely, and (subject to Completion) the Combined Group will rely, on information technology networks and systems, some of which are managed by third parties, to process, encrypt, transmit and store electronic information and sensitive or confidential data, and to manage or support a variety of business processes and activities, including user registration and payments. The Existing Group and the LiveAuctioneers Group also collect and store, and (subject to Completion) the Combined Group will collect and store, sensitive data in information technology networks (including third-party servers or applications by means of "cloud computing"), including intellectual property, proprietary business information (including proprietary business information on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's bidders and auctioneers), personally identifiable information of the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's employees, bidders and auctioneers and other confidential information.

The Existing Group's and the LiveAuctioneers Group's systems, data (wherever stored), software or networks, and those of third parties, are, and (subject to Completion) the Combined Group's will be, vulnerable to security breaches, including unauthorised access from within the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group or by third parties, computer viruses or other malicious code and other cyber threats that could have an adverse security impact. The Existing Group, the LiveAuctioneers Group, (following Completion) the Combined Group and third parties may be unable to anticipate evolving technologies used to effect security breaches or prevent attacks by hackers or breaches due to employee error or malfeasance, in a timely manner, or at all. Cyber-attacks in particular have become far more prevalent in the past few years, leading potentially to the manipulation and/or theft of confidential and proprietary business and personal information, or loss of access to, or destruction of, data on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's systems, as well as interruptions or malfunctions in its or third parties' operations.

The Existing Group and the LiveAuctioneers Group are regularly subject to attempted attacks on its information technology networks. The LiveAuctioneers Group suffered a data breach attack on its network in June 2020, as further detailed in the risk factor entitled "*The LiveAuctioneers Group may suffer losses as a result of a data breach attack in June 2020*". Although to date no such attack on the Existing Group has been successful, if one were to be successful, or if a further attack on the LiveAuctioneers Group were succesful, the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group, auctioneers, bidders, vendor partners, employees or other individuals are at risk of suffering materially from such attacks and breaches, including as a result of public disclosure, loss or misuse of confidential, proprietary or personal information. As a result, the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could be exposed to related litigation, liability and/or regulatory intervention, fines and sanctions (particularly as a result of the increasing regulatory focus on promoting the protection of customer/client information and the integrity of information technology systems) that are either not insured against or not fully covered through the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's insurance policies. The Existing Group and the LiveAuctioneers Group are, and (subject to Completion) the Combined Group will be, also subject to risks related to compliance with the GDPR, as detailed in the risk factor entitled "*The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may incur additional costs in implementing and complying with new regulations, or any changes to existing regulations, such as the GDPR*".

The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may also experience losses in auctioneers, bidders or vendor partners, as well as reputational harm, competitive disadvantage and sometimes physical damage. Any such attacks and breaches could also adversely affect the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's ability to process transactions, which could result in the Existing Group, the LiveAuctioneers Group's and/or (following Completion) the Combined Group incurring significant losses of revenue, as well as significant additional costs to modify its protective measures or to investigate and remediate vulnerabilities.

B.15 The Existing Group and the LiveAuctioneers Group use, and (subject to Completion) the Combined Group will use, open source software, which may pose particular risks to its proprietary software and services including additional security risks and claims relating to breach of licence.

Each of the Existing Group and the LiveAuctioneers Group use, and (subject to Completion) the Combined Group will use, open source software in the Marketplaces, the Platform and/or the LiveAuctioneers Group's platform and expects to continue to do so in the future. Open source licence terms may be ambiguous, and many of the risks associated with open source software cannot be eliminated. Use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of their software. Whilst each of the Existing Group and the LiveAuctioneers Group considers that it complies with the terms of the open source licences and it takes steps to monitor such compliance, the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could potentially face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works developed using such software (which could include its proprietary source code), or otherwise seeking to enforce the terms of the applicable open source licence. These claims could result in litigation and could require the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group to enter into or purchase a costly licence or stop offering the implicated services unless and until the Existing Group, the LiveAuctioneers Group and/or the Combined Group can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources.

Additionally, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, indemnities or other contractual protections with respect to the functionality of the open source software. Use of open source software by the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may also present additional security risks because the source code for such software is publicly available, which may make it easier for third parties to analyse it and determine how to breach systems that rely on open source software.

Any of these risks could be difficult to eliminate or manage, and, if not addressed successfully, could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial condition, results of operations and prospects.

B.16 Failure to adequately protect, maintain or enforce the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's intellectual property rights could substantially harm its business and results of operations.

The Existing Group and the LiveAuctioneers Group rely, and (subject to Completion) the Combined Group will rely, on a combination of trademark, copyright, confidential information, trade secrets and contractual restrictions to protect its intellectual property. The Existing Group owns a large number of domain names relating to its business and considers its key domain names to be the-saleroom.com, proxibid.com, lot-tissimo.com, i-bidder.com, BidSpotter.com, BidSpotter.co.uk and lofty.com and it takes steps to maintain these registrations by activating auto-renewal of these domain names. The LiveAuctioneers Group also owns a large number of domain names relating to its business and considers its key domain names to be LiveAuctioneers.com, auctioncentralnews.com and Jasper52.com. The Existing Group also owns 36 registered trademarks in the territories of the EU, UK and US relating to the Marketplaces and the ATG brand. The LiveAuctioneers Group owns two registered trademarks in the territories of the EU and US relating to the LiveAuctioneers brand. However, there is no guarantee that any or all of these measures will provide complete protection to the Existing Group, the LiveAuctioneers Group or (following Completion) the Combined Group. In particular, the domain names listed above are of significant value to the Existing Group's and the LiveAuctioneers Group's operations, and (following Completion) will be of significant value to the Combined Group's operations, and any loss of rights in or damage to the value of those intellectual property would adversely affect the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business.

Neither the Existing Group nor the LiveAuctioneers Group has comprehensive registered protection for all of its intellectual property in all jurisdictions of the world. For example, the Existing Group does not hold registered trademarks in respect of the trade names "The Saleroom", "GAP Office" or "Antiques Trade Gazette" and the LiveAuctioneers Group does not hold registered trademarks in respect of the trade name "Jasper52". Additionally, the Existing Group does not have exclusive rights to its trade names in every country, and others may use the same or similar trade names in other, non-competing industries. In Germany, the Existing Group has entered into a co-existence agreement with a third-party in relation to use of the name "ATG". The contemporaneous usage by third parties of the "ATG" trade name, or any of the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's other trade names, could result in confusion among consumers between the

Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's brand and other brands, which may undermine the its reputation and brand image and reduce the value of its trade names. Each of the Existing Group, the LiveAuctioneers Group and (following Completion) the Combined Group also faces the risk that it is unable to use unregistered intellectual property or that it becomes subject to ownership or infringement claims brought by owners of other rights, including registered trademarks, which are similar to the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's intellectual property.

Litigation or similar proceedings may be necessary in the future, as they have on occasion been in the past (in respect of the Existing Group), to protect, register and enforce the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's intellectual property rights, to protect its trade secrets and domain names and determine the validity and scope of the proprietary rights of others. Any litigation or other adverse proceedings could result in substantial costs and diversion of resources and could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial condition, results of operations and prospects.

Monitoring the unauthorised use of each of the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's intellectual property rights is difficult and any measures it takes to protect its intellectual property rights may prove inadequate to prevent misappropriation of its intellectual property, which may result in:

- the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's trademarks becoming generic and losing the protection of intellectual property laws;
- substantial costs and diversion of resources; and/or
- counterclaims or other claims against the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group,

and could significantly harm its results of operations. Changes in law, rule, or regulation, or the interpretation thereof, particularly intellectual property laws, may affect the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's ability to protect, register or enforce its intellectual property rights. Domain names generally are regulated by internet regulatory bodies, and the regulation of domain names is subject to change. Regulatory bodies have established and may continue to establish top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. The Existing Group and/or, the LiveAuctioneers Group may not be able to, or it may no longer be cost effective to, maintain all domain names which are currently owned or maintained by either of them. The loss of use of a domain name may result in the incurring of additional expenses, including requiring the development of new branding. This could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial condition, results of operations and prospects.

B.17 The Existing Group and/or (following Completion) the Combined Group may have difficulty finding suitable acquisition targets.

Selective acquisitions and other investments play an important part in the Existing Group's growth strategy, and, from time to time, the Existing Group, or (following Completion) the Combined Group, may evaluate potential strategic acquisition or investment opportunities. The Existing Group or (following Completion) the Combined Group may not be able to identify acquisition or investment opportunities that meet its strategic objectives, or, to the extent such opportunities are identified, may not be able to negotiate terms with respect to the acquisition or investment that are acceptable to it or on terms that are commercially favourable including as a result of competition from other companies in relation to such opportunities. The Existing Group and/or (following Completion) the Combined Group may incur substantial expenses and devote significant management time and resources in seeking to complete acquisitions which may not come to fruition.

In addition, the Existing Group's or (following Completion) the Combined Group's cash generation from its trading activities may be insufficient to finance the pursuit or realisation of acquisitions. In this instance, the Existing Group or (following Completion) the Combined Group would need to access external sources of finance in order to execute its growth strategy, increasing its leverage. There can be no assurance given that financing would be available to the Existing Group or (following Completion) the Combined Group in order for it to pursue acquisition opportunities on acceptable terms or at all. Limitations on the Existing Group's or (following Completion) the Combined Group's access to capital could arise from events or causes beyond the Existing Group's or (following Completion) the Combined Group's control, including a reduction in its creditworthiness, decreases in the availability of credit or the tightening of terms required by lenders. Any limitation on the Existing Group's or (following Completion) the Combined Group's ability to access capital could limit the Existing Group's and/or (following Completion) the Combined Group's liquidity and ability to pursue acquisitions opportunities which would limit its growth and could have a material adverse effect on its business and prospects.

B.18 Provisions of the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's current or future debt instruments could restrict its ability to pursue its business strategies.

Each of the Existing Group and the LiveAuctioneers Group utilise debt as part of its finance strategy. The Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's level of indebtedness may increase in the future, including as a result of undertaking acquisitions and investments. In particular, the Existing Group's level of indebtedness is expected to increase in connection with the utilisation of the New Senior Term Facility in connection with the payment of the Cash Consideration payable to the Sellers in connection with the Acquisition, as detailed in the risk factor entitled "*Increased indebtedness of the Group in connection with the New Senior Facilities Agreement and the Acquisition may affect the Combined Group's flexibility in the longer term*."

Under the terms of the New Senior Facilities Agreement and other of its debt instruments (in respect of the Existing Group) and the LiveAuctioneers Group's Facilities Agreement (in respect of the LiveAuctioneers Group), the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group must comply with the terms of various covenants for so long as the relevant agreements are outstanding. Such covenants include maximum adjusted net leverage ratios and a minimum interest cover ratio.

The provisions of the New Senior Facilities Agreement and the LiveAuctioneers Group's Facilities Agreement or the provisions of any of the Existing Group's or the LiveAuctioneers Group's other debt instruments or any debt instruments which the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may enter into in the future, may limit its ability or the ability of any of its subsidiaries to, amongst other things:

- pay dividends or make other distributions to Shareholders;
- make acquisitions, investments, loans or advances;
- transfer or otherwise sell or dispose of assets;
- grant certain security and/or provide guarantees; and
- incur additional indebtedness.

Although the Existing Group does not anticipate a default under the New Senior Facilities Agreement or any of its other debt instruments, if the Existing Group, or (following Completion) the Combined Group defaults under any of its debt instruments and such event of default is not cured or waived, this could result in an acceleration of indebtedness then outstanding under the New Senior Facilities Agreement and/or the relevant debt instrument. Similarly, although the LiveAuctioneers Group does not anticipate a default under any of its other debt instruments, if the LiveAuctioneers Group defaults under any of its debt instruments and such event of default is not cured or waived, this could result in an acceleration of indebtedness then outstanding under the relevant debt instrument.

The Existing Group refinanced its existing debt facilities using cash on its balance sheet and obtained new financing in connection with the New Senior Facilities Agreement. Whilst it has no requirement or plans to further refinance its existing debt instruments or obtain new financing in the medium term, the Existing Group and/or (following Completion) the Combined Group may seek to refinance its existing debt instruments or to obtain new financing (for example, to fund its acquisition strategy). Should the Existing Group and/or (following Completion) the Combined Group seek to enter into debt instruments in the future, whether in replacement of or in addition to its existing debt instruments, it cannot be sure that additional financing will be available to it on reasonable terms or at all. In addition, the terms of future debt agreements could include more restrictive covenants, which could further restrict the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group business operations.

Nothing in this risk factor is intended to qualify the opinion of the Company that, taking into account the New Senior Facilities Agreement, the Existing Group and (subject to Completion) the Combined Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Circular.

Interest rates under the New Senior Facilities Agreement are based in part on US dollar LIBOR the London interbank offered rate, which is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. Sterling LIBOR will cease to be widely available by the end of 2021 and US dollar LIBOR by June 2023. Interest rates under the New Senior Facilities

Agreement are based on SONIA (the Sterling Overnight Index Average), to the extent pound sterling drawings are made on the revolving credit facility, and EURIBOR (the Euro interbank offered rate), to the extent Euro drawings are made on the revolving credit facility. The New Senior Facilities Agreement includes provisions to enable the facilities to transition from LIBOR and EURIBOR to be based on new risk-free rates in due course.

Additionally, as a function of the interest rates under the New Senior Facilities Agreement being partly based on LIBOR, EURIBOR, or SONIA, the Existing Group is exposed to risks resulting from increases to interest rates, including as a result of general economic factors, as further detailed in the risk factor entitled "*General economic factors, including a decline in consumer spending, may adversely affect the Group's business, financial performance and results of operations, including impacting the willingness of bidders to purchase goods or reducing the prices at which they are willing to make such purchases*." The Group's debt service obligations will reduce cash available for other purposes.

B.19 Goodwill reported in the Existing Group's consolidated statement of financial position may be written down as a result of impairment testing, which may result in a loss in the Existing Group's or (subject to Completion) the Combined Group's statement of comprehensive income.

As of 31 March 2021, the goodwill recognised in the Existing Group's consolidated statement of financial position amounted to £140 million, of which 19 per cent. was attributable to the Proxibid Acquisition and 14 per cent. to the Auction Mobility Acquisition. The Company expects to recognise additional goodwill in relation to the LiveAuctioneers Group following Completion. In accordance with IFRS, goodwill is tested for impairment at least annually. Impairment may result from, among other things, a deterioration in the Existing Group's (or a specific cash-generating unit's or, (subject to Completion) the Combined Group's) performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. For the preparation of its consolidated financial statements, the Existing Group estimates the recoverable amount of cash-generating units to which goodwill has been allocated. 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. If the Exiting Group or (following Completion, the Combined Group) has to recognise any impairment in its goodwill (including, in particular, any deterioration in the goodwill attributable to the Proxibid Acquisition, but also other acquisitions in the future), it would have an adverse (non-cash) impact on its consolidated statement of comprehensive income and consolidated statement of financial position.

B.20 The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group could be adversely affected if it is unable to grow its revenue in the medium term through offering incremental ancillary services to auctioneers.

The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may be unable to develop and provide the additional ancillary services that the Directors believe will enable the Existing Group, the LiveAuctioneers Group and (subject to Completion) the Combined Group to earn additional revenues from such incremental services in the medium term or, to the extent the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group does launch such services, there may be insufficient demand in the market to support ongoing provision of such services. For example, the LiveAuctioneers Group has recently launched a payments processing service and there is no guarantee of demand from auctioneers for such a service. Further, auctioneers may not value any additional services as anticipated by the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group.

Additionally, it is expected that such services will be provided by third-parties. Any significant failure by such third parties could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's revenue and undermine confidence in the Marketplaces, the Platform and/or the LiveAuctioneers Group's platform, or in the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group as a facilitator of access to such third parties. The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may also be unable to source alternative providers of such services in a timely manner, or at all.

If the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group is unable to increase its take rate through the provision of incremental ancillary services in the medium term, this could have a material adverse effect on its growth strategy, financial condition, results of operations and prospects.

B.21 Factors outside of the Existing Group's, the LiveAuctioneers Group's or (following Completion) the Combined Group's control, such as fires, floods and other natural catastrophic events, any epidemics or pandemics, or man-made events such as terrorism, protests or other harassment could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Existing Group's, the LiveAuctioneers Group's and (following Completion) the Combined Group's systems and operations are vulnerable to damage or interruption from fires, floods, pandemics, power losses, telecommunications failures, terrorist attacks, civil unrest, human error, break-ins and similar events. The Existing Group operates from three locations across the UK, Germany and the United States, and the LiveAuctioneers Group operates primarily from three locations across the United States, meaning that there is some concentration risk. A significant natural disaster, such as a fire or flood, could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial condition, results of operations and prospects if it affected any of the Existing Group's, the LiveAuctioneers Group's or (following Completion) the Combined Group's offices or cloud data centres, and the Group's insurance coverage may be insufficient to compensate it for losses that may occur. For example, in the spring of 2019, the Proxibid Group's revenue was adversely affected by floods in the Midwest of the United States, which contributed to lower-than-expected revenue growth in FY19 compared to FY18. Mitigation efforts associated with the COVID-19 pandemic affected access to physical premises, and such restrictions could again be implemented. See further the risk factor below entitled "*The consequences of the COVID-19 pandemic, the associated ongoing mitigation restrictions, or the lifting of those restrictions, including any related economic deterioration, may have an adverse impact on auctioneers and/or potential bidders, which could have a material adverse effect on the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group*".

In addition, acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could cause disruptions in its businesses or the economy as a whole. The Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's servers may also be vulnerable to computer viruses, break-ins, denial-of-service attacks and similar disruptions from unauthorised tampering with its computer systems, which could lead to interruptions, delays, loss of critical data or the unauthorised disclosure of confidential client data. The Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group may not have sufficient protection or recovery plans in certain circumstances, as described in the risk factor entitled "*The LiveAuctioneers Group may suffer losses as a result of a data breach attack in June 2020*". As the Existing Group and the LiveAuctioneers Group rely, and (following Completion) the Combined Group will rely, heavily on its servers, computer and communications systems and the internet to conduct its business and provide high-quality customer service, such disruptions could negatively impact its ability to run its business and either directly or indirectly disrupt its business, which could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and (following Completion) the Combined Group's business, financial condition, results of operations and prospects.

C. RISKS RELATING TO THE GENERAL ECONOMIC CLIMATE

C.1 The consequences of the COVID-19 pandemic, the associated ongoing mitigation restrictions, or the lifting of those restrictions, including any related economic deterioration, may have an adverse impact on auctioneers and/or potential bidders, which could have a material adverse effect on the Existing Group, the LiveAuctioneers Group and (following Completion) the Combined Group.

The COVID-19 pandemic has caused widespread disruption to normal business activity across the globe, including the imposition of restrictions on movement and social distancing measures in the US, UK and elsewhere. In the US, gross domestic product ("**GDP**") contracted by 31.4 per cent. during the three month period to 30 June 2020 and 3.5 per cent. in the calendar year 2020 and, in the UK, GDP contracted by 20.4 per cent. during the three month period to 30 June 2020, 9.9 per cent. in the calendar year 2020 and 1.5 per cent. during the three month period to 31 March 2021, which was generally attributable to the COVID-19 pandemic. The effects of the COVID-19 pandemic have had an adverse impact on many of the Existing Group's and the LiveAuctioneers Group's auctioneers, particularly those trading on The Saleroom and LiveAuctioneers Marketplaces, with many auctioneers experiencing significant operational disruption (including in some cases temporary closure), severely depressed financial performance and increased risk of insolvency in the early part of the COVID-19 pandemic. The Saleroom and LiveAuctioneers Marketplaces were particularly impacted by this impact on auctioneers during March, April and May 2020. Additionally, The Saleroom waived many of its monthly event fees with auctioneers during this period to assist auctioneers with dealing with the impact of the COVID-19 pandemic, waiving fees of £460,000 in total between 1 April and 30 June 2020. Similarly, the LiveAuctioneers Group reduced many of its event fees with auctioneers and provided some temporary commission discounts during this period, as well as helping auctioneers to reschedule auctions to a later date, in order to assist auctioneers with dealing with the impact of the COVID-19 pandemic. Whilst the Directors believe this was the right step to take in order to support auctioneers on The Saleroom, the LiveAuctioneers Marketplace and the market more generally, this had an impact on the Existing Group's and the LiveAuctioneers Group's profitability for the period.

Revenue generated by the Existing Group's trade magazine, the *Antiques Trade Gazette*, also fell during the second half of FY20 (recovering slightly in H1 FY21 but remaining below levels prior to the COVID-19 pandemic) as a result of a reduction in advertising spend within the publication compared to the first half of FY20 due to the impact of the COVID-19 pandemic. The further tightening of restrictions in relation to the COVID-19 pandemic in the first few months of 2021, in particular in the UK, continued to have an impact on the Existing Group and the LiveAuctioneers Group, auctioneers and bidders. Despite the gradual easing of COVID-19-related restrictions in the UK and US in the spring/summer of 2021, the Group has not seen significant further changes in auctioneer or bidder behaviour to date.

Whilst the direct impact of the COVID-19 pandemic on the Existing Group and the LiveAuctioneers Group to date has been largely accretive to revenue (notwithstanding the initial impact on The Saleroom and LiveAuctioneers Marketplaces in particular), due to the closure of many physical auction rooms as a result of COVID-19 restrictions resulting in more auctions being held online, this trend may not continue following the easing of those restrictions and therefore the Existing Group's FY20 or H1 FY21 results and/or the LiveAuctioneers Group's FY20 results may not be indicative of the trend in future periods. Moreover, new auctioneers and bidders acquired during the COVID-19 pandemic may return to the use of physical auction rooms following the easing of such restrictions. These risks could have the effect of reducing the number of auctioneers and/or bidders using the Marketplaces or Platform, or reducing projected growth, either of which could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial condition, results of operations and prospects.

C.2 The medium- and long-term impacts of Brexit are not yet known.

The Existing Group's operations span a number of jurisdictions, including the DACH Region in the EU and the UK. In time, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. For example, the laws and regulations that impact the Existing Group's and/or (subject to Completion) the Combined Group's UK and EU operations, including privacy and data protection, legal protection for platforms, workers' rights, and intellectual property, may now be modified, as further detailed in the risks entitled "*The Existing Group and the LiveAuctioneers Group are and, (following Completion) the Combined Group will be, subject to a range of laws and regulations of general applicability, as well as evolving laws and regulations affecting the use of the internet and e-commerce*" and "*The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may incur additional costs in implementing and complying with new regulations, or any changes to existing regulations, such as the GDPR*." No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice, whether as a result of the United Kingdom's departure from the European Union or otherwise.

In addition, the macroeconomic effects on the Existing Group and auctioneers and bidders on its Marketplaces and/or Platform are unknown including, in particular, whether auctioneers and/or bidders will reduce international cross-border sales and/or purchases in whole or in part, and whether the UK and/or EU may experience a recession owing, in whole or in part, to the trade deal agreed between the UK and the EU not providing sufficient incentive and/or certainty to businesses, although the Existing Group has not experienced such effects to date. Any changes in law or regulation as a result of Brexit that have a negative impact on the Existing Group, or (following Completion) the Combined Group, or increase the Existing Group's costs, and/or (following Completion) the Combined Group's costs, and any adverse economic conditions arising from the effects of Brexit, could have a material adverse effect on the Existing Group's and/or (following Completion) the Combined Group's, business, financial condition, results of operations and prospects.

C.3 General economic factors, including a decline in consumer spending, may adversely affect the Existing Group's, the LiveAuctioneers Group's and/or (following Completion) the Combined Group's business, financial performance and results of operations, including impacting the willingness of bidders to purchase goods or reducing the prices at which they are willing to make such purchases.

Whilst the Existing Group's business model is largely cycle-neutral, the Existing Group's and the LiveAuctioneers Group's businesses depends (and, following Completion, the Combined Group's business will depend) on demand for the goods that auctioneers have available for sale via the Marketplaces or Platform and the price achieved upon the sale of these goods (which has a direct impact on the Group's commissions). A number of product categories, particularly in the A&A vertical, are discretionary purchases, which are highly dependent on trends in consumer spending and, consequently, are sensitive to a number of factors that are beyond the Group's control. In particular, auctioneers that focus on rarer, higher value, lower volume goods are often more significantly affected by an economic downturn due to decreases in discretionary spending (particularly in the fine art market). Due to the LiveAuctioneers Marketplace's focus on the A&A vertical, the Combined Group's exposure to this risk will increase following Completion.

Adverse changes in factors affecting discretionary consumer spending, including a prolonged slowdown in the UK, US, DACH or global economy, higher interest rates, inflation, rates and levels of taxation, levels of unemployment, consumer debt levels, unsettled financial markets, tightening of credit markets and other economic factors, whether as a result of the COVID-19 pandemic, political uncertainty, or any other reason, could result in a decrease in the supply of, and/or demand for, goods sold through the Marketplaces or the Platform, or in a decrease in prices achieved, any of which could lead to a reduction in the Existing Group's and/or the LiveAuctioneers Group's THV and consequently its GMV. Any decrease in the volume or price of goods sold through the Marketplaces or Platform may have a material adverse impact on the Existing Group's, the LiveAuctioneers Group's and/or the Combined Group's business, financial condition, results of operations and prospects as a result of the reduction in its GMV, on which its commissions are based.

Economic or industry downturns may also result in longer payment cycles, increased collection costs and defaults in excess of the Existing Group's, the LiveAuctioneers Group's and/or the Combined Group's expectations, particularly due to auctioneer insolvency. If any of the above circumstances were to arise, it could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or the Combined Group's business, financial condition, results of operations and prospects.

C.4 The Existing Group and (following Completion) the Combined Group may be affected by changes in currency exchange rates.

The Existing Group's financial statements are reported in pounds sterling, which is the Group's (and will (following Completion) be the Combined Group's) presentation currency. This exposes the Existing Group to currency translation risk and (following Completion) the Group's exposure to this risk will be increased, as detailed in the risk factor entitled "*The Combined Group will have greater exposure to foreign exchange rate risk*".

The Existing Group trades internationally and is exposed to transactional foreign exchange rate risk on purchases and sales, primarily in US dollars and, to a lesser extent, in Euros, because it generates revenues and incurs costs in both pounds sterling and a number of different foreign currencies.

Additionally, the Lot-tissimo Marketplace, which focuses on the DACH region, generates its revenue in Euros. The revenue generated by each of the Existing Group's and/or the Combined Group's Marketplaces which operates primarily outside of the UK (Proxibid, BidSpotter US, Lot-tissimo and (following Completion) LiveAuctioneers) is therefore particularly at risk to any adverse currency movements as a result of Brexit and its associated impacts.

D. LEGAL AND REGULATORY RISK

D.1 The Existing Group and the LiveAuctioneers Group are, and (subject to Completion) the Combined Group will be, subject to regulatory oversight by competition authorities, including the Competition and Markets Authority in the UK, which may impact its acquisition activity.

The Existing Group's, the LiveAuctioneers Groups and (subject to Completion) the Combined Group's activity, including in particular its acquisition activity, is subject to the jurisdiction of various competition bodies, including the Competition and Markets Authority ("**CMA**") in the UK, the European Commission in the EU and the Federal Trade Commission and the Department of Justice in the US. Private parties may also pursue legal action against the Group under competition laws in certain circumstances.

On 22 November 2016, the CMA commenced an investigation (the "**Investigation**") into the Existing Group, having determined it had reasonable grounds for suspecting that the Existing Group's practices and the agreements it had entered into with auction house customers may constitute an abuse of a dominant position under UK and EU competition law. The Investigation focused on the following restrictions agreed or required by the Existing Group in its dealings with certain of its auction house customers (the "**Relevant Conduct**"): (i) offering discounts or other incentives to customers in exchange for being appointed as their exclusive supplier of live online bidding auction platform services; (ii) requiring customers to offer "no less favourable terms" to bidders on The Saleroom than those available to bidders using a competing third-party live online bidding auction platform or the customer's own live online bidding auction platform (in particular as regards the bidder commission charged by auction houses); and (iii) restricting auction houses from advertising or promoting offers of competing online auction platforms on landing pages that directly linked to The Saleroom.

The CMA did not address any statement of objections to the Existing Group containing formal allegations in respect of the Existing Group's conduct as, prior to such a statement of objections being issued, the CMA adopted a decision on 29 June 2017 to accept commitments offered by the Existing Group (the "**Commitments**") in order to bring the CMA's Investigation to a close by addressing the concerns raised by the CMA during the Investigation (the "**Decision**"). In the Decision, the CMA set out its preliminary view that the Relevant Conduct may restrict competition by (in broad terms): (i) foreclosing the market to competitors and new entrants and thereby restricting the degree of competition on the market; and (ii) softening price competition between competing platforms, reducing choice for consumers and deterring rival live online bidding auction platforms from competing with the Existing Group on price. As part of the Commitments, the Existing Group agreed for a period of five years commencing on 29 June 2017 not to engage in any conduct or enter into any agreement or arrangement that: (i) restricts any UK auction house from using or contracting with a competing live online auction platform for the provision of live online auction platform services; (ii) restricts any UK auction house from charging fees, commissions or any other forms of remuneration to online bidders using a competing live online auction platform that are lower than those charged to online bidders using a live online auction platform of the Existing Group; or (iii) restricts the freedom of any UK auction house to advertise or promote the services and products of a competing live online auction platform (save on any website or publication owned or operated by the Existing Group).

As a result of the CMA accepting the Commitments offered by the Existing Group, the CMA discontinued the Investigation. As noted in the Commitments, the giving of the Commitments by the Existing Group does not constitute an admission of any wrongdoing by the Group, and the Existing Group has not been the subject of a CMA infringement decision or statement of objections in this regard. Accordingly, no financial penalty or any other sanction was imposed on the Existing Group by the CMA.

The Existing Group is required under the Commitments to inform the CMA of any breach of the Commitments, and provide a statement confirming compliance each year. The CMA has not identified to the Existing Group any breach of the Commitments by the Existing Group during the time period in which the Commitments have been in place, nor is the Existing Group aware of any circumstances that would constitute a breach of the Commitments. If the CMA has reasonable grounds to suspect that the Existing Group has failed to adhere to one or more terms of the Commitments, then the CMA may take action in accordance with its statutory powers, which may include continuing the Investigation.

In the UK and certain other jurisdictions, notifications of acquisitions to the relevant competition authority are voluntary and the Existing Group, or (following Completion) the Combined Group, may decide not to notify, bearing the risk that the competition authority may later open an investigation on its own initiative following completion of an acquisition. The competition authority may request that a notification be filed and may require the Existing Group, or (following Completion) the Combined Group to give certain undertakings, such as disposing of parts of the Existing Group or (following Completion) the Combined Group or parts or all of the acquired business, to satisfy competition concerns.

In the US and certain other jurisdictions, the Existing Group or (following Completion) the Combined Group may be required to notify a potential acquisition before such acquisition has completed, and to obtain clearance from the relevant competition authority in that jurisdiction. It is possible that the Existing Group or (following Completion) the Combined Group may not obtain these clearances, or that they may not be obtainable within a timescale acceptable to the Existing Group or (following Completion) the Combined Group, or that they may only be obtained subject to certain conditions or undertakings, such as the disposal of parts of the Existing Group or (following Completion) the Combined Group or parts or all of the target business, which may not be acceptable to the Existing Group or (following Completion) the Combined Group. In the event that any required clearance is not obtained, such acquisition may not be completed.

D.2 The Existing Group and the LiveAuctioneers Group are, and (subject to Completion) the Combined Group will be subject to a range of laws and regulations of general applicability, as well as evolving laws and regulations affecting the use of the internet and e-commerce.

The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group could be adversely affected by changes in, or interpretations of, existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to the internet and e-commerce, including data protection and privacy, geo-blocking and other geographically based restrictions, internet advertising and price display. The Existing Group and the LiveAuctioneers Group are, and (subject to Completion) the Combined Group could be, also subject to, and could be affected by, existing and new laws and regulations regulating or otherwise addressing consumer protection, anti-corruption, antitrust and competition, economic and trade sanctions, tax, data security and network and information systems security. Law enforcement or regulatory authorities could prevent or temporarily suspend the

Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group from carrying on some or all of its activities or otherwise penalise the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group if its practices were found not to comply with applicable regulatory or any binding interpretation of such requirements. Any such changes or interpretations could decrease demand for the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's services, limit marketing methods and capabilities, affect its margins, increase costs or subject the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group to additional liabilities.

There are, and will likely continue to be, an increasing number of laws and regulations pertaining to the internet and e-commerce that may impose liability for information retrieved from, or transmitted over, the internet, display of certain taxes and fees, online editorial and consumer-generated content, user privacy, data security, network and information systems security, behavioural targeting and online advertising, taxation, liability for third-party e-commerce activities and the quality of services. Furthermore, the growth and development of e-commerce may prompt calls for more stringent consumer protection laws and more aggressive enforcement efforts, which may impose additional burdens on online businesses generally, including the Group.

The Existing Group operates, and (subject to Completion) the Combined Group will operate, marketplaces across the UK, US and DACH region and, in its FY20, goods were sold via its Marketplaces or the Platform to bidders in approximately 150 countries. The LiveAuctioneers Group operates a marketplace across the US and, in its FY20, goods were sold via the LiveAuctioneers Marketplace to bidders in approximately 70 countries. The global nature of the the Existing Group's, the LiveAuctioneers Group's and (subject to Completion) the Combined Group's business therefore means it may be subject to numerous customs and international trade laws and regulations in addition to the laws and regulations of the UK, US (both federal and state) and DACH region. The Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's failure to comply with local and international trade rules and restrictions, could expose it to fines and penalties. The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may be required to make significant expenditure or modify its business practices to comply with existing or future trade laws and regulations, which may affect its business, results of operations, financial condition and business prospects.

Although the Existing Group and the LiveAuctioneers Group have, and (subject to Completion) the Combined Group will have, policies and procedures in place designed to promote compliance with laws and regulations, which are continually reviewed as the Existing Group and/or the LiveAuctioneers Group expands, and (subject to Completion) will be reviewed as the Combined Group expands, its operations in existing and new jurisdictions, the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's employees, partners or agents could take actions in contravention of its policies and procedures, or violate applicable laws or regulations. As regulations continue to develop and regulatory oversight continues to focus on these areas, the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's policies and procedures may not comply at all times with all applicable laws or regulations. In the event the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's controls should fail or the Group is found to not be in compliance for other reasons, the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group could be subject to monetary damages, civil and criminal monetary penalties, litigation and damage to its reputation and the value of its brands. The promulgation of new laws, rules and regulations, or the new interpretation of existing laws, rules and regulations, in each case that restrict or otherwise unfavourably impact the ability or manner in which the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group conducts business, could require the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group to change certain aspects of its business, operations and commercial relationships to ensure compliance, which could decrease demand for services, reduce revenue, increase costs or subject the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group to additional liabilities. A failure to comply with current laws, rules and regulations or changes to such laws, rules and regulations and other legal uncertainties may adversely affect the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's business, results of operations, financial condition and business prospects.

D.3 The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may incur additional costs in implementing and complying with new regulations, or any changes to existing regulations, such as the GDPR.

The introduction of new regulations, or changes to existing regulations, could make it more expensive for the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group to conduct its business, require that the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group change the way in which it operates or require that the Existing Group, the LiveAuctioneers Group and/or (subject to

Completion) the Combined Group implement time-consuming and costly measures. The reputational and financial penalties associated with any breach of such regulations could also be significant.

For example, the GDPR, which was introduced in May 2018, has increased the regulatory burden on the Existing Group and the LiveAuctioneers Group in processing personal information of employees, auctioneers, bidders and vendor partners, and has also increased the potential sanctions for breaches. The GDPR includes significant financial penalties of up to €20 million or four per cent. of the annual worldwide turnover of the Existing Group, the LiveAuctioneers Group or (subject to Completion) the Combined Group, whichever is greater. Whilst the Existing Group and the LiveAuctioneers Group have implemented policies designed to comply with the GDPR (with such policies being subject to regular review), there can be no assurance that regulators will conclude that the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group is fully compliant with its respective obligations under the GDPR. The LiveAuctioneers Group's privacy governance framework, in particular, will require certain remediation actions in order to ensure satisfactory compliance of the LiveAuctioneers Group with the GDPR. In addition,the GDPR is a principles-based regulation and does not contain a series of prescriptive rules, and therefore in the event of any breach, the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group could be subject to regulatory action or financial penalties, which could also result in adverse publicity and reputational damage.

In particular, following the ruling of the Court of Justice of the European Union in *Case C-311/18—Data Protection Commissioner v Facebook Ireland Ltd and Maximillian Schrems* in July 2020, which held the EU-US privacy shield to be invalid, the position in relation to international transfers of personal data is unclear and the Existing Group and the LiveAuctioneers Group continue to review their data protection policies in line with changing guidance on the correct practices for international transfers of personal data from UK and EU supervisory authorities. The European Commission is currently conducting a data adequacy assessment of the UK in respect of whether personal data can continue to flow freely from the EU to the UK following the end of the Brexit transition period. Pending completion of that assessment, the legal position in relation to the flow of personal data from the EU to the UK is currently unclear.

In addition, following Brexit, the data collected and processed by the Existing Group or the LiveAuctioneers Group is subject to regulation by a different regulator in the United Kingdom than in the EU. Although following the end of the Brexit transition period the UK's data protection laws and regulations have not changed, it is possible that applicable privacy and data protection laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or the Existing Group's or the LiveAuctioneers Group's practices. That concern is particularly relevant for the GDPR, given that different Member State regulators may differ as to its interpretation and their approach to enforcement, and for the Privacy and Electronic Communications Regulations ("**PECR**"), which are currently under review.

On 15 December 2020, the European Commission announced a draft legislative package comprising the Digital Services Act ("**DSA**") and the Digital Markets Act ("**DMA**"). Although all of the likely impacts are not yet fully known, this legislative package is aimed at providers of digital services and online platforms, such as the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group. The draft DSA in particular introduces new and more onerous obligations for such businesses, together with a stricter enforcement regime, including penalties for non-compliance. It is intended to apply to all businesses which offer digital services within the EU (whether or not they are established in the EU). Additional obligations would apply to "very large online platforms". Alongside this, the draft DMA would allow the European Commission to designate certain consumer-facing online platforms as having "gatekeeper" status, at which point those businesses would be subject to more onerous obligations. Although it is currently unclear whether the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group would constitute a "very large online platform" or a "gatekeeper" under the DSA or DMA, should these measures become law and the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group be so designated, they have the potential to impose additional costs on the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group and/or constrain certain aspects of its commercial strategy in EU markets.

Following the effective date of the GDPR, other jurisdictions, such as the State of California, have promulgated data privacy regulations. Other states in the United States are considering data privacy legislation (and federal legislation might also emerge), and other countries have adopted, or are considering, data privacy laws. Each set of rules could apply different standards and could impose different obligations, and as a global business the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group would need the resources to comply with all of them.

If the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group , or any of its third-party service providers, is unable to effectively implement measures required as a result of new regulations or changes to existing regulations, or ensure compliance by the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group with applicable regulatory requirements (including in relation to privacy and data protection), it could be subject to fines, penalties and reputational damage which could have a material adverse effect on its business, operating results and financial condition.

D.4 The Group is subject to risks associated with violations of business conduct rules.

The Group's activities are subject to laws regarding the prevention of money laundering, the prevention of tax evasion, the financing of terrorism and bribery, although the primary responsibility for compliance with these regimes generally lies with the auctioneers using its Marketplaces or Platform. For example, the 5th Anti-Money Laundering Directive (Directive (EU) 2018/843)) ("**5AML**") came into effect in July 2018 and required EU member states to transpose amendments into national legislation by 10 January 2020. Under 5AML, auctioneers are required to conduct appropriate due diligence on any bidders spending more than €10,000 (or its foreign currency equivalent) in any single transaction or series of linked transactions.

Auctioneers are responsible for compliance with 5AML in relation to the auctions they host on the Group's Marketplaces or Platform. Whilst the Group is not responsible for this compliance, it has developed features to assist auctioneers with 5AML compliance. However, there is a risk that auctioneers may misrepresent their process in relation to their compliance with 5AML or with anti-money laundering laws or regulations more broadly (including laws and regulations relating to anti-corruption, anti-bribery, anti-tax evasion and anti-terrorism financing), in which event the Group could suffer reputational harm. Additionally, the auction industry has in the past been the subject of allegations of money laundering and the Group's reputation may be damaged if auctioneers on its Platform or Marketplaces (or even those not on its Platform or Marketplaces) are found to be non-compliant with relevant anti-money laundering laws. If the Group's reputation is damaged, this could have a material adverse effect on its business, operating results and financial condition, as described in the risk factor entitled "*The Group relies on its brand and reputation, which could be impaired*."

Monitoring the Group's own compliance with anti-corruption, anti-tax evasion and anti-bribery rules imposes a financial burden on the Group and requires significant technical capabilities. The Group's compliance policies and procedures may not prevent all instances of money laundering or bribery, or other prohibited transactions or behaviours, including those arising from actions by its employees, for which the Group might be held responsible. Any such events may have severe consequences, including sanctions, fines, penalties and reputational consequences, which could have a material adverse effect on its business, operating results and financial condition.

D.5 The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may be subject to general litigation, regulatory disputes and government inquiries.

The Existing Group and the LiveAuctioneers Group have in the past faced and they, or (subject to Completion) the Combined Group, may in the future face the risk of claims, lawsuits, government investigations and other proceedings involving competition and antitrust, intellectual property, privacy, consumer protection, accessibility claims, securities, tax, labour and employment, commercial disputes, services and other matters. The number and significance of these disputes and inquiries have increased as the political and regulatory landscape changes, as the Existing Group and the LiveAuctioneers Group have grown larger and expanded in scope and geographic reach, and as the Existing Group's and the LiveAuctioneers Group's business operations have increased in complexity. In addition, if the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group were to undertake a significant acquisition or the acquisition of a direct competitor, such acquisition could attract regulatory scrutiny from competition authorities and could as a result bear substantial additional costs or fail to gain regulatory approval or require the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group to comply with undertakings set by a regulator.

The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group cannot predict the outcome of such disputes and inquiries, and such disputes or inquiries could have an adverse impact on the Group because of legal costs, diversion of management resources and other factors. Determining reserves for any litigation or investigation is a complex, fact-intensive process that is subject to judgement calls. For instance, in the case of antitrust claims, the European Commission is under a legal obligation to assess complaints, and unless a complaint is withdrawn, it must reject it by a formal decision where it takes the view that there are no grounds for action. Due to this process, complaints often remain open for several years. It is possible that a resolution of one or more such proceedings could require the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group to make substantial payments to satisfy judgments, fines or penalties or to settle claims or proceedings, any of which could harm the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's business.

Legal proceedings or inquiries could also result in reputational harm, criminal sanctions, consent decrees or orders preventing the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group from offering certain products or services, or requiring a change in the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's business practices in costly ways or requiring development of non-infringing or otherwise altered products or technologies. Litigation and other claims and regulatory proceedings against the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group could result in unexpected expenses and liabilities, which could have a material adverse effect on the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's business, financial condition, results of operations and prospects.

D.6 The application, interpretation or amendment of tax laws, rules or regulations in relation to the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group are subject to uncertainties and the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may become the subject of a dispute with a taxation authority.

The tax laws of various jurisdictions to which the Existing Group and/or the LiveAuctioneers Group are subject, and/or to which (subject to Completion) the Combined Group will be subject, are complex and capable of differences in application or interpretation. The application of tax laws in different jurisdictions can be subject to diverging and sometimes conflicting interpretations by taxpayers, tax advisers and taxation authorities, and judgement and estimation are often required in determining tax liabilities. Taxation authorities may challenge the application or interpretation of tax laws, rules and regulations by, or the tax (including transfer pricing) methodologies of, the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group or may seek to determine that the manner in which the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group operates does not achieve the expected or intended tax consequences. Historical tax liabilities of the LiveAuctioneers Group should generally remain with the LiveAuctioneers Group following the Acquisition (and as such will be "inherited" by the Combined Group). Historical tax assets and attributes of a company or group (such as carried forward tax losses) may be subject to restriction or limitation in certain circumstances, including following a change of ownership. Accordingly, the tax assets or attributes of the LiveAuctioneers Group may be subject to restriction or limitation following the Acquisition and therefore may be wholly or partly unavailable.

Taxation authorities have become more assertive in their interpretation and enforcement of tax laws, rules and regulations over time, as tax authorities and governments are increasingly focused on ways to increase tax revenues. This has contributed to an increase in audit activity and more stringent interpretations by taxation authorities. The Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group could be subject to audit, enquiry or investigation by, or involved in a dispute with, a taxation authority.

Taxation authorities may seek to assess additional taxes on the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group and/or impose interest and penalties. Any successful challenge by a taxation authority could increase the worldwide effective tax rates of the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group. Any additional taxes or other assessments may be in excess of the current tax reserves and/or provisions of the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group and the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group may be required to modify its business practices to reduce its exposure to additional taxes going forward. Any of the risks identified above could adversely affect the business, financial condition, results of operations and prospects of the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group .

Additionally, the levels of, and reliefs from, taxation to which the Existing Group and/or the LiveAuctioneers Group are subject, or (subject to Completion) the Combined Group will be subject, or from which it benefits (or, subject to Completion, will benefit), are subject to changes that may adversely affect the business and profitability of the Group. Any change in the Existing Group's, the LiveAuctioneers Group's and/or (subject to Completion) the Combined Group's tax status or in tax laws, rules or regulations (including a change in interpretation by the relevant taxation authorities) in any jurisdictions where the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group operates, is tax resident or has a taxable presence such as a branch or permanent establishment (or in any other jurisdiction, such as where customers, auctioneers or bidders are located) could affect the business, financial condition, results of operations and prospects of the Existing Group, the LiveAuctioneers Group and/or (subject to Completion) the Combined Group. The Directors cannot predict the timing or impact of any such future changes to tax laws, rules or regulations.

E. RISKS RELATING TO THE SHARES

E.1 The Shares may be subject to market price volatility and the market price of the Shares may decline disproportionately in response to developments that are unrelated to the Company's operating performance.

The market price of the Shares may be volatile and subject to wide fluctuations. The market price of the Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in these risk factors, as well as period to period variations in operating results or changes in revenue or profit estimates by the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Existing Group, the LiveAuctioneers Group and/or (following Completion) the Combined Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions, regulatory changes, broader market volatility and movements. Any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

E.2 Further issuances of Shares, including in connection with the Acquisition, may result in immediate dilution and depress the price of the Shares.

In the future, the Company may issue additional Shares or other equity or debt securities convertible into Shares in connection with the Acquisition, a financing, further acquisition, litigation settlement or employee arrangement or otherwise. Any additional capital raised through the sale of equity could dilute existing Shareholders' ownership interest, cause the value of existing Shareholders' investments to decline and cause the trading price of the Shares to decline. Additional capital raised through the issuance of equity or debt may result in creditors or other investors having rights, preferences and privileges that are senior to those of existing Shareholders.

E.3 The market price of the Shares could be negatively affected by sales of substantial amounts of such Shares in the public markets, including following the expiry of the IPO Lock-Up Period or the Acquisition Lock-Up Period, or the perception that these sales could occur.

The Company, TA Associates, ECI Partners, the Directors and the Senior Managers are subject and, following Completion and Consideration Shares and Management RSU Shares Admission, the Management Sellers will be subject, to restrictions on the issue, sale and/or transfer, as applicable, of their respective holdings in the Company's issued share capital.

The issue or sale of a substantial number of Shares by the Company, TA Associates, ECI Partners, the Directors or the Senior Managers in the public market after the lock-up restrictions in the IPO Underwriting and Sponsor Agreement, the IPO Senior Manager Lock-Up Agreements and the IPO Deeds of Election expire (24 August 2021 in relation to TA Associates and ECI Partners, 25 February 2022 in relation to the Directors, the Senior Managers and the Other IPO Selling Shareholders) or are waived by the Company or the Joint Global Co-Ordinators (in the case of the Other IPO Selling Shareholders) or by the Joint Global Co-Ordinators (in all other cases), or the perception that these sales may occur, may depress the market price of the Shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

Similarly, the sale of a substantial number of Shares by the Rollover Management Sellers in the public market after the lock-up restrictions imposed on them in conjunction with the Acquisition expire (twelve monhts after the date of Completion) or are waived by the Company , or the issue or sale of any further Shares in connection with financing the Shares, or the perception that any such sales may occur, may depress the market price of the Shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

In addition, certain of the Shares could be granted as security by TA Associates in connection with margin loan facilities, the enforcement of which would reduce TA Associates' shareholdings, may have a significant impact on the Company's shareholding structure and corporate governance, may depress the market price of the Shares and could impair the Group's ability to raise capital through the issue of further Shares.

Other than in connection with the Acquisition or pursuant to employee Share Plans, the Company has no current plans for an offer of Shares. It is, however, possible that the Company may decide to offer additional Shares in the future. Any future sales or issuances of Shares, or the perception that such sales or issuances could occur, could dilute the holdings of Shareholders or adversely affect the prevailing market price of Shares. The Company may also issue additional Shares or other securities that are convertible into or exercisable for Shares in future public offerings or private placements for capital raising purposes or for other business purposes, potentially at an offering price, conversion price or exercise price that is below the current Share price.

PART II

PRESENTATION OF INFORMATION

1. GENERAL

No representation or warranty, express or implied, is made by any of the Joint Financial Advisers or any of their respective representatives or affiliates or any selling agent as to the accuracy, completeness or verification of such information, and nothing contained in this Circular is, or shall be relied upon as, a promise or representation by any of the Joint Financial Advisers, any of their respective representatives or affiliates or any selling agent in this respect, whether or not to the past, present or future. The Joint Financial Advisers assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Circular or any such statement. Without prejudice to any obligation of the Company to publish a supplementary circular pursuant to Listing Rule 10.5.4, the delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Circular, or that the information contained herein is correct as of any time subsequent to its date.

A copy of this Circular has been filed with, and approved by, the FCA and has been made available to the public in accordance with the Listing Rules.

The Company will update the information provided in this Circular by means of a supplement if a significant new factor that may affect the evaluation by Shareholders of the Acquisition occurs prior to the General Meting or if this Circular contains any material mistake or material inaccuracy. This Circular and any supplement will be subject to approval by the FCA and will be made public in accordance with the Listing Rules.

The contents of this Circular are not to be construed as legal, tax, business and/or financial advice. Each Shareholder should consult his or her or its advisers as to the legal, tax, business, financial and related aspects of owning or purchasing Shares or on voting in favour of the Resolutions. In making a decision on how to vote in respect of the Resolutions, each Shareholder must rely on his or her or its own examination, analysis and enquiry of the Company, the Shares and the Acquisition, including the merits and risks involved.

2. PRESENTATION OF FINANCIAL INFORMATION AND NON-FINANCIAL OPERATING DATA

The Company was incorporated on 18 January 2021 and has limited historical operations and financial information.

As set out in paragraph 2 of Part IX (*History and Evolution*), the business conducted by the Company and its subsidiaries has grown by acquisition.

In this Circular, for purposes of the presentation of financial information, the corporate group prior to the Proxibid Acquisition and the Historical Group Acquisition is referred to as the "**Historical Group**". For information regarding the structure of the Historical Group at the time of the Proxibid Acquisition, including the insertion of a new holding company formed to effect the acquisition of the Proxibid Group, see Part XIII (*Historical Financial Information*), Section One, Part B (*The Group*), note 2 (*Basis of preparation*).

Unless otherwise indicated:

- the operations of Proxibid Inc. are referred to as the "**Proxibid Group**";
- references to the "**Group**" are to the Historical Group, together with (a) for the time following the Proxibid Acquisition, the Proxibid Group, (b) for the time following the Historical Group Acquisition, the new holding companies interposed upon the acquisition of the Historical Group by Auction Bidco Limited (a subsidiary of Auction Midco Limited which in turn is a subsidiary of Auction Holdco Limited, which in turn is a subsidiary of ATL), (c) for the time following IPO Admission, the interposition of the Company as a new holding company pursuant to the IPO Reorganisation and (d) following Completion, the LiveAuctioneers Group, after giving effect to the Acquisition;
- the operations of Platinum Parent, Inc. and its subsidiaries are referred to as the "**LiveAuctioneers Group**";
- references to the "**Existing Group**" are to the Group prior to Completion; and
- references to the "**Combined Group**" are to the Group following Completion, after giving effect to the Acquisition.

Consolidated Financial Statements

Part XIII of this Circular contains the following historical financial information:

- incorporated by reference, consolidated financial statements of the Group as of and for:
  - the six months ended 31 March 2021, which reflect unaudited condensed consolidated interim financial information of the Group for H1 FY21; and
  - the 2.5 months ended 31 March 2020, which reflect unaudited condensed consolidated interim financial information of the Group for the 2.5-month period from 13 January 2020 (being the date of incorporation of Auction Topco Limited ("**ATL**")) to 31 March 2020 (including giving effect to the Proxibid Acquisition and the acquisition of the Historical Group by ATL on 13 February 2020);
- incorporated by reference, consolidated financial statements of the Group as of and for the years ended 30 September 2018, 2019 and 2020, which reflect historical consolidated financial information of the Group (including giving effect to the Proxibid Acquisition on 13 February 2020 and the acquisition of the Historical Group by ATL on 13 February 2020);
- incorporated by reference, consolidated financial statements of the Proxibid Group as of and for the years ended 30 September 2018 and 2019 and for the period 1 October 2019 to 12 February 2020; and
- consolidated financial statements of the LiveAuctioneers Group as of and for the years ended 31 December 2018, 2019 and 2020.

The consolidated financial statements of each of the Group, the Proxibid Group and the LiveAuctioneers Group have been prepared in accordance with the requirements of the Listing Rules and IFRS as adopted for use in the European Union, with the exception of (i) for FY18, FY19, FY20, the combination of the Historical Group and the Group into one set of consolidated financial statements of the Group as required by the Standards of Investment Reporting 2000 but which constitutes a departure from IFRS and (ii) for FY18, FY19, FY20, the combination of LiveAuctioneers, Inc. and Platinum Parent, Inc. into one set of consolidated financial statements of the LiveAuctioneers Group as required by the Standards of Investment Reporting 2000 but which constitutes a departure from IFRS. Notwithstanding that the historical financial information does not represent the Group's first set of IFRS financial information in accordance with IFRS, the Group has taken the optional exemption regarding historical acquisitions in accordance with IFRS 1.

The basis of preparation of the consolidated financial statements of:

- the Group for:
  - FY18, FY19 and FY20 is described in Note 2.1 thereto; and
  - the 2.5 months ended 31 March 2020 and H1 FY21 is described in Note 2 thereto;
- the Proxibid Group is described in Note 1 thereto; and
- the LiveAuctioneers Group for FY18, FY19 and FY20 is described in Note 2 thereto.

References in this Circular to H1 FY20 and H1 FY21 are to the six months ended 31 March 2020 and 2021, respectively. H1 FY20 financial information is derived from the underlying accounting records of the Historical Group and the Existing Group, and has not been either audited or reviewed. It differs from the consolidated financial information for the 2.5 months ended 31 March 2020, as set out in the unaudited condensed consolidated interim financial information of the Group for the 2.5-month period from 13 January 2020.

References in this Circular to FY18, FY19, FY20 and FY21 are, in the case of the Group and the Proxibid Group, to the financial years ended 30 September 2018, 30 September 2019, 30 September 2020 and 30 September 2021, respectively and, in the case of the LiveAuctioneers Group, to the financial years ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021, respectively.

Certain figures presented in this Circular differ from those include in the IPO Prospectus, due to the creation of a new Auction Services segment following the Auction Mobility Acquisition. Please refer to slide 32 of the Interim Results Presentation (which is incorporated by reference into this Part II as described in Part XV (*Documents Incorporated by Reference*) of this document) for a summary of the impact of this change on the Existing Group's revenue by segment.

Unaudited Pro Forma Financial Information

Part XIII of this Circular contains pro forma financial information to show the effect on the Group's consolidated statement of comprehensive income of:

- the effect on the Group's consolidated statement of comprehensive income of (i) the Acquisition, (ii) the financing of the Acquisition through the Placing and the New Facilities and (iii) the related settlement of the Group's debt under the Old Senior Facilities Agreement as if they had occurred on 1 October 2019;
- the effect on the Group's consolidated statement of comprehensive income of (i) the Proxibid Acquisition and (ii) the issuance of Shares as part of the IPO and the application of the net proceeds therefrom, as if the Proxibid Acquisition and the IPO had occurred on 1 October 2019; and
- the effect on the Group's consolidated statement of net assets of (i) the Acquisition, (ii) the financing of the Acquisition through the Placing and the New Facilities and (iii) the related settlement of the Group's debt under the Old Senior Facilities Agreement as if they had occurred on 31 March 2021.

Key Performance Indicators ("KPIs") and Underlying Business Metrics

The Existing Group has made certain acquisitions that have affected the comparability of the Existing Group's results of operations across FY18, FY19, FY20 and H1 FY21. Consequently, for purposes of comparing KPIs and highlighting underlying growth trends of the business operations that now comprise the Existing Group across periods, this Circular makes reference to the following key performance indicators and underlying business metrics. In addition, for ease of comparisons between FY19, FY20 and H1 FY21, certain figures are also presented for the Standalone ATG Group to provide comparisons of the Group's results between FY19, FY20 and H1 FY21 excluding the Proxibid Group in FY20. This Circular therefore makes reference to the following:

- the "**Standalone ATG Group**," which refers to the Group for FY18, FY19, FY20, H1 FY20 and H1 FY21, including (a) in the case of FY18, the Lot-tissimo Group from the date of acquisition (being 26 February 2018) and (b) in the case of H1 FY21, the Auction Mobility Group from the date of acquisition (being 16 October 2020) but excluding (a) in the case of FY18, the Catalogues Business and (b) in the case of FY20, H1 FY20 and H1 FY21 the results of the Proxibid Group;
- the "**Standalone Proxibid Group**," which refers to the Proxibid Group on a standalone basis for FY18 and FY19, as well as for the 12 months ended 30 September 2020 comprising the pre-acquisition period from 1 October 2019 to 12 February 2020 and the post-acquisition period from 13 February 2020 to 31 March 2021, including (for FY19 only) the Wavebid Group from the date of acquisition (being 31 December 2018), H1 FY20 and H1 FY21;
- the "**Standalone Lot-tissimo Group**," which refers to the business carried on by SPH Softwarepartner Hamburg GMBH & Co. KG and its subsidiaries (the "**Lot-tissimo Group**") on a standalone basis for the period 1 October 2017—26 February 2018 (the date of acquisition by the Group); management estimates that the Standalone Lot-tissimo Group generated approximately £0.7 million of revenue during this period;
- the "**Standalone Wavebid Group**," which refers to the business carried on by Wavebid and its subsidiaries as at the date of the acquisition of its business and assets by the Proxibid Group (the "**Wavebid Group**") on a standalone basis for the period 1 October 2017—31 December 2018 (the date of acquisition by the Proxibid Group); management estimates that the Standalone Wavebid Group generated £1.5 million of revenue during this period;
- the "**Catalogues Business**," which refers to the business of designing and managing the printing of catalogues for fine art and antique auctioneers which was carried on by Metropress Limited, which contributed £1.0 million of revenue to the Group for the period 1 October 2017—7 June 2018 (the date of disposal by the Group); and
- the "**Existing Group's Aggregated Operations**," which includes the Standalone ATG Group, the Standalone Proxibid Group, the Standalone Wavebid Group (for FY18 and the relevant portion of FY19, prior to acquisition on 31 December 2018, only), the Standalone Lot-tissimo Group (for the relevant portion of FY18, prior to acquisition on 26 February 2018, only), the net effect of which is that the term reflects the components of KPIs of acquired businesses before their acquisition by the Group and excludes the components of KPIs of the Catalogues Business before its disposal by the Group.

The Existing Group and the LiveAuctioneers Group monitor various KPIs to track the financial and operating performance of their respective business, including bidder sessions, THV, GMV, online share, registered bidder accounts, unique active bidders, Online-only THV, net revenue retention and take rate. These KPIs are presented on an aggregated basis (as KPIs of the Existing Group's Aggregated Operations) to illustrate certain historical growth trends of the underlying business operations. The presentation of these KPIs is complemented by the presentation of related standalone revenue.

The foregoing KPIs and revenue figures have been prepared for illustrative purposes only and are presented in this Circular because the Existing Group believes that they provide further information for Shareholders to understand the organic growth across FY18, FY19, FY20 and H1 FY21 of what is today the Existing Group's business. However, these metrics and revenue figures:

- do not necessarily reflect the Group's or its component business operations' actual results, what such results would have been had the relevant businesses formed part of the Group at the relevant times, or the results that may be realised by the Group in the future;
- unless otherwise indicated, were not prepared, and are not presented, in accordance with IFRS, U.S. GAAP, SEC requirements or any other generally accepted accounting principles;
- should not be read as pro forma financial information as they do not reflect any pro forma or other accounting adjustments that would be applied to present them as pro forma or consolidated figures (with the exception only of the elimination of revenue in FY18 generated by the Standalone ATG Group from the Lot-tissimo Group to avoid double counting);
- do not take account of changes in management or other changes affecting the Proxibid Group following the Proxibid Acquisition; and
- have not been adjusted to remove any duplicative registered bidder accounts or unique active bidders that may have been served by multiple components of the business or duplicative THV from lots that may have been listed on multiple Marketplaces simultaneously.

Shareholders and prospective investors are cautioned not to place undue reliance on these KPIs and revenue figures and are advised to review them in conjunction with the consolidated financial statements of the Group and the Proxibid Group included in Part XII of this Circular, as well as the pro forma financial information of the Group included in Part XIII of this Circular.

Non-IFRS Financial Measures

This Circular contains various financial measures and ratios that are not presented in accordance with UK-adopted IAS, IFRS, U.S. GAAP, SEC requirements or any other generally accepted accounting principles and which may not be comparable with similarly titled measures used by others in the Group's industry (collectively, the "**Non-IFRS Financial Measures**"). Such Non-IFRS Financial Measures include:

- Adjusted EBITDA
- Adjusted EBITDA Margin
- Free Cash Flow
- Free Cash Flow Conversion
- Constant currency revenue growth

The Group includes these Non-IFRS Financial Measures in this Circular because the Directors believe that the Non-IFRS Financial Measures provide supplemental measures of performance, profitability and liquidity, which the Group uses for evaluating its business performance and understanding certain significant items, which contribute to an understanding of the Group's trading performance. Furthermore, the Directors believe that these Non-IFRS Financial Measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

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. Nonetheless Adjusted EBITDA and, therefore, Adjusted EBITDA Margin have limitations as analytical tools, including the following:

- they do not reflect the Group's cash expenditures or future requirements for capital expenditure or contractual commitments;
- they do not reflect changes in, or cash requirements for, the Group's working capital needs;

- they do not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- they are not adjusted for all non-cash income or expense items that are reflected in the Group's statements of cash flows; and
- the further adjustments made in calculating Adjusted EBITDA are those that management consider are not representative of the underlying operations of the Group and, therefore, are subjective in nature.

The Directors believe that the presentation of Non-IFRS Financial Measures in this Circular complies with the European Securities and Markets Authority ("**ESMA**") Guidelines on Alternative Performance Measures (dated 5 October 2015), and related ESMA Questions and Answers.

There are no generally accepted principles governing the calculation of Non-IFRS Financial Measures and the criteria upon which these measures are based can vary from company to company. Non-IFRS Financial Measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as alternatives to revenue, profit/loss before tax or cash flow from operating, investing and financing activities, as derived in accordance with IFRS or any other financial or performance measure derived in accordance with IFRS, and should not be considered as being indicative of operating performance or as a measure of the Group's profitability or liquidity. Non-IFRS Financial Measures should be considered only in addition to, and not as a substitute for or superior to, financial information for the Group prepared in accordance with IFRS included elsewhere in this Circular. Non-IFRS Financial Measures are not intended to be indicative of the Group's future results. Shareholders and prospective investors are cautioned not to place undue reliance on the Non-IFRS Financial Measures and are advised to review them in conjunction with the consolidated financial statements of the Group and the Proxibid Group included in this Circular.

KPIs for the Existing Group's Aggregated Operations

	FY18	FY19	FY20	H1 FY20	H1 FY21
Bidder sessions ('000)(1)	80,541	89,889	107,192	47,533	64,214
THV (£m)(2)	4,371	4,340	4,817	2,366	3,002
GMV (£m)(3)	861	945	1,593	576	1,114
Online share(4)	19.7%	21.8%	33.1%	24.3%	37.1%
Registered bidder accounts ('000)(5)	3,122	3,652	4,252	4,036	4,940
Unique active bidders ('000)(6)	380	404	571	278	413
Online-only THV (£m)(7)	292	365	870	255	644
Net revenue retention(8)	103.8%	106.0%	116.6%	—	—

Standalone ATG Group

	FY18	FY19	FY20	H1 FY20	H1 FY21
Bidder sessions ('000)(1)	52,054	55,983	61,302	28,697	35,666
THV (£m)(2)	1,360	1,496	1,649	769	1,190
GMV (£m)(3)	397	435	587	232	401
Online share(4)	29.2%	29.1%	35.6%	30.2%	33.7%
Take rate(9)	4.4%	4.9%	4.2%	4.9%	3.8%
Revenue (£m)	21.2	24.8	27.8	13.2	19.6
Revenue growth	—	16.8%	12.4%	8.2%	48.3%
Year-on-year constant currency revenue growth(10)	—	14.9%	12.6%	8.2%	51.1%

Standalone Proxibid Group

	FY18	FY19	FY20	H1 FY20	H1 FY21
Bidder sessions ('000)(1)	28,487	33,906	45,890	18,836	28,548
THV (£m)(2)	2,897	2,843	3,168	1,597	1,812
GMV (£m)(3)	459	510	1,007	343	712
Online share(4)	15.8%	18.0%	31.8%	21.5%	39.3%
Take rate(9)	3.2%	3.2%	2.3%	2.8%	2.0%
Revenue (£m)	14.8	17.4	24.5	10.0	14.9
Revenue growth	—	17.6%	40.4%	18.1%	48.4%
Year-on-year constant currency revenue growth(11)	—	11.6%	40.4%	17.2%	56.0%

LiveAuctioneers Group

	FY18	FY19	FY20
Bidder sessions ('000)(12)	37,263	45,302	56,802
THV ($m)(2)	1,844	2,087	2,438
GMV ($m)(3)	221	261	375
Online share(4)	12.0%	12.5%	15.4%
Take rate(13)	8.4%	8.3%	7.5%
Revenue ($m)	21.1	23.8	31.5
Revenue growth	—	13%	32%

Notes:

(1) Represents web sessions on the Group's Marketplaces online within a given timeframe. Sessions expire after 30 minutes of inactivity and at midnight (GMT in respect of The Saleroom, i-bidder and BidSpotter UK, GMT -6 in respect of BidSpotter US and Proxibid, and GMT +1 in respect of Lot-tissimo), or if a user re-visits the website from another source (in which case the previous session will expire and a new one begins).

(2) Total Hammer Value ("**THV**") represents the total final sale value of all lots listed on the Marketplaces or the Platform, excluding additional fees (such as online fee and auctioneer's commissions) and (i) excluding, in the case of the Existing Group, the Standalone ATG Group and the Standalone Proxibid Group, sales of retail jewellery (being new, or nearly new, jewellery) and (ii) excluding, in the case of the LiveAuctioneers Group, items sold by Jasper52.

(3) Gross Merchandise Value ("**GMV**") represents the total final sale value of all lots sold via winning bids placed on the Marketplaces or the Platform, excluding additional fees (such as online fee and auctioneer's commissions) (i) excluding, in the case of the Existing Group, the Standalone ATG Group and the Standalone Proxibid Group, sales of retail jewellery (being new, or nearly new, jewellery) and (ii) excluding, in the case of the LiveAuctioneers Group, items sold by Jasper52.

(4) Represents GMV as a percentage of THV for auctions listed via the Existing Group, the Standalone ATG Group, the Standalone Proxibid Group or the LiveAuctioneers Group (as the case may be).

(5) Represents bidder accounts registered on the Marketplaces or Platform at the end of the relevant financial period.

(6) Represents registered bidder accounts that placed bids during the year, whether or not such bids were winning bids.

(7) Represents THV from timed or live online-only auctions hosted exclusively on the Marketplaces or Platform.

(8) Represents revenue in a financial period generated by the pool of auctioneers from whom revenue was generated in the prior financial period, expressed as a percentage of the revenue generated by the prior year auctioneers in the prior financial period.

(9) Represents the Group's Marketplace revenue as a percentage of GMV. Marketplace revenue is Group revenue excluding (i) Auction Services revenue and (ii) Content revenue.

(10) Represents year-on-year growth in revenue, without giving effect to any change in foreign currency exchange fluctuations in the relevant subsequent year and, therefore, calculated by translating revenue from Group entities whose functional currency is other than sterling into sterling using the same exchange rate as was applied in the prior year. Assumes for purposes of the calculation of growth:

- in FY19, adjusted revenue of £24.4 million based on exchange rates of GBP/USD: 1.34531 and GBP/EUR: 1.13009;
- in FY20, adjusted revenue of £27.9 million based on exchange rates of GBP/USD: 1.29424 and GBP/EUR: 1.13672;
- in H1 FY20, adjusted revenue of £13.2 million based on exchange rates of GBP/USD: 1.29424 and GBP/EUR: 1.13672; and
- in H1 FY21, adjusted revenue of £20.0 million based on exchange rates of GBP/USD: 1.28402 and GBP/EUR: 1.16170;

(11) Represents year-on-year growth in revenue, without giving effect to any change in foreign currency exchange fluctuations in the relevant subsequent year and, therefore, calculated by translating revenue from the Proxibid Group entities whose functional currency is other than sterling into sterling using the same exchange rate as was applied in the prior year. Assumes for purposes of the calculation of growth:

- in FY19, adjusted revenue of £16.5 million based on exchange rates of GBP/USD: 1.34531;
- in FY20, adjusted revenue of £24.5 million based on exchange rates of GBP/USD: 1.29424;
- in H1 FY20, adjusted revenue of £10.0 million based on exchange rates of GBP/USD: 1.29424; and
- in H1 FY21, adjusted revenue of £15.7 million based on exchange rates of GBP/USD: 1.28402;

(12) Represents web sessions on the LiveAuctioneers Marketplace online within a given timeframe.

(13) Represents the LiveAuctioneers Group's commission and event fees revenue as a percentage of GMV.

Historical financial information of the Group[(1)]

	FY18	FY19	FY20	Unaudited 2.5 months ended 31 March 2020	Unaudited H1 FY21
Revenue (£m)	22.2	24.8	45.3	6.5	34.5
Revenue growth	—	11.6%	82.9%	—	433.5%
Gross profit (£m)[(2)]	13.7	17.2	28.0	3.1	20.4
Gross profit margin[(3)]	61.5%	69.5%	61.8%	48.5%	59.3%
Adjusted EBITDA (£m)[(4)]	4.7	9.5	20.5	0.9	17.0
Adjusted EBITDA margin[(5)]	21.1%	38.3%	45.3%	13.9%	49.2%
Cash flow from operations (£m)	4.6	7.6	9.4	(2.0)	8.7
Free cash flow (£m)[(6)]	4.5	7.6	16.3	0.1	14.5
Free cash flow conversion[(7)]	95.4%	79.7%	79.4	14.0%	85.6%

Historical financial information of the Proxibid Group[(8)]

	FY18	FY19	Period 1 October 2019– 12 February 2020
Revenue (£m)	14.8	17.4	7.0
Revenue growth	—	17.6%	—
Gross profit (£m)[(2)]	7.5	7.0	2.7
Gross profit margin[(3)]	50.7%	40.1%	38.5%
Adjusted EBITDA (£m)[(9)]	2.1	3.4	1.8
Adjusted EBITDA margin[(10)]	14.3%	19.5%	25.1%
Cash flow from operations (£m)	1.5	3.0	1.5
Free cash flow (£m)[(11)]	(0.9)	(0.8)	1.1
Free cash flow conversion[(12)]	—	—	62.1%

Historical financial information of the LiveAuctioneers Group[(13)]

	FY18	FY19	FY20
Revenue ($m)	21.1	23.8	31.5
Revenue growth	—	13%	32%
Gross profit ($m)[(2)]	14.0	12.0	16.5
Gross profit margin[(3)]	66%	50%	52%
Adjusted EBITDA ($m)[(14)]	12.6	12.0	16.3
Adjusted EBITDA margin[(5)]	60%	50%	52%
Cash flow from operations ($m)	11.7	5.6	18.3
Free cash flow ($m)[(6)]	12.0	12.0	16.4
Free cash flow conversion[(7)]	95%	100%	101%

Notes:

(1) Prepared in accordance with IFRS, except the Group's Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Free Cash Flow Conversion.

(2) Represents revenue less cost of sales.

(3) Represents gross profit divided by revenue.

(4) Represents profit/(loss) before taxation, finance costs (including non-operating gains and losses in respect of financial instruments), depreciation and amortisation, share-based compensation and exceptional costs. Adjusted EBITDA at segment level is consistently defined with the above but excludes central administration costs including directors' salaries. Exceptional costs are set out in note 7 to the Historical Financial Information of the Group which is incorporated by reference into Section One of Part XIII of this Circular. Please refer to note 5 to the Historical Financial Information of the Group which is incorporated by reference into Section One of Part XIII of this Circular for a reconciliation of Adjusted EBITDA to Loss before tax.

(5) Represents Adjusted EBITDA divided by revenue.

(6) Represents cash generated from operations adjusted for (i) exceptional items (ii) working capital from exceptional items and other items (iii) additions to other intangible assets and (iv) additions to property, plant and equipment as further detailed on page 28 of the Results Announcement incorporated by reference into Part XII (*Interim Financial Information of the Group*) of this document.

(7) Represents Free Cash Flow divided by Adjusted EBITDA.

(8) Prepared in accordance with IFRS, except the Proxibid Group's Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Free Cash Flow Conversion.

(9) Represents profit/(loss) before taxation, finance costs, non-operating gains or losses in respect of financial instruments, depreciation and amortisation, share-based compensation relating to Phantom Shares and exceptional costs which do not reflect the underlying trading of the business. Exceptional costs are set out in note 5 to the Historical Financial Information of the Proxibid Group which is incorporated by reference into Section Two of Part XIII of this Circular. Please refer to note 5 to the Historical Financial Information of the Proxibid Group which is incorporated by reference into Section Two of Part XIII this Circular for a reconciliation of Adjusted EBITDA to Loss before tax.

(10) Represents Adjusted EBITDA divided by revenue.

(11) Represents cash generated from operations adjusted for (i) exceptional items (ii) working capital from exceptional items and other items (iii) additions to other intangible assets and (iv) additions to property, plant and equipment as further detailed on page 28 of the Results Announcement incorporated by reference into Part XII (*Interim Financial Information of the Group*) of this document.

(12) Represents Free Cash Flow divided by Adjusted EBITDA.

(13) Prepared in accordance with IFRS, except the Proxibid Group's Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Free Cash Flow Conversion.

(14) Represents profit/(loss) before taxation, finance costs (including non-operating gains and losses in respect of financial instruments), depreciation and amortisation, share-based compensation and exceptional costs. Adjusted EBITDA at segment level is consistently defined with the above but excludes central administration costs including directors' salaries. Exceptional costs are set out in note 5 to the Historical Financial Information of the LiveAuctioneers Group in Section Three of Part XIII of this Circular. The following table sets out the reconciliation of Adjusted EBITDA to Income/(loss) before tax:

	FY18	**FY19**	**FY20**
Adjusted EBITDA	**12,553**	**11,983**	**16,288**
Net finance costs	(1,142)	(4,245)	(6,366)
Share-based compensation	(448)	(633)	(554)
Depreciation of Property Plant and Equipment	(9)	(8)	(26)
Amortisation of Intangible Assets	(546)	(6,305)	(11,584)
Depreciation of Right of Use Assets	(94)	(94)	(143)
Exceptional items	(246)	(9,620)	—
Income/(loss) before tax	**10,068**	**8,922**	**2,385**

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this Circular constitute Directors' estimates, using underlying data from third parties. As at the date of this Circular, the Directors estimate, based on data that is available to them, that each of the Group's Marketplaces is the leading auction marketplace in its respective industry vertical within its geographies of operation.

The Company obtained market and economic data and certain industry statistics from internal reports as well as from third-party sources as described in the footnotes to such information. The Company confirms that all third-party information set out in this Circular has been accurately reproduced and that, so far as it is aware and has been able to ascertain from information published by the third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company makes no representation or warranty as to the accuracy or completeness of such information as set out in this Circular. Such third-party information has not been audited or independently verified. Where third-party information has been used in this Circular, the source of such information has been identified.

Information not contained in this Circular

No person has been authorised to give any information or to make any representations other than those contained in this Circular in connection with the Company and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Company or the Group.

3. ADVICE

Shareholders should not treat the contents of this Circular as advice relating to legal, taxation, investment or any other matters. Shareholders and prospective investors should inform themselves as to (among other things): (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (c) the income, capital gains and other tax consequences which may apply in their own or any other country in respect of the acquisition, holding, transfer or other disposal of Shares (including in respect of any dividends paid thereon).

Shareholders must rely upon their own representatives, including their own legal or financial advisers and accountants, as to legal, taxation, investment or any other related matters concerning the Company and an investment therein. Statements made in this Circular are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Each Shareholder should consult his or her or its advisers as to the legal, tax, business, financial and related aspects of owning or purchasing Shares or on voting in favour of the Resolutions. In making a decision on how to vote in respect of the Resolutions, each Shareholder must rely on his or her or its own examination, analysis and enquiry of the Company, the Shares and the Acquisition, including the merits and risks involved.

4. INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Circular includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative of those terms, other variations on those terms or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Circular and include statements regarding the intentions, beliefs and current expectations of the Directors or the Company concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industries in which it operates.

In particular, the statements in Part I (*Risk Factors*) and Part IX (*Information on the Group*) of this Circular regarding the Company's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Circular regarding matters that are not historical facts are not guarantees of future performance and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company and the Directors, are inherently subject to significant risks, uncertainties, assumptions, contingencies and other factors that could cause the Group's actual financial condition, results of operations or prospects to be materially different from those in the contemplated or expressed forward-looking statements. These include, without limitation:

- the competitive environment within which the Group operates;
- the Group's ability to retain existing bidders and auctioneers and to attract new bidders and auctioneers to utilise the Marketplaces or the Platform;
- a decrease in successful online bids and/or a decline in the value of inventory listed by auctioneers on the Marketplaces or Platform;
- a slowdown in the structural shift from offline to online auctions in the Group's industry;
- an increase in auctioneers choosing to bypass the Marketplaces or Platform, including as a result of the Group's white label offering;
- the Group's ability to successfully implement its business strategy and manage organic and inorganic growth, including through suitable acquisitions and offering incremental ancillary services to auctioneers;
- examinations, challenges and restrictions by competition authorities, including the CMA in the UK, or tax authorities, and adverse or unexpected outcomes in litigation, regulatory disputes and governmental inquiries;
- failure to retain and/or adequately train senior management and other key employees;
- changes in the political and macroeconomic conditions in the United Kingdom, the United States and Germany, foreign exchange movements, the consequences of the COVID-19 pandemic and associated ongoing mitigation restrictions (or the lifting of such restrictions), and the impact of such changes on the Group's current operations and growth strategies;

- security breaches, undetected errors, defects or bugs in the Marketplaces or the Platform or interruptions in technology;
- increased technology costs or an inability to successfully keep pace with innovation or anticipate, manage or adopt technological advances within the Group's industry;
- inability to obtain, share and retain customer data under privacy, data protection and related laws;
- disruptions in third-party systems and processes that the Group relies on;
- reputational risks and deterioration in the strength of the Group's brands;
- adverse changes in the Group's relevance and ranking in the algorithms of search engines or in its ability to use digital marketing, social media and electronic communication services to market and advertise the Group's services;
- failure by auctioneers to adequately perform or comply with applicable laws and regulations;
- changes in legislation or policies related to taxes applicable to the Group;
- risks related to the servicing and financing of the Group's debt and any future debt that the Group may incur; and
- natural and man-made catastrophes, disasters and terrorism.

Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Risks and uncertainties also include those described in Part I of this Circular (*Risk Factors*), which should be read in conjunction with the other cautionary statements that are included in this Circular.

The forward-looking statements contained in this Circular are made only as of the date of this Circular and are not intended to give any assurance to future results. The Company, the Directors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Circular to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law (including but not limited to FSMA and the Market Abuse Rules, the Prospectus Regulation Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules).

In addition, this Circular contains information concerning the Group's industry and its market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the industry, and the Group's market and business segments, will develop. These assumptions are based on information currently available to the Group, including through the market research and industry reports referred to in this Circular. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While the Company does not know what impact any such differences may have on its business, if there are such differences, they could have a material adverse effect on the Group's future financial condition and results of operations.

The forward-looking estimates and forecasts reproduced in this Circular from third-party sources could prove to be inaccurate. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the third-party studies has been included in this Circular should not be considered as a recommendation by the relevant third-parties to invest in, purchase, or take any other action whatsoever with respect to the Shares.

All subsequent written and oral forward-looking statements attributable to the Group are expressly qualified in their entirety by reference to these cautionary statements. Shareholders and investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this Circular.

5. NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Company's website, any website mentioned in this Circular or any website directly or indirectly linked to these websites have not been verified and no information contained in any website forms part of this Circular unless it is expressly incorporated by reference. Shareholders and investors should not rely on such information.

6. ROUNDING

Certain data contained in this Circular, including financial information, have been rounded. As a result, discrepancies in tables between the totals and the sums of the amounts listed may occur due to such rounding. Percentages in tables have been rounded and accordingly may not add up to 100 per cent. In addition, certain figures set out in this Circular reflect calculations based upon the underlying information before rounding and, accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

7. CURRENCIES

All references in this Circular to "pounds sterling", "GBP" "£" or "pence" are to the lawful currency of the UK. All references to the "Euro", "EUR" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. All references to "US dollars", "USD" or "$" are to the lawful currency of the United States. Unless otherwise indicated, the financial information contained in this Circular has been expressed in pounds sterling.

For the purposes of calculating the gross and net proceeds of the Placing (which were generated in GBP) in USD, the Company has assumed exchange rates of GBP/USD: 1.34949.

8. CONSTITUTION

All Shareholders are entitled to the benefit of, and from the date of their adoption will be bound by, and are deemed to have notice of, the provisions of the Articles.

9. INTERPRETATION

Certain terms used in this Circular, including capitalised terms and certain technical and other items, are defined in Part XVII (*Glossary*) and Part XVIII (*Definitions*).

References to the singular in this Circular shall include the plural and vice versa where the context requires. Any references to time in this Circular are to London times unless otherwise stated.

PART III

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

DIRECTORS:	Breon Corcoran, *Non-Executive Chairman* John-Paul Savant, *Chief Executive Officer* Tom Hargreaves, *Chief Financial Officer* Scott Forbes, *Senior Independent Non-Executive Director* Penny Ladkin-Brand, *Independent Non-Executive Director* Morgan Seigler, *Non-Executive Director*
COMPANY SECRETARY:	Marie Edwards
HEAD OFFICE, REGISTERED OFFICE AND DIRECTORS' BUSINESS ADDRESS:	The Harlequin Building 6th Floor, 65 Southwark Street London SE1 0HR
ADVISERS:	**Sponsor and Joint Financial Adviser** Numis Securities Limited London Stock Exchange Building 10 Paternoster Square London EC4M 7LT **Joint Financial Adviser** J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 4BB **Legal advisers to the Company** Travers Smith LLP 10 Snow Hill London EC1A 2AL **Legal advisers to the Sponsor and Joint Financial Advisers** Ashurst LLP London Fruit & Wool Exchange, 1 Duval Square London E1 6PW **Auditors and Reporting Accountants** Deloitte LLP 1 New Street Square London EC4A 3HQ **Registrar** Equiniti Limited Aspect House, Spencer Road Lancing, West Sussex BN99 6DA **Financial public relations advisers to the Company** Tulchan Communications LLP 85 Fleet Street London EC4Y 1AE

PART IV

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. All references to times in this document are to London, UK time unless otherwise stated.

Event	*Time and date*
Announcement of the Placing and the Acquisition	17 June 2021
Announcement of results of the Placing	18 June 2021
Publication of this Circular	**4 August 2021**
Posting of this Circular and the Form of Proxy	4 August 2021
Latest time and date for receipt of Forms of Proxy	09:00 a.m. on 18 August 2021
General Meeting	**09:00 a.m. on 20 August 2021**
Announcement of the results of the General Meeting	20 August 2021
Expected date of Completion, issue of the Top Up Shares (if any), issue of the Shares relating to the LiveAuctioneers Group Staff Gift and Admission of, and commencement of dealings in, such New Shares	between 20 August 2021 and 20 July 2022
Expected date of issue of the Consideration Shares and Admission of, and commencement of dealings in, the Consideration Shares	12 months following Completion

PART V

SHARE CAPITAL AND PLACING STATISTICS

Number of Shares in issue as at the Latest Practicable Date	119,999,990
Placing	
Offer price per Placing Share	1,220 pence
Discount of the offer price per Placing Share to the Closing Price of 1,306 pence on 17 June 2021, being the latest Business Day prior to the announcement of the Placing	6.6%
Number of Placing Shares issued by the Company pursuant to the Placing	19,999,990
Placing Shares as a percentage of the share capital of the Group immediately following Placing Shares Admission	19.9%
Gross proceeds of the Placing	£244.0 million ($338.0 million)
Estimated expenses of the Placing, the New Senior Facilities Agreement and the Acquisition(1)	£21.5 million ($29.8 million)
Estimated net proceeds of the Placing received by the Company(2)	£222.5 million ($308.3 million)

Acquisition

The number of New Shares to be issued in connection with the Acquisition will only be known, at the earliest, on Completion depending on, amongst other things, (i) the per share Acquisition value of a Platinum Parent, Inc. share, (ii) the closing share price of the Shares on the date of Completion, (iii) closing accounting adjustments and (iv) the US dollar to pound sterling exchange rate at Completion.

The estimates set out below represent the Directors' best estimate, as at the Latest Practicable Date, of the number of New Shares to be issued. The estimates do not constitute an absolute maximum on the number of New Shares which may be issued. The assumptions and bases of the estimates are set out below.

<u>Shareholders should be aware that the estimates set out below do not represent upper or lower bounds for the number of New Shares to be issued and the actual number of New Shares may be smaller or greater than the estimates set out below.</u>

	Estimated(3)
Estimated number of Rollover Options to be issued	1,123,731
Estimated number of Management RSUs to be issued	910,961
Estimated maximum number of Top Up Shares which may be issued	2,038,914(4)
Estimated number of Shares to be issued in connection with the One-Off Equity Awards	271,200
Estimated number of Shares to be issued in connection with the LiveAuctioneers Group Staff Gift	4,663
Estimated aggregate number of New Shares	4,349,470
Estimated aggregate number of Shares in issue following issue of the New Shares	124,349,460

The figures set out above are estimates only and will not be ascertainable or determined until, at the earliest, Completion. <u>The actual number of New Shares to be issued may not be in line with the estimates set out above.</u>

Notes:

(1) All expenses are exclusive of VAT.

(2) Net of all estimated fees and expenses payable by the Company in connection with the Placing, the Acquisition and the New Senor Facilities Agreement. In accordance with the term of the Acquisition Agreement, $302.6 million of the net proceeds of the Placing have been placed into an escrow account

operated by J.P. Morgan Securities plc, pending Completion. In the event that the Acquisition Agreement is terminated, these monies will be returned to the Company.

(3) Assumes (i) the price of the Shares at Completion is 1,358 pence per Share (being the price of the Shares as at the Latest Practicable Date), (ii) the volume weighted average price of the Shares for the 30 business days prior to Completion is 1,246 pence per Share (being the volume weighted average price of the Shares for the 30 business days prior to the Latest Practicable Date), (iii) the US dollar to pound sterling rate is 1.3896 (being the exchange rate as at the Latest Practicable Date), (iv) the per share Acquisition value of a Platinum Parent, Inc. share is in line with management expectations, (v) the Company issues Top Up Shares to an aggregate value of $30 million at the Discounted Share Price, (vi) the LiveAuctioneers Group has 44 non-equity holding employees at Completion (being the number of non-equity holding employees as at 19 July 2021) and (vii) no Shares are issued other than the New Shares (the "**New Share Assumptions**").

(4) Under the terms of the Acquisition Agreement, where it would not be commercially reasonable for the Company to pay the total balance of the Cash Consideration in cash, the Company has the right (but not the obligation) to issue Top Up Shares to the Sellers at the Discounted Share Price in order to satisfy up to $30 million of the Cash Consideration. The number of Top Up Shares may therefore be zero.

PART VI

LETTER FROM THE CHAIRMAN OF AUCTION TECHNOLOGY GROUP PLC

(incorporated and registered in England and Wales with registered number 13141124)

Directors	**Registered Office:**
Breon Corcoran, *Non-Executive Chairman*	The Harlequin Building
John-Paul Savant, *Chief Executive Officer*	6th Floor, 65 Southwark Street
Tom Hargreaves, *Chief Financial Officer*	London
Scott Forbes, *Senior Independent Non-Executive Director*	SE1 0HR
Penny Ladkin-Brand, *Independent Non-Executive Director*	
Morgan Seigler, *Non-Executive Director*	

4 August 2021

Dear Shareholder,

1. INTRODUCTION

Auction Technology Group plc announced on 17 June 2021 the proposed acquisition of Platinum Parent, Inc., the holding company of LiveAuctioneers, a leading curated online North American Arts & Antiques ("**A&A**") Marketplace, at an enterprise value of up to $525 million (including up to $25 million of Earn Out Consideration) on a cash-free and debt-free basis, assuming a normalised level of working capital and subject to customary completion adjustments.

As more fully described in paragraph 7 of this Part VII, on 17 June 2021, ATG undertook a Placing to raise gross proceeds of £244 million ($338 million), the net proceeds of which will be used to partly fund the Cash Consideration and the associated transaction fees of the Acquisition. The Placing comprised the issue of, in aggregate, 19,999,990 Shares at an offer price of 1,220 pence per Share, which represented a discount of 6.6 per cent. to the Closing Price of 1,306 pence per Share on 17 June 2021 (being the last Business Day before announcement of the Placing). The Placing Shares were admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities (together "**Placing Shares Admission**") at 8.00 a.m. on 22 June 2021.

The consideration payable in connection with the Acquisition consists of $500 million of Completion Consideration and up to $25 million Earn Out Consideration, as described in paragraph 6 below and in paragraph 2 of Part VII of this document (*Principal Terms of the Acquisition*).

In addition to the Placing, up to $204 million of Consideration will be funded by the new committed debt facilities entered into by the Company, in each case, as described below. The Company intends to finance any remaining Consideration from its existing cash resources or by the issue of Top Up Shares at Completion.

LiveAuctioneers is an operator of a worldwide A&A Marketplace, connecting bidders from approximately 70 countries and approximately 1,600 auctioneers as at 31 March 2021 (and more than 6,000 auctioneers since inception) via its online platform, helping auctioneers to realise operational efficiencies and bidders to access a wide range of exceptional items through secure online auctions. Founded in 2002, the LiveAuctioneers Group derives revenue primarily through commissions paid on lots sold on the LiveAuctioneers Marketplace and event fees paid by auctioneers to host auctions on the LiveAuctioneers Marketplace as well as from certain value added services such as payments solutions. From FY18 to FY20, LiveAuctioneers delivered a revenue CAGR of 22.2 per cent. and an Adjusted EBITDA CAGR of 13.9 per cent. This strong growth has continued into FY21 as the demand for online auctions has continued on the back of sustained COVID-19 pandemic-related lockdowns. In FY20 LiveAuctioneers had revenue of $31.5 million and Adjusted EBITDA of $16.3 million. Platinum Parent, Inc. is majority owned by Cove Hill Partners, with the balance principally owned by certain of its management and employees.

The Directors believe the Acquisition has a compelling strategic rationale and the acquisition falls directly in line with the Company's strategy that was set out at the time of the IPO. The strategic rationale for the Acquisition is described in detail in paragraph 2 of this letter.

The Acquisition, because of its size in relation to the Company, is a Class 1 transaction for the Company under the Listing Rules and is therefore conditional, amongst other things, upon the approval by Shareholders who together represent a simple majority of the Shares being voted (whether in person or by proxy) at the General Meeting. In addition, due to its size, the Reverse Termination Fee, which the Platinum Parent Purchaser has agreed to pay to Platinum Parent, Inc. in certain circumstances if the Acquisition is not completed, is a Class 1 transaction and is therefore also conditional on the approval of Shareholders.

TA Associates, ECI Partners, Jupiter, the Directors and the Senior Managers have irrevocably undertaken to vote (or procure a vote) in favour of the Resolutions at the General Meeting, which amount to approximately 46 per cent of the Company's issued Share capital, as described in paragraph 12 of this letter.

The purpose of this document is to explain the background to, and provide you with information on, the Acquisition and to issue a notice of General Meeting to be held to consider, and if thought appropriate pass, the Resolutions needed to complete the Acquisition and to approve the Reverse Termination Fee.

This document also explains why the Directors believe the Acquisition to be in the best interests of the Shareholders taken as a whole. The Board unanimously recommends that you vote in favour of the Resolutions as each Director has irrevocably undertaken to do in respect of his or her own holdings. Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter.

2. BACKGROUND, STRATEGY AND REASONS FOR THE ACQUISITION

ATG operates world-leading Marketplaces and a proprietary auction Platform for curated online auctions, connecting bidders with auctioneers. The Group was founded approximately 50 years ago and is headquartered in London, UK, with offices across three countries (UK, US and Germany). As a key partner to and advocate for auctioneers, the Company 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. In February 2021, the Company completed its successful listing on the premium listing segment of the Official List and on the London Stock Exchange's main market for listed securities at a market capitalisation of £600 million. In the IPO Prospectus, the Company clearly conveyed its strategic direction to its Shareholders and the key pillars for its future growth, including its overall M&A strategy. The Company has a strong track record of M&A following on from the notable acquisition of Proxibid in February 2020 as well other smaller acquisitions such as Auction Mobility, BidSpotter US and Lot-tissimo.

LiveAuctioneers is an operator of a leading North American A&A Marketplace, connecting bidders with more than 6,000 auctioneers since inception (including approximately 1,600 auctioneers as at 31 March 2021) via its online platform, helping auctioneers to realise operational efficiencies and bidders to access a wide range of exceptional items through secure online auctions. LiveAuctioneers is headquartered in New York City. The Directors believe there is a strong strategic rationale for the Acquisition of the LiveAuctioneers Group. The Acquisition will enable ATG to develop its presence in the North American A&A vertical/geography through LiveAuctioneers's wide array of auctioneer and bidder clients whilst accelerating investment into value added services (including the LiveAuctioneers Group's payments processing service) and customer end-to-end experience. The Directors believe the Combined Group will have a compelling financial profile, with high net revenue retention and a diverse revenue base that is largely cycle-neutral (due to many items being sourced for sale from "life events" such as probate, divorce, death and downsizing).

Following Completion, LiveAuctioneers's Chief Executive Officer, Phil Michaelson and Chief Technology Officer, Rob Cummings, will remain involved in the business and will continue to run LiveAuctioneers in North America. Under the terms of the Acquisition, Phil Michaelson, Rob Cummings and certain other Management Sellers have agreed to retain an ongoing Share ownership in the Company in order to support the delivery of the full strategic, operational and financial benefits of the Acquisition. This includes agreeing to lock-up arrangements relating to the Consideration Shares receivable by them, as further detailed in paragraph 6 of Part VII of this document (*Principal Terms of the Acquisition*).

The acquisition of LiveAuctioneers is in line with the M&A and growth strategies laid out at IPO

As set out in the IPO Prospectus, the Directors believe future growth is important to the ongoing success of the Group and that expanding the Group's geographical and industry footprint is important to allow it to efficiently invest in key elements of the online buying experience (payments, delivery, improved buyer experience) that will enable its Marketplaces to remain competitive with the many other forms of online buying. The Directors believe that the acquisition of LiveAuctioneers is directly in line with this strategy, developing the Group's footprint in the North American A&A vertical/geography. ATG expects the Combined Group to benefit from similar operational and technical benefits that have been realised from the acquisitions of Proxibid, BidSpotter US and Lot-tissimo such as through the Group's 'hub and spoke' model and, in due course, technological redundancy of legacy systems.

The Acquisition also demonstrates ATG's commitment to the growth strategy laid out at the IPO addressing all of the key pillars, including:

- Increasing total addressable market
- Expansion into a market in the early stages of online adoption
- Increased auctioneer and bidder client base
- Efficient investment in value enhancing end-to-end UX, features, and functionality for auctioneers and bidders
- Adding highly accretive business to the Group via M&A
- Enhancing and accelerating the value-add proposition for auctioneers and customers

Increasing total addressable market ("TAM")

The Acquisition adds a significant incremental piece to the Group's total addressable market with the addition of one of the leading curated online A&A marketplaces in North America.

The Directors believe that the US A&A segment (the LiveAuctioneers Group's US TAM) was worth $21.0 billion in 2020 and the value of goods sold through the auction channel overall in the US A&A segment (excluding Christie's and Sotheby's) will be worth $6.6 billion in 2023 (*Source: Company estimates based on internal data*). The Directors estimate that the US A&A online auction segment (excluding Christie's and Sotheby's) was worth $1.8 billion in 2019 and believe this will grow to an estimated $4.0 billion by 2023, with an estimated CAGR of approximately 22 per cent. between 2019-23 (*Source: Company estimates based on internal data*). The differential between the current size of the US A&A online auction segment and the US A&A TAM represents a significant growth opportunity for the Group.

The LiveAuctioneers Marketplace is a leading US A&A online auction marketplace with more than 50 million website visits (growing at a CAGR of 23.5 per cent. since FY18), more than one million registered bidders (growing 18.9 per cent. since FY18) and almost 120,000 active bidders (growing 34.8 per cent. since FY18) in FY20 and the Directors believe that these factors mean that the LiveAuctioneers Group is well-positioned to capture an increasing portion of the US A&A TAM.

LiveAuctioneers is well positioned in North American A&A and has carved out a differentiated proposition from its competitors, most notably:

- LiveAuctioneers has approximately 1,600 auctioneers
- LiveAuctioneers charges a transparent headline commission
- LiveAuctioneers has a highly engaging website with strong functionality (e.g. payments, personalisation and item categorisation)
- LiveAuctioneers has a highly competitive service offering, with further scope to expand into other adjacencies (e.g. shipping, financing, insurance, restoration/repair)
- LiveAuctioneers has a wide ranging category focus and covers all key A&A categories, whilst also having one of the highest number of lots on its site vs key peers

Expansion into a market in the early stages of online adoption

The Acquisition brings greater access to a market with relatively low online penetration and with a considerable scope to grow online share in the market as more bidders move online. By way of illustration, as of its FY20, online share (i.e. gross merchandise value (GMV) of goods sold online via the LiveAuctioneers Marketplace as a percentage of total hammer value (THV) for the auctions listed by LiveAuctioneers) was 15.4 per cent., up from 12.0 per cent. in its FY18. In the auctions listed on the ATG's European-focused A&A Marketplaces (The Saleroom and Lot-tissimo), online share was 17 per cent. in the ATG's FY20, highlighting the clear headroom available. The Directors believe that these A&A Marketplaces have a similar capacity for growth as that experienced by the online segment for I&C, where online share for the auctions listed on ATG's I&C Marketplaces (Proxibid, BidSpotter US and BidSpotter UK) was 39 per cent. in ATG's FY20. A&A auctions have traditionally been carried out in an offline, in-person setting where there is less accessibility for bidders whilst also incurring higher costs to the auctioneers and thus the shift to online has significant benefits for both auctioneers and bidders. There are also a significant number of North American A&A auctioneers that do not have a meaningful online presence and thus there is a further growth opportunity due to the number of auctioneers that could be added to the Combined Group's current auctioneer base. LiveAuctioneers have seen strong growth both from auctioneers moving online but also from revenue retained from historic cohorts. LiveAuctioneers's auctioneer net revenue retention was 108 per cent. in its FY18, 104 per cent. in FY19 and 119 per cent. in FY20.

Increasing the auctioneer and bidder client base

The Acquisition will add approximately 1,600 new auctioneer clients (as at 31 March 2021) who operate approximately 27,000 auctions per year (for the 12 months ending 31 December 2020) and collectively deliver winning bidders on approximately 1.3 million lots (for the 12 months ending 31 December 2020). It also expands the bidder base by almost 120,000 (as at 31 March 2021) in the North American A&A vertical/geography who conducted over 56 million sessions (for the 12 months ending 31 December 2020), further expanding the footprint currently provided by Proxibid and Auction Mobility. The Acquisition will have significant benefits for both the Existing Group's and the LiveAuctioneers Group's auctioneers, providing them with a more integrated service, whilst also saving them time and reducing their costs, enabling them to compete more effectively and efficiently, particularly against other online channels for secondary, unique, and specialised items, such as eBay and Etsy. The Directors believe that the LiveAuctioneers Group's auctioneers will also benefit from the ability of the Combined Group to offer Auction Mobility's capabilities, which will enable auctioneers to further build out their white label offering, giving auctioneers the ability to build their brands alongside the Existing Group's brands, and thus enhancing the overall auctioneer value-add proposition.

The incremental inventory from the combination of the Existing Group's premium white label offering plus Marketplace sales with that of the LiveAuctioneers Marketplace will increase the appeal and value for bidders at auction. The incremental bidder base will also help to increase competition in auctions, providing greater revenue to the consignors and auctioneers as well as enabling auctions on those Marketplaces to provide a truer reflection of the market price for those goods. This translates into higher benefits to consignors of the goods to auctioneers, which should in turn lead to more items being sold at auction.

Bidders will have access to a far wider range of items from a wider universe of auctioneers and can benefit from the enhanced customer service auctioneers will be able to provide as a result of efficiencies realised through the Combined Group's expanded service offering. The Acquisition will enable bidders around the world to gain access to approximately 1.3 million lots in a secure, easy, and engaging online environment. The Directors also believe that bidders will buy with more confidence and believe they are playing a role in sustainable buying and a greener planet.

Fully integrated payments solution

The Acquisition adds the ability to provide a fully integrated payments solution to the Combined Group, helping to simplify the fragmented payments process for auctioneers and bidders. LiveAuctioneers provides bidders the functionality to pay auctioneers through: (i) third-party payment processors, (ii) LiveAuctioneers invoicing; (iii) credit and debit card payments and pre-authorisation; and (iv) Automated Clearing House payments. For successful bidders, payments can be taken automatically from card details saved to the LiveAuctioneers Group's system via an "autopay" functionality. This helps to ensure quicker remittance of funds to auctioneers and consignors, as payment is deducted automatically 72 hours after the issue of an invoice following an auction. The Directors believe that the addition of LiveAuctioneers's payments processing functionality will significantly accelerate the Existing Group's payments functionality. This adds significant value-add functionality for the auctioneer helping to mitigate compliance risk whilst also helping auctioneers to comply with their obligations to collect taxes. Historically, bidders would have to make payments via less efficient methods, which would increase the likelihood of defaults in payment and increase the time period between the auction and a consignor receiving the proceeds of the sale. The addition of a fully integrated payments solution will also add functionality for the bidder, helping to enhance the wider bidder end-to-end experience and provide a buying experience more in line with bidder expectations and wider e-commerce transactions. The Directors believe that the payments solution, which has been developed on a modular basis, will be integrated into the Combined Group's North American Marketplaces (Proxibid and BidSpotter US) within six months of Completion, enabling quick availability across the North American Marketplaces, with integration across the UK and DACH region Marketplaces within twelve to fifteen months of Completion. Additional investment would be required to extend the solution to the UK and Europe. LiveAuctioneers's payments function has experienced notable increase in volumes over the three months ended 31 March 2021, following initial launch in December 2020, due to its enhanced focus on communicating the benefits of the same to auctioneers, with more than 450 auction houses using the service.

Compelling financial benefits

The Acquisition adds a significant bidder and auctioneer base to the Combined Group. The Acquisition will add approximately 1,600 new auctioneers, taking the total number between the Existing Group and the LiveAuctioneers Group approximately 3,600. In light of LiveAuctioneers's North American A&A focus, ATG and LiveAuctioneers have a very limited shared auctioneer base and the Directors believe them to be highly complementary. The Acquisition also adds a notable bidder base, with LiveAuctioneers having more than one million registered bidder accounts, taking the total number of registered bidder accounts for the Combined Group to approximately six million as at 31 March 2021 and the Directors believe them to also be highly complementary.

The Directors believe the Acquisition will enhance the growth and profitability profile of the Combined Group and will support and accelerate the Company's strategy laid out in the IPO Prospectus. The LiveAuctioneers Group's revenue as at FY20 was $31.5 million, having grown at a CAGR of 22.2 per cent. since FY18. The LiveAuctioneers Group also brings a strong track record of profitability with Adjusted EBITDA of $16.3 million in their FY20, at an Adjusted EBITDA margin of 51.7 per cent. The LiveAuctioneers Group's operating cash flow in FY20 was $18.3 million with cash generated from operations of 112.1 per cent. (operating cash flow/Adjusted EBITDA).

The Acquisition is expected to be very materially earnings per Share accretive immediately post Completion, before the realisation of any synergies. The Directors expect the Combined Group will be highly cash generative with low capital intensity and significant operating leverage, given the largely fixed costs base.

The Acquisition enhances ATG's shared success value proposition with real value delivered to all participants in the marketplace

Management believe that the Acquisition will deliver real value to the three core participants in their marketplace.

For auctioneers, the Acquisition will bring an incremental bidder base that increases competition for each lot, driving higher asset sale prices for auctioneers; a fully integrated payments solution that improves security, reduces chargeback risk, improves bidder confidence; and gets consignors their money faster and simpler payments that reduces hassle and increases collection efficiency for auctioneers, lowering operating costs.

For consignors, the Acquisition will bring an incremental bidder base that increases competition for each lot, driving higher asset sale prices for consignors; higher values for assets sold that increases the number of items consignors will choose to sell online at auction; incremental geography for A&A that justifies more rapid investment in value-added services, further enhancing value for consignors; and proven value of online auctions that means more consignors will use it as a channel for disposal of assets, reducing waste, and further enhancing ATG's role in the circular/sustainable economy.

For bidders, the Acquisition will bring access to 1.3 million lots in a secure, easy, and engaging online environment that responds to bidder desire for sustainable shopping; investment efficiencies that give ATG the ability to invest in more ecommerce basics, providing a more familiar end-to-end user experience; and buildout of the auction ecosystem that increases the appeal of auctions, opening up new revenue streams for the service providers in the auction ecosystem and making it easier for bidders to find them.

3. SUMMARY INFORMATION ON THE EXISTING GROUP

The Existing Group operates world-leading Marketplaces and a proprietary auction Platform for curated online auctions, connecting bidders and auctioneers at scale. As a key partner to and advocate for auctioneers, the Existing 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 Existing Group also helps auctioneers achieve operational efficiencies and improves bidder experience on their behalf. The Existing Group provides bidders with access to a curated selection of unique and specialised secondary items (approximately 12 million in FY20) in a trusted, simple, sustainable and convenient manner.

The Existing Group achieves this through its six leading curated digital Marketplaces in the United Kingdom, the United States and the DACH region, each of which is the leading auction marketplace in its respective vertical within its geographies of operation:

- Proxibid (proxibid.com) in the North American Industrial and Commercial ("**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) in the DACH region (Austria, Germany and Switzerland) A&A market;
- i-bidder (i-bidder.com) in the UK Consumer Surplus and Returns ("**CS&R**") market; and
- BidSpotter UK (BidSpotter.co.uk) in the UK I&C market, dedicated to insolvency auctioneers in the UK.

The Existing Group also offers:

- white label products, whereby the Existing Group licences the Platform to auctioneers as a cloud-based SaaS technology solution that enables auctioneers to offer live and timed bidding capability on their own website at the same time as listing on the Existing Group's Marketplaces;
- incremental value-added services to auctioneers, the services of facilitators to assist auctioneers in running the online component of an auction and online payment services. The Existing Group provides GAP Office through the Platform, and Wavebid, which are SaaS back-office technology products for auctioneers which assist with the administrative process of running an auction house; and
- auctioneers the ability to market their lots to bidders within its Marketplaces and via other marketing campaigns, and publishes a trade magazine called *Antiques Trade Gazette*, which advertises auctioneers' products, provides editorial content and supports the Existing Group's marketing efforts, helping to drive bidder volumes to the Existing Group's A&A Marketplaces.

The Existing Group anticipates adding other value-added services for auctioneers in the medium term, similar to those provided by other leading marketplaces.

4. SUMMARY INFORMATION ON THE LIVEAUCTIONEERS GROUP

LiveAuctioneers is the provider of a curated online marketplace focused on the North American A&A segment, designed for live auctions of collectibles, antiques and fine art. Founded in 2002, LiveAuctioneers offers its leading technology, client support and digital marketing services to approximately 1,600 auctioneers (and more than 6,000 auctioneers since inception) from approximately 70 countries. LiveAuctioneers is based in New York and is majority owned by Cove Hill Partners, a Boston based long-term oriented private equity firm.

LiveAuctioneers's offering includes a seamless search, bidding and purchasing experience across the internet and via its iOS and Android mobile applications. A key part of the offering is 'LiveAuctioneers Payments Solutions' which helps auctioneers collect funds faster from winning bidders and was launched in December 2020. This seamless payments offering has become a key selling point for LiveAuctioneers, offering speed (faster collection), safety (chargeback protection), simplicity (reducing necessary size of, and input from, auctioneer collection team) and buyer convenience (Autopay and multiple payment methods supported), providing key advantages.

LiveAuctioneers partners with a wide range of auction houses with low auctioneer concentration and diverse category coverage with respect to items offered on the LiveAuctioneers Marketplace. For its FY20, 1.3 million items were sold at more than 27,000 auctions through the LiveAuctioneers Marketplace, with $7.4 billion total bid value processed, generating THV of $2.4 billion, GMV of $375 million and revenue of $31.5 million. In FY20 LiveAuctioneers hosted more than 56 million bidder sessions, more than one million registered bidders and almost 120,000 active bidders.

Platinum Parent, Inc. (the holding company of LiveAuctioneers) is currently owned by approximately 30 shareholders/optionholders, comprising (on a fully diluted basis):

- Cove Hill Partners, a Boston based long-term oriented private equity firm (approximately 85 per cent.);
- existing finance providers (approximately one per cent.); and
- certain management and employees of LiveAuctioneers (approximately 14 per cent.).

A portion of the total consideration payable pursuant to the Acquisition will be paid in newly issued Shares in the Company, as detailed in paragraph 2 of Part VII (*Principal Terms of the Acquisition*).

5. SUMMARY FINANCIAL INFORMATION ON THE LIVEAUCTIONEERS GROUP

In accordance with the Listing Rules, Part Two of Section C of Part XIII (*Historical Financial Information*) includes full historical financial information on the LiveAuctioneers Group for the three years ended 31 December 2018, 2019 and 2020. The financial information contained in that Part of this document have been prepared on a basis that is consistent with the accounting policies of the Company.

As at 31 December 2020, the gross assets of the LiveAuctioneers Group were $166.9 million and for its FY20 it generated $16.4 million net cash from operating activities, revenues of $31.5 million and Adjusted EBITDA of $16.3 million.

6. SUMMARY OF THE KEY TERMS OF THE ACQUISITION

6.1 Acquisition Agreement

On 17 June 2021, the Company, ATG Media US Inc. (an indirect subsidiary of the Company) (the "**Platinum Parent Purchaser**"), Platinum Parent, Inc., a Delaware corporation, certain investment funds affiliated with Cove Hill Partners, L.P. (collectively, "**Cove Hill Partners**"), all other stockholders of Platinum Parent, Inc. (together with Cove Hill Partners, the "**Sellers**"), and CHP Representative, LLC solely in its capacity of Sellers' representative (the "**Sellers' Representative**") entered into an agreement (the "**Acquisition Agreement**"), pursuant to which the Platinum Parent Purchaser has agreed to acquire and the Sellers have agreed to sell all of the outstanding capital stock of Platinum Parent, Inc.

In addition, in accordance with the terms and conditions of the Acquisition Agreement, the Rollover Management Sellers have agreed to (i) exchange a specified percentage of their outstanding options over equity securities in Platinum Parent, Inc. for new options over Shares (the "**Rollover Options**") (the "**Rollover**") and (ii) cancel any remaining outstanding options over equity securities in Platinum Parent, Inc. in return for a cash payment paid to them by the Platinum Parent Purchaser (the "**Option Consideration**").

The consideration for the Acquisition comprises up to $525 million (comprising $500 million payable on Completion and $25 million subject to the Earn Out Targets set out below), subject to adjustment at completion for working capital, cash, indebtedness and similar items.

Payment of the Earn Out Consideration is contingent upon the LiveAuctioneers Group satisfying certain financial targets relating to revenue and Acquisition Adjusted EBITDA in the 12 month period ended 31 December 2021 or, if Completion occurs after 31 December 2021 (and in respect of revenue only), in the 12 month period ended on the date of Completion (the "**Earn Out Targets**"). To the extent that the Earn Out Targets are not met in full, the Earn Out Consideration shall be reduced pro rata and, if the minimum thresholds relating to the Earn Out Consideration are not met, no Earn Out Consideration shall be payable. It is currently anticipated that the Earn Out Consideration (if any) will become payable in the first quarter of 2022, or, if later, shortly following Completion.

Completion is also conditional, amongst other things, upon approval of the Acquisition by relevant antitrust authorities in the US and UK (the "**Regulatory Conditions**"). If the Regulatory Conditions are not satisfied or otherwise waived by the Purchaser by 5pm on 20 July 2022, if Shareholders do not approve the Resolutions, and in certain other circumstances, and in each case a party elects to terminate the Acquisition Agreement, the Platinum Parent Purchaser has agreed to pay a reverse termination fee of $25 million to LiveAuctioneers (the "**Reverse Termination Fee**"). If Shareholders do not approve the agreement to pay the Reverse Termination Fee, the amount of such fee payable by the Platinum Parent Purchaser shall be capped at $12.5 million (inclusive of VAT), which is equal to one per cent. of the market capitalisation of the Company at the close of business on the day prior to the announcement of the Acquisition. As detailed below, the Company has received irrevocable undertakings to vote in favour of the Resolutions, including the Resolution to approve the Reverse Termination Fee, from Shareholders in respect of 55,149,422 Shares, representing approximately 46 per cent. of the Company's issued Share capital.

The Rollover Management Sellers, who will receive Rollover Options in connection with the Acquisition, will be unable to dispose of such Shares for a period of 12 months from the date of Completion (the "**Acquisition Lock-up Period**"), save on a change of control of the Company. A proportion of the Rollover Options will only become exercisable to the extent that the Earn Out Targets have been met.

In addition to the Rollover Options, ATG has agreed to grant the Rollover Management Sellers with restricted stock units over new Shares on similar terms to the Rollover Options (the "**Management RSUs**")

The Management RSUs will only be settled with Shares at the end of the Acquisition Lock-Up Period (or, if earlier, in the event of a change of control of ATG). A proportion of the Management RSUs will only be settled at the end of the Acquisition Lock-up Period to the extent that the Earn Out Targets have been met.

6.2 Shareholder approvals

The size of the Acquisition means that it is classed as a Class 1 transaction under the Listing Rules. Additionally, due it its size, the agreement to pay the Reverse Termination Fee is classified as a Class 1 transaction under the Listing Rules.

As such, the Company is seeking the approval of Shareholders for the Acquisition and the agreement to pay the Reverse Termination Fee at the General Meeting, which has been convened for 09:00 a.m. on 20 August 2021 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL.

Shareholders will be asked to vote in favour of the Resolutions.

TA Associates, ECI Partners and Jupiter Investment Management Limited have irrevocably undertaken to vote (or procure a vote) in favour of the Resolutions at the General Meeting, which amount to approximately 39 per cent of the Company's issued Share capital, as detailed in paragraph 12 of this letter. The Directors and Senior Managers have irrevocably undertaken to vote in favour of the Resolutions in relation to their beneficial holdings, which amount to approximately 7 per cent. of the Company's issued Share capital, as detailed in paragraph 12 of this letter.

6.3 Conditions

Completion is subject to a number of conditions, including the Regulatory Conditions, as further detailed in paragraph 3.1 of Part VII (*Principal Terms of the Acquisition*).

The Placing was not conditional upon Completion. In the event that Completion does not occur, the Directors' current intention is that the net proceeds of the Placing will be invested by the Company on a short term basis in high quality, highly liquid assets and/or in pursuing other M&A opportunities. If the Group is unable to identify uses for the net proceeds of the Placing which the Directors consider to be appropriate then the Company may seek to return some of the net proceeds of the Placing to Shareholders, at which point the Directors will evaluate how best, in their view, to execute such return of capital.

7. FINANCING THE ACQUISITION

The Company proposes to finance the Consideration for the Acquisition from:

- The Placing, which raised gross proceeds of £244 million ($338 million) and estimated net proceeds of approximately £222.5 million ($308.3 million) after deducting all estimated fees and expenses payable by the Company in connection with the Placing, the Acquisition and the New Senior Facilities Agreement; and
- up to $183 million through utilisation of the senior term loan facility to be provided pursuant to the terms of the New Senior Facilities Agreement, with the flexibility for up to an additional $21 million from the $70 million revolving credit facility to be redesignated as senior term loan commitments for the purposes of financing the Acquisition.

The Company intends to finance any remaining Consideration from its existing cash resources or by the issue of Top Up Shares at Completion. Following completion of the Acquisition Lock-Up Period (in the case of the Consideration Shares and the Management RSU Shares) or following Completion (in the case of the Top Up Shares (if any)), the New Shares will be issued fully paid and will rank in full for all dividends or other distributions declared, made or paid by reference to a record date on or after the date of issue of such Shares, and otherwise *pari passu* in all respects to the Shares. Following Completion, to the extent relevant, applications will be made for the Top Up Shares (if any) to be admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities. Following completion of the Acquisition Lock-Up Period, applications will be made for the Consideration Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities. It is currently expected that the Top Up Shares (if any) will be issued, that Top Up Shares Admission will become effective, and that dealings in the Top Up Shares (if any) will commence shortly following Completion. It is currently expected that the Consideration Shares and Management RSU Shares will be issued, that Consideration Shares and Management RSU Shares Admission will become effective, and that dealings in the Consideration Shares and Management RSU Shares will commence 12 months post Completion.

8. FINANCIAL EFFECTS OF THE ACQUISITION

On a pro forma basis and assuming that the Acquisition and the Placing had taken place on 31 March 2021, the Combined Group would have had net assets of £444.2 million (based on the net assets of the Existing Group as at 31 March 2021 and the LiveAuctioneers Group as at 31 December 2020) as more fully described in Section B of Part XIV (*Unaudited Pro Forma Financial Information on the Combined Group*). Section B of Part XIV (*Unaudited Pro Forma Financial Information on the Combined Group*) also contains unaudited pro forma financial information, prepared to illustrate the impact of how the Acquisition, the Placing, the New Facilities, the repayment of outstanding indebtedness in relation to the Old Senior Facilities Agreement, the Proxibid Acquisition, and the issuance of Shares as part of the IPO and the application of the net proceeds therefrom might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 March 2021.

The pro forma financial information in Section B of Part XIV (*Unaudited Pro Forma Financial Information on the Combined Group*) has been prepared on a basis that is consistent with the accounting policies of the Company.

The Directors believe that the Acquisition would have enhanced: (x) the Company's net assets as at 31 March 2021, if the Acquisition had completed on that date; and (y) the Company's earnings for FY20, if the Acquisition had completed on

1 October 2019. This statement should not be interpreted to mean that, following Completion, the Company's earnings will necessarily match or exceed its historical published earnings or that Company's net assets will reflect the position projected at the date of this document.

As set out in paragraph 2 of this letter, the Board, in making its recommendation, expects that the Acquisition will be very materially earnings per Share accretive immediately post Completion, before the realisation of any synergies.

9. CURRENT TRADING AND PROSPECTS OF THE COMBINED GROUP

The Directors believe that the Existing Group's outlook remains in line with latest guidance announced at H1 FY 21 results.

The following Combined Group targets are excluding the impact of any further M&A in the future:

- In the medium term (pro forma from FY19), the Combined Group is targeting a mid-teens plus revenue growth CAGR.
- The Directors believe the Combined Group will deliver continuing operating leverage, with this predominately delivered by the Existing Group.
- The Directors believe the Combined Group will continue to deliver strong free cash flow growth, due its low capital intensity and notable fixed cost base.
- The Directors believe the Acquisition will lead to pro forma net debt/Adjusted EBITDA of up to 3.0x and is expected to delever rapidly thereafter.

The Directors believe the Acquisition will lead to one off integration costs of approximately £5 million and transaction costs of approximately £21.5 million, including £2.7 million related to the New Senior Facilities Agreement and £0.4 million related to the Old Senior Facilities Agreement.

10. MANAGEMENT AND EMPLOYEES

Subject to Completion, the Directors anticipate operating LiveAuctioneers as a new standalone business unit within the Combined Group. As a result, it is expected that employees of the LiveAuctioneers Group will continue to be employed by the Combined Group following Completion. The Directors attach great importance to the skills and experience of the management and employees of the LiveAuctioneers Group and believe they will be an important factor in the success of the Combined Group in the same way as the management and employees of the Existing Group are an important factor in its success.

As a marker of the importance the Directors place on employees of the LiveAuctioneers Group, conditional on Completion, the Company has agreed to make (i) one-off equity awards to selected senior employees of the LiveAuctioneers Group (the "**One-Off Equity Awards**"), which awards will generally vest annually in equal tranches, conditional upon continued employment, over five to six years from Completion and (ii) a gift of Shares to non-equity holding employees of the LiveAuctioneers Group equal in value to $2,000 per employee (the "**LiveAuctioneers Group Staff Gift**"), which gift will vest conditionally upon continued employment 1 year from Completion.

From Completion, employees of the LiveAuctioneers Group will be eligible to participate in the Company's employee Share schemes in accordance with the rules of those schemes and the absolute discretion of the Board and the Remuneration Committee of the Board (as applicable) from time to time.

11. DIVIDENDS AND DIVIDEND POLICY

Following Completion, the Company intends to maintain its existing dividend policy. The Directors see strong growth opportunities through organic and inorganic investments and, as such, intend to retain any future earnings to finance such investments. The Company will review its dividend policy on an ongoing basis but does not expect to declare or pay any dividends for the foreseeable future.

12. INTENTIONS OF THE DIRECTORS, THE SENIOR MANAGERS AND CERTAIN MAJOR SHAREHOLDERS AND IRREVOCABLE UNDERTAKINGS

12.1 Intentions of the Directors and the Senior Managers

Each Director and Senior Manager who is a Shareholder (or a beneficial holder of Shares), who hold in aggregate 8,027,152 Existing Shares (including the 8,196 (in aggregate) Placing Shares subscribed for by John-Paul Savant and Tom Hargreaves (4,098 each)), representing in aggregate approximately 6.7 per cent. of the issued share capital of the Company as at the Latest Practicable Date, has irrevocably committed to vote in favour of the Resolutions to be proposed at the General Meeting.

12.2 Intentions of TA Associates and irrevocable undertakings

Each of TA Associates, ECI Partners and Jupiter has irrevocably committed to vote in favour of the Resolutions to be proposed at the General Meeting in respect of 47,122,270 Existing Shares (in aggregate) held by them, representing in aggregate approximately 39.3 per cent. of the issued share capital of the Company as at the Latest Practicable Date.

13. RISK FACTORS

Shareholders should consider fully the risk factors set out in Part I (*Risk Factors*) of this document.

14. GENERAL MEETING

A notice convening the General Meeting to be held at 09:00 a.m. on 20 August 2021 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL, for the purpose of considering and, if thought fit, passing the Resolutions, is set out at the end of this document. The Resolutions propose to:

(i) approve the Acquisition and authorise the Directors to take all such steps may be necessary, expedient or desirable in connection with the Acquisition; and

(ii) approve the Reverse Termination Fee.

For further details in relation to the Resolutions, please refer to the Notice of General Meeting at the end of this document.

15. ACTION TO BE TAKEN

General Meeting

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and, in any event, so as to arrive no later than 09:00 a.m. on 18 August 2021. Completion and return of the Form of Proxy will not affect your right to attend and vote in person at the General Meeting if you so wish. At the present time, it is expected that UK Government rules and advice relating to the COVID-19 pandemic will permit a physical meeting to be held, but this is subject to change at short notice. Information relating to any special arrangements for the General Meeting, including any changes as a result of changing (or unchanging) UK Government rules and/or advice relating to the COVID-19 pandemic, will be posted on the Company's website at www.auctiontechnologygroup.com/investors. **In light of these changing circumstances, Shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy in relation to voting on the Resolutions, whether or not they intend to be present at the General Meeting.**

16. FURTHER INFORMATION

Your attention is drawn to the risk factors set out in Part I (*Risk Factors*) of this document and to the information set out in Part II (*Presentation of Information*) of this document.

The results of the votes cast at the General Meeting will be announced as soon as possible once know through a Regulatory Information Service and on the Company's website (www.auctiontechnologygroup.com/investors). This is expected to be on 20 August 2021.

17. FINANCIAL ADVICE

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser, who is authorised under the FSMA if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

18. RECOMMENDATION

The Board has received financial advice from Numis and J.P. Morgan Cazenove in relation to the Acquisition. In providing their financial advice to the Board, Numis and J.P. Morgan Cazenove have relied on Board's commercial assessments of the Acquisition. The Board believes the Acquisition and the Resolutions to be in the best interests of the Company and its Shareholders taken as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as all of the Directors and Senior Managers have irrevocably undertaken to do (or procure to be done), in respect of the Shares in which they are interested, or in relation to which they are otherwise able to control the exercise of the voting rights, held at the time of the General Meeting, amounting to 8,027,152 Shares in aggregate as at the Latest Practicable Date (representing approximately 7 per cent. of the Company's existing issued share capital).

Yours sincerely,

Breon Corcoran
Chairman

PART VII

PRINCIPAL TERMS OF THE ACQUISITION

The following is a summary of the principal terms of the Acquisition Agreement and matters connected with the Acquisition Agreement.

1. ACQUISITION AGREEMENT AND PARTIES

On 17 June 2021, the Company, ATG Media US Inc. (an indirect subsidiary of the Company) (the "**Platinum Parent Purchaser**"), Platinum Parent, Inc., a Delaware corporation, certain investment funds affiliated with Cove Hill Partners, L.P. (collectively, "**Cove Hill Partners**"), all other stockholders of Platinum Parent, Inc. (together with Cove Hill Partners, the "**Sellers**"), and CHP Representative, LLC solely in its capacity of Sellers' representative (the "**Sellers' Representative**") entered into the Acquisition Agreement, pursuant to which the Platinum Parent Purchaser has agreed to acquire and the Sellers have agreed to sell all of the outstanding capital stock of Platinum Parent, Inc.

In addition, in accordance with the terms and conditions of the Acquisition Agreement, the Rollover Management Sellers have agreed to (i) exchange a specified percentage of their outstanding options over equity securities in Platinum Parent, Inc. for Rollover Options and (ii) cancel any remaining outstanding options over equity securities in Platinum Parent, Inc. in return for a cash payment paid to them by the Platinum Parent Purchaser (the "**Option Consideration**").

2. CONSIDERATION AND OTHER PAYMENTS IN CONNECTION WITH THE ACQUISITION

2.1 Overview

The consideration for the Acquisition comprises up to $525 million (comprising $500 million payable on Completion and $25 million subject to the Earn Out), subject to adjustment at completion for working capital, cash, indebtedness and similar items. The Consideration shall be satisfied in cash and Rollover Options. If the Company does not have sufficient cash to pay the Consideration when it is due, it may satisfy a portion of the Consideration through the issuance of Top Up Shares to the Sellers.

In accordance with the terms of the Acquisition Agreement, $302.6 million (being part of the net proceeds of the Placing) have been placed into an escrow account operated by J.P. Morgan Securities plc, pending Completion. In the event that the Acquisition Agreement is terminated, these monies will be returned to the Company.

2.2 Earn Out Consideration

Payment of the Earn Out Consideration is contingent upon LiveAuctioneers satisfying certain financial targets relating to:

- Acquisition Adjusted EBITDA in the 12-month period ended 31 December 2021 in respect of half of the Earn Out Consideration; and
- revenue in the 12-month period ended 31 December 2021 or, if Completion occurs after 31 December 2021, in the 12-month period ended on the date that is the calendar month-end immediately preceding Completion, in respect of half of the Earn Out Consideration,

(the "**Earn Out Targets**").

To the extent that the Earn Out Targets are not met in full, the Earn Out Consideration shall be reduced pro rata and, if the minimum thresholds relating to the Earn Out Consideration are not met, no Earn Out Consideration shall be payable. It is anticipated that the Earn Out Consideration (if any) will become payable in the first quarter of 2022 or, if later, shortly following Completion.

2.3 Consideration Shares

The number of Consideration Shares to be issued to the Rollover Management Sellers to satisfy their Rollover Options shall be determined on Completion and shall be calculated as follows, in respect of each Rollover Management Seller:

(a) a specified percentage (of not less than 35 per cent.) shall be applied to that Rollover Management Seller's notional gross proceeds in connection with the Acquisition, resulting in his "**Notional Rollover Amount**". Such percentage varies between each Rollover Management Seller, but shall not be less than 35 per cent.; and

(b) in consideration for the release of their existing options over Platinum Parent, Inc. shares, and provided they are still employed by Platinum Parent, Inc. on Completion, a number of options over Shares shall be granted to that Rollover Management Seller equal to his respective Notional Rollover Amount divided by the closing mid-market price of the Shares as at close of business on Completion (the "**Completion Share Price**") rounded down to the nearest whole Share and subject to the payment of the original aggregate exercise price (his "**Rollover Options**").

2.4 Management RSUs

Provided they are still employed by Platinum Parent Inc. on Completion, A number of restricted stock units (the "**Management RSUs**") shall be granted to each Rollover Management Seller equal to:

(i) their respective Notional Rollover Amount divided by 750 pence;

(ii) minus their respective Notional Rollover Amount divided by the lower of (i) the Completion Share Price and (ii) £30,

rounded down to the nearest whole Share.

The combined effect of the Rollover Options and Management RSUs set out above is to deliver the Consideration Shares to the relevant Rollover Management Sellers at an effective price per Consideration Share of 750 pence.

2.5 Issue of Rollover Options and Management RSUs

The number of Consideration Shares to be issued to satisfy the Rollover Options and the Management RSUs will therefore depend on, amongst other things, the Completion Share Price. If Completion had taken place on the Latest Practicable Date and on the basis of the New Share Assumptions, Rollover Options would have been issued in respect of, in aggregate, 1,123,731 Shares and Management RSUs would have been issued in respect of, in aggregate, 910,961 Shares.

The number of New Shares to be issued in connection with the Acquisition (including the number of Rollover Options and Management RSUs) will only be known, at the earliest, on Completion depending on, amongst other things, (i) the per share Acquisition value of a Platinum Parent, Inc. share, (ii) the closing share price of the Shares on the date of Completion, (iii) closing accounting adjustments and (iv) the US dollar to pound sterling exchange rate at Completion.

The estimates set out above represent the Directors' best estimate, as at the Latest Practicable Date, of the number of New Shares to be issued in connection with the Rollover Options and the Managements RSUs. The estimates do not constitute an absolute maximum on the number of New Shares which may be issued in connection therewith. The figures set out above are estimates only and will not be ascertainable or determined until, at the earliest, Completion. The actual number of New Shares to be issued in connection with the Rollover Options and/or the Managements RSUs may not be in line with the estimates set out above.

The Directors intend to use the Company's existing general authorities to allot shares (or options to acquire shares) pursuant to the resolutions dated 16 February 2021 (which are incorporated by reference into paragraph 3(b) of Part XVI (*Additional Information*)), or any analogous authorities as at the relevant date of issue, in order to issue the Consideration Shares relating to the Rollover Options and the Management RSUs.

2.6 Terms of Rollover Options and Management RSUs

The Rollover Options will become exercisable, and the Management RSUs will vest, on the expiry of the Acquisition Lock-Up Period. Following exercise and/or vesting, the Rollover Management Sellers will be entitled to be issued with their Consideration Shares and deal in the same, without any restriction (subject to payment of the aggregate exercise price due in the case of the Rollover Options and any applicable laws and regulations, including the Company's internal share dealing code from time to time).

It is intended that the exchange of the existing options over Platinum Parent, Inc. shares, for the Rollover Options will be effected in a manner that will satisfy the requirements of Section 409A of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, including, without limitation, the requirement that the ratio of the exercise price of the Rollover Options to the fair market value of the Shares subject to the Rollover Options be no greater than the ratio of the exercise price of the existing options to the fair market value of the Platinum Parent, Inc. shares subject to the existing options, in each case as of the time of exchange of the existing options for the Rollover Options.

2.7 Top Up Shares

Under the terms of the Acquisition Agreement, where it would not be commercially reasonable for the Company to pay the total balance of the Cash Consideration in cash, the Company has the right (but not the obligation) to issue Shares to the Sellers in order to satisfy up to $30 million of the Cash Consideration (the "**Top Up Shares**"). Such Top Up Shares shall be issued by the Company at a price which represents a discount of 15 per cent. to the volume weighted average price of the Shares in the 30 business days prior to Completion (the "**Discounted Share Price**").

The maximum number of Top Up Shares which may be allotted by the Company is equal to $30 million divided by the Discounted Share Price. If Completion had taken place on the Latest Practicable Date and on the basis of the New Share Assumptions, the Company would have issued, in aggregate, 2,038,914 Top Up Shares.

The number of New Shares to be issued in connection with the Acquisition (including the number of Top Up Shares) will only be known, at the earliest, on Completion depending on, amongst other things, (i) the per share Acquisition value of a Platinum Parent, Inc. share, (ii) the closing share price of the Shares on the date of Completion, (iii) closing accounting adjustments and (iv) the US dollar to pound sterling exchange rate at Completion.

The estimate set out above represents the Directors' best estimate, as at the Latest Practicable Date, of the number of New Shares to be issued in connection with the Top Up Shares. The estimate does not constitute an absolute maximum on the number of New Shares which may be issued in connection therewith. The figure set out above is an estimate only and will not be ascertainable or determined until, at the earliest, Completion. The actual number of New Shares to be issued in connection with the Top Up Shares may not be in line with the estimate set out above.

To the extent any Top Up Shares are proposed to be issued, the Directors intend to use the Company's existing general authorities to allot shares (or options to acquire shares) pursuant to the resolutions dated 16 February 2021 (which are incorporated by reference into paragraph 3(b) of Part XVI (*Additional Information*)), or any analogous authorities as at the relevant date of issue.

2.8 LiveAuctioneers Group Incentives

Conditional on Completion, the Company has agreed to make (i) the One-Off Equity Awards equal in value to $4,635,000 (in aggregate), to selected senior employees of the LiveAuctioneers Group, which awards will generally vest annually in equal tranches, conditional upon continued employment, over five to six years from Completion and (ii) the LiveAuctioneers Group Staff Gift, to non-equity holding employees of the LiveAuctioneers Group equal in value to $2,000 per employee, which gift will vest conditionally upon continued employment one year from Completion.

The maximum number of Shares to be issued pursuant to the One-Off Equity Awards subject to vesting, will be calculated by reference to the trailing 30-day average closing share price of the Shares as at close of business on the date of Completion. Each tranche of vested Shares (net of taxes) will be required to be held for a further two years from vesting.

The maximum number of Shares to be issued pursuant to the LiveAuctioneers Group Staff Gift subject to vesting, will be calculated by reference to the closing mid-market price of the Shares as at close of business on the date of Completion and the number of qualifying employees employed by the LiveAuctioneers Group as at that date. The LiveAuctioneers Group Staff Gift will be made on a net of tax basis and the Company has agreed to cover all associated tax liabilities arising on the making of this gift. Recipients will be responsible for paying all taxes due on any subsequent disposal of their Shares. Once vested, the Shares will be freely transferable (subject to the Company's share dealing code and all applicable laws).

If the One-Off Equity Awards had been made at the Latest Practicable Date and on the basis of the New Share Assumptions, the Company would have awarded, in aggregate, 271,200 Shares in connection with the One-Off Equity Awards. If the LiveAuctioneers Group Staff Gift had been made as at the Latest Practicable Date and on the basis of the New Share Assumptions, the Company would have awarded, in aggregate, 4,663 Shares in connection with the LiveAuctioneers Staff Gift. In each case subject to the vesting conditions described above.

The number of New Shares to be issued in connection with the Acquisition (including the number of Shares to be issued in connection with the One-Off Equity Awards and/or the LiveAuctioneers Staff Gift) will only be known, at the earliest, on Completion depending on, amongst other things, (i) the per share Acquisition value of a Platinum Parent, Inc. share, (ii) the closing share price of the Shares on the date of Completion, (iii) closing accounting adjustments and (iv) the US dollar to pound sterling exchange rate at Completion.

The estimates set out above represent the Directors' best estimate, as at the Latest Practicable Date, of the number of New Shares to be issued in connection with the One-Off Equity Awards and/or the LiveAuctioneers Staff Gift. These estimates do not constitute an absolute maximum on the number of New Shares which may be issued in connection therewith. The figures set out above are an estimate only and will not be ascertainable or determined until, at the earliest, Completion. The actual number of New Shares to be issued in connection with the One-Off Equity Awards and/or the LiveAuctioneers Staff Gift may not be in line with the estimate set out above.

The Directors intend to use the Company's existing general authorities to allot Shares (or options to acquire Shares) pursuant to the resolutions dated 16 February 2021 (which are incorporated by reference into paragraph 3(b) of Part XVI (*Additional Information*)) or any analogous authorities as at the relevant date of issue, in order to issue the Shares relating to the LiveAuctioneers Group Staff Gift.

3. CONDITIONALITY, TERMINATION RIGHTS AND REVERSE TERMINATION FEE

3.1 Completion is conditional upon satisfaction of certain conditions including:

(a) the approval of the Resolutions by Shareholders at the General Meeting; and

(b) the Regulatory Conditions.

3.2 Prior to Completion, the Acquisition Agreement may be terminated:

3.2.1 by mutual written consent of the Platinum Parent Purchaser and Platinum Parent, Inc.;

3.2.2 by the Platinum Parent Purchaser if Platinum Parent, Inc. or the Sellers have failed to perform in any material respect any of their respective obligations, covenants or agreements under the Acquisition Agreement, or if any of the fundamental representations and warranties of the Sellers would not be true and correct as of Completion, and such breach, failure or misrepresentation is not cured to the Platinum Parent Purchaser's reasonable satisfaction within 30 days after the Platinum Parent Purchaser gives Platinum Parent, Inc. written notice identifying such breach, failure or misrepresentation (provided that neither Platinum Parent Purchaser nor the Company is in material breach of its respective obligations under the Acquisition Agreement);

3.2.3 by Platinum Parent, Inc. or the Sellers' Representative if the Platinum Parent Purchaser has failed to perform in any material respect any of its obligations, covenants or agreements under the Acquisition Agreement, or if any of the fundamental representations and warranties of the Platinum Parent Purchaser would not be true and correct as of Completion, and such breach, failure or misrepresentation is not cured to Platinum Parent, Inc.'s reasonable satisfaction within 30 days after Platinum Parent, Inc. gives the Platinum Parent Purchaser written notice identifying such breach, failure or misrepresentation (provided that neither Platinum Parent, Inc. nor the Sellers' Representative is in material breach of its respective obligations under the Acquisition Agreement);

3.2.4 by the Platinum Parent Purchaser, Platinum Parent, Inc. or the Sellers' Representative if by 27 June 2021 the Placing Agreement had been terminated or had not become fully unconditional in all respects. The Placing Agreement became fully unconditional in all respects on 22 June 2021 and this condition has now been satisfied;

3.2.5 by the Platinum Parent Purchaser, Platinum Parent, Inc. or the Sellers' Representative if (i) Completion has not occurred and any Antitrust Authority indicates that it will not approve the Acquisition or (ii) Completion has not occurred on or before 5pm on 20 July 2022 and the Regulatory Conditions have not been satisfied or waived by the Platinum Parent Purchaser as of such date (or such other date, if any, as the Platinum Parent Purchaser and Platinum Parent, Inc. may agree in writing), provided in each case that a party may not seek to terminate under this provision if the failure of such party (or its affiliates) to perform their respective obligations, covenants or other agreements under the Acquisition Agreement was the primary cause of the failure of Completion to occur before 5pm on 20 July 2022;

3.2.6 by the Platinum Parent Purchaser, Platinum Parent, Inc. or the Sellers' Representative in the event that Completion would violate any order, decree or judgment or any court, arbitrator or governmental authority, or any other legal requirement, and that such violation is not capable of being resolved prior to 5pm on 20 July 2022, provided that a party may not seek to terminate under this provision if the failure of such party (or its affiliates) to perform their respective obligations, covenants or other agreements under the Acquisition Agreement was the primary cause of the failure of Completion to occur before 5pm on 20 July 2022;

3.2.7 by the Platinum Parent Purchaser, Platinum Parent, Inc. or the Sellers' Representative if Shareholders have not approved the Resolutions by 13 September 2021 (being 40 days following the dispatch of this document) or such later date as may be agreed between the Platinum Parent Purchaser and the Sellers' Representative; and

3.2.8 by Platinum Parent, Inc. or the Sellers' Representative if this document had not been dispatched to Shareholders by 31 August 2021. This document was dispatched on 4 August 2021 and this condition has now been satisfied.

3.3 Subject to the approval of the Reverse Termination Fee Resolution, in the event that the Regulatory Conditions are not satisfied or otherwise waived by the Platinum Parent Purchaser by 5pm on 20 July 2022, if Shareholders do not approve the Resolutions, and in certain other circumstances, and in each case a party elects to terminate the Acquisition Agreement, the Platinum Parent Purchaser has agreed to pay a reverse termination fee of $25 million to LiveAuctioneers (the "**Reverse Termination Fee**"). If Shareholders do not approve the agreement to pay the Reverse Termination Fee, the amount of such fee payable by the Platinum Parent Purchaser shall be capped at $12.5 million (inclusive of VAT), which is equal to one per cent. of the market capitalisation of the Company at the close of business on the day prior to the announcement of the Acquisition.

4. CONDUCT OF THE LIVEAUCTIONEERS BUSINESS

4.1 Prior to Completion

Prior to Completion or termination of the Acquisition Agreement, Platinum Parent, Inc. and the Sellers have agreed, pursuant and subject to the terms and conditions of the Acquisition Agreement, to comply with a number of covenants relating to the conduct of the LiveAuctioneers business. These include, amongst other things and in respect of each member of the LiveAuctioneers Group:

4.1.1 conducting the business of the LiveAuctioneers Group in the ordinary course of business;

4.1.2 maintaining the LiveAuctioneers Group's legal existence and standing;

4.1.3 maintaining the LiveAuctioneers Group's business relationships, goodwill, material assets, intellectual property;

4.1.4 keep in full force and effect the LiveAuctioneers Group's insurance policies (or comparable replacements thereof);

4.1.5 not disposing, acquiring or licensing any material assets or properties of the LiveAuctioneers Group, other than in the ordinary course of business;

4.1.6 not incurring an indebtedness, make any loans or permit any liens of the assets of the LiveAuctioneers Group, save in the ordinary course of business, not in excess of $500,000 or under the LiveAuctioneers Group's existing credit facilities;

4.1.7 not paying any dividend or such similar payment in respect of the securities of any member of the LiveAuctioneers Group nor selling or authorising the issuance of any such securities, other than pursuant to options over shares in Platinum Parent Inc.;

4.1.8 not amending or waiving any rights they have, or permitting the material amendment to (i) the articles of association of any member of the LiveAuctioneers Group or (ii) (subject to limited exceptions) under any provision of any document governing options over shares in Platinum Parent Inc or similar such documents;

4.1.9 not modifying or terminating any material contract or benefit plan, unless such action would not reasonably be expected to be material to the LiveAuctioneers Group taken as a whole;

4.1.10 not making any material increase in the compensation paid or payable to any officer, director, employee or consultant of the LiveAuctioneers Group, save for individuals whose annual base compensation is less than or equal to $150,000 per annum or in the ordinary course of business, and not promoting or materially altering the duties of any manager or officer of the LiveAuctioneers Group or hiring any new manager or officer of the LiveAuctioneers Group with annual base compensation in excess of $175,000;

4.1.11 not forming any subsidiary or acquiring any equity interest in any other entity or acquiring any business or assets in any manner, other than acquisition of assets in the ordinary course of business;

4.1.12 not making any capital expenditure in excess of $500,000;

4.1.13 not making any non-*de minimis* change in the LiveAuctioneers Group's accounting policies, other than as required by changes in law or U.S. GAAP;

4.1.14 not amending or making any change in its tax policies, deferring any withholding payroll taxes, settling any claims or assessment in respect of taxes or consenting to any extension or waiver of the limitation period applicable to any claim or assessment in respect of taxes;

4.1.15 other than in the ordinary course of business, not initiating or settling any material legal disputes having potential exposure in excess of $500,000; and

4.1.16 not entering into a binding commitment to any of the items listed in paragraphs 4.1.5 to 4.1.15.

4.2 During the Earn Out Period

Whilst the Platinum Parent Purchaser has sole discretion with regard to the operation of Platinum Parent, Inc. following Completion, the Platinum Parent Purchaser has agreed, pursuant and subject to the terms and conditions of the Acquisition Agreement, during the Earn Out Period:

4.2.1 neither the Platinum Parent Purchaser nor any of its affiliates (including the Company and Platinum Parent, Inc.) shall directly or indirectly, take any action, or cause any action to be taken with the primary purpose or intent of avoiding or reducing the Earn Out Consideration payable;

4.2.2 neither the Platinum Parent Purchaser nor any of its affiliates shall, directly or indirectly, divert or transfer to any of their respective affiliates (other than to a member of the LiveAuctioneers Group) any customers, bidders or potential bidders, businesses, employees, contractors, contracts, assets or properties of any member of the LiveAuctioneers Group;

4.2.3 the Platinum Parent Purchaser and its affiliates shall use commercially reasonable efforts to:

(a) maintain and preserve intact the business, assets, rights, properties and goodwill of the LiveAuctioneers Group;

(b) operate the LiveAuctioneers Group as a separate business unit to the extent necessary to calculate the achievement of the Earn Out Targets;

(c) provide the LiveAuctioneers business with access to adequate funding, personnel, compensation for employees, and support as is reasonably necessary to operate the LiveAuctioneers business reasonably consistent with the manner in which the LiveAuctioneers business has been conducted prior to the date of the Acquisition Agreement, including maintaining in a reasonably consistent manner the time spent by the LiveAuctioneers Group's personnel and employees on the operation of the LiveAuctioneers business; and

(d) maintain in all material respects the expenditure levels of the LiveAuctioneers Group in a manner materially consistent with the operation of the LiveAuctioneers business prior to Completion.

5. WARRANTIES, REPRESENTATIONS AND COVENANTS

5.1 Under the Acquisition Agreement, each of the Sellers has severally given certain representations and warranties to the Platinum Parent Purchaser that are customary for a US acquisition in relation to, amongst other things:

(a) title to the securities such Seller is selling pursuant to the Acquisition Agreement;

(b) incorporation, due organisation and power and authority to enter into the Acquisition Agreement;

(c) no conflict with respect to its obligations under the Acquisition Agreement;

(d) validity and enforceability of the obligations of such Seller under the Acquisition Agreement and other documents related to the Acquisition;

(e) absence of litigation that would interfere with consummation of the Acquisition; and

(f) US securities laws in respect of any Shares which may be receivable by such Seller.

Such warranties and representations were given on signing of the Acquisition Agreement and, in the case of the fundamental representations and warranties in paragraphs 5.1(a) and (b), will be repeated on Completion.

5.2 Each of the Management Sellers has given business representations and warranties to the Platinum Parent Purchaser and the Company with respect to the LiveAuctioneers Group that are customary for a US acquisition in relation to, amongst other things:

(a) formation, due organisation, capitalisation and power and authority to enter into the Acquisition Agreement;

(b) financial statements, tax and title to assets;

(c) material contracts and related party transactions;

(d) absence of events which would have had a material adverse effect on the LiveAuctioneers Group since 31 March 2021, absence of warranty claims and absence of litigation;

(e) real estate, personal property, intellectual property, information technology, privacy and data security, business relationships, regulatory and legal compliance, licenses and permits, employment, pensions, employee benefits, environmental matters and insurances.

Such warranties and representations were given on signing of the Acquisition Agreement but will not be repeated on Completion.

5.3 Each of the Platinum Parent Purchaser and the Company has given certain representations and warranties in favour of the Sellers in relation to, amongst other things:

(a) confirmations under the Securities Act in relation to the investment status of Platinum Parent Purchaser and the Company;

(b) incorporation, due organisation and power and authority to enter into the Acquisition Agreement;

(c) no conflict with respect to its obligations under the Acquisition Agreement;

(d) validity and enforceability of the obligations of such party under the Acquisition Agreement and other documents related to the Acquisition;

(e) the ability of the Platinum Parent Purchaser to satisfy the Consideration;

(f) the Placing Agreement and the New Senior Facilities Agreement being in full force and effect and no event having occurred which would give rise to a right of termination under either such document; and

(g) solvency of the Combined Group following Completion (on the assumption that all of the warranties given by the Sellers and Platinum Parent Inc. will be true).

Such warranties and representations were given on signing of the Acquisition Agreement but will not be repeated on Completion.

5.4 The Platinum Parent Purchaser has obtained a representations and warranty insurance policy (the "**R&W Policy**") that will become effective on Completion pursuant to which the Platinum Parent Purchaser will be able to seek to recover from third-party insurers for losses incurred as a result of a breach of any of the representations and warranties given by Platinum Parent, Inc. and the Sellers under the Acquisition Agreement prior to signing, subject to the terms thereof and certain exemptions and exclusions. The R&W Policy is subject to customary terms and conditions and will provide $25 million in coverage to the Platinum Parent Purchaser from Completion, in accordance with its terms and conditions.

6. LOCK-UP ARRANGEMENTS

The Rollover Management Sellers, who will receive Rollover Options in connection with the Acquisition, will be unable to dispose of the Consideration Shares to which such Rollover Options relate for a period of 12 months from the date of Completion (the "**Acquisition Lock-Up Period**"), save on a change of control of the Company. A proportion of the Rollover Options will only be settled at the end of the Acquisition Lock-up Period to the extent that the Earn Out Targets have been met.

The Management RSUs will only be settled with Shares at the end of the Acquisition Lock-Up Period (or, if earlier, in the event of a change of control of the Company). A proportion of the Management RSUs will only be settled at the end of the Acquisition Lock-up Period to the extent that the Earn Out Targets have been met. The effect of these provisions is that the Rollover Management Sellers, who will receive Management RSU Shares, will be unable to dispose of such Shares prior to the end of the Acquisition Lock-Up Period, save on a change of control of the Company.

7. GOVERNING LAW

The Acquisition Agreement is governed by and construed in accordance with the laws of the State of Delaware, US. Each party to the Acquisition Agreement has agreed to accept the exclusive jurisdiction of the courts of the State of Delaware, US in relation to any judicial proceeding arising out of or relating to the Acquisition Agreement.

PART VIII

MARKET OVERVIEW

The market overview contained in the IPO Prospectus is incorporated by reference into this Part VIII (*Market Overview*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

US A&A

Trends

The Directors believe that the US A&A market was worth $21.0 billion in 2020 (*Source: Company estimates based on internal data*). The value of goods sold through the auction channel overall in the US A&A market (excluding Christie's and Sotheby's) was estimated by the Directors at $5.9 billion in 2019, with a significant dip to $3.0 billion in 2020 due to the impact of the COVID-19 pandemic, and the Directors believe that this will remain largely flat, in line with historical performance, at an estimated $6.6 billion in 2023 (*Source: Company estimates based on internal data*).

The Directors estimate that the US A&A online auction market (excluding Christie's and Sotheby's) was worth $1.8 billion in 2019 and believe this will grow to an estimated $4.0 billion by 2023 (*Source: Company estimates based on internal data*), with an estimated CAGR of approximately 22 per cent. between 2019-23. The Directors believe that the COVID-19 pandemic has accelerated the growth of the US A&A online auction market (excluding Christie's and Sotheby's) in 2020 and the first half of 2021, driving estimated growth of 19 per cent. from 2019 to 2020; the Directors estimate that this is uplift will continue into the second half of 2021 resulting in estimated growth of 44 per cent. from 2020 to 2021 (*Source: Company estimates based on internal data*).

The Directors believe that 45 per cent. of bidders have a more positive view of online auctions as a result of the COVID-19 pandemic and that almost two-thirds of those bidders with a more positive view now prefer online to in-room bidding (*Source: Company estimates based on internal data*). Additionally, the Directors believe that 37 per cent. of bidders have participated in more online auctions during the COVID-19 pandemic than prior to it and that 42 per cent. of these bidders will continue to participate in online auctions at these elevated levels once the direct impact of the COVID-19 pandemic has passed (*Source: Company estimates based on internal data*).

Expected growth drivers

The Directors believe that key growth drivers in the US A&A market are expected to include:

- an increasing share of auctions being listed online as a result of greater understanding amongst auctioneers of the value of the online channel in achieving high lot values and greater comfort around the listing process, partly accelerated by the COVID-19 pandemic;
- a greater share of items listed online being sold through the online channel as a result of growing demand from bidders through the online auction channel as they increasingly become more comfortable with this channel, a trend strongly accelerated by the COVID-19 pandemic;
- increasing awareness among casual collectors driven by channels such as social media, driving greater interest in online A&A auction bidding; and
- an increasing number of younger consumers who are "digital natives" (and therefore more accustomed to viewing and purchasing items online) seeking to buy secondary goods in some categories as a means of expressing their individuality through vintage items.

PART IX

INFORMATION ON THE EXISTING GROUP

1. OVERVIEW OF THE GROUP

The Group operates world-leading Marketplaces and a proprietary auction Platform 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 (approximately 12 million in FY20) 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 the DACH region, each of which is the leading auction marketplace in its respective vertical within its geographies of operation:

- Proxibid (proxibid.com) in the North American I&C market, which primarily focuses on 'green iron' and 'yellow iron' (agricultural and construction used equipment), and which was acquired by the Group in February 2020;

- 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) in the DACH region 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 Platform, while the Group intends for Proxibid (acquired in February 2020) to be migrated to the Platform incrementally.

The Group also offers:

- white label products, including GAP White Label, whereby the Group licenses the Platform to auctioneers as a cloud-based SaaS technology solution that enables auctioneers to offer live and timed bidding capability on their own website at the same time as listing on the Group's Marketplaces. In October 2020, the Group acquired Auction Mobility, which provides a premium white label solution, and the Directors believe that this will improve the Group's competitive positioning in the white label market as well as expanding the Group's presence in the North American A&A vertical/geography;

- incremental value-added services to auctioneers, including the services of facilitators to assist auctioneers in running the online component of an auction and online payment services. The Group provides GAP Office through the Platform, and Wavebid, which are SaaS back-office technology products for auctioneers which assist with the administrative process of running an auction house; and

- auctioneers the ability to market their lots to bidders within its Marketplaces and via other marketing campaigns, and publishes a trade magazine called *Antiques Trade Gazette*, which advertises auctioneers' products, provides editorial content and supports the Group's marketing efforts, helping to drive bidder volumes to the Group's A&A Marketplaces.

The Group anticipates adding other value-added services for auctioneers in the medium term, similar to those provided by other leading marketplaces.

The Group operates in attractive and growing markets. According to OC&C, the total addressable markets ("**TAM**") in 2019 for:

- the North American I&C used equipment online auction market for the Group's core I&C segments (manufacturing, construction and agricultural equipment) (the "**Core I&C Segments**") was estimated to be $1,600 million;

- the UK A&A online auction market was estimated to be £200 million; and

- the UK CS&R online auction market was estimated to be £85 million.

OC&C estimates the North American I&C used equipment and UK A&A online auction markets to grow in the medium term. According to OC&C, growth will primarily be driven by the continued shift to online auctions, a growing trend that was significantly accelerated in FY20 (and which the Directors believe has been sustained into H1 FY21) as a result of the impact of the COVID-19 pandemic, as well as sustained, slow underlying market growth, driven by a continuation of historical trends; most notably a continued growth in interest in art and antiques amongst collectors, and continued growth in total I&C market equipment inventory and thus the total volume of equipment requiring replacement, driving supply of and demand for used equipment.

Revenue model

The Group derives its revenue primarily through commissions paid on lots sold on the Marketplaces and/or the Platform and event fees paid by auctioneers to host auctions on the Group's Marketplaces and/or Platform. The Group does not undertake auctions itself, nor does it conduct auctions on behalf of auctioneers who utilise its services.

The Group's revenue depends on the number of auctions conducted through its Marketplaces or Platform, as well as its "**online share**", being the Group's GMV (Gross Merchandise Value, representing the total final sale value of all lots sold via winning bids placed on the Marketplaces or the Platform) as a percentage of the THV (Total Hammer Value, representing the total final sale value of all lots listed on the Marketplaces or the Platform).

The Group generates further revenue at multiple points in an auction process, including through:

- subscription fees paid by auctioneers to access auction management solutions and integrations with various third-party online marketplaces (such as through Wavebid);

- marketing fees paid by auctioneers for marketing to bidders (such as for placement of advertisements within the Marketplaces), and other marketing campaigns;

- content fees primarily generated through subscriptions to the *Antiques Trade Gazette* (with a mix of digital, print and bundle subscriptions) and placement of advertisements within the *Antiques Trade Gazette*; and

- fees paid by auctioneers for incremental value-added services, including: licensing and maintenance fees for targeted back-office solutions that provide accounting, invoicing and inventory management solutions to auctioneers; support fees for support provided to auctioneers to help operate the online component of physical auctions; monthly licensing fees and fixed fees per transaction from the licensing of online payment processing software and referral fees for the referral of an online payment processing provider to the Proxibid Marketplace's customers.

The following table sets out the Group's sources of revenue in H1 FY21:

Source of revenue	Percentage of Existing Group revenue (H1 FY21)
Commissions	66 per cent.
Other Marketplace[(1)]	20 per cent.
Auction services[(2)]	10 per cent.
Content[(3)]	4 per cent.

(1) Includes event fees and advertising auctioneers' specific lots or auctions via homepage banner adverts, highlighting "Featured Lots" on the Marketplaces, email marketing and other marketing campaigns.

(2) Includes white label fees and back-office support fees charged for use of the Group's GAP Office and Wavebid back-office services.

(3) Includes subscription and advertising revenue from both the print and digital editions of the *Antiques Trade Gazette*.

In the medium term, the Directors intend to further diversify the Group's revenue streams by developing an integrated online ecosystem to facilitate the provision of further pre- and post-sale value-added ancillary services (for example, financing, maintenance, restoration, insurance, storage rental, payments processing, logistics, and analytics) to auctioneers and bidders provided by third-parties.

2. HISTORY AND EVOLUTION

The Group was founded in 1971 and the key milestones in the Group's history are summarised below:

1971	—	Launch of trade magazine *Antiques Trade Gazette*
2000	—	The Group begins hosting auction catalogues online
2006	—	Launch of the Group's first A&A auction Marketplace, the-saleroom.com
	—	The Group's first live auction webcast
2007	—	Launch of i-bidder.com, as an I&C auction Marketplace
2008	—	Investment into the Group from Mobeus Equity Partners
2010	—	Launch of BidSpotter.co.uk, an I&C auction Marketplace, in partnership with BidSpotter.com
2012	—	Richard Lewis appointed as Chief Operating Officer
2013	—	Acquisition of BidSpotter.com, expanding the Group's reach for I&C auctions into North America
	—	Launch of global auction Platform (GAP)
	—	Group THV exceeds £1 billion for the first time
2014	—	Investment into the Group from ECI Partners
2016	—	John-Paul Savant joins as Chief Executive Officer
2017	—	Launch of *Antiques Trade Gazette* digital edition
2018	—	Acquisition of Lot-tissimo.com, the leading A&A marketplace in the DACH region
	—	Launch of GAP White Label, providing white label solutions to auctioneers
	—	Re-launch of i-bidder.com, as a CS&R auction Marketplace
	—	Tom Hargreaves joins as Chief Financial Officer and Badrudin Khan joins as Chief Technology Officer
2020	—	Acquisition of Proxibid, the leading North American I&C auction marketplace
	—	Majority investment into the Group from TA Associates
	—	Acquisition of Auction Mobility, a white label technology provider with an established reputation in the North American A&A market
2021	—	The Group's Shares were admitted to the FCA's Official List and to trading on the Main Market of the London Stock Exchange

3. COMPETITIVE STRENGTHS

Under new leadership since 2016, the Group has undergone significant transformation, driven by both organic and inorganic expansion via key acquisitions and leveraging its well-developed global auction Platform. Over this period, the Group has achieved strong and sustained revenue growth, improved operating margins, delivered strong returns on capital invested, and established a well-invested platform for growth with significant room to scale in a cost-effective manner.

The Group believes it benefits from numerous competitive strengths. In particular, the Directors believe that the Group's incumbency and strong relationships with auctioneers, supported by its well-developed scalable and reliable technological Platform and significant bidder pool, as well as strategic acquisitions and investments (including the transformational Proxibid Acquisition), underpin its strong market position, operational leverage and value proposition, establishing the Group as a preferred gateway for online auctions and a preferred partner for auctioneers. Moreover, the Group has pursued a true ‘shared success’ business model, whereby it earns only if its auctioneer customers and the consignors earn and where incremental revenue is grown by delivering measurable incremental value to its auctioneer and bidder clients.

Each of the Existing Group’s six Marketplaces is the leading auction marketplace, with the largest number of auctioneers and the largest number of bidders, in its respective vertical within its geographies of operation. This leading position, together with the ongoing network effect driven by the Group’s volume of auctioneers, bidders and inventory, provides the Group with a defensible first mover advantage in its markets. In addition, the Directors believe that the Group’s business model is well placed to continue to benefit from the structural shift from offline to online auctions and from live to timed auctions.

Leading Marketplaces in a large and growing market with positive tailwinds due to a structural shift from offline to online auctions

Given the Group’s online marketplace model and the leading position of each of the Existing Group’s online Marketplaces in its respective vertical within its geographies of operation, the Directors believe the Group is positioned to capitalise significantly on the continuing structural shift in the auction industry from offline to online auctions and towards online bidding, as well as the shift from live to timed auctions, which have, to date, facilitated significant growth in the Group’s online share, revenue and margins.

While the Directors believe that the auction market remains traditional and to date has not adapted to e-commerce and online opportunities as readily as other industries, the Directors also believe that the developments in FY20 and H1 FY21 reinforce the pre-existing trend towards growing popularity of online auctions, driven by the structural shift from live to timed auctions. The Directors expect this trend will continue and the rate of the structural shift from offline to online has accelerated significantly due to the impact of the COVID-19 pandemic and the associated lockdowns.

In FY18, 7 per cent. of aggregate THV for the Existing Group’s Aggregated Operations was attributable to online-only auctions (either timed or live online-only), growing to 8 per cent. in FY19 and then accelerating to 18 per cent. in FY20 and 21 per cent. in H1 FY21. The Directors believe the underlying structural shift from offline to online-only auctions reflects a preference on the part of bidders for the greater convenience and efficiencies of online auctions, as they have become more accustomed to purchasing goods online in all aspects of their lives. Online auctions enable bidders to avoid the time, cost and effort of traveling to a physical auction room, as well as the lost opportunity costs for bidders wishing to participate in multiple auctions across various locations, since bidders in online auctions are able to simultaneously participate remotely in auctions across the world. The Directors believe that these factors will continue to drive the size and breadth of the pool of potential bidders that may participate in auctions on the Marketplaces or the Platform, which increases the likelihood of achieving higher THV and GMV, and serves to attract and retain bidders in the auction market who would otherwise purchase goods through other means.

The Directors believe the structural shift from offline to online-only auctions has also been influenced by the structural shift from live to timed auctions, as auctioneers seek to take advantage of greater operational efficiencies. Timed auctions are generally viewed as being the key driver of growth in online-only auctions due to the additional efficiencies for auctioneers of not having to physically ‘call’ the auctions. Online-only auctions, particularly timed online auctions, are more efficient and cost-effective for auctioneers, as they remove the need for auctioneers to physically travel and participate during the course of an auction, as well as the need to transport goods to physical auction rooms or the need to store and secure such goods (particularly larger and heavier goods such as in the I&C market), with the further environmental benefit of reducing carbon emissions. As a result, auctioneers have more time to focus on additional sourcing and marketing or conducting simultaneous auctions. Cost is a particularly significant factor for small- and medium-sized auction houses, as fixed costs represent a larger proportion of their overheads. In addition, as more bidders participate in online auctions, auctioneers are able to benefit from access to a broader bidder pool on a worldwide basis, increased bidder participation and greater visibility of their auctions, which can facilitate cost savings on auctioneers’ bidder acquisition and marketing spend. Larger auctioneers, in particular, regard the Group as providing an alternative to their marketing spend and bidder acquisition costs. Use of the Group’s services also facilitates cost savings on back-office support and increasing efficiency in conducting online auctions, which is relevant for auctioneers of all sizes but particularly valuable for small- and medium-sized auctioneers in a fragmented auction house landscape.

The following table sets out the significant growth in the Existing Group's Aggregated Operations from FY18 to FY20, which was driven substantially by the structural shift to date from offline to online auctions and from live to timed auctions:

	Growth (FY18–FY20)	FY18	FY19	FY20
Bidder web sessions	32 per cent.	81 million	90 million	107 million
Unique active bidders	50 per cent.	380,000	404,000	571,000
Registered bidder accounts	39 per cent.	3.1 million	3.7 million	4.3 million
THV	9 per cent.	£4,400 million	£4,300 million	£4,800 million
GMV	86 per cent.	£860 million	£950 million	£1,600 million
Online share	65 per cent.	20 per cent.	22 per cent.	33 per cent.
Standalone ATG Group Revenue	31 per cent.	£21.2 million	£24.8 million	£27.8 million
Standalone Proxibid Group Revenue	65 per cent.	£14.8 million	£17.4 million	£24.5 million

The Directors believe that the differential between THV and GMV for the Existing Group's Aggregated Operations offers a strong opportunity for the Group for further growth by leveraging its existing bidder base and strong relationships with auctioneers to capitalise on the structural shifts described above to increase GMV as a proportion of THV.

In addition, the Group benefits from operating in growing markets, supported by the expansion of the Group's TAM following the Proxibid Acquisition. The size of the Group's markets provides further scope for growth, According to OC&C:

- the North American I&C used equipment auction market for the Core I&C Segments is estimated at $6,900 million in 2019 (equivalent to £5,412 million at a conversion rate of 1:1.275);
- the UK A&A auction market is estimated at £3,300 million in 2019; and
- the UK CS&R auction market is estimated at £289 million in 2019.

Within the North American I&C market, THV for the Existing Group's Aggregated Operations in FY20 was £3,294 million and the Directors estimate that approximately 75 per cent. of that THV was attributable to the Core I&C Segments. Within the UK A&A and CS&R markets, THV for the Existing Group's Aggregated Operations in FY20 was £628 million and £176 million, respectively. These sums represent small fractions of the respective TAMs and provide significant opportunities for growth.

Across the Existing Group's Aggregated Operations, THV represented an estimated 2 per cent. of the aggregate global used I&C and A&A TAM in 2019 (Source: OC&C), presenting a significant opportunity as the Group expands. For example, the Group's THV materially increased in FY20 with the expanded vertical/geography coverage resulting from the Proxibid Acquisition (FY19: £1,500 million, FY20: £4,800 million for the Existing Group's Aggregated Operations, of which £3,200 million was attributable to the Standalone Proxibid Group and £1,600 million to the Standalone ATG Group).

The Directors believe the Group is also well placed to benefit from additional trends favourable to the auction market, including the fashion for vintage items as a means to better express consumer personality, the enduring popularity of auctions in popular media, such as the BBC's Bargain Hunt, and the increased shift to e-commerce generally.

Leading Marketplaces in the Group's targeted verticals and geographies position the Group to benefit from a "virtuous circle" created by increasing numbers of bidders and auctioneers

Each of the Existing Group's Marketplaces is the leading auction marketplace in its respective vertical within its geographies of operation, supported by the Existing Group's incumbency and existing relationships with auctioneers, the volume and diversity of the Existing Group's bidder pool, the value proposition offered to bidders and auctioneers, the volume and range of items listed for auction on the Marketplaces and/or the Platform, and its well-developed technological Platform. The Directors believe these competitive strengths provide the Existing Group and, following Completion, the Combined Group, with a defensible first mover advantage in its verticals in its geographies.

As a result of the strength of the Group's marketplace model and value proposition, the Group benefits from a network effect and a "virtuous circle" between bidders and auctioneers; as more bidders use the Marketplaces and/or the Platform, more auctioneers use the Marketplaces and/or the Platform to benefit from the increased bidder pool and visibility of their auctions, improving liquidity on the Marketplaces and the Platform. As the number of auctioneers using the Marketplaces and/or the Platform increases, more items can be expected to be made available to bidders in more auctions, which in turn encourages more bidders to use the Marketplaces and/or the Platform. This positive feedback loop drives additional value for the Group by enabling the Group to acquire bidders more efficiently, with a stable, targeted and efficient marketing spend.

Figure One: The Group's marketplace model

The Group's bidder base spans approximately 150 countries, and the Directors believe auctioneers benefit from that global bidder base on the Group's Marketplaces while bidders in turn benefit from the access to the large quantity of inventory listed by those auctioneers, with more than 18.6 million items sold via the Marketplaces or Platform in the last 5 years. In FY20, for the Existing Group's Aggregated Operations:

- there were more than 107 million bidder sessions, driving more than 6 million bidder auction registrations;
- more than 11.6 million lots were offered or made available from more than 29,750 auctions listed by approximately 2,000 auction houses;
- approximately 101 million bids were placed by approximately 571,000 unique active bidders; and
- on average more than 12,100 lots were sold per day, with an average value of approximately £360 per lot.

Large auctioneer and bidder bases with the ability to make small- and medium-sized auctioneers "big" through its 'shared success' model

The Group operates a 'shared success' model with its auctioneers—the greater the revenue generated by auctioneers on the Marketplaces or Platform, the greater the revenue generated by the Group. The Directors believe that the Group's ability to partner effectively with auctioneers as part of a symbiotic relationship is an important strength for the Group as compared with larger online auction companies.

Each of the Existing Group's Marketplaces has the largest bidder base in its respective vertical within its geographies of operation and enable small- and medium-sized auctioneers to access a much wider pool of bidders than they would be able to reach by virtue of their own brands. The Directors believe that this potential access can make small- and medium-sized auctioneers "big" and better position them to compete more effectively against larger online auction companies, such as eBay and Ritchie Bros., through their partnership with the Group.

The Group's bidder base is made up primarily of dealers, professionals, businesses, end users and collectors as well as casual bidders. The diversity of this bidder base helps to protect the Group from reliance on any single category of bidder as well as broadening the bidder base and consequently the available pool of capital to be spent on the Marketplaces. The size and diversity of the bidder base helps auctioneers to generate better realised asset values for their consignors than could be expected to be achieved through a traditional offline auction, where bidders would be limited to those which an auctioneer is able to generate through its own brand. Additionally, the Directors believe increasing numbers of bidders are moving to buying online-only and so access to online auctions via the Group's Marketplaces better positions auctioneers to access that broad bidder base.

The Group's operating model also provides value to auctioneers by enabling them to leverage the Group's scale and online presence to drive realised asset values, allowing the Group to improve its margins whilst adding value to auctioneers. Online auctions, particularly timed auctions, are also more cost-effective for auctioneers, as they can remove the need for an auctioneer to physically participate during the course of an auction, freeing up time to focus on additional sourcing, marketing, or simultaneous auctions.

Timed auctions allow auctioneers to save further costs in respect of premises and logistics, by not necessarily having to host a physical auction room (with the associated additional transport costs for the auction lots) with the further environmental benefit of reduced carbon emissions. Use of the Group's services can also enable auctioneers to leverage the Group's scale and online presence to save costs on back-office support and increase efficiencies, which is relevant for auctioneers of all sizes but particularly valuable for small- and medium-sized auctioneers in a fragmented auction house landscape, as fixed costs represent a larger proportion of their overheads. Use of these services allows the Group to make a margin whilst also adding value to auctioneers.

The Marketplaces and the Platform also provide strong levels of security and functionality, including the sophisticated user experience which online bidders have come to expect through their experience of other e-commerce channels and the Directors believe that this helps to retain bidders within the auction market who might otherwise purchase goods elsewhere and thereby helps to drive revenues within the auction market generally as well as supporting growth in the Group's GMV.

A strong, reliable, functional and well-developed proprietary global auction technology Platform

The Group has invested in the development and enhancement of a robust, flexible and highly refined technology Platform to support its business. The Group believes that its ability to service multiple Marketplaces, in addition to its GAP White Label offering, via its proprietary Platform is one of the key factors to its success. This is due in part to the Group's ability to offer a consistent user experience, service support and system delivery through multiple touchpoints across the Marketplaces and to realise economies of scale for new feature development—a new feature developed for one Marketplace can readily be rolled out across other Marketplaces on the core proprietary Platform. A key element of that consistent experience is reliability, and the Platform had 99.99 per cent. uptime on average in the 12-month period to 1 October 2020.

The Directors believe that the Group's investment in the Marketplaces and the Platform to date has provided a foundation for a cost-effective scalable business model, which will enable the Group to grow its business and execute on its growth strategies. This includes continuing to offer a consistent user experience, effective service support and system delivery through multiple touchpoints across the Marketplaces, further penetrating existing markets and potentially entering new markets, as well as the potential to integrate future acquisitions to achieve operational efficiencies and synergies, without the need for significant capital investments in real estate or technology infrastructure (other than in respect of costs associated with integrating any acquired marketplaces onto the Platform). Hosting multiple Marketplaces on the Platform enables the Group to access a broad section of the market whilst keeping its technology cost base relatively low.

While the Directors expect to continue investing in the Group's Marketplaces and Platform in order to maintain and further develop existing infrastructure, systems and functionality, and to incur capital expenditure in integrating acquisitions onto the Platform (including incrementally integrating the Proxibid Marketplace and, following Completion, the LiveAuctioneers Marketplace onto the Platform), they believe the Group benefits from a significant competitive advantage in that the costs of operating an enlarged Platform following integration of any acquired business is expected to be marginally incremental relative to the costs associated with establishing the Marketplaces and the Platform. The Directors believe this should contribute to greater operating leverage and, therefore, profitability.

The Group continually invests in its Platform and technology function to further enhance user experience and build up its existing technological proficiency, with more than £10 million invested in the technology of the Existing Group's Aggregated Operations for each of the past three years (FY18: £10.8 million; FY19: £10.7 million; FY20: £10.8 million). The Platform operates on a rapid delivery cycle, whereby updates and improvements move from conception to execution quickly, with development cycle times of less than two weeks on average for the 12-month period to 1 October 2020.

The Group's business is supported by a highly skilled and experienced technology and development team which is led by the Chief Technology Officer, Badrudin Khan. The technology team, which is primarily based in London, Omaha and Wroclaw, totalled 55 full-time equivalent employees (excluding contractors) in FY20 in the Group, representing 33 per cent. of the Group's total full-time equivalent employees in FY20, having increased from 24 full-time equivalent employees representing a 15 per cent. share of the Group's total full-time equivalent employees in FY16 (FY17: 37 employees and 19 per cent., FY18: 43 employees and 23 per cent., FY19: 44 employees and 28 per cent.). The Group also partners with an external supplier, Objectivity, in order to supplement the capacity of its in-house technology team. The technology team possesses a deep understanding of the online auction business and the functionalities required by auctioneers and bidders alike, and a proven track record of innovation and development, which the Directors believe further reinforces the Group's technological offering and the strength of its global auction Platform.

Proven, attractive and resilient financial model

The Group has a strong track record of growth. The Standalone ATG Group's revenue grew from £21.2 million in FY18 to £27.8 million in FY20, representing a CAGR of 14.6 per cent., with the Standalone ATG Group's Constant Currency Revenue Growth being 14.9 per cent. from FY18 to FY19 and 12.6 per cent. from FY19 to FY20. The Standalone Proxibid Group's revenue grew from £14.8 million in FY18 to £24.5 million in FY20, representing a CAGR of 28.5 per cent., with the Standalone Proxibid Group's Constant Currency Revenue Growth being 11.6 per cent. from FY18 to FY19 and 40.4 per cent. from FY19 to FY20.

More significantly, as the Directors view the Marketplaces as the primary drivers of growth in the Group, the Standalone ATG Group's revenue from the Marketplaces grew 16.1 per cent. from FY19 to FY20 (from £21.5 million to £25.0 million) and the Standalone Proxibid Group's revenue from the Marketplaces grew 40.4 per cent. from FY19 to FY20 (from £17.4 million to £24.5 million).

The Group's operations represent an established business with significant room to scale, as the Platform represents a significant level of historical investment by the Group over a number of years and is well-developed in order to provide a user-friendly experience for both auctioneers and bidders. The Directors believe that this, together with the Group's incumbency, helps to promote high auctioneer revenue retention and provides good visibility of the Group's revenue from one year to the next.

Whilst the Group intends to continue investment in its Platform in order to maintain and further develop its functionality and integrate acquired businesses, such investments are expected to be marginal relative to the initial cost of establishing such a platform. The Directors believe that the Group's financial model is attractive in terms of cash generation, driven by limited incremental capital expenditure each year due to the historical investment into the Platform, which has positioned the Group for greater functionality and scale and means that the Group will need to commit less funding to capital expenditure than a new entrant in the market. The Directors believe this will help the Group to keep its working capital requirements relatively low and contribute to greater operational leverage.

Similarly, as the Group does not source, supply or sell any of the items listed on its Marketplaces or Platform, but instead connects auctioneers and bidders by providing a marketplace via its Marketplaces and/or a SaaS technology solution via its Platform, it relies on auctioneers to provide items for sale. As a result, the Group does not carry the risks and incur the costs of traditional resellers (such as the risk of being unable to sell products at anticipated margins or at all, as well as the costs of purchasing, storing, securing and insuring products) and, therefore, does not need to maintain as high a level of working capital as a traditional reseller.

As further detailed in *Business Trends* in paragraph 5 of this Part IX, the Group has continued to trade strongly, and has experienced accelerated growth, during the COVID-19 pandemic, evidencing the resilience of the Group's business model in difficult economic conditions.

While economic cycles and other factors affecting the economic and political environment in the markets where the Group operates could affect demand, quality of supply, and pricing of goods sold in the A&A, I&C and CS&R verticals, the Directors believe that the Group's business model is largely cycle-neutral and is, therefore, able to thrive in both upturns and downturns. Auctioneers will continue to be able to source items to sell in both positive and negative economic cycles from "life events" such as probates, property downsizing (driven by divorce and retirement), insolvencies and bankruptcies. During an upturn, potential purchasers are likely to have increased disposable income, which may contribute to growth in marketplace activity. If demand outpaces supply, inflation will increase and auctioneers are likely to seek to capitalise on the growth in demand by listing items at a higher price, which is a key driver of THV, GMV and the Group's revenue from commissions.

During a downturn (including any economic downturn as a result of the COVID-19 pandemic), the Directors believe that the Group's established online presence in the I&C vertical in particular will support its growth as potential purchasers are more likely to seek lower prices (which are typically obtained via auctions of secondary goods than purchasing new goods through retail channels) and auctioneers are likely to have more stock to sell (particularly on the BidSpotter US and BidSpotter UK Marketplaces), due to an increase in insolvencies. Whilst the A&A market typically involves a higher degree of discretionary spending, which is more prone to cutbacks during an economic downturn, the Directors believe that these cutbacks will result in continued growth in online-only auctions, due to auctioneers' ability to access a larger pool of bidders. The Directors believe that this could support the Group's revenues from its existing A&A market position due to the Group capturing a greater share of THV as GMV, resulting in more commissions being paid for online bids. Similarly, for CS&R auctions, whilst consumer spending is discretionary, the Directors believe that a likely increase in surplus stock volume coupled with an increase in consumers seeking discounts will enable i-bidder in particular to benefit from an economic downturn.

The Group's business model therefore demonstrates a high degree of resilience throughout the economic cycle.

Proven ability to acquire and integrate new businesses

The auction services landscape is highly fragmented, and the Directors believe there is significant scope for further consolidation of the highly fragmented auction services market through acquisitions, to enable auction services to be provided to auctioneers at sufficient scale to support the service and user experience levels which bidders have come to expect, and to retain bidders within the auction market. The Directors believe that the Group's proven ability to acquire and integrate new businesses will support the Group's expansion, particularly into new verticals and/or geographies, and to deepen its presence in existing verticals and geographies of operation.

The Group operates a ‘hub and spoke’ model whereby, in general, back office functions such as finance and strategy are run centrally by the Group, with the relevant Marketplaces operating as spokes providing sales support to auctioneers and bidders on the relevant Marketplace. This model assists with the efficient integration of new acquisitions. Similarly, the Platform’s software architecture supports the Group’s ability to integrate expansion into new industry verticals and/or geographies of operation by providing the Group with additional flexibility as well as supporting new acquisitions at marginally incremental costs relative to the costs associated with establishing the Marketplaces and the Platform.

The Group has previously acquired and successfully integrated a number of businesses into the Group, acquiring four businesses in the past seven years. BidSpotter US and Lot-tissimo, acquired in 2013 and 2018, respectively, have now been fully integrated into the Group’s processes and Platform (save for a few legacy white label processes to be transitioned to GAP White Label in due course). This process realised operational synergies from the rationalisation of executive teams, structural synergies through the Group’s ‘hub and spoke’ model, and technological synergies through technological redundancy of all of the BidSpotter US’s platform and the majority of the Lot-tissimo platform. These acquisitions expanded the Group’s geographical coverage, into the US and DACH region geographies respectively, in existing verticals (I&C and A&A respectively).

Proxibid, acquired by the Group in February 2020, is expected to be migrated onto the Platform incrementally and many of the back-office and operational functions have already been, or are in the process of being, integrated with the wider Group, realising operational synergies ahead of additional technological synergies which are anticipated as functionality is incrementally transitioned. The Directors estimate that the Group realised, on an annualised basis, approximately £3 million of combined synergies and cost savings in FY20 and achieved £2 million of further synergies and cost savings in FY21 from the Proxibid Acquisition. The Directors believe that Proxibid’s sub-verticals were complementary to those where the Group had an existing presence and that this acquisition significantly strengthened the Group’s presence in the North American I&C vertical/geography.

Auction Mobility, acquired in October 2020, is expected to realise operational synergies over the next 12–24 months and is now subject to oversight and strategic direction from the Group’s management team, with the Group beginning to leverage Auction Mobility’s existing relationships with auctioneers in the North American A&A vertical/geography, expanding the Group’s vertical/geography coverage.

The Directors believe that the successful integration of the Group’s acquisitions is demonstrated by its financial performance. The revenue generated by the Proxibid, BidSpotter US and Lot-tissimo Marketplaces totalled £37.1 million for the Existing Group’s Aggregated Operations in FY20 (Proxibid: £24.5 million; BidSpotter US £9.9 million; Lot-tissimo £2.7 million) and these acquisitions have supported a 336 per cent. increase in the Group’s Adjusted EBITDA since FY18, resulting in a 24.2 percentage point increase in the Group’s Adjusted EBITDA margin.

The Group’s Marketplaces support an increased focus on sustainability issues

The products sold on the Marketplaces are secondary goods and include items as wide-ranging as vintage clothing, antique furniture, and old commercial vehicles. In recent years, consumers, particularly younger consumers, have increasingly focused on environmental concerns and reusing items, which the Marketplaces and the Platform support. With the increased focus of companies and investors on environmental, social and governance (“**ESG**”) considerations, the Group’s Marketplaces also provide an ideal opportunity for businesses to more fully embrace the purchase of secondary goods in order to reduce their environmental impact.

The Group is proud to provide a channel of green commerce through its Marketplaces and its Platform, addressing sustainability concerns by facilitating the sale of secondary goods and extending their life cycles through re-use, supporting the circular economy. This has a lower carbon impact than the creation of a new item and diverts these old items from landfills or scrapping. In this way, the Group supports “re-use” and “repair” ahead of “recycle”, which saves the energy otherwise associated with dismantling and remanufacturing products.

Additionally, the Directors believe that most consumers consider sustainability in their purchasing decisions and that by providing easier access to auctions for secondary goods, the Group empowers bidders to make more environmentally friendly buying decisions more easily, due to items at auction typically costing less than an equivalent new item bought through retail channels. Certain of the Marketplaces also support the fashion for vintage clothing and specialised items more generally, helping younger consumers in particular to express their individuality in a more environmentally friendly way. Similarly, in the I&C vertical, the repair and re-use of industrial equipment, machinery and commercial vehicles can enable companies to acquire these goods more cheaply than by buying new, at the same time as reducing carbon emissions, benefitting bidders, auctioneers, the Group and the environment.

As the Group facilitates the running of online-only auctions that require no physical presence, bidders and auctioneers are enabled to participate remotely without the need to travel, thus reducing carbon emissions and supporting greater efficiency and reduced costs. Moreover, particularly in the I&C vertical, online-only auctions can also reduce the environmental impact of the auction process, eliminating the need for lots to be shipped long distances for display in a physical auction room, with the additional cost-saving for auctioneers in not having to store or secure those items awaiting auction. Buying secondary items online through the Marketplaces and/or Platform may therefore assist companies in complying with their ESG obligations. Every piece of furniture for which the Group is able to find another use or user diverts an item from potentially going to landfill. Moreover, as the Group supports small- and medium-sized auctioneer businesses operating in regional towns and cities, the Group supports national government goals of job retention and local economy stimulus.

Highly experienced and proven management team

The Group benefits from a highly experienced executive management team, with a broad range of technological, commercial and e-commerce experience coupled with a vast wealth of experience and deep understanding of the auction industry.

The Group's executive management team has successfully overseen a significant transformation of the Group since 2016. The management team is led by John-Paul Savant, who was appointed as Chief Executive Officer of the Group in 2016, with more than 18 years' experience in digital marketplaces and e-commerce, including almost 10 years at eBay/PayPal. He is supported by the Chief Financial Officer, Tom Hargreaves (appointed in 2018), who has more than 10 years' experience as a CFO and has previously worked for Yell Limited, leading its digital transformation, and Vodafone Romania. In addition, the Group's management team includes Richard Lewis (Chief Operating Officer), with more than 20 years' experience in the auction industry, who was appointed to his current position in 2012, Badrudin Khan (Chief Technology Officer), who joined in 2018 with more than 15 years' experience in senior technology roles across a range of industries including retail, technology and e-commerce, Dan Pennington (Senior VP of Sales, North America) who joined in 2011 and has 10 years' experience with the Group in e-commerce, and Marika Clemow (VP of Corporate Development & Integration, ATG Global) who joined in 2010 and has 14 years' experience in the auction industry.

The Group's committed and highly capable executive management team has enabled the Group to establish itself as the leading global auction marketplace in the A&A, I&C and CS&R verticals within its geographies of operation, continue its strong investment in the operating platform of the business and drive both organic and inorganic expansion of the Group via the acquisition and successful integration of BidSpotter US in 2013, Lot-tissimo in February 2018, Proxibid in February 2020 and Auction Mobility Acquisition in October 2020. Together, the executive management team has helped to transform the Group from an entrepreneurial first mover into the global leader that it is today within its verticals in its geographies of operation. The Directors believe that the collective industry knowledge, experience and leadership of its management team combined with its record of accomplishment and ability to make informed strategic decisions and achieve profitable growth will enable the Group to continue to successfully execute its strategy.

4. STRATEGY AND OUTLOOK

The Group and, following Completion, the Combined Group intends to continue to leverage its market-leading position and scalable operating model and to take advantage of the structural growth in the online auction market to maximise its growth potential, with a view to growing market share and revenues. In particular, the Directors believe that the Group and, following Completion, the Combined Group can:

- Proactively manage the Group's scalable operating model to grow revenue and market share in a large and growing market driven by structural changes, including the continuing structural shift from offline to online auctions and from live to timed auctions;
- Grow the Group's strong online share that has significant room to increase;
- Launch new value-added features and ancillary services in the medium term, to provide additional support for auctioneers and bidders and generate additional revenues across the Marketplaces;
- Improve the Group's operating leverage as the Group scales up; and
- Undertake mergers and acquisitions to add further inorganic growth on top of forecast organic growth by integrating new businesses acquired and new services (both those developed by the Group and others provided by third parties) into a seamless streamlined buying experience that enables and encourages bidders to buy with confidence and trust in the secondary market.

Outlook and growth targets

The Directors believe that the Existing Group's outlook remains in line with latest guidance announced at H1 FY21 results.

The following Combined Group targets are excluding the impact of any further M&A in the future:

- In the medium term (pro forma from FY19), the Combined Group is targeting a mid-teens plus revenue growth CAGR.
- The Directors believe the Combined Group will deliver continuing operating leverage, with this predominately delivered by the Existing Group.
- The Directors believe the Combined Group will continue to deliver strong free cash flow growth, due its low capital intensity and notable fixed cost base.
- The Directors believe the Acquisition will lead to pro forma net debt/Adjusted EBITDA of up to 3.0x and is expected to delever rapidly thereafter.

The Directors believe the Acquisition will lead to one off integration costs of approximately £5 million and transaction costs of approximately £21.5 million, including £2.7 million related to the New Senior Facilities Agreement and £0.4 million related to the Old Senior Facilities Agreement.

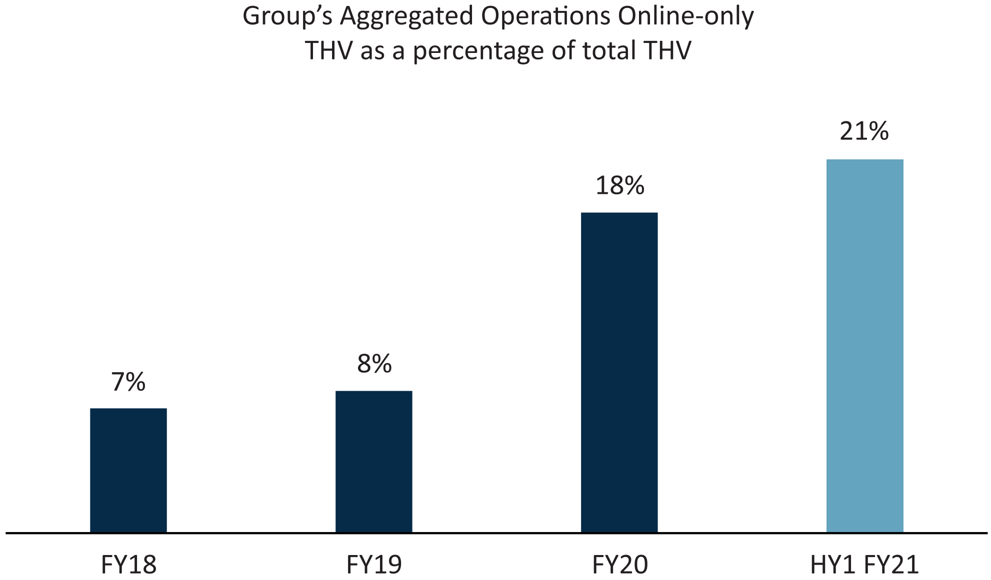
Grow market share in a large and growing market driven by structural changes

The Group is aiming to support auctioneers in relation to the transition from offline to online auctions and from live to timed auctions. To date, the Group has benefitted from structural changes within the auction industry as an increasing number of auctions are being held online, which the Directors believe is being led by bidders wanting to access auctions online, with auctioneers having to respond to that demand. The Directors believe that this demand will continue to lead to an increase in timed and live online-only auctions, as part of a structural shift from offline to online auctions, and the Group will assist auctioneers to adapt to that structural shift.

This bidder-led trend towards online auctions can also help auctioneers to generate increased returns, through access to a broader range of bidders. Rather than having to drive to a physical auction room, bidders can now participate in auctions in different countries at the same time, greatly increasing the potential number of bidders participating in an auction on the Marketplaces or Platform and therefore the likely THV, as well as provider a truer market value for items sold. The Group is continuing to engage with auctioneers to better inform them as to the benefits of online auctions.

In FY20, 18 per cent. of the THV of the Existing Group's Aggregated Operations was Online-only THV i.e. THV derived from online-only auctions (timed or live online-only) exclusively hosted on the Marketplaces or Platform, rising to 21 per cent. in H1 FY21. Whilst this high level relative to FY19 (8 per cent.) is likely to be due in part to the impact of the COVID-19 pandemic, this represents a significant percentage whilst still providing substantial growth opportunity for further online share growth. Additionally, the Directors believe that auctioneers' and bidders' experience of using online-only auctions by necessity during the COVID-19 pandemic will encourage further such use in the future, as they will have additional familiarity with the process and experience of the time and cost-saving features which the Group can offer even as the direct impacts of the COVID-19 pandemic reduce. The Group aims to capitalise on this experience by improving the functionality of its Platform to better support timed auctions. The Group will also continue to partner effectively with auctioneers as part of its 'shared success' model, strengthening and deepening its relationships by continuing to support auctioneers and the auction industry, as it has done throughout the COVID-19 pandemic (such as by The Saleroom waiving event fees in the midst of the early COVID-19-related restrictions).

Figure Two: Online-only THV as a percentage of total THV for the Existing Group's Aggregated Operations (Source: Company internal data)



The Group considers that the I&C market in particular has the potential for significant further growth in timed auctions, particularly in the US due to its geographical size, as these auctions are typically driven by insolvency sales and liquidations, where seeking the best possible value through a large volume of bidders is key and the Proxibid Marketplace's online share is currently relatively lower as compared with BidSpotter US and BidSpotter UK. Similarly, the CS&R market is typically high volume and low value, where bidders (who are often traders or resellers) and auctioneers are particularly cost-conscious. Online auctions (whether live or timed) enable access to a much wider pool of bidders at a lower cost than can be achieved by a traditional auction room and so the Directors expect that there is significant room for focused growth through additional online share in these areas in particular. While at present auctioneers in the A&A market generally prefer live auctions (as they believe they are able to drive higher pricing through the use of traditional selling techniques and the environment created by a live auction), the Group has begun to see a gradual shift within this market towards the use of timed and online-only auctions (which the Directors believe will continue), in part due to the increased efficiencies and access to wider pool of bidders online (whether through live or timed auctions) at a lower cost and, in part due to increasingly younger consumers entering the A&A market (many of whom are particularly receptive to e-commerce) driven by sustainability concerns and the fashion for vintage items, particularly as an expression of individuality.

The Group is continuing to support the shift to timed and online-only auctions in the A&A vertical, and in September 2019 the Group signed an agreement with Bonhams auction house (part of the Big 4) to host auctions on the Group's Marketplaces. As a progressive and digitally-focused auctioneer, the Directors believe that Bonhams is leading the Big 4 by listing their sales on The Saleroom and Lot-tissimo Marketplaces. In the first 12 months of using the Group's Marketplaces, Bonhams hosted 82 of its UK auctions on the Marketplaces, capturing more than 10 per cent. of the number of UK lots sold by Bonhams in the period.

Accordingly, some of the Marketplaces have transitioned to online-only, and particularly timed, auctions more quickly than others. The following table sets out the THV for timed and live online-only auctions where a Marketplace is the sole marketplace used, as a percentage of the total THV for that Marketplace, for FY20:

Marketplace	**Online-only THV[1]** **FY20**
BidSpotter UK	89 per cent.
BidSpotter US	55 per cent.
i-bidder	20 per cent.
Proxibid	17 per cent.
The Saleroom	1 per cent.
Lot-tissimo	< 1 per cent.

(1) As a percentage of total THV for that Marketplace

The Directors believe that these figures demonstrate significant potential for growth as the structural changes in the auction industry continue towards timed auctions, particularly given the variance of timed and live online-only auctions across the Marketplaces.

While the long-term effects of COVID-19 are uncertain, the Directors believe that this trend towards online auctions will continue and that physical auction rooms will be less important in the future than they have been prior to the COVID-19 pandemic, as auctioneers come to understand the time and cost efficiencies they are able to realise by hosting auctions online-only. The effects of the COVID-19 pandemic have resulted in many auctioneers hosting auctions, and bidders bidding, online for the first time and the Directors believe that once an auctioneer or bidder has hosted or participated in an online auction, they will then appreciate the benefits and be more likely to do so again. As a result, the Directors believe that online auction marketplaces such as the Marketplaces are likely to increase market share. The Group intends to further leverage this opportunity by optimising its CRM process to improve bidder and auctioneer retention, and enhance SEO to attract new bidders and auctioneers to its Marketplaces and its Platform whilst seeking to retain its historical moderate direct marketing expenditure (as further detailed in '*Grow the Group's strong online share that has significant room to increase*' below); in FY20 just two per cent. of the unique bidder sessions of the Existing Group's Aggregated Operations were acquired from paid channels.

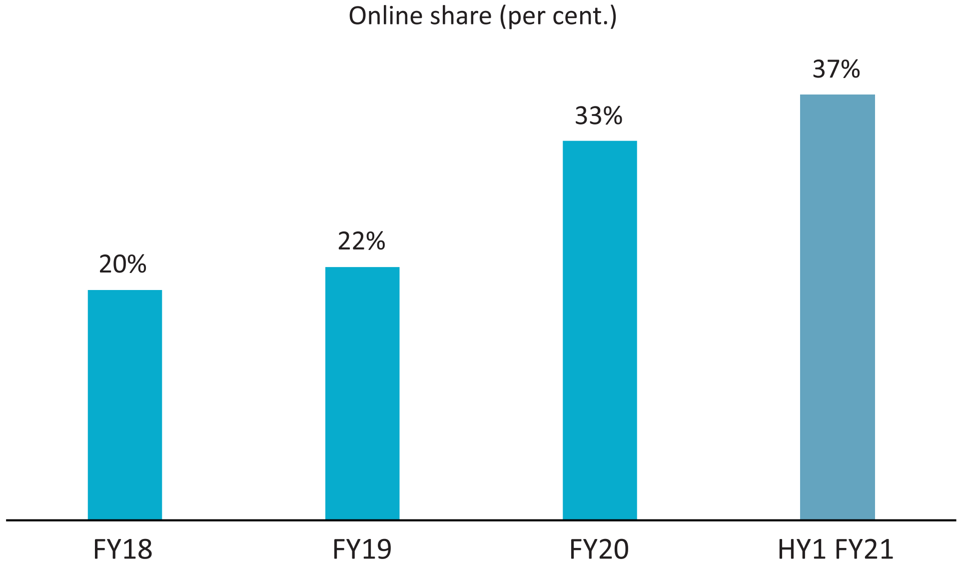
Part of the Group's strategy is to provide a channel of green commerce and help bring new life to old objects by keeping items in circulation and away from landfill. The Group expects that the current trend of environmentally conscious purchasing by consumers, particularly younger bidders who tend to make more of their auction purchases online, will continue. The Directors believe that the Group's focus on the market for secondary goods, whose life cycles are thereby extended through re-use, positions it well to benefit from a growing environmental awareness amongst bidders and investors more generally by supporting bidders to make more sustainable purchasing decisions, due to the lower carbon impact of purchasing a secondary good than the creation of a new item, as well as potentially diverting items from landfill or scrap.

Driven in part by the structural changes within the auction industry, in UK A&A, online Mid-Market auctions constituted an estimated 22 per cent. of the total UK A&A Mid-Market auction market in 2019, and is expected to increase to an estimated 31 per cent. of this market in 2023 (Source: OC&C). Similarly, the value of the North American I&C used equipment online auction market (Core I&C Segments only), made up an estimated 23.4 per cent. of the total North American I&C used equipment auction market (Core I&C Segments only) in 2019, increasing to an estimated 42.0 per cent. of this market in 2023 (Source: OC&C).

Grow the Group's strong online share that has significant room to increase

The Group's online share (i.e. GMV as a percentage of THV for auctions listed via the Group's Marketplaces) is significant and increasing, and the Group will continue to develop its value proposition in order to grow its online share. In FY18, the online share of the Existing Group's Aggregated Operations was 20 per cent., growing to 22 per cent. in FY19 and rising to 33 per cent. in FY20 and 37 per cent. in H1 FY21. In particular, as a result of the COVID-19 pandemic, which resulted in auctioneers being unable to hold physical auctions and so moving their auctions entirely online, this pre-existing trend towards increasing online share was accelerated. These figures represent a significant percentage whilst still providing substantial growth opportunity for further online share growth particularly given the variance of online share across the Marketplaces.

Figure Three: Online share for the Existing Group's Aggregated Operations (Source: Company internal data)

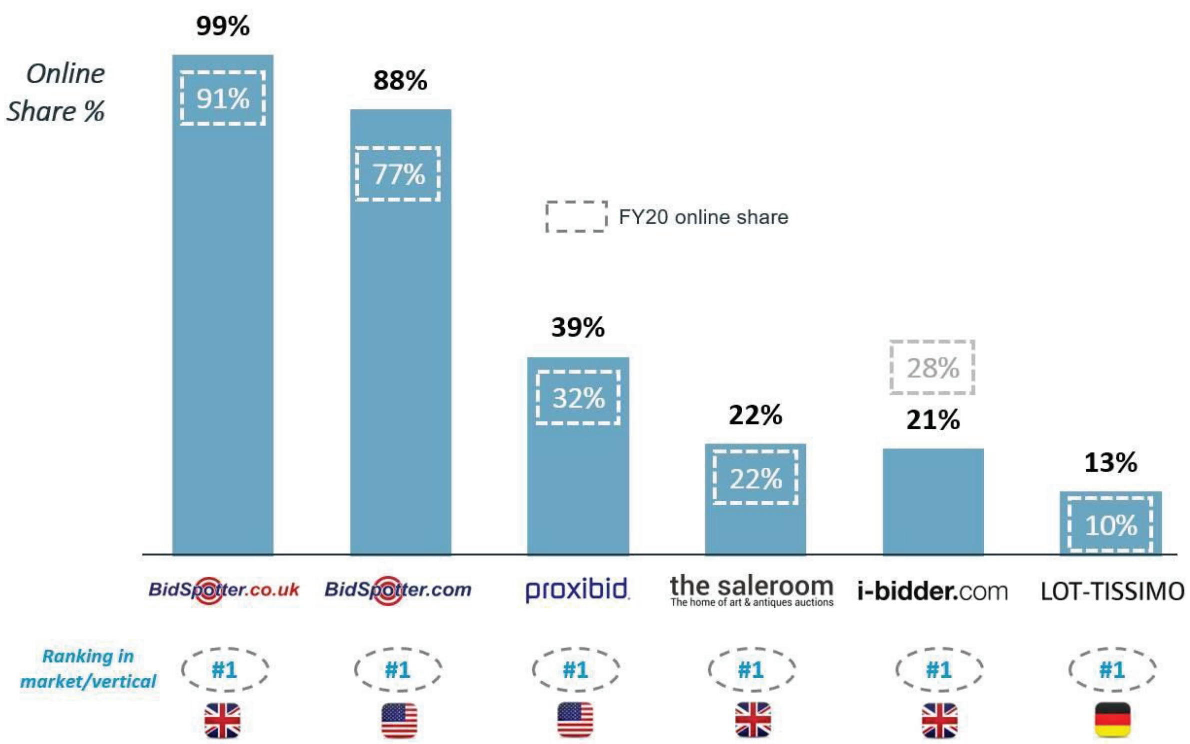


Some of the Marketplaces have grown online share more quickly than others:

- BidSpotter UK achieved online share of 91 per cent. in FY20. BidSpotter UK has held an online share in excess of 90 per cent. for more than four years, demonstrating the Group's ability to sustain online share at a high level within its markets.
- The Group has also successfully developed its online share via the BidSpotter US Marketplace in recent years, where the Group has grown online share from 31 per cent. in FY17 to 77 per cent. in FY20 and 88 per cent. in H1 FY21.

The Directors consider this experience to be a route map for successfully developing online share within the Group's other core markets.

Figure Four: Online share across the Marketplaces in H1 FY21 (Source: Company internal data)



The Directors believe that the Group is well positioned to replicate its best practices in the BidSpotter UK and BidSpotter US businesses to facilitate successful growth in online share within the Group's other core markets.

The Group aims to increase its online share through a variety of initiatives, including:

- Working closely with auctioneers to highlight the cost and time efficiencies and value potential, of online auctions, and to develop deeper bidder and digital marketing insight.
- Increasing visitor traffic to the Marketplaces.
- Increasing its conversion rate (i.e. the proportion of visitor traffic on its Marketplaces that makes winning bids and thereby generates commission revenue for the Group).
- Driving repeat bidder behaviour by encouraging existing bidders to place more bids on more lots across more auctions.

The Group aims to effect these initiatives through additional SEO, delivering UX enhancements and improving CRM.

SEO

The Marketplaces have a powerful domain authority which helps to drive organic traffic. Total bidder sessions for the Existing Group's Aggregated Operations on the Marketplaces (excluding content sessions relating to the *Antiques Trade Gazette*) increased from 80.5 million in FY18 to 107 million in FY20, at an aggregate CAGR of 15 per cent.

Nonetheless, the Directors intend to further support this growth and have therefore developed an SEO roadmap and are engaging with an external SEO agency to review the Group's SEO performance. This work to date has identified significant SEO growth opportunities relating to technical improvements and content strategy.

UX enhancements

GMV for the Standalone ATG Group from first-time bidders has grown at a CAGR of 42 per cent. between FY18 and FY20 (FY18: £98.5 million; FY19: £123.3 million; FY20: £199 million) and, notwithstanding a fall between the first and second years on the Marketplaces due to one-time bidders, the bidder cohorts of the Existing Group's Aggregated Operations have historically been resilient with strong average GMV retention from those bidders in their third and fourth year on the Marketplaces.

However, the Directors believe that the Group can drive additional revenue by developing its UX in order to encourage additional repeat bidders. The Group continues to develop its UX, by investing in the Marketplaces and the Platform and implementing UX specialist teams within its technology team to help redefine the end-to-end customer experience and develop the Group's future vision of a highly personalised on-site experience.

The Group intends to develop a number of additional and enhanced features on the Marketplaces to support UX, including an updated 'look and feel' of the Marketplaces, enhanced and more personalised search capabilities, enhanced item imagery and description, enhanced bidding and price transparency, reduced friction across sign-in and auction registration, and increased site speed for a faster mobile experience.

Improving CRM

The Directors believe that effective CRM is the backbone to retaining existing auctioneers. Each auctioneer on the Marketplaces or Platform is allocated an account manager who provides tailored account management in order to deliver a joint growth strategy and undertakes regular bespoke business reviews with the auctioneer including return on investment information. The Directors intend to develop this 'shared success' model further to help to develop the Group's relationship from service provider to digital partner.

To support this approach, the Group has recently reviewed its technical CRM arrangements and is in the process of redesigning its customer communication flows with a view to developing highly targeted marketing, including personally tailored auction and lot recommendations.

The Group believes that continuing to expand its bidder base and auctioneers via organic and inorganic growth, coupled with continued investment into its Platform and Marketplaces, will help it to increase the number of successful bidders and auctioneers and, as a result, its online share. The Directors expect that together this would not only attract new bidders and auctioneers onto the Marketplaces and the Platform but also encourage existing or historical bidders and auctioneers to engage further with the Marketplaces and Platform, whether by placing more bids or listing more lots, and helping to drive further growth in auctioneers and bidders on the Marketplaces and the Platform.

Launch new value-added features and services to provide additional support for auctioneers and bidders and generate additional revenues across the Marketplaces

To date, the Group's focus has been on building market share as opposed to maximising revenue from its existing base. This includes facilitating shifts to online-only auctions and timed auctions rather than live auctions, as well as working creatively with a number of larger auctioneers with tiered commission schemes whereby the commission rate reduces as the volume of items they sell via the Marketplaces and/or the Platform increases. Whilst this has increased the Group's online share, and therefore its total revenues, it has resulted in a reduced take rate.

The take rate is the Group's Marketplace revenue as a percentage of its GMV. The overall take rate for the Existing Group's Aggregated Operations shifted lower in FY20 due in part to the increased contribution of the Proxibid Marketplace (Standalone ATG Group: FY18: 4.4 per cent.; FY19: 4.9 per cent.; FY20: 4.2 per cent. and Standalone Proxibid Group: FY18 3.2 per cent.; FY19 3.2 per cent.; FY20: 2.3 per cent.). Other reasons for this change in take rate include the Group having achieved significantly greater growth in GMV compared to growth in revenue from event fees, marketing revenue and other Marketplace revenue; the event fees waived by The Saleroom to support auctioneers in relation to the COVID-19 pandemic; and changes in the mix of revenues from different verticals, as the Group typically generates lower commissions in the I&C market than the A&A market. The Directors believe that take rates within the online marketplace industry more generally are typically higher than the Group's.

While the Group has previously raised fixed and variable fees based on value provided, it plans to grow take rate in the future by adding additional integrated services that will save auctioneers money while providing a better end-to-end value proposition for bidders. Accordingly, in the medium term, the Directors see the implementation of product and Platform enhancements as an opportunity to further drive engagement and improve its take rate. The Directors believe that the Group could facilitate the provision of a number of additional value-added services to auctioneers and bidders which could generate additional revenues for the Group, thereby increasing its take rate. The Directors believe that successfully facilitating the provision of these services would deliver tangible benefits for auctioneers and help to support the Group's 'shared success' model, where the Group succeeds as its auctioneers succeed.

Many ancillary auction services are currently arranged by auctioneers with an array of third parties due to the fragmented nature of the auction services industry and the Group considers that this is an area where the Group can leverage its existing relationships to provide access to additional value-added ancillary services to supplement and support its current offering and, in so doing, further support auctioneers and bidders on its Marketplaces. The Directors expect that such services may include providing access to third-party:

- Financing options
- Maintenance and service contracts
- Restoration and repair of damaged items
- Insurance of purchased items
- Storage rental
- Payments
- Delivery/logistics support

The Group would not seek to carry out these services itself but would instead seek to position itself as a conduit, bridging the gap between auctioneers and bidders and third parties, and creating an ecosystem where bidders and auctioneers can access such services quickly and easily. The Existing Group currently provides only nascent payments and delivery support and intends to develop this support further, particularly following Completion. The Group would also seek to leverage its scale to provide auctioneers and bidders with the services described above more efficiently than they are able to achieve at present, resulting in an enhanced service for auctioneers and reducing their costs, with the Group able to make a margin on the realised cost savings. The Directors believe that this would empower auctioneers to compete more effectively in a digital age, particularly against larger auctioneers, and significantly reduce friction for bidders on the Marketplaces by providing a more seamless end-to-end experience.

Additionally, the Group believes providing access to ancillary bidder services would provide bidders with an integrated purchasing experience (reducing the need for them to source such services on their own) and additional confidence in purchasing items via the Marketplaces, which would also benefit both the Group and auctioneers.

To drive additional value for both auctioneers and bidders alike, the Group also intends to provide better analytics support to both auctioneers and bidders. The auction and bidder insight derived from this analytics support would enable auctioneers to drive inventory sourcing and improve inventory circulation. At present, the Group receives many in-bound enquiries from A&A and I&C consignors which are currently referred to auctioneers. The Group intends to develop its referral processes in order to increase its take rate and THV, for example by negotiating an increased commission for consignments it has referred to its auctioneer partners.

The Group also intends to make enhancements to the Platform that will enable it to offer additional functionality to auctioneers and bidders, for example through the creation of category specific destination marketplaces within or alongside the Group's existing Marketplaces. These bespoke webpages could provide further information in relation to specific categories where the Group already hosts material values of inventory, providing easier access and discoverability for bidders and enabling auctioneers to isolate sales and THV of specific categories of items, such as watches. The Directors believe that these offerings will enhance the user experience on its Marketplaces for both auctioneers and bidders.

The Group considers that these areas will present opportunities for revenue growth by enabling the Group to generate additional revenues from the additional value-added services and better leverage its existing and developing technology.

Expand operating leverage as the Group scales up

As the Group attracts new auctioneers and bidders to its Marketplaces or its Platform, whether by organic growth on its existing Marketplaces or Platform, launching new Marketplaces in new verticals and/or geographies, or inorganic growth by acquiring new marketplaces, the Group's strategy is to use its global auction Platform to expand its operating leverage.

The Group has improved its operational leverage between FY18 and FY19 by reducing cost of sales and administration expenses, both in absolute terms and as a percentage of revenue, resulting in a significant increase in gross profit and operating profit margins. The Group's cost of sales and administration expenses were impacted by significant exceptional costs in FY20. The Group's fixed costs will be only marginally incremental as the Group increases in scale, as a result of which the Group's margin and profitability will be expected to increase as those fixed costs represent a diminishing proportion of total costs. The Group has successfully executed this strategy in relation to Proxibid (with the Directors estimating that the Group has realised on an annualised basis approximately £3 million of combined synergies and cost savings in FY20, and achieved £2 million of further synergies and cost savings in H1 FY21 from the Proxibid Acquisition) and the Directors believe that this proven experience positions the Group well to realise similar opportunities for expanding its operating leverage in the future.

Undertake acquisitions to add further inorganic growth

To date, the Group's revenue and profitability have significantly increased as a result of significant acquisitions and investments in line with its growth strategies. The Group's management has a track record of supplementing organic growth with earnings-enhancing acquisitions and the Group has developed significant internal capabilities to integrate acquisitions effectively and to realise synergies, from the Group's historical acquisitions of BidSpotter US in 2013, Lot-tissimo in 2018, Proxibid in February 2020 and Auction Mobility in October 2020. The Directors believe that the fragmented nature of the auction services industry presents a significant opportunity for the Group to grow through acquisitions, both large and small, and the Directors continually assess the market in order to identify targets.

The Proxibid Acquisition in February 2020 was a transformational step change for the Group, in building auctioneer and bidder bases within the North American market and enlarging the Group's revenue from the I&C vertical in FY20. In FY19 the Proxibid Group had 1.8 million total bidders and 202,000 unique active bidders compared with the Historical Group's FY19 total of 1.9 million total bidders and 203,000 unique active bidders. Together with organic growth between FY19 and FY20, this resulted in 4.3 million total bidders and 571,000 unique active bidders across the Existing Group's Aggregated Operations in FY20. The following table sets out the strong growth which the Standalone Proxibid Group experienced from FY19 to FY20:

	Growth (FY19 – FY20)	**FY19**	**FY20**
Unique active bidders	57 per cent.	202,000	316,000
GMV	97 per cent.	£510 million	£1,007 million
THV	12 per cent.	£2,843 million	£3,168 million
Revenue	40 per cent.	£17.4 million	£24.5 million
Online share	78 per cent.	18 per cent.	32 per cent.

The Directors estimate that the Group has realised, on an annualised basis, approximately £3 million of combined synergies and cost savings in FY20, and achieved £2 million of further synergies and cost savings in H1 FY21 from the Proxibid Acquisition. As with the Group's previous acquisitions, Proxibid has been successfully incorporated into the Group's 'hub and spoke' model, enabling the Group to operate as a fully-functioning whole by having integrated commercial, logistics, product, HR and finance teams with a common infrastructure across the Group. Reporting lines have been integrated and the Group produces a single daily management report with common KPIs across the Group as a whole, delivered to the Directors in London. Having achieved these meaningful operational synergies, the Group is now seeking to realise additional revenue synergies by leveraging the increased scale resulting from the Proxibid Acquisition to further drive the Group's network effect, and the Group is in the process of creating a shared bidding platform across each of its Marketplaces, which will enable auctioneers to list their auctions across multiple Marketplaces seamlessly, at the click of a button. The Directors expect to realise additional technological synergies in due course as Proxibid is migrated to the Platform incrementally.

Together, this demonstrates the Group's ability to rapidly integrate acquisitions into the wider Group and grow both inorganically through acquisitions and organically through improved CRM and developing a larger base of auctioneers and bidders. The Group intends to leverage this ability to successfully execute its acquisition strategy.

In October 2020, the Group completed the Auction Mobility Acquisition, which has an established presence in the North American A&A white label market and will support the Group's strategy through the expansion into the North American A&A market. The Directors expect to realise operational synergies over the next 12-24 months. The Directors believe that the Auction Mobility Acquisition will enable the Group to offer a premium highly customisable experience which will complement the Group's existing GAP White Label product. Following the Auction Mobility Acquisition, for the period 16 October 2020 (being the date of acquisition) to 31 March 2021, Auction Mobility contributed £2.8 million to the Group's revenues, helping to drive H1 FY21 auction service revenues (being revenues from Auction Mobility, GAP White Label, GAP Office and Wavebid) of £3.5 million

The Group takes an incremental approach to achieving technological synergies following acquisitions and generally aims to modularise and migrate specific functionality to the Platform in line with the needs of the wider business rather than moving new platforms onto the Platform wholesale. The Directors believe that this approach hedges against the opportunity cost of focusing the technology team on integration which does not add significant commercial value to the Group and the risk of technical failures which may result from such a wholesale migration.

The Directors believe that the fragmented end-markets offer attractive acquisition opportunities. The Group intends to make further acquisitions in the future and the Directors continually evaluate potential acquisition targets to help diversify and expand the Group's geographical and industry footprint. In particular, the Directors believe that further acquisitions will enable the Group to:

- Capitalise on and leverage its scalable Platform to take advantage of economies of scale and accelerate growth while improving margins by streamlining its fixed cost base through the cost synergies associated with the Platform, particularly technology redundancy over time as functionality is extracted incrementally from the target entity's platform and transitioned to the Platform, and consolidation of centrally provided functions such as finance and HR.

- Access new verticals through an established player and deepen the Group's reach and supply of inventory within existing verticals, as the Group did through the Proxibid Acquisition, which greatly expanded the Group's reach within the North American I&C vertical due to its focus on sub-verticals within the North American I&C vertical that complemented the Group's existing sub-verticals.

- Access new geographies through an established player and deepen the Group's reach and supply of inventory within existing geographies, as the Group did through the acquisitions of BidSpotter US (which provided access to the US geography in the I&C vertical) and Lot-tissimo (which provided access to the DACH region geography in the A&A vertical).

- Access new and integrated adjacent auction services such as cataloguing to better support auctioneers throughout the entire auction process, as the Group did through the Auction Mobility Acquisition, which greatly enhanced the Group's white label offering by enabling the Group to provide enhanced customisation options.

- Attract more bidders to the Marketplaces and Platform as it increases supply of inventory, verticals and geographies, providing organic growth via the network effect as the auctioneer base increases.

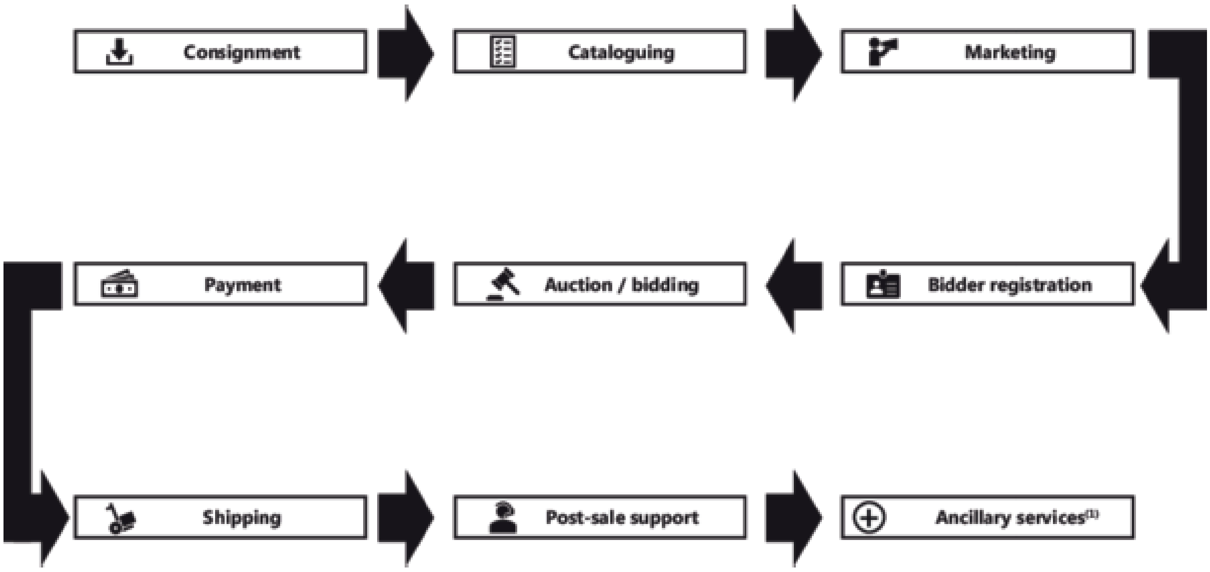
- Widen the auctioneer base through the acquisition of new auctioneers by acquiring new platforms and organic growth via the network effect as the bidder base increases, in addition to increasing cross-selling opportunities, by offering auctioneers the ability to list on multiple Marketplaces simultaneously.

5. BUSINESS STRUCTURE

The online auction process and the Group's role

The Group acts as a connection platform between bidders and auctioneers, enabling auctioneers to access a large and diverse pool of bidders and vice versa through the Platform and the Marketplaces, which each enable auctioneers to conduct auctions and interact with bidders online. The Group does not undertake auctions itself, nor does it conduct auctions on behalf of auctioneers who utilise its services; the Group supports auctioneers to achieve a higher realised value for products at a lower expected cost by connecting them with bidders in an efficient, collaborative and value-driven manner.

A typical auction on the Marketplaces would take place in the following way:



1. *Future additional revenue opportunity*

- **Consignment**
  - Auctioneer:
    - Receives consignment—typically from a home downsizing, estate liquidation, corporate insolvency, equipment upgrade or exchange, retail surplus or returned stock (depending on the vertical). The Group takes no responsibility for inventory.
    - Values, describes and curates lots.
    - Chooses to use live, live online-only or timed bidding via the Marketplaces.
    - In the case of some of the Marketplaces, uses ATG's historical price guide provided by the Group as a reference tool for setting guide prices.
- **Cataloguing**
  - Auctioneer uploads auction catalogue and photos of auction lots to the Marketplaces for bidder viewing.
- **Marketing**
  - Auctioneer:
    - Markets the auction through its own channels and/or
    - Pays the Group for digital marketing services and/or advertising in the *Antiques Trade Gazette*.
- **Bidder registration**
  - Bidders register for the auction via the Group's Marketplace. Some auctioneers will 'link' auctions such that a bidder registering for one auction will automatically be registered for certain others hosted by that auctioneer.
  - The Group completes bidder verification and security checks to minimise bidder defaults. Whilst a bidder registers for each auction, verification checks are typically only required when a bidder signs up for their first auction.

- **Auction/bidding**
  - Auctioneer and/or the Marketplace hosts a live auction with an on-site operator to update bids in real time (either live or live online-only), or
  - Marketplace hosts a timed (online-only) auction.
  - The Group can, if an auctioneer chooses, provide technical support and/or a facilitator to assist with the administrative aspects of running the online auction process.
- **Payment**
  - Bidders pay:
    - Winning bid, which goes to the seller of the item. The seller will also pay a seller's commission on the value of the winning bid to the auctioneer.
    - Buyer's premium, which goes to the auctioneer.
    - Online fee, which the auctioneer typically uses to pay the Group's commission.
    - Payment of all of these sums is collected directly by the auctioneer and the commission on the value of the winning bid is then remitted to the Group. The Group takes no responsibility for payment although it does provide a payment capability for auctioneers on The Saleroom through a third-party supplier.
- **Shipping**
  - Organised by the auctioneer or bidder.
- **Post-sale support**
  - Auctioneer is responsible for bidder account management.
  - The Group provides post-sale account management and auction analytics to auctioneers, utilising machine learning and other automated processes to support auctioneers to increase revenue per lot sold.
- **Ancillary services**
  - In the medium term, the Group intends to facilitate the provision of ancillary services to further support auctioneers and bidders throughout the auction process, which the Directors expect will include providing access to third-party:
    - Financing options
    - Maintenance and service contracts
    - Restoration and repair of damaged items
    - Insurance of purchased items
    - Storage rental
    - Payments (which are already supported by the Group in a nascent form but which the Group intends to expand)
    - Logistics and delivery of items to successful bidders (which are also already supported by the Group in a nascent form but which the Group intends to expand)
    - The Group also intends, in the medium term, to further develop the Group's ability to provide analytics support, utilising machine learning and other automated processes to support auctioneers to increase revenue per lot sold.

Marketplaces

The Group currently operates six online Marketplaces under various brands, each focused on a particular vertical in a particular geography of operation. These Marketplaces are generally supported by the same proprietary technology Platform. Proxibid (acquired in February 2020) is expected to be migrated onto the Platform incrementally. The Directors believe that the diverse nature of the Marketplaces enables the Group to differentiate itself, by offering a breadth of verticals in a range of geographies of operation to bidders through an easily accessible Platform, broadening the Group's bidder pool.

Each of the Marketplaces is the leading online marketplace in its respective vertical within its geographies of operation.

• ***Proxibid (proxibid.com):***

Acquired by the Group in February 2020, Proxibid focuses on the North American I&C market (and is particularly focused on the yellow and green iron (construction and agricultural used equipment) segments).

Revenue from the Proxibid Marketplace for the full year FY20 (including the period prior to acquisition by the Group) was £24.5 million, growing from £14.8 million in FY18 (FY19: £17.4 million) at a CAGR of 29 per cent.

Proxibid penetrated new sub-verticals in FY20 (Equine and Oil & Gas) helping to drive growth in THV of 12 per cent. from FY19 to the full year FY20 (including the period prior to acquisition by the Group). The Proxibid Marketplace Online-only THV grew approximately 320 per cent. over the same period.

Full FY20 (Proxibid Marketplace, including the period prior to acquisition by the Group):

Revenue	THV	Online-only THV as a share of THV	Online share	Number of auctioneers	Number of bids submitted
£24.5 million	£3,168 million	17 per cent.	32 per cent.	Approximately 980	More than 75 million

• ***BidSpotter US (BidSpotter.com):***

Acquired by the Group in April 2013, BidSpotter US focuses on the North American I&C market (and is particularly focused on the grey iron (manufacturing used equipment) segment). Revenue from the BidSpotter US Marketplace in FY20 was £9.9 million, growing from £5.9 million in FY18 (FY19: £7.3 million) at a CAGR of 29 per cent., with THV of £443 million in FY20, growing 13 per cent. from FY19.

FY20:

Revenue	THV	Online-only THV as a share THV	Online share	Number of auctioneers	Number of bids submitted
£9.9 million	£399 million	55 per cent.	77 per cent.	Approximately 230	More than 4 million

• ***The Saleroom (the-saleroom.com):***

Launched by the Group in 2000, The Saleroom pioneered live online auction bidding in the UK and focuses on the UK A&A market.

The Saleroom Marketplace generated revenue of £8.4 million in FY20, growing from £7.8 million in FY18 at a CAGR of 4 per cent. but falling from £8.9 million in FY19 due to the impact of the COVID-19 pandemic, with THV of £628 million in FY20, falling one per cent. from FY19. The Saleroom was particularly affected by the impact of the COVID-19 pandemic in FY20 (which resulted in the temporary closure of UK A&A auction houses) and the waiver of event fees by the Group as part of its desire to support the market during a difficult time for many of its auctioneer partners.

Despite the difficulties faced by The Saleroom in FY20, Online-only THV grew approximately 143 per cent. from FY19 to FY20.

FY20:

Revenue	THV	Online-only THV as a share of THV	Online share	Number of auctioneers	Number of bids submitted
£8.4 million	£628 million	1 per cent.	22 per cent.	Approximately 420	More than 14 million

- ***Lot-tissimo (lot-tissimo.com):***

  Acquired by the Group in February 2018, Lot-tissimo focuses on the DACH region A&A market. Lot-tissimo partners with auctioneers across the DACH region, plus France, Spain, Italy, Belgium and the Netherlands, to enhance the Group's geographical presence.

  Revenue from the Lot-tissimo Marketplace was £2.7 million in FY20 growing from £1.0 million in FY18 (FY19: £2.0 million) at a CAGR of 68 per cent., with THV of £386 million in FY20, growing 17 per cent. from FY19.

  FY20:

Revenue	THV	Online-only THV as a share of THV	Online share	Number of auctioneers	Number of bids submitted
£2.7 million	£385 million	< 1 per cent.	10 per cent.	Approximately 240	More than 2.5 million

- ***i-bidder (i-bidder.com):***

  i-bidder was initially launched by the Group in 2007 as an I&C market and subsequently re-branded and re-launched in 2018, focusing on the UK CS&R market. In 2018, i-bidder won DHL Auction Division as a client and it is currently starting a trial phase with three major retailers whereby surplus and/or returned stock from these retailers is auctioned via the i-bidder Marketplace.

  Revenue from the i-bidder Marketplace was £2.1 million in FY20, growing from £1.4 million in FY18 (FY19: £1.6 million) at a CAGR of 24 per cent., with THV of £176 million in FY20, growing 88 per cent. from FY19.

  The number of items listed and sold on this Marketplace increased by approximately 7 per cent. in FY20, including a 57 per cent. increase in car sales (excluding classic cars).

  FY20:

Revenue	THV	Online-only THV as a share of THV	Online share	Number of auctioneers	Number of bids submitted
£2.1 million	£177 million	20 per cent.	28 per cent.	Approximately 80	More than 4.5 million

- ***BidSpotter UK (BidSpotter.co.uk)***

  Launched by the Group in 2010, initially in partnership with BidSpotter US (prior to its acquisition by the Group), BidSpotter UK focuses on the UK I&C market. This Marketplace is primarily used by auctioneers appointed by insolvency practitioners to maximise value.

  Revenue from the BidSpotter UK Marketplace was £1.6 million in FY20, growing from £1.2 million in FY18 (FY19: £1.3 million) at a CAGR of 13 per cent., with THV of £60 million in FY20, growing 22 per cent. from FY19.

  FY20:

Revenue	THV	Online-only THV as a share of THV	Online share	Number of auctioneers	Number of bids submitted
£1.6 million	£60 million	89 per cent.	91 per cent.	Approximately 70	More than 2 million

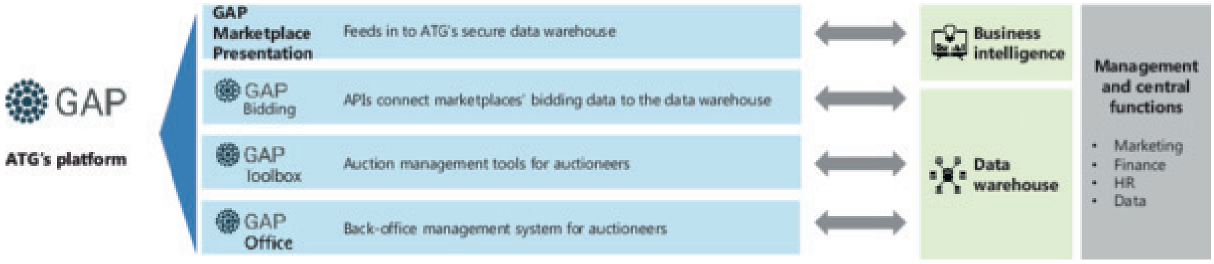
Overview of the Global Auction Platform ("GAP")

The Group operates a scalable proprietary technology Platform connecting approximately 2,000 auction houses to a global bidder base across approximately 150 countries worldwide. This Platform is a technology solution which services the Marketplaces together with its white label offering by providing a cloud-based transactional platform that offers auction management and digital marketing services. Proxibid currently operates on its own platform following its acquisition by the Group in February 2020 and the Group intends to incrementally transition this Marketplace over to the Group's Platform.

The Platform comprises four key components:

- GAP Marketplace Presentation, which provides the public-facing Marketplace.
- GAP Bidding, which provides the basic bid management of an auction and connects Marketplace bidding data to the Group's data warehouse.
- GAP Toolbox, which provides general auction management tools for auctioneers to assist with setting up, cataloguing and running an auction.
- GAP Office, which provides back-office administrative support to auctioneers. A similar but distinct offering, Wavebid, operates on a separate platform and provides similar functionality which is tailored to auctioneers in the US.

Figure Twelve: The GAP Process



Information from the Platform feeds into the Group's secure data warehouse which enables analytics for auctioneers through its business intelligence platform. This integrated approach enables the Group to gather a wide array of bidder insights on behalf of auctioneers and bidders, enhancing the scope for additional value-added services to existing and new auctioneers using the Platform.

The Group uses this insight for the benefit of auctioneers. A number of development opportunities have been identified in relation to the Platform. In particular, the Group intends to:

- Utilise machine learning and other automated technologies to assist auctioneers with timings for their auctions if bidder insights reveal that particular items, or categories of items, sell for higher prices at certain times of day or month.
- Use bidder insight to assist auctioneers with better targeting of the digital marketing relating to their auctions, enabling auctioneers to focus their efforts on bidders who have bid on certain items or categories of items in the past.
- Implement additional personalisation functionality to the Marketplaces, presenting bidders with a personalised homepage offering an array of different lots depending on their bid and browsing history to enable bidders to get to the items they want more quickly with the aim of improving conversion rates.
- Enhance the CRM experience for previous bidders. Many of the Group's bidders are repeat buyers and the Directors believe that enhanced email marketing to existing bidders will generate additional revenues from those same bidders.

The additional insight generated by the Group's Platform also gives the Group additional flexibility to provide varying degrees of service to suit the requirements of auctioneers, from a basic "as is" SaaS solution through to a fully integrated and Group-managed process, with back-office, analytics and technical support.

The various aspects of the Platform are only visible to auctioneers; bidders are simply presented with a user-friendly interface when accessing an auction online and the bidder-facing aspects have been designed to address both existing and changing bidder requirements and preferences. The Group continues to invest in and develop the Platform in order to improve the user experience and conversion rate.

The Platform provides the Group with strong operational efficiency. By focusing on the development of the Platform, the Group is able to significantly reduce its development time and maintenance cost as well as providing a consistent and reliable service across the breadth of its portfolio. Hosting multiple Marketplaces on the Platform supports the Group's strategic priorities by enabling it to access a broad slice of the market whilst keeping its technological cost base low.

The Group has successfully implemented upgrades and new features to its Platform including, most recently, a "quick-bid" feature, enabling bidders to place bids on multiple items within auction catalogues rather than having to view each item individually, thereby reducing friction in the bidding experience. The addition of this feature resulted in significantly more bids being placed per lot and demonstrates the Group's ability to use technological solutions to drive auction revenues for auctioneers and the Group through the placing of additional bids.

The Platform is cloud-hosted via Amazon Web Services and Microsoft Azure which provides the Group with a secure and scalable infrastructure and flexible architecture for integrating new acquisitions. This secure and reliable design resulted in 99.99 per cent. uptime on average in the 12 month period to 1 October 2020. Additionally, the Group has a strong record of integrating acquisitions, such as BidSpotter US and Lot-tissimo, into the Platform and intends to incrementally transition the Proxibid Marketplace on to the Platform. This approach presents the Group with significant flexibility to continue with acquisitions and further consolidate the highly fragmented auction services market.

Use of the Platform simplifies the onboarding process for new bidders. This benefits auctioneers by reducing the administrative burden of "know your client" and similar checks whilst also benefitting bidders who enjoy a single point of access to a variety of Marketplaces and only need to provide verification information once to access the Platform (whether via a Marketplace or a white label auction). In this way, the Directors believe that the Platform significantly reduces friction for bidders using the Platform, helping to drive bidders to make bids and thereby tending to increase the bidder conversion rate.

The Group continues to invest in the Platform in order to enhance its offering to auctioneers and bidders, investing more than £17 million into the Standalone ATG Group's technology over the last five years, and continuing to trial new features. In FY19, the Group trialled an enhanced search feature on The Saleroom, which improved search accuracy and sorting of results by listing lots by relevancy, and ultimately led to an increased in the number of lots bid on by 52 per cent. Following the successful trial, the Group intends to roll out this feature across other Marketplaces. The Group also intends to continue to develop its SEO to drive additional organic traffic to its Marketplaces, improve the Group's advertisement management process and implement timed bidding enhancements to support auctioneers with the transition from live to timed auctions. The Group is also planning to develop a shared bidding service, which would enable cross-listing of auctions across each Marketplace and any newly acquired Marketplaces in the future.

In addition to the Platform itself, the Group has also invested heavily in its technology talents and skills. The Group's experienced technology team totalled 55 full-time equivalent employees (excluding contractors) in FY20 in the Standalone ATG Group, representing 33 per cent. of the Standalone ATG Group's total full-time equivalent employees in FY20, having increased from 24 full-time equivalent employees in FY16 and a 15 per cent. share of the Standalone ATG Group's total full-time equivalent employees. The Group also partners with an external supplier in order to supplement the capacity of its in-house technology team. The technology team is led by the Chief Technology Officer, Badrudin Khan, and collaborates closely with the Group's commercial teams to further drive innovation and commercial viability to ensure that new technological initiatives and changes are designed with a focus on the Group's auctioneers and bidders.

GAP White Label and Auction Mobility

The Group makes its Platform available to auctioneers on a white label basis, enabling auctioneers to offer bidding functionality on their own brand website alongside a listing on the Marketplaces. Auction catalogues and bidders are managed in the same location for both white label marketplaces and most of the Marketplaces, reducing the administrative burden on auctioneers whilst still enabling them to support their own brand and business growth. The white label offering can also be tailored to reflect the branding requirements of each auctioneer.

The Group's white label product enables auctioneers to:

- offer live and timed bidding capability on their own website at the same time as listing on the Group's Marketplaces;
- host auction catalogues (past and present);
- register bidders; and
- offer bidders a "MyAccount" section for viewing lots which a bidder has bid on or added to their watchlist.

The Group's ability to offer white label solutions for auctioneers was enhanced by the Auction Mobility Acquisition in October 2020. Auction Mobility is an established provider of white label auction solutions to auctioneers, providing both web and mobile applications for use by bidders. The Directors believe that this acquisition will further complement and support its white label proposition as the Group will be able to provide an enhanced white label offering with additional premium features, such as the creation of a more bespoke auction experience. Following the Auction Mobility Acquisition, for the period 16 October 2020 (being the date of acquisition) to 31 March 2021, Auction Mobility contributed £2.8 million to the

Group's revenues, helping to drive H1 FY21 auction service revenues (being revenues from Auction Mobility, GAP White Label, GAP Office and Wavebid) of £3.5 million.

Auction Mobility offers a fully customisable premium online bidding solution in addition to offering both iOS and Android in-app functionality. Auction Mobility also has an established presence in the North American A&A vertical/geography, and the Directors believe that this will help to develop the Group's access to that vertical/geography. Auction Mobility also hosts a website on the lofty.com domain through which auctioneers can list and thereby promote their white label A&A auctions (where the white label functionality is provided by Auction Mobility) currently at no additional cost to auctioneers.

The Group is committed to partnering with auctioneers and believes that the "best of both worlds" solution of the Group's white label and associated Marketplace enables auctioneers to benefit from concurrent bidding (i.e. the same auction can run at the same time across the white label and the Group's Marketplace thereby retaining the exposure and conversion benefits brought by the Marketplace, whilst building the auctioneer's own brand via the white label) without having to take on the burdensome cost or regulatory or data protection-related risks associated with operating an independent white label. In this way, the Directors believe that the Group's end-to-end white label proposition helps to maximise the value the Group delivers to auctioneers.

Ancillary Services

The Group currently offers GAP Office and Wavebid, the Group's back-office support software, to assist auctioneers with the administrative aspects of running an auction house. Additionally, the Group offers facilitators onsite to assist with running an online auction.

In the future, the Group intends to develop a rich online ecosystem for its bidders and auctioneers to easily and conveniently access a wide range of auction services. The Directors believe that this would help to support auctioneers and bidders before, during and after an auction, generating cost efficiencies for auctioneers and increasing market confidence for bidders. It is expected that the Group will facilitate this by acting as a conduit to the provision of the following services:

- Payment processing (a nascent form of which is already supported by the Group).
- Financing options for bidder payments.
- Restoration and maintenance assistance for damaged items in need of repair in the A&A and I&C verticals.
- Insurance of new purchases.
- Logistics assistance, including transportation and delivery (a nascent form of which is already supported by the Group).
- Storage rental for storing purchased items.

The Group would not seek to carry out these services itself but would instead seek to position itself as a facilitator, connecting auctioneers, bidders and third parties to create an ecosystem where bidders and auctioneers can access such services quickly and easily. Whilst the Group's plans in relation to ancillary services are at an early stage of development, the Directors believe that this would enable the Group to realise additional value for bidders and auctioneers across the auction sale process. The Group believes that its scale would enable it to facilitate the provision of more efficient and enhanced services to auctioneers (compared to what they are able to achieve at present), enabling auctioneers to reduce their costs and the Group to make a margin on the realised cost savings. The Group also intends to provide bidder analytics services to auctioneers, utilising business intelligence gained from the Platform, as further detailed above in '*Overview of the global auction Platform*'.

Antiques Trade Gazette

The Group operates and publishes a leading A&A trade magazine, the *Antiques Trade Gazette*. Launched in 1971, the *Antiques Trade Gazette* is a highly valued publication within A&A and has been described as the "Bible" of the A&A industry.

The magazine generates revenues through subscriptions and selling advertising space and contributes positively to the Group's Adjusted EBITDA. The Directors believe that the real strategic value in the publication is that it operates as a marketing tool for the Group. Content creation attracts new bidders by generating interest in the auction sector and it is believed that a better educated bidder base is more likely to feel more comfortable spending more money at auction. Digital readership is now at 120,000 monthly visits and approximately 55,000 daily newsletter subscriptions. Additionally, the Group integrates content onto The Saleroom's website to further leverage content as a differentiating engagement tool.

The Group's strategy is focused on developing its Marketplaces and Platform, as the key drivers of growth, and this has resulted in the share of direct revenues falling significantly relative to total Group revenue; Content revenue from the magazine for H1 FY21 was £1.4 million and on a full-year basis has fallen from £3.5 million in FY18 to £2.8 million in FY20 (FY19: £3.2 million).

Business Trends

The Directors believe that the Group has experienced a significant and transformational step change over the last 12-18 months through the following primary drivers:

Proxibid Acquisition and Auction Mobility Acquisition:

The Proxibid Acquisition completed in February 2020. This provided the Group with an enlarged footprint in a key market (US) and allowed it to build its auctioneer and bidder base within the North American I&C market as well as establishing the Group as a clear global market leader in the online auction industry. The Directors believe that Proxibid's focus on certain sub-verticals in the I&C vertical (including 'green iron' and 'yellow iron') effectively complemented the Group's pre-existing Marketplaces.

Prior to the Proxibid Acquisition, the Standalone Proxibid Group made a small loss, but having realised synergies and increased scale and operating leverage it is now materially profitable. As a result of the acquisition, THV grew from £1,500 million in FY19 (for the Historical Group) to £4,800 million in FY20 (for the Existing Group's Aggregated Operations, with the Standalone Proxibid Group accounting for £3,200 million of that sum and the Standalone ATG Group accounting for £1,600 million) and GMV grew from £435 million in FY19 (for the Historical Group) to £1,600 million in FY20 (for the Existing Group's Aggregated Operations, with the Standalone Proxibid Group accounting for £1,000 million of that sum and the Standalone ATG Group accounting for £600 million).

The Standalone Proxibid Group experienced in-year organic growth of 12 per cent. in THV and 97 per cent. in GMV from FY19 to FY20 and the Directors estimate that, on an annualised basis, approximately £3 million of combined synergies and cost savings have been realised in FY20 (with a further £2 million realised in H1 FY21) across the Existing Group's Aggregated Operations, demonstrating the Group's ability to integrate acquisitions into its operational platform, realise synergies and effectively increase its operating leverage resulting in greater profitability. The additional contribution from the Proxibid Acquisition during FY20 supported an increase in the Group's Adjusted EBITDA from £4.7 million in FY18 to £20.5 million in FY20 (FY19: £9.5 million).

The Auction Mobility Acquisition, completed by the Group in October 2020, is also expected to have a positive effect on the Group's GMV and thereby revenue on an ongoing basis. In particular, the Directors believe that the additional white label functionality acquired by the Group through the Auction Mobility Acquisition will position the Group well to improve and expand its white label offering by enabling the Group to offer a premium and highly customisable white label solution to complement the Group's existing white label offering. Auction Mobility (which was acquired after the Group's year end for FY20 and so did not contribute to the Group in FY20) generated revenues of approximately £4 million in FY20. Following the Auction Mobility Acquisition, for the period 16 October 2020 (being the date of acquisition) to 31 March 2021, Auction Mobility contributed £2.8 million to the Group's revenues, helping to drive H1 FY21 auction service revenues (being revenues from Auction Mobility, GAP White Label, GAP Office and Wavebid) of £3.5 million.

Acceleration of online share due to the impact of the COVID-19 pandemic:

In FY20, 18 per cent. of THV for the Existing Group's Aggregated Operations was Online-only THV, a rise from 8 per cent. in FY19. The Directors believe that the long-term trend towards online auctions has been significantly accelerated and that the online market has experienced a three to four-year shift in the past six months. This has been largely driven by the effects of the COVID-19 pandemic which initially caused auction houses to temporarily close and has subsequently led to reduced mobility of people generally to attend physical auctions. As a result, the number of bidder sign-ups for the Existing Group's Aggregated Operations on the Marketplaces or the Platform has increased by more than 16 per cent. year on year. The growth in timed auctions is particularly significant because, whilst the Group generates commissions from winning bids placed online regardless of the auction type, in a timed or online-only auction all winning bids will be online bids. The Group's GMV and therefore margins are typically higher as it will capture the entirety of the THV for that auction.

At the outbreak of the COVID-19 pandemic, many of The Saleroom's auctioneers experienced significant operational disruption, severely depressed financial performance and increased risk of insolvency. The Saleroom was particularly impacted by this impact on auctioneers during March, April and May 2020. Additionally, The Saleroom waived many of its monthly event fees with auctioneers during this period to assist auctioneers with dealing with the impact of the COVID-19 pandemic. Whilst the Directors believe this was the right step to take in order to support auctioneers on The Saleroom and the market more generally, this had an impact on the Group's profitability for the period.

The following table sets out how the Existing Group's Aggregated Operations in the A&A vertical were impacted by this operational disruption and the strategic decision by the Directors to support the market:

Existing Group's Aggregated Operations—A&A vertical

	FY18	FY19	FY20	H1 FY20	H1 FY21
Online share	13 per cent.	14 per cent.	17 per cent.	13 per cent.	20 per cent.
THV	£1,500 million	£1,300 million	£1,300 million	£800 million	£800 million
GMV	£195 million	£187 million	£233 million	£101 million	£169 million
Standalone ATG Group Revenue	£8.8 million	£11.0 million	£11.1 million	£5.7 million	£6.9 million
Standalone Proxibid Group Revenue	£1.9 million	£2.1 million	£2.3 million	£1.0 million	£1.3 million

However, the Group's trading in the A&A vertical was boosted through FY20 by its new agreement with Bonhams auction house (part of the Big 4), signed in September 2019. As a progressive and digitally focused auctioneer, the Directors believe that Bonhams is leading the Big 4 by listing their sales on The Saleroom and Lot-tissimo Marketplaces. In the first 12 months of using the Group's Marketplaces, Bonhams hosted 82 of its UK auctions on the Marketplaces, capturing more than 10 per cent. of the number of UK lots sold by Bonhams in the period.

Revenue generated by the Group's trade magazine, the Antiques Trade Gazette, also fell during the second half of FY20 as a result of a reduction in advertising spend within the publication compared to the first half of FY20 due to the impact of the COVID-19 pandemic.

Despite these initial challenges, the Existing Group's Aggregated Operations generally saw COVID-19 driven growth in the second half of FY20 and H1 FY21, as the following table sets out:

	H1 FY20		H2 FY20		H1 FY21	
Year-on-year THV growth	6 per cent.		17 per cent.		27 per cent.	
	Standalone ATG Group	**Standalone Proxibid Group**	**Standalone ATG Group**	**Standalone Proxibid Group**	**Standalone ATG Group**	**Standalone Proxibid Group**
Year-on-year revenue growth	8.2 per cent.	18.1 per cent.	16.7 per cent.	61.5 per cent.	48.3 per cent.	48.4 per cent.
Year-on-year constant currency revenue growth	8.2 per cent.	17.2 per cent.	17.1 per cent.	63.4 per cent.	51.1 per cent.	56.0 per cent.

When the COVID-19 pandemic restrictions were first implemented, the Group took steps to preserve cash within its business, which the Directors considered a prudent course of action given the uncertainty at the time. These steps included deferring payment of its taxes, as permitted by HMRC, making use of the UK Government's Coronavirus Job Retention Scheme, and placing a small number of employees on furlough. All employees have now returned from furlough and the Group has repaid in full the taxes it had deferred and the approximately £14,500 which it had initially claimed under the Coronavirus Job Retention Scheme. Prior to its acquisition by the Group, Auction Mobility entered into a US Small Business Administration Paycheck Protection Program loan agreement to the value of $301,940, which sum was subsequently forgiven in accordance with the terms of that programme. The Group did not obtain any other COVID-19 pandemic-related state aid in any jurisdiction, including the US, UK and Germany.

Within the I&C vertical, whilst take rate for the Existing Group's Aggregated Operations fell from FY19 to FY20, the Existing Group's Aggregated Operations benefitted from a significant increase in online share from FY19 to FY20 in large part due to the impact of the COVID-19 pandemic accelerating the historical trend. The following table sets out the significant growth which resulted in the Existing Group's Aggregated Operations' THV, GMV and revenue in the I&C vertical from FY18 to H1 FY21:

Existing Group's Aggregated Operations—I&C vertical

	Growth (FY18–FY20)	FY18 (£)	FY19 (£)	FY20 (£)	H1 FY20 (£)	H1 FY21 (£)
THV	17 per cent.	3,000 million	3,000 million	3,500 million	1,600 million	2,200 million
GMV	104 per cent.	666 million	760 million	1,357 million	475 million	945 million
Standalone ATG Group Revenue	59 per cent.	8.5 million	10.2 million	13.6 million	5.7 million	8.4 million
Standalone Proxibid Group Revenue	62 per cent.	13.0 million	14.4 million	21.0 million	8.4 million	13.1 million

The large amount of excess stock, which arose due to the very limited in-person retail opportunities during the middle of 2020, has led to a boon in supply in the CS&R vertical, where the Group is well-placed to capitalise. The Group has continued to trade strongly over the past 12 months. The Directors believe this is due not only to the countervailing economic factors but also the Group's enhanced strategic approach, further development of the CS&R vertical and the pursuit and realisation of multiple mergers and acquisitions opportunities.

Whilst the Group expects that the recent rapid acceleration in the use of online auctions will likely slow as COVID-19 restrictions are eased globally, the Directors believe that the Group will be able to continue to increase its online share over time through enhanced SEO, additional acquisitions, and subdued consumer desire to return to physical auction rooms.

6. INTELLECTUAL PROPERTY

The Group takes steps to protect its intellectual property through a combination of trademarks, domain names and copyright together with contractual protections such as confidentiality agreements to protect the Group against third-party infringement.

The Group owns a large number of domain names relating to its business and considers its key domain names to be the-saleroom.com, proxibid.com, lot-tissimo.com, i-bidder.com, BidSpotter.com, BidSpotter.co.uk and lofty.com. The Group also owns 36 registered trademarks in the territories of the EU, UK and US relating to the Marketplaces and the ATG brand. The Group does not own any registered designs or patents which are material to its business.

Whilst some of the Group's product development is carried out in-house, the Group also engages with external consultants and specialists to assist with the development of branding, websites, technological solutions and other such intellectual property on behalf of the Group. The Group's general approach where possible is to require any contracts relating to such work to include provisions relating to confidentiality and specifying that any rights subsisting in such intellectual property shall be the property of the Group or, if such specification is not effective, that the relevant third-party shall transfer any such rights to the Group. Additionally, the Group's standard employment contracts contain provisions to this effect.

7. REGULATORY ENVIRONMENT

The Group's operations are subject to various laws and regulations, including regulations with respect to e-commerce and consumer data protection. Its operations are global and so it is subject to local laws and regulations across multiple jurisdictions, but the Group's primary focus is in the EU, UK and US. It is therefore primarily subject to a number of EU regulations and national laws within the EU, UK and US.

The General Data Protection Regulation (EU) 2016/679 came into force on 25 May 2018 and sets out stringent regulations relating to the storage, transfer and processing of personal data with which the Group must comply. The Group regularly reviews its auction management tools and Marketplaces to ensure compliance with this and other data protection regimes.

Card payments from bidders are handled by a third-party supplier on behalf of the Group and client auctioneers via a payment gateway. Therefore, the Group does not store card details and does not need to comply with Payment Card Industry Data Security Standard ("**PCI DSS**") as it does not store bidder card data. Under its contract with the Group, this supplier agrees comply with the PCI DSS in respect of the storage of bidder card data. Online subscriptions to the Antiques Trade Gazette are managed in a similar fashion.

The 5th Anti-Money Laundering Directive (Directive (EU) 2018/843)) ("**5AML**") came into effect in July 2018 and required EU member states to transpose amendments into national legislation by 10 January 2020. Under 5AML, auctioneers are required to conduct appropriate due diligence on any bidders spending more than €10,000 in any single transaction or series of linked transactions. The Group works closely with auctioneers and HMRC in order to support this process and ensure compliance. In particular, the Group has developed and continues to develop practicable procedures for bidders and auctioneers to follow. Through its central Platform, the Group is able to centralise this verification process for bidders, reducing friction across different Marketplaces.

For the majority of firearms sold via the Marketplaces or the Platform, auctioneers (rather than the Group) are responsible for compliance with local laws and regulations. The International Traffic in Arms Regulations ("**ITAR**") is a US regulatory regime that regulates the export of defence and military technology. ITAR restricts not only the sale of relevant items for export but also the brokering of such a sale. The definition of brokering under ITAR is broad and, although the Group has been advised that it is unlikely to be deemed to be brokering the sale by an auctioneer of an item, it has banned the sale of items restricted under ITAR on its Marketplaces or Platform with effect from 4 January 2021 and the Group employs a compliance team to monitor compliance with these restrictions and remove listings if issues are identified.

Within Germany and the UK in particular, the Group is subject to laws relating to the sale of offensive items, which impose additional restrictions on sale with which the Group must comply. With limited exceptions, the Group prohibits auctioneers from listing offensive items on any of its Marketplaces. This includes items that promote or glorify hatred or violence toward people on the basis of race, ethnicity, religion, gender, identity, disability or sexual orientation, or that promote organisations with such views. However, the Group recognises that there may be legitimate reasons for preserving antique items that represent historical injustices or antiquated social norms. The Group's policy relating to "hate" items requires auctioneers to include information about historical context when such items are listed and expressly forbids the sale of all such items except in accordance with those requirements and, in particular, expressly forbids the sale of all items promoting or linked to white supremacist groups including the Ku Klux Klan; Nazi items unless established as legitimate historical artefacts produced before 1945; items that support or imply support of terrorist groups; items that convey racist, homophobic or otherwise offensive portrayals of their subjects; and items of an explicit or offensive sexual nature. Additionally, the Group's terms and conditions with its auctioneers prohibit the sale of any lot which is 'harmful' or 'questionable', which includes (amongst other things) any items which may cause the auctioneer or the Group to suffer civil or criminal liability of any kind.

The Group's activity, including in particular its acquisition activity, is subject to the jurisdiction of various competition bodies, including the Competition and Markets Authority ("**CMA**") in the UK, the European Commission in the EU and the Federal Trade Commission and the Department of Justice in the US. On 22 November 2016, the CMA commenced an investigation (the "**Investigation**") into the Group; having determined it had reasonable grounds for suspecting that the Group's practices and the agreements it had entered into with auction house customers may constitute an abuse of a dominant position under UK and EU competition law. The Investigation focused on the following restrictions agreed or required by the Group in its dealings with certain of its auction house customers: (i) offering discounts or other incentives to customers in exchange for being appointed as their exclusive supplier of live online bidding auction platform services; (ii) requiring customers to offer "no less favourable terms" to bidders on The Saleroom than those available to bidders using a competing third-party live online bidding auction platform or the customer's own live online bidding auction platform (in particular as regards the bidder commission charged by auction houses); and (iii) restricting auction houses from advertising or promoting offers of competing online auction platforms. On 29 June 2017, the CMA adopted a decision to accept commitments offered by the Group ("**Commitments**") in order to bring the CMA's Investigation to a close by addressing the concerns raised by the CMA during the Investigation. As part of the Commitments, the Group agreed for a period of five years commencing on 29 June 2017 not to engage in any conduct or enter into any arrangements that entailed such restrictions. The Group is required under the Commitments to inform the CMA of any breach of the Commitments, and provide a statement confirming compliance each year.

The Group's advertising is subject to regulation by the Advertising Standards Agency ("**ASA**") in the United Kingdom including its guidance in relation to lot estimates which was issued in December 2016 with an implementation date of March 2017. The Group's marketing department is well versed in the ASA requirements and liaises regularly with the ASA in the ordinary course of business. The Group issued guidelines to the wider industry in February 2017 and provided advice and support to auctioneers on its platform to ensure they were each able to become compliant by March 2017. Auctioneers are responsible for their own advertising materials in relation to auctions they place on the Marketplaces and/or Platform.

On 15 December 2020, the European Commission announced a draft legislative package comprising the Digital Services Act ("**DSA**") and the Digital Markets Act ("**DMA**"). Although all of the likely impacts are not yet fully known, this legislative package is aimed at providers of digital services and online platforms, such as the Group. The draft DSA in particular introduces new and more onerous obligations for such businesses, together with a stricter enforcement regime, including penalties for non-compliance. It is intended to apply to all businesses which offer digital services within the EU (whether or not they are established in the EU). Additional obligations would apply to "very large online platforms". Alongside this, the draft DMA would allow the European Commission to designate certain consumer-facing online platforms as having "gatekeeper" status, at which point those businesses would be subject to more onerous obligations. Although it is currently unclear whether the Group would constitute a "very large online platform" or a "gatekeeper" under the DSA or DMA, should these measures become law and the Group be so designated, they have the potential to impose additional costs on the Group and/or constrain certain aspects of its commercial strategy in EU markets.

8. ENVIRONMENT

The Group is a proudly pro-environmental business and aims to contribute positively to the environment by providing a channel of green commerce to divert secondary goods from landfill or disuse, promoting "re-use" and "repair" ahead of "recycle". The Group also promotes and encourages increased use of online auction rooms, which reduces transport-related greenhouse gas emissions due to reduced logistics and movement of bidders to physical auctions. Additionally, the Directors believe the Group is compliant in all material respects with all applicable health and safety and environmental laws and regulations.

9. DIVIDEND POLICY

The Company sees strong growth opportunities through organic and inorganic investments and, as such, intends to retain any future earnings to finance such investments. The Company will review its dividend policy on an ongoing basis but does not expect to declare or pay any dividends for the foreseeable future.

PART X

INFORMATION ON THE LIVEAUCTIONEERS GROUP

1. INTRODUCTION

LiveAuctioneers is an operator of a leading Arts and Antiques ("**A&A**") Marketplace, connecting bidders with more than 6,000 auctioneers since inception (including approximately 1,600 auctioneers as at 31 March 2021) via its online platform, helping auctioneers to realise operational efficiencies and bidders to access a wide range of exceptional items through secure online auctions. LiveAuctioneers is headquartered in New York City.

For its FY20, 1.3 million items were sold at more than 27,000 auctions through the LiveAuctioneers Marketplace, with $7.4 billion total bid value processed, generating THV of $2.4 billion, GMV of $375 million and revenue of $31.5 million. In FY20 LiveAuctioneers hosted more than 56 million bidder sessions, more than one million registered bidders and almost 120,000 active bidders.

2. HISTORY AND BACKGROUND

Founded in 2002, LiveAuctioneers initially operated as a service provider for auction houses wanting to list and sell items via eBay, branded as "eBay Live Auctions". LiveAuctioneers partnered with eBay to bring auction houses to eBay's platform, whilst eBay in turn brought bidders to auctioneers' auctions. At that stage, the LiveAuctioneers Group's technology was primarily focused on sellers, providing cataloguing, clerking, and post-sale features.

From 2009, with eBay moving away from live auctions on its own platform, LiveAuctioneers began to take an increasingly strategic view of the auction market and began operating independently of eBay, shifting its focus away from being solely a service provider to instead being a full service technological solution to both auctioneers and bidders. Between 2009 and 2014 the Company largely operated as a provider of auction platform technology to enable auctioneers to host auctions in-person and online simultaneously. Increasingly over this period, the Company developed into a marketplace for auctioneers and bidders alike, helping to attract new bidders to auctioneers' auctions. In 2009, the Company released its first live auction bidding app for Apple. In 2010, the Company released its first live auction bidding app for Android and LiveAuctioneers has continued to focus on development of technological solutions for the auction industry to help provide a high-quality experience for bidders on the LiveAuctioneers Marketplace, including helping to pioneer features such as livestreaming of auctions online.

From 2015, the LiveAuctioneers Group focused on bringing new and existing bidders to auctioneers through investments in marketing, personalisation, machine learning, and a better end-to-end bidder experience, and the LiveAuctioneers Group has been supported in executing this growth strategy through additional investment arising from the acquisition of the LiveAuctioneers Group by Cove Hill Partners in 2019. Supported by positive developments in the auction industry, including the structural shift from offline to online auctions and from live to timed auctions, the LiveAuctioneers Group is now an established marketplace in the North America A&A vertical/geography, helping to attract an increasing number of bidders to the LiveAuctioneers Marketplace as well as reducing costs of auctioneers, thereby enabling auction houses to compete more effectively in the digital age.

In FY20, the LiveAuctioneers Group generated revenue of $31.5 million (FY19: $23.8 million; FY18: $21.1 million) resulting in Adjusted EBITDA of $16.3 million (FY19: $12.0 million; FY18: $12.6 million). The Directors believe that the US A&A vertical/geography had a TAM of $21.0 billion in 2020 (Source: *Company estimates based on internal data*). Within that TAM, the Directors estimate that the US A&A online auction market (excluding Christie's and Sotheby's) was worth $1.8 billion in 2019 and believe this will grow to an estimated $4.0 billion by 2023, with an estimated CAGR of approximately 22 per cent. between 2019-23 (Source: *Company estimates based on internal data*). The Directors believe that growth will primarily be driven by the continued shift to online auctions, a growing trend that has significantly accelerated as a result of the impact of the COVID-19 pandemic, as well as increasing awareness among casual collectors driving greater interest in online A&A bidding, and an increasing number of younger consumers seeking to buy secondary goods in some categories as a means of expressing their individuality through vintage items.

3. BUSINESS OVERVIEW AND PRINCIPAL ACTIVITIES

LiveAuctioneers operates as a Marketplace, connecting auctioneers (who list items for sale via auction) and bidders (who can place bids on those items). The LiveAuctioneers Group derives its revenue primarily through commissions paid on lots sold via the LiveAuctioneers Marketplace and event fees paid by auctioneers to host auctions on the LiveAuctioneers Marketplace. The LiveAuctioneers Group does not undertake auctions itself, nor does it conduct auctions on behalf of auctioneers who utilise its platform and services.

The LiveAuctioneers Group primarily derives its revenue from commissions paid on items sold via the LiveAuctioneers Marketplace and event fees paid to host auctions on the LiveAuctioneers Marketplace. Commission on items sold via the LiveAuctioneers Marketplace or platform is payable by the auctioneer but is often charged to the bidder as an "online fee". Commissions vary between auctioneer and the mix of items usually listed by such auctioneer.

As a result of the impact of the COVID-19 pandemic on auctioneers, the LiveAuctioneers Group reduced many of its event fees with auctioneers and provided some temporary commission discounts during the initial COVID-19 pandemic-related lockdowns. It also helped auctioneers reschedule auctions to a later date, in order to assist them with dealing with the impact of the COVID-19 pandemic and support them through a difficult trading period and assist them with the transition from in-room to online auctions.

The LiveAuctioneers Group generates additional revenue throughout the auction process including through:

- fees paid by auctioneers for incremental value-added services, including online payment processing;
- the Jasper52 brand, which enables auctioneers to list items on the LiveAuctioneers Marketplace anonymously, to protect against dilution of an auctioneer's core brand and charges a higher rate of commission on the value of the lots sold via this service; and
- marketing fees paid by auctioneers for marketing to bidders (such as for placement of advertisements within the LiveAuctioneers Marketplace, and other marketing campaigns).

The LiveAuctioneers Group also offers a white label solution to auction houses using its Marketplace. This is offered at no additional cost to an auction house (once they have paid the relevant event fee) and it enables LiveAuctioneers to capture more of the THV for an auction than if an auction house were to use a third-party provider or its own in-house auction platform.

Auction houses/auctioneers on the LiveAuctioneers Marketplace are varied, from traditional auction houses (including Bonhams and Christie's) through to individual sellers, including dealers in high-end goods (such as jewellery, sports cars or fashion) and real estate agents, as well as retailers looking to dispose of leftover stock. Typically, stock for auction houses is sourced via "life events", such as probate, divorce, death and downsizing. 83 per cent. of revenue generated from items listed on the LiveAuctioneers Marketplace in FY20 was derived from auctioneers based in North America.

Bidders on the LiveAuctioneers Marketplace are similarly varied but can be categorised broadly as:

- retail purchasers seeking a unique and/or specific item; and
- re-sellers, who will typically look to repurpose, improve and upcycle purchased items (particularly furniture and decorative arts) to then sell on to a third party.

Whilst the LiveAuctioneers Marketplace attracts bidders from approximately 70 countries worldwide, in FY20, 89 per cent. of lots sold via the LiveAuctioneers Marketplace, representing 82 per cent. of THV, were sold to bidders based in the United States.

In addition to its core offering of the LiveAuctioneers Marketplace, the LiveAuctioneers Group also provides a range of other value-added features to auctioneers and bidders on its Marketplace:

Payments

In order to simplify the fragmented payments process for auctioneers and bidders alike, the LiveAuctioneers Group has developed a modularised payments system which it has integrated into its platform. Historically, bidders would only have been able to make payments via a variety of outmoded methods, which would increase the likelihood of defaults in payment and increase the time period between the auction and a consignor receiving the proceeds of the sale. Such payment methods can also give rise to significant compliance risk for auctioneers in relation to processing of payments and personal data, which can be significantly mitigated by use of the LiveAuctioneers Group's payments system, due to auctioneers not having to deal with such compliance matters themselves. Additionally, within North America, where the LiveAuctioneers Group primarily operates, due to local variance between different states and counties within states as well as differing rates applicable to certain categories of items, there are thousands of different sales tax rates which may apply to items listed on the LiveAuctioneers Marketplace. Using a largely automated process, supplemented by manual support from LiveAuctioneers employees, items are categorised when they are listed for sale. Coupled with the locations of the relevant auctioneer and bidder, this enables the LiveAuctioneers Group's payments system to calculate the relevant tax rate for each item sold, helping auctioneers to comply with their obligations to collect such taxes.

For successful bidders on auction lots listed by auctioneers who have signed up to the LiveAuctioneers Group's payments system and who choose to enable this option, payments can now be taken automatically from card details saved to the LiveAuctioneers Group's system via an "autopay" functionality. This helps to ensure quicker remittance of funds to auctioneers and consignors, as payment is deducted automatically 72 hours after the issue of an invoice following an auction, with payments made to auctioneers on a bi-weekly basis. If this option has not been enabled by an auctioneer, the LiveAuctioneers payments system will generate a payment request and send this to successful bidders, who can then easily make a payment online via debt card, credit card or Automated Clearing House.

Together, the LiveAuctioneers Group's payments product simplifies the payments process, allows auction houses to realise greater cost efficiencies, enables faster collection of proceeds by the auctioneer (and therefore the consignor), provides additional assistance to auctioneers in relation to regulatory compliance and improves bidder experience by delivering a payments process more akin to general e-commerce sales and therefore more in line with bidder expectations.

Marketing

The LiveAuctioneers Group offers a range of digital marketing services to auctioneers, such as placement of advertisements within the LiveAuctioneers Marketplace to help market an auction to bidders, email marketing and public relations assistance. The LiveAuctioneers Group uses analytics to improve its marketing services for auctioneers, for example by better targeting its email marketing campaigns to bidders who are interested in certain categories of items.

Jasper52

The LiveAuctioneers Group provides access to a means for auctioneers to list items anonymously via its Jasper52 brand. Certain auctioneers may be closely associated with a certain category of item (such as fine art) and may not want to risk diluting their core brand appeal by selling items outside of that category through their own brand. For example, sometimes consignors will provide higher value items to auctioneers for sale on the condition that other, less valuable or 'core' items are also sold by that auctioneer, or sometimes auctioneers are provided with multiple disparate items at once through a probate process. The LiveAuctioneers Group therefore offers auctioneers the Jasper52 branding, allowing auctioneers to sell such items via the LiveAuctioneers Marketplace, whilst protecting their brand. The commission rate for users of this service is higher than the LiveAuctioneers Group's usual commission rate and the service also operates as a 'sandbox' for testing new features before they are rolled out across the LiveAuctioneers Marketplace.

White label

The LiveAuctioneers Group provides a basic white label offering whereby auctioneers can use its technology platform to offer bidding functionality on their own brand website at the same time as listing on the LiveAuctioneers Marketplace. Auction catalogues and bidders are managed in the same location for white label and the LiveAuctioneers Marketplace, reducing the administrative burden on auctioneers whilst still enabling them to support their own brand and business growth. The cost of this service is included within the LiveAuctioneers event fees and so is provided at no additional cost to auctioneers. This means that the white label offering does not directly generate revenue for the LiveAuctioneers Group, but because it generates commissions from lots sold via the white label platform, it allows the LiveAuctioneers Group to potentially capture a larger share of GMV from an auction and thereby generate additional revenue.

4. STRATEGY AND OBJECTIVES

The LiveAuctioneers Group operates a marketplace model, helping to generate value for auctioneers and bidders alike. For auctioneers, it provides access to bidders from approximately 70 countries, with more than 5 million monthly web page hits on the LiveAuctioneers, as well as a means of reducing their overheads whilst providing those bidders with the high-end e-commerce experience which they have come to expect. For bidders, it provided access to more than 27,000 auctions via approximately 1,600 auctioneers in FY20, with 1.3 million items sold that year.

The LiveAuctioneers Group has a number of potential growth opportunities:

Continuing to support the shift from offline to online auctions and from live to timed auctions

In FY18, 12 per cent. of THV for the LiveAuctioneers Group was attributable to online-only auctions (either timed or live online-only), growing to 13 per cent. in FY19 and then accelerating to 15 per cent. in FY20. The Directors believe that the LiveAuctioneers Group is well-placed to benefit from the structural shift as the auction industry continues to transition online, benefiting from the positive experiences of many auctioneers and bidders using online auctions for the first time as a result of the COVID-19 pandemic and is also well-positioned to support auctioneers to adapt to an increasingly online bidding environment and to compete more effectively with other online players.

Improving user experience ("UX") and buyer experience to attract additional bidders to the LiveAuctioneers Marketplace

The LiveAuctioneers Group continues to invest in enhancing the UX for bidders on the LiveAuctioneers Marketplace in order to increase conversion rate (and thereby generating additional sales for auctioneers and commissions for the LiveAuctioneers Group) as well as supporting the LiveAuctioneers Group's historical record of high bidder retention from year to year. For example, the LiveAuctioneers Group has well-supported mobile apps for iOS and Android, enabling bidders to more easily participate in live auctions by bidding on items from their mobile phones. Additionally, LiveAuctioneers's payment solution can help to improve a bidder's post-auction experience, which in turn can help to retain successful bidders within the auction market and encourage them to continue to bid on further items.

Stability is a key aspect of the LiveAuctioneers Group's auction Marketplace and its platform, as auctions are time sensitive and so any delay can make the difference between a bidder winning or losing on an item at auction. The LiveAuctioneers Marketplace experienced 99.99 per cent. uptime in the 12-month period to 30 April 2021 and the LiveAuctioneers Group continues to invest in its technological offering in order to provide for high levels of stability. Together, these investments enable bidders to experience the sophisticated e-commerce experience which they have come to expect.

New features, such as the LiveAuctioneers Group's payment processing service, are added in a modular fashion, enabling greater potential for scalability of the LiveAuctioneers Group's technological offering. The LiveAuctioneers Marketplace recently introduced a ratings system for auctioneers, allowing bidders to provide feedback on auctioneers and help to drive competition between auctioneers as well as improving the customer experience for bidders on the Marketplace.

Expanding the LiveAuctioneers Group's value-added service offering

The LiveAuctioneers Marketplace hosts a historical price results database, which provides bidders and auctioneers with access to historical pricing data (from 2002 to the present day) for items sold on the Marketplace. This assists auctioneers with pricing their lots and bidders to assess what the market value of an item is likely to be (and therefore what would be a fair price to pay). Currently the historical price results database only provides historical pricing data, but this system could be developed to provide enhanced services for auctioneers and bidders, such as algorithm-derived pricing guides for auctioneers to help them price their lots more efficiently.

Auctioneers can advertise lots for sale on the LiveAuctioneers Marketplace through the provision of marketing services by the LiveAuctioneers Group. Whilst there is some customisation and targeting of this marketing, such as targeted emailing, the LiveAuctioneers Group is continuing to develop this functionality, including by making use of enhanced analytics to better support its auctioneers to attract more relevant bidders to their auctions and provide bidders with easier access to items they are interested in buying.

In May 2019, the LiveAuctioneers Group announced a new partnership with eBay which provided additional sales potential for auctioneers listing items on the LiveAuctioneers Marketplace. If an auctioneer so chooses, where an item is unsold via an auction on the LiveAuctioneers Marketplace, it can then be automatically listed on eBay with a 'buy it now' functionality. Whilst this partnership is not expected to be a significant contributor to the LiveAuctioneers Group's revenues, it demonstrates the LiveAuctioneers Group's commitment to providing additional value to its auctioneer customers.

The LiveAuctioneers Group has made recent investments in its account management functionality in order to better communicate the benefits of these value-added services to auctioneers, empowering them to generate additional cost savings at the same time as providing a better bidder experience.

5. TECHNOLOGY AND INTELLECTUAL PROPERTY

The LiveAuctioneers Group operates a scalable proprietary technology platform connecting approximately 1,600 auctioneers from approximately 70 countries to more than one million registered bidders. This platform services the LiveAuctioneers Marketplace and the LiveAuctioneers Group's white label offering by providing a cloud-based transactional platform that offers auction management and digital marketing services. The LiveAuctioneers Group has a long history of investment and innovation in its technology platform. For example, in 2009 it launched mobile apps for iOS and Android, enabling bidders to more easily participate in live auctions by bidding on items from their mobile phones. Key aspects of the LiveAuctioneers Group's platform, such as the payments processing service, are built on a modular structure, improving its portability to other tech stacks. The platform is developed in-house by the LiveAuctioneers Group with support from external developers and technology consultants.

The LiveAuctioneers Group takes steps to protect its intellectual property through a combination of trademarks, domain names and copyright together with contractual protections such as confidentiality agreements to protect the LiveAuctioneers Group against third-party infringement.

The LiveAuctioneers Group owns a large number of domain names relating to its business and considers its key domain names to be LiveAuctioneers.com, auctioncentralnews.com and Jasper52.com. The LiveAuctioneers Group also owns two registered trademarks in the territories of the EU and the US relating to the LiveAuctioneers Marketplace and the LiveAuctioneers brand. The LiveAuctioneers Group does not own any registered designs or patents which are material to its business.

Whilst some of the LiveAuctioneers Group's product development is carried out in-house, the LiveAuctioneers Group also engages with external consultants and specialists to assist with the development of branding, websites, technological solutions and other such intellectual property on behalf of the LiveAuctioneers Group. The LiveAuctioneers Group's general approach where possible is to require any contracts relating to such work to include provisions relating to confidentiality and specifying that any rights subsisting in such intellectual property shall be the property of the LiveAuctioneers Group or, if such specification is not effective, that the relevant third-party shall transfer any such rights to the LiveAuctioneers Group. Additionally, the LiveAuctioneers Group's standard employment contracts contain provisions to this effect.

6. EMPLOYEES

6.1 Number

As at the end of FY20, the LiveAuctioneers Group had 59 full-time employees (FY19: 48; FY18: 41). These employees are primarily based in New York City and Utah, with a number of other employees working remotely from other locations across the US.

6.2 Key employees

Following Completion, LiveAuctioneers's Chief Executive Officer, Phil Michaelson and Chief Technology Officer, Rob Cummings, will remain involved in the business and will continue to run Live Auctioneers in North America.

The key employees of the LiveAuctioneers Group are:

- ***Phil Michaelson, CEO***

  Phil joined LiveAuctioneers in 2014, and was appointed CEO in August 2018. Phil has more than 15 years' experience in leading high-performance business teams, having previously been director of product management at 1stdibs, senior business analyst, corporate strategy and business development at Dun & Bradstreet and a senior consultant at IBM. Phil holds an MBA from Harvard Business School and an AB from Princeton University. His past awards and distinctions include Harvard Business School's Arthur C. Rock Entrepreneurial Fellowship, Apple Staff Pick, and British Airways' Face of Opportunity Award.

- ***Rob Cummings, Chief Technology Officer***

  Rob joined LiveAuctioneers in 2016 as Chief Technology Officer, having previously been Senior Vice President, Online and Mobile Banking at Mountain America Credit Union and with almost 10 years' experience as Chief Technology Officer of Seamless North America and a further eight years' experience as a strategic technology consultant.

PART XI

DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. DIRECTORS

The Company's Directors are:

Breon Corcoran, aged 49, Non-Executive Chairman

Breon joined the Group as Non-executive Chairman in December 2020 and is currently chief executive officer (CEO) of WorldRemit. Formerly CEO of Paddy Power Betfair plc, in 2016 Breon Corcoran led the merger of Betfair and Paddy Power to form one of the world's largest online gaming companies. Prior to this, Breon was the CEO at Betfair until 2016 and COO of Paddy Power until 2011. Breon was formerly non-executive director of Tilney Investment Management Services and Bestinvest, both part of the Tilney Group. In the 1990s, Breon was a Vice-President, Equity Derivative Trading, at J.P Morgan and has also worked at Bankers Trust. He has a BA (Mathematics) from Trinity College, Dublin and an MBA from INSEAD. In 2016, Breon was awarded the UK's Sunday Times' 'Business Leader of the Year' award.

John-Paul Savant, aged 50, Chief Executive Officer

John-Paul joined the Group as CEO in February 2016, bringing over 18 years of experience in digital marketplaces and commerce. He spent almost 10 years at eBay/PayPal, where he served in a number of leadership roles, latterly as PayPal's Vice President of Product, Experience, and Consumer Engagement for EMEA. He also held leadership roles at other online businesses. John-Paul's most recent role before joining the Group was as CEO of Think Finance UK. John-Paul began his career at J.P. Morgan in New York City after graduating from Georgetown University in Washington DC. He earned his MBA at the University of Chicago.

Tom Hargreaves, aged 51, Chief Financial Officer

Tom joined the Group in January 2018 as Group CFO. He joined from Yell, where, as CFO, he was a key member of the leadership team who led their digital transformation. Prior to this Tom worked at Vodafone in the UK and across EMEA before becoming CFO of Vodafone Romania. In all, Tom has 10 years' CFO experience, trained with Arthur Andersen, is a qualified Chartered Accountant and holds an MBA.

Scott Forbes, aged 64, Senior Independent Non-Executive Director

Scott has over 40 years' experience in operations, finance and mergers and acquisitions including 15 years at Cendant Corporation, formerly the largest provider of travel and residential property services worldwide. Scott established Cendant's international headquarters in London in 1999 and led this division as group managing director until he joined Rightmove, where he was Chairman from July 2005 to December 2019. Scott is currently the Chairman of Ascential plc (since 2016) and Cars.com Inc. (since 2017). He has also been Chair of Orbitz Worldwide, Non-executive Director of Travelport and has held the role of Chair of Nomination and Remuneration Committees multiple times.

Penny Ladkin-Brand, aged 43, Independent Non-Executive Director

Penny is Chief Strategy Officer at Future plc, a global platform for specialist media, having previously been Chief Financial Officer from August 2015 to June 2020. She is also Non-executive Director and Chair of the Audit Committee at Next Fifteen Communications plc, where she is due to become Chair in February 2021. She was previously Commercial Director at Auto Trader Group plc responsible for digital monetisation. Penny brings considerable experience of digital disruption and transformation to the Board. Penny qualified as a Chartered Accountant with PwC before moving into corporate finance, gaining experience of M&A in both public and private markets.

Morgan Seigler, aged 44, Non-executive Director

Morgan joined the Group in February 2020 in connection with the acquisition of the Group by TA Associates, and represents TA Associates on the Board. In addition to his role as a Director, Morgan is co-head of TA Associates' EMEA Technology Group and serves on the board of directors of The Access Group, Eurowag, Flashtalking, ITRS, Netrisk and thinkproject, as well as being an active investor of Compusoft and RLDatix. Morgan formerly served on the boards of (or was actively involved with) 10bis, AVG Technologies, Bigpoint, CMOSIS, eCircle, ION Trading, LIST, M and M Direct and SmartStream Technologies.

Morgan received a BA degree in Economics from Yale University and an MBA degree from the Stanford Graduate School of Business.

Further information regarding the Directors is set out in Part XVI of this Circular.

2. SENIOR MANAGERS

The Company's Senior Managers are:

Badrudin Khan, aged 50, Chief Technology Officer

Badrudin joined the Group in July 2018 from the luxury fashion e-commerce retailer MATCHESFASHION.COM, where he had been Head of Software Engineering. Before joining MATCHESFASHION, Badrudin had held the same role at Marks and Spencer's Digital Stores Group and has over 15 years' experience in senior technology roles across a range of industries including technology, retail and e-commerce.

Richard Lewis, aged 54, Chief Operating Officer

Richard has been Chief Operating Officer at the Group since 2012. He was part of the leadership team which led the launch of live bidding in 2006, and the acquisitions of BidSpotter US in 2013 and Lot-tissimo in 2018. Richard joined the Group as Marketing Director in 2000. He has since played a key role in bringing auctioneering online and was admitted to the Worshipful Company of Arts Scholars in 2017.

Dan Pennington, aged 36, Senior VP of Sales, North America

Dan joined the Group in 2011, occupying a variety of commercial leadership roles. Previously heading up the Industrial & Commercial Division in Europe, he relocated to the US in 2018 as Managing Director of BidSpotter US. Having spent his entire career in technology and digital marketing, Dan previously worked for the American Association for the Advancement of Science (AAAS), specialising in aligning digital marketing campaigns with the strategic goals of multi-national scientific corporations throughout EMEA, APAC and North America.

Marika Clemow, aged 37, VP of Corporate Development & Integration, ATG Global

Marika joined ATG in 2010 and has occupied multiple cross-functional leadership roles spanning commercial, operations and product. Marika joined the executive team in 2017 as a Global Director responsible for product management and development cadence, alongside customer support and service delivery. She relocated to the US in 2020 to assume responsibility for ATG's M&A execution and to lead the integrations of Proxibid and AuctionMobility. Marika has 14 years' experience in the auction industry. She has won awards for her contributions to technological innovation, and prior to ATG worked for Bonhams international fine art auctioneers following an MA and BA from University of New South Wales, Australia.

3. THE BOARD

The Board is responsible for leading and controlling the Company and has overall authority for the management and conduct of its business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Company.

4. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Board is committed to the highest standards of corporate governance. The summary of the Group's compliance with corporate governance requirements contained in the IPO Prospectus is incorporated by reference into this paragraph 4 of Part XI (*Directors, Senior Managers and Corporate Governance*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

5. BOARD COMMITTEES

The summary of the Group's board committees contained in the IPO Prospectus is incorporated by reference into this paragraph 5 of Part XI (*Directors, Senior Managers and Corporate Governance*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

6. SHARE DEALING CODE

The Company has adopted a code of securities dealings in relation to the Shares which is based on the requirements of the Market Abuse Rules. The code adopted applies to the Directors, the Senior Managers and other relevant employees of the Group.

7. TA ASSOCIATES

TA Associates retains a significant interest in the Company. As at the Latest Practicable Date, TA Associates is the beneficial owner of, in aggregate, approximately 26 per cent. of the Company's issued Share capital.

The Company entered into a relationship agreement with TA Associates (the "**Relationship Agreement**") on 17 February 2021 in connection with the IPO. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of TA Associates and any of its Associates (as defined in Appendix I to the Listing Rules). A description of the terms of the Relationship Agreement is in paragraph 15.1(a)(viii) of Part XVI (*Additional Information*).

8. REMUNERATION POLICY

The summary of the principal terms of the Group's remuneration policy contained in the IPO Prospectus is incorporated by reference into this paragraph 8 of Part XI (*Directors, Senior Managers and Corporate Governance*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

PART XII

INTERIM FINANCIAL INFORMATION OF THE GROUP

The unaudited condensed consolidated interim financial statements of the Group for H1 FY21 contained in the Results Announcement are incorporated by reference into this Part XII (*Interim Financial Information of the Group*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

PART XIII

HISTORICAL FINANCIAL INFORMATION

Section A: The Group

The audited consolidated financial statements for the Group for FY18, FY19 and FY20, together with the Reporting Accountant's report thereon and notes in respect of each such financial year, contained in the IPO Prospectus are incorporated by reference into this Section A of Part XIII (*Historical Financial Information*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

Section B: The Proxibid Group

The audited consolidated financial statements for the Proxibid Group for FY18 and FY19 and the period ended 12 February 2020, together with the Reporting Accountant's report thereon and notes in respect of each such financial year, contained in the IPO Prospectus are incorporated by reference into this Section B of Part XIII (*Historical Financial Information*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

Section C: The LiveAuctioneers Group

Part One: Reporting Accountant's Opinion on the Historical Financial Information of the LiveAuctioneers Group

Deloitte.

The Board of Directors
on behalf of
Auction Technology Group plc
6TH Floor, The Harlequin Building
65 Southwark Street
London
SE1 0HR

1 New Street Square
London
EC4A 3HQ

Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

4 August 2021

Dear Sirs/Mesdames

Platinum Parent, Inc. ("Target" and, together with its subsidiaries, the "Target Group")

We report on the financial information of the Target Group for the three years ended 31 December 2020 set out in Part Two of Section C of Part XIII (*Historical Financial Information*) of the Class 1 Circular relating to the acquisition of the Target dated 4 August 2021 of Auction Technology Group plc (the "**Company**") (the "**Circular**"). This report is required by Annex 1 item 18.3.1 of the UK version of the Commission delegated regulation (EU) No 2019/980 (the "**Prospectus Delegated Regulation**") which is part of the law of England and Wales by virtue of the European Union (Withdrawal) Act 2018 as applied by Listing Rule 13.5.21R and is given for the purpose of complying with that requirement and for no other purpose.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Circular, a true and fair view of the state of affairs of the Target Group as at 31 December 2018, 31 December 2019 and 31 December 2020 and of its profits, cash flows and changes in equity for the three years ended 31 December 2018, 31 December 2019 and 31 December 2020 in accordance with the basis of preparation set out in Note 2.1 to the financial information and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 2.1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

Basis of preparation

This financial information has been prepared for inclusion in the Circular on the basis of the accounting policies set out in note 2 to the financial information.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council ("**FRC**") in the United Kingdom. We are independent of the Company and the Target Group in accordance with the FRC's

Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions Relating to Going Concern

In performing this engagement on the financial information, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial information is appropriate.

Based on the work we have performed, we have not identified any material uncertainties related to events or conditions that, individually or collectively, may cast significant doubt on the Target Group's ability to continue as a going concern for a period of at least twelve months from 4 August 2021.

Yours faithfully

Deloitte LLP

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients.

Part Two: Historical Financial Information of the LiveAuctioneers Group

PLATINUM PARENT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

	Note	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Revenue	4	21,095	23,810	31,484
Cost of sales		(7,128)	(11,812)	(15,002)
Gross profit		13,967	11,998	16,482
Administration expenses	23	(2,757)	(16,675)	(12,501)
Operating profit/(loss)	5	11,210	(4,677)	3,981
Finance income	7	11	–	–
Finance costs	7	(1,153)	(4,245)	(6,366)
Income/(loss) before tax		10,068	(8,922)	(2,385)
Taxation	8	(2,403)	1,298	1,087
Income/(loss) for the year		7,665	(7,624)	(1,298)
Total comprehensive income/(loss) for the year		7,665	(7,624)	(1,298)
Income/(loss) for the year attributable to:				
Owners of the parent		6,672	(7,384)	(1,298)
Non-controlling interest		993	(240)	–
		7,665	(7,624)	(1,298)

For the periods ended 31 December 2018, 2019 and 2020 there was no other comprehensive income/(loss) to report and therefore no separate statement of other comprehensive income is presented.

As explained in note 2.1 "Basis of preparation" and note 21 "Financial Implications of the Platinum Transaction", the financial information for the year ended 31 December 2018 reflects the results, financial position and cash flows of Live Auctioneers Inc. ("LA") and its subsidiaries. The financial information for the year ended 31 December 2019 reflects the consolidation of LA and its subsidiaries for the period ended from 1 January 2019 to 20 May 2019 and thereafter, Platinum Parent Inc. (for the purposes of this Section C of Part V, the "Company") and its subsidiaries (for the purposes of this Section C of Part V, together the "Group") for the period from 21 May 2019 to 31 December 2019. The financial information for the year ended 31 December 2020 reflects the results, financial position and cash flows of the Group.

References to the "Old Group" prior to 21 May 2019 are to LA and its subsidiaries, and references to the "Group" on and after 21 May 2019 are to Platinum Parent Inc. and its subsidiaries.

	Note	As at 31 December 2018 $000	As at 31 December 2019 $000	As at 31 December 2020 $000
ASSETS				
Non-current assets				
Goodwill	9	32,937	61,057	61,057
Intangible assets	9	20	70,433	60,566
Property, plant and equipment	11	31	23	104
Right-of-use assets	12	167	73	969
Total non-current assets		33,155	131,586	122,696
Current assets				
Trade and other receivables	13	1,936	2,833	3,757
Related party receivables	13;23	1,000	–	–
Income tax receivable		1,318	1,100	1,685
Cash and cash equivalents	2.8	9,682	4,043	38,735
Total current assets		13,936	7,976	44,177
Total assets		**47,091**	**139,562**	**166,873**
EQUITY AND LIABILITIES				
Equity				
Share capital	18	35	–	–
Share premium	19	34,353	57,272	25,840
Treasury shares	19	(5,415)	–	–
Share-based payments reserve	20	2,016	519	1,073
Retained earnings		(6,289)	(5,627)	(6,925)
Non-controlling interest	18	3,031	–	–
Total equity		27,731	52,164	19,988
LIABILITIES				
Non-current liabilities				
Loans and borrowings	15	16,824	65,659	91,987
Lease liabilities	12	115	14	867
Deferred tax liabilities	17	851	17,522	15,627
Total non-current liabilities		17,790	83,195	108,481
Current liabilities				
Trade payables	14	467	551	1,288
Income tax payable		–	463	–
Other payables	14	222	2,012	35,412
Loans and borrowings	15	450	688	952
Contract liabilities	14	272	388	573
Lease liabilities	12	159	101	179
Total current liabilities		1,570	4,203	38,404
Total equity and liabilities		**47,091**	**139,562**	**166,873**

As explained in note 2.1 "Basis of preparation" and note 21 "Financial Implications of the Platinum Transaction", the financial information for the year ended 31 December 2018 reflects the results, financial position and cash flows of Live Auctioneers Inc. ("LA") and its subsidiaries. The financial information for the year ended 31 December 2019 reflects the consolidation of LA and its subsidiaries for the period ended from 1 January 2019 to 20 May 2019 and thereafter, Platinum Parent Inc. (for the purposes of this Section C of Part V, the "Company") and its subsidiaries (for the purposes of this Section C of Part V, together the "Group") for the period from 21 May 2019 to 31 December 2019. The financial information for the year ended 31 December 2020 reflects the results, financial position and cash flows of the Group.

References to the "Old Group" prior to 21 May 2019 are to LA and its subsidiaries, and references to the "Group" on and after 21 May 2019 are to Platinum Parent Inc. and its subsidiaries.

	Share capital $000	Share premium $000	Treasury shares $000	Share-based payments reserve $000	Retained earnings $000	Non-controlling interest $000	Total $000
Live Auctioneers Inc.							
Balance at 1 January 2018	35	34,353	(4,175)	1,568	(12,961)	2,038	20,858
Comprehensive income							
Income for the year	–	–	–	–	6,672	993	7,665
Transactions with owners							
Shares repurchased	–	–	(1,240)	–	–	–	(1,240)
Share-based compensation	–	–	–	448	–	–	448
Balance at 31 December 2018	35	34,353	(5,415)	2,016	(6,289)	3,031	27,731
Balance at 1 January 2019	35	34,353	(5,415)	2,016	(6,289)	3,031	27,731
Comprehensive income							
Loss for the period to 20 May 2019	–	–	–	–	(1,757)	(240)	(1,997)
Transactions with owners							
Distributions	–	(2)	–	–	–	–	(2)
Share-based compensation	–	–	–	114		–	114
Balance at 20 May 2019	35	34,351	(5,415)	2,130	(8,046)	2,791	25,846

	Share capital $000	Share premium $000	Treasury shares $000	Share-based payments reserve $000	Retained earnings $000	Non-controlling interest $000	Total $000
Platinum Parent Inc.							
Balance at 21 May 2019	–	–	–	–	–	–	–
Transactions with owners							
Capital contribution	–	57,272	–	–	–	–	57,272
Share-based compensation	–	–	–	519	–	–	519
Comprehensive income							
Loss for the period to 31 December 2019	–	–	–	–	(5,627)	–	(5,627)
Balance at 31 December 2019	–	57,272	–	519	(5,627)	–	52,164
Balance at 1 January 2020	–	57,272	–	519	(5,627)	–	52,164
Comprehensive income							
Loss for the year	–	–	–	–	(1,298)	–	(1,298)
Transactions with owners							
Share-based compensation	–	–	–	554	–	–	554
Distribution declared	–	(31,432)	–	–	–	–	(31,432)
Balance at 31 December 2020	**–**	**25,840**	**–**	**1,073**	**(6,925)**	**–**	**19,988**

As explained in note 2.1 “Basis of preparation” and note 21 “Financial Implications of the Platinum Transaction”, the financial information for the year ended 31 December 2018 reflects the results, financial position and cash flows of Live Auctioneers Inc. (“LA”) and its subsidiaries. The financial information for the year ended 31 December 2019 reflects the consolidation of LA and its subsidiaries for the period ended from 1 January 2019 to 20 May 2019 and thereafter, Platinum Parent Inc. (for the purposes of this Section C of Part V, the “Company”) and its subsidiaries (for the purposes of this Section C of Part V, together the “Group”) for the period from 21 May 2019 to 31 December 2019. The financial information for the year ended 31 December 2020 reflects the results, financial position and cash flows of the Group.

References to the “Old Group” prior to 21 May 2019 are to LA and its subsidiaries, and references to the “Group” on and after 21 May 2019 are to Platinum Parent Inc. and its subsidiaries.

	Note	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Cash flows from operating activities:				
Income/(loss) before tax		10,068	(8,922)	(2,385)
Amortisation of intangible assets	9	546	6,305	11,584
Depreciation of property, plant and equipment	11	9	8	26
Depreciation of right-of-use assets	12	94	94	143
Non-cash transaction expenses	21	–	3,187	–
Net finance costs		1,142	4,245	6,366
Share-based payment charge		448	633	554
Working capital adjustments:				
(Increase)/decrease in trade and other receivables		(426)	(1,995)	(925)
Increase/(decrease) in trade payables		(263)	85	737
Increase/(decrease) in other payables		(25)	1,816	1,968
Increase/(decrease) in deferred revenue and contract liabilities		139	115	185
Cash generated by operations		11,732	5,571	18,253
Income taxes paid		(1,626)	(850)	(1,856)
Net cash generated from operating activities		10,106	4,721	16,397
Cash flows from investing activities:				
Interest received		11	–	–
Loans to related parties	23	(1,000)	–	–
Proceeds from related party receivable		150	–	–
Additions to property, plant and equipment	11	–	–	(107)
Additions to intangible assets	9	–	–	(1,717)
Acquisition of subsidiaries, net of cash received	21	–	(109,113)	–
Net cash used in investing activities		(839)	(109,113)	(1,824)
Cash flows from financing activities:				
Proceeds from issuing shares		–	54,085	–
Repurchase of shares		(1,240)	–	–
Interest paid		(1,045)	(3,730)	(4,677)
Repayment of loans and borrowings	15	(450)	(17,894)	(3,188)
Debt issuance costs	15	–	(2,285)	(822)
Proceeds of loans and borrowings	15	–	68,750	28,951
Repayment of lease liabilities	12	(167)	(173)	(145)
Net cash (used in)/generated from financing activities		(2,902)	98,753	20,119
Net increase/(decrease) in cash, cash equivalents, and restricted cash	22	6,365	(5,639)	34,692
Cash, cash equivalents, and restricted cash at beginning of the period	22	3,317	9,682	4,043
Cash, cash equivalents, and restricted cash at end of the period	22	9,682	4,043	38,735

As explained in note 2.1 "Basis of preparation" and note 21 "Financial Implications of the Platinum Transaction", the financial information for the year ended 31 December 2018 reflects the results, financial position and cash flows of Live Auctioneers Inc. ("LA") and its subsidiaries. The financial information for the year ended 31 December 2019 reflects the consolidation of LA and its subsidiaries for the period ended from 1 January 2019 to 20 May 2019 and thereafter, Platinum Parent Inc. (for the purposes of this Section C of Part V, the "Company") and its subsidiaries (for the purposes of this Section C of Part V, together the "Group") for the period from 21 May 2019 to 31 December 2019. The financial information for the year ended 31 December 2020 reflects the results, financial position and cash flows of the Group.

References to the "Old Group" prior to 21 May 2019 are to LA and its subsidiaries, and references to the "Group" on and after 21 May 2019 are to Platinum Parent Inc. and its subsidiaries.

1. Background information

Platinum Parent, Inc. (the "Company") is a Delaware, United States ("US") corporation formed on 22 March 2019. The registered office address is Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

The principal business of the Company and its subsidiaries (the "Group") is the provision of auction technology software and related services to auction houses and other customers for online bidding auctions for the sale of art, antiques, jewellery, and collectibles across the globe.

Unless otherwise indicated, the historical financial information (the "consolidated financial statements") for the years ended 31 December 2018, 2019 and 2020, is presented in United States Dollars ($ or "USD"), which is deemed the currency of the primary economic environment in which the Company operates (its "functional currency"). Once part of the Combined Group the results will be translated and reported in Pound Sterling (£ or "GBP"), the presentational currency for the Combined Group.

The historical financial information has been prepared using the historical cost basis.

Impact of COVID-19

While the COVID-19 pandemic has caused widespread disruption to normal business activity across the globe, including imposition of restrictions on movement and social distancing measures in the US, the Group has continued to trade strongly and has experienced accelerated growth during the COVID-19 pandemic, in part due to acceleration of the shift from offline to online auctions.

The Group's online share increased from FY19 to FY20 predominantly due to an increase in online share in the second half of FY20 relative to the second half of FY19. Net merchandise sales and revenue also increased between FY19 and FY20, evidencing the resilience of the Group's model across economic cycles.

The ATG directors (the "Directors") believe that, whilst the direct impact of the COVID-19 pandemic on the Group to date has been largely positive, this trend may not continue at the same rate following the easing of the restrictions associated with the COVID-19 pandemic.

Going concern

The Group's cash and borrowing requirements are managed through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects. Net merchandise sales are the key driver of the Group's revenue profile and the cost base primarily consists of indirect people costs and overheads. In preparing these forecasts sensitivity analysis has been applied, in particular to the net merchandise sales growth forecasts.

Taking into account reasonably possible changes in trading performance, the Group forecasts indicate that the Group has sufficient financial resources for at least 12 months from the date of approval of the historical financial information.

In considering the forecast trading performance of the 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 Directors have assessed the expected performance and financial position of the Group and are satisfied that it will continue to be able to meet its financial obligations for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the historic financial information.

2. Accounting policies

The significant accounting policies applied are set out below. The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these historical consolidated financial statements.

2.1 *Basis of preparation*

Prior to 21 May 2019, LA was the majority owner of Live Auctioneers, LLC. Non-controlling interests were held by two other minority owners (see note 18). Live Auctioneers, LLC is a New York registered, US limited liability company formed in 2002.

As discussed in note 21, on 21 May 2019, Platinum Parent, Inc., through its subsidiary Platinum Intermediate, Inc., purchased LA and its subsidiaries (the "Platinum Transaction").

The financial information presented in the historical financial information reflects the following:

1. The consolidated financial information of Old Group for the period from 1 January 2018 to 20 May 2019 (the period until the acquisition by the Company); and

2. The consolidated financial information of the Group from 21 May 2019 to 31 December 2020. Prior to the acquisition of LA, Platinum Parent, Inc. had no trading activity.

Refer to note 21 for further details on the impact of the acquisition on the consolidated statements of financial position, consolidated statements of comprehensive income and consolidated statements of cash flows.

The inclusion of the consolidated statements of financial position and consolidated results of the Old Group in this historical financial information represents a departure from IFRS; however, the basis of preparation follows an approach commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to Public Reporting Engagements on Historical Financial Reporting) issued by the Financial Reporting Council.

Additionally, notwithstanding that the historical financial information does not represent the Group's first set of financial information in accordance with IFRS, the Group has taken the optional exemption to not apply IFRS 3 "Business Combinations" retrospectively to past business combinations in accordance with IFRS 1 and to instead calculate the deemed cost of goodwill on transition as the difference between its interest in the adjusted carrying amounts of a subsidiary's assets and liabilities and the cost of its investment in the subsidiary in its own separate financial statements.

In all other respects the financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Group elected to apply the requirements of IFRS 9, 15 and 16 from 1 January 2018, in advance of their effective dates, to facilitate a consistent presentation across the periods shown within the historical financial information. The effects of adoption have been recognised directly in opening retained earnings.

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 are not expected to have a material impact on the consolidated financial statements of the Company.

2.2 ***Basis of consolidation***

The historical financial information consolidates the financial information of the Company and companies controlled by the Company (its subsidiaries) from 21 May 2019 to 31 December 2020. Prior to the Platinum Transaction the Historical Financial Information consolidate the financial information of LA and its subsidiaries. Refer also to the basis of preparation in 2.1 (above) for further information on how this has been applied across the periods presented.

Where the Company has control over an investee, it is classified as a subsidiary. Control is achieved where the Company or LA 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 Company or LA.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

2.3 ***Business combinations***

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The consideration transferred by the Company 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 Company. Acquisition costs are expensed as incurred.

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.

2.4 ***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 statements 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	5-7 years straight line
Furniture and equipment	5-7 years straight line
Computer equipment	5-7 years straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the consolidated statements of comprehensive income.

2.5 ***Intangible assets***

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 Group's existing software. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets.

Software development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Software development costs are 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 is charged to the consolidated statements of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortisation relating to capitalised software development costs is recognised through cost of sales whilst amortisation in respect of non-software intangibles is recognised through administrative expenses.

The estimated amortisation profiles are as follows:

Software development costs	20% per annum
Tradenames	14% per annum
Customer relationships	13% per annum

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.

2.6 ***Goodwill***

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash-generating unit or group of cash-generating units which are expected to benefit from the synergies of the combination.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, the Group has one cash-generating unit. Goodwill is entirely allocated to the cash-generating unit and is 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.

2.7 ***Impairment of non-financial assets (excluding goodwill)***

At each statements of financial position date, management 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, management 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.

2.8 ***Cash, cash equivalents, and restricted cash***

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.

Restricted cash

Under the terms of the first amendment to the credit agreement with Capital One Bank in 2020 (refer to note 15), the Company has agreed to maintain a compensating balance equal to $3,000,000. At 31 December 2020, $3,000,000 of cash is specified for that purpose. At 28 December 2021, this balance will be reduced to a maximum of $1,500,000. At 28 June, 2022, this balance will be reduced to nil.

Specified distributions and payments

As discussed in note 15, included in the cash balance within the consolidated statement of financial position as of 31 December 2020, there was $26,451,000 of proceeds from additional borrowings under the credit agreement and $7,186,000 of cash on hand which will be used for making a cash distribution to shareholders of $31,432,000, bonuses to employees of $382,000, debt issuance costs of $822,000, and repayment of the revolving line of credit of $1,000,000, subsequent to year-end.

2.9 ***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 as financial assets at amortised cost.

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 instruments.

The Group 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 statements 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 and trade and other payables.

Financial liabilities are measured at amortised cost using the effective interest method.

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

2.10 ***Revenue***

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 listing fees (both pay-as-you-go and subscription based) and other 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.

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. 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.

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 Group 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.

Advertising

The Group generates revenue from optional advertising services offered to help its sellers generate more sales. The provision of marketing services is deemed to represent a separate performance obligation satisfied by completion of the campaign objective(s). Advertising arrangements span the length of the related item listings, which typically occur within three to four weeks, but may span as high as six months, and are billed on a monthly basis. Advertising revenue is recognised over time (the length of the advertising campaign) on a straight-line basis.

Payment processing

Commencing in September, 2020, the Group generates revenue from Live.Payments a platform that allows the Group to process and collect funds on behalf of its customers. This optional service is provided if customers have elected to have payments processed for winning auctions via the Live.Payments feature. The payment processing fee, which is recognised at a point in time when the collected payment is remitted to the seller, is based on the agreed commission rate applied to the payment processed.

The Group has concluded that the Live.Payments service is a distinct performance obligation based on the capability of being separately identified (optional service) and providing the customer a service that can be used on its own. Additionally, the Group has analysed the following key indicators to conclude if it is acting as principal or as agent in the payment process:

- That the Group has primary responsibility for fulfilling the service to the customer
- That the Group has sole discretion in establishing the prices

Based on the above, management has concluded that it is acting as principle and therefore, from September 2020, is recognising revenue for the full commission received on the payment process and recognising expenses for the fees paid to the other parties involved in the process (processor entities and financial institutions).

Contract liabilities

Fees received by the Group prior to a service being provided are included as contract liabilities on the consolidated statements of financial position.

2.11 ***Taxation***

Income tax on comprehensive income for the year comprises current and deferred tax and is recognised in the consolidated statements of comprehensive income/(loss) except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is calculated by applying the US federal corporate tax rate to adjusted pre-tax profit which is calculated in accordance with US tax law. Tax rates applied are those which are enacted or substantively enacted at each statement of financial position date. Current tax is adjusted for tax charges or credits in respect of previous periods.

Deferred tax is calculated using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax balances are measured at the statutory tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the temporary differences, including tax losses, can be utilised.

The carrying amounts of deferred tax assets are reviewed at each statement of financial position date by re-assessing whether sufficient taxable profit will be generated in future periods such that these deferred tax assets continue to be recoverable. The Group considers all available evidence in evaluating whether or not it is probable that sufficient taxable profit will be generated in future periods.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset 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.

Deferred tax is not recognised in respect of the following temporary differences:

- 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
- investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

In respect of the 2018 year and for the period up to the Platinum Transaction, Live Auctioneers Inc. owned 91.76% interest in Live Auctioneers LLC, which is the operating entity of the Old Company. Live Auctioneers LLC is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Old Company. Tax is paid by the Members of the partnership based on their income or loss allocation for each year, in accordance with the Old Company's operating agreement.

No uncertain tax positions are recognised at each statement of financial position date on the basis that, having applied IFRIC 23, no "probable" tax exposures were identified for provisioning.

2.12 ***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 recognised as an expense in the consolidated statements of comprehensive income as incurred.

2.13 ***Share-based payments***

Share options

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 the Black-Scholes 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.

Restricted share awards ("RSAs")

RSAs are equity-settled share-based payments. RSAs are measured at their intrinsic fair value on the date of grant based on the fair value of the Company's shares on the date of the grant, and are recognised as share-based compensation expense over the vesting period, with a corresponding credit to reserve for share-based payments.

The amount recognised for services received as consideration for the RSAs granted is based on the number of equity instruments that eventually vest. Amounts recorded for forfeited RSAs are transferred to deficit in the year of forfeiture or expiry.

For awards with performance vesting conditions, compensation expense is recognised based on the best available estimate of the number of equity instruments expected to vest.

2.14 ***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, management 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, management 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 – *Leases*.

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 the 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.

2.15 ***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 acquisition costs, and other items that in the opinion of the Directors do not relate to the Group's underlying trading (refer to note 5).

2.16 ***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2.17 ***Fair value measurement***

The Group measures certain financial and non-financial assets and liabilities at fair value at each statements of financial positions date. In addition, fair value measurements are disclosed for certain financial and non-financial assets and liabilities.

Fair value is the price that would either be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purposes is determined on such a basis, except for share-based payment transactions, and measurements that have some similarities to fair value but are not fair value, such as net realisable value or value in use.

Assets and liabilities, for which fair value is measured or disclosed in the consolidated financial statements, are classified using a three-level fair value hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements. Each level is based on the following:

- Level 1 – inputs are unadjusted quoted prices of identical assets or liabilities in active markets;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices from observable market data) from observable market data; and
- Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of an asset or liability in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

2.18 ***Loans and borrowings***

Loans and borrowings are classified as other financial liabilities and are measured at fair value at initial recognition and subsequently at amortised cost. Transaction costs are deferred and amortised over the term of the liability.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of these historical financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, the Directors evaluate their judgements and estimates in relation to assets, liabilities, revenue and expenses. The Directors use historical experience and various other factors they believe to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

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.

Critical accounting judgements

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 and estimates 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 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 customer relationships have a UEL of 7.6 years; trademarks have a UEL of 5 years, and technology software have a UEL of 5 years.

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 indefinite-lived intangible assets impairment reviews

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

The value in use calculation requires the Company 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 at 31 December 2020 is $61,057,000 (2019: $61,057,000; 2018: $32,937,000) and other intangible assets at 31 December 2020 is $60,566,000 (2019: $70,433,000; 2018: $20,000). See note 9 for further details. The key estimates within the calculation of value in use, are as follows:

Projected cash flows

The estimated future cash flows used to assess the impairment of goodwill are based on management's assumptions. The forecasts performed at each year-end represent the latest detailed forecasts by management at each reporting date.

Discount rates

The pre-tax discount rates applied to calculate the value in use of the cash-generating unit at each of the reporting periods were 19.7% at 31 December 2018, 16.8% at 31 December 2019 and 16.4% at 31 December 2020.

Share-based payments

The Group has share-based payment awards to employees that have both performance-based and time-based vesting conditions. These performance-based awards vest based on the achievement of certain revenue targets of the Group and the continuous service of employees over the vesting period.

The fair value of the time-based awards are estimated on the date of grant using a Black-Scholes valuation model that uses weighted-average assumptions. The Group has engaged third-party qualified valuators to perform the valuations. The valuations are sensitive to changes in one or more unobservable inputs.

4. Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date. As a private business the Group has not previously had to determine Operating Segments in accordance with IFRS 8. Following the proposed acquisition described in Note 24, the Combined Group will consider the impact of acquiring the Group on its current definition of Operating Segments in accordance with IFRS 8.

	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Product types			
Arts & Antiques ("A&A")	21,095	23,810	31,484
Total	21,095	23,810	31,484
Primary geographical markets			
United Kingdom	213	334	554
USA	17,251	19,761	25,734
Germany	266	266	436
Canada	281	428	415
Italy	293	358	406
Other	2,791	2,663	3,939
Total	21,095	23,810	31,484
Timing of transfer of goods and services			
Point in time	15,406	19,653	25,706
Over time	5,689	4,157	5,778
Total	21,095	23,810	31,484

5. Operating profit and exceptional costs

i) *Operating profit*

	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Operating profit has been arrived at after charging/(crediting):			
Net foreign exchange losses (gain)	72	28	(65)
Employment benefit expenses (note 6)	5,622	7,583	8,774
Amortisation of intangible assets (note 9)	546	6,305	11,584
Depreciation of property, plant and equipment (note 11)	9	8	26
Depreciation of right-of-use assets (note 12)	94	94	143
Share-based payments charge	448	633	554

ii) *Exceptional costs*

The Directors consider certain items to be exceptional, due to their nature or infrequency, such presentation is relevant to an understanding of the Group's performance.

	12 months ended 31 December 2018 $'000	12 months ended 31 December 2019 $'000	12 months ended 31 December 2020 $'000
Transaction costs (note 21)	246	9,620	–

6. Employee benefit expenses (including directors' remuneration)

	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Wages and salaries	5,194	7,055	8,098
Social security costs	317	380	494
Pension costs	111	148	182
	5,622	7,583	8,774

The Group sponsors a 401(k) retirement plan for its employees. Most employees who have reached the age of 21 are eligible to participate in the plan. The plan provides for the Group to make a discretionary contribution, which are disclosed as pension costs above.

Key management personnel compensation

The Directors consider that key management personnel are those persons who are a director of the Company or any of the subsidiary companies within the Group. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Group.

	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Short-term employee benefits	366	1,612	582
Other long-term benefits	–	8	13
Share-based compensation	–	381	337
	366	2,001	932

7. Finance costs and finance income

	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Finance costs			
Finance cost on secured loan	1,129	4,231	6,328
Interest on lease liabilities (note 12)	24	14	38
Finance costs	1,153	4,245	6,366
Finance income			
Interest income on short-term deposits	11	–	–
Finance income	11	–	–

On the date of the Platinum Transaction, 21 May 2019, the term loan with SVB was repaid which resulted in a write-off of the balance of unamortised debt issuance cost of $276,000. On 28 December 2020, the Group modified its debt as discussed in note 15. The modification represents a non-substantial modification of previous debt and resulted in a net modification loss.

8. Taxation

1) *Total tax charge*

	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Current tax			
Current year	196	472	808
Total current tax	196	472	808
Deferred tax			
Origination and reversal of temporary differences	2,207	(1,770)	(1,895)
Total deferred tax	2,207	(1,770)	(1,895)
Total tax charge	2,403	(1,298)	(1,087)

The standard rate of US corporation tax applied to the income/(loss) before tax is 21% in each of the 2018, 2019, and 2020 statement of financial position periods.

The amount of tax recorded in the consolidated statement of comprehensive income differs from the expected amounts that would arise by applying the standard rate of federal corporation tax in the US to the pre-tax income/(loss) for the years. The differences are explained below.

2) *Reconciliation of total*

	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Income/(loss) before tax	10,068	(8,922)	(2,385)
Theoretical tax at the US federal corporation tax rate of 21%	2,114	(1,874)	(501)
Tax effect of:			
Non-deductible expenses	–	669	–
Share-based payments	–	84	20
Non-controlling interest	(209)	50	–
Prior year adjustments	–	–	(251)
Impact of US State taxes	396	(189)	(315)
Other	102	(38)	(40)
Total tax charge	**2,403**	**(1,298)**	**(1,087)**

In 2019, the Company incurred non-deductible transaction costs of $3,186,868 in connection with the Platinum Transaction, which have been added back for tax purposes.

In 2019, the Company received a tax deduction of $1,993,710 relating to share-based compensation in connection with the Platinum Transaction.

Prior to the Platinum Transaction, Live Auctioneers Inc. owned a 91.76% interest in Live Auctioneers LLC, a non-taxable US partnership. As such, the portion of the income/(loss) attributable to the non-controlling interest has been removed for tax purposes.

The Group operates in various US States which apply different statutory tax rates. The total tax charge includes these State taxes.

In 2018, the Old Company derived income from sales activities outside the US and was eligible for a foreign derived intangible income deduction of $41,000.

9. Intangible assets and goodwill

Intangible assets:

	Goodwill $000	Software development costs $000	Trade names $000	Customer relationships $000	Total $000
Cost					
At 1 January 2018	32,937	1,639	–	–	34,576
Additions	–	–	–	–	–
At 31 December 2018	32,937	1,639	–	–	34,576
At 1 January 2019	32,937	1,639	–	–	34,576
Derecognised by the Platinum Transaction	(32,937)	–	–	–	(32,937)
Acquired as part of a business acquisition (note 21)	61,057	20,062	4,279	52,377	137,775
At 31 December 2019	61,057	21,701	4.279	52,377	139,414
At 1 January 2020	61,057	21,701	4,279	52,377	139,414
Additions	–	1,717	–	–	1,717
At 31 December 2020	61,057	23,418	4,279	52,377	141,131
Amortisation					
At 1 January 2018	–	1,073	–	–	1,073
Amortisation charge for the year	–	546	–	–	546
At 31 December 2018	–	1,619	–	–	1,619
At 1 January 2019	–	1,619	–	–	1,619
Amortisation charge for the year	–	2,126	150	4,029	6,305
At 31 December 2019	–	3,745	150	4,029	7,924
At 1 January 2020	–	3,745	150	4,029	7,924
Amortisation charge for the year	–	4,165	612	6,807	11,584
At 31 December 2020	–	7,910	762	10,836	19,508
Net book value					
At 1 January 2018	32,937	566	–	–	33,503
At 31 December 2018	32,937	20	–	–	32,957
At 31 December 2019	61,057	17,956	4,129	48,348	131,490
At 31 December 2020	61,057	15,508	3,517	41,541	121,623

During the year ended 31 December 2019, the Group recorded $20,062,000 of software and technology, $52,377,000 of customer relationships, and $4,279,000 of trade names as a result of the Platinum Transaction (note 21). The Group has assigned a finite life of 5 years to the software and technology, 7.6 years to the customer relationships, and 7 years to the trade names.

Goodwill:

Also in connection with the Platinum Transaction (note 21), the recorded amount of goodwill at 31 December 2020 and 2019 was $61,057,000. Prior to the Platinum Transaction, as of 31 December 2018, the recorded amount of goodwill was $32,937,000, but such amount was superseded by the new basis that was recorded in the Platinum Transaction.

Impairment testing for cash-generating units containing goodwill

As goodwill is not amortised, management 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 (“CGUs”) against carrying value.

Management tests impairment of goodwill at the CGU level at which goodwill is monitored. Management has identified one CGU. Intangible assets with finite useful lives are also tested for impairment at the CGU level.

The impairment testing of goodwill and intangibles involved testing for impairment at a CGU level by calculating the carrying value of the CGU and comparing this to the recoverable amount, which has been calculated as the value in use derived from the latest Director-approved Group cash flow projections.

The carrying value of the CGU, to which goodwill has been allocated in full, at each of the reporting periods which were subject to impairment testing were as follows:

	$'000
31 December 2018	34,324
31 December 2019	114,468
31 December 2020	106,281

The recoverable amount for the CGU has been determined on a value in use basis. The key assumptions are those regarding 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 statement of financial position date and forecasts for the following years until a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Directors has been prepared after considering the current economic environment in the Group's markets. These projections represent the Directors' best estimate of the future performance of these businesses.

The discount rates applied in the value in use calculations represent management's assessment of the current market and other risks specific to the CGU.

The pre- and post-tax discount rates used at each reporting period are outlined below:

Period	**Pre-tax discount rate**	**Post-tax discount rate**
31 December 2018	19.7%	15.7%
31 December 2019	16.8%	14.0%
31 December 2020	16.4%	13.7%

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 the CGU operates. Therefore, these do not exceed the long-term average growth rates for the individual markets.

The long-term growth rates applied at each reporting period are outlined below:

Period	**Long-term growth rate**
31 December 2018	2.7%
31 December 2019	2.3%
31 December 2020	1.5%

Based on the impairment tests performed for all periods noted above the recoverable amount of the CGU was in excess of the carrying amount of the CGU and therefore no impairment has been recorded in any period.

Sensitivity analysis

Sensitivity analysis has been performed based on changes to key assumptions considered to be reasonably possible by management. Separate sensitivities were applied to the models, a 100bps increase in the discount rate and a 100 bps reduction in the long term growth rate. Results for both goodwill and intangibles testing showed that the CGU was not impaired when applying these reasonably possible sensitivity scenarios.

10. Investments in subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany balances and transactions.

A list of significant investments in subsidiaries, all of which have been included in these consolidated financial statements, are as follows:

Company	Country of incorporation	Ownership 31 December 2018 %	Ownership 31 December 2019 %	Ownership 31 December 2020 %
Platinum Parent, Inc.	**USA**			
Platinum Intermediate, Inc.	USA	N/A	100	100
Platinum Purchaser, Inc. **	USA	N/A	100	100
Live Auctioneers Inc.**	USA	100	100	100
Live Auctioneers LLC**	USA	91.76	100	100

** Indirectly held (Live Auctioneers, Inc. indirectly held in 2019 and 2020)

The registered office address of all undertakings incorporated in the USA is 40 West 25th Street, New York, NY 10010.

11. Property, plant and equipment

At 31 December 2018, 2019 and 2020, the Group's property, plant and equipment consisted of the following:

	Computer Equipment $000	Furniture and Equipment $000	Leasehold Improvements $000	Total $000
Cost:				
At 1 January 2018	131	95	–	226
Additions	–	–	–	–
At 31 December 2018	131	95	–	226
At 1 January 2019	131	95	–	226
Additions	–	–	–	–
At 31 December 2019	131	95	–	226
At 1 January 2020	131	95	–	226
Additions	10	–	97	107
At 31 December 2020	141	95	97	333
Depreciation and impairment:				
At 1 January 2018	102	84	–	186
Depreciation charge for the year	6	3	–	9
At 31 December 2018	108	87	–	195
At 1 January 2019	108	87	–	195
Depreciation charge for the year	6	2	–	8
At 31 December 2019	114	89	–	203
At 1 January 2020	114	89	–	203
Depreciation charge for the year	16	3	7	26
At 31 December 2020	130	92	7	229
Net book value				
At 1 January 2018	29	11	–	40
At 31 December 2018	23	8	–	31
At 31 December 2019	17	6	–	23
At 31 December 2020	11	3	90	104

Details of security over assets are provided in note 15.

12. Leases

Nature of leasing activities (in the capacity as lessee)

The Group leases office space as part of its normal course of business. The leases for office space also require the Group to pay taxes, insurance, utilities, and maintenance costs, which have been determined to be non-lease components, and are not included in the measurement of right-of-use assets and lease liabilities.

Right-of-Use Assets	**Land and buildings leasehold $000**	**Total $000**
At 1 January 2018	261	261
Depreciation charge for the year	94	94
At 31 December 2018	167	167
At 1 January 2019	167	167
Depreciation charge for the year	94	94
At 31 December 2019	73	73
At 1 January 2020		
Additions	73	73
	1,037	1,037
Depreciation charge for the year	143	143
At 31 December 2020	967	967

Lease liabilities	**Land and buildings leasehold $000**	**Total $000**
At 1 January 2018	417	417
Interest charge for the year (note 7)	24	24
Lease payments	167	167
At 31 December 2018	274	274
Less: current lease liabilities	(159)	(159)
Non-current lease liabilities	115	115
At 1 January 2019	274	274
Interest charge for the year (note 7)	14	14
Lease payments	173	173
At 31 December 2019	115	115
Less: current lease liabilities	(101)	(101)
Non-current lease liabilities	14	14
At 1 January 2020		
Additions	115	115
	1,038	1,038
Interest charge for the year (note 7)	38	38
Lease payments	145	145
At 31 December 2020	1,046	1,046
Less: current lease liabilities	(179)	(179)
Non-current lease liabilities	867	867

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2018 which was 6.85%. In the initial application of the standard, the Group used the following practical expedients:

- using a single discount rate for a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments of whether leases are onerous;
- accounting for operating leases with a remaining lease term of 12 months or less as at the date of initial application as short-term leases;
- excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- not to reassess whether a contract is or contains a lease at the date of initial application.

Maturity analysis for lease liabilities

Non-cancellable lease rentals are payable as follows:

	31 December 2018 $000	31 December 2019 $000	31 December 2020 $000
Due within one year	161	92	254
Due from one to five years	98	6	1,010
Total	259	98	1,264

During the period ended 31 December 2020, the Group recognised an expense of $0 in relation to short-term or low value leased assets for which the IFRS 16 recognition and measurement exemption has been applied (2019: $6,685; 2018: $6,898).

13. Trade and other receivables

	31 December 2018 $000	31 December 2019 $000	31 December 2020 $000
Current			
Trade receivables	1,867	2,834	3,952
Less: Loss provision	(141)	(279)	(518)
	1,726	2,555	3,434
Other receivables	–	19	69
Prepaid expenses	210	259	254
	1,936	2,833	3,757

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provisions for impairment. Financial assets measured at amortised cost are assessed for impairment at the end of each reporting period. Impairment provisions are estimated using the expected credit loss impairment model where any expected future credit losses are provided for, irrespective of whether a loss event has occurred at the reporting date.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables have been combined based on similar credit risk and ageing.

The Group calculated expected credit losses equal to the actual losses from uncollectible receivables on balance at the end of 31 December 2018, 2019 and 2020. The actual losses were calculated as the actual write-offs in the subsequent years, which assumes that write-offs occur in the year subsequent to the receivable being generated.

For the year ended 31 December 2020, the Group calculated the 2-year average rate of increase in the write-off percentage of prior year receivable and applied it to the experience of prior year ended December 31, 2019. The expected credit losses rates were 7.6%, 9.8% and 13.1% of gross trade receivables for year ended 31 December, 2018, 2019 and 2020 respectively. The Company concluded that the historical loss rates would not have any significant impact based on current and forward-looking information on macroeconomic factors affecting the Group's customers.

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

	12 months ended 31 December 2018 $000	12 months ended 31 December 2019 $000	12 months ended 31 December 2020 $000
Opening provision for impairment of trade receivables and contract assets	74	141	279
Increase during the year	141	279	518
Receivables written off during the year as uncollectable	(74)	(141)	(279)
Closing provision	141	279	518

The carrying amount of trade and other receivables approximates their fair value.

Ageing of trade receivables was as follows:

	31 December 2018 $000	31 December 2019 $000	31 December 2020 $000
0-Current	1,334	1,842	2,679
1-30 Days	267	935	986
31-60 Days	124	123	110
61-90 Days	67	15	48
> 90 Days	75	(81)	129
Total trade receivables	1,867	2,834	3,952

Credit balances in trade receivables represent credits arising from cancelled or rescheduled auctions or disputes over hammer price. The credit balances remain outstanding until they are applied towards future auctions or the resolution of disputes.

14. Trade and other payables

Trade and other payables of the Group are principally comprised of amounts outstanding for trade and other purchases incurred in the normal course of business.

The Group's trade and other payables consist of the following:

	31 December 2018 $000	31 December 2019 $000	31 December 2020 $000
Current			
Trade payables	467	551	1,288
Accruals	222	2,012	3,980
Distributions payable	–	–	31,432
Contract liabilities	272	388	573
	961	2,951	37,273

The carrying amount of trade and other payables approximates their fair value. Included in the other payables within the consolidated statement of financial position as of 31 December 2020 was $31,432,000 in relation to a declared distribution due to shareholders.

Accruals for the years ended 31 December 2018, 2019 and 2020 included accrued payables for payroll, commissions, and paid-time-off.

15. Loans and borrowings

As of 31 December 2018, 2019 and 2020, loans and borrowings consisted of the following:

	31 December 2018 $000	31 December 2019 $000	31 December 2020 $000
Current			
Term loan	450	–	–
B-1 Loan	–	203	281
B-2 Loan	–	485	671
	450	688	952
Non-current			
Term loan	17,100	–	–
B-1 Loan	–	19,996	27,525
B-2 Loan	–	47,723	65,693
	17,100	67,719	93,218
Unamortised debt issuance costs	(276)	(2,060)	(1,231)
Non-current portion	16,824	65,659	91,987
Total Loan Balance	17,274	66,347	92,939

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

	31 December 2018 $000	31 December 2019 $000	31 December 2020 $000
Opening balance	17,640	17,274	66,347
Proceeds from loans	–	68,750	28,951
Repayment of loans	(450)	(17,894)	(3,188)
Change in deferred debt issuance costs, net	84	(1,783)	829
Closing balance	17,274	66,347	92,939

All the Group's loans and borrowings are denominated in US Dollars.

Below is the weighted average interest charge per year:

	2018	2019	2020
Secured bank loans	5.86%	6.30%	6.85%

Secured bank loans

In connection with the Platinum Transaction, Platinum Purchaser, Inc., a subsidiary of the Company, entered into a credit agreement for two term loans, B-1 Loan with an original balance of $20,300,000, payable to a lender in quarterly instalments of $51,000, with remaining balance due at maturity date of 21 May 2025, and B-2 Loan with an original balance of $48,450,000, payable to a lender in quarterly instalments of $121,000, with remaining balance due at maturity date of 21 May 2025.

On 28 December 2020, Platinum Purchaser, Inc. amended the credit agreement to increase its B-1 and B-2 loans by $7,810,000 and $18,641,000, respectively. Quarterly instalments of the B-1 loan rose to $70,000 and quarterly instalments of the B-2 loan rose to $168,000. Maturity date remained as 21 May 2025. Platinum Purchaser, Inc. used the proceeds, in accordance with its credit agreement, to assist in financing cash distributions and repay its revolving line of $1,000,000.

The notes are collateralised by substantially all the assets of Platinum Purchaser, Inc. and are guaranteed by Platinum Parent, Inc.

The term notes accrue interest at either a base rate plus an applicable margin or a LIBOR-based rate plus an applicable margin, if elected by Platinum Purchaser, Inc. The base rate is the greater of (a) the prime rate (3.25 percent at 31 December 2020), (b) the federal funds rate plus 0.75 percent (4.00 percent as of 31 December 2020), or (c) LIBOR plus 1.0 percent (1.15 percent as of 31 December 2020). The base rate margin is 1.50 percent for the B-1 loan and the revolving loan and 5.76 percent for the B-2 loan.

The LIBOR option was elected during the year ended 31 December 2020 and for the year ended 31 December 2019. The LIBOR option is the greater of 1.0 percent or the London Interbank rate (0.15 percent at 31 December 2020), plus the LIBOR margin. The LIBOR margin is 2.50 percent for the B-1 loan and the revolving, resulting in a total interest rate of 3.50 percent at 31 December 2020 and 4.29 percent at 31 December 2019. The LIBOR margin is 6.76 percent for the B-2 loan, resulting in a total interest rate of 7.76 percent at 31 December 2020 and 8.55 percent at 31 December 2019.

Under the credit agreement, Platinum Purchaser, Inc. is subject to various financial covenants. The term loans allow for optional prepayments under certain circumstances. Starting in 2021, mandatory prepayments are to be made for a percentage of excess cash flow if financial covenant ratios exceed defined levels.

In connection with the Platinum Transaction, Platinum Purchaser, Inc., a subsidiary of the Company, entered into certain revolving loan arrangements in addition to the term loans discussed above. The lender may also extend credit to Platinum Purchaser, Inc. under the following arrangements: (a) revolving loans up to $5,000,000 limit; (b) swing loans up to $2,500,000 limit; (c) a letter of credit up to $2,500,000; (d) under certain circumstances, protection advances up to $500,000. Any outstanding swing loans and letter of credit draws are applied against the available revolving loan limit of $5,000,000. During 2020, Platinum Purchaser, Inc. drew on a revolving loan in the amount of $2,500,000, which was repaid during the year; no amounts were drawn in 2019. Platinum Purchaser, Inc. obtained letters of credit in the amount of $90,000, which were outstanding as of 31 December 2020 and 2019. Platinum Purchaser, Inc. did not use any of these other arrangements.

Platinum Purchaser, Inc. pays a fee of 0.50 percent of its unused revolving loan balance.

Debt issuance costs of $822,000 and $2,205,000 were incurred at 28 December 2020 and 21 May 2019, respectively. The debt issuance costs incurred at 21 May 2019 are recorded as a reduction of the debt balance on the consolidated statement of financial position. The modification of debt on 28 December 2020 represented a non-substantial modification of the previous debt. The difference between the carrying amount of the liability immediately before the modification and the sum of the present value of the cash flows of the modified liability, discounted at the original EIR, has been recognised in income/(loss) as a net modification loss. Debt issuance costs in relation to the modification of the financial liability in the amount of $529,000 were included in the present value of the cash flows and therefore have been recognised as part of the carrying amount of the liability. The other $293,000 of debt issuance costs are recorded as a reduction of the debt balance on the consolidated statement of financial position. The debt issuance costs are presented net of accumulated amortisation of $1,267,000 and $145,000 at 31 December 2020 and 2019, respectively. Amortisation expense was $1,122,000 and $145,000 during the year ended 31 December 2020 and the period commencing at the date of the Platinum Transaction and ending 31 December 2019, respectively. The unamortised part of the debt issuance costs remaining as at 31 December 2020 totalled $1,231,000.

Term loan

Prior to the Platinum Transaction, Live Auctioneers LLC, a subsidiary of the Company, had a term loan payable to a bank in quarterly instalments, accruing interest at either (a) LIBOR plus a margin that varied from 3.5 percent to 3.75 percent or (b) the alternate base rate ("ABR"), defined as the greater of (i) the prime rate in effect at such date and (ii) the federal funds effective rate in effect for such day plus 0.5 percent, provided the ABR is never less than 5.0 percent, depending on facility utilisation. The weighted average interest rate paid on borrowings for the year ended 31 December 2018 was 5.87 percent. The note was collateralised by substantially all the assets of Live Auctioneers LLC and was guaranteed by the majority holder of Live Auctioneers LLC Class A membership units. The loan had an original stated maturity date of 15 November 2022, but was paid in full concurrently with the Platinum Transaction. The outstanding balance at 31 December 2018 was $17,550,000, with a current portion of $450,000 and unamortised debt issuance costs of $276,000 which was net of accumulated amortisation of $144,000. Amortisation expense was $28,000 and $84,000 during the period 1 January 2019 ended 20 May 2019 and for the year ended 31 December 2018, respectively.

16. Financial instruments and risk management

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

Financial instruments by category

	31 December 2018 $000	31 December 2019 $000	31 December 2020 $000
Assets as per statements of financial position – at amortised cost			
Trade and other receivables, excluding prepayments and non-financial assets	1,936	2,833	3,757
Cash and cash equivalents	9,682	4,043	38,735
Total	11,618	6,876	42,492
Liabilities as per statements of financial position – at amortised cost			
Trade and other payables, excluding non-financial liabilities	961	2,951	37,273
Loans and borrowings	17,274	66,347	92,939
Total	18,235	69,298	130,212
Liabilities as per statements of financial position – financial liabilities at fair value through profit or loss			
None	–	–	–

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – inputs are unadjusted quoted prices of identical assets or liabilities in active markets;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices from observable market data) from observable market data; and
- Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability.

Financial instruments measured at amortised cost consist of cash, trade and other receivables and trade and other payables wherein the carrying value approximates fair value due to its short-term nature. Other financial instruments measured at amortised cost include loans and borrowings wherein the carrying value at the effective interest rate approximates fair value. The interest rate for loans and borrowings approximate a market rate for similar instruments offered to the Group.

Cash, trade and other receivables and trade and other payables are measured at Level 1 inputs. Loans and borrowings are initially measured using Level 1 inputs for cash advances and promissory notes. For certain liabilities, the fair value measurements may require Level 3 inputs.

Financial risk management

The Group's activities and the existence of the above financial instruments expose it to a variety of financial risks.

The Directors have overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Directors are to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding trade 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 consolidated statements 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. For the year ended 31 December 2020, there was a charge to the consolidated statement of comprehensive income of $518,000, (year ended 31 December 2019: $269,000; year ended 31 December 2018: $141,000).

At the statements of financial position dates, there were no concentrations of credit risk of more than 10% of the trade receivables balances. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Group considers that the carrying value of trade receivables approximates its fair value.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for growth. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its cash and borrowing requirements through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects in order to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the Group. Borrowing facilities are arranged as necessary to finance requirements. The Group considers that the carrying value of financial liabilities at amortised cost approximates its fair value.

The following table shows the maturities of gross undiscounted contractual cash flows of financial liabilities:

	31 December 2020				
	Carrying amount $000	Contractual cash flows $000	<1 year $000	1-5 years $000	5 years and over $000
Trade and other payables, excluding non-financial liabilities	37,273	37,273	37,273	–	–
Loans and borrowings	92,939	94,170	952	93,218	–
Total	130,212	131,443	38,225	93,218	–
	31 December 2019				
	Carrying amount $000	**Contractual cash flows $000**	**<1 year $000**	**1-5 years $000**	**5 years and over $000**
Trade and other payables, excluding non-financial liabilities	2,951	2,951	2,951	–	–
Loans and borrowings	66,347	68,407	688	67,719	–
Total	69,298	71,358	3,639	67,719	–
	31 December 2018				
	Carrying amount $000	**Contractual cash flows $000**	**<1 year $000**	**1-5 years $000**	**5 years and over $000**
Trade and other payables, excluding non-financial liabilities	961	961	961	–	–
Loans and borrowings	17,274	17,550	450	17,100	–
Total	18,235	18,511	1,411	17,100	–

Interest rate risk

The Group is exposed to interest rate risk because the Group borrows funds at floating interest rates. 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 year. A 100bps 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 higher and all other variables were held constant, the Group's loss for the period ended 31 December 2020 would have increased by approximately $698,000 (31 December 2019 – $575,000) and the profit for the period ended 31 December 2018 would have decreased by approximately $178,000.

Interest rates under the Credit Facilities Agreements are based partly on LIBOR, the London interbank offered rate, which is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. LIBOR is currently expected to phase out by the end of 2021. It is unclear whether at that time LIBOR will cease to exist or whether new methods of calculating LIBOR will be established such that it continues to exist after 2021 exposing the Company to interest rate risk.

Market risk

Strategic and operational risks arise if the Group fails to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions.

Capital risk management

The Directors' 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 Directors manages the Group's 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 Directors may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. At 28 December 2020, the Company declared a distribution of $31,432,000 from its share premium through a recapitalisation and recorded it as a current liability. The distribution accrual was fully paid in January 2021.

17. Deferred tax

The Group's net deferred tax assets/(liabilities) are as follows:

12 months ended 31 December 2018	**Opening balance $000**	**Recognised in income/(loss) $000**	**Removed in connection with May 2019 acquisition $000**	**Recognised in goodwill $000**	**Closing balance $000**
Deferred tax assets/(liabilities) related to:					
Investment in subsidiary	857	(2,207)	–	–	(1,350)
Share-based payments	499	–	–	–	499
	1,356	(2,207)	–	–	(851)

12 months ended 31 December 2019	**Opening balance $000**	**Recognised in income/(loss) $000**	**Removed in connection with May 2019 acquisition $000**	**Recognised in goodwill $000**	**Closing balance $000**
Deferred tax assets/(liabilities) related to:					
Investment in subsidiary	(1,350)	649	701	–	–
Share-based payments	499	(469)	–	–	30
Tax losses	–	479	(479)	477	477
Intangible assets	–	1,568	–	(19,140)	(17,572)
Goodwill	–	(457)	–	–	(457)
	(851)	1,770	222	(18,663)	(17,522)

12 months ended 31 December 2020	**Opening balance $000**	**Recognised in income/(loss) $000**	**Removed in connection with May 2019 acquisition $000**	**Recognised in goodwill $000**	**Closing balance $000**
Deferred tax assets/(liabilities) related to:					
Share-based payments	30	15	–	–	45
Tax losses	477	(408)	–	–	69
Intangible assets	(17,572)	3,039	–	–	(14,533)
Goodwill	(457)	(766)	–	–	(1,223)
Internally developed software	–	(377)	–	–	(377)
Accrued liabilities	–	331	–	–	331
Other temporary differences	–	61	–	–	61
	(17,522)	1,895	–	–	(15,627)

In 2018, the deferred tax balances disclosed are in respect of Live Auctioneers Inc. only on the basis that Live Auctioneers LLC is considered a 'pass-through' entity which is not taxable. Live Auctioneers Inc. recognises deferred taxes for any financial reporting/tax basis difference in the assets that they own, including interests in pass-through entities (i.e. the 'outside basis' difference).

The Group has fully recognised all deductible temporary differences at each statement of financial position date on the basis that there is sufficient taxable profit against which these deductible temporary differences can unwind. There are therefore no unrecognised temporary differences at each statement of financial position date.

18. Equity

Live Auctioneers, Inc. Share Capital

On October 3, 2014, Live Auctioneers, Inc. filed an Amended and Restated Certificate of Incorporation that revised the amounts of authorised stock in each series as follows:

- 50,000,000 shares of Common Stock, $.001 par value per share;
- 34,500,000 shares of Preferred Stock, $.001 par value per share

Preferred stock issued and outstanding as of the Platinum Transaction date of 21 May 2019 were 34,500,000 shares (34,500,000 at 31 December 2018 and at 31 December 2017). There were no shares of Common Stock issued and outstanding on 21 May 2019, 31 December 2018 and 31 December 2017.

The shares of Preferred Stock of Live Auctioneers, Inc. was a class of voting preferred stock that entitled each holder to the number of votes equal to the number of shares of Common Stock into which such shares of Preferred Stock could be converted to, with certain anti-dilution rights for the purpose of protecting from any lower valued financing rounds. Preferred Stockholders, in preference to Common Stockholders, were entitled to receive cash dividends at the rate of eight percent (8%) of the original issue price ($1.00) per annum, payable only when, as and if declared by the Board of Directors and are non-cumulative. Preferred Stock is senior Common Stock in liquidation preference. Each share of Preferred Stock is convertible at the option of the holder into one share of Common Stock, adjusted for any stock dividends, stock splits, reorganisations and qualifying dilutive issuances. Preferred Stock may be converted automatically upon the election of the majority of the shares of Preferred stock, or upon an initial public offering of shares of Common Stock, on a one for one basis, subject to certain conditions.

As discussed in note 21, upon the completion of the Platinum Transaction, Live Auctioneers, Inc. became a wholly-owned subsidiary of Platinum Parent, Inc.

<u>Non-controlling interest</u>

Live Auctioneers, Inc. owned a 91.76% controlling interest in Live Auctioneers, LLC through preferred Class A units and LocalMarket, Inc. and Finger4 Mobile, Inc. owned 3.61% and 4.63%, respectively. Class A members have priority of distributions (including liquidations) as follows:

a. first to the Class A Members, pro rata based on the number of Class A Units then held, until each Class A Member has received an aggregate amount equal to the greater of (i) the Class A Unit Original Issue Price of $1.00 per unit or (ii) the Class A Conversion Amount of such Class A Unit; and

b. to the Members holding Common Units pro rata in proportion to the number of Common Units held by such Members.

Pursuant to the Live Auctioneers, LLC Operating Agreement, the net profit or net loss of Live Auctioneers, LLC (as defined) for each fiscal period shall be allocated and credited and debited (as applicable) to the capital accounts of the Members so as to ensure, to the maximum extent possible, that the capital account of each Member as of the end of such fiscal period is equal to the aggregate distributions that such Member would be entitled to receive if all of the assets of the Company (including cash) were sold for their asset values, all Company liabilities were satisfied in cash according to their terms (subject to certain limitations), and the net proceeds were distributed as of the end of such accounting period in accordance with the requirements of distributions described above.

The following is summarised financial information for Live Auctioneers, LLC, prepared in accordance with IFRS. The information is before intercompany eliminations with Live Auctioneers, Inc.

	12 months ended 31 December 2018 $000	Period from 1 January 2019 to 20 May 2019 $000
Revenue	21,095	8,823
Operating profit	11,247	(2,105)
Operating profit attributable to NCI	1,105	(193)
Total comprehensive income/(loss)	10,104	(2,612)
Total comprehensive income attributable to NCI	993	(240)
Current assets	12,560	14,606
Non-current assets	218	1,456
Current liabilities	1,562	7,112
Non-current liabilities	16,939	17,725
Net liabilities	(5,722)	(8,775)
Net liabilities attributable to NCI	(562)	(806)
Cash flows from operating activities	11,733	2,553
Cash flows from investing activities	(839)	–
Cash flows from financing activities	(1,662)	(1,789)
Net increase in cash and cash equivalents	9,232	764
Dividends paid to NCI during the periods	–	–

Platinum Parent, Inc. Share Capital

	31 December 2018 $000	31 December 2019 $000	31 December 2020 $000
Issued and fully paid			
Common stock of USD$0.001 par value each (2020: 57,272, 2019: 57,272, 2018: nil)	–	–	–
	–	–	–

Each share of common stock is entitled to one vote.

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. The total share premium was $25,840,000 as at 31 December 2020 (2019: $57,272,000; 2018: $34,353,000).

Share-based payments reserve

The share-based payments reserve represents the cumulative share-based payment expense.

Retained earnings

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

Treasury shares

Treasury shares represents the Company's own shares repurchased from shareholders. The total treasury shares was $nil as at 31 December 2020 (2019: $nil; 2018: $5,415,000).

Non-controlling interest

The NCI represents those shareholders with minority interest in Live Auctioneers LLC. See note 18.

20. Share-based payments

The Live Auctioneers, LLC restricted common units awards (the "Awards") is a share-based compensation plan described below.

Prior to the Platinum Transaction, Live Auctioneers, LLC issued share options on restricted common units to certain employees of Live Auctioneers, LLC in 2014 and 2016, respectively. These share options vest primarily on a time-based basis, with the exception of one award which also has a performance-based condition in addition to the time-based condition. These were awarded in exchange for non-recourse promissory notes.

The fair value of the time-based awards are estimated on the date of grant using a Black-Scholes option valuation model that uses the weighted average assumptions noted in the following table. Expected volatilities are based on historical volatility of comparable companies. Live Auctioneers, LLC used historical data to estimate option exercise and employee termination within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Live Auctioneers, LLC did not input a dividend yield into the model, as Live Auctioneers, LLC does not have a history of paying dividends or an expectation to in the future. Where relevant, for performance-based awards, a probability to achieve the underlying performance condition was factored into the valuation model.

	2016	2014
Risk-free rate	1.7%	1.8%
Average expected life	4 years	4 years
Dividend yield	0%	0%
Volatility	85.9%	57.2%

For the period up to the date of the Platinum Transaction, share-based compensation expense was recognised over the respective vesting periods of the Awards. At the date of the Platinum Transaction, all remaining options vested immediately and all share options were exercised concurrent with the Platinum Transaction. The compensation costs for the Awards were $447,851 for 2018 and $113,857 for the period up to 20 May 2019. These compensation costs were recorded as a component of administration expenses in the consolidated statement of comprehensive income.

A summary of the Old Group's outstanding share options at 20 May 2019 and 31 December 2018, and changes for the periods then ended is presented below:

	Options Outstanding					
	31 December 2019		20 May 2019		31 December 2018	
	Shares	Weighted Average Exercise Price USD	Shares	Weighted Average Exercise Price USD	Shares	Weighted Average Exercise Price USD
Beginning	–	–	6,946,774	0.31	6,946,774	0.31
Granted	–	–	–	–	–	–
Forfeited	–	–	–	–	–	–
Ending	–	–	6,946,774	0.31	6,946,774	0.31
Exercisable*	–	–	6,946,774	0.31	–	–

* *All share options were exercised concurrent with the Platinum Transaction.*

The Platinum Parent, Inc. 2019 Equity Incentive Plan (the "Plan"), effective May 2019, is a share-based compensation plan described below.

The Plan permits the grant of various types of share-based awards to employees of the Company for up to 6,363 shares of Platinum Parent, Inc. common stock. The Company believes that such awards better align the interest of its employees with those of its stockholders. Awards generally provide for accelerated vesting if there is a liquidation event or change of control (as defined in the Plan) and have 10-year contractual terms.

Restricted Share Awards ("RSAs")

As of 31 December 2020 and 2019, Platinum Parent, Inc. had outstanding 2,386 share options on restricted shares to employees of the Company, and 716 and 239 shares, respectively, were vested. These shares were issued outside of the Plan during the period ended 31 December 2019 at $1,000 per share and vest over 5 years (time-based). These were awarded in exchange for non-recourse promissory notes. The share-based compensation costs for the share options on restricted shares were $458,476 for 2020 and $519,063 for 2019 and were recorded as a component of administration expenses in the consolidated statement of comprehensive income.

The fair value of the time-based awards is estimated on the date of grant using a Black-Scholes option valuation model that uses the weighted average assumptions noted in the following table. Expected volatilities are based on historical volatility of comparable companies. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company did not input a dividend yield into the model, as the Company does not have a history of paying quarterly dividends or an expectation to in the future.

	2019
Risk-free rate	1.4% and 1.7%
Average expected life	5 years
Dividend yield	0%
Volatility	77.0%

Options

Two types of options exist as a part of the Plan:

Performance-based:
These option awards vest based on a change in control event and have 10-year contractual terms. There were 1,279 performance-based options granted during 2020 and none in 2019. No compensation expense was recognised for the options, as the performance vesting conditions were not deemed probable.

Time-based:
These option awards vest over a period of 5 years of continuous service and have 10-year contractual terms. There were 592 time-based options granted during 2020, of which 189 vested as at 31 December 2020, and none in 2019. The compensation costs for the Plan were $95,000 for 2020 and were recorded as a component of administration expenses in the consolidated statement of comprehensive income. As of 31 December 2020, there was $214,000 of total unrecognised compensation cost related to non-vested share-based compensation arrangements granted under the Plan. That cost is expected to be recognised over a weighted average period of 5 years. When calculating the annual compensation expense, the Company has assumed an estimated forfeiture rate of 0, as all options are expected to fully vest. The grant-date fair value of options granted during 2020 was approximately $309,000. No options were exercised during 2020.

The fair value of the time-based awards is estimated on the date of grant using a Black-Scholes option valuation model that uses the weighted average assumptions noted in the following table. Expected volatilities are based on historical volatility of comparable companies. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company did not input a dividend yield into the model, as the Company does not have a history of paying quarterly dividends or an expectation to in the future.

	2020
Risk-free rate	1.69%
Average expected life	5 years
Dividend yield	0 %
Volatility	47.00%

The above issuances are included in the tables and disclosures below to illustrate the Company's overall share option position.

A summary of the Company's outstanding share options at 31 December 2020, 31 December 2019, and 31 December 2018 and changes for the years then ended is presented below:

	Options Outstanding					
	31 December 2020		31 December 2019		31 December 2018	
	Shares	Weighted Average Exercise Price USD	Shares	Weighted Average Exercise Price USD	Shares	Weighted Average Exercise Price USD
Beginning	2,386	1,000	–	–	–	–
Granted	1,871	1,000	2,386	1,000	–	–
Forfeited	–	–	–	–	–	–
Ending	4,257	1,000	2,386	1,000	–	–
Exercisable	–	–	–	–	–	–

The weighted average remaining contractual term of outstanding options at 31 December 2020, 31 December 2019, and 31 December 2018, was 8.9, 9.7, and 0 years, respectively. The weighted average remaining contractual term of exercisable options at 31 December 2020, 31 December 2019, and 31 December 2018, was 8.9, 9.7, and 0 years, respectively.

A summary of the Company's outstanding non-vested share options at 31 December 2020, 31 December 2019, and 31 December 2018 and changes for the years then ended is presented below:

	Non-Vested Options Outstanding					
	31 December 2020		31 December 2019		31 December 2018	
	Shares	Weighted Average Exercise Price USD	Shares	Weighted Average Exercise Price USD	Shares	Weighted Average Exercise Price USD
Beginning	2,147	1,000	–	–	–	–
Granted	1,871	1,000	2,386	1,000	–	–
Vested	(905)	1,000	(239)	1,000	–	–
Exercised	–	–	–	–	–	–
Forfeited	–	–	–	–	–	–
Ending	3,113	1,000	2,147	1,000	–	–

The non-cash, share-based compensation cost that has been charged against operations for the share-based compensation option arrangements described above was $553,367 for the period ended 31 December 2020 and $519,063 for the period ended 31 December 2019.

21. Change in Control – Business Combination

On 21 May 2019, through entities created to execute the Platinum Transaction, all of the issued and outstanding shares of Live Auctioneers, Inc. were acquired. The Company engaged an independent third-party valuation firm to determine the fair value of the identifiable intangible assets.

A summary of the final accounting for the Platinum Transaction is as follows:

	$000
Fair value of consideration transferred:	
Total consideration paid	115,377
Fair value of assets acquired:	
Intangible assets other than goodwill (note 11)	76,719
Deferred tax liability (note 17)	(18,663)
Other long-term assets	207
Current liabilities	(2,070)
Other non-current liabilities	(210)
Loans and borrowings	(5,263)
Trade receivables, prepaid and other current assets	3,560
Cash (note 9)	40
Total identifiable net assets acquired	54,320
Goodwill	61,057
Total	**115,377**

The total consideration of $115,377,000 is made up of total cash paid to previous shareholders of $109,153,000 and liabilities related to acquiree transaction costs assumed and paid on transaction totalling $6,224,000.

The fair value of financial assets includes trade receivables with a fair value of $2,459,000 which represents the total amount due, which was expected to be fully collectible.

The Group recognised $9,620,000 ($3,187,000 paid by the buyer as part of its capital contribution) of costs associated with the Platinum Transaction in 2019, and incurred debt issuance costs of $2,285,000, which were recorded as a reduction of the debt balance.

The goodwill arising from the acquisition consisted largely of Live Auctioneers, LLC's reputation, trained employees, management team, and other unique features that cannot be associated with a specific, identifiable asset. None of the goodwill is expected to be deductible for income tax purposes.

Financial Implications of the Platinum Transaction

As outlined in note 2.1, the historical financial information reflects the underlying trade of LA. On the 21st May 2019 the legal ownership of LA and the capital structure was changed following acquisition of LA by Platinum Parent Inc. The table below shows the impact of the acquisition of LA.

Statement of financial position

The table below presents the impact on the statement of financial position at the date of Platinum Transaction of LA by subsidiaries of Platinum Parent Inc. as explained in note 2.1. The detail of each adjustment is included in the notes below the table.

	20 May 2019 $'000	**Adjustment $'000**	**21 May 2019 $'000**	**Note**
Non-current assets				
Goodwill	32,937	28,120	61,057	1
Other intangible assets	–	76,719	76,719	2
Property, plant and equipment	29	–	29	
Right-of-use asset	128	–	128	3
Other non-current assets	1,298	(1,248)	50	
Total non-current assets	**34,392**	**103,591**	**137,983**	
Cash and cash equivalents	12,185	(12,145)	40	4
Trade receivables and other current assets	5,755	(2,195)	3,560	
Total current assets	**17,940**	**(14,340)**	**3,600**	
Total assets	**52,332**	**89,251**	**141,583**	

	20 May 2019 $'000	Adjustment $'000	21 May 2019 $'000	Note
Equity				
Share capital and share premium	34,386	19,699	54,085	5
Non-controlling interest	3,016	(3,016)	–	
Treasury shares	(5,415)	5,415	–	
Share-based payment reserve	2,130	(2,130)	–	
Reserves	(7,944)	7,944	–	5
Total equity	**26,173**	**27,912**	**54,085**	
Non-current liabilities				
Loans and borrowings	17,515	49,030	66,545	4
Lease liabilities	210	–	210	
Deferred tax liability	222	18,441	18,663	3
Total non-current liabilities	**17,947**	**67,471**	**85,418**	
Total current liabilities	8,212	(6,132)	2,080	
Total equity and liabilities	**52,332**	**89,251**	**141,583**	

The adjustments required on the Platinum Transaction has resulted in:

1. Reversal of previously recognised goodwill of $32,937,000, which has been replaced by a newly calculated goodwill amount of $61,057,000, which represents the excess of the fair value of the consideration paid over the fair value of identifiable assets and liabilities acquired.

2. The recognition of intangible assets of $76,719,000 arising from the acquisition of Live Auctioneers Inc., at 21 May 2019.

3. The remeasurement of deferred taxes resulting in an increase in deferred tax liabilities from the newly recognised goodwill and intangible assets of $18,664,000.

4. The loans and borrowings outstanding at 20 May 2019 was repaid with (i) $12,145,000 of acquiree cash and (ii) $5,293,000 funded by the acquirer upon completion of the business combination. Loans and borrowings were replaced with new loan notes, details of which can be found in note 15.

5. Adjustment to equity to present the capital structure of the Company and eliminate pre-acquisition profits and losses of LA.

Statement of comprehensive income

The impact on the statement of comprehensive income for the year ended 31 December 2019 includes additional depreciation and amortisation arising as a result of the remeasurement of assets and liabilities to their acquisition date fair value, additional finance costs arising for the new debt structure existing in the Group post-acquisition and; the recognition of acquisition-related costs.

Statement of cash flows

The main impacts on the statement of cash flows of the Platinum Transaction were:

(i) Cash payment for the acquisition of the abovementioned shares totalling $109,153,000.

(ii) Repayment of the principal and interest of loans outstanding accrued up to the 20 May 2019 totalling $17,438,000.

(iii) Cash inflows from the new loans and borrowings issued as a result of the Platinum Transaction totalling $68,750,000. These loans and borrowing had a different interest profile to the LA loans.

(iv) Cash inflows representing the capital contribution from the new owners of the Company totalling $54,085,000.

22. Notes supporting statement of cash flows

Included within net cash flows is loans and borrowings repayments. Refer to note 15 for further details.

2020	At 1 January 2020 $000	Changes due to acquisition $000	Non-cash movements $000	Cash flow $000	At 31 December 2020 $000
Cash at bank	4,043	–	–	34,692	38,735
Secured bank loan	66,347	–	1,651	24,941	92,939
Lease liabilities	115	–	1,076	(145)	1,046
Total	**70,505**	**–**	**2,727**	**59,488**	**132,720**

2019	At 1 January 2019 $000	Changes due to acquisition $000	Non-cash movements $000	Cash flow $000	At 31 December 2019 $000
Cash at bank	9,682	40	–	(5,679)	4,043
Secured bank loan	17,274	(17,438)	502	66,009	66,347
Lease liabilities	274	–	14	(173)	115
Total	**27,230**	**(17,398)**	**516**	**60,157**	**70,505**

2018	At 1 January 2018 $000	Changes due to acquisition $000	Non-cash movements $000	Cash flow $000	At 31 December 2018 $000
Cash at bank	3,317	–	–	6,365	9,682
Secured bank loan	17,640	–	84	(450)	17,274
Lease liabilities	417	–	24	(167)	274
Total	**21,374**	**–**	**108**	**5,748**	**27,230**

The effects of changes in foreign exchange rates and changes in fair value are not material and have accordingly been excluded from the tables above.

23. Related party transactions

Management fees

Effective May 2019, the Group entered into a management fee agreement with the ultimate controlling party. Annual management fees of $300,000 are charged under this agreement. The management fee agreement is effective through the earliest of (i) written termination, (ii) an initial public offering, and (iii) a change in control of the Group. For the year ended 31 December 2020 and the period ended 31 December 2019, the Group incurred expenses related to these management fees of $300,000 and $184,000, respectively, which are included in administration expenses on the consolidated statements of comprehensive income. As of 31 December 2020 and 2019, $484,000 and $184,000, respectively, is included in accrued management fees on the consolidated statements of financial position.

Under the management fee agreement, $1,000,000 of fees was incurred for the period ended 31 December 2019 pertaining to financial advisory services performed in connection with the Platinum Transaction, and is included in administration expenses in the 2019 consolidated statements of comprehensive income. Under the management fee agreement, should the entity advise the Company in connection with transactions, a transaction fee is to be paid equal to the greater of (i) $250,000 and (ii) 1 percent of the gross transaction value.

Guarantee

Platinum Intermediate, Inc. guarantees the debt held by Platinum Parent, Inc. as discussed further in note 15. In the event of a default by Platinum Parent, Inc., or any of its subsidiaries, Platinum Intermediate, Inc. could be obligated to repay the full amount outstanding on these loans. In the event Platinum Intermediate, Inc. is required to make payments under this guarantee, Platinum Intermediate, Inc. could seek to recover those amounts from the affiliate; however, Platinum Intermediate, Inc. does not hold specific recourse or collateral rights in connection with the guarantee.

Revenue

Live Auctioneers, LLC recognised $400,000 in advertising revenue from related party for the period ended 31 December 2019. The Company recognised $750,000 in advertising revenue from an entity related to one of the minority members for the period ended 31 December 2018, respectively.

Other fees

During the year ended 31 December 2018, the Group recorded $150,000 for success fees to a related party. This agreement was terminated in connection with the Platinum Transaction.

Trade and other payables

At 31 December 2018, the Group had trade and other payables for management fees to minority members totalling $27,000.

Notes receivable

During 2018, the Group had an unsecured revolving promissory note with an entity related to one of the minority members with a monthly interest rate of 1.0 percent. The balance of the revolving note was repaid in full in 2018.

In December 2018, the Group held a $1,000,000 promissory note receivable from a minority member with a per annum interest rate of 3.0 percent. The note was secured by the member's interests in the Group. The amount was repaid in connection with the Platinum Transaction.

Subsidiaries

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.

Key management personnel

Details of remuneration of key management personnel can be found in note 6.

24. Events after the reporting date

Proposed acquisition by ATG

On 17 June 2021 the proposed acquisition of the Company by ATG Media US, Inc. (a company ultimately controlled by Auction Technology Group plc) was announced, for an enterprise value of up to $525.0 million, with $500.0m consideration due on Completion and Earn Out consideration of up to $25.0 million. The completion of the acquisition is conditional on, amongst other things, shareholder approval and approval of the relevant antitrust authorities, in both the UK and US.

PART XIV

UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE COMBINED GROUP

Section A: Reporting Accountant's Opinion on the Unaudited Pro Forma Financial Information on the Combined Group

Deloitte.

1 New Street Square
London
EC4A 3HQ

The Board of Directors
on behalf of
Auction Technology Group plc
6TH Floor, The Harlequin Building
65 Southwark Street
London
SE1 0HR

Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

4 August 2021

Dear Sirs/Mesdames,

Auction Technology Group plc (the "Company")

We report on the pro forma financial information (the "**Pro forma financial information**") set out in Section B of Part XIV of the class 1 circular dated 4 August 2021 (the "**Circular**"). This report is required by Annex 20, section 3 of the UK version of the Commission delegated regulation (EU) 2019/980 (the "**Prospectus Delegated Regulation**") which is part of the law of England and Wales by virtue of the European Union (Withdrawal) Act 2018 as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that regulation and for no other purpose.

Opinion

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the Pro forma financial information in accordance with Annex 20 sections 1 and 2 of the Prospectus Delegated Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex 20 section 3 of the Prospectus Delegated Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed at the date of their issue.

Basis of preparation

The Pro forma financial information has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the Acquisition, the Placing, the New Facilities, the repayment of outstanding indebtedness in relation to the Old Senior Facilities Agreement, the Proxibid Acquisition, and the issuance of Shares as part of the IPO and the application of the net proceeds therefrom might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 March 2021.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and the Target in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Yours faithfully

Deloitte LLP

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Section B: Unaudited Pro Forma Financial Information on the Combined Group

The following unaudited pro forma financial information, comprising the unaudited pro forma statement of comprehensive income for the year ended 30 September 2020 and the unaudited pro forma statement of net assets as at 31 March 2021 (the "**Unaudited Pro Forma Financial Information**") is presented to reflect:

- the effect on the Group's consolidated statement of comprehensive income of (i) the Acquisition, (ii) the financing of the Acquisition through the Placing and the New Facilities, and (iii) the related settlement of the Group's debt under the Old Senior Facilities Agreement, as if they had occurred on 1 October 2019;

- the effect on the Group's consolidated statement of comprehensive income of (i) the Proxibid Acquisition and (ii) the issuance of Shares as part of the IPO and the application of the net proceeds therefrom, as if the Proxibid Acquisition and the IPO had occurred on 1 October 2019; and

- the effect on the Group's consolidated statement of net assets of (i) the Acquisition, (ii) the financing of the Acquisition through the Placing and the New Facilities, and (iii) the related settlement of the Group's debt under the Old Senior Facilities Agreement, as if they had occurred on 31 March 2021.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not reflect the Group's actual results of operations or financial position. The nature of the Unaudited Pro Forma Financial Information and the basis of preparation and assumptions adopted to compile it means that the hypothetical results or financial position included in the Unaudited Pro forma Financial Information are an illustration, and do not represent and may differ from the Group's actual results or financial position if the transactions had actually occurred at the dates stated.

The Unaudited Pro Forma Financial Information should be read together with the historical financial information of the Group, the Proxibid Group and the LiveAuctioneers Group in Part XIII of this Circular and has been prepared in a manner consistent with the accounting policies applied in their preparation, the basis set out in the notes below and the requirements of Annex 20, sections one and two of the UK version of the Commission Delegated Regulation (EU) 2019/980.

Unaudited pro forma statement of comprehensive income

	Pro forma adjustments relating to the Proxibid Acquisition and IPO					Pro forma adjustments relating to the Acquisition		
	The Group for the year ended 30 September 2020 Note 1	Proxibid Group for the period 1 October 2019 to 12 February 2020 Note 2	Proxibid Acquisition adjustments Note 3	Issue of shares as part of the IPO and the use of net proceeds Note 4	Unaudited Pro forma for the Group for the year ended 30 September 2020	Live-Auctioneers Group for the year ended 31 December 2020 Note 5	Adjustments relating to the proposed acquisition of Live-Auctioneers Group Note 6	Unaudited Pro forma for the Combined Group for the year ended 30 September 2020
				(£ '000)				
Revenue	45,319	6,988	–	–	52,307	24,551	–	76,858
Cost of sales	(17,293)	(4,298)	(337)	–	(21,928)	(11,699)	–	(33,627)
Gross profit/ (loss)	**28,026**	**2,690**	**(337)**	**–**	**30,379**	**12,852**	**–**	**43,231**
Administration expenses	(30,065)	(3,771)	(801)	(7,764)	(42,401)	(9,748)	(11,100)	(63,249)
Other operating income	179	47	–	–	226	–	–	226
Operating (loss)/ profit	**(1,860)**	**(1,034)**	**(1,138)**	**(7,764)**	**(11,796)**	**3,104**	**(11,100)**	**(19,792)**
Other income	2	–	–	–	2	–	–	2
Fair value gain/ (loss) on revaluation of liabilities held at FVTPL	–	370	(370)	–	–	–	–	–
Finance income	–	11	–	–	11	–	–	11
Finance costs	(16,677)	(77)	–	11,325	(5,429)	(4,964)	300	(10,093)
(Loss)/profit before tax	**(18,535)**	**(730)**	**(1,508)**	**3,561**	**(17,212)**	**(1,860)**	**(10,800)**	**(29,872)**
Taxation	2,584	(7)	273	–	2,850	848	(58)	3,640
(Loss)/profit for the period	**(15,951)**	**(737)**	**(1,235)**	**3,561**	**(14,362)**	**(1,012)**	**(10,858)**	**(26,232)**

Notes to unaudited pro forma statement of comprehensive income

The unaudited pro forma statement of comprehensive income for the year ended 30 September 2020 has been compiled on the following basis:

1. The Consolidated statement of comprehensive income of the Group for the year ended 30 September 2020 has been extracted without material adjustment from the historical financial information of the Group incorporated by reference in Section A of Part XIII (*Historical Financial Information of the Group*) of this Circular. The Consolidated statement of comprehensive income of the Group includes the results of the Proxibid Group from 13 February 2020, the period subsequent to its acquisition by the Group.

2. The Consolidated statement of comprehensive income of the Proxibid Group for the period from 1 October 2019 to 12 February 2020 has been extracted without material adjustment from the historical financial information of the Proxibid Group incorporated by reference in Section B of Part XIII (*Historical Financial Information of the Proxibid Group*) of this Circular. The consolidated statement of comprehensive income of the Proxibid Group from 1 October to 12 February 2020 has been included to illustrate the impact of Proxibid Group's results as if it had been acquired on 1 October 2019.

3. **Proxibid Acquisition adjustments**

The unaudited pro forma statement of comprehensive income includes certain adjustments relating to the purchase price allocation exercise to illustrate the impact of the Proxibid Acquisition as if it had occurred on 1 October 2019, calculated as follows:

a) *Amortisation of intangible assets recognised on acquisition:*

The additional amortisation of £1.1 million recognised as an adjustment for the 135-day period from 1 October 2019 to 12 February 2020 is calculated as follows.

Intangible asset	Recognised on acquisition (£ '000)	Useful economic life (years)	Annual amortisation charge (£ '000)	Amortisation for 135 days (£ '000)
Brand	5,218	10	522	193
Software (fair value uplift)	2,739	3	913	337
Customer relationships	11,506	7	1,644	608
	19,463		3,079	1,138
Included within Cost of sales				337
Included within Administration expenses				801

b) *Reversal of fair value gain/(loss) on revaluation of liabilities held at FVTPL:*

This adjustment comprises the reversal of the fair value gain of £0.4 million relating to the preference shares and related warrants recognised in the consolidated statement of comprehensive income of the Proxibid Group for the 135-day period from 1 October 2019 to 12 February 2020, upon their liquidation at the date of the Proxibid Acquisition.

c) *Taxation impacts:*

The tax impact of the adjustments described above is a deferred tax credit of £0.3 million, reflecting the additional amortisation of the Proxibid Group's identifiable intangibles, multiplied by the Proxibid Group's effective tax rate of 23.96 per cent.

4. Issue of Shares as part of the IPO and use of net proceeds

a) Finance costs:

As a consequence of the issue of Shares as part of the IPO, the Group repaid all its loans and borrowings in full upon IPO, except for certain senior term facilities. The Group retained reduced senior term facilities, comprising two tranches of £8.0 million and $43.2 million , which were drawn in full and based on the terms of an amendment and restatement deed entered on 29 January 2021 with the lenders of such senior term facilities (the "**Old Senior Facilities Agreement**"), to be effective from the date of IPO (the "**Old Senior Term Facilities**"). In addition to the Old Senior Term Facilities, the Group also had access to a revolving credit facility of £20.0 million upon Admission (the "**RCF**") pursuant to the terms of the Old Senior Facilities Agreement.

The following adjustments in respect of finance costs have been made:

Nature of adjustment	Note	Adjustment (£ '000)
Reversal of finance costs associated with the Group's loans and borrowings	(i)	16,550
Reversal of pre-acquisition finance costs associated with the Proxibid Group's loans and borrowings	(ii)	11
Finance costs on the Old Senior Term Facilities, based on the Old Senior Facilities Agreement	(iii)	(2,859)
Commitment fees on the RCF based on the Old Senior Facilities Agreement	(iv)	(403)
Prepayment costs on settlement of debt facilities	(v)	(737)
Write-off of capitalised debt transaction costs	(vi)	(1,237)
		11,325

(i) This comprises the reversal of finance costs relating to secured loans, Preference Shares and loan notes recognised in the consolidated statement of comprehensive income of the Group for the year ended 30 September 2020.

(ii) This comprises the reversal of finance costs relating to the secured loans recognised in the consolidated statement of comprehensive income of the Proxibid Group for the period from 1 October 2019 to 12 February 2020.

(iii) This comprises annual finance costs in relation to the Old Senior Term Facilities retained on IPO as set out in Note 4(a) above, calculated on the basis of the terms set out in the Old Senior Facilities Agreement.

(iv) The Pro Forma financial information assumes that the RCF of £20.0 million to be made available to the Group pursuant to the Old Senior Facilities Agreement has also not been drawn down during the year ended 30 September 2020, and therefore no adjustments have been made in relation to finance costs on this facility. However, an adjustment has been made for commitment fees calculated based on the terms set out in the Old Senior Facilities Agreement.

(v) This comprises the prepayment fees relating to the early settlement of the Group's financing as of 30 September 2020, as set out in Note 4(a).

(vi) This comprises the write-off of capitalised debt transaction costs relating to the portion of loans and borrowings repaid on IPO.

b) The Group incurred total transaction costs related to the IPO of £19.3 million. Of this total amount, £7.8 million has been adjusted within the pro forma statement of comprehensive income based on management's allocation of such costs, with the remainder being capitalised against share premium.

5. The Consolidated statement of comprehensive income of the LiveAuctioneers Group for the period from 1 January 2020 to 31 December 2020 as shown below has been extracted without material adjustment from the historical financial information of the LiveAuctioneers Group included in Section C of Part XIII (*Historical Financial Information of the LiveAuctioneers Group*) of this Circular.

For the purposes of the pro forma statement of comprehensive income, the Consolidated statement of comprehensive income of the LiveAuctioneers Group for the period from 1 January 2020 to 31 December 2020 has been translated from USD into GBP at the Group's average exchange rate for the 12 months ended 30 September 2020, being 1.2824.

	LiveAuctioneers Group for the year ended 31 December 2020	
	(US$ '000)	**(£ '000)**
Revenue	31,484	24,551
Cost of sales	(15,002)	(11,699)
Gross profit	**16,482**	**12,852**
Administration expenses	(12,501)	(9,748)
Operating profit	**3,981**	**3,104**
Finance costs	(6,366)	(4,964)
(Loss) before tax	**(2,385)**	**(1,860)**
Taxation	1,087	848
(Loss) for the period	**(1,298)**	**(1,012)**

6. Adjustments relating to the proposed acquisition of Platinum Parent, Inc.

a) Total costs related to the Placing, the Acquisition and the New Senior Facilities Agreement are estimated to be £21.5 million. This includes £2.7 million relating to the New Senior Facilities Agreement which have been capitalised and disclosed as part of Loans and borrowing in the statement of net assets in line with the accounting policies of the Group, and £0.4m relating to the Old Senior Facilities Agreement which have been dealt with separately within this Unaudited Pro Forma Financial Information (see note 6(b)(vi) below). Of the remaining amount of £18.4 million, £11.1 million has been recorded as administrative expense within the Pro Forma statement of comprehensive income based on management's allocation of such costs, with the remainder being capitalised against share premium.

b) To finance the Acquisition, the Group has entered into the New Senior Facilities Agreement, comprising the New Senior Term Facility of $183.0 million translating to £131.7 million at an exchange rate of GBP/USD: 1.3896) and the New Revolving Credit Facility of $70.0 million, translating to £50.4 million at an exchange rate of GBP/USD: 1.3896) (both being the exchange rate at the Latest Practicable Date) , (together, the New Facilities). This pro forma financial information assumes that the Group will re-designate an additional $21.0 million from the New Revolving Credit Facility to the New Senior Term Facility for the purpose of financing the Acquisition, as allowed under the terms of the New Senior Facilities Agreement.

As described in paragraph 16.1 of Part XVI (*Additional Information*) of this Circular, pursuant to the terms of the New Senior Facilities Agreement, the Group has also repaid the Old Senior Term Facilities in full on 25 June 2021, amounting to £38.6 million from its existing cash balances and cancelled the RCF.

The following adjustments in respect of finance costs have been made as a result of the above:

Nature of adjustment	**Note**	**Adjustment (£ '000)**
Reversal of the pro forma finance costs and commitment fees associated with the Group's Old Senior Term Facility and RCF at IPO	(i)	3,262
Reversal of pre-acquisition finance costs associated with the LiveAuctioneers Group's loans and borrowings	(ii)	4,934
Finance costs on the New Senior Term Facility, based on the New Senior Facilities Agreement	(iii)	(5,111)
Amortisation of debt transaction costs associated with the New Senior Term Facility	(iv)	(545)
Commitment fees on the undrawn New Revolving Credit Facility based on the New Senior Facilities Agreement	(v)	(435)
Prepayment costs of the Old Senior Term Facilities	(vi)	(386)
Write-off of capitalised debt transaction costs relating to the Old Senior Term Facilities	(vii)	(1,419)
		300

(i) This comprises the reversal of pro forma finance costs and commitment fees of the Group's Old Senior Term Facilities and RCF at IPO for the year ended 30 September 2020 as set out in Note 4(a)(iii) and 4(a)(iv) above.

(ii) This comprises the reversal of finance costs recognised in the consolidated statement of comprehensive income of the LiveAuctioneers Group for the year ended 31 December 2020 as the LiveAuctioneers Group will be acquired on a debt-free basis as described in Part VII (*Principal Terms of the Acquisition*) of this Circular.

(iii) This comprises annual interest costs in relation to the New Senior Term Facilities, calculated on the basis of a drawn amount of $176.2 million (refer note 3(a) to the unaudited pro forma statement of net assets) and the terms set out in the New Senior Facilities Agreement.

(iv) This comprises the annual amortisation of debt transaction cost over the term of the instrument.

(v) The pro forma financial information assumes that the New Revolving Credit Facility of $49.0 million (net of $21.0 million re-designated as set out in note 6(b) above) to be made available to the Group pursuant to the New Senior Facilities Agreement has also not been drawn down during the year ended 30 September 2020, and therefore no adjustments have been made in relation to finance costs on this facility. However, an adjustment has been made for commitment fees calculated on the basis of the terms set out in the New Senior Facilities Agreement.

(vi) This comprises the prepayment fees relating to the early settlement of the Group's Old Senior Term Facilities (Refer Note 6(b)).

(vii) This comprises the write-off of capitalised debt transaction costs relating to the repayment of the Old Senior Term Facilities (Refer Note 6(b)).

The impact of the adjustments to finance costs set out in note 4(a) and above results in an increased tax charge of £0.1 million.

Adjustments 3(a), 3(c),6(b)(iii),6(b)(iv) and 6(b)(v) will have a continuing impact on the consolidated statement of comprehensive income of the Group.

7. **Pro forma Adjusted EBITDA:**

a) Pro forma Adjusted EBITDA is calculated as follows:

	The Group for the year ended 30 September 2020 (note 7(b))	Proxibid Group for the period 1 October 2019 to 12 February 2020 (note 7(c))	Proxibid Acquisition adjustments (note 7(e))	Pro Forma adjustments relating to the Proxibid Acquisition and IPO: Issue of shares as part of the IPO and the use of net proceeds	Unaudited Pro forma for the Group for the year ended 30 September 2020	Live-Auctioneers Group for the year ended 31 December 2020 (note 7(d))	Adjustments relating to the proposed acquisition of Live-Auctioneers Group (note 7(e))	Unaudited Pro forma for the Combined Group for the year ended 30 September 2020
				(£ '000)				
(Loss)/profit for the period (refer table above)	**(15,951)**	**(737)**	**(1,235)**	**3,561**	**(14,362)**	**(1,012)**	**(10,858)**	**(26,232)**
Taxation	(2,584)	7	(273)	–	(2,850)	(848)	58	**(3,640)**
Finance income	–	(11)	–	–	(11)	–	–	**(11)**
Finance costs	16,677	77	–	(11,325)	5,429	4,964	(300)	**10,093**
Fair value gain/(loss) on revaluation of liabilities held at FVTPL	–	(370)	370	–	–	–	–	**–**
Depreciation of property, plant and equipment	198	75	–		273	20	–	**293**
Amortisation of intangible assets	10,329	1,352	1,138	–	12,819	9,033	–	**21,852**
Depreciation of right of use assets	587	135	–	–	722	112	–	**834**
Share-based compensation	1,477	313	–	–	1,790	432	–	**2,222**
Exceptional Costs	9,789	912	–	7,764	18,465	–	11,100	**29,565**
Adjusted EBITDA	**20,522**	**1,753**	**–**	**–**	**22,275**	**12,701**	**–**	**34,976**

b) In relation to the Group, each of the lines reconciling Loss for the year to Adjusted EBITDA has been extracted without material adjustment from Note 5 to the historical financial information of the Group incorporated by reference in Section A of Part XIII (*Historical Financial Information of the Group*) of this Circular.

c) In relation to the Proxibid Group, each of the lines reconciling Loss for the period to Adjusted EBITDA has been extracted without material adjustment from Note 5 to the historical financial information of the Proxibid Group incorporated by reference in Section B of Part XIII (*Historical Financial Information of the Proxibid Group*) of this Circular.

d) In relation to the LiveAuctioneers Group, each of the lines reconciling Loss for the period to Adjusted EBITDA has been extracted without material adjustment from footnote 5 of the summary historical financial information of the LiveAuctioneers Group contained in paragraph 2 of Part II (Presentation of Information) of this Circular, translated from USD into GBP at the average exchange rate for the 12 months ended 30 September 2020, being 1.2824.

	LiveAuctioneers Group for the year ended 31 December 2020 (US$ '000)	(£ '000)
(Loss) for the year	**(1,298)**	**(1,012)**
Taxation	(1,087)	(848)
Finance costs	6,366	4,964
Depreciation of property, plant and equipment	26	20
Amortisation of intangible assets	11,584	9,033
Depreciation of right of use assets	143	112
Share-based compensation	554	432
Exceptional Costs	–	–
Adjusted EBITDA	**16,288**	**12,701**

e) Each of the Pro Forma adjustments, other than those set out in (c) and (d) above, reconciling Loss for the year to Adjusted EBITDA have been derived from the unaudited Pro Forma statement of comprehensive income table and related notes above.

Unaudited pro forma statement of net assets

		Pro forma adjustments		
	Group as at 31 March 2021 Note 1	LiveAuctioneers Group as at 31 December 2020 Note 2	Adjustments relating to the proposed acquisition of LiveAuctioneers Group Note 3	Unaudited Combined Group Pro Forma as at 31 March 2021
		(£ '000)		
ASSETS				
Non–current assets				
Goodwill	140,412	44,251	324,036	508,699
Other Intangible assets	75,884	43,895	–	119,779
Property, plant and equipment	379	75	–	454
Right of use asset	1,526	702	–	2,228
Trade and other receivables	85	–	–	85
Total non-current assets	**218,286**	**88,923**	**324,036**	**631,245**
Current assets				
Trade and other receivables	10,307	2,723	–	13,030
Income tax receivable	–	1,221	–	1,221
Cash and cash equivalents	44,696	28,073	(63,343)	9,426
Total current assets	**55,003**	**32,017**	**(63,343)**	**23,677**
Total assets	**273,289**	**120,940**	**260,693**	**654,922**
LIABILITIES				
Non-current liabilities				
Trade and other payables	1,607	–	–	1,607
Loans and borrowings	37,981	66,667	19,970	124,618
Lease liabilities	819	628	–	1,447
Deferred tax liability	10,538	11,326	–	21,864
Total non-current liabilities	**50,945**	**78,621**	**19,970**	**149,536**
Current liabilities				
Trade and other payables	15,324	27,013	–	42,337
Loans and borrowings	661	690	(1,351)	(0)
Contingent consideration payable	–	–	17,991	17,991
Lease liabilities	743	130	–	873
Total current liabilities	**16,728**	**27,833**	**16,640**	**61,201**
Total liabilities	**67,673**	**106,454**	**36,610**	**210,737**
NET ASSETS	**205,616**	**14,486**	**224,083**	**444,185**

Notes to unaudited pro forma statement of net assets

The unaudited pro forma statement of net assets as of 31 March 2021 has been compiled on the following basis:

1. The Consolidated statement of net assets of the Group as at 31 March 2021 has been extracted without material adjustment from the unaudited condensed consolidated interim financial information of the Group incorporated by reference in Part XII (*Interim Financial Information of the Group*) of this Circular.

2. The Consolidated statement of net assets of the LiveAuctioneers Group as at 31 December 2020 has been extracted without material adjustment from the historical financial information of the LiveAuctioneers Group included in Section C of Part XIII (*Historical Financial Information of the LiveAuctioneers Group*) of this Circular.

   For the purposes of the unaudited Pro Forma statement of net assets, the consolidated statement of net assets of the LiveAuctioneers Group as at 31 December 2020 has been translated from USD into GBP at the Group's closing exchange rate as at 31 March 2021, being 1.3798.

3. Adjustments relating to the proposed acquisition of LiveAuctioneers Group

a) Gross proceeds from the Placing are £244.0 million, with estimated expenses of the Placing, the Acquisition, and the New Senior Facilities Agreement of £21.1 million resulting in net proceeds of £222.9 million. Of this amount, £218.4 million was converted into USD on 22 June 2021 at an exchange rate of 1.3854 equating to $302.6 million and placed into an escrow account pending Completion in accordance with the terms of the Acquisition Agreement.

As further described in Part VI (*Letter from the Chairman of Auction Technology Group plc*) of this Circular, the Group intends to use the proceeds placed in escrow from the Placing and up to $204.0 million of the New Facilities to fund the Cash Consideration. This Unaudited Pro Forma Financial Information assumes that any remaining Cash Consideration will be funded from the Group's existing cash resources, and that no Top Up Shares will be issued at Completion. This has been reflected in notes 3 (c) and 3(d) below. The table below sets out the assumed financing of the Consideration. Consideration in USD has been translated to GBP at 1.3896, being the exchange rate at the Latest Practicable Date.

		($'000)	(£'000)
Total Consideration for the Acquisition	(i)	**525,000**	**377,806**
Less: Earn Out Consideration, conditional in accordance with the Acquisition Agreement (Refer Note 3(e) below)	(ii)	(25,000)	(17,991)
Completion Consideration		**500,000**	**359,815**
Less: Consideration Shares to Rollover Management Sellers	(iii)	(21,200)	(15,255)
Cash Consideration payable on Completion		**478,800**	**344,560**
Financed as follows:			
– From proceeds of Placing (Refer Note 3(a) above)		302,600	217,761
– From New Facilities		176,200	126,799

(i) For the purpose of this Unaudited Pro Forma Financial Information, all amounts payable to Rollover Management Sellers are treated as Consideration. No adjustments have been made for any potential remuneration elements as this evaluation and quantification will only be completed subsequent to Completion.

(ii) Refer Note 3(e) for assumptions in relation to the payment of Earn Out Consideration.

(iii) This represents management's latest estimate of Consideration Shares to be issued based on Rollover Management Sellers that have agreed to the Rollover. Consideration Shares have no impact on pro forma cash and cash equivalents or any other pro forma assets and liabilities forming part of the unaudited Pro Forma statement of net assets, except that they form part of the Consideration for the Acquisition used to determine Goodwill as set out in note 3(b) below.

b) Goodwill presented in the Pro Forma statement of net assets as at 31 March 2021 is calculated as set out below. No fair value adjustments have been made or separate intangible assets arising on acquisition have been recognised as the purchase price allocation exercise and calculation of fair values in connection with the Acquisition will only be completed subsequent to Completion.

		($'000)	(£'000)	Foreign exchange translation rate
Consideration for the Acquisition		525,000	377,806	1.3896, being the exchange rate at the Latest Practicable Date
Less: Net assets of the LiveAuctioneers Group	(i)	74,192	53,770	1.3798, being the exchange rate as at 31 March 2021
Goodwill			324,036	

(i) As described in Part VII (*Principal Terms of the Acquisition*) of this Circular, the LiveAuctioneers Group will be acquired on a cash-free and debt-free basis and therefore the net assets for the purpose of the above note 3(b) are calculated as follows:

	($'000)	(£'000)
Net assets held by LiveAuctioneers Group as at 31 December 2020	19,988	14,486
Less: Loans and borrowings (non-current) held by LiveAuctioneers Group as at 31 December 2020 that are not being acquired	91,987	66,667
Less: Loans and borrowings (current) held by LiveAuctioneers Group as at 31 December 2020 that are not being acquired	952	690
Less: Cash held by LiveAuctioneers Group as at 31 December 2020 that is not being acquired	(38,735)	(28,073)
Net assets acquired	**74,192**	**53,770**

c) As set out in 3(a) above, in settling the Cash Consideration payable on Completion the Group intends to use all the proceeds from the Placing placed in escrow. This has been reflected within cash and cash equivalents in the Pro Forma statement of net assets as the table set out below.

		(£'000)
Gross proceeds of Placing (refer note 3(a) above)		244,000
Less: Estimated transaction costs (refer note 6(a) to the unaudited pro forma statement of comprehensive income)		(21,449)
Less: Cash element of Consideration for the Acquisition (refer note 3(a) above)		(217,761)
Less: Cash held by LiveAuctioneers Group as at 31 December 2020	(i)	(28,073)
Less: Old Senior Term Facilities repaid	(ii)	(40,060)
Net impact on Combined Group cash and cash equivalents		**(63,343)**

(i) As described in Part VII (*Principal Terms of the Acquisition*) of this Circular, Platinum Parent, Inc. will be acquired on a cash- free and debt-free basis, and therefore cash and cash equivalents held by the LiveAuctioneers Group as at 31 December 2020 have been deducted as part of this adjustment.

(ii) This represents the repayment of the principal amount of the Old Senior Term Facility outstanding as at 31 March 2021.

d) The Group intends to settle the remainder of the Cash Consideration payable on Completion through the New Facilities. The adjustment to loans and borrowings within the unaudited Pro Forma statement of net assets comprises:

		(£'000)
Debt drawn down under the New Facilities Agreement for the Acquisition		126,799
Less: Loans and borrowings held by LiveAuctioneers Group as at 31 December 2020	(i)	(67,357)
Less: Old Senior Term Facilities repaid	(ii)	(38,642)
Less: Unamortised debt costs	(iii)	(2,181)
Net impact on Combined Group loans and borrowings		**18,619**
Split as:		
Current		(1,351)
Non-current		19,970

(i) As described in Part VII (*Principal Terms of the Acquisition*) of this Circular, Platinum Parent, Inc. will be acquired on a cash- free and debt-free basis, and therefore the LiveAuctioneers Group's loans and borrowings as at 31 December 2020 have been deducted as part of this adjustment.

(ii) This represents amounts outstanding as at 31 March 2021 net of unamortised debt costs. The Group repaid the Old Senior Term Facilities in full on 25 June 2021 from its existing cash balances and cancelled the existing RCF.

(iii) As described in note 6(a) above, the Group incurred debt transaction costs of £2.7 million relating to the New Facilities Agreement which have been capitalised and disclosed as part of Loans and borrowing in the statement of net assets in line with the accounting policies of the Group. This adjustment reflects the remaining unamortised debt transaction costs, being the total debt transaction costs set out above less the amount amortised in the Pro Forma statement of comprehensive income shown in note 6(b)(iv) above.

e) The Consideration for the Acquisition includes Earn Out Consideration of up to US$25.0 million, to be determined in accordance with the terms of the Acquisition Agreement. This Pro forma financial information assumes that the full Earn Out Consideration amount of US$25.0 million (translating to £18.0 million at an exchange rate of 1.3896 being the exchange rate as at the Latest Practicable Date) will be payable, which has been reflected as a liability on the unaudited pro forma statement of net assets, and will be settled through the balance of the New Facilities available for this purpose, and the Group's existing cash balances.

PART XV

DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the documents of which certain parts are incorporated by reference into, and form part of, this document. Only the parts of the documents identified in the table below are incorporated into, and form part of, this document. The parts of these documents which are not incorporated by reference are either not relevant for Shareholders or are covered elsewhere in this document. To the extent that any information incorporated by reference itself incorporates any information by reference, either expressly or by implication, such information will not form part of this document for the purposes of the Listing Rules, except where such information is stated within this document as specifically being incorporated by reference or where the document is specifically defined as including such information.

Reference document	*Information incorporated by reference into this document*	*Page number in reference document*
IPO Prospectus	Market Overview	54 to 66
	Corporate Governance	100 to 102
	Board Committees	102 to 104
	Historical Financial Information – The Group	176 to 221
	Historical Financial Information – The Proxibid Group	224 to 258
	Ordinary and special resolutions	267 to 271
	Articles of association	272 to 277
	Remuneration Policy	285 to 288
	Share Plans	288 to 299
	The Company and its subsidiaries	299
Results Announcement	Interim financial statements for the Group for H1 FY21	9 to 30
Results Presentation	Revenue by segment – Prior year restatement table	32

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The IPO Prospectus, the Results Announcement and the Results Presentation can be accessed at www.auctiontechnologygroup.com/investors.

PART XVI

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Company and each of the Directors, whose names appear on page 49 of this Circular, accept responsibility for the information contained in this Circular. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and this Circular makes no omission likely to affect the import of such information.

2. THE COMPANY

The Company was incorporated and registered in England and Wales on 18 January 2021 with registered number 13141124 as a public company limited by shares with the name Auction Technology Group plc. The principal legislation under which the Company operates and under which the Shares will be issued is the Companies Act. The registered office of the Company is The Harlequin Building, 6th Floor 65 Southwark Street, London SE1 0HR. The registrars of the Company are Equiniti Limited. The ISIN of the Shares is GB00BMVQDZ64, the SEDOL is BMVQDZ6 and the Company's legal entity identifier is 213800U8Q9K2XI3WRE39. The Company trades under the name ATG. The telephone number of the Company is +44 203 725 5500. The website of the Company is www.auctiontechnologygroup.com. The contents of the website are not incorporated into this Circular.

The Company's accounting reference date is 30 September. The Company's auditors are Deloitte LLP of 1 New Street Square, London EC4A 3HQ. Deloitte LLP were appointed as auditors on 16 February 2021 and are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3. SHARE AND LOAN CAPITAL OF THE COMPANY

(a) The following is a summary of the changes in the issued share capital of the Company from 18 January 2021 (being the date of incorporation) to the Latest Practicable Date:

Date of change	Number of shares issued/redeemed	Nature of change	Aggregate nominal value (£)
18 January 2021.	One ordinary share of £0.01	Incorporation share issue	£0.01
25 January 2021.	50,000 redeemable preference shares of £1.00	Share issue	£50,000
16 February 2021.	One ordinary share of £0.01	Share issue	£0.01
25 February 2021.	905,869 A ordinary shares of £0.01 177,923 B ordinary shares of £0.01 117,002,040 A preference shares of £1.1258915 271,820 B preference shares of £1.02071233 441,672 C preference shares of £1.01150685	Share for share exchange pursuant to the IPO Reorganisation	£132,466,644.92
26 February 2021.	103,853 A ordinary shares of £0.01	Re-designation as deferred shares of £0.01 pursuant to the IPO Reorganisation	£1,038.53
26 February 2021.	802,016 A ordinary shares of £0.01 177,923 B ordinary shares of £0.01	Re-designation as ordinary shares of £0.01 pursuant to the IPO Reorganisation	£9,799.39

Date of change	Number of shares issued/redeemed	Nature of change	Aggregate nominal value (£)
26 February 2021......	802,016 A ordinary shares of £0.01 177,923 B ordinary shares of £0.01	Subdivision into Shares of 0.01 pence pursuant to the IPO Reorganisation	£9,799.39
26 February 2021......	39,233,357 Shares	Re-designation as deferred shares of 0.01 pence pursuant to the IPO Reorganisation	£392,333.57
26 February 2021......	41,239,257 Shares	Issue of Shares pursuant to the IPO	£4,123.93
26 February 2021......	103,853 A ordinary shares 39,233,357 Shares	Buyback of deferred shares	£3,924.37
26 February 2021......	117,715,532	Redemption of preference shares	£132,455,807
17 June 2021	19,999,990	Share issue pursuant to the Placing	£1,999.999

(b) The details of the ordinary and special resolutions passed by the Shareholders at a general meeting on 16 February 2021 in connection with the IPO, the IPO Reorganisation and general corporate matters, including the Buyback Authority, contained in the IPO Prospectus are incorporated by reference into this paragraph 3(b) of Part XVI (*Additional Information*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

(c) The Company's issued share capital, at the Latest Practicable Date is, 119,999,990 ordinary shares of 0.01 pence each.

(d) There are no Shares in issue not representing capital and there are no Shares held in treasury.

(e) The provisions of section 561(1) of the Companies Act (to the extent not disapplied pursuant to sections 570-571 of the Companies Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash and, upon Admission, will apply to any shares to be allotted by the Directors, except to the extent disapplied by the resolution incorporated by reference into in paragraph 2(b) above.

(f) Save as disclosed in this paragraph 2 and 13, no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(g) The Shares are not listed or traded on and no application has been or is being made for the admission of the Shares to listing or trading on any other stock exchange or securities market.

(h) With effect from Admission of the relevant New Shares, the New Shares will be in registered form and the New Shares will be capable of being held in uncertificated form. No temporary documents of title will be issued.

(i) Subject to the Companies Act, any equity shares issued by the Company for cash must first be offered to existing shareholders in proportion to their holdings of Shares. Both the Companies Act and the Listing Rules allow for disapplication of pre-emption rights which may be waived by a special resolution of the shareholders, either generally or specifically, for a maximum period not exceeding five years.

(j) Each New Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Share, as set out in the Articles. The New Shares will be denominated in Pounds Sterling.

4. ARTICLES OF ASSOCIATION

The summary of the Company's articles of association ("**Articles**") contained in the IPO Prospectus is incorporated by reference into this paragraph 4 of Part XVI (*Additional Information*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

The full provisions of the Articles are available for inspection as described in paragraph 21 below.

5. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE ORDINARY SHARES

(a) Mandatory bid

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

(i) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or

(ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. of the voting rights of the Company but does not hold Shares carrying more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Shares by the acquiror or its concert parties during the previous 12 months.

The parties to the Relationship Agreement (other than the Company), being the parties comprising TA Associates (TA XIII-A, L.P., TA XIII-B, L.P., TA Investors XIII, L.P., TA Investors IV EU AIV, L.P. and TA Subordinated Debt Fund IV, L.P.) (together, the "**Concert Party**") are treated by the Takeover Panel as acting in concert with each other.

As at the Latest Practicable Date, the Concert Party is interested (directly or indirectly) in approximately 26 per cent. of the voting rights of the Company. The individual members of the Concert Party and their respective holding is set out below:

	As at the Latest Practicable Date		Following the exercise of the Buyback Authority(1)
Member of Concert Party	**Number of Shares**	**Percentage of issued share capital**	**Percentage of issued share capital**
TA XIII-A, L.P.	17,718,210	14.77 per cent.	16.11 per cent.
TA XIII-B, L.P.	10,755,192	8.96 per cent.	9.78 per cent.
TA Investors XIII, L.P.	2,284,429	1.90 per cent.	2.08 per cent.
TA Investors IV EU AIV, L.P.	327,660	0.27 per cent.	0.30 per cent.
TA Subordinated Debt Fund IV, L.P.	13,093	0.01 per cent.	0.01 per cent.

(1) Assuming no New Shares or other Shares are issued, no member of the Concert Party has Shares bought back pursuant to the Buyback Authority and the Buyback Authority is exercised in full.

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's redemption or purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, concert parties with any of the directors. However, there is no presumption that all the directors (or any two or more directors) are concert parties solely by reason of a proposed redemption or purchase by a company of its own shares, or the decision to seek shareholders' authority for any such redemption or purchase.

Under Note 2 on Rule 37 of the Takeover Code, the exception in Note 1 on Rule 37 described above will not apply, and an obligation to make a mandatory offer may therefore be imposed, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when they had reason to believe that such a redemption or purchase of their own shares by the company would take place. Note 2 generally will not be relevant unless the relevant person knows that a redemption or purchase for which requisite shareholder authority exists is being, or is likely to be, implemented (whether in whole or in part).

The Takeover Panel must be consulted in advance in any case where Rule 9 of the Takeover Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30 per cent. or more but do not hold shares carrying more than 50 per cent. of the voting rights of a company, or may become interested in 30 per cent. or more on full implementation of the proposed purchase by the company of its own shares. In addition, the Takeover Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30 per cent. or more, or may be increased to 30 per cent. or more on full implementation of the proposed purchase by a company of its own shares.

In the present case, if the Company were to exercise its authority to purchase its own Shares referred to in paragraph 3(b)(e) of Part XIV (*Additional Information*) of the IPO Prospectus (which has been incorporated into this document by reference at paragraph 3(b) of this Part XVI (*Additional Information*)) (the "**Buyback Authority**") then the effect of Rule 37.1 of the Takeover Code is that, unless independent Shareholders approve a waiver of Rule 9 or the Takeover Panel grants a dispensation, a mandatory offer under Rule 9 would be required.

The Takeover Panel has however confirmed that, through disclosure in the IPO Prospectus, any obligation on the Concert Party to make a general offer pursuant to Rule 9 or Rule 37 of the Takeover Code that would otherwise arise in such circumstances as a result of the exercise of the Buyback Authority in full over Shares not held by members of the Concert Party is waived.

6. DIRECTORS AND SENIOR MANAGERS

Details of the relevant expertise, experience and length of service of the Directors and Senior Managers are set out in Part XI (*Directors, Senior Managers and Corporate Governance*) of this Circular.

7. INFORMATION ON THE DIRECTORS

(a) Details of the names of companies and partnerships (excluding directorships of the Company or of its subsidiaries) of which the Directors and Senior Managers are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this document:

Name	Current directorships and partnerships	Past directorships and partnerships
Directors		
Breon Corcoran	Worldremit Finance Limited	Betfair Group Limited/PLC
	Worldremit Group Limited	Paddy Power Betfair PLC
	Worldremit Holding Limited	The Sporting Exchange (Clients) Limited
		The Sporting Exchange Limited
		Tilney Smith & Williamson Limited
		TSE Holdings Limited
		Worldremit Limited
John-Paul Savant	*None*	*None*
Tom Hargreaves	*None*	*None*
Scott Forbes	Ascential PLC	Innasol Group Limited
	Cars.com Inc.	Rightmove PLC
	1 & 2 Onslow Gardens Limited	Travelport Worldwide Inc.
	44 Cranley Gardens Management Limited	

Name	Current directorships and partnerships	Past directorships and partnerships
Penny Ladkin-Brand	Brand and Brand Consulting Limited Next Fifteen Communications Group PLC Media Trust Trading Limited The Media Trust	A&S Publishing Company Limited Ascent Publishing Limited Barcroft Media Limited Barcroft Productions Limited Barcroft Studios Limited Beach Magazines and Publishing Limited Castelnau Court Management Limited Centaur Consumer Exhibitions Limited CTW Media Limited Fascination (Holdings) Limited Futurefolio Limited Future Holdings 2002 Limited Future IP Limited Future Network Limited Future New1 Limited Future PLC Future Publishing Holdings Limited Future Publishing Limited Future Publishing (Overseas) Limited FXM International Limited Imagine Publishing Limited MCV Media UK Limited Miura (Holdings) Limited Mobile Entertainment Limited Newbay Media Europe Limited Newbay Media UK Holdco Limited Noble House Media Limited Sarracenia Limited Skaro (Holdings) Limited
Morgan Seigler	TA Associates (UK), LLP	Rapid Holdings Limited
Senior Managers		
Badrudin Khan	*None*	*None*
Richard Lewis	*None*	*None*
Dan Pennington	*None*	*None*
Marika Clemow	*None*	*None*

(b) Penny Ladkin-Brand was a director of the following companies when they were placed into solvent liquidation as a result of a creditors' voluntary liquidation:

(i) MCV Media UK Limited (solvent dissolution on 24 October 2018);

(ii) Mobile Entertainment Limited (solvent dissolution on 24 October 2018); and

(iii) CTW Media Limited (solvent dissolution on 26 October 2018).

(c) Save as disclosed in paragraph 7(b) above, none of the Directors or Senior Managers:

(i) has any convictions in relation to fraudulent offences for at least the previous five years; or

(ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership, administration or liquidation for at least the previous five years; or

(iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

8. DIRECTORS', SENIOR MANAGERS' AND OTHERS' INTERESTS

(a) On IPO, the Remuneration Committee granted the following awards to acquire Shares under the pre-Admission Equity Awards and the LTIP:

Name	Number of Shares subject to the pre-Admission Equity Award	Number of Shares subject to the LTIP Award
Directors		
John-Paul Savant	83,409	106,250
Tom Hargreaves	97,261	81,250
Senior Managers		
Badrudin Khan	97,321	35,833
Richard Lewis	–	10,000
Dan Pennington	46,172	24,330
Marika Clemow	42,334	23,114

(b) In addition to the options referred to in paragraph 8(a) above, the interests (all of which are beneficial unless otherwise stated) of the Directors and Senior Managers in the share capital of the Company as at the Latest Practicable Date are as follows:

Director/Senior Manager	Number of Shares	Percentage of issued share capital (%)
Directors		
Breon Corcoran	729,497	0.6%
John-Paul Savant(1)	2,723,631	2.3%
Tom Hargreaves(1)	1,580,496	1.3%
Scott Forbes	160,548	0.1%
Penny Ladkin-Brand	127,215	0.1%
Morgan Seigler(2)	–	–
Senior Managers		
Badrudin Khan(1)	770,366	0.6%
Richard Lewis(1)	1,414,117	1.2%
Dan Pennington(1)	483,931	0.4%
Marika Clemow(1)	403,848	0.3%

(1) Shares held directly, via ATG Nominees Limited and, in the case of John-Paul Savant, in the name of his spouse (Samantha Savant) and the Savant Discretionary Trust (whose trustees are John-Paul Savant and Samantha Savant).

(2) Morgan Seigler is not directly interested in any Shares but acts as a representative of TA Associates on the Board, whose interests are detailed in paragraph 8(d) of this Part XVI.

(c) Save as disclosed in paragraphs 8(a) and (b) above, no Director nor Senior Manager has any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its subsidiary undertakings. For the purposes of the Companies Act the Directors are considered to have an interest in Shares beneficially acquired by the EBT from time to time, as they are potential beneficiaries of the EBT.

(d) In addition to the interests of Directors and Senior Managers disclosed in paragraphs 8(a) and (b) above, as at the Latest Practicable Date the Company is aware of the following existing Shareholders of the Company who are interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

Name	**Number of Shares**	**Percentage of issued share capital**
TA Associates	31,098,584	25.92 per cent.
Jupiter	10,377,569	8.65 per cent.
ECI Partners	9,417,163	7.85 per cent.
BlackRock	8,983,872	7.49 per cent.
Capital World	8,335,148	6.95 per cent.
Caledonia (Private) Investments Pty Limited	7,077,092	5.86 per cent.
Aberdeen Standard Investments	6,831,032	5.69 per cent.
T. Rowe Price Group	3,991,540	3.33 per cent.

The voting rights of the Company's Shareholders are the same in respect of each Share held.

(e) Save as disclosed in paragraphs 8(a), (b) and (d) above, the Company is not aware of any person who, as at the Latest Practicable Date, holds 3 per cent. or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority). The Company is not aware of any person who, directly or indirectly owns or controls the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

(f) Other than in respect of Morgan Seigler (who acts as a representative of TA Associates on the Board), there are no potential conflicts of interest between any duties owed by the Directors or the Senior Managers to the Company and their private interests and/or other duties.

9. DIRECTORS' SERVICE AGREEMENTS

(a) On 17 February 2021, each of John-Paul Savant and Tom Hargreaves entered into a service agreement with the Company which took effect on IPO. John-Paul Savant's agreement is terminable by either him or the Company on not less than six months' prior written notice. Tom Hargreaves' agreement is terminable by either him or the Company on not less than six months' prior written notice. Under their respective agreements, John-Paul Savant and Tom Hargreaves are each entitled to receive an annual salary of £425,000 and £325,000 respectively.

(b) Save as set out in paragraph 9(a) above, there are no existing or proposed service agreements between the executive Directors and any member of the Group.

(c) Under the terms of their appointments as Non-Executive Directors of the Company, Breon Corcoran is entitled to an annual fee of £75,000, Scott Forbes is entitled to an annual fee of £60,000 (in respect of being a Director), £10,000 (in respect of being Chair of the Remuneration Committee) and £5,000 (in respect of his role as Senior Independent Director), and Penny Ladkin-Brand is entitled to an annual fee of £60,000 (in respect of being a Director), and £10,000 (in respect of being Chair of the Audit Committee). Each of the Non-Executive Directors has been appointed for an initial term of three years, subject to termination by either party on not less than one month's prior notice.

10. SUMMARY OF REMUNERATION AND BENEFITS

The summary of remuneration and benefits contained in the IPO Prospectus is incorporated by reference into this paragraph 10 of Part XVI (*Additional Information*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

11. PENSION ARRANGEMENTS

The Group operates a defined contribution pension scheme for employees within the Group.

The aggregate amount set aside by the Group to provide pension, retirement or similar benefits in relation to Directors and Senior Managers in the financial year ended 30 September 2020 was £31,200.

12. EMPLOYEES

12.1 The number of employees of the Group analysed by category of activity and geographical location at the end of each of the last three financial years ended 30 September and as at the Latest Practicable Date was as follows:

	FY18	FY19	FY20	As at the Latest Practicable Date
UK	**102**	**96**	**99**	**106**
Sales & Account Management	15	12	15	14
Content	24	21	23	23
Customer Service	17	14	11	12
Support Functions	46	49	50	57
Seattle, US[1]	**18**	**15**	**15**	**—**
Sales & Account Management	11	12	12	—
Content	—	—	—	—
Customer Service	—	—	—	—
Support Functions	7	3	3	—
Nebraska, US	**—**	**—**	**94**	**91**
Sales & Account Management	—	—	20	21
Content	—	—	—	—
Customer Service	—	—	42	34
Support Functions	—	—	32	36
Germany	**5**	**6**	**6**	**9**
Sales & Account Management	5	6	6	7
Content	—	—	—	—
Customer Service	—	—	—	—
Support Functions	—	—	—	2
Remote	**5**	**6**	**6**	**40**
Sales & Account Management	5	6	6	22
Content	—	—	—	—
Customer Service	—	—	—	—
Support Functions	—	—	—	18
TOTAL	**125**	**117**	**214**	**246**

(1) The physical office in Seattle, US was closed in FY21 and those previously working in that office became remote employees at that point.

12.2 In FY20, the average number of contractors/temporary employees working for the Group was 13.

13. SHARE PLANS

The summary of the principal terms of the Share Plans contained in the IPO Prospectus is incorporated by reference into this paragraph 13 of Part XVI (*Additional Information*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

14. THE COMPANY AND ITS SUBSIDIARIES

The details of the significant subsidiaries, subsidiary undertakings and other undertakings in which the Company has an interest held on a long-term basis and which the Company considers are likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses contained in the IPO Prospectus is incorporated by reference into this paragraph 14 of Part XVI (*Additional Information*), as described in Part XV (*Documents Incorporated by Reference*) of this document.

15. MATERIAL CONTRACTS AND RELATED PARTY TRANSACTIONS

15.1 Existing Group

(a) The following, and those items listed in Section A and Section B of Part XIII are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Existing Group within the two years immediately preceding the publication of this document and which are or may be material to the Existing Group or have been entered into by any member of the Existing Group at any time and contain a provision under which any member of the Existing Group has any obligation or entitlement which is material to the Existing Group at the date of this document:

(i) on 17 June 2021, the Company and the Joint Global Co-Ordinators entered into the Placing Agreement pursuant to which the Joint Global Co-Ordinators placed the Placing Shares with certain institutional and other investors (including John-Paul Savant and Tom Hargreaves). Pursuant to the Placing Agreement, the Company agreed to pay to the Joint Global Co-Ordinators a placing commission in aggregate amount equal to 2.5 per cent. of the aggregate value of the Placing Shares at the offer price of 1,220 pence per Placing Share and an additional discretionary commission equal to 0.25 per cent. of the aggregate value of the Placing Shares at the offer price of 1,220 pence per Placing Share.

The Company gave customary representations, warranties, indemnities and undertakings to the Joint Global Co-Ordinators, concerning, among other things, the accuracy of the information in the RNS announcements relating to the Placing, the information proposed to be included in this Circular and other matters relating to the Group and its business. The liability of the Company is unlimited as to amount and time.

Pursuant to the Placing Agreement, the Company has agreed, subject to customary exceptions, not to issue any Shares or rights to subscribe for Shares during the period of 180 days from Placing Shares Admission, without the prior written consent of the Joint Global Co-Ordinators;

(ii) on 17 June 2021, in connection with, and in order to facilitate, the Placing, the Company, Project Haka Limited (a directly owned subsidiary of the Company, which was incorporated for the purposes of the Placing and then subsequently dissolved on 6 July 2021) ("**PHL**") and J.P. Morgan Securities plc (the "**PHL Subscriber**") entered into a put and call option agreement (the "**Option Agreement**") pursuant to which the PHL Subscriber and the Company each agreed, on the terms and subject to the conditions thereto, to subscribe for 11 ordinary shares in the capital of PHL (the "**PHL Ordinary Shares**") and 87 PHL Ordinary Shares respectively. Additionally, the Company agreed to grant to the PHL Subscriber an option to require the Company to purchase from the PHL Subscriber, and the PHL Subscriber agreed to grant the Company an option to purchase, the 11 PHL Ordinary Shares held by the JerseyCo Subscriber in the event that (i) Placing Shares Admission did not occur prior to 8:00 a.m. on 22 June 2021 (or such later date as the Company and the PHL Subscriber may agree, being not later than 8:00 a.m. on 24 June 2021) or (ii) the Placing Agreement terminated in accordance with its terms prior to such date. Placing Shares Admission occurred on 22 June 2021 and this option has now lapsed;

(iii) on 17 June 2021, in connection with, and in order to facilitate the Placing, the Company, PHL and the PHL Subscriber entered into a subscription agreement and transfer agreement, pursuant to which:

- the PHL Subscriber agreed to subscribe for redeemable preference shares in the capital of PHL (the "**PHL Preference Shares**"), issued by PHL and credited as fully paid in consideration for a payment undertaking from the PHL Subscriber to PHL, undertaking to pay to (or at the direction of) PHL an amount equal to the proceeds of the Placing (the "**Subscription Amount**"); and

- the PHL Subscriber agreed to transfer to the Company, on the date of (but following) Placing Shares Admission, the PHL Ordinary Shares and the PHL Preference Shares held by the PHL Subscriber, the aggregate consideration for which was a price equal to the Subscription Amount, satisfied by the issue by the Company of the Placing Shares to placees participating in the Placing;

(iv) the Acquisition Agreement detailed in Part VII (*Principal Terms of the Acquisition*);

(v) the New Senior Facilities Agreement detailed in paragraph 16 of this Part XVI;

(vi) the documents effecting the IPO Reorganisation, including the Share-for-share Exchange Deed pursuant to which the Company was inserted as the new holding company for the Group;

(vii) on 17 February 2021, the Company (for itself and as agent for and on behalf of the Other IPO Selling Shareholders), ATL, the Directors, the IPO Core Selling Shareholders and the Joint Global Co-Ordinators entered into the IPO Underwriting and Sponsor Agreement pursuant to which (a) the

Company agreed, subject to certain conditions, to issue Shares at an offer price of 600 pence per Share; (b) the Company (as agent for and on behalf of the Other IPO Selling Shareholders) and the IPO Core Selling Shareholders agreed, subject to certain conditions, to sell certain Shares at an offer price of 600 pence per Share; and (c) each Joint Global Coordinator severally agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers and/or purchasers for the Shares to be issued or sold under in connection with the IPO.

The Company (among others) gave customary representations, warranties, indemnities and undertakings to the Joint Global Co-Ordinators, concerning, among other things, the accuracy of the information in the IPO Prospectus, and other matters relating to the Group and its business and taxation. The liability of the Company is unlimited as to amount and time;

(viii) on 17 February 2021, the Company and TA Associates entered into a relationship agreement (the "**Relationship Agreement**") which regulates the ongoing relationship between the Company and TA Associates. The principal purpose of the Relationship Agreement is to ensure that the Company can carry on as an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from TA Associates, on behalf of itself and its associates, that: (i) transactions and arrangements with it (and/or any of its associates) will be conducted at arm's length and on normal commercial terms (and, to the extent applicable, in compliance with the related party transaction rules set out in the Listing Rules); (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, and (iii) neither it nor any of its associates will propose or procure the proposal of a Shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Pursuant to the Relationship Agreement, TA Associates is able to appoint one Director to the Board for so long as its shareholding (together with that of any of its associates) in the Company is equal to or greater than 10 per cent. of the voting rights in the Company. TA Associates will consult in advance with, and shall provide any information or confirmation reasonably requested by, the Company's nomination committee regarding the identity, qualifications and suitability of any Director proposed to be nominated. TA Associates' appointed representative director may attend as an observer all meetings of the Audit and Remuneration Committees but shall not have voting rights at such meetings. In the event of any matter giving rise to a conflict of interest, the representative Director shall remove himself or herself from such meeting where the conflict of interest is discussed. TA Associates' first appointed representative Director is Morgan Seigler.

TA Associates has certain information rights in relation to (i) Board papers, provided that such papers will only be distributed to directors, employees and officers of TA Associates on a "need to know" basis and (ii) information reasonably required to discharge its accounting or other regulatory obligations. Such information rights shall not apply where the Board (acting reasonably) determines that such information constitutes confidential information relating to a conflicted transaction. TA Associates has also undertaken to hold information it receives on the Group in confidence and in accordance with applicable law. The Relationship Agreement confirms that TA Associates and its associates are not restricted from competing with the Group.

The Relationship Agreement will continue for so long as (a) the Shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities, and (b) TA Associates and its associates are entitled to exercise or to control the exercise of, in aggregate, 10 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

The Directors believe that the terms of the Relationship Agreement enable the Group to carry on its business independently of TA Associates;

(ix) on 5 February 2021 (in the case of Jupiter, Caledonia and Capital World) and 16 February 2021 (in the case of BlackRock (together with Jupiter, Caledonia and Capital World the "**IPO Cornerstone Investors**")), in connection with the IPO, the Company, TA Associates, ECI 11 L.P. and the IPO Cornerstone Investors entered into the cornerstone investment agreements (the "**IPO Cornerstone Investment Agreements**").

Subject to the terms of the IPO Cornerstone Investment Agreements, the IPO Cornerstone Investors agreed to acquire, in aggregate, £125 million of Shares in connection with the IPO, consisting of a commitment of £45 million from Jupiter, £35 million from Caledonia, £25 million from BlackRock and £20 million from Capital World (each an "**IPO Cornerstone Commitment**"). Each IPO Cornerstone Investment Agreement was entered into on substantially the same terms and contained and obligation on each Cornerstone Investor to subscribe and/or purchase Shares in connection with the IPO, to the aggregate value of its IPO Cornerstone Commitment;

(x) on 29 January 2021, the Company and the Trustee of the EBT entered into a loan and subscription agreement, for the subscription of up to a further 11,123 ATL B Ordinary Shares in connection with the IPO;

(xi) on 27 January 2021, the Company and each of Breon Corcoran, Scott Forbes and Penny Ladkin-Brand entered into clawback agreements (the "**Clawback Agreements**") relating to the issue of certain ATL A Ordinary Shares and Preference Shares to each of Breon Corcoran, Scott Forbes and Penny Ladkin-Brand. Under the terms of the Clawback Agreements, the parties agreed that if, following the date of the Clawback Agreements, TA Associates determined that Breon Corcoran, Scott Forbes or Penny Ladkin-Brand shall not be appointed as a director of the Group's holding company, the Company may issue a sale notice, requiring Breon Corcoran, Scott Forbes or Penny Ladkin-Brand (as the case may be) to transfer the Shares held by that person to a party notified by the Company for consideration of the issue price of such Shares;

(xii) on 16 October 2020, Auction Mobility, Fortis Advisors LLC (as sellers' representative), ATG AM Merger Sub, LLC ("**Auction Mobility Merger Sub**") and ATG Media US Inc. (as buyer) ("**ATG Media**") entered into an agreement and plan of merger relating to the Auction Mobility Acquisition by ATG Media by means of the merger of Auction Mobility Merger Sub with and into Auction Mobility. Auction Mobility has continued as the surviving entity and wholly-owned subsidiary of ATG Media (the "**Auction Mobility Merger Agreement**").

Under the terms of the Auction Mobility Merger Agreement, existing securities in Auction Mobility were cancelled and ceased to exist and were converted into the right for each seller to receive their portion of the consideration payable by ATG Media, with a base cash consideration amount of $33,000,000. A subsequent earnout payment of up to $10,000,000 may also be payable by Auction Mobility no later than five business days following the final determination of the amount of the earnout payment, with an initial determination as to value due by no later than 31 March 2022. The earnout payment is based on the calculation of Auction Mobility's contractually recurring or re-occurring revenue for the three months ending 31 December 2021.

Customary warranties and representations were provided by the parties to the Auction Mobility Merger Agreement. In addition, the sellers, being each holder of units in Auction Mobility, provided a series of indemnities to ATG Media and Auction Mobility Merger Sub in respect of losses arising out of breaches of certain representations and warranties made by Auction Mobility, subject to certain customary limitations.

In connection with the entry into the Auction Mobility Merger Agreement, certain individual shareholders of Auction Mobility entered into restrictive covenant agreements in favour of ATG Media, for a period of three years following completion of the Auction Mobility Merger Agreement or their termination, whichever is longer;

(xiii) between September and November 2020, ATL made a series of loans to certain employees and executives in relation to tax payable on the acquisition of its shares, totalling £36,879.49 in respect of UK employees (carrying interest at a rate of 2.25 per cent. per annum) and $57,874.71 in respect of US employees (bearing interest at a rate of 0.35 per cent. per annum). Such sums were repaid on IPO;

(xiv) on 13 February 2020, ATL, Auction Midco Limited and the shareholders of ATL, amongst others, entered into a shareholders' agreement (the "**Shareholders' Agreement**") which regulates the relationship of the shareholders of ATL ("**ATL Shareholders**") as shareholders in ATL. The Shareholders' Agreement contains provisions that, together with ATL's articles of association, govern matters such as: decisions requiring the consent of ATL Shareholders (or the holders of particular classes of shares in ATL, as the case may be) or directors (or certain members of the boards of ATL or certain of its subsidiaries, as the case may be); anti-dilution provisions; board composition and appointment rights; proceedings of the boards of ATL and its subsidiaries; ATL Shareholder information rights; restrictions on share transfers; exit events (including sale processes and initial public offerings); and corporate governance matters. The Shareholders' Agreement terminated automatically upon IPO and no longer regulates the activities of the Group;

(xv) on 13 February 2020, Auction MidCo constituted subordinated loan notes of $13,000,000 in aggregate (the "**Subordinated Loan Notes**"). The Subordinated Loan Notes were repayable as a bullet repayment on 13 February 2027 or otherwise on a change of control or sale of all or substantially all of the assets of the Group. Interest accrued daily at a rate of 12 per cent. per annum. The Subordinated Loan Notes were repaid in full on IPO;

(xvi) on 13 February 2020, the Company constituted subordinated loan notes of £385,000 in aggregate (the "**Unsecured Loan Notes**"). The Unsecured Loan Notes were repayable as a bullet repayment on 13 February 2027 or otherwise on a change of control or sale of all or substantially all of the assets of the Group. Interest accrued daily at a rate of 12 per cent. per annum. The Unsecured Loan Notes were repaid in full on IPO;

(xvii) the Old Senior Facilities Agreement referred to in paragraph 16.1 below;

(xviii) on 23 January 2020, Proxibid, Inc. ("**Proxibid**"), Shareholder Representative Services LLC (as sellers' representative), PXB Merger Sub Inc. ("**Proxibid Merger Sub**") and Proxibid Bidco, Inc. (as buyer) ("**Proxibid Bidco**") entered into an agreement and plan of merger relating to the Proxibid Acquisition by Proxibid Bidco by means of the merger of Proxibid Merger Sub with and into Proxibid. Proxibid has continued as the surviving corporation and wholly-owned subsidiary of Proxibid Bidco (the "**Proxibid Merger Agreement**"). The Proxibid Merger Agreement completed on 13 February 2020, concurrently with the Majority SPA (as defined below).

Under the terms of the Proxibid Merger Agreement, existing securities in Proxibid were cancelled and ceased to exist and were converted into the right for each seller (being each holder of outstanding shares of capital stock and options in Proxibid) to receive their pro-rata portion of the consideration payable by Proxibid Bidco, with a base cash consideration amount of $67,000,000.

Customary warranties and representations were provided by the parties to the Proxibid Merger Agreement. In addition, the sellers and Proxibid Bidco provided a series of indemnities to one another in respect of losses arising out of breaches of certain of the representations, warranties and covenants made under the Proxibid Merger Agreement, subject to certain customary limitations. Furthermore, certain key employees and holders of securities in Proxibid entered into restrictive covenant agreements restricting their involvement in activities that could constitute competition with the business of Proxibid, for a period of 2 years following completion of the Proxibid Merger Agreement;

(xix) on 23 January 2020, ECI 9A LP, ECI 9B LP, The Income and Growth VCT PLC, Mobeus Income and Growth VCT PLC, Mobeus Income and Growth 2 VCT PLC, Mobeus Income and Growth 4 VCT PLC and various individual shareholders including Tom Hargreaves, Samantha Monica Savant (spouse of John-Paul Savant) and certain employees of the group of Turner Topco Limited ("**TTL**")) (as sellers) (together the "**Majority Sellers**"), Auction Bidco Limited (as buyer) ("**Auction Bidco**"), and John-Paul Savant (as warrantor and in respect of the sale of shares by his spouse), amongst others, entered into a share sale agreement relating to the sale of approximately 96.4 per cent. of the entire issued share capital of TTL (the "**Majority Shares**") to Auction Bidco (the "**Majority SPA**"). The Majority SPA completed on 13 February 2020, concurrently with the Proxibid Merger Agreement and the Minority SPA (as defined below).

Under the terms of the Majority SPA, the Majority Sellers disposed of the Majority Shares (being the entire interest in TTL held by the Majority Sellers) to Auction Bidco for cash consideration equal to £72,499,200.50 plus the issue to the Majority Sellers of £4,821,837 unsecured loan notes, subject to any adjustment required in respect of non-permitted payments made prior to completion of the Majority SPA.

Customary warranties and representations were provided by the Majority Sellers and certain warranties were also provided by John-Paul Savant under the Majority SPA. In addition, the Majority Sellers agreed to indemnify Auction Bidco and each member of TTL's corporate group against certain employment-related liabilities, up to an aggregate amount not exceeding £1,153,846.05. Certain of the Majority Sellers and John-Paul Savant also covenanted with Auction Bidco that they would not carry on or be engaged in certain online auction-related activities that could constitute competition with the business of any member of the group of TTL for a period of two years from the date of completion of the Majority SPA;

(xx) on 23 January 2020, certain individual shareholders of TTL (as sellers) (the "**Minority Sellers**") and Auction Bidco (as buyer) entered into a share sale agreement relating to the sale of approximately 3.6 per cent. of the issued share capital of TTL (the "**Minority Shares**") to Auction Bidco (the "**Minority SPA**"). The Minority SPA completed on 13 February 2020, concurrently with the Proxibid Merger Agreement and the Majority SPA.

Under the terms of the Minority SPA, the Minority Sellers disposed of the Minority Shares (being the entire interest in TTL held by the Minority Sellers) to Auction Bidco for a cash consideration amount equal to £2,404,925.96 plus the issue to the Sellers of £4,823,126 unsecured loan notes.

Customary warranties and representations were provided by the Minority Sellers under the Minority SPA;

(xxi) on 31 December 2018, Russ Hilk and Michael Long (as sellers) (the "**Wavebid Sellers**"), Wavebid and Proxibid, Inc. (as buyer) (the "**Wavebid Buyer**") entered into an asset purchase agreement relating to the Wavebid Acquisition, being the acquisition by the Wavebid Buyer of certain assets of Wavebid, a provider of auction management solutions and integrations with various online marketplaces, primarily in North America and the UK (the "**Wavebid Assets**") (the "**Wavebid Asset Purchase Agreement**"). The Wavebid Asset Purchase Agreement completed on 31 December 2018 and was subsequently amended by an amendment letter dated 20 January 2020.

Under the terms of the Wavebid Asset Purchase Agreement (as amended), the Wavebid Sellers sold to the Wavebid Buyer the Wavebid Assets in return for the following consideration:

- upon closing of the Wavebid Asset Purchase Agreement, the issue by the Wavebid Buyer to Wavebid of a promissory note payable in the principal amount of $1,500,000 with a maturity date of 3 January 2019;
- upon the first anniversary of the closing date, payment by the Wavebid Buyer to Wavebid of the cash sum of $484,000;
- upon the second anniversary of the closing date, payment by the Wavebid Buyer to Wavebid of the cash sum of $483,000; and
- upon the third anniversary of the closing date, payment by the Wavebid Buyer to Wavebid of the cash sum of $483,000.

In addition, the following was included in the Wavebid Asset Purchase Agreement (as amended) by way of additional consideration:

- on 31 December 2020, payment by the Wavebid Buyer to Wavebid of the cash sum of $666,667; and
- on 3 December 2021, payment by the Wavebid Buyer to Wavebid of the cash sum of $666,667.

The Wavebid Sellers and Wavebid provided a series of representations and warranties to the Wavebid Buyer in respect of Wavebid and the Wavebid Assets, in return for the provision of certain representations and warranties by the Wavebid Buyer in respect of itself. The Wavebid Sellers and Wavebid also indemnified the Wavebid Buyer in respect of any losses suffered by the Wavebid Buyer arising out of, inter alia, any breach of the representations and warranties provided by the Wavebid Sellers and Wavebid.

Under the Wavebid Asset Purchase Agreement certain restrictions were placed upon the business activities of the Wavebid Sellers and Wavebid for a period of three years following the closing date;

(xxii) on 8 May 2018, Metropress Limited (as seller) (the "**Catalogue Printing Seller**") and Park Communications Limited (as buyer) (the "**Catalogue Printing Buyer**") entered into a business purchase agreement relating to the acquisition by the Catalogue Printing Buyer of certain assets of the catalogue printing business owned and carried on by the Catalogue Printing Seller as a going concern (the "**Catalogues Business**") (the "**Catalogues Business Disposal Agreement**"). The Catalogues Business Disposal Agreement completed on 7 June 2018.

Under the terms of the Catalogues Business Disposal Agreement, the Catalogue Printing Seller sold to the Catalogue Printing Buyer the Catalogues Business as a going concern for a consideration payable by the Catalogue Printing Buyer of £1.00. The Catalogue Printing Seller provided a series of warranties regarding the Catalogues Business to the Catalogue Printing Buyer, whilst the Catalogue Printing Buyer and Catalogue Printing Seller provided certain indemnities to one another in respect of various employment-related liabilities that might arise under the Catalogues Business Disposal Agreement; and

(xxiii) on 20 February 2018 (but with commercial effect from the effective date of 1 January 2018), Mr Jorg Wisniewski (as seller) (the "**Lot-tissimo Seller**"), fentus 82. GmbH (as buyer, subsequently re-named Auction Technology Group Germany GmbH) (the "**Lot-tissimo Buyer**"), amongst others, entered into a sale and transfer agreement relating to the sale of the entire issued interests in sph Softwarepartner Hamburg GmbH & Co. KG ("**Lot-tissimo (SPH KG)**") held and controlled by the Lot-tissimo Seller (the "**Lot-tissimo Interests**") to the Lot-tissimo Buyer (the "**Lot-tissimo Sale and Transfer Agreement**").

Under the terms of the Lot-tissimo Sale and Transfer Agreement, the Lot-tissimo Seller disposed of the Lot-tissimo Interests to the Lot-tissimo Buyer for cash consideration split across three payments:

- a payment of €1,818,000 upon closing of the Lot-tissimo Sale and Transfer Agreement;
- a payment of up to €2,080,000 on the first anniversary of closing, such sum to be reduced by the amount of any outstanding credits owed from the Lot-tissimo Seller to the Lot-tissimo Buyer under an associated service level agreement as at the relevant payment date; and
- a payment of up to €2,163,200 on the second anniversary of closing, such sum to be reduced by the amount of any outstanding credits owed from the Lot-tissimo Seller to the Lot-tissimo Buyer under an associated service level agreement as at the relevant payment date.

The Lot-tissimo Seller provided a series of guarantees regarding Lot-tissimo (SPH KG) to the Lot-tissimo Buyer and the Lot-tissimo Buyer provided certain indemnities to the Lot-tissimo Seller in respect of Lot-tissimo Seller liabilities arising following completion of the transaction. The Lot-tissimo Seller also provided to the Lot-tissimo Buyer a tax indemnity in respect of any Lot-tissimo (SPH KG) tax liabilities arising from matters relating to the period prior to 1 January 2018.

(b) Save as disclosed in Section A and Section B of Part XIII (*Historical Financial Information*) or this paragraph 15 of Part XVI of this document, the Existing Group has not been a party to any related party transaction from the start of the period covered by the historical financial information relating to the Existing Group to the Latest Practicable Date.

15.2 LiveAuctioneers Group

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the LiveAuctioneers Group within the two years immediately preceding the publication of this document and which are or may be material to the LiveAuctioneers Group or have been entered into by any member of the LiveAuctioneers Group at any time and contain a provision under which any member of the Group has any obligation or entitlement which is material to the LiveAuctioneers Group at the date of this document:

(i) the Acquisition Agreement detailed in Part VII (*Principal Terms of the Acquisition*);

(ii) on 21 May 2019, Platinum Purchaser, Inc. (as initial borrower), LiveAuctioneers, Inc. and LiveAuctioneers, LLC (as borrowers) (collectively, the "**2019 Credit Agreement Borrowers**") and Platinum Intermediate, Inc. entered into a credit agreement with various the financial institutions (as lenders) (the "**2019 Credit Agreement Lenders**") and Capital One, National Association (as agent, sole bookrunner and sole lead arranger) ("**Capital One**") (the "**2019 Credit Agreement**").

Under the 2019 Credit Agreement, the 2019 Credit Agreement Lenders agreed to extend to the 2019 Credit Agreement Borrowers certain term credit and working capital facilities to fund, *inter alia*, part of the purchase price payable for LiveAuctioneers, LLC becoming a wholly-owned subsidiary of LiveAuctioneers, Inc. The specific facilities contained within the 2019 Credit Agreement include:

- a first term loan in an original principal amount equal to $20,300,000 and a second term loan in an original principal amount equal to $48,450,000, both repayable via quarterly instalment payments until (and including) the fiscal quarter ending 31 March 2025, with any remaining balance payable in full on 21 May 2025;
- a series of revolving loans, not to exceed a specified aggregate limit of $5,000,000 and repayable in full on 21 May 2024;
- swing loans associated with the revolving loans, up to an aggregate principal amount of $2,500,000 and repayable in full on 21 May 2024; and
- the issue of requested letters of credit, the aggregate obligations in respect of which not to exceed $2,500,000.

The 2019 Credit Agreement includes financial covenants in respect of the level of borrowing thereunder including the ratio of total debt to Adjusted EBITDA (as such term is defined in the 2019 Credit Agreement).

The 2019 Credit Agreement was amended on 28 December 2020 pursuant to an agreement between, amongst others, Platinum Purchaser, Inc. (as initial borrower), LiveAuctioneers, Inc. and LiveAuctioneers LLC (as borrowers) (the "**2020 Credit Agreement Borrowers**") the financial institutions from time to time party thereto (as lenders) (the "**2020 Credit Agreement Lenders**") and Capital One (as administrative and collateral agent) (the "**2020 Credit Agreement Amendment**").

Under the terms of the 2020 Credit Agreement Amendment, the 2020 Credit Agreement Lenders agreed, *inter alia*, to increase the principal amount of the two term loans initially made available under the 2019 Credit Agreement in aggregate principal amounts of $7,810,266.22 and $18,640,758.53, respectively. The sums then outstanding on the 2019 Credit Agreement (as amended by the 2020 Credit Agreement Amendment) will be repaid in full, and the 2019 Credit Agreement terminated, on Completion; and

(iii) on 21 May 2019, in the context of the proposed acquisition of LiveAuctioneers, Inc. by Platinum Parent, Inc., Platinum Parent, Inc. and the shareholders of Platinum Parent, Inc., including Cove Hill Partners Fund I, L.P., CHP Investment Partners, LLC and CHP Strategic Partners, LLC, entered into a shareholders' agreement (the "**Platinum Parent Shareholders' Agreement**") which regulates the relationship of the shareholders of Platinum Parent, Inc. (the "**Platinum Parent Shareholders**") in their capacity as shareholders in Platinum Parent, Inc.

The Platinum Parent Shareholders' Agreement contains provisions that, together with Platinum Parent, Inc.'s articles of association, govern matters including: voting requirements for the Platinum Parent Shareholders in respect of certain decisions such as director appointments and specified significant transactions; restrictions placed upon the transfer of shares in Platinum Parent, Inc. by the Platinum Parent Shareholders subject to certain exceptions; Platinum Parent Shareholder tag-along and drag-along disposal rights; Platinum Parent Shareholder disposal rights in respect of certain recapitalisation-related transactions; the approach to dealing with options held over the share capital of Platinum Parent, Inc. by Platinum Parent, Inc. employees; the rights of participation of the Platinum Parent Shareholders in certain transactions relating to Platinum Parent, Inc.'s share capital; and certain covenants binding the Platinum Parent Shareholders, including information rights. The Platinum Parent Shareholders' Agreement will be terminated at Completion and will no longer regulate the activities of Platinum Parent, Inc. and the Platinum Parent Shareholders following Completion.

16. FINANCING ARRANGEMENTS

16.1 Old Senior Facilities Agreement

On 25 June 2021, the Group repaid all outstanding indebtedness in relation to the Old Senior Facilities Agreement and all facilities thereunder were cancelled. The security provided by the Group in connection with the Old Senior Facilities Agreement has also been released.

16.2 New Senior Facilities Agreement

Conditional upon customary conditions, the Company and certain of its subsidiaries have entered into a senior facilities agreement dated 17 June 2021 and made between the Company (as Parent), Auction Bidco Limited (as Original Borrower), the Company and certain of its subsidiaries (as Original Obligors), HSBC UK Bank plc , Fifth Third Bank NA, Lloyds Bank plc, National Westminster Bank plc, Silicon Valley Bank and The Governor and Company of the Bank of Ireland (as Arrangers and Original Lenders) and National Westminster Bank plc (as Agent and Security Agent) (the "**New Senior Facilities Agreement**"). Pursuant to the terms of the New Senior Facilities Agreement, the Original Lenders (as defined therein) have agreed to make available to Auction Bidco Limited:

(1) a $183 million senior term loan facility (the "**New Senior Term Facility**"); and

(2) a $70 million multicurrency revolving credit working capital facility (the "**New Revolving Credit Facility**" and together with the New Senior Term Facility, the "**New Facilities**").

There is added flexibility in the New Senior Facilities Agreement permitting the Company to re-designate up to $21 million of the New Revolving Credit Facility as part of the New Senior Term Facility.

Interest will be calculated as the sum of Margin and SONIA and shall be payable on the last day of each interest period. "**Margin**" means 3.50 per cent. per annum in respect of a loan under the New Senior Term Facility and 3.25 per cent. per annum in respect of a loan under the New Revolving Credit Facility, in each case, subject to a customary Margin ratchet.

Cross-company guarantees have been provided throughout the Group and a full security package, constituting a fixed and floating charge (or the equivalent in the relevant company's jurisdiction of incorporation, if any) over the assets of the Company and its subsidiaries, has also been granted in favour of the Security Agent by way of security in connection with the New Facilities provided.

The New Senior Facilities Agreement will limit the ability of the Company and its subsidiaries to pay dividends, make certain restricted payments and investments (including acquisitions), enter into certain transactions, transfer or otherwise sell or dispose of assets, grant certain security and/or provide guarantees and incur additional debt to the extent that an enforcement event (i.e. the lender enforcing the security it holds over the Group's assets) has occurred thereunder.

The New Senior Facilities Agreement contains an "adjusted net leverage" covenant which tests the ratio of "total net debt" against "Adjusted EBITDA" (as such term is defined in the New Senior Facilities Agreement) and an "interest cover" ratio which tests the ratio of "EBITDA" against "net finance charges", in each case, as at the last date of each financial quarter, commencing with the financial quarter ending 30 September 2021.

The New Senior Term Facility is expected to be drawn in full on or immediately prior to Completion and will be due for repayment on 17 June 2026. The Company has no current plans to draw on the New Revolving Credit Facility. Any sums then outstanding under the New Revolving Credit Facility will be due for repayment on 17 June 2024, subject to the optionality (at the request of the Company and subject to the discretion of the Original Lenders) of two 12-month extensions.

17. WORKING CAPITAL

The Company is of the opinion that, taking into account the New Senior Facilities Agreement and subject to Completion, the Combined Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Circular.

18. SIGNIFICANT CHANGE

18.1 Existing Group

Other than the Placing and the New Senior Facilities Agreement, there has been no significant change in the financial performance or financial position of the Existing Group since 31 March 2021, being the end of the last financial period for which financial information has been published in respect of the Existing Group.

18.2 LiveAuctioneers Group

There has been no significant change in the financial performance or financial position of the LiveAuctioneers Group since 31 December 2020, being the end of the last financial period for which financial information has been published in respect of the LiveAuctioneers Group.

19. LITIGATION

19.1 Existing Group

There were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), in the 12 months immediately preceding the date of this document which may have, or have had in the recent past, significant effects on the Company and/or Existing Group's financial position or profitability.

19.2 LiveAuctioneers Group

(a) The LiveAuctioneers Group contracts with a third-party supplier, to provide a development analytics tool in relation to the LiveAuctioneers Group's IT infrastructure and systems. In June 2020, an unauthorised third party was able to access certain of that supplier's systems and thereby was able to access that supplier's IT systems and a number of that supplier's partners' IT systems, including the LiveAuctioneers Group's systems, and was able to access personal information from the LiveAuctioneers Group's bidder database. The data breach compromised the personal information of 3.4 million users of the LiveAuctioneers Group's platform. The data that was exposed as a result of this unauthorised access included user account information such as names, email addresses, mailing addresses, phone numbers, and encrypted passwords. The unauthorised third party was able to decrypt the passwords following the unauthorised access to the LiveAuctioneers Group's systems. The LiveAuctioneers Group took steps to mitigate the results of this unauthorised access upon becoming aware of it, including resetting bidder account passwords, notifying bidders and recommending that they change the password to any other online account which had used the same password.

As a result of this data breach incident, the LiveAuctioneers Group is currently subject to individual claims against it and litigation and is potentially exposed to regulatory action and/or further individual claims and litigation. The Company understands that the vast majority of such individual claims have not resulted in formal legal proceedings and are speculative and low value. Additionally, in the one instance of which the Company is aware where formal proceedings have been brought, on 21 May 2021 the Southern District Court of New York found that the terms and conditions of the LiveAuctioneers Group provided for such a claim to be determined via arbitration and that such terms were enforceable against the claimant. Such proceedings have subsequently been voluntarily dismissed with prejudice. Nonetheless, there is a risk that these claims or litigation and/or any future such claims or litigation could have a material adverse effect on the LiveAuctioneers Group's and (subject to Completion) the Combined Group's business, financial condition, results of operations and prospects.

As part of its regulatory obligations the LiveAuctioneers Group notified relevant regulatory authorities in 2020, including various data protection regulators in the US, the UK, Canada, the EU and elsewhere. The LiveAuctioneers Group has received confirmation from some of these regulators that no regulatory action will be taken, however there remains a risk that the LiveAuctioneers Group could face regulatory action in the future in relation to the attack, which could have a material adverse effect on the LiveAuctioneers Group's and (subject to Completion) the Combined Group's business, financial condition, results of operations and prospects.

(b) Save as disclosed in paragraph 19.2(a), there were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), in the 12 months immediately preceding the date of this document which may have, or have had in the recent past, significant effects on Platinum Parent, Inc. and/or the LiveAuctioneers Group's financial position or profitability.

20. GENERAL

20.1 The total costs (including fees and commissions) (exclusive of VAT) payable by the Company in connection with the Placing, Acquisition and the New Senior Facilities Agreement are estimated to amount to £21.5 million.

20.2 Deloitte LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of the reports in Part One of Section C of Part XIII (*Historical Financial Information of the LiveAuctioneers Group*) and Section A of Part XIV (*Unaudited Pro Forma Financial Information on the Combined Group*) in the form and context in which they appear for the purposes of Listing Rule 13.4.1R(6). A written consent under the Listing Rules is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act. Deloitte LLP has not filed and will not be required to file a consent under Section 7 of the U.S. Securities Act.

20.3 OC&C has given and not withdrawn its consent to the inclusion of information compiled by them in this Circular which has been attributed to OC&C in the form and in the context in which it appears and OC&C has authorised the Company to include such information in the form and in the context in which it appears.

20.4 Numis has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it is included.

20.5 J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it is included.

20.6 The financial information set out in this Circular relating to the Existing Group does not constitute statutory accounts within the meaning of section 434 of the Companies Act. Deloitte LLP of 1 New Street Square, London, EC4A 3HQ has given unqualified audit reports on the statutory accounts of Turner Topco Limited for each of the financial years ended 30 September 2018 and 30 September 2019, and on the statutory accounts of Auction Topco Limited for the period ended 30 September 2020, within the meaning of section 495 of the Companies Act. None of these reports contained any statements under section 498 (2) or (3) of the Companies Act. Statutory accounts of the Existing Group for each of the three financial years ended 30 September 2018, 2019 and 2020 have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the 441 of the Companies Act.

20.7 The financial information set out in this Circular relating to the LiveAuctioneers Group does not constitute statutory accounts within the meaning of section 434 of the Companies Act.

20.8 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.

21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the Company's registered office for the period of 12 months following the date of this Circular (provided that inspection of such documents in person may only take place in accordance with the measures imposed by the UK Government in connection with the COVID-19 pandemic) and, in respect of items (a) to (d), on the Company's website at www.auctiontechnologygroup.com:

(a) this Circular;

(b) the Articles;

(c) the service agreements and letters of appointment referred to in this Part XVI;

(d) the letters of consent referred to in paragraphs 20.2 to 20.5 above; and

(e) the Acquisition Agreement.

Dated: 4 August 2021

PART XVII

GLOSSARY

"**A&A**"	Arts and Antiques
"**Auction Mobility**"	Auction Mobility LLC
"**bidder sessions**"	web sessions on the Marketplaces online within a given timeframe
"**BidSpotter UK**"	the Group's Marketplace operated via the www.BidSpotter.co.uk domain
"**BidSpotter US**"	the Group's Marketplace operated via the www.BidSpotter.com domain
"**Big 4**"	Christie's, Sotheby's, Phillips and Bonhams auction houses
"**CAGR**"	compound annual growth rate
"**consignor**"	a person or entity that appoints an auction house to act as agent on its behalf for the sale of specific assets
"**conversion rate**"	the proportion of bidders on the Marketplaces or Platform who make successful bids
"**Core I&C Segments**"	manufacturing, construction and agricultural equipment, which are the Group's three core segments in the I&C vertical
"**CS&R**"	Consumer Surplus and Returns
"**CRM**"	customer relationship management
"**DACH region**"	Austria, Germany and Switzerland
"**EBITDA**"	earnings before interest, taxes, depreciation and amortisation
"**GAP**" or "**Platform**"	the Group's global auction platform
"**GMV**"	gross merchandise value, representing the total final sale value of all lots sold via winning bids placed on the Marketplaces or the Platform, excluding additional fees (such as online fee and auctioneer's commissions) and sales of retail jewellery (being new, or nearly new, jewellery)
"**I&C**"	Industrial and Commercial
"**i-bidder**"	the Group's Marketplace operated via the www.i-bidder.com domain
"**live auctions**"	similar to the traditional auction format, whereby lots are run consecutively from the first to the last lot, with no fixed time for specific items
"**live online-only auctions**"	live auctions which are held entirely online (with no in-room or telephone bidders)
"**LiveAuctioneers**" or the "**LiveAuctioneers Marketplace**"	the LiveAuctioneers Group's Marketplace operated via the www.LiveAuctioneers.com domain
"**Lot-tissimo**"	the Group's Marketplace operated via the www.lot-tissimo.com domain
"**Marketplaces**"	the online auction marketplaces operated by the Group or the LiveAuctioneers Group (as the case may be)
"**Mid-Market**"	A&A auctions with realised lot values between £100 and £25,000

"**net revenue retention**"	revenue in a financial period generated by the pool of auctioneers from whom revenue was generated in the prior financial period, expressed as a percentage of the revenue generated by the prior year auctioneers in the prior financial period
"**North America**"	US and Canada
"**Online-only THV**"	THV from timed or live online-only auctions hosted exclusively on the Marketplaces or Platform
"**online share**"	GMV as a percentage of THV
"**Proxibid**"	the Group's Marketplace operated via the www.proxibid.com domain
"**registered bidder accounts**"	bidder accounts registered on the Marketplaces or Platform at the end of the relevant financial period
"**SaaS**"	software as a service
"**SEO**"	search engine optimisation
"**TAM**"	total addressable market, being the total market demand for products in a sector
"**take rate**"	Marketplace revenue as a percentage of GMV. Marketplace revenue is revenue excluding Content revenue and, in respect of the Existing Group, Auction Services revenue
"**The Saleroom**"	the Group's Marketplace operated via the www.the-saleroom.com domain
"**THV**"	total hammer value, representing the total final sale value of all lots listed on the Marketplaces or the Platform, excluding additional fees (such as online fee and auctioneer's commissions) and (i) excluding, in the case of the Existing Group, the Standalone ATG Group and the Standalone Proxibid Group, sales of retail jewellery (being new, or nearly new, jewellery) and (ii) excluding, in the case of the LiveAuctioneers Group, items sold by Jasper52
"**timed auctions**"	auctions which are held entirely online (with no in-room or telephone bidders) and where lots are only made available to online bidders for a specific, pre-determined timeframe
"**unique active bidders**"	Registered bidder accounts that placed bids during the year, whether or not such bids were winning bids
"**UX**"	user experience

PART XVIII

DEFINITIONS

The following definitions apply throughout this Circular, unless the context requires otherwise:

"**2019 LiveAuctioneers Acquisition**"	the acquisition of LiveAuctioneers, Inc. by Platinum Purchaser Inc., on 21 May 2019
"**Acquisition**"	the acquisition by the Platinum Parent Purchaser, a member of the Group, of all of the outstanding equity securities of Platinum Parent, Inc. pursuant to the Acquisition Agreement
"**Acquisition Adjusted EBITDA**"	has the meaning given to the term "Adjusted EBITDA" in the Acquisition Agreement
"**Acquisition Agreement**"	the acquisition agreement dated 17 June 2021 and made between the Company, the Platinum Parent Purchaser , Platinum Parent, Inc., a Delaware corporation, Cove Hill Partners, certain other stockholders of Platinum Parent, Inc. (together with Cove Hill Partners, the "**Sellers**"), and CHP Representative, LLC solely in its capacity of Sellers' representative
"**Acquisition Lock-Up Period**"	the 12-month period starting on the date of Completion
"**Acquisition Note Payable**"	the acquisition note payable described in note 14 to the Historical Financial Information of the Proxibid Group incorporated by reference into Section B of Part XIII (*Historical Financial Information*) of this Circular
"**Adjusted EBITDA**"	profit/(loss) before taxation, finance costs (including non-operating gains and losses in respect of financial instruments), depreciation and amortisation, share-based compensation and exceptional costs. Adjusted EBITDA at segment level is consistently defined with the above but excludes central administration costs including directors' salaries
"**Admission**"	Placing Shares Admission, Consideration Shares and Management RSU Shares Admission, and admission of the New Shares to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities, as applicable in the context used
"**Antitrust Authority**"	the Antitrust Division of the United States Department of Justice, the United States Federal Trade Commission, the CMA, or the antitrust or competition law authorities of any other jurisdiction (whether United States, foreign or multinational)
"**Articles**"	the articles of association of the Company
"**ATL**"	Auction Topco Limited
"**ATL A Ordinary Shares**"	the A ordinary shares of £0.01 each in the capital of ATL
"**ATL B Ordinary Shares**"	the B ordinary shares of £0.01 each in the capital of ATL
"**ATL Deferred Shares**"	the deferred shares of £0.01 each in the capital of ATL
"**ATL Preference Shares**"	the cumulative redeemable preference shares of £1.00 each in the capital of ATL
"**Auction Mobility Acquisition**"	the acquisition of Auction Mobility by ATG Media US Inc. (a member of the Group) on 16 October 2020
"**Awards**"	awards to acquire Shares under the Share Plans
"**BlackRock**"	certain funds and accounts under the management of BlackRock

"**Board**" or "**Directors**"	the directors of the Company whose names are set out on page 49 of this Circular
"**Buyback Authority**"	the authority for the Company to purchase certain of its Shares pursuant to the resolution incorporated by reference into paragraph 3(b) of Part XVI (*Additional Information*) of this Circular
"**Caledonia**"	certain entities affiliated with Caledonia
"**Capital World**"	certain funds managed and advised by Capital World Investors
"**Cash Consideration**"	the cash consideration payable to the Sellers in connection with the Acquisition
"**Catalogues Business**"	the business of designing and managing the printing of catalogues for fine art and antique auctioneers which was carried on by Metropress Limited
"**Circular**" or "**this document**"	this document, being a circular relating to the Company for the purposes of the Acquisition
"**Closing Price**"	the closing middle market quotation of an Existing Share as derived from the daily official list published by the London Stock Exchange
"**CMA**"	the UK Competition and Markets Authority
"**Combined Group**"	the Group, following Completion
"**Companies Act**"	the Companies Act 2006 (as amended)
"**Company**" or "**Issuer**"	Auction Technology Group plc
"**Completion**"	completion of the Acquisition Agreement
"**Completion Consideration**"	the Consideration due on Completion
"**Concert Party**" or "**TA Associates**"	TA XIII-A, L.P., TA XIII-B, L.P., TA Investors XIII, L.P., TA Investors IV EU AIV, L.P. and TA Subordinated Debt Fund IV, L.P.
"**Consideration**"	the consideration payable by the Platinum Parent Purchaser in accordance with the terms of the Acquisition Agreement
"**Consideration Shares**"	the consideration Shares to be issued to the Rollover Management Sellers in connection with the Rollover Options
"**Consideration Shares and Management RSU Shares Admission**"	admission of the Consideration Shares and Management RSU Shares to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities
"**Convertible Loan Notes**"	the convertible loan notes described in note 18(a) to the Historical Financial Information of the Group incorporated by reference into Section A of Part XIII (*Historical Financial Information*) of this Circular
"**Cove Hill Partners**"	Cove Hill Partners, L.P.
"**COVID-19 pandemic**"	the COVID-19 pandemic, the mitigation responses thereto and the related effects and consequences thereof
"**CREST**"	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
"**CREST Manual**"	the rules governing the operation of CREST as published by Euroclear
"**CREST Member**"	a person who has been admitted by Euroclear as a system member (as defined in the Regulations)
"**CREST Proxy Instruction**"	the message used for a proxy appointment made by means of CREST

"**Discounted Share Price**"	a price which represents a discount of 15 per cent. to the volume weighted average price of the Shares in the 30 business days prior to Completion
"**Earn Out Consideration**"	the up to $25 million of consideration which may be payable to the Sellers in connection with the Earn Out Targets
"**Earn Out Period**"	the period between Completion and 31 December 2021
"**Earn Out Targets**"	the earn out targets relating to the Earn Out Consideration set out in the Acquisition Agreement, as described in paragraph 2.2 of Part VII (*Principal Terms of the Acquisition*)
"**EBT**"	the ATG Employee Benefit Trust, further details of which are set out in paragraph 13 of Part XVI (*Additional Information*) of this Circular
"**ECI Partners**"	ECI 11 Nominees Limited
"**Employee Notes Receivable**"	the employee notes receivable referred to in note 7 to the Historical Financial Information of the Proxibid Group incorporated by reference into Section B of Part XIII (*Historical Financial Information*) of this Circular
"**EU**" or "**European Union**"	the European Union, first established by the treaty made at Maastricht on 7 February 1992
"**Euroclear**"	Euroclear UK & Ireland Limited, the operator of CREST
"**Existing Group**"	the Group prior to Completion
"**Existing Group's Aggregated Operations**"	as defined in Part II (*Presentation of Information*) of this Circular
"**Existing Shares**"	the Shares in existence as at the Latest Practicable Date
"**Executive Directors**"	the executive Directors of the Company
"**FCA**"	the Financial Conduct Authority of the United Kingdom
"**Form of Proxy**"	the form of proxy enclosed with this document for use in connection with the General Meeting
"**FSMA**"	the Financial Services and Markets Act 2000
"**General Meeting**"	the general meeting of the Company proposed to be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 09:00 a.m. on 20 August 2021 to approve the Resolutions, the notice of which is contained in this document
"**Group**" or "**ATG**"	the Historical Group, together with (a) for the time following the Proxibid Acquisition, the Proxibid Group, (b) for the time following the Historical Group Acquisition, the new holding companies interposed upon the acquisition of the Historical Group by Auction Bidco Limited (a subsidiary of Auction Midco Limited which in turn is a subsidiary of Auction Holdco Limited, which in turn is a subsidiary of ATL), (c) for the time following IPO Admission, the interposition of the Company as a new holding company pursuant to the IPO Reorganisation and (d) following Completion, the LiveAuctioneers Group, after giving effect to the Acquisition.
"**Historical Group**"	the corporate group prior to the Proxibid Acquisition and the Historical Group Acquisition
"**Historical Group Acquisition**"	the acquisition of the Historical Group by ATL on 13 February 2020
"**HMRC**"	Her Majesty's Revenue and Customs
"**IFRS**"	International Financial Reporting Standards as adopted for use in the European Union

"**Incremental Facilities**"	the incremental facilities totalling USD 75,000,000 in aggregate pursuant to two Incremental Facility Notices established in accordance with the terms of the Old Senior Facilities Agreement, which were cancelled on IPO
"**IPO**"	the admission of the Existing Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities on 26 February 2021
"**IPO Core Selling Shareholders**"	TA Associates, ECI 11 LP and Bandon Partners LLC
"**IPO Deeds of Election**"	the deed polls of election and powers of attorney signed by each Senior Manager and Other IPO Selling Shareholder in connection with the IPO
"**IPO Lock Up Periods**"	the lock-up periods agreed to by the IPO Core Selling Shareholders, the Directors, the Senior Managers and the Other IPO Selling Shareholders under the IPO Underwriting and Sponsor Agreement, the IPO Senior Manager Lock-Up Agreements and the IPO Deeds of Election in relation to Shares held by them on IPO
"**IPO Prospectus**"	the prospectus dated 17 February 2021 published by the Company in connection with the IPO
"**IPO Reorganisation**"	the share capital reorganisation of the Group to insert the Company as a new holding company of the corporate group and create a single class of ordinary shares in preparation for, and conditional upon, the IPO
"**IPO Senior Manager Lock-Up Agreements**"	the lock-up undertakings entered into by each of the Senior Managers in connection with the IPO pursuant to the IPO Deeds of Election
"IPO Underwriting and Sponsor Agreement"	the underwriting and sponsor agreement relating to the IPO, dated 17 February 2021 and entered into between the Company (for itself and on behalf of the Other IPO Selling Shareholders), the Directors, the IPO Core Selling Shareholders and the Joint Global Co-Ordinators
"**Joint Financial Advisers**"	Numis and J.P. Morgan Cazenove in their capacities as joint financial advisers and each a "**Joint Financial Adviser**"
"**Joint Global Co-Ordinators**"	Numis and J.P. Morgan Cazenove in their capacities as joint global co-ordinators of the Placing and each a "**Joint Global Co-Ordinator**"
"**J.P. Morgan Cazenove**"	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
"**Jupiter**"	funds managed by Merian Global Investors and Jupiter Asset Management
"**Latest Practicable Date**"	30 July 2021, being the latest practicable date prior to publication of this document
"**LiveAuctioneers Group**"	Platinum Parent, Inc. and its subsidiaries
"**LiveAuctioneers Group Staff Gift**"	the gift of Shares to non-equity holding employees of the LiveAuctioneers Group as detailed in paragraph 2.7 of Part VII (*Principal Terms of the Acquisition*)
"**Listing Rules**"	the Listing Rules made by the Financial Conduct Authority under Part VI of the FSMA
"**London Stock Exchange**"	London Stock Exchange plc
"**Lot-tissimo Acquisition**"	the acquisition of the Lot-tissimo Group by fentus 82. GmbH (a member of the Group, subsequently re-named Auction Technology Group Germany GmbH) on 20 February 2018, with commercial effect from 1 January 2018
"**Lot-tissimo Group**"	the business carried on by SPH Softwarepartner Hamburg GMBH & Co. KG and its subsidiaries

"**LTIP**" .... the Company's Long-Term Incentive Plan, further details of which are incorporated by reference into paragraph 13 of Part XVI (*Additional Information*) of this Circular

"**Management RSU Shares**" .... the Shares to be issued in conenction with the Management RSUs

"**Management RSUs**" .... the restricted stock units over Shares to be granted to participants in the Rollover

"**Management Sellers**" .... certain management stockholders in Platinum Parent, Inc. who have agreed to sell their entire ownership interests in Platinum Parent, Inc. to the Platinum Parent Purchaser, a member of the Group, pursuant to the Acquisition Agreement

"**Market Abuse Rules**" .... the UK version of the EU Market Abuse Regulation (2014/596/EU) (incorporated into UK law by virtue of the European Union (Withdrawal) Act 2018) and the relevant provisions of the EU Market Abuse Regulation (2014/596/EU)

"**Money Laundering Regulations**" .... the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

"**New Facilities**" .... as defined in paragraph 16.2 of Part XVI (*Additional Information*) of this Circular

"**New Revolving Credit Facility**" .... as defined in paragraph 16.2 of Part XVI (*Additional Information*) of this Circular

"**New Senior Facilities Agreement**" .... as defined in paragraph 16.2 of Part XVI (*Additional Information*) of this Circular

"**New Senior Term Facility**" .... as defined in paragraph 16.2 of Part XVI (*Additional Information*) of this Circular

"**New Share Assumptions**" .... as defined in Part V (*Share Capital and Placing Statistics*)

"**New Shares**" .... the new Shares which may be allotted and issued by the Company in connection with the Acquisition, including the Consideration Shares, the Top Up Shares (if any) and the Shares to be isued in connection with the LiveAuctioneers Group Staff Gift

"**Non-Executive Directors**" .... the non-executive Directors of the Company

"**Notice of General Meeting**" .... the notice of General Meeting contained in this document

"**Numis**" .... Numis Securities Limited

"**OC&C**" .... OC&C Strategy Consultants LLP

"**Official List**" .... the Official List of the FCA

"**Old Senior Facilities Agreement**" .... the senior facilities agreement dated 10 February 2020, as amended on 8 October 2020 and 15 October 2020 and as amended and restated on 29 January 2021, and made between Auction Holdco Limited as parent, Auction Bidco Limited as original borrower, certain funds managed by Crescent Capital as original lenders, Global Loan Agency Services Limited as agent and GLAS Trust Corporation Limited as security agent

"**One-Off Equity Awards**" .... The one-off equity awards to be made by the Company to selected senior employees of the LiveAuctioneers Group in connection with the Acquisition, as detailed in paragraph 2.8 of Part VII (*Principal Terms of the Acquisition*) of this document

"**Placing**"	the non-pre-emptive cashbox placing undertaken by the Company on 17 June 2021 in connection with the issue of the Placing Shares at an offer price of 1,220 pence per Placing Share pursuant to the Placing Agreement
"**Placing Shares**"	the 19,999,990 Shares issued by the Company in connection with the Placing
"**Placing Shares Admission**"	the admission of the Placing Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
"**Placing Agreement**"	the Placing Agreement dated 17 June 2021 and entered into between the Company and the Joint Global Co-Ordinators, as described in paragraph 15.1 of Part XVI (*Additional Information*) of this Circular
"**Platinum Parent Purchaser**"	ATG Media US Inc., an indirect subsidiary of the Company
"**Preference Shares**"	preference shares in the capital of the Company
"**Prospectus Regulation**"	the UK version of the Regulation (EU) No 2017/1129, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended
"**Prospectus Regulation Rules**"	the Prospectus Regulation Rules made by the Financial Conduct Authority under Part VI of the FSMA
"**Proxibid Acquisition**"	the acquisition of the Proxibid Group by Proxibid Bidco Inc. (a member of the Group) on 13 February 2020
"**Proxibid Group**"	the operations of Proxibid Inc. and its subsidiaries prior to the Proxibid Acquisition
"**Registrars**"	Equiniti Limited
"**Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"**Regulatory Conditions**"	approval of the Acquisition by the relevant antitrust authorities in the US and UK (including the expiration or termination of any applicable waiting periods under US antitrust laws)
"**Reporting Accountant**"	Deloitte LLP of 1 New Street Square, London EC4A 3HQ
"**Resolutions**"	the resolutions proposed to be passed at the General Meeting as set out in the Notice of General Meeting
"**Results Announcement**"	the announcement published by the Company on 26 May 2021 detailing its financial results for H1 FY21
"**Results Presentation**"	the presentation published by the Company on 26 May 2021 in connection with its financial results for H1 FY21
"**Reverse Termination Fee**"	the reverse termination fee which may be payable by the Platinum Parent Purchaser in connection with the Acquisition, as detailed in paragraph 3.2 of Part VII (*Principal Terms of the Acquisition*) of this Circular
"**Reverse Termination Fee Resolution**"	the Resolution numbered 2 in the Notice of General Meeting
"**Rollover**"	the exchange by the Rollover Management Sellers of a specified percentage of their outstanding options over equity securities in Platinum Parent, Inc. for Rollover Options
"**Rollover Management Sellers**"	those Management Sellers who will receive Rollover Options, including Phil Michaelson, Rob Cummings, Gilad Andorn, Erwin Hungerbuhler, Wyatt Barrett, Suzie Ryu and Jessica Mizrachi and any other Management Seller who elects to become a Rollover Management Seller prior to Completion

"**Rollover Options**"	the options over Shares to be granted to the Rollover Management Sellers in connection with the Acquisition, as detailed in paragraph 2.3 of Part VII (*Principal Terms of the Acquisition*)
"**Secured Bank Loans**"	the secured bank loans described in note 18(a) to the Historical Financial Information of the Group in Section One of Part XIII (*Historical Financial Information*)
"**Secured Loan Notes**"	the secured loan notes described in note 18(a) to the Historical Financial Information of the Group incorporated by reference into Section One of Part XIII (*Historical Financial Information*)
"**Sellers**"	the existing stockholders of Platinum Parent, Inc. who have agreed to sell their entire ownership interests in Platinum Parent, Inc. to Platinum Parent Purchaser, a member of the Group, pursuant to the Acquisition Agreement
"**Sellers' Representative**"	CHP Representative, LLC
"**Share Plans**"	the tax-advantaged and non tax-advantaged share incentive plans of the Company, further details of which are incorporated by reference into paragraph 13 of Part XVI (*Additional Information*) of this Circular
"**Share-for-share Exchange Deed**"	the share-for-share exchange deed dated 17 February 2021 and made between the Company, ATL, and each holder of shares in ATL, in relation to the IPO Reorganisation
"**Shareholders**"	holders of Shares
"**Shares**"	ordinary shares of 0.01 pence each in the share capital of the Company
"**Sponsor**"	Numis
"**Standalone ATG Group**"	the Group for FY18, FY19, FY20, H1 FY20 and H1 FY21, including (a) in the case of FY18, the Lot-tissimo Group from the date of acquisition (being 26 February 2018) and (b) in the case of H1 FY21, the Auction Mobility Group from the date of acquisition (being 16 October 2020) but excluding (a) in the case of FY18, the Catalogues Business and (b) in the case of FY20, H1 FY20 and H1 FY21 the results of the Proxibid Group
"**Standalone Lot-tissimo Group**"	the Lot-tissimo Group on a standalone basis for the period 1 October 2017— 26 February 2018 (being the date of acquisition by the Group)
"**Standalone Proxibid Group**"	the Proxibid Group on a standalone basis for FY18 and FY19, as well as for the 12 months ended 30 September 2020 comprising the pre-acquisition period from 1 October 2019 to 12 February 2020 and the post-acquisition period from 13 February 2020 to 30 September 2020, including (for FY19 only) the Wavebid Group from the date of acquisition (being 31 December 2018)
"**Standalone Wavebid Group**"	the Wavebid Group on a standalone basis for the period 1 October 2017–31 December 2018 (the date of acquisition by the Proxibid Group)
"**Subordinated Loan Notes**"	as defined in paragraph 15.1(a)(xv) of Part XVI (*Additional Information*) of this Circular
"**subsidiary**"	as defined in sections 1159 and Schedule 6 of the Companies Act
"**Takeover Code**"	the City Code on Takeovers and Mergers
"**Takeover Panel**"	the Panel on Takeovers and Mergers
"**Top Up Shares**"	the Shares which may be issued by the Company to the Sellers in order to partially satisfy the Cash Consideration
"**TTL**"	Turner Topco Limited

"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland
"**UK Corporate Governance Code**"	the UK Corporate Governance Code published by the Financial Reporting Council in July 2018, as amended from time to time
"**UK-adopted IAS**"	International Accounting Standard adopted in the UK
"**uncertificated**" or "**in uncertificated form**"	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
"**Unsecured Loan Notes**"	as defined in paragraph 15.1(a)(xvi) of Part XVI (*Additional Information*) of this Circular
"**US**" or "**United States**"	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
"**VAT**"	value added tax or any similar, replacement or additional tax chargeable in the United Kingdom or in any other jurisdiction
"**Wavebid**"	Wavebid LLC, a provider of auction management solutions and integrations with various online marketplaces, primarily in North America and the UK
"**Wavebid Acquisition**"	the acquisition by Proxibid, Inc. of certain assets of Wavebid
"**Wavebid Group**"	the business carried on by Wavebid and its subsidiaries as at the date of the acquisition of its business and assets by the Proxibid Group on 31 December 2018

APPENDIX I

NOTICE OF GENERAL MEETING

Auction Technology Group plc

(*Registered in England and Wales under no. 13141124*)

Notice is hereby given that the General Meeting of Auction Technology Group plc (the "**Company**") will be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL on 20 August 2021 at 09:00 a.m. You will be asked to consider and vote on the resolutions below. All resolutions will be proposed as ordinary resolutions.

Approval of the Acquisition

1. That, subject to and conditional on the passing of the resolution numbered 2 in the notice convening this meeting, the proposed acquisition by ATG Media US, Inc. (an indirect subsidiary of the Company) all of the outstanding equity securities of Platinum Parent, Inc. (the "**Acquisition**") substantially on the terms and subject to the conditions contained in the acquisition agreement dated 17 June 2021 and made between the Company, ATG Media US, Inc. (an indirect subsidiary of the Company), Platinum Parent, Inc., a Delaware corporation, Cove Hill Partners, L.P. and its affiliated funds ("**Cove Hill Partners**"), certain individual stockholders of Platinum Parent, Inc. (together with Cove Hill Partners, the "**Sellers**"), and CHP Representative, LLC solely in its capacity of Sellers' representative as described in Part VII of the document containing the notice convening this meeting (the "**Acquisition Agreement**"), and all other agreements and ancillary arrangements contemplated by the Acquisition Agreement be and are hereby authorised and that the directors of the Company (the "**Directors**") (or any duly constituted committed of the Directors) be and are hereby authorised to take all such steps, and to execute all documents and deeds, as they may consider necessary, expedient or desirable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (provided such modifications, variations or amendments are not of a material nature) as they shall deem necessary, expedient or desirable.

Reverse Termination Fee

2. That, subject to and conditional upon the passing of the resolution numbered 1 in the notice convening this meeting, the Reverse Termination Fee (as defined in the document containing the notice convening this meeting) be and is hereby approved on the terms set out in the Acquisition Agreement.

By order of the Board

M. Edwards.

Marie Edwards
Company Secretary

Registered Office:
The Harlequin Building
6th Floor
65 Southwark Street
London
England
SE1 0HR

Date 4 August 2021

NOTES TO THE NOTICE OF GENERAL MEETING

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended) and section 360B(2) of the Act, only those shareholders registered in the register of members of the Company at 6:30 p.m. on 18 August 2021 (or, in the event of any adjournment, at 6:30 p.m. on the day which is two days prior to the adjourned meeting, excluding non-working days) shall be entitled to attend and vote at the General Meeting (the "**General Meeting**"). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

Attending in person

2. Registration for the General Meeting opens at 08:45 a.m. on 20 August 2021. You may find it useful to bring this Notice so that you can refer to it at the General Meeting.

3. At the present time, it is expected that UK Government rules and advice relating to the COVID-19 pandemic will permit a physical meeting to be held, but this is subject to change at short notice. Information relating to any special arrangements for the General Meeting, including any changes as a result of changing (or unchanging) UK Government rules and/or advice relating to the COVID-19 pandemic, will be posted on the Company's website at www.auctiontechnologygroup.com/investors. **In light of these changing circumstances, Shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy in relation to voting on the Resolutions whether or not they intend to be present at the General Meeting.**

Appointment of proxies

4. If you are a member who is entitled to attend and vote at the General Meeting, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote on your behalf at the General Meeting. A form of proxy, which may be used to make such appointment and to give proxy instructions, accompanies this Notice.

5. If you are not a member of the Company but have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated Persons" below.

6. A proxy does not need to be a member of the Company. You may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting the Company's Registrar, Equiniti, on +(44) 0371 384 2050 or you may photocopy the form of proxy accompanying this Notice. Calls to the Equiniti helpline number are charged at the standard rate per minute plus network extras. Lines are open between 8:30 a.m. and 5:30 p.m. Monday to Friday, excluding public holidays in England and Wales. Please indicate in the box next to the proxy holder's name, the number of shares in relation to which he or she is authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. If you do not have a form of proxy and believe that you should have one, please contact Equiniti as set out above.

7. Shareholders can:

   (a) appoint a proxy and give proxy instructions by returning the form of proxy enclosed with this Notice by post (see notes 9 and 10 below);

   (b) register their proxy appointment electronically (see note 11 below); or

   (c) if they hold shares in CREST, register their proxy appointment by utilising the CREST electronic proxy appointment service (see notes 12 to 15 (inclusive) below).

8. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in note 13 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.

Appointment of proxies by post

9. To be valid any form of proxy or other instrument appointing a proxy must be received by post at Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA no later than 09:00 a.m. on 18 August 2021.

10. In the case of a shareholder which is a corporation, the form of proxy must be executed by a duly authorised person or under its common seal or in any other manner authorised by its constitution. The power of attorney or authority (if any) should be returned with the form of proxy.

Appointment of proxies electronically

11. Shareholders may appoint a proxy electronically by visiting www.sharevote.co.uk. You will be asked to enter the Voting ID, Task ID and Shareholder Reference Number shown on your form of proxy and agree to certain terms and conditions. To be valid, your proxy appointment and instructions should reach Equiniti no later than 09:00 a.m. on 18 August 2021.

Appointment of proxies through CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent, Equiniti (RA19), by 09:00 a.m. on 18 August 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

14. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members

and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

15. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 (as amended).

Appointment of proxies by joint holders

16. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

17. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Please note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any amended proxy appointment received after the relevant cut-off time will be disregarded.

18. Where you have appointed a proxy using the form of proxy enclosed with this Notice and would like to change the instructions using another hard copy form of proxy, please contact Equiniti on +(44) 0371 384 2050. Calls to this number are charged at the standard rate per minute plus network extras. Lines are open between 8:30 a.m. and 5:30 p.m. Monday to Friday, excluding public holidays in England and Wales.

19. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Terminating your proxy appointment

20. Shareholders may terminate a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or by registering the revocation of your proxy appointment at www.shareview.co.uk.

21. The revocation notice must be received by Equiniti no later than 09:00 a.m. on 18 August 2021. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the General Meeting and vote in person.

Corporate representatives

22. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Nominated Persons

23. Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. Nominated Persons are advised to contact the shareholder who nominated them for further information on this and the procedure for appointing any such proxy.

24. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such Nominated Persons are advised to contact the shareholders who nominated them for further information on this.

Right to ask questions

25. Under section 319A of the Act, any member attending the General Meeting has the right to ask questions at the General Meeting relating to the business of the General Meeting. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

26. Please keep your questions and statements short and relevant to the business of the General Meeting to allow everyone who wishes to speak the chance to do so. It would be helpful if you could state your name before you ask your question. The Chair may nominate a representative to answer a specific question after the General Meeting or refer the question to the Company's website.

Total voting rights

27. As at 30 July 2021, the latest practicable date prior to the date of this Notice, the Company's issued share capital consisted of 119,999,990 ordinary shares, carrying one vote each and, therefore, the total number of voting rights in the Company as at 30 July 2021 was 119,999,990.

28. It is proposed that all votes on the resolutions at the General Meeting will be taken by way of a poll rather than on a show of hands. The Company considers that a poll is more representative of shareholders' voting intentions because votes are counted according to the number of shares held and all votes tendered are taken into account. The results of the voting will be announced through a Regulatory Information Service and will be published on our website www.auctiontechnologygroup.com as soon as reasonably practicable thereafter.

Information available on website

29. A copy of this Notice, and other information required by section 311A of the Act, can be found at www.auctiontechnologygroup.com/investors.

Communication

30. Any electronic address provided either in this Notice or any related documents (including the form of proxy) may only be used for the limited purposes specified herein and not to communicate with the Company by electronic means or for any other more general purpose.

31. Except as provided above, shareholders who have general enquiries about the General Meeting should call the Equiniti shareholder helpline on +(44) 0371 384 2050. Calls to this number are charged at the standard rate per minute plus network extras. Lines are open between 8:30 a.m. and 5:30 p.m. Monday to Friday, excluding public holidays in England and Wales.