ELECTRONIC TRANSMISSION DISCLAIMER

IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached document, which has been prepared solely in connection with the applications to the Financial Conduct Authority (the "**FCA**") and to London Stock Exchange plc (the "**London Stock Exchange**") for all of the ordinary shares (the "**Shares**") of Auction Technology Group plc (the "**Company**" and, together with Auction Topco Limited and its subsidiaries, the "**Group**") 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 ("**Admission**") and the proposed offer of Shares to certain institutional and professional investors (the "**Offer**"). You are advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing this electronic transmission and the attached document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Group as a result of such access. You acknowledge that the delivery of this electronic transmission and the attached document is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the attached document to any other person. This document has been approved by the FCA as a prospectus prepared in accordance with the FCA's Prospectus Regulation Rules made under section 73A of the Financial Services and Markets Act 2000, as amended. This document has been published and is available from the Company's registered office (provided that inspection in person may only take place in accordance with the measures imposed by the UK Government in connection with the COVID-19 pandemic) and on the Company's website at www.auctiontechnologygroup.com.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT MAY ONLY BE DISTRIBUTED AS PART OF "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR WITHIN THE UNITED STATES SOLELY TO PERSONS REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT ("RULE 144A") PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER 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, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.

ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

This electronic transmission and the attached document and the Offer are addressed to and directed only at persons, in member states of the European Economic Area, who are "qualified investors" within the meaning of Article 2(1)(e) of the EU Prospectus Regulation (2017/1129/EU) ("**Qualified Investors**"). Any investment or investment activity to which the attached Prospectus relates is available, in any member state of the European Economic Area, only to Qualified Investors and this electronic transmission and the attached Prospectus must not be acted on or relied on in any member state of the European Economic Area except by Qualified Investors.

This electronic transmission and the attached document and the Offer are addressed to and directed only at persons, in the United Kingdom, who are (a) both "qualified investors" within the meaning of the UK version of the EU Prospectus Regulation (2017/1129/EU) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 and either (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (b) other persons to whom it may otherwise lawfully be communicated (all such persons under (a) and (b) together being referred to as "**relevant persons**"). Any investment or investment activity to which the attached Prospectus relates is available in the United Kingdom only to relevant persons.

This electronic transmission and the attached Prospectus must not be acted on or relied on in the United Kingdom, by persons who are not relevant persons.

Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Confirmation of Your Representation: This electronic transmission and the attached document are delivered to you on the basis that you are deemed to have represented to the Company, Numis Securities Limited ("**Numis**") and J.P. Morgan Securities plc (together with Numis, the "**Banks**") that (i) if you are in the United States, you are either (a) a QIB and any securities acquired by you will be acquired for your own account or for the account of another QIB or (b) acquiring such securities in offshore transactions as defined in, and in reliance on, Regulation S under the US Securities Act; (ii) if you are in the United Kingdom, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the European Economic Area; (iii) if you are in any member state of the European Economic Area, you are a Qualified Investor and/or a Qualified Investor acting on behalf of relevant persons in the United Kingdom and/or Qualified Investors, to the extent you are acting on behalf of persons or entities in the European Economic Area; and (iv) you are an institutional investor that is eligible to receive this Prospectus and you consent to delivery of this Prospectus by electronic transmission.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this electronic transmission and the attached document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this electronic transmission or the attached document, electronically or otherwise, to any other person.

By accessing the linked document, you consent to receiving it in electronic form. None of the Banks nor any of their respective affiliates, directors, personally liable partners, officers, employees, advisers or agents accept any responsibility whatsoever for the contents of this transmission or the attached document or for any other statement made or purported to be made by them, or on their behalfs, in connection with the Company or the Offer referred to herein. To the fullest extent permitted by law, the Banks and each of their respective affiliates, directors, personally liable partners, officers, employees, advisers or agents accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such electronic transmission, document or any such statement. No representation or warranty, express or implied, is made by the Banks nor any of their respective affiliates, directors, personally liable partners, officers, employees, advisers or agents as to the accuracy, completeness, verification or sufficiency of the information set out in this electronic transmission or the attached document. You are reminded that a document transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Company, the Banks or any of their respective affiliates, directors, personally liable partners, officers, employees, advisers or agents accept any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the attached document, you consent to receiving it in electronic form.

Restriction: Nothing in this electronic transmission constitutes, and this electronic transmission may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

You are responsible for protecting against viruses and other destructive items. Your receipt of the attached document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

AUCTION TECHNOLOGY GROUP

The world's leading curated auction marketplaces

auctiontechnologygroup.com

ATG's scalable marketplace technology for curated auctions seamlessly connects bidders from around the world to trusted auctioneers across three major sectors:

— Industrial machinery, construction & farm equipment
— Art, antiques & collectables
— Consumer surplus & retail returns

Our numbers:

6
digital marketplaces

3
major sectors

2,000+
auction houses on our platform

c.30,000
auctions facilitated each year

c.12,000
lots sold each day

150
countries in which we have bidders

THIS DOCUMENT IS IMPORTANT AND REQUIRES 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.

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Article 3 of the UK version of Regulation (EU) 2017/1129, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "**Prospectus Regulation**"), relating to Auction Technology Group plc (the "**Company**") prepared in accordance with the Prospectus Regulation Rules (the "**Prospectus Regulation Rules"**) of the Financial Conduct Authority (the "**FCA**") made under section 73A of the Financial Services and Markets Act 2000, as amended (the "**FSMA**"). A copy of this Prospectus has been filed with, and approved on 17 February 2021, by the FCA as competent authority under the Prospectus Regulation, and has been made available to the public in accordance with the Prospectus Regulation Rules. This document does not constitute a prospectus for the purposes of any offer of shares in any EEA member state and has not been approved by a competent authority in any EEA member state for the purposes of Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**").

The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is, or the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Applications have been made (i) to the FCA, in its capacity as competent authority under FSMA, for all of the ordinary shares of 0.01 pence each in the share capital of the Company issued and to be issued pursuant to the Offer ("**Shares**"), to be admitted to the premium listing segment of the Official List of the FCA and (ii) to London Stock Exchange plc (the "**London Stock Exchange**") for all of the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (the "**Main Market**") (together, "**Admission**"). The London Stock Exchange is a regulated market for the purposes of the Prospectus Regulation. Conditional dealings in the Shares are expected to commence on the Main Market at 8.00 a.m. on 23 February 2021. It is expected that Admission will become effective and that unconditional dealings in the Shares will commence on 26 February 2021. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. **All dealings in Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned. No application is currently intended to be made for Shares to be admitted to listing or dealing on any other exchange.**

The Company, each of the directors of the Company (the "**Directors**") and each of the proposed directors of the Company (the "**Proposed Directors**"), whose names appear on page 51 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company, the Directors and the Proposed Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

Prospective investors should read the entirety of this Prospectus and, in particular, the section entitled "Risk Factors" for a discussion of certain risks and other factors that should be considered in connection with any investment in Shares. Prospective investors should be aware that an investment in Shares involves a degree of risk and that, if some or all of the risks described in the Prospectus were to occur, investors may find their investment is materially adversely affected. Accordingly, an investment in the Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

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atg AUCTION TECHNOLOGY GROUP

Auction Technology Group plc

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

Offer of up to 45,463,254 Shares of 0.01p each at an offer price of 600 pence per Share

Admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities

Sponsor, Joint Global Co-Ordinator and Joint Bookrunner

Numis Securities Limited

Joint Global Co-Ordinator, Joint Bookrunner and Stabilising Manager

J.P. Morgan Cazenove

SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid Shares

Nominal Value	Number(1)
0.01p	100,000,000

(1) Assuming that the maximum number of Shares subject to the Offer is subscribed for.

The Company is offering up to 41,239,257 new Shares (the "**New Shares**") so as to raise expected gross proceeds for the Company of £247.4 million in aggregate (assuming that the maximum number of New Shares subject to the Offer is subscribed for). The Selling Shareholders are collectively offering up to 4,223,997 existing Shares (the "**Sale Shares**" and, together with the New Shares, the "**Offer Shares**") (assuming no exercise of the Over-allotment Option). The offer of New Shares being made by the Company and the offer of Sale Shares being made by the Selling Shareholders is referred to in this Prospectus as the "**Offer**". On Admission, the Offer Shares will represent up to 45 per cent. of the Company's share capital, assuming that the maximum number of New Shares subject to the Offer is subscribed for. The Company will not receive any of the net proceeds from the sale of the Sale Shares, all of which will be received by the Selling Shareholders. The Offer is conditional, inter alia, on Admission taking place on or before 8.00 a.m. on 26 February 2021 (or such later time and/or date as the Company and the Joint Global Co-Ordinators may agree (being not later than 30 June 2021)).

The amount of Offer Shares to be offered by the Company or sold by the Selling Shareholders may be increased or decreased during the course of the Offer. A number of factors will be considered in determining the amount of New Shares to be offered by the Company, or Existing Shares to be sold by the Selling Shareholders, in each case pursuant to the Offer and the basis of allocation to prospective investors, including the level and nature of demand for the Offer Shares during the bookbuilding process, the level of demand in the Offer, the prevailing market conditions and the objective of establishing an orderly and liquid market in the Shares following Admission. A pricing statement containing, amongst other things, the final number of New Shares and the final number of Sales Shares is expected to be published on or around 23 February 2021.

The New Shares to be issued pursuant to the Offer will, following Admission, rank *pari passu* in all respects with each other and with the Existing Shares and will rank in full for all dividends and other distributions declared, made or paid on Shares after Admission.

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 ("**JP Morgan Cazenove**" and, together with Numis the "**Joint Global Co-Ordinators**") is authorised by the Prudential Regulation Authority ("**PRA**") and regulated in the United Kingdom by the PRA and the FCA. Each of Numis and JP Morgan Cazenove is acting exclusively for the Company and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, that may be imposed on the Joint Global Co-Ordinators 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 Global Co-Ordinators 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 Prospectus 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, the Shares or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past, present or future. The Joint Global Co-Ordinators accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such statement.

In connection with the Offer, the Joint Global Co-Ordinators and/or any of their respective representatives and/or affiliates acting as an investor for its or their own account(s) may subscribe for, or purchase, Offer Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Offer Shares being issued, offered, subscribed, acquired, placed or otherwise dealt with should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Joint Global Co-Ordinators or any of them and/or any of their representatives and/or affiliates acting as an investor for its or their own account(s). Neither of the Joint Global Co-Ordinators intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Each of the Joint Global Co-Ordinators and any of their respective representatives and affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and/or other services for, the Company and the Selling Shareholders for which they would have received customary fees. Each of the Joint Global Co-Ordinators and any of their respective representatives and affiliates may provide such services to the Company and/or the Selling Shareholders and/or any of their representatives and/or affiliates in the future. In addition, each of the Joint Global Co-Ordinators and/or any of their respective representatives and/or affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors, in connection with which such Joint Global Co-Ordinators and/or their respective representatives and/or affiliates may from time to time acquire, hold or dispose of Shares.

Recipients of this Prospectus may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information in it for any purpose other than considering an investment in Shares. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

Without prejudice to any legal or regulatory obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor any subscription or sale of Offer Shares made pursuant to it shall, 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 Prospectus, or that the information contained herein is correct at any time subsequent to its date.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Proposed Directors, the Selling Shareholders, the Joint Global Co-Ordinators or any of their respective representatives or affiliates that any recipient of this Prospectus should subscribe for, or purchase, Offer Shares in the Offer. Prior to making any decision as to whether to subscribe for or purchase Offer Shares in the Offer, investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it.

Investors who subscribe for, or purchase, Offer Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on either of the Joint Global Co-Ordinators or any person(s) affiliated with either of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Company, the Group, the Offer or the Offer Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Proposed Directors, the Selling Shareholders or either of the Joint Global Co-Ordinators.

None of the Company, the Directors, the Proposed Directors, the Selling Shareholders or either of the Joint Global Co-Ordinators or any of their respective representatives or affiliates is making any representation to any offeror, subscriber or purchaser of the Shares regarding the legality of an investment by such offeror, subscriber or purchaser. The contents of this Prospectus are not to be construed as legal, tax, business and/or financial advice. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of subscribing for or purchasing Offer Shares.

NOTICE TO OVERSEAS INVESTORS

This Prospectus 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 Ac**t"), 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 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.

Accordingly, the Offer Shares are only being offered and sold (i) in the United States, only to persons reasonably believed to be qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A under the US Securities Act ("**Rule 144A**") or pursuant to another exemption from the registration requirements of the US Securities Act, in each case in accordance with any applicable securities laws of any State or other jurisdiction of the United States; and (ii) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the US Securities Act ("**Regulation S**"). Prospective investors are hereby notified that the sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

This document does not constitute a prospectus for the purposes of any offer of shares in any EEA member state and has not been approved by a competent authority in any EEA member state for the purposes of Regulation (EU) 2017/1129. Accordingly, the Offer Shares may only be offered to persons in any EEA member state who are "qualified investors" within the meaning of the EU Prospectus Regulation or in other circumstances in which a prospectus is not required by the EU Prospectus Regulation.

In Canada, the Offer will only be made by way of private placement to persons: (a) in the provinces of Ontario, Québec, Alberta or British Columbia: (b) who are an "accredited investor" within the meaning of Section 1.1 of National Instrument 45-106—Prospectus Exemptions ("**NI 45-106**") of the Canadian Securities Administrators or subsection 73.3(1) of the Securities Act (Ontario) (the "**OSA**"), as applicable, and either purchasing the Offer Shares as principal for its own account, or is deemed to be purchasing the Offer Shares as principal for its own account in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (c) not created or used solely to purchase or hold the Offer Shares as an accredited investor under NI 45-106; (d) who are a "permitted client" within the meaning of National Instrument 31-103—Registration Requirements, Exemptions and Ongoing Registrant Obligations ("**NI 31-103**") of the Canadian Securities Administrators; and (e) entitled under applicable Canadian securities laws to purchase the Offer Shares without the benefit of a prospectus under such securities laws. Any offer and sale of the Offer Shares in Canada will be made on a private placement basis only and will be exempt from the requirement that the Company prepares and files a prospectus under applicable Canadian securities laws.

Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

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 Offer Shares or reviewed or passed judgement upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Offer 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. Subject to certain exceptions, the Offer Shares may not be offered or sold in, or to or for the account or benefit of any national, resident or citizen of, Australia, Canada, the Republic of South Africa or Japan. This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase, any Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. This document does not constitute, or purport to include the information required of, a disclosure document under Chapter 6D of the Australian Corporations Act 2001 (Cth) (the "**Corporations Act**") or a product disclosure statement under Chapter 7 of the Corporations Act and will not be lodged with the Australian Securities and Investments Commission. No offer of shares is or will be made in Australia pursuant to this document, except to a person who is (i) either a "sophisticated investor" within the meaning of section 708(8) of the Corporations Act or a "professional investor" within the meaning of section 9 and section 708(11) of the Corporations Act; and (ii) a "wholesale client" for the purposes of section 761G(7) of the Corporations Act (and related regulations) who has complied with all relevant requirements in this respect, or another person who may be issued shares without requiring a disclosure document. If any shares are issued, they may not be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act.

The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors, the Proposed Directors, the Selling Shareholders or the Joint Global Co-Ordinators 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 Prospectus in any jurisdiction where action for that purpose may be required or doing so is restricted by applicable laws. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus 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 Prospectus or make copies of it without the Company's prior written consent other than to people who have been retained to advise prospective investors in connection with this Prospectus. For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Prospectus, see paragraph 11 of Part IX (*Details of the Offer*).

STABILISATION AND OVER-ALLOTMENT

In connection with the Offer, JP Morgan Cazenove (the "**Stabilising Manager**"), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares up to a maximum of 10 per cent. of the total number of Offer Shares (excluding the Shares subject to the Over-allotment Option) or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. However, there is no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Stabilisation transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter.

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Offer Shares effected by it during the stabilising period, the Over-allotment Shareholders have granted to it, on behalf of the Joint Global Co-Ordinators, the Over-allotment Option pursuant to which the Stabilising Manager may require the Over-allotment Shareholders to make available additional Existing Shares in an amount of up to a maximum of 10 per cent. of the total number of Offer Shares comprised in the Offer (excluding the Shares subject to the Over-allotment Option) at the Offer Price (the "**Over-allotment Shares**"). The Over-allotment Option may be exercised in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings in the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be sold on the same terms and conditions as the Offer Shares being sold in the Offer and will form a single class for all purposes with the other Shares.

Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

COMPANY'S WEBSITE

The content of the Company's website (www.auctiontechnologygroup.com) does not form part of this Prospectus.

NOTICE TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures in the European Economic Area and in the United Kingdom (together, the "**MiFID II Product**

Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the MiFID II Product Governance Requirements) should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Co-Ordinators will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the MiFID II Product Governance Requirements; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

This Prospectus is dated 17 February 2021.

CONTENTS

PART I

SUMMARY

Section A—Introduction and warnings

A.1 Introduction

The name of the Company is Auction Technology Group plc and the ISIN for the Shares is GB00BMVQDZ64. The Company's registered office is The Harlequin Building, 6th Floor, 65 Southwark Street, London, SE1 0HR (tel: +44 203 725 5500). The Company's Legal Entity Identifier ("**LEI**") is 213800U8Q9K2XI3WRE39. The Financial Conduct Authority of 12 Endeavour Square, London E20 1JN approved this Prospectus on 17 February 2021.

A.2 Warnings

This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor.

The price of the Shares may fluctuate in response to a number of factors, many of which may be out of the Company's control, and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Section B—Key information on the Issuer

Section B(1)—Who is the issuer of the securities?

B.1.1 Legal and commercial name and LEI

Auction Technology Group plc which trades under the name ATG. The Company's LEI is 213800U8Q9K2XI3WRE39.

B.1.2 Domicile, legal form, legislation and country of incorporation

The Company is incorporated in England and Wales under the Companies Act and domiciled in the United Kingdom and operates under English law. It was incorporated on 18 January 2021 as a public limited company. The principal law and legislation under which the Company operates is the Companies Act. It is subject to the Takeover Code.

B.1.3 Principal activities

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 to 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 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 Art and Antiques ("**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 Group also offers:

- white label products, whereby the 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 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 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.

B.1.4 Major Shareholders

As at the date of this Prospectus, the controlling Shareholder of the Company is TA Associates, through its sub-funds 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 "**Controlling Shareholder**" or "**TA Associates**"), which beneficially holds 100 per cent. of the Company's issued ordinary share capital. Immediately following Admission and assuming that the Reorganisation steps to be completed prior to Admission have been completed in full, no exercise of the Over-allotment Option, the maximum number of Sales Shares subject to the Offer is sold and the maximum number of New Shares subject to the Offer is subscribed for, the Controlling Shareholder will beneficially hold 35 per cent. of the Shares. In so far as it is known to the Company as at the date of this Prospectus, the following persons are (as at the date of this Prospectus) or will be (immediately prior to or on Admission) directly or indirectly interested (within the meaning of the Companies Act) in 3 per cent. or more of the Company's issued share capital:

Name of Shareholder	Percentage of issued ordinary share capital as at the date of this Prospectus	Percentage of Shares immediately prior to Admission(1)	Percentage of Shares immediately following Admission(2)
TA Associates(3)	100 per cent.	59.02 per cent.	34.59 per cent.
ECI Partners(4)	—	17.88 per cent.	10.47 per cent.
Jupiter(5)	—	—	7.50 per cent.
Caledonia(5)	—	—	5.83 per cent.
BlackRock(5)	—	—	4.17 per cent.
Capital World(5)	—	—	3.33 per cent.

(1) Assuming that the Reorganisation steps to be completed prior to Admission have been completed in full and the maximum number of Sale Shares is subscribed for.

(2) Assuming no exercise of the Over-allotment Option, the maximum number of New Shares subject to the Offer is subscribed for and the maximum number of Sale Shares subject to the Offer is sold.

(3) The TA Associates funds which hold interests in the Shares are: (i) TA XIII-A, L.P., (ii) TA XIII-B, L.P., (iii) TA Investors XIII, L.P., (iv) TA Investors IV EU AIV, L.P. and (v) TA Subordinated Debt Fund IV, L.P.

(4) ECI 11 L.P. is the beneficial holder of the above listed shares, which are legally held by ECI 11 Nominees Limited.

(5) Assuming the Cornerstone Commitments pursuant to the Cornerstone Investment Agreements are subscribed for and allotted in full.

B.1.5 Key managing directors

The Executive Directors are John-Paul Savant (CEO) and Tom Hargreaves (CFO).

B.1.6 Statutory auditors

The statutory auditors of the Company are Deloitte LLP of 1 New Street Square, London EC4A 3HQ.

Section B(2)—What is the key financial information regarding the Issuer?

B.2.1 Selected historical key financial information

The Historical Group acquired the Proxibid Group on 13 February 2020. Due to the significance of the Proxibid Group relative to the Historical Group, historical financial information is presented both for the Group (for the 12-month periods ended 30 September 2018, 2019 and 2020) and for the Proxibid Group (for the 12-month periods ended 30 September 2018 and 2019 and for the period ended 12 February 2020).

The Group

Income Statement Information	12-month period ended 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Revenue	22,205	24,772	45,319
Operating profit/(loss)	2,845	7,591	(1,860)
Total comprehensive loss for the period	(3,640)	(8,822)	(16,391)

Balance Sheet Information	As at 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Total assets	46,299	49,961	223,790
Total equity	(29,885)	(38,707)	(15,377)
Total equity and liabilities	46,299	49,961	223,790

Cash Flow Statement Information	12-month period ended 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Net cash generated from operating activities	4,453	7,456	8,889
Net cash used in investing activities	(2,101)	(838)	(121,541)
Net cash (used in)/generated from financing activities	(1,012)	(3,186)	119,179

The Proxibid Group

Income Statement Information	12-month period ended 30 September		Period ended 12 February
	2018	2019	2020
	£'000	£'000	£'000
Revenue	14,811	17,419	6,988
Operating profit/(loss)	355	(553)	(1,034)
Total comprehensive (loss)/income for the period	(9,462)	(13,777)	967

Balance Sheet Information	As at 30 September		As at 12 February
	2018	2019	2020
	£'000	£'000	£'000
Total assets	9,288	13,513	12,185
Total equity	(19,091)	(32,757)	(31,861)
Total equity and liabilities	9,288	13,513	12,185

Cash Flow Statement Information	12-month period ended 30 September		Period ended 12 February
	2018	2019	2020
	£'000	£'000	£'000
Net cash generated from operating activities	1,540	2,966	1,499
Net cash used in investing activities	(2,290)	(3,774)	(985)
Net cash (used in)/generated from financing activities	(393)	1,013	(971)

B.2.2 Selected key pro forma financial information

The following unaudited pro forma financial information for the year ended 30 September 2020 is presented to reflect:

- the effect on the Group's consolidated statement of comprehensive income of (i) the Proxibid Acquisition and (ii) the issuance of New Shares as part of the Offer and the application of the net proceeds therefrom, as if the Proxibid Acquisition and the Offer had occurred on 1 October 2019; and
- the effect on the Group's consolidated statement of net assets of the issuance of New Shares as part of the Offer and the application of the net proceeds therefrom, as if the Offer had occurred on 30 September 2020.

	Group for the year ended 30 September 2020	Pro forma adjustments: Proxibid Group for the period 1 October 2019 to 12 February 2020	Pro forma adjustments: Acquisition adjustments	Pro forma adjustments: The Offer and use of proceeds	Unaudited pro forma for the year ended 30 September 2020
			(£'000)		
Revenue	45,319	6,988	—	—	52,307
Cost of sales	(17,293)	(4,298)	(337)	—	(21,928)
Gross profit	**28,026**	**2,690**	**(337)**	**—**	**30,379**
Administration expenses	(30,065)	(3,771)	(801)	(6,705)	(41,342)
Other operating income	179	47	—	—	226
Operating (loss)	**(1,860)**	**(1,034)**	**(1,138)**	**(6,705)**	**(10,737)**
Other income	2	—	—	—	2
Fair value gain/(loss) on revaluation of liabilities held at FVTPL	—	370	(370)	—	—
Finance income	—	11	—	—	11
Finance costs	(16,677)	(77)	—	11,248	(5,506)
(Loss) before tax	**(18,535)**	**(730)**	**(1,508)**	**4,543**	**(16,230)**
Taxation	2,584	(7)	273	—	2,850
(Loss) for the period	**(15,951)**	**(737)**	**(1,235)**	**4,543**	**(13,380)**

Unaudited pro forma statement of net assets

	Group As at 30 September 2020	Pro forma adjustments: The Offer and use of proceeds	Unaudited pro forma as at 30 September 2020
		(£'000)	
ASSETS			
Non—current assets			
Goodwill	123,624	—	123,624
Other Intangible assets	74,830	—	74,830
Property, plant and equipment	478	—	478
Right of use asset	1,924	—	1,924
Trade and other receivables	88	—	88
Total non—current assets	**200,944**	—	**200,944**
Current assets			
Trade and other receivables	8,653	—	8,653
Cash and cash equivalents	14,193	50,541	64,734
Total current assets	**22,846**	**50,541**	**73,387**
Total assets	**223,790**	**50,541**	**274,331**
LIABILITIES			
Non-current liabilities			
Trade and other payables	2,100	—	2,100
Loans and borrowings	213,444	(175,449)	37,995
Lease liabilities	1,208	—	1,208
Deferred tax liability	11,588	—	11,588
Total non-current liabilities	**228,340**	**(175,449)**	**52,891**
Current liabilities			
Trade and other payables	8,912		8,912
Loans and borrowings	1,159	(1,159)	—
Lease liabilities	756	—	756
Total current liabilities	**10,827**	**(1,159)**	**9,668**
Total liabilities	**239,167**	**(176,608)**	**62,559**
NET ASSETS	**(15,377)**	**227,149**	**211,772**

B.2.3 Qualifications in the audit report

Not applicable; the audit reports on the historical financial information contained in this Prospectus do not contain any qualifications.

Section B(3)—What are the key risks that are specific to the Issuer?

B.3.1 Key risks

- The Group faces competition on a number of fronts and may fail to compete effectively.
- The Group may be unable to retain existing, or attract new, bidders and auctioneers, who are the Group's customers that principally drive revenue.

- A decrease in successful online bids and/or a decline in the value of inventory listed by auctioneers on the Marketplaces or Platform would reduce the Group's commissions, which are the Group's primary revenue stream.
- The Group's business model may come under significant pressure should a significant number of auctioneers choose to take bidder generation, technology development and customer service (amongst other things) in-house and so bypass the Marketplaces or Platform, including as a result of auctioneers who use the Group's white label offering attempting to maintain their own platforms rather than use the Group's Platform.
- An inability to maintain a consistently high-quality and secure experience for the Group's auctioneers and bidders across its Marketplaces or Platform or to keep pace with innovation and changes in technology could result in fewer auctioneers and/or bidders using the Marketplaces or Platform.
- The Group may be unable to successfully manage its future growth.
- The Group has in the past made, and in the future may make, acquisitions and investments, which may prove unsuccessful or divert its resources, result in operating difficulties and otherwise disrupt the Group's operations.
- The Group relies on its brand and reputation, which could be impaired.
- The loss of senior executives or one or more of the Group's key employees could adversely affect its business, results of operations and financial condition.
- The Group relies on its brand and reputation, which could be impaired.
- The Group is subject to regulatory oversight by competition authorities, including the Competition and Markets Authority in the UK, which may impact its acquisition activity.

Section C—Key information on the securities

Section C(1)—What are the main features of the securities?

C.1.1 Description of type and class of securities being offered

The securities being admitted to trading are Shares of the Company of 0.01p each, whose ISIN is GB00BMVQDZ64, and whose SEDOL is BMVQDZ6.

C.1.2 Currency of securities

The Shares are denominated in pounds sterling.

C.1.3 Number of Shares issued and par value

As at the date of this Prospectus, the Company has two fully paid ordinary shares of £0.01 par value and 50,000 fully paid redeemable preference shares of £1.00 par value in issue. The Company has no partly paid shares in issue. On Admission, assuming the maximum number of New Shares subject to the Offer is subscribed for the Company will have 100,000,000 Shares in issue.

C.1.4 Rights attaching to the Shares

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

Subject to any rights and restrictions attached to any shares, on a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Share. Except as provided by the rights and restrictions attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

C.1.5 Seniority of securities

Not applicable. There is no difference in seniority between Shares.

C.1.6 Restrictions on free transferability of the Shares

Save as otherwise described in this Prospectus in relation to certain Shares held by certain Selling Shareholders, the Shares will be freely transferrable on Admission, subject to compliance with applicable securities laws.

C.1.7 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.

Section C(2)—Where will the securities be traded?

C.2.1 Admission

Applications have been made to the FCA and the London Stock Exchange for all of the Shares of the Company, issued and to be issued pursuant to the Offer, 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 respectively.

Section C(3)—What are the key risks that are specific to the securities?

C.3.1 Key risks

- There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained.
- 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 Controlling Shareholder will retain significant interests in, and will continue to exert substantial influence over, the Group following the Offer and its interests may differ from or conflict with those of other Shareholders.
- Future sales or the possibility of future sales of a substantial number of the Shares could have an adverse effect on the price of the Shares, and the issuance of an additional number of the Shares could dilute the interests of Shareholders.

Section D—Key information on the Offer and Admission

Section D(1)—Under which conditions and timetable can I invest in this security?

D.1.1 Terms and conditions of the Offer

The Company is offering up to 41,239,257 New Shares and the Selling Shareholders are offering an aggregate of up to 4,223,997 Sale Shares, in each case to certain institutional investors under the Offer and at an Offer Price of 600 pence per Offer Share. A pricing statement is expected to be published on or around 23 February 2021, which will confirm the final number of New Shares and Sale Shares to be subscribed for or sold in the Offer. The Company will not receive any of the net proceeds of the sale of the Sale Shares, all of which will be paid to the Selling Shareholders.

In connection with the Offering, the Over-allotment Shareholders have granted to the Stabilising Manager the Over-Allotment Option, pursuant to which the Stabilising Manager may require the Over-allotment Shareholders to make available, in whole or in part, on one or more occasions, additional Existing Shares representing up to 10 per cent. of the Offer Shares (excluding the Shares subject to the Over-allotment Option) at the Offer Price to cover short positions arising from over-allotments, if any, and/or stabilisation transactions. Such Over-Allotment Option may be exercised in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings in the Shares on the London Stock Exchange. The Offer Shares may only be offered to persons in any EEA member state who are "qualified investors" within the meaning of the EU Prospectus Regulation or in other circumstances in which a prospectus is not required by the EU Prospectus Regulation.

The Offer is being made by way of an institutional offer (i) in the United States, only to persons reasonably believed to be QIBs, as defined in, and in reliance on, Rule 144A, or pursuant to another exemption from the registration requirements of the US Securities Act, in each case in accordance with any applicable securities laws of any State or other jurisdiction of the United States; and (ii) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S. Each Investor is required to undertake to pay the Offer Price for the Offer Shares issued or transferred to such Investor in such manner as shall be directed by the Joint Global Co-Ordinators.

An Investor applying for Offer Shares may elect to receive such Shares in uncertificated form if such Investor is a system-member in relation to CREST. Where applicable, definitive certificates in respect of the Offer Shares are expected to be despatched by post to the relevant holders no later than the week commencing 15 March 2021.

D.1.2 Expected timetable

Publication of Prospectus	17 February 2021
Publication of the Pricing Statement[1]	23 February 2021
Conditional dealings in the Shares commence[2]	23 February 2021
Admission and unconditional dealings in the Shares commence	26 February 2021
CREST accounts credited with uncertificated Shares	26 February 2021
Despatch of definitive share certificates (where applicable)	Week commencing 15 March 2021

(1) The number of Shares in the Offer will be confirmed in the Pricing Statement. The Pricing Statement will not automatically be sent to persons who receive this document, but it will be published on the Company's website at www.auctiontechnologygroup.com

(2) If Admission does not occur all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

D.1.3 Admission

Applications have been made to the FCA and the London Stock Exchange for all of the Shares of the Company, issued and to be issued pursuant to the Offer, 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, respectively.

D.1.4 Dilution

Pursuant to the issue of New Shares under the Offer, the Existing Shares will experience a 41.2 per cent. dilution assuming that the maximum number of New Shares subject to the Offer is subscribed for (that is, the Existing Shares as a proportion of the entire issued share capital of the Company will decrease by 41.2 per cent.).

D.1.5 Net proceeds and expenses

Under the Offer, up to 41,239,257 New Shares are being made available to Investors at an Offer Price of 600 pence per New Share, raising total gross proceeds of £247.4 million, which is subject to commissions and other estimated fees and expenses of £18.2 million (including irrecoverable VAT), resulting in total net proceeds for the Company from the Offer of £229.2 million (including £132.5 million which will be used to redeem the Preference Shares), in each case assuming that the maximum number of New Shares subject to the Offer is subscribed for. The Minimum Net Proceeds receivable by the Company will be £229.2 million, assuming a minimum of 41,239,257 New Shares issued at the Offer Price of 600 pence per New Share. Should the Minimum Net Proceeds not be received, Admission would not occur.

Under the Offer, up to 4,223,997 Sale Shares are being made available to Investors at an Offer Price of 600 pence per Sale Share, raising total gross proceeds for the Selling Shareholders of £25.3 million, which is subject to commissions and other estimated fees and expenses of £1.0 million (including irrecoverable VAT), resulting in total net proceeds for the Selling Shareholders from the Offer of £24.3 million, in each case assuming the maximum number of New Shares subject to the Offer is subscribed for, the maximum number of Sale Shares subject to the Offer is sold and no exercise of the Over-allotment Option. The Company will not receive any net proceeds from the sale of the Sale Shares, all of which will be received by the Selling Shareholders. No expenses will be charged by the Company or the Selling Shareholders to any Investor who subscribes for New Shares or purchases Sale Shares pursuant to the Offer.

Section D(2)—Why is this Prospectus being produced?

D.2.1 Reasons for the Offer

The Company intends to use the net proceeds from the Offer (estimated at £229.2 million (assuming that the maximum number of New Shares subject to the Offer is subscribed for)) to redeem the Preference Shares and reduce its existing indebtedness, which will provide the Group with greater financial flexibility, as set out in the following table:

Use	Amount (£)
Repayment of a portion of the debt outstanding under the Senior Facilities Agreement and loans from Shareholders and related parties	£73.2 million
Redemption of the Preference Shares	£132.5 million
Retained as cash to support the Group's growth plans	£23.6 million(1)
Total:	£229.2 million(1)

(1) Assuming the maximum number of New Shares subject to the Offer is subscribed for.

The Directors believe that the Offer and Admission will:

- further support the Group's growth plans by increasing the Group's public profile and brand awareness to both consumers and auctioneers;
- allow for increased funding sources for future organic and inorganic opportunities;
- provide a base of long-term Shareholders; and
- provide a potential liquidity opportunity for existing Shareholders and an opportunity for a partial realisation of their shareholding in the Company.

D.2.2 Underwriting

Under the terms of, and subject to the conditions contained in, the Underwriting and Sponsor Agreement, each Joint Bookrunner has severally agreed to use reasonable endeavours to procure purchasers for, or, failing which, to itself purchase in certain agreed proportions, the Offer Shares at the Offer Price.

D.2.3 Conflicts of interest

Not applicable; there are no interests that are material to the Offer.

PART II

RISK FACTORS

Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, you should carefully consider risks associated with any investment in securities and, in particular, the Shares, as well as the Group's business, its industry and the macroeconomic environment in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.

The risk factors described below represent the risks that the Directors and Proposed Directors believe to be material to the Company, the Group and/or the industry and macroeconomic environment in which the Group operates as at the date of this Prospectus. However, these risk factors are not the only ones facing the Group. Other risks and uncertainties relating to an investment in the Shares and to the Group's business, its industry and the macroeconomic environment in which it operates, that are not currently known to the Group, or that the Directors and Proposed Directors currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. If any such risks occur, the price of the Shares may decline, and you could lose all or part of your investment. An investment in the Shares involves complex financial risks and is suitable only for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. You should consider carefully whether an investment in the Shares is suitable for you in light of the information in this Prospectus and your personal circumstances.

Prospective investors should note that the risks relating to the Shares, the Group's business and the industry and macroeconomic environment in which it operates summarised in the section of this Prospectus entitled "Summary" are the risks that the Directors and Proposed Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events, and depend on circumstances, that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus entitled "Summary" but also, among other things, the risks and uncertainties described below.

RISKS RELATING TO THE COMPANY

A. RISKS RELATING TO THE COMPANY'S BUSINESS ACTIVITIES AND INDUSTRY

A.1 The Group faces competition on a number of fronts and may fail to compete effectively.

The industry in which the Group operates is competitive and rapidly changing. The Group faces competition in a number of respects.

Some of the Group's existing competitors may have greater brand recognition, as well as financial, distribution, advertising and marketing resources than the 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 the Group operates presently or 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 Group does not offer, should they enter the Group's markets. Competitive pressures that the Group experiences may intensify if its competitors consolidate or enter into business combinations or alliances.

Whilst the Directors and Proposed Directors believe that eBay and Ritchie Bros. are not direct competitors of the Group, A&A and I&C auctioneers (respectively) who use its Marketplaces or Platform do compete directly with those companies in relation to acquiring consignments of items for sale and in relation to attracting prospective bidders. In this way, the Group also competes indirectly with eBay in the A&A vertical and Ritchie Bros. in the I&C vertical.

The Group may experience competitive pressure relating to its take rate. For example, the 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 Group is not yet active but has intent to expand) prior to the Group's entry into those markets. This may make it more difficult for the Group to establish itself in those markets. Similarly, take rates in any new markets that the Group may seek to penetrate may have pre-existing competitors who charge lower take rates, and the Group may need to reduce its own take rate to enhance its competitive position in such markets.

As commission on lots sold represents the majority of the Group's annual revenue (in FY20, 61 per cent. of the Standalone ATG Group's revenue and 75 per cent. of the Standalone Proxibid Group's revenue) and it only earns commission on winning bids which are placed online via its Marketplaces or Platform, the Group's business faces 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 the Marketplaces or Platform would reduce the Group's commissions, which are the Group's primary revenue stream*."

Additionally, the Group competes 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 Group's success in competing with these competitors depends upon a number of factors, including those detailed in the risk factor entitled "*The Group may be unable to retain existing, or attract new, bidders and auctioneers, who are the principal drivers of the Group's revenue.*"

If the Group is not able to maintain its market position and effectively compete in the markets in which it operates or into which it seeks to expand, its business, financial condition, results of operations and prospects may be materially adversely affected.

A.2 The Group may be unable to retain existing, or attract new, bidders and auctioneers, who are the Group's customers that principally drive revenue.

The Group's revenues and performance are driven primarily by the volume and price of goods sold through its Marketplaces and the Platform, which in turn depend significantly upon the number of bidders and auctioneers using the Marketplaces and the Platform.

The Group's strategy relies on bidders and auctioneers returning to use the Marketplaces or the Platform on a regular basis as one of the drivers of revenue stability and growth for the Group. Revenue attributable to existing auctioneer customers typically represents a substantial portion of the Group's revenues in each financial period. 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 Group's Aggregated Operations in FY20. Additionally, part of the Group's growth strategy is to increase its revenues by attracting new bidders and auctioneers to its Marketplaces or Platform.

The Group's ability to retain existing bidders and auctioneers and to attract new bidders and auctioneers to utilise the Marketplaces or 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 the Marketplaces or the Platform;
- the strength of the markets and customer demand for the goods sold via the 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 Group's fee structure and payment terms in comparison to its competitors;
- the maintenance and enhancement of the Group's Marketplaces and Platform as well as auction management solutions and other ancillary services to keep pace with auctioneer and bidder demands;
- the strength of the Group's brands;

- the strength of the Group's white label offerings for auctioneers;
- the level and effectiveness of the Group's sales and marketing activities directed towards attracting auctioneers and bidders, including marketing opportunities that the Group offers, such as within its trade magazine, the *Antiques Trade Gazette*;
- the Group's search engine optimisation ("**SEO**") strategy, which influences the Group's domain authority and ranking within internet search results;
- the effect of exclusivity clauses in certain of the Group's agreements with auctioneers in the US which restrict the Group's ability to do business with specific competitors of such auctioneers; and
- the amount and effectiveness of the Group's customer relationship management ("**CRM**") expenditure directed towards retaining auctioneers and bidders.

Moreover, the Group relies on the value it delivers to auctioneers rather than on contracts to retain auctioneers' business. The Group's agreements with auctioneers do not require auctioneers to continue to use the 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 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 Group's auctioneer customers have in the past ceased using the 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, the Marketplaces or the Platform for the sale or purchase of goods or that the proportion of these goods sold on the Group's Marketplaces or the Platform rather than via other platforms or venues will not decrease.

If a significant number of the Group's existing bidders or auctioneers were to stop using one or more of the Marketplaces or the Platform the Group would, over time, lose the benefit of the "network effect" (i.e. the virtuous circle which the Directors and Proposed Directors believe is generated by a steadily growing number of new and returning bidders choosing to place more bids through the 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 the 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 the Marketplaces or the Platform and to incentivise bidders (both new and existing) to use the Group's Marketplaces or the Platform.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A.3 A decrease in successful online bids and/or a decline in the value of inventory listed by auctioneers on the Marketplaces or Platform would reduce the Group's commissions, which are the Group's primary revenue stream.

The Group's primary revenue stream is from commissions paid by successful (i.e. winning) bidders, which are only payable to the Group when a winning bid is made by an online bidder using the Marketplaces or Platform. Such commissions comprise the majority of the Group's revenue (in FY20, 61 per cent. of the Standalone ATG Group's revenue and 75 per cent. of the Standalone Proxibid Group's revenue). In order to maintain and grow its revenues from commissions on online sales, the 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 the Marketplaces or Platform. To the extent the auctions taking place on the Marketplaces or Platform are simultaneously taking place in physical auction houses or on other internet platforms not owned by the Group, winning bidders not using the Marketplaces or Platform would not generate any commission for the Group.

In addition, as the Group's commissions are calculated as a percentage of the winning bid price, the amount of commissions that the Group is able to generate depends also on the prices achieved on the inventory sold in the auction. Various factors may affect the proportion of bidders on the Group's

Marketplaces or 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 the 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 Group's conversion rate optimisation efforts to encourage bidders on the 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 Group's bidder base as compared with bidders not using the Group's Marketplaces or 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 Group's Marketplaces and 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 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.

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

The Group's business model includes a white label offering, which enables auctioneers to maintain their own brands whilst using the Group's Platform on their own websites. The Group's white label offering represented a small proportion of revenue in FY20 (one per cent. of the Standalone ATG Group's revenue and zero per cent. of the Standalone Proxibid Group's revenue) but is expected to grow following the Auction Mobility Acquisition in October 2020. The 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 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 Group's competitors. Alternatively, use of the 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 Group's Platform entirely and maintain their own platform. If a sufficient number of auctioneers were to choose not to continue to use the Group's offering as a result, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A.5 An inability to maintain a consistently high-quality and secure experience for the Group's auctioneers and bidders across its Marketplaces or Platform or to keep pace with innovation and changes in technology could result in fewer auctioneers and/or bidders using the Marketplaces or Platform.

The Group's success and ability to compete depends on its ongoing ability to maintain a consistent, convenient, high quality and secure experience for auctioneers and bidders across its Marketplaces and its 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.

The Group's ability to deliver such an experience depends on its ability to adapt to changing technologies, including changing consumer trends in relation to technologies and adapting to new technologies that the Group or the market have not yet encountered, as well as adapting to evolving industry standards. In particular, it is necessary for the Marketplaces and the 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 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 Group's Marketplaces and Platform.

The Group needs to continually update, test and enhance its software, to seek to ensure that its 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 Group's existing technology infrastructure.

Additionally, whilst some of the Group's technologies are developed and maintained in-house, the Group contracts with third-party developers in relation to development and maintenance. In particular, the Group relies on a third-party developer, Objectivity Limited ("**Objectivity**"), with respect to certain software development. The Group has had an agreement in place with Objectivity since 2017 and Objectivity has assisted the 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 Group's highest expenditure of any supplier in FY20. If the Group is unable to secure ongoing "work packages" with Objectivity or contracts with other third-party developers on a favourable basis, or if the Group or third parties on whom the Group 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 and/or Platform through such devices more difficult than through a desktop computer, lower the use of the Marketplaces and/or Platform and/or require additional technological innovation by the 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 and/or Platform. The Group will need to ensure that its online offering remains attractive as consumers shift to these alternative means of accessing the internet.

If the 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, the Group's business, financial condition, results of operations and prospects will be adversely affected.

A.6 The Group may be unable to successfully manage its future growth.

The Group has grown rapidly since FY16 and the Directors and Proposed Directors believe future growth is important to the ongoing success of the Group. The 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 Group incurred losses for the year of £3.5 million, £8.8 million and £16.0 million for FY18, FY19 and FY20, respectively, and the Group may not be able to achieve profitability.

The 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 its Platform. In implementing its growth strategy, the 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 Group's growth strategy also entails developing new offerings with which it has less experience. For example, the 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, the Group's efforts and investments may be unsuccessful in growing the Group's business as planned. The 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 Group may also have reduced amounts of cash available for use towards other initiatives.

The implementation of the Group's growth strategy is also expected to expose the Group to additional competitive and operational complexities, and may place additional requirements and strain on the Group's 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 Group's current technology systems beyond current expectations. In addition, the Group's investments in new technology may not provide anticipated benefits or may expose the Group to additional risks, for example, due to poor implementation or due to unexpected outcomes of new functionalities. Some of the Group's systems are interdependent and a failure of one of these systems may result in dependent systems failing. Any updates to the 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 as detailed in the risk factor entitled "*The Group has in the past made, and in the future may make, acquisitions and investments, which may prove unsuccessful or divert its resources, result in operating difficulties and otherwise disrupt the Group's operations*".

The Directors and Proposed Directors believe the Group's innovation and collaboration-driven culture is core to its 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 Group grows internationally. The 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 Group 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.

A.7 The Group has in the past made, and in the future may make, acquisitions and investments, which may prove unsuccessful or divert its resources, result in operating difficulties and otherwise disrupt the Group's operations.

Acquisitions and investments are a significant component of the Group's growth strategy. The Group has in the past made, and in the future may make, acquisitions and investments which are material to its financial condition and results of operations. For example, in February 2020 the Group acquired Proxibid which has had a material effect on the Group's financial condition and results of operations, with the Group's THV (Total Hammer Value, representing the total final sale value of all lots listed on the Group's Marketplaces or Platform) growing from £1,500 million in FY19 to £4,900 million in FY20 (with the Standalone Proxibid Group accounting for £3,200 million of that sum and the Standalone ATG Group accounting for £1,700 million). Similarly, in October 2020, the Group completed the Auction Mobility Acquisition.

The 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 Group more widely;
- difficulties integrating the systems of the acquired operations with those of the 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 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 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*" below;
- 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 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 Group's financial position. If the 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 Group's business, financial condition, results of operations and prospects.

Moreover, acquisitions or investments in jurisdictions other than the ones the Group currently operates 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 Group to unanticipated risks.

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

A.8 The loss of senior executives or one or more of the Group's key employees could adversely affect its business, results of operations and financial condition.

The 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 the Group's business.

The 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 is currently in the process of recruiting a new Chief Marketing Officer. Competition for qualified employees (particularly in the technology field) is intense and changes in labour or tax laws could require the Group to incur higher labour costs. The specialised skills the Group requires 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**") will result in a reduction in freedom of movement between the United Kingdom and Europe. This could impair the Group's ability to hire new personnel from the European Union.

If the 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 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 Group's strategic objectives and result in significant costs being incurred, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A.9 The Group relies on its brand and reputation, which could be impaired.

Any failure to maintain the Marketplaces or Platform, or perception that the Marketplaces or Platform are not maintained, at the level expected by the Group's auctioneers or bidders, or any failure to maintain high quality customer service, could adversely affect the Group's reputation and undermine the strength of its brands. Any negative information or commentary relating to the Group and the Marketplaces or the Platform, whether accurate or not, may be widely disseminated on social networking platforms, which could amplify any adverse effect on the reputation of the Group, the Marketplaces and the Platform. The Group may also suffer reputational harm or suffer negative publicity as a result of the actions of auctioneers using its Marketplaces or 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 Group could incur liability by reason of the actions of auctioneers on its Marketplaces or Platform*" below. Similarly, the Group does not test any products which are sold on its Marketplaces or 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 Group could suffer reputational harm.

In addition, the 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 Group's trade magazine, the *Antiques Trade Gazette*. This editorial content, whilst controlled by the 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 Group's reputation.

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

A.10 The 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.

The Group relies 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). The Group views these as an important means of promoting the Group's services and reaching auctioneers and bidders. The Group also provides e-mails and "push" communications to existing bidders and other visitors informing them of what is currently, or will be, available for purchase via the Marketplaces. The Directors and Proposed Directors believe these platforms help generate a substantial portion of the Group's 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 Group's domain name ranking may change from time to time, due to factors that may be outside the control of the Group, such as a change in a search engine's ranking algorithm or methodology. Historically, the 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 Group may not be able to replace this traffic. The Marketplaces have experienced fluctuations in search result rankings in the past and the Directors and Proposed 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 Group's business, financial condition, results of operations and prospects. Additionally, to further grow online presence, the 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 Group's domain name authority decreases, or the price of marketing the Marketplaces via search engines or on social media platforms increases, the 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 Group's direct marketing costs.

The 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 the Group is unable to successfully implement these initiatives, its business and results of operations could be materially adversely affected.

The Group is also 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 Group is slow to adapt. Additionally, changes in how webmail applications organise and prioritise e-mail may reduce the number of subscribers opening the 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 Group's business.

The 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 Group's marketing activities, including its use of cookies, are subject to data protection regulation as further detailed in the risk factor entitled "*The Group 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 Group's business, financial condition and results of operations.

A.11 The Group could incur liability by reason of the actions of auctioneers on its Marketplaces or 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 the Group could be held liable for information posted on the Group's websites by third parties, such as auctioneers. Although the Group does not create the listings or take possession of the items offered for auction on its Marketplaces or 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 the Group is not aware of any instances where the risks set out in this risk factor have materialised in the past and the Group has processes in place in order to reduce the risk of fraudulent items being sold via its Marketplaces or Platform, there can be no assurance that the Group's policies and procedures will be effective in preventing them from materialising in the future.

In particular, a number of auctioneers using the Proxibid Marketplace in the United States sell firearms, which is subject to both US federal and state law and regulation. Whilst the Group has systems in place to confirm that any auctioneer which indicates at sign-up it is intending to sell firearms via the Proxibid Marketplace has the required US Federal Firearms Licence, the Group does not then monitor or verify that any subsequent sales by such auctioneers are compliant with the terms of that licence, and the Group relies 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 Group could incur liability in relation to any sale of military-grade weaponry on the Marketplaces or the 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 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 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 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 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 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 Group or the relevant auctioneer would be liable for non-compliance with this legislation, if the Group were to be found liable, the Group 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 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 employs a compliance team to monitor compliance with the above restrictions and remove listings if issues are identified. However, there can be no assurance the 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 Group is 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 Group revenue associated with auctions of firearms, and changes more broadly to the liability regime that would apply to the Group could have a material adverse effect on the Group's 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 Group were such items to remain available for auction on Marketplaces or the 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 "The Group relies on its brand and reputation, which could be impaired".

Additionally, the Group allows third-party auctioneers to advertise their products and auctions, including links to their websites, on the Group's websites. These third-party websites are outside of the 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 Group reviews advertisements before they are placed on the Group's websites 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 Group's contracts with auctioneers confirm that the Group acts only as a conduit of products on its Marketplaces 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 Group.

A.12 The Marketplaces' and Platform's systems and processes may be subject to undetected errors, defects or bugs which could adversely affect the Group's business.

The Group's business is dependent on the suitability, reliability, durability and performance of its Marketplaces' and Platform's systems and processes, including third-party components and systems that supports its business. The software underlying the Marketplaces and the Platform is complex and may contain undetected errors, defects or bugs. In the past, the Group has 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 Group's business as a result of any such instances to date, the 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 Group's services are 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 Group provides white label auction products (via GAP White Label and Auction Mobility) which auctioneers can use to run auctions via their own websites, and back-office systems (via GAP Office and Wavebid) which auctioneers can use to support the administrative aspects of running an auction house. If the software supplied by the 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 Group. If such a claim were successfully brought against the Group, the Group's insurance may not cover such claim fully or at all and the Group's reputation, business, results of operations, financial condition and prospects may be materially adversely affected.

Errors, defects or bugs could be found in the Group's existing or 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 Group's business, financial condition, results of operations and prospects.

Any security intrusion, virus or other breach may also compromise information held by the 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.*").

A.13 Disruptions in third-party systems and processes that the Group relies on could result in lower sales and increased costs.

The Marketplaces and the 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 Group's ability to offer its services until the functionality offered by the third-party providers is rectified or replaced. In addition, the Group utilises 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 Group also relies on third parties to provide payment processing services, as the Marketplaces and the 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 Group's operations may be disrupted and the 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 Group's revenue and undermine confidence in the Marketplaces or the Platform. The Group may be unable to source alternative providers of such services in a timely manner, or at all.

Any failure by the 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, the Group and its 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 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 or the Platform during those interruptions, or may otherwise result in auctioneers reducing their use of the Marketplaces or Platform. The Group may fail to replace the functionality or data provided by the third-party vendors that is presently incorporated into the 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 Group's ability to process bidder traffic and transactions which, in turn, might materially adversely affect the Group's business, financial condition, results of operations and prospects.

A.14 Security breaches and other disruptions to, or failures in, the Group's IT infrastructure and networks, or those of third parties, could disrupt the Group's business, compromise sensitive and confidential information, affect the Group's reputation, increase its operational costs and cause losses.

The Group relies 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 Group also collects and stores 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 Group's bidders and auctioneers), personally identifiable information of the Group's employees, bidders and auctioneers and other confidential information.

The Group's systems, data (wherever stored), software or networks, and those of third parties, are vulnerable to security breaches, including unauthorised access from within the Group or by third parties, computer viruses or other malicious code and other cyber threats that could have an adverse security impact. The 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 Group's systems, as well as interruptions or malfunctions in the Group's or third parties' operations.

The Group is regularly subject to attempted attacks on its information technology networks. Although to date no such attack has been successful, if one were to be successful, the 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 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 Group's insurance policies. The Group is also subject to risks related to compliance with the GDPR, as detailed in the risk factor entitled "*The Group may incur additional costs in implementing and complying with new regulations, or any changes to existing regulations, such as the GDPR*".

The 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 Group's ability to process transactions, which could result in the Group incurring significant losses of revenue, as well as significant additional costs to modify its protective measures or to investigate and remediate vulnerabilities.

A.15 The Group uses 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.

The Group uses open source software in the Marketplaces and the 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 the Group considers that it complies with the terms of the open source licences and it takes steps to monitor such compliance, the Group could potentially face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that the Group 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 Group to enter into or purchase a costly licence or stop offering the implicated services unless and until the 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 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 Group's business, financial condition, results of operations and prospects.

A.16 Failure to adequately protect, maintain or enforce the Group's intellectual property rights could substantially harm its business and results of operations.

The Group relies on a combination of trademark, copyright, confidential information, trade secrets and contractual restrictions to protect its intellectual property. 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 and it takes steps to maintain these registrations by activating auto-renewal of these domain names. The Group also owns 25 registered trademarks in the territories of the EU, UK and US relating to the Marketplaces and the ATG brand. However, there is no guarantee that any or all of these measures will provide complete protection to the Group. In particular, the domain names listed above are of significant value to the Group's operations, and any loss of rights in or damage to the value of those intellectual property would adversely affect the Group's business.

The Group does not have comprehensive registered protection for all of its intellectual property in all jurisdictions of the world. For example, the Group does not hold registered trademarks in respect of the trade names "The Saleroom", "GAP Office" or "Antiques Trade Gazette." Additionally, the 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 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 Group's other trade names, could result in confusion among consumers between the Group's brand and other brands, which may undermine the Group's reputation and brand image and reduce the value of its trade names. The 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 Group's intellectual property.

Litigation or similar proceedings may be necessary in the future, as they have on occasion been in the past, to protect, register and enforce the 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 Group's business, financial condition, results of operations and prospects.

Monitoring the unauthorised use of the Group's intellectual property rights is difficult and any measures the Group takes to protect its intellectual property rights may prove inadequate to prevent misappropriation of its intellectual property, which may result in: the Group's trademarks becoming generic and losing the protection of intellectual property laws; substantial costs and diversion of resources; and counterclaims or other claims against the 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 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 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 the Group. 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 Group's business, financial condition, results of operations and prospects.

A.17 The Group may have difficulty finding suitable acquisition targets.

Selective acquisitions and other investments play an important part in the Group's growth strategy, and, from time to time, the Group may evaluate potential strategic acquisition or investment opportunities. The Group may not be able to identify acquisition or investment opportunities that meet its strategic objectives, or, to the extent such opportunities are identified, the Group 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 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 Group's cash generation from its trading activities may be insufficient to finance the pursuit or realisation of acquisitions. In this instance, the 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 Group in order for it to pursue acquisition opportunities on acceptable terms or at all. Limitations on the Group's access to capital could arise from events or causes beyond the 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 Group's ability to access capital could limit the Group's liquidity and ability to pursue acquisitions opportunities which would limit the Group's growth and could have a material adverse effect on its business and prospects.

A.18 Provisions of the Group's current or future debt instruments could restrict the Group's ability to pursue its business strategies.

The Group utilises debt as part of its finance strategy. Although following the issuance of New Shares as part of the Offer and the application of the net proceeds therefrom and, in particular, redemption of the Preference Shares and repayment of a portion of the Group's outstanding debt, the Group is targeting nil net debt (being total borrowings, excluding capitalised borrowing costs, less cash and cash equivalents and excluding leases) immediately following Admission, the Group's level of indebtedness may increase in the future, including as a result of undertaking acquisitions and investments.

Under the terms of the Senior Facilities Agreement and other of its debt instruments, the Group must comply with the terms of various covenants for so long as the Group continues to have outstanding indebtedness under the relevant agreement. Such covenants include adjusted net leverage ratios and minimum Adjusted EBITDA.

The provisions of the Senior Facilities Agreement, or the provisions of any of the Group's other debt instruments or any debt instruments which the Group may enter into in the future, may limit the ability of the Group or 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 Group does not anticipate a default under the Senior Facilities Agreement or any of its other debt instruments, if the 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 Senior Facilities Agreement and/or the relevant debt instrument.

The Group does not have a requirement to refinance its existing debt instruments in the medium term, however, the Group may seek to refinance its existing debt instruments or to obtain new financing (for example, to fund its acquisition strategy). Should the 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 Group's business operations.

Nothing in this risk factor is intended to qualify the opinion of the Company that, taking into account available banking facilities and the Minimum Net Proceeds, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.

Interest rates under the Senior Facilities Agreement 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.

Additionally, as a function of the interest rates under the Senior Facilities Agreement being partly based on LIBOR or EURIBOR (the Euro interbank offered rate), the 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.

A.19 Goodwill reported in the 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 Group's statement of comprehensive income.

As of 30 September 2020, the goodwill recognised in the Group's consolidated statement of financial position amounted to £123.6 million, 22 per cent. of which was attributable to the Proxibid Acquisition. In accordance with IFRS, goodwill is tested for impairment at least annually. Impairment may result from, among other things, a deterioration in the Group's (or a specific cash-generating unit'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 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 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.

A.20 The 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 Group may be unable to develop and provide the additional ancillary services that the Directors and Proposed Directors believe will enable the Group to earn additional revenues from such incremental services in the medium term or, to the extent the Group does launch such services, there may be insufficient demand in the market to support ongoing provision of such services. Further, auctioneers may not value any additional services as anticipated by the 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 Group's revenue and undermine confidence in the Marketplaces or the Platform, or in the Group as a facilitator of access to such third parties. The Group may also be unable to source alternative providers of such services in a timely manner, or at all.

If the 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 the Group's growth strategy, financial condition, results of operations and prospects.

A.21 Factors outside of the 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 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 Group operates from three locations across the UK, Germany and 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 Group's business, financial condition, results of operations and prospects if it affected any of the 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 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 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 Group may not have sufficient protection or recovery plans in certain circumstances. As the Group relies 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 Group's business, financial condition, results of operations and prospects.

B. RISKS RELATING TO THE GENERAL ECONOMIC CLIMATE

B.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 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, in the UK, GDP contracted by 20.4 per cent. during the three month period to 30 June 2020, 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 Group's auctioneers, particularly those trading on The Saleroom Marketplace, 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 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, waiving fees of £460,000 in total between 1 April and 30 June 2020. Whilst the Directors and Proposed 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. 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. The further tightening of restrictions in relation to the COVID-19 pandemic in January 2021, in particular in the UK, is likely to continue to have an impact on the Group, auctioneers and bidders.

Whilst the direct impact of the COVID-19 pandemic on the Group to date has been largely accretive to revenue (notwithstanding the initial impact on The Saleroom 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 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 Group's business, financial condition, results of operations and prospects.

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

The 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 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 Group is 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 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 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. Any changes in law or regulation as a result of Brexit that have a negative impact on the Group or increase the Group's costs, and any adverse economic conditions arising from the effects of Brexit, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

B.3 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.

Whilst the Group's business model is largely cycle-neutral, the Group's business depends 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).

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 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 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 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 Group's business, financial condition, results of operations and prospects.

B.4 The Group may be affected by changes in currency exchange rates.

The Group's financial statements are reported in pounds sterling, which is the Group's presentation currency, while the functional currencies of the Group's subsidiaries in the US and Germany are US dollars and the Euro (respectively). This exposes the Group to currency translation risk and the Group's exposure to this risk was significantly increased as a result of the Proxibid Acquisition. The 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 Group's cumulative translation reserve. 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 Group's reported results of operations. The Group expects to continue to report its financial results in pounds sterling and, consequently, its reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses.

In addition, the 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.

The Marketplaces which target the US markets (Proxibid and BidSpotter US) generate their revenue in US dollars. The revenues attributable to these Marketplaces account for a significant proportion of the Group's revenue (in FY20, 36 per cent. of the Standalone ATG Group's revenue and 100 per cent. of the Standalone Proxibid Group's revenue) and therefore the exchange rate of the US dollar against the pound sterling is particularly material to the Group. Additionally, the Lot-tissimo Marketplace, which focuses on the DACH region, generates its revenue in Euros. The revenue generated by each of these Marketplaces (Proxibid, BidSpotter US and Lot-tissimo) is therefore particularly at risk to any adverse currency movements as a result of Brexit and its associated impacts.

C. LEGAL AND REGULATORY RISK

C.1 The Group is subject to regulatory oversight by competition authorities, including the Competition and Markets Authority in the UK, which may impact its acquisition activity

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. 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 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 (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 Group containing formal allegations in respect of the 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 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 Group on price. 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 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 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 Group).

As a result of the CMA accepting the Commitments offered by the Group, the CMA discontinued the Investigation. As noted in the Commitments, the giving of the Commitments by the Group does not constitute an admission of any wrongdoing by the Group, and the 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 Group by the CMA.

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 CMA has not identified to the Group any breach of the Commitments by the Group during the time period in which the Commitments have been in place, nor is the Group aware of any circumstances that would constitute a breach of the Commitments. If the CMA has reasonable grounds to suspect that the 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 Decision, the CMA reached a preliminary view that the Group likely held a dominant position in the provision of live online bidding auction platform services to auction houses in the UK. Whilst the Group strongly disagrees with this assertion, the CMA in future may be more likely to review the Group's actions, in particular relating to any mergers and acquisitions it may seek to undertake.

In the UK and certain other jurisdictions, notifications of acquisitions to the relevant competition authority are voluntary and the 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 enlarged Group to give certain undertakings, such as disposing of parts of the Group or parts or all of the acquired business, to satisfy competition concerns.

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

C.2 The Group is 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 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 Group is 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 Group from carrying on some or all of its activities or otherwise penalise the 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 Group's services, limit marketing methods and capabilities, affect its margins, increase costs or subject the 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 Group operates marketplaces across the UK, US and DACH region and, in FY20, goods were sold via the Marketplaces or the Platform to bidders in approximately 150 countries. The global nature of the 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 Group's failure to comply with local and international trade rules and restrictions, could expose it to fines and penalties. The 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 Group has policies and procedures in place designed to promote compliance with laws and regulations, which are continually reviewed as the Group expands its operations in existing and new jurisdictions, the 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 Group's policies and procedures may not comply at all times with all applicable laws or regulations. In the event the Group's controls should fail or the Group is found to not be in compliance for other reasons, the 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 Group conducts business, could require the 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 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 Group's business, results of operations, financial condition and business prospects.

C.3 The 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 Group to conduct its business, require that the Group change the way in which it operates or require that the 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 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 Group, whichever is greater. Whilst the Group has 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 Group is fully compliant with its obligations under the GDPR, particularly given that 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 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 Group continues to review its 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 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 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 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.

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 Group would need the resources to comply with all of them.

If the 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 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.

C.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 5^{th} 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.

C.5 The Group may be subject to general litigation, regulatory disputes and government inquiries.

The Group has in the past faced and 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 Group has grown larger and expanded in scope and geographic reach, and as the Group's business operations have increased in complexity. In addition, if the 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 Group to comply with undertakings set by a regulator.

The 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 Group to make substantial payments to satisfy judgments, fines or penalties or to settle claims or proceedings, any of which could harm the Group's business.

Legal proceedings or inquiries could also result in reputational harm, criminal sanctions, consent decrees or orders preventing the Group from offering certain products or services, or requiring a change in the 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 Group could result in unexpected expenses and liabilities, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

C.6 The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends.

The Company is a group holding company with no independent operations and is dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to Shareholders. The Company currently intends to retain any future earnings to finance the operation and expansion of its business, including additional acquisitions. 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.

Should the Company decide to declare dividends in the future, as a matter of English law, the Company can pay dividends only to the extent that it has sufficient distributable reserves and cash available for this purpose, which depends upon the Company receiving cash from its operating subsidiaries in a manner which creates distributable reserves. The Company's ability to pay dividends to Shareholders therefore depends on its future Group profitability, the ability to distribute or dividend profits from its operating subsidiaries up the Group structure to the Company, general economic conditions and other factors the Directors and Proposed Directors deem significant. The Group's distributable reserves can be affected by reductions in profitability as well as by impairment of assets. Similar rules apply in the US and Germany, where certain of the Company's subsidiaries are located. Dividends paid between members of the Group (including the Company) may be subject to irrecoverable withholding or other taxes, reducing the amounts ultimately available for distribution by the Company.

In addition, the Company may not pay dividends if the Directors and Proposed Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors and Proposed Directors conclude it would not be in the best interests of the Company.

C.7 The application, interpretation or amendment of tax laws, rules or regulations in relation to the Group are subject to uncertainties and the Group may become the subject of a dispute with a taxation authority.

The tax laws of various jurisdictions to which the Group is 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 Group or may seek to determine that the manner in which the Group operates does not achieve the expected or intended tax consequences.

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 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 Group and/or impose interest and penalties. Any successful challenge by a taxation authority could increase the worldwide effective tax rates of the Group. Any additional taxes or other assessments may be in excess of the current tax reserves and/or provisions of the Group and the 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 Group.

Additionally, the levels of, and reliefs, from taxation to which the Group is subject, or from which it benefits, are subject to changes that may adversely affect the business and profitability of the Group. Any change in the 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 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 Group. The Group cannot predict the timing or impact of any such future changes to tax laws, rules or regulations.

D. RISKS RELATING TO THE OFFER AND THE SHARES

D.1 There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained.

Prior to Admission, there has been no public trading market for the Shares. Although the Company has applied to the FCA for admission to the premium listing segment of the Official List and has applied to the London Stock Exchange for admission to trading on its main market for listed securities, the Company can give no assurance that an active trading market for the Shares will develop or, if developed, could be sustained following the closing of the Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

D.2 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 Offer Price is not indicative of the market price of the Shares following Admission. 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 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 Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions, regulatory changes and 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.

D.3 The Controlling Shareholder will retain significant interests in, and will continue to exert substantial influence over, the Group following the Offer and its interests may differ from or conflict with those of other Shareholders.

Immediately following Admission, the Controlling Shareholder will continue to beneficially own approximately 35 per cent. of the issued ordinary share capital of the Company, assuming no exercise of the Over-allotment Option, and approximately 31 per cent. if the Over-allotment Option is exercised in full (assuming in each case that the maximum number of New Shares subject to the Offer is subscribed for and the maximum number of Sale Shares subject to the Offer is sold). As a result, whilst the Company and the Controlling Shareholder will enter into the Relationship Agreement on Admission, the Controlling Shareholder will possess sufficient voting power to have a significant influence over all matters requiring Shareholder approval, including the election of Directors, approval of significant corporate transactions and delay, deferral or prevention of a change of control. The interests of the Controlling Shareholder may not always be aligned with those of other holders of Shares. In exercising its voting rights, the Controlling Shareholder may be motivated by interests that differ from those of the other Shareholders and the interests of the Controlling Shareholder and its affiliates could conflict with or differ from the Company's interests. The Controlling Shareholder shall also be entitled to appoint a Director to the Board of the Company and to remove or replace that Directors pursuant to the terms of the Relationship Agreement.

So long as the Controlling Shareholder continues to own, whether directly or indirectly, a significant amount of the Group's equity, even if such amount is less than 50 per cent., the Controlling Shareholder will continue to be able to substantially influence or effectively control the Group's ability to enter into any corporate transactions.

In addition, the Controlling Shareholder may invest in companies and from time to time acquire and hold interests in businesses that compete, directly, or indirectly, with the Group. The Controlling Shareholder may also pursue acquisition opportunities that may be complementary to the Group's business and, as a result, those acquisition opportunities may not be available to the Group

D.4 Further issuances of Shares 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 a financing, 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.

D.5 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 lock-up period, or the perception that these sales could occur.

The Company, the Controlling Shareholder, the Directors and the Proposed Directors are 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, the Core Selling Shareholders, the Directors or the Proposed Directors or the Senior Managers in the public market after the lock up restrictions in the Underwriting and Sponsor Agreement, the Senior Manager Lock-Up Agreements and the Deeds of Election expire (180 days following Admission in relation to the Core Selling Shareholders and 365 days following Admission in relation to the Directors, the Proposed Directors, the Senior Managers and the Other Selling Shareholders) or are waived by the Company or the Joint Global Co-Ordinators (in the case of the Other 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. In addition, certain of the Shares could be granted as security by the Controlling Shareholder in connection with margin loan facilities, the enforcement of which would reduce the Controlling Shareholder's 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 Admission 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 Offer Price.

D.6 Shareholders in the United States and other jurisdictions outside the United Kingdom may not be able to exercise their pre-emption rights.

The Articles provide for pre-emptive rights to be granted to Shareholders on future equity offerings, unless such rights are disapplied by a Shareholder resolution. However, securities laws of certain jurisdictions outside the United Kingdom may restrict the Group's ability to allow participation by Shareholders located in such jurisdictions in future equity offerings unless the Company decides to comply with applicable local laws and regulations and, in the case of Shareholders in the United States, a registration statement under the US Securities Act is effective with respect to such rights and Shares or an exemption from the registration requirements of the US Securities Act is available. The Company does not intend to file any such registration statement, and the Company cannot assure prospective US investors that any exemption from the registration requirements of the US Securities Act or applicable non-US securities laws would be available to enable US or other non-UK holders to exercise such pre-emptive rights or, if available, that the Company will utilise any such exemption. The holdings of Shareholders located outside the United Kingdom who are not able to participate in any future equity offerings could be diluted by any such offerings.

D.7 Changes in taxation laws or regulation or the interpretation of tax laws or regulation could affect the returns received and retained by Shareholders.

Any change in taxation laws or regulations or the interpretation of taxation laws or regulations could affect the returns received and retained by Shareholders. Such changes may include (but are not limited to) the taxation of investment income, dividends received or (in the specific context of withholding tax) dividends paid. Statements in this Prospectus concerning the taxation of investors in the Shares are based on current tax law and practice in the UK and the United States, which are subject to change. The taxation of an investment in the Group depends on the individual circumstances of the relevant investor. Any Shareholder who is in doubt as to its tax position should consult an appropriate adviser.

D.8 Overseas Shareholders may be subject to exchange rate risk

The Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk (and any associated tax risks). Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

D.9 Overseas Shareholders may have limited ability to bring actions or enforce judgments against the Company or its Directors

The ability of an overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales, and the rights of the Shareholders are governed by the laws of England and Wales and the Company's articles of association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. It may not be possible for an overseas Shareholder to enforce any judgments in civil or commercial matters or any judgments in securities laws of countries other than the United Kingdom against some or all of the Directors or executive officers of the Company who are resident in the United Kingdom or countries other than those in which judgment is made.

Service of process upon the Directors, Proposed Directors and the officers of the Company, most of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since a substantial portion of the directly owned assets of the Company and the Directors are located outside the United States, any judgment obtained in the United States against the Company or the Directors may not be enforceable outside of the United States, including without limitation judgments based upon the civil liability provisions of the US federal securities laws or the laws of any state or territory within the US. In addition, an award or awards of punitive damages in actions brought in the US or elsewhere may be unenforceable in the UK. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the US, liabilities under US securities laws.

PART III

PRESENTATION OF INFORMATION

1. GENERAL

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations concerning the Company, the Group, the Offer or the Offer Shares (other than those contained in this Prospectus) 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, the Directors, the Proposed Directors, the Selling Shareholders or either of the Joint Global Co-Ordinators. No representation or warranty, express or implied, is made by any of the Joint Global Co-Ordinators 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 Prospectus is, or shall be relied upon as, a promise or representation by any of the Joint Global Co-Ordinators, 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 Global Co-Ordinators 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 Prospectus or any such statement. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor any subscription or sale of Offer Shares pursuant to the Offer shall, 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 Prospectus, or that the information contained herein is correct as of any time subsequent to its date.

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

The Company will update the information provided in this Prospectus by means of a supplement if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs prior to Admission or if this Prospectus contains any material mistake or material inaccuracy. This Prospectus and any supplement will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Offer Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, tax, business and/or financial advice. Each prospective investor should consult his or her or its advisers as to the legal, tax, business, financial and related aspects of subscribing for or purchasing Offer Shares. In making an investment decision, each investor must rely on his or her or its own examination, analysis and enquiry of the Company, the Shares and the terms of the Offer, including the merits and risks involved.

Prior to making any decision as to whether to subscribe for or purchase the Offer Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it.

Investors who subscribe for or purchase Offer Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on either of the Joint Global Co-Ordinators or any person(s) affiliated with either of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied solely on the information contained in this Prospectus.

None of the Company, the Directors, the Proposed Directors, the Selling Shareholders or either of the Joint Global Co-Ordinators or any of their respective affiliates or representatives is making any representation to any offeree, subscriber or purchaser of the Shares regarding the legality of an investment by such offeree, subscriber or purchaser.

In connection with the Offer, the Joint Global Co-Ordinators and/or any of their respective representatives and/or affiliates, acting as an investor for its or their own account(s), may subscribe for, or purchase, Offer Shares and in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such Offer Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Offer Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Joint Global Co-Ordinators or any of them and/or any of their representatives and/or affiliates acting as an investor for its or their own account(s). Neither of the Joint Global Co-Ordinators intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

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 VII (*History and Evolution*), the business conducted by the Company and its subsidiaries has grown by acquisition.

In this Prospectus, 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 XII (*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**"; and
- references to the "**Group**" are to the Historical Group together with (a) the Proxibid Group, after giving effect to the Proxibid Acquisition, (b) 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 a subsidiary of ATL) and (c) from Admission, the interposition of the Company as a new holding company pursuant to the Reorganisation steps to be completed prior to Admission.

Consolidated Financial Statements

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

- 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 Historical Group for FY18 and FY19 and for the period 1 October 2019 to 12 February 2020, and historical consolidated financial information of the Group (including giving effect to the Proxibid Acquisition on 13 February 2020) for the period 13 February 2020 to 30 September 2020; and
- 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.

The consolidated financial statements of each of the Group and of the Proxibid Group have been prepared in accordance with the requirements of the Prospectus Regulation, the Listing Rules and IFRS as adopted for use in the European Union, with the exception of 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. 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 is described in Note 2.1 thereto, and the basis of preparation of the consolidated financial statements of the Proxibid Group is described in Note 1 thereto.

References in this Prospectus to FY18, FY19 and FY20 are to the financial years ended 30 September 2018, 30 September 2019 and 30 September 2020, respectively, and references to FY21 are to the financial year ending 30 September 2021.

Unaudited Pro Forma Financial Information

Part XIII of this Prospectus contains pro forma financial information to show the effect of (i) the Proxibid Acquisition and (ii) the application of the net proceeds from the issuance of New Shares as part of the Offer (as described in paragraph 7 of Part IX of this Prospectus (Reasons for the Offer and Use of Proceeds) and, in particular, the redemption of the Preference Shares and the repayment of a portion of the Group's outstanding debt, as if the Proxibid Acquisition and the application of the net proceeds from the issuance of New Shares as part of the Offer had occurred on 1 October 2019 (in the case of the statement of comprehensive income information) and on 30 September 2020 (in the case of the statement of financial position information).

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

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

- the "**Standalone ATG Group,**" which refers to the Group for FY18, FY19 and FY20, including, in the case of FY18, the Lot-tissimo Group from the date of acquisition (being 26 February 2018), but excluding (a) in the case of FY18, the Catalogues Business and (b) in the case of FY20, 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 30 September 2020, including (for FY19 only) the Wavebid Group from the date of acquisition (being 31 December 2018);
- 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 "**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) and 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 Group monitors various KPIs to track the financial and operating performance of its business, including bidder sessions, THV, GMV, online share, registered 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 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 Prospectus because the Group believes that they provide further information for investors to understand the organic growth across FY18, FY19 and FY20 of what is today the 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 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.

Prospective investors are cautioned not to place undue reliance on the 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 Prospectus, as well as the pro forma financial information of the Group included in Part XIII of this Prospectus.

Non-IFRS Financial Measures

This Prospectus 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 Prospectus because the Directors and Proposed 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 and Proposed 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 and Proposed Directors believe that the presentation of Non-IFRS Financial Measures in this Prospectus 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 Prospectus. Non-IFRS Financial Measures are not intended to be indicative of the Group's future results. 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 Prospectus.

KPIs for the Group's Aggregated Operations

	FY18	FY19	FY20
Bidder sessions ('000)(1)	80,541	89,889	107,192
THV (£m)(2)	4,372	4,344	4,871
GMV (£m)(3)	861	947	1,590
Online share(4)	19.7%	21.8%	32.6%
Registered accounts ('000)(5)	3,122	3,652	4,252
Unique active bidders ('000)(6)	380	404	571
Online-only THV(£m)(7)	292	368	866
Net revenue retention(8)	103.8%	106.0%	116.6%

Standalone ATG Group

	FY18	FY19	FY20
Bidder sessions ('000)(1)	52,054	55,983	61,302
THV (£m)(2)	1,360	1,499	1,693
GMV (£m)(3)	397	437	583
Online share(4)	29.2%	29.1%	34.4%
Take rate(9)	4.5%	4.9%	4.3%
Revenue (£m)	21.2	24.8	27.8
Revenue growth	—	16.8%	12.4%
Constant currency revenue growth(10)	—	14.9%	12.6%

Standalone Proxibid Group

	FY18	FY19	FY20
Bidder sessions (‘000)[1]	28,487	33,906	45,890
THV (£m)[2]	2,898	2,845	3,178
GMV (£m)[3]	459	510	1,007
Online share[4]	15.8%	17.9%	31.7%
Take rate[9]	3.2%	3.4%	2.4%
Revenue (£m)	14.8	17.4	24.5
Revenue growth	—	17.6%	40.4%
Constant currency revenue growth[11]	—	11.6%	40.4%

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 sales of retail jewellery (being new, or nearly new, jewellery).

(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) and sales of retail jewellery (being new, or nearly new, jewellery).

(4) Represents GMV as a percentage of THV.

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

(6) Represents registered 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 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; and
- in FY20, adjusted revenue of £27.9 million based on exchange rates of GBP/USD: 1.27657 and GBP/EUR: 1.12827.

(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; and
- in FY20, adjusted revenue of £24.5 million based on exchange rates of GBP/USD: 1.27657.

Historical financial information of the Group[1]

	FY18	FY19	FY20
Revenue (£m)	22.2	24.8	45.3
Revenue growth	—	11.6%	82.9%
Gross profit (£m)[2]	13.7	17.2	28.0
Gross profit margin[3]	61.5%	69.5%	61.8%
Adjusted EBITDA (£m)[4]	4.7	9.5	20.5
Adjusted EBITDA margin[5]	21.1%	38.3%	45.3%
Cash flow from operations (£m)	4.6	7.6	9.4
Capitalised development costs (£m)	0.5	0.7	1.7
Free cash flow (£m)[6]	4.1	6.9	7.7
Free cash flow conversion[7]	86.5%	72.8%	37.4%

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
Capitalised development costs	2.2	3.2	1.0
Free cash flow (£m)[11]	(0.7)	(0.3)	0.5
Free cash flow conversion[12]	—	—	30.6%

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 set out in Part B of Section One of Part XII of this Prospectus. Please refer to note 5 to the Historical Financial Information of the Group set out in Part B of Section One of Part XII of this Prospectus for a reconciliation of Adjusted EBITDA to Loss before tax.

(5) Represents Adjusted EBITDA divided by revenue.

(6) Represents cash flow from operations less capitalised development costs, which include development costs in relation to software that are capitalised when the related projects meet the recognition criteria under IFRS for an internally generated intangible asset.

(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 set out in Part B of Section Two of Part XII of this Prospectus. Please refer to note 5 to the Historical Financial Information of the Proxibid Group set out in Part B of Section Two of Part XII this Prospectus for a reconciliation of Adjusted EBITDA to Loss before tax.

(10) Represents Adjusted EBITDA divided by revenue.

(11) Represents cash flow from operations less capitalised development costs, which include development costs in relation to software that are capitalised when the related projects meet the recognition criteria under IFRS for an internally generated intangible asset.

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

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this Prospectus constitute Directors' and Proposed Directors' estimates, using underlying data from third parties. As at the date of this Prospectus, the Directors and Proposed 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 Prospectus 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 Prospectus. Such third-party information has not been audited or independently verified. Where third-party information has been used in this Prospectus, the source of such information has been identified.

Information not contained in this Prospectus

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus 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, the Directors or the Proposed 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

Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. 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). Prospective investors 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 Prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

4. INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus 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' and Proposed 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 Prospectus and include statements regarding the intentions, beliefs and current expectations of the Directors and the Proposed 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 II (*Risk Factors*) and Part VII (*Information on the Group*) of this Prospectus 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 Prospectus 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, the Directors and the Proposed 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 II of this Prospectus (*Risk Factors*), which should be read in conjunction with the other cautionary statements that are included in this Prospectus.

The forward-looking statements contained in this Prospectus are made only as of the date of this Prospectus and are not intended to give any assurance to future results. The Company, the Directors and Proposed Directors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this Prospectus 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 Prospectus 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 Prospectus. 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 Prospectus 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 Prospectus 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. 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 Prospectus.

5. NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Company's website, any website mentioned in this Prospectus 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 Prospectus unless it is expressly incorporated by reference. Investors should not rely on such information.

6. ROUNDING

Certain data contained in this Prospectus, 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 Prospectus 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 Prospectus 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 Prospectus has been expressed in pounds sterling.

For the purposes of calculating the net proceeds to be used in repaying a portion of the debt outstanding under the Senior Facilities Agreement and loans from Shareholders and related parties, a significant proportion of which is payable in USD and/or EUR, the Company has assumed exchange rates of GBP/USD: 1.378 and GBP/EUR: 1.138. Should the exchange rate vary from these assumed rates on the date on which such repayments are made, the GBP cost to the Company will also vary.

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 Prospectus, including capitalised terms and certain technical and other items, are defined in Part XV (*Glossary*) and Part XVI (*Definitions*).

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

PART IV

DIRECTORS, PROPOSED DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND PRINCIPAL ADVISERS

DIRECTORS:

Breon Corcoran, Non-Executive Chairman
John-Paul Savant, Chief Executive Officer
Tom Hargreaves, Chief Financial Officer
Morgan Seigler, Non-Executive Director

PROPOSED DIRECTORS:

Scott Forbes, Senior Independent Non-Executive Director
Penny Ladkin-Brand, Independent Non-Executive Director

COMPANY SECRETARY:

Marie Edwards

HEAD OFFICE, REGISTERED OFFICE AND DIRECTORS' AND PROPOSED DIRECTORS' BUSINESS ADDRESS:

The Harlequin Building
6th Floor, 65 Southwark Street
London SE1 0HR

ADVISERS:

Sponsor, Joint Global Co-Ordinator and Joint Bookrunner

Numis Securities Limited
London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Joint Global Co-Ordinator, Joint Bookrunner and Stabilising Manager

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 4BB

English legal advisers to the Company

Travers Smith LLP
10 Snow Hill
London EC1A 2AL

U.S. legal advisers to the Company

Paul, Weiss, Rifkind, Wharton & Garrison LLP
Alder Castle, 10 Noble Street
London EC2V 7JU

English and US legal advisers to the Sponsor, Joint Global Co-Ordinators and Joint Bookrunners

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 V

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Prospectus	17 February 2021
Publication of Pricing Statement[1]	23 February 2021
Commencement of conditional dealings on the London Stock Exchange[2]	23 February 2021
Admission and commencement of unconditional dealings in the Shares	26 February 2021
CREST accounts credited with uncertificated Shares	26 February 2021
Despatch of definitive share certificates (where applicable)	Week commencing 15 March 2021

(1) The number of Offer Shares in the Offer will be confirmed in the Pricing Statement. The Pricing Statement will not automatically be sent to persons who receive this Prospectus, but it will be published on the Company's website at www.auctiontechnologygroup.com.

(2) It should be noted that if Admission does not occur all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

All references to times in this Prospectus are to London times unless otherwise stated.

OFFER STATISTICS

Offer Price per Share	600 pence
Number of New Shares to be issued by the Company pursuant to the Offer[1, 2]	41,239,257
Number of Sale Shares to be sold by the Selling Shareholders pursuant to the Offer[1, 3]	4,223,997
Total number of Offer Shares (excluding any Over-allotment Shares)[1, 2, 3]	45,463,254
Number of Over-allotment Shares[2, 3, 4]	4,546,325
Number of Shares in issue immediately following Admission[2]	100,000,000
Percentage of enlarged issued share capital subject to the Offer (excluding any Over-allotment Shares)[2, 3]	45 per cent.
Estimated gross proceeds receivable by the Company[5]	£247.4 million
Estimated net proceeds receivable by the Company[5, 6]	£229.2 million
Estimated net proceeds receivable by the Selling Shareholders (assuming no exercise of the Over-allotment Option)[7]	£24.3 million
Market capitalisation of the Company at the Offer Price following Admission[2, 8]	£600 million

Notes:

(1) The Company expects to publish the Pricing Statement containing the number of New Shares and Sale Shares in the Offer on or around 23 February 2021. The Pricing Statement will (subject to certain restrictions) be available in electronic form at www.auctiontechnologygroup.com. It will also be made available in printed form at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), 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.

(2) Assuming that the maximum number of New Shares subject to the Offer is subscribed for.

(3) Assuming that the maximum number of Sales Shares subject to the Offer is sold.

(4) The maximum number of Over-allotment Shares will be 10 per cent. of the total number of the Offer Shares (other than the Over-allotment Shares).

(5) Including £132.5 million which will be used to redeem the Preference Shares. Assuming that the maximum number of New Shares subject to the Offer is subscribed for.

(6) The Minimum Net Proceeds receivable by the Company will be £229.2 million. The estimated net proceeds receivable by the Company are stated after the deduction of underwriting commissions (including the maximum amount of any discretionary commission) and other costs and expenses of, and incidental to, Admission and the Offer payable by the Company expected to be approximately £18.2 million including irrecoverable VAT and assuming the maximum number of New Shares subject to the Offer is subscribed for. The Company will not receive any of the net proceeds from the sale of the Sale Shares in the Offer or the sale of Sale Shares pursuant to the Over-allotment Option.

(7) Excluding £132.5 million which will be used to redeem the Preference Shares. The estimated net proceeds receivable by the Selling Shareholders are stated after the deduction of underwriting commissions (including the maximum amount of any discretionary commission) and amounts in respect of stamp duty or SDRT payable by the Selling Shareholders in connection with the Offer, expected to be approximately £1.0 million including irrecoverable VAT and assuming the maximum number of Sale Shares subject to the Offer is sold and there is no exercise of the Over-allotment Option.

(8) The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will equal or exceed the Offer Price.

PART VI

MARKET OVERVIEW

The Group operates in a highly fragmented global auction market. There has been a significant trend towards online auctions over the past four years, a trend which was greatly accelerated due to the impact of the COVID-19 pandemic (Source: OC&C). The Directors and Proposed Directors believe that improved awareness of online auction capabilities and efficiencies, coupled with a growing public awareness of the wide range of unique and specialised items available at auction online and the convenience and sustainability benefits of online auction purchases has led, and is continuing to lead, to a structural shift by auctioneers from offline to online auctions and by bidders from room and phone bids to online bids. The Group is focused on growing its THV (Total Hammer Value, representing the total final sale value of all lots listed on its Marketplaces or 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),"**online share**" (being GMV as a percentage of THV) and "**take rate**" (Group Marketplace revenue as a percentage of GMV).

All of the market figures below, regardless of source, and whether historical or forward-looking, are estimates, and should be understood as such.

Overview of the principal markets in which the Group operates

The Group operates across three industry verticals: Arts and Antiques ("**A&A**"), Industrial and Commercial ("**I&C**") and Consumer Surplus and Returns ("**CS&R**").

Art & Antiques

The A&A market is broad and covers several different categories, including watches and jewellery, furniture, fine art, decorative art, collectibles (e.g. stamps and coins) and fashion. The global A&A market had a total estimated addressable market (or "**TAM**", being the total market demand for products in a sector) estimated at £50.3 billion in 2019 and is stable, growing by 0.1 per cent. (CAGR) since 2015 (from £50.0 billion) (Source: OC&C).

Within the global A&A market, an estimated 40 per cent. of annual spend takes place at auctions according to OC&C with major, more traditional, larger auction houses such as Christies, Sotheby's, Poly Auction, China Guardian, Bonhams and Phillips typically accounting for more than half of the global annual A&A auction spend (Source: OC&C).

Auctioneers in the A&A market tend to either have a broad inventory of goods spanning different categories or specialise within certain categories (e.g. watches and jewellery). Auctioneers typically source their inventory from "life events" such as probates, property downsizing (driven by divorce and retirement), insolvencies or bankruptcies, as well as discretionary sales, most frequently from valuation days and dealers. Larger A&A auctioneers tend to prefer to auction under their own "brand" (usually in addition to auction marketplaces) and therefore make use of white label platforms offered by auction marketplace platforms; they will almost always dual-list on auction marketplaces as well in order to attract as wide a number of bidders as possible. Given the breadth of the market and the different categories of goods typically on offer, there are typically A&A auctions which are regularly scheduled throughout the year.

Auctions in the A&A market are generally run in the more traditional live format, where lots are run consecutively from the first to the last lot, with no fixed time for specific items. Online bidders can join remotely and, depending on the platform being utilised, can either listen to, or live stream, the auction. In the A&A market, auctioneers have typically preferred the live auction method as they are able to use more traditional auction selling techniques to seek to obtain better pricing on lots. Similarly, bidders in the A&A vertical may wish to inspect items more closely to assess their condition prior to acquisition. However, as consumer spending generally moves online and bidders become more accustomed to e-commerce for larger transactions, it is expected that auctioneers and bidders will become increasingly supportive of selling or buying A&A items online and displaying or viewing lots remotely, and the A&A market has increasingly shifted towards online auctions in recent years. This trend has accelerated during the COVID-19 pandemic, with several larger auctioneers on The Saleroom Marketplace, for example, now offering online viewing only, or very restricted in-person viewing.

Bidders in the A&A market typically include antique or art dealers and collectors. However, as the A&A market has increasingly shifted towards online auctions in recent years (a trend that is expected to continue (Source: OC&C)), an increasing number of end consumers are believed to be participating in A&A auctions due to adopting online as their preferred channel. Additionally, the Directors and Proposed Directors believe that an increasing number of younger consumers are entering the A&A market driven by sustainability concerns and the fashion for vintage items, particularly as an expression of individuality. Many of these young consumers are "digital natives" and so the Directors and Proposed Directors believe that young consumers will be particularly receptive to the growth and visibility of online auctions.

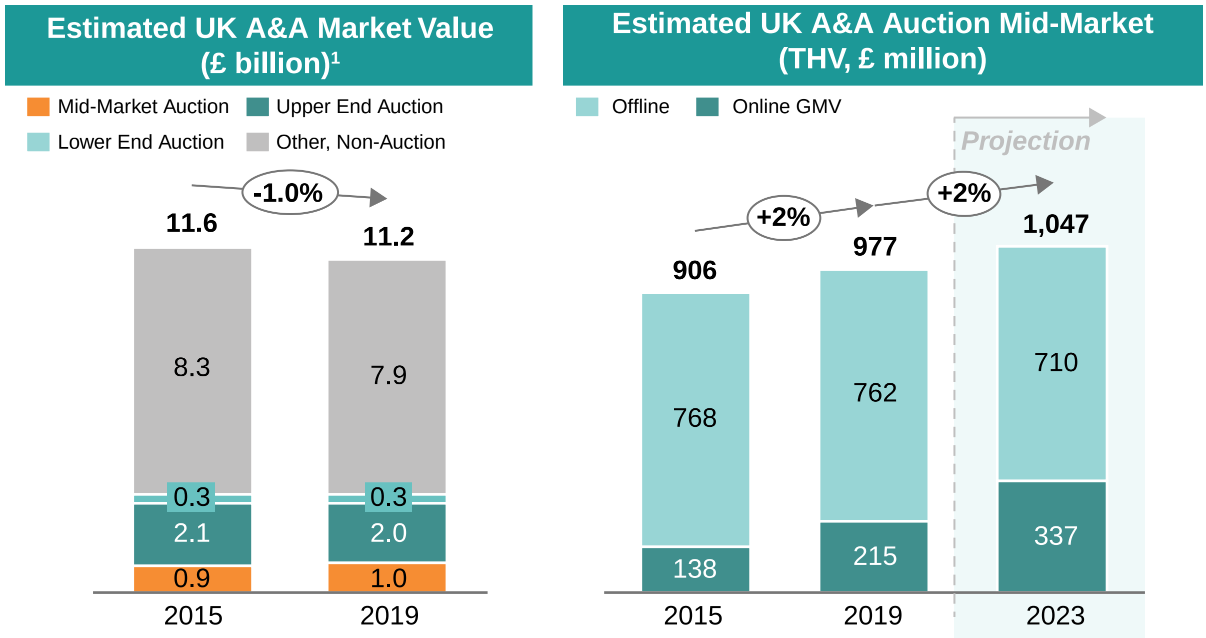
The A&A market (and particularly the "**Mid-Market**", defined as A&A auctions with realised lot values between £100 and £25,000, where the Group's A&A business is focused) is believed to be marginally cyclical but largely cycle-neutral. The A&A Mid-Market is relatively resilient, given the breadth of goods sold in the market and how goods are generally sourced. Auctioneers that focus on the Mid-Market typically source items as a result of "life events" (with sellers experiencing such "life events" constituting consignors supplying many of the Group's auctioneer customers in the A&A market) will benefit from increased bidder appetite and disposable income during an upturn. In periods of uncertainty, those life events will continue to occur, and items sourced as a result of debt burdens in particular are likely to increase. Additionally, in a downturn, bidders are more likely to seek value through reduced prices, which are typically obtained via auction rather than through retailers. However, auctioneers that focus on the "**Upper End**" of the market (with lot values in excess of £25,000) and sell rarer, higher value, lower volume goods are often more significantly affected by economic downturns due to decreases in discretionary spending (particularly in the fine art market).

UK A&A market

As demonstrated by the graph below, the growth in recent years in the UK A&A market (TAM) has been estimated as broadly flat, from an estimated £11.6 billion in 2015 to an estimated £11.2 billion in 2019 (representing a CAGR of -1 per cent.) (Source: OC&C). This market has its Mid-Market segment, with stable and predictable supply and demand characteristics, alongside a more volatile Upper End segment, characterised by a small number of lots in excess of £10 million, driving year-on-year volatility in the overall A&A market.

The value of goods sold through the auction channel overall in the A&A market was estimated by OC&C at £3.3 billion in 2019, of which an estimated £1.0 billion sits within the Mid-Market. The size of the A&A online auction Mid-Market was estimated at £215 million in 2019 and expected to grow to an estimated £337 million by 2023, of which approximately £227 million is estimated to be sold through marketplaces (Source: OC&C). The COVID-19 pandemic has accelerated the growth of the UK A&A online auction market in 2020, driving estimated growth of 31 per cent. from 2019 to 2020; approximately 50 per cent. of this is uplift is estimated to continue into 2021, followed by continued estimated growth in line with historical trends of approximately 10 per cent. per annum between 2021-23 (Source: OC&C). The A&A online auction Mid-Market includes lots from regional and local auctioneers and the lower price segment of the "**Big 4"** UK A&A auction houses (Christie's, Sotheby's, Phillips, and Bonhams) (Source: OC&C).

Figure One: UK A&A market: Estimated Size and Growth (Source: OC&C)



CAGR:	2015-2019
Mid-Market Auction	+1.9%
Upper End Auction	-0.9%

CAGR:	2015-2019	2019-2023
Online	+11.8%	+11.9%
Offline	-0.2%	-1.8%

1. Mid-Market defined as sales of lots between £100 and £25,000 and includes regional/local auctioneers and the lower price segment of Big 4 auction houses; Upper End Auction is defined as lots sold above £25,000 by the Big 4 auction houses and Lower End Auction is defined as lots sold below £100 typically by P2P platforms (e.g. eBay)

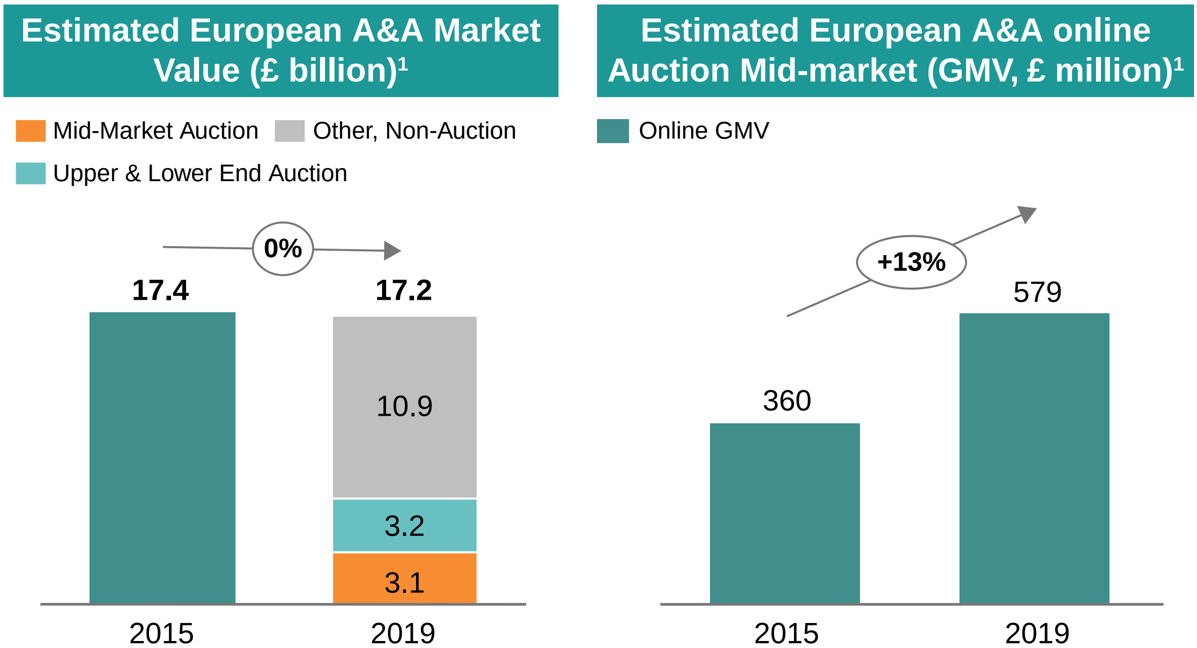
According to OC&C, key growth drivers in the UK A&A market are expected to include:

- 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;
- a shift from live auctions to timed auctions which is expected to increase efficiencies for auctioneers, enabling them to solicit more consignments and thereby run more auctions;
- 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 as a means of expressing their individuality through vintage items.

European A&A market

The total European A&A market (TAM) was estimated at £17.2 billion in 2019 with A&A online auction spending accounting for approximately 37 per cent. of that total (Source: OC&C). The value of goods sold through the auction channel in the European A&A market was estimated at £6.3 billion in 2019, of which an estimated £3.1 billion sits in the Mid-Market. The European A&A online auction Mid-Market has grown by an estimated 13 per cent. CAGR from an estimated £0.36 billion in 2015 to an estimated £0.58 billion in 2019, according to OC&C.

Figure Two: European A&A market: Estimated Size & Growth (Source: OC&C)



1. Mid-Market defined as sales of lots between £100 and £21,000 and includes regional/local auctioneers and the lower price segment of Big 4 auction houses; Upper End Auction is defined as lots sold above £25,000 by the Big 4 auction houses and Lower End Auction is defined as lots sold below £100 typically by P2P platforms (e.g. ebay)

According to OC&C, key growth drivers in the European A&A auction market, as with the UK A&A market, have historically included:

- an increased share of auctions 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;
- 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;
- a shift from live auctions to timed which is expected to increase time efficiencies for auctioneers, enabling them to solicit more consignments and thereby run more auctions;
- 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 as a means of expressing their individuality through vintage items.

Industrial & Commercial

The I&C market covers used equipment, machinery and commercial vehicles in a range of industries such as manufacturing (including plastic, metal, wood, chemical, food and beverage, and other manufacturing), laboratories and pharmaceuticals, warehousing, mining and utilities, construction and agriculture. According to OC&C, the global used equipment market for the Group's main industries (construction, agriculture and manufacturing) had a TAM estimated at $224 billion in 2019, with the North American and European regions accounting for an estimated 34 per cent. share of that TAM. Sales to online bidders are expected to increase market share over the next four years as the use of online-only timed auctions becomes more prevalent and as the share of live auction lots sold to an online bidder increases (Source: OC&C).

Auction processes in the I&C used equipment market are used for a number of reasons, including primarily to achieve higher realised prices by virtue of the lots being available to a larger, more national (rather than regional) pool of bidders as well as being the preferred sales channel for liquidators and for equipment held by dealers. Bidders in this market are generally other businesses looking to purchase used equipment, or dealers who sell the equipment on to businesses. According to OC&C, over the past four years, an increasing proportion of auctions in the North American I&C used equipment market have sold lots to online bidders, driven primarily by:

- a greater share of all auctions being undertaken as online-only timed auctions, whereby lots are only open to online bidders for a specific, pre-determined, timeframe; and
- an increasing proportion of lots sold via live auction being sold to online bidders.

The shift to timed auctions results in lower costs compared to the more traditional live auction whilst still providing auctioneers with the ability to follow the outcome of the auction and take action as required (for example, an auctioneer could extend the auction close time if needed to allow for last minute bids, as with a live auction). The increase in the proportion of live auction lots being sold to online bidders is driven by businesses becoming more accustomed to bidding online rather than bidding in-person or by phone at a live auction. Both of these trends have fuelled the growth in online auctions, which trend was accelerated by the COVID-19 pandemic.

Inventory in the North American I&C used equipment market is typically sourced from:

- businesses replacing old equipment (typically 9-12 years old), often seeking to sell such equipment before purchasing replacements, which is the primary source of inventory for construction and agriculture used equipment;
- insolvencies, which are the primary source of inventory for manufacturing used equipment;
- business closures or downsizing;
- at the end of construction projects; and
- equipment from lease companies being replaced every 2-4 years.

Demand for used I&C equipment is primarily driven by the equipment replacement cycle (as businesses that typically purchase used equipment run such equipment to the end of its useful life), as well as from growing businesses and new construction projects.

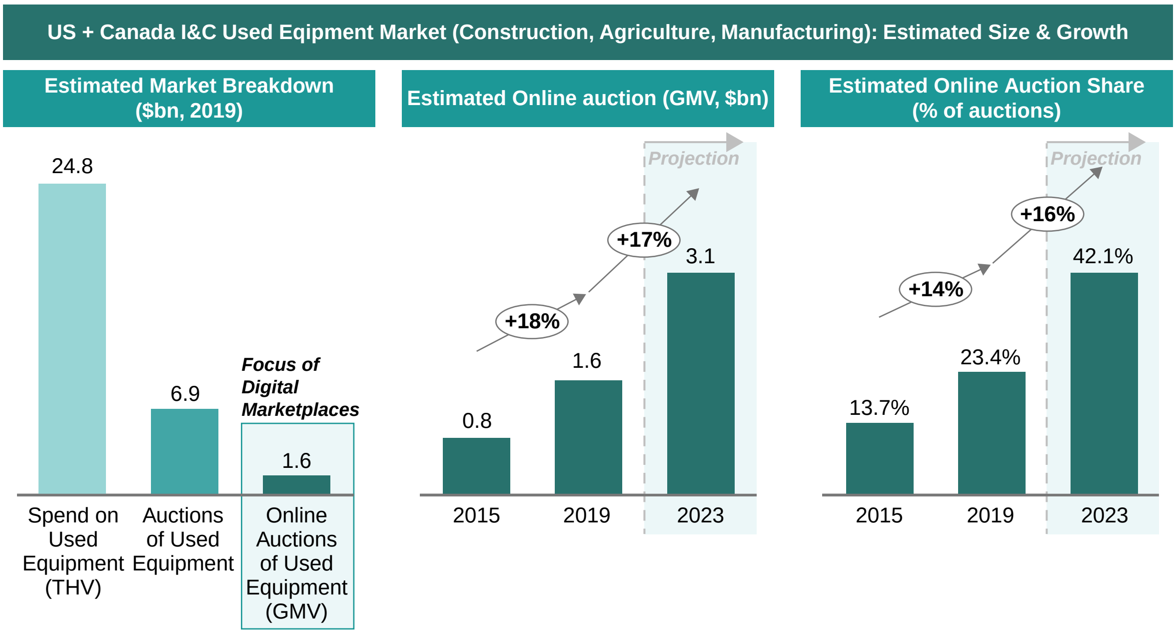
The level of inventory in the North American I&C used equipment market is primarily driven by the installed base of newly purchased equipment in the 9-12 years prior (i.e. the 2019 supply of used equipment is strongly related to the volume of new equipment purchased between 2007-10), which has experienced strong growth following the 2008-09 global recession, resulting in growth in market inventory between 2019-23. The COVID-19 pandemic has had a relatively low impact on the underlying North American I&C used equipment market to date and is not expected to have any significant effect on the level of inventory in this market by 2023 (Source: OC&C).

Furthermore, as demand for used I&C goods is primarily driven by replacement cycles (and thus the size of the installed base from 9-12 years prior) in the construction and agriculture industries and often primarily driven by insolvency-related proceedings in the manufacturing industry, supply in the I&C used equipment market is relatively resilient to periods of economic uncertainty. Demand is relatively unaffected during economic uncertainty; while businesses often delay the replacement of existing equipment, this is partly or wholly offset by a shift towards purchasing used equipment within this market, as businesses are more inclined to seek cost savings by purchasing used (rather than new) equipment.

<u>North American I&C used equipment market</u>

As shown in the graph below, the North American I&C used equipment market (TAM), covering the Group's three core segments of manufacturing, construction and agricultural equipment (the "**Core I&C Segments**"), was estimated at $24.8 billion in 2019, with the I&C used equipment total auction market within this being estimated at $6.9 billion in the same period. The COVID-19 pandemic has accelerated the growth of the North American I&C online auction market in 2020, driving estimated growth of 100 per cent. from 2019 to 2020; approximately 69 per cent. of this uplift is estimated to continue into 2021, followed by continued estimated growth in line with historical trends of approximately 6 per cent. per annum between 2021-23 (Source: OC&C). Within the overall auction market, the I&C used equipment online auction market grew from an estimated $0.8 billion in 2013 to an estimated $1.6 billion in 2019 and is estimated to grow to $3.1 billion by 2023.

Figure Three: North American I&C used equipment market (Core I&C Segments only): Estimated Size & Growth (Source: OC&C)



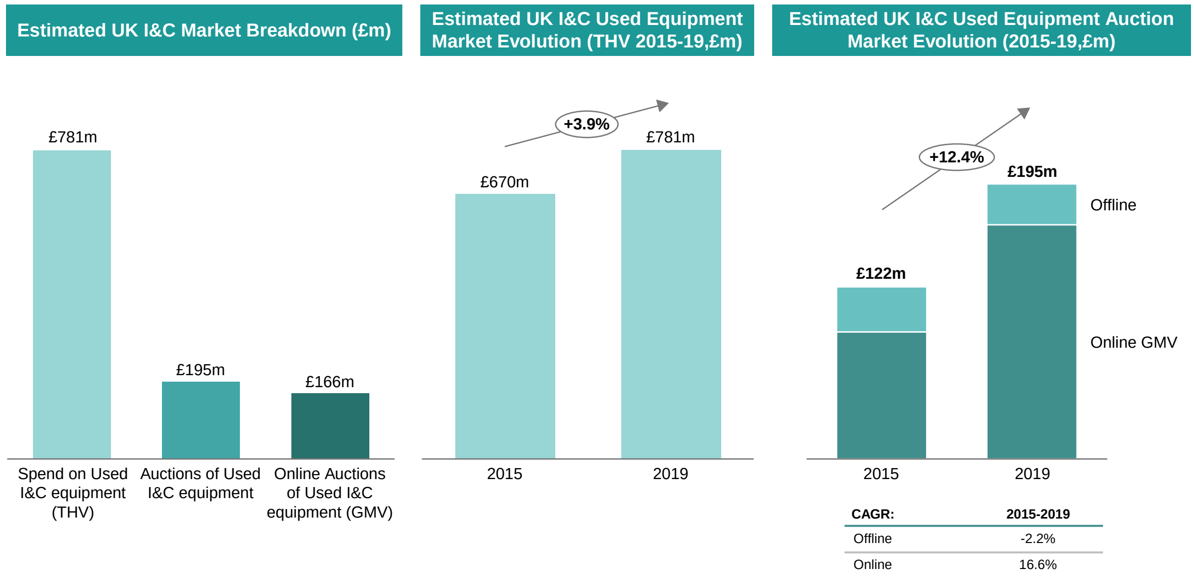
According to OC&C, key drivers of growth in the North American I&C used equipment market are expected to include:

- an increased number of online auctions being held as timed, online-only auctions as a result of growing appetite from auctioneers to list online-only as a result of lower costs and also growing demand online, allowing online-only to achieve competitive realised lot values in comparison with live auctions, a trend that has been significantly accelerated during the COVID-19 pandemic;
- an increased proportion of lots in live auctions (available to online and offline bidders) being sold to online bidders, as a result of growing demand from online bidders, as businesses become more comfortable bidding for equipment online, a trend that has been significantly accelerated during the COVID-19 pandemic;
- some underlying growth in the market, driven by replacement cycles and a growing installed base of equipment requiring replacement (based on equipment that was purchased new 9-12 years prior); and
- the continuing positive impact of changes in US tax laws in 2017, which introduced more favourable depreciation rules, which in turn increased demand for used equipment beginning in 2018.

UK I&C used equipment market

The UK I&C used equipment market (TAM) was estimated at £781 million in 2019, with the I&C used equipment online auction market worth an estimated £166 million in the same period. Online auctions of used I&C equipment grew at an estimated 17 per cent. CAGR from an estimated £90 million in 2015 to an estimated £166 million in 2019 (Source: OC&C).

Figure Four: UK I&C used equipment market (Manufacturing segment only): Estimated Size & Growth (Source: OC&C)



According to OC&C, key historic growth drivers in the UK I&C auction market were:

- an increased use of auctions for sale of used I&C equipment as buyers became more comfortable purchasing equipment through auctions, and businesses (and other sellers) became more aware and have understood the benefits of using auctions to more effectively monetise surplus I&C equipment; and
- a greater number of auctions including an online component as auction houses looked to reach a broader bidder base. Online auctions usage has also increased as it has enabled buyers to more easily and effectively source and purchase equipment.

Consumer Surplus and Returns

The CS&R market covers surplus stock of consumer goods and retail returns. Goods which are surplus to a retailer's requirements or returns from customers which are not suitable for re-sale in-store may be provided to auctioneers to sell, often below retail prices. These resales can cover any form of retail goods, including apparel, technology and electronics, homewares and furniture and others.

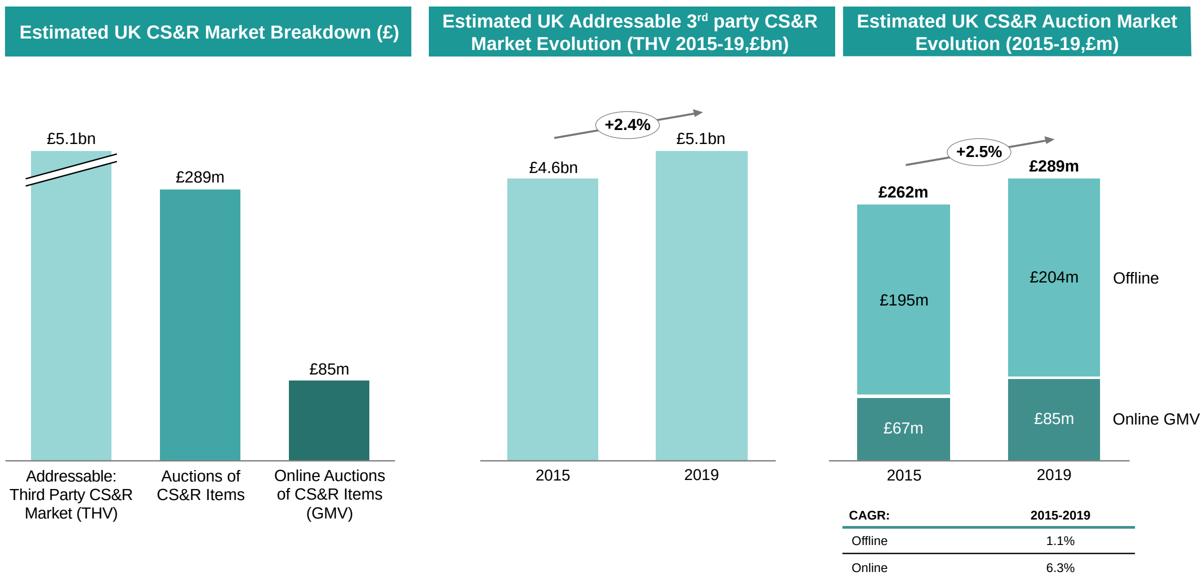
Given the nature of the goods being sold, auctions in the CS&R market are typically undertaken on a higher volume, lower value, basis. Bidders in the CS&R market are typically traders or resellers purchasing products for resale, but the market is increasingly attracting end-consumers. The use of auction processes in the CS&R market has broadly remained stable between 2015 and 2019 (Source: OC&C).

The CS&R market is believed to be countercyclical, as consumers are more likely to participate in the CS&R market in periods of economic uncertainty and also drive indirect demand through discount retailers (due to the lower prices that can typically be achieved compared to retail channels) and the greater likelihood of increased stock from increased consumer surplus. Consumer trends towards sustainability and buying "green" may also drive demand in this market.

UK CS&R market

The UK third-party addressable CS&R market (*TAM*) was worth an estimated £5.1 billion in 2019, with the online auction CS&R market being an estimated £85 million in the same period. Online auctions of CS&R grew at an estimated 6 per cent. CAGR from an estimated £67 million in 2015 to an estimated £85 million in 2019 (Source: OC&C).

Figure Five: UK CS&R market: Estimated Size & Growth (Source: OC&C)



According to OC&C, key historic growth drivers in the UK CS&R auction market were:

- growth in e-commerce (which typically has higher rates of return than in-store retailing), has driven growth in the addressable third-party CS&R market (TAM), with the shift to e-commerce expected to continue to drive long term growth in the TAM; and
- growth in adoption and usage of online auctions has driven growth in CS&R online auctions as buyers became more comfortable using online auctions as a by-product of the growing popularity of e-commerce and a 'halo effect' (i.e. an increased comfort with online auctions more generally) from the familiarity of other online auction websites (such as eBay).

Overview of the auction process

Types of online auctions

Online auction processes can be run in a number of ways. The three main methods of online auction are the traditional "live" auction process, a "live online-only" auction, and a "timed" online-only auction.

<u>Live online auctions</u>

The live online auction process is 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. Facilitating a live online auction provides online bidders with the ability to join the auction remotely and bid on items. Depending on the facilities available at any live online auction, online bidders can either listen to, or live stream, the auction.

Live auctions typically feature a physical auction room (with bidders participating in the room and by phone) supplemented by bids made online. Lots are run consecutively and so apart from the first lot there is no fixed time for specific lots to be called. While live auctions are run in real time, with bidders possibly being delayed or prevented from attending, online auctions can mitigate that risk by allowing bidders to place automatic bids with set limits up to a maximum bid, which can be set in advance by the bidder.

At present, the live method of auctioneering is generally preferred by auctioneers in the A&A market, as they believe they are able to drive higher pricing through use of traditional selling techniques and the environment created by a live auction. However, there is a gradual shift within this market towards the use of timed and live online-only auctions, in part due to the increased efficiencies which auctioneers can typically realise through live online-only auctions and the access to a wider pool of bidders available online. Expected efficiencies include auctioneers generally incurring less property or transportation costs, as well as avoiding the need to provide for additional security and porters for in-room bidders and telecommunication support for phone bidders.

Live online-only auctions

In live online-only auction processes, the auction is run in the traditional auction format, with an auctioneer soliciting bids. However, as the auction is online-only, the bids are sought from a virtual room of bidders watching via a live stream, with no bidders physically present in the auction room.

Live online-only auctions still enable an auctioneer to 'call' an auction in the traditional manner whilst saving the expense and administrative requirements of hosting a physical auction room. In this way, live online-only auctions can be considered to be a hybrid approach, enabling auctioneers who prefer a traditional approach to retain elements of the traditional live auction process whilst realising the time and cost savings associated with online-only auctions (albeit not to the same extent as timed online-only auctions).

Timed online-only auctions

In a timed auction, the auction is held entirely online (with no in-room or telephone bidders) and lots are only made available to online bidders for a specific, pre-determined timeframe (save that last minute bids may result in an extension of this timeframe, as described below). These auctions are transacted entirely online, meaning there is generally no physical presence required for an online-only auction. Whilst in some instances there remains an auctioneer present in order to monitor the auction (including real-time marketing and promotion), much of the functionality of the auction, such as accepting bids and extending the time of the auction to allow later bids in order to increase the hammer price, can be automated by the auctioneer. Bidders and auctioneers can participate in timed auctions from any location, without needing to be physically present. Additionally, they can be scheduled to take place at a time that is more convenient to bidders, such as a Sunday evening, and the Directors and Proposed Directors believe that timed auctions are more accessible and familiar (and therefore less intimidating) to new bidders than live auctions, due to bidders' experiences of other online auction sites such as eBay.

Further, as timed online-only auctions take place entirely online, auctioneers generally incur less property, setup, or transportation costs, making participation in such auctions generally cheaper for auctioneers than traditional live auctions and, by reducing the time required to be spent by an auctioneer in actually hosting a live auction and so allowing auctioneers to spend more time soliciting more consignments, timed auctions can generally realise additional efficiencies for auctioneers than even live online-only auctions. These efficiencies enable auctioneers to hold auctions more frequently and, in turn, enable consignors (being the person or entity that appoints an auction house to act as agent on its behalf for the sale of specific assets) to potentially generate revenue more quickly.

The auctioneer retains control over the auction and can imitate the live auction process by extending the time period to allow for last minute bids, although in practice this is often done automatically if that feature has been enabled by the auctioneer. Bidders can also continually review the auction as it progresses and are generally notified when an item in which they may be interested is listed, if they are outbid on any auction that they are participating in, and if they win the relevant auction. Online auctions also generally allow for automatic bids within set limits in the event a bidder is outbid.

The timed online-only auction format is becoming increasingly popular in the I&C auction markets in particular given the lower cost base and increasing online participation from businesses who are becoming more comfortable bidding online, thus enabling more competitive realised lot values for auctioneers as compared to live auctions (Source: OC&C).

Shift to online

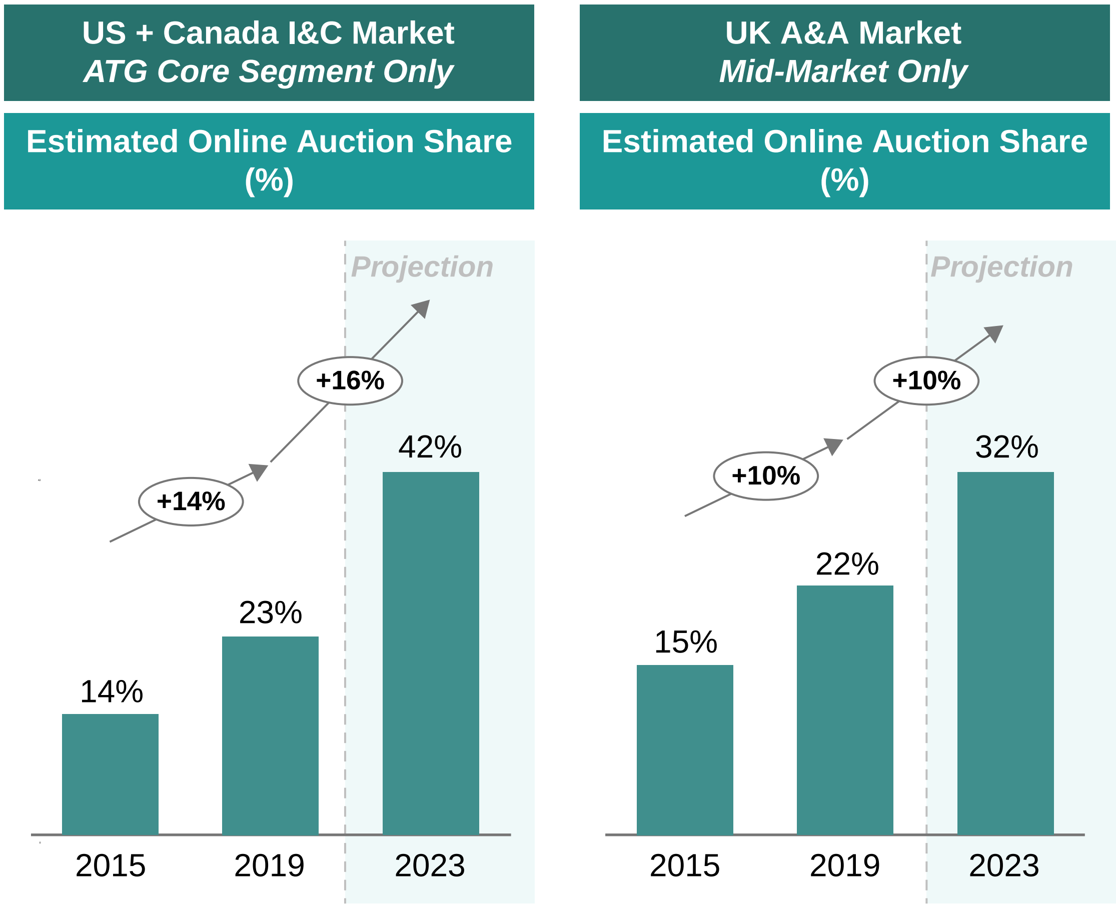
Auction processes are undertaken on an online and offline (i.e. in person) basis. Offline auction processes are those undertaken on an in-person basis whereby an auctioneer will often have the physical goods in front of him/her. Online auction processes (including those methods of auction noted above) are generally provided through desktop and mobile websites, as well as mobile apps, which connect bidders directly to auctioneers.

Online auction processes are becoming more popular. In the A&A auction Mid-Market, 92 per cent. of A&A auctions are listed online in some form (this includes the total value of items listed, but not necessarily sold, online), and an estimated 22 per cent. of total lots are sold to online bidders, which is projected to increase to an estimated 32 per cent. in 2023 (Source: OC&C).

Similarly, the value of online I&C auctions in North America for the Core I&C Segments constituted an estimated 23.4 per cent. of the I&C auction market and an estimated 6.5 per cent. of I&C total used equipment market in the Core I&C Segments (TAM) in 2019. This is projected to increase to an estimated 42.0 per cent. of the I&C auction market and an estimated 11.6 per cent. of I&C TAM in 2023 (Source: OC&C).

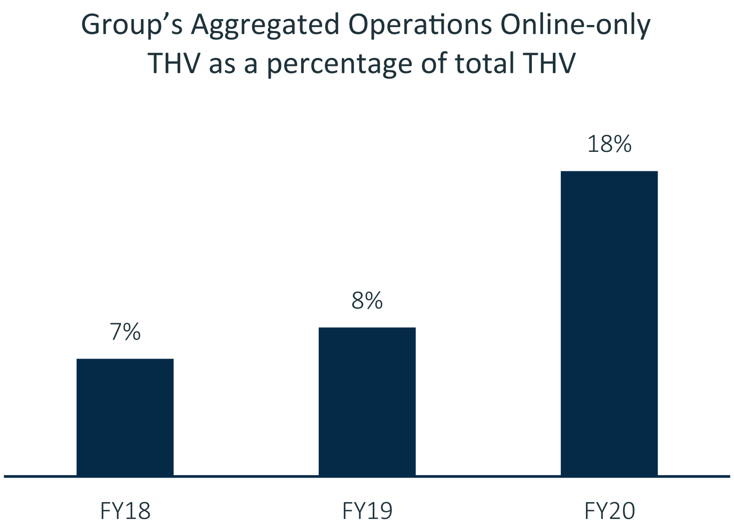
It is expected that online auctions and, in particular, online-only and timed auctions, will continue to increase as auctioneers seek to take advantage of lower costs associated with online auctions and the ease of accessing bidders, particularly when compared to the more traditional physical auction, which necessitates greater property and transportation costs and may require bidders to travel to a specific location.

Figure Six: Estimated online auction share of total auction market (Source: OC&C)



Whilst a traditional live auction can be run online-only, in practice timed auctions are generally viewed as being the key driver of online-only auctions, due to the additional efficiencies for auctioneers of not having to physically ‘call’ the auction. The percentage of the online-only auctions on the Group’s Marketplaces or Platform being run as a timed auction has increased from 7 per cent. in FY18 to 18 per cent. in FY20, as outlined in the graph below. The Group generates commissions from winning bids placed by online bidders on its Marketplaces or Platform. Therefore, as the proportion of online-only auctions increases, so does the Group’s online share, as all bidders in online-only auctions exclusively listed on the Marketplaces or Platform are online bidders and so the Group will earn commission on the entirety of the THV for that auction.

Figure Seven: Online-only THV as a percentage of total THV (Source: Company internal data)



The Directors and Proposed Directors believe that bidders increasingly prefer online auctions due to a number of factors, including enhanced privacy, more convenient timing of auctions, access to a wider variety of items, the ability to access auctions globally and participate in multiple auctions at the same time, improved delivery options, and enhanced trust in the product due to the combined credibility of both the selling auctioneer and the online marketplace, factors which have been particularly relevant during the effects of the COVID-19 pandemic. The Directors and Proposed Directors also believe that auctioneers increasingly prefer online auctions due to the increased marketing opportunities and analytics insights potential through digital and online channels, a direct business to consumer model, access to a broader global bidder base, increased price transparency (which can be expected to help achieve a truer reflection of market value), and time and cost efficiencies which they can expect to realise.

Competitive landscape

The Group could be said to compete with in-person and telephone bidders at physical auction houses. Commission represents the majority of the annual revenue for the Group (in FY20, 61 per cent. of the Standalone ATG Group's revenue and 75 per cent. of the Standalone Proxibid Group's revenue) and it only earns commission on winning bids which are placed online via its Marketplaces or Platform, although the Directors and Proposed Directors believe that bidders on the Marketplaces or Platform often play a substantive and critical role for auctioneers in driving 'underbid' activity even for items that ultimately sell by a channel other than online. Whilst supporting auctioneers' freedom to host auctions as they see fit, the Directors and Proposed Directors therefore consider bidders who participate in auctions by physically attending an auction room or who place bids via telephone to be key competitors of the Group.

Additionally, the Group competes for potential auctioneers and bidders with competing online auction platforms and white label online auction platforms for online auctions.

<u>Competitive landscape in the A&A market</u>

<u>UK A&A market</u>

In addition to in-person and telephone bidders, primarily the Group competes with other auction marketplaces for market share in the UK A&A market. According to OC&C, the Group's share of the UK A&A auction Mid-Market was estimated at 56 per cent. of the online auction Mid-Market in 2019, excluding the Upper End of the market and the lower end (with typical lots selling for less than £100, and lots generally sold via peer to peer online sites such as eBay). The Big 4 auction houses typically account for more than half of annual A&A auction spend in the UK TAM (Source: OC&C).

The Directors and Proposed Directors believe that The Saleroom has a higher number of active auctioneers on its website than its main competitors, and, according to OC&C, auctioneers consider that this Marketplace has a larger bidder base than its competitors in the UK A&A market. The Group also competes with platforms such as EasyLiveAuction and Catawiki in the UK A&A vertical / geography, which provide a more basic "no frills" offering than the Group. In particular, Catawiki provides a platform for consignors to sell items to bidders without an auctioneer acting as an intermediary. In this way, it acts as a similar (but much smaller) platform to eBay.

While the Directors and Proposed Directors do not consider eBay to be a direct competitor of the Group, as it is more commonly used for "buy-now" transactions rather than auction sales, they believe that UK A&A auctioneers who use the Group's Marketplaces or Platform do compete directly with eBay in relation to acquiring consignments of items for sale. In this way, the Group also competes indirectly with eBay in the UK A&A market. The Directors and Proposed Directors believe that the Marketplaces and Platform enable those auctioneers to compete more effectively with eBay by amplifying their pre-existing brand and providing a technological solution to enable auction houses to compete more effectively online in the digital age. Whilst eBay provides a platform for consignors to offer their goods directly to bidders, auctioneers curate auction catalogues, benefitting bidders, and manage the auction process for consignors, reducing the administrative burden on consignors. The Directors and Proposed Directors believe that the valuation, description and curation of items undertaken by auctioneers facilitate the generation of additional value for consignors and thereby increase the hammer price of lots sold.

European A&A market

Similar to the UK market, the Group primarily competes with other auction marketplaces for market share in the European A&A market. The Group has a strong position in the German market, and the Directors and Proposed Directors believe it has the largest number of active auctioneers compared to key competitors in this vertical in this geography. Further, Lot-tissimo is a well-recognised brand in the European A&A market, having launched in 2002, and the Directors and Proposed Directors believe that this Marketplace has a larger bidder base than its competitors in the German A&A market. The Group competes with marketplaces such as Catawiki in the European A&A market. Catawiki provides a platform for consignors to sell items to bidders without an auctioneer acting as an intermediary. In this way, it acts as a similar (but much smaller) platform to eBay.

As with UK A&A auctioneers (further detailed above) the Directors and Proposed Directors believe that, whilst eBay is not considered to be a direct competitor of the Group, European A&A auctioneers who use the Group's Marketplaces or Platform do compete directly with eBay in relation to acquiring consignments of items for sale and that the Marketplaces and Platform enable those auctioneers to compete more effectively with eBay by amplifying their pre-existing brand and providing a technological solution to enable auction houses to compete more effectively online in the digital age.

Competitive landscape in the I&C market

North American I&C market

The Group operates in a wide competitive landscape in the North American I&C market and faces direct competition from other online auction marketplaces and white label offerings, including EquipmentFacts, HiBid, AUCTO, AuctionTime.com and AuctionZip.

The Directors and Proposed Directors believe that, while Ritchie Bros. operates an online marketplace (IronPlanet), it operates primarily as a large physical auctioneer and dealer, running physical auctions, and competes with North American I&C auctioneers who use the Group's Platform or Marketplaces. The Directors and Proposed Directors believe that the Platform and Marketplaces enable those auctioneers to compete more effectively with Ritchie Bros. by amplifying their pre-existing brands and providing a technological solution to enable them to compete more effectively online in the digital age. In particular, the Directors and Proposed Directors believe that the ability to access a large and growing bidder base through the Marketplaces and the Platform enables auctioneers to generate higher asset values for consignors, with a lower cost profile.

Following the Proxibid Acquisition in February 2020, the Group has strengthened its competitive position in the North American I&C market due to the Proxibid Group's focus on sub-verticals which are complementary to the Group's incumbent sub-verticals. Between its diverse Marketplaces, the Group is able to offer high quality services across all key verticals in the North American I&C market.

UK I&C market

The Group competes indirectly with a range of niche operators in the UK I&C market, including white label service providers and Ritchie Bros. The Directors and Proposed Directors believe that the Platform and Marketplaces enable those auctioneers to compete more effectively with larger auctioneers by amplifying their pre-existing brands and providing a technological solution to enable auction houses to compete more effectively online in the digital age. In particular, the Directors and Proposed Directors believe that the ability to access a large and growing bidder base through the Marketplaces and the Platform enables auctioneers to generate higher asset values for consignors, with a lower cost profile.

The Group provides both a Marketplace and a white label solution to auctioneers in the UK I&C market and the Directors and Proposed Directors therefore believe that it benefits from the advantage of being able to provide a different proposition than other online auction platforms.

Competitive landscape in the UK CS&R market

The Group provides both a Marketplace and a white label solution to auctioneers in the UK CS&R market and the Directors and Proposed Directors therefore believe that it benefits from the advantage of being able to provide a different proposition than other online auction platforms. In this market, the Group competes with white label solution providers such as BStock Solutions.

PART VII

INFORMATION ON THE GROUP

Investors should read this Part VII (Information on the Group) in conjunction with the more detailed information contained in this Prospectus including Part II (Risk Factors) and Part X (Operating and Financial Review).

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 and Proposed 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 as a result of the impact of the COVID-19 pandemic, as well as sustained, slow underlying market growth, driven by a continuation of historic 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 FY20:

Source of revenue	Percentage of Standalone ATG Group revenue	Percentage of Standalone Proxibid Group revenue
Commissions	61 per cent.	74 per cent.
Event fees	18 per cent.	12 per cent.
Advertising and marketing(1)	9 per cent.	7 per cent.
Content(2)	10 per cent.	—
Other(3)	2 per cent.	7 per cent.

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

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

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

In the medium term, the Directors and Proposed 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.

The Group's revenue streams are further detailed in paragraph 4.1 of Section One of Part X (*Operating and Financial Review—The Group*).

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

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 and Proposed 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 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 and Proposed 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 Group's online Marketplaces in its respective vertical within its geographies of operation, the Directors and Proposed 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 and Proposed 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 and Proposed Directors also believe that the developments in FY20 reinforce the pre-existing trend towards growing popularity of online auctions, driven by the structural shift from live to timed auctions. The Directors and Proposed 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 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. The Directors and Proposed 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 and Proposed 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 and Proposed 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 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 accounts	39 per cent.	3.1 million	3.7 million	4.3 million
THV	11 per cent.	£4,400 million	£4,300 million	£4,900 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 and Proposed Directors believe that the differential between THV and GMV for the 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 Group's Aggregated Operations in FY20 was £3,294 million and the Directors and Proposed 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 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 Group's Aggregated Operations, THV represented an estimated 2 per cent. of the aggregate global 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: £4,900 million for the Group's Aggregated Operations, of which £3,200 million was attributable to the Standalone Proxibid Group and £1,700 million to the Standalone ATG Group).

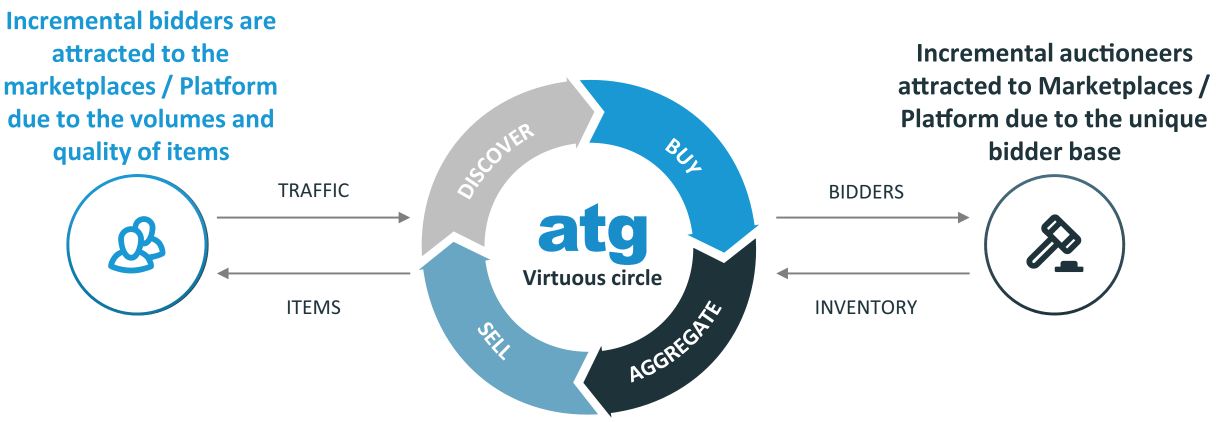
The Directors and Proposed Directors believe the Group is also well placed to benefit from additional trends favourable to the auction market, including the fashion for vintage items as a means to better express consumer personality, the enduring popularity of auctions in popular media, such as the BBC's 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 Group's Marketplaces is the leading auction marketplace in its respective vertical within its geographies of operation, supported by the Group's incumbency and existing relationships with auctioneers, the volume and diversity of the 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 and Proposed Directors believe these competitive strengths provide the 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 Eight: The Group's marketplace model



The Group's bidder base spans approximately 150 countries, and the Directors and Proposed 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 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 and Proposed 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 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 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 and Proposed 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 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 VI, 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed Directors estimate that the Group realised, on an annualised basis, approximately £3 million of combined synergies and cost savings in FY20, and has, to date, achieved £2 million of further synergies and cost savings in FY21 from the Proxibid Acquisition. The Directors and Proposed 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 and Proposed 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 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 and Proposed 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 nearly 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, and Proxibid in February 2020. In October 2020 the Group also completed the Auction Mobility Acquisition. 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 and Proposed 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 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 and Proposed Directors believe that the 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

In the medium term (being FY19 to FY23) the Group is targeting low double-digit organic revenue growth and an Adjusted EBITDA margin in the mid to high 40 per cent. range (including annual corporate costs of approximately £1.5 million). The Group expects growth in the medium term to be supported by growth in commissions and THV, as well as growth in online share and a stable take rate:

- The Directors and Proposed Directors are targeting THV growth in line with underlying historical levels (approximately 3-5 per cent. per annum), notwithstanding an anticipated slight decline for FY21 as the exceptional volumes experienced in FY20 are expected to normalise in the second half of FY21.
- Having achieved good progress in growing the Group's online share in the first half of FY21 to date, the Directors and Proposed Directors expect the Group's online share to reach approximately 40 per cent. in the medium term, notwithstanding the anticipated slowdown in growth in the second half of FY21.
- The Directors and Proposed Directors expect the Group's take rate to remain stable in the medium term as compared with FY20.
- The Directors and Proposed Directors expect low single-digit growth in revenue from sources other than commissions in the medium term and continued mid-single-digit declines in Content revenue. Auction Mobility achieved £4 million of revenue in its financial year prior to the Auction Mobility Acquisition and its revenue is expected to grow at or above the Group's organic revenue growth in the medium term.
- The Directors and Proposed Directors do not expect a material change in the revenue mix between A&A and I&C in the short to medium term, with acceleration of revenue from I&C expected in the longer term.
- The Directors and Proposed Directors are targeting capital expenditure costs of less than one per cent. of Group revenue per annum on an ongoing basis (excluding any large one-off integration projects), which the Directors and Proposed Directors expect to be up to the low single-digit millions.
- The Directors and Proposed Directors are targeting nil net debt immediately following Admission.

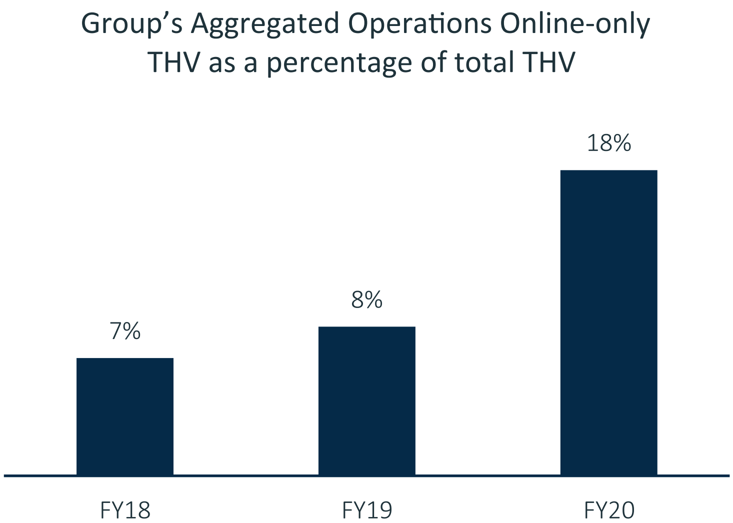
Grow market share in a large and growing market driven by structural changes

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 and Proposed Directors believe is being led by bidders wanting to access auctions online, with auctioneers having to respond to that demand. The Directors and Proposed 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 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. 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 and Proposed 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. 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 Nine: Online-only THV as a percentage of total THV for the 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 and Proposed 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 and Proposed 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 and Proposed 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)
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) FY20, as a percentage of total THV for that Marketplace

The Directors and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 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 and Proposed 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.

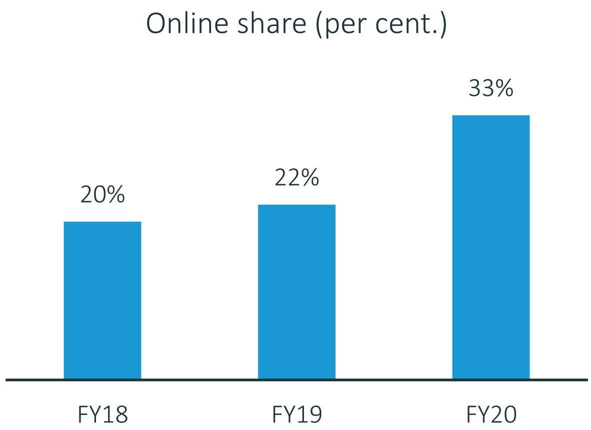
Driven in part by the structural changes within the auction industry, in UK A&A, online Mid-Market auctions constituted an estimated 22 per cent. of the total UK A&A Mid-Market auction market in 2019, and is expected to increase to an estimated 32 per cent. of this market in 2023 (Source: OC&C). Similarly, 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 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 Group's Aggregated Operations was 20 per cent., growing to 22 per cent. in FY19 and rising to 33 per cent. in FY20. 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 Ten: Online share for the Group's Aggregated Operations (Source: Company internal data)

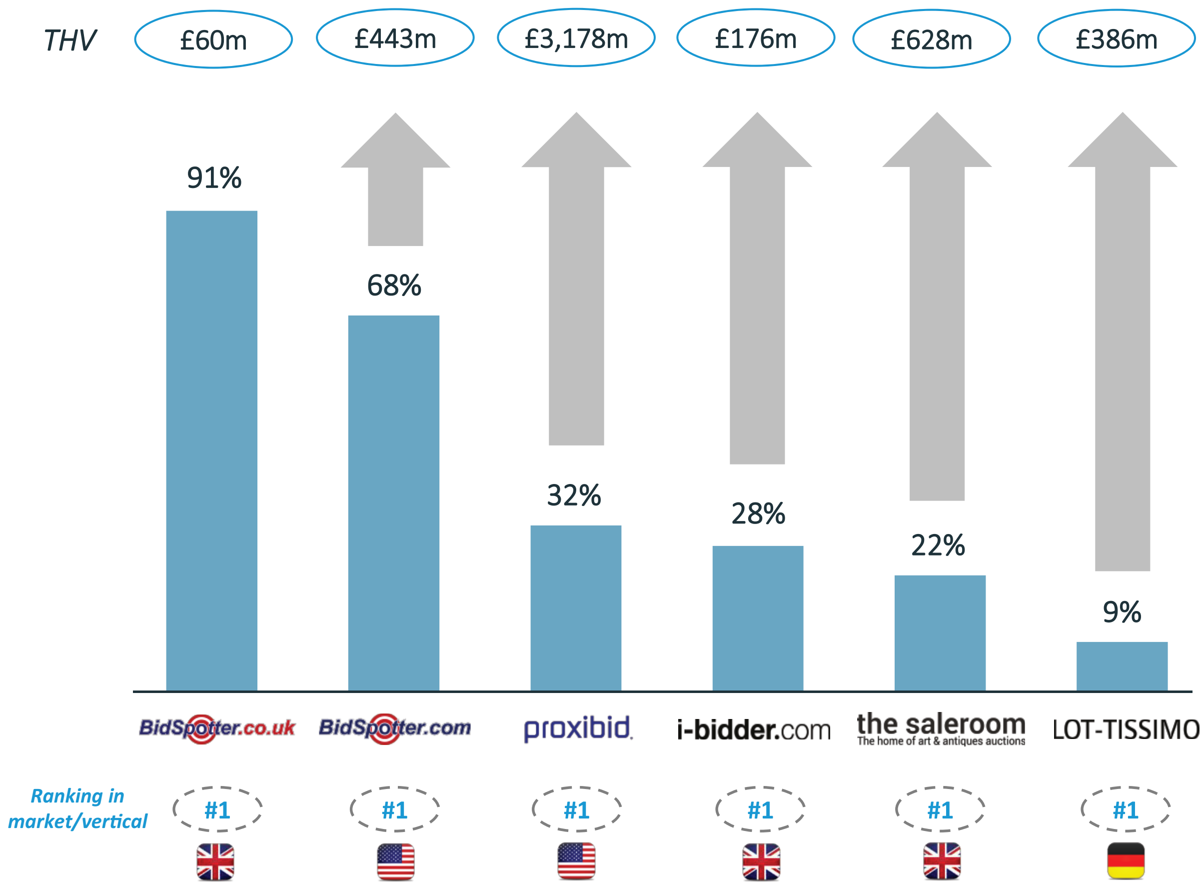


Some of the Marketplaces have grown online share more quickly than others:

- 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 68 per cent. in FY20.

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

Figure Eleven: *Online share across the Marketplaces in FY20* (Source: Company internal data)



The Directors and Proposed 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 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 and Proposed 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 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed Directors expect that together this would not only attract new bidders and auctioneers onto the Marketplaces and the Platform but also encourage existing or historic 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 Group's Aggregated Operations shifted lower in FY20 due in part to the increased contribution of the Proxibid Marketplace (Standalone ATG Group: FY18: 4.5 per cent.; FY19: 4.9 per cent.; FY20: 4.3 per cent. and Standalone Proxibid Group: FY18 3.2 per cent.; FY19 3.4 per cent.; FY20: 2.4 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 and Proposed 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 and Proposed Directors see the implementation of product and Platform enhancements as an opportunity to further drive engagement and improve its take rate. The Directors and Proposed 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 and Proposed 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 and Proposed 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 Group currently provides only nascent payments and delivery support and intends to develop this support further. 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 and Proposed 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 and Proposed 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 (see paragraph 2.7 of Section One of Part X (*Operating and Financial Review—The Group*)). 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 and Proposed Directors estimating that the Group has realised on an annualised basis approximately £3 million of combined synergies and cost savings in FY20, and has, to date, achieved £2 million of further synergies and cost savings in FY21 from the Proxibid Acquisition) and the Directors and Proposed 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 historic acquisitions of BidSpotter US in 2013, Lot-tissimo in 2018, Proxibid in February 2020 and Auction Mobility in October 2020. The Directors and Proposed 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 and Proposed 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 2 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 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.	£2,845 million	£3,178 million
Revenue	40 per cent.	£17.4 million	£24.5 million
Online share	78 per cent.	18 per cent.	32 per cent.

The Directors and Proposed Directors estimate that the Group has realised, on an annualised basis, approximately £3 million of combined synergies and cost savings in FY20, and has, to date, achieved £2 million of further synergies and cost savings in 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 and Proposed 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 and Proposed Directors expect to realise operational synergies over the next 12-24 months. The Directors and Proposed 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.

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

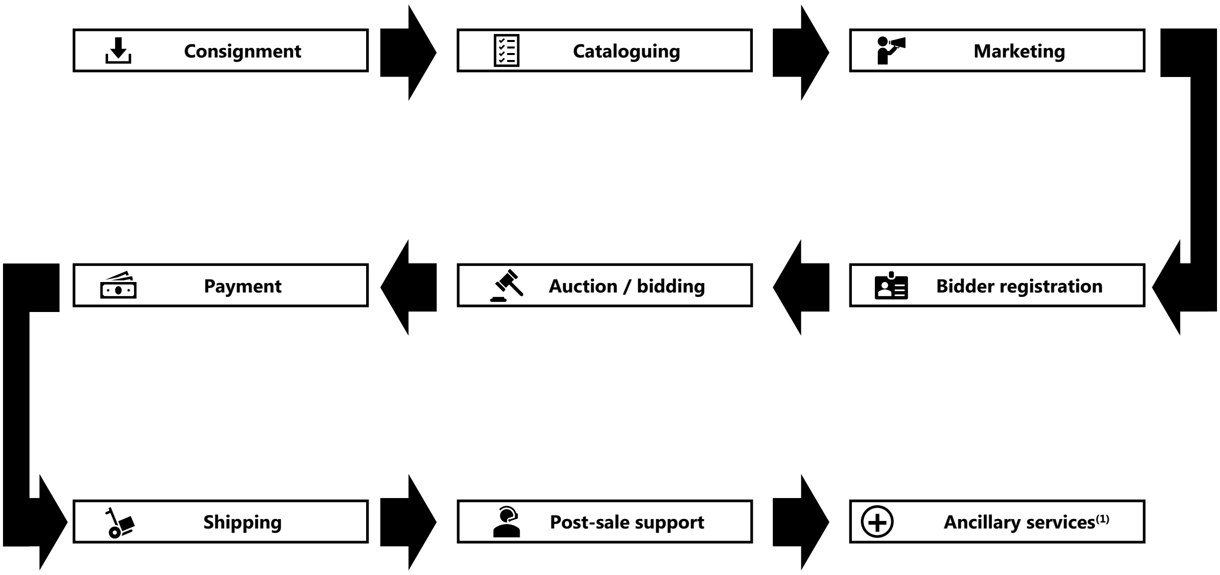
- Capitalise on and leverage its scalable Platform to take advantage of economies of scale and accelerate growth while improving margins by streamlining its fixed cost base through the cost synergies associated with the Platform, particularly technology redundancy over time as functionality is extracted 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 and Proposed 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 and Proposed 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 . .	£3,178 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 . . .	£443 million	55 per cent.	68 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.	21 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 . . .	£386 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 . . .	£176 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")

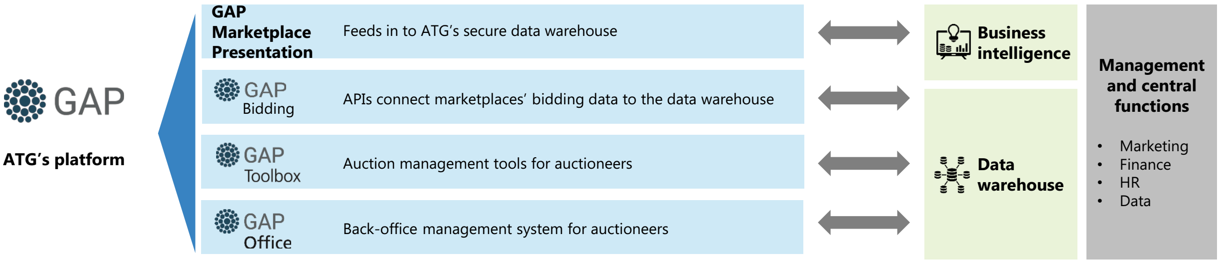
The Group operates a scalable proprietary technology Platform connecting approximately 2,000 auction houses to a global bidder base across approximately 150 countries worldwide. This Platform is a technology solution which services the Marketplaces together with its white label offering by providing 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; and
- 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 and Proposed 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 and Proposed 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 and Proposed 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. 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 and Proposed 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 has fallen from £3.5 million in FY18 to £2.8 million in FY20 (FY19: £3.2 million).

Business Trends

The Directors and Proposed Directors believe that the Group has experienced a significant and transformational step change over the last 12-15 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 and Proposed 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 £4,900 million in FY20 (for the Group's Aggregated Operations, with the Standalone Proxibid Group accounting for £3,200 million of that sum and the Standalone ATG Group accounting for £1,700 million) and GMV grew from £437 million in FY19 (for the Historical Group) to £1,600 million in FY20 (for the 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 and Proposed 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 to date in FY21) across the 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 and Proposed 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.

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

In FY20, 18 per cent. of THV for the Group's Aggregated Operations was Online-only THV, a rise from 8 per cent. in FY19. The Directors and Proposed 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 peoples generally to attend physical auctions. As a result, the number of bidder sign-ups for the 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 and Proposed 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 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:

Group's Aggregated Operations—A&A vertical

	FY18	FY19	FY20
Online share	13 per cent.	14 per cent.	17 per cent.
THV	£1,500 million	£1,300 million	£1,300 million
GMV	£195 million	£187 million	£233 million
Standalone ATG Group Revenue	£9.2 million	£11.4 million	£11.4 million
Standalone Proxibid Group Revenue	£1.9 million	£2.1 million	£2.3 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 and Proposed 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 Group's Aggregated Operations generally saw COVID-19 driven growth in the second half of FY20, as the following table sets out:

	H1 FY20		H2 FY20	
Year-on-year THV growth	**5.7 per cent.**		**19.1 per cent.**	
	Standalone ATG Group	**Standalone Proxibid Group**	**Standalone ATG Group**	**Standalone Proxibid Group**
Year-on-year revenue growth	8.2 per cent.	17.8 per cent.	16.4 per cent.	62.2 per cent.
Year-on-year constant currency revenue growth	8.2 per cent.	16.8 per cent.	16.6 per cent.	63.1 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 Group's Aggregated Operations fell from FY19 to FY20, the 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 Group's Aggregated Operations' THV, GMV and revenue in the I&C vertical from FY18 to FY20:

Group's Aggregated Operations—I&C vertical

	Growth (FY18–FY20)	FY18 (£)	FY19 (£)	FY20 (£)
THV	17 per cent.	3,000 million	3,000 million	3,500 million
GMV	104 per cent.	666 million	760 million	1,357 million
Standalone ATG Group Revenue	60 per cent.	8.5 million	10.2 million	13.6 million
Standalone Proxibid Group Revenue	71 per cent.	13.0 million	15.3 million	22.2 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 and Proposed 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 once COVID-19 restrictions are eased globally, the Directors and Proposed 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 25 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 and Proposed 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 VIII

DIRECTORS, PROPOSED 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.

Morgan Seigler, aged 43, 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.

2. PROPOSED DIRECTORS

The following persons will be appointed as Directors immediately prior to and conditional on Admission:

Scott Forbes, aged 63, Proposed 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, Proposed 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.

Further information regarding the Directors and Proposed Directors is set out in Part XIV of this Prospectus.

3. SENIOR MANAGERS

The Company's Senior Managers are:

Badrudin Khan, aged 49, 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 53, 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 35, 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 36, 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.

CORPORATE GOVERNANCE

The Board is committed to the highest standards of corporate governance. Following Admission, the Company will comply with the UK Corporate Governance Code (other than as detailed in this Part VIII) and will report to Shareholders on such compliance in accordance with the Listing Rules.

4. 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.

5. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

5.1 Board and committee independence

The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding the chair, should comprise non-executive directors determined by the Board to be independent in character and judgment and free from relationships or circumstances which are likely to impair, or could appear to impair, this independence. The Board has determined that all of the Non-Executive Directors other than Morgan Seigler are free from any business or other relationship that could impair their independent judgment and are therefore ''independent non- executive directors'' within the meaning of the UK Corporate Governance Code. On Admission, the Company will have two Executive Directors, two independent Non-Executive Directors, one additional Non-Executive Director plus the independent Chair and will therefore not fully comply with the UK Corporate Governance Code in this respect. The Directors and Proposed Directors believe that the appointment of Morgan Seigler to the Board by the Controlling Shareholder (pursuant to the Relationship Agreement) will assist the Group with the implementation of its growth strategy following Admission, particularly given his familiarity with the business, transactional experience and network of contacts through the Controlling Shareholder, which the Directors and Proposed Directors believe will assist the Group in sourcing acquisition opportunities. The Directors and Proposed Directors further believe that the terms of the Relationship Agreement will enable the Group to function independently of the Controlling Shareholder, notwithstanding the Controlling Shareholder's appointment of Morgan Seigler to the Board.

5.2 Chair of the Board

The UK Corporate Governance Code recommends that a chair should meet the independence criteria set out in the UK Corporate Governance Code on appointment. The Chair of the Company is Breon Corcoran, an independent Non-executive Director. The Company will therefore comply with the UK Corporate Governance Code in this respect.

5.3 Senior independent director

The UK Corporate Governance Code also recommends that the board of directors of a company should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and to serve as an intermediary for the other directors when necessary. The senior independent director has an important role on the Board in leading on corporate governance issues and being available to Shareholders if they have concerns which contact through the normal channels of the Chair, Chief Executive Officer or other Executive Directors has failed to resolve or for which such contact is inappropriate. Scott Forbes has been appointed as the senior independent director of the Board.

5.4 Re-election

The UK Corporate Governance Code recommends that all directors of premium listed companies should be subject to election by Shareholders at the first annual general meeting after their appointment, and to annual re-election thereafter. The Directors and Proposed Directors therefore intend to put themselves up for election at the Company's next annual general meeting. It is also intended that the Directors and Proposed Directors will continue to put themselves up for annual re-election at each further annual general meeting of the Company. In addition, prior to recommending their re-election to Shareholders, the Board intends to carry out an annual re-assessment of the ongoing independence of each of the non-executive Directors and to make an appropriate statement disclosing their status in the Company's annual report.

5.5 Diversity

The Board has undertaken a board strategy review and identified the capabilities and experience that should be represented on the Board including gender and ethnic diversity. As at Admission, the Board will not have met its diversity targets but intends to meet such targets with appointments in due course following Admission and the Board is currently engaged in a Director recruitment process based on the role specifications identified in the board strategy review, with the intention of improving the Board's gender diversity. In accordance with the UK Corporate Governance Code, the Company will report on the Board’s policy on diversity and inclusion, including gender, its objectives and linkage to the Company’s strategy, and how it has been implemented, in its next annual report.

The Group’s employee base is diverse at the management level with three women amongst the ten most senior employees in the Group, and with strong, capable female leaders being developed for future management roles in multiple parts of the organisation. Moreover, the Group is diverse in terms of gender mix and nationalities with women comprising 37 per cent. of the total workforce and with the Group’s employee base hailing from 15 countries around the world.

5.6 Workforce Engagement

As one of the Company’s methods to gather the views of the workforce and take these views into consideration in Board discussions and decision-making, the Company will appoint Breon Corcoran, with effect from Admission, as its designated Non-Executive Director for workforce engagement.

6. BOARD COMMITTEES

The Board has established a number of committees, whose terms of reference are documented formally and updated as necessary. If the need should arise, the Board may set up additional committees as appropriate.

6.1 Audit Committee

In line with the UK Corporate Governance Code requirements for smaller companies, the Audit Committee will have two members. The Audit Committee will be chaired by Penny Ladkin-Brand and its other member on Admission will be Scott Forbes. The Audit Committee will meet at least four times a year, and more frequently if required. The quorum necessary for the transaction of business at any meeting of the Audit Committee is two members.

The Audit Committee’s terms of reference state that the Audit Committee must comprise a Chair and a minimum of one other member. All of the members must be independent non-executive directors with competence relevant to the sector in which the Company operates, and at least one member must have recent and relevant financial experience and competence in accounting and/or auditing. The Board considers Penny Ladkin-Brand to have recent and relevant financial experience and competence in accounting. The Board also considers that Scott Forbes has relevant financial experience and competence in finance through his executive career and previous audit committee memberships. The Audit Committee as a whole must also have competence relevant to the sector in which the Company operates and this requirement is satisfied by the members.

Appointments to the Audit Committee are made by the Board, on recommendation by the Nomination Committee and in consultation with the chair of the Audit Committee. Appointments to the Committee shall be for a period for up to three years, which may be extended by no more than two further periods of up to three years, provided the members continue to be independent. Appointment of the Chair of the Audit Committee is also made by the Board on the recommendation of the Nomination Committee.

The Audit Committee’s role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group’s annual financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group.

Outside of the formal meeting programme, the Chair of the Audit Committee will maintain a dialogue with key individuals, including the Chair, the CEO, the CFO, as well as senior managers and/or internal or external auditors. The Chair of the Audit Committee will be available at annual general meetings of the Company to respond to questions from Shareholders on the Audit Committee’s activities.

6.2 Remuneration Committee

The Remuneration Committee has delegated responsibility for determining the policy for executive remuneration and setting remuneration for the Chair, the Executive Directors and senior management. It reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking them into account when setting the policy for Executive Directors' remuneration. The Remuneration Committee also prepares an annual remuneration report for approval by the Shareholders at the annual general meeting. The Remuneration Committee will normally meet not less than two times a year. The quorum necessary for the transaction of business at any meeting of the Remuneration Committee is two members.

The responsibilities of the Remuneration Committee covered in its terms of reference include determining and monitoring the strategy and policy on remuneration, termination, performance-related pay, pension arrangements, reporting and disclosure, share incentive plans and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the Remuneration Committee to carry out its responsibilities.

The UK Corporate Governance Code recommends that, for smaller companies, the Remuneration Committee comprises at least two members who are independent non-executive directors. In addition, the Chair (who may not chair the Remuneration Committee) can be a member, provided he was independent on appointment. The terms of reference of the Remuneration Committee require that its composition comply with these requirements. The Remuneration Committee is chaired by Scott Forbes and its other members are Breon Corcoran and Penny Ladkin-Brand.

In line with the UK Corporate Governance Code, the chair of the Remuneration Committee should have served on a remuneration committee for at least 12 months and this provision will be satisfied on Admission by Scott Forbes.

The Remuneration Committee will also prepare a report relating to Directors' remuneration to be included in the Company's annual report. The chair of the Remuneration Committee will be available at annual general meetings of the Company to respond to questions from Shareholders on the Remuneration Committee's activities.

6.3 Nomination Committee

The Nomination Committee will be chaired by Breon Corcoran, and its other members will be Penny Ladkin-Brand and Scott Forbes. The Nomination Committee will meet at least two times a year, or more frequently if required. The quorum necessary for the transaction of business at any meeting of the Nomination Committee shall be two independent non-executive directors.

The Nomination Committee's terms of reference state that the Nomination Committee must comprise a Chair and at least two other members and that a majority of its members must be independent non-executive directors.

Appointments to the Nomination Committee are made for a period of three years which may be extended for up to two further periods of three years, provided the director whose appointment is being considered still meets the criteria for membership. The chair of the Nomination Committee shall review membership of the Committee annually.

The responsibilities of the Nomination Committee include: (i) reviewing the size, structure and composition of the Board and ensuring that the Board comprises the right balance of skills, knowledge, diversity and experience; (ii) identifying and nominating for approval candidates to fill any vacancies on the Board; (iii) giving full consideration to the organisation and succession planning for the Group; and (iv) making recommendations to the Board concerning membership of the Audit Committee and the Remuneration Committee in consultation with the chairs of those committees.

The Nomination Committee will also prepare a report to be included in the Company's annual report. This will describe the activities of the Nomination Committee including, among other matters, the process used to make appointments. The chair of the Nomination Committee will be available at annual general meetings of the Company to respond to questions from Shareholders on the Nomination Committee's activities.

6.4 Disclosure Committee

The Board has established a market disclosure committee in order to ensure timely and accurate disclosure of all information that is required to be so disclosed to the market to meet the legal and regulatory obligations and requirements arising from the listing of the Company's securities on the London Stock Exchange, including the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Rules.

The market disclosure committee will meet at such times as shall be necessary or appropriate, as determined by the chair of the market disclosure committee or, in his or her absence, by any other member of the market disclosure committee. The market disclosure committee is chaired by John-Paul Savant and its other members are Tom Hargreaves, Marie Edwards (as Company Secretary) and any Non-Executive Director.

7. SHARE DEALING CODE

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on the requirements of the Market Abuse Rules. The code adopted will apply to the Directors, the Proposed Directors, the Senior Managers and other relevant employees of the Group.

8. CONTROLLING SHAREHOLDER

The Controlling Shareholder will retain a significant interest in the Company following Admission.

Immediately following Admission (assuming that the maximum number of New Shares subject to the Offer is subscribed for, the maximum number of Sale Shares subject to the Offer is sold and no exercise of the Over-allotment Option), the Controlling Shareholder will be the beneficial owner of, in aggregate, approximately 35 per cent. of the Company's issued share capital.

The Company has entered into a relationship agreement with the Controlling Shareholder (the "**Relationship Agreement**").

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 the Controlling Shareholder 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 21(a)(iii) of Part XIV (*Additional Information*).

9. REMUNERATION POLICY

The Company has adopted a remuneration policy which will apply with effect from Admission. Details are set out in paragraph 13 of Part XIV (*Additional Information*).

PART IX

DETAILS OF THE OFFER

1. THE OFFER

This Part IX should be read in conjunction with the sections headed ''Expected Timetable of Principal Events'' and ''Offer Statistics'' on page 53 of this Prospectus and the Terms and Conditions of the Offer at Appendix I.

The Offer comprises an offer of up to 45,463,254 Offer Shares at a price of 600 pence per Offer Share, of which up to 4,223,997 are Sale Shares from Selling Shareholders and up to 41,239,257 are New Shares (including 20,833,333 New Shares for which the Cornerstone Investors have agreed to subscribe), in each case assuming the maximum number of New Shares subject to the Offer is subscribed for. In addition, up to a maximum of 4,546,325 Shares may be sold pursuant to the Over-Allotment Option, assuming the maximum number of New Shares subject to the Offer is subscribed for.

The final number of Offer Shares to be subscribed for or sold in the Offer will be set out in the Pricing Statement, which is expected to be published on or around 23 February 2021.

Assuming the maximum number of New Shares subject to the Offer is subscribed for the net proceeds to the Company amount to approximately £229.2 million (including £132.5 million which will be used to redeem the Preference Shares), after deduction of the underwriting commission and the other fees and expenses (plus applicable VAT) payable by the Company which are related to the Offer. The Minimum Net Proceeds receivable by the Company will be £229.2 million, assuming a minimum of 41,239,257 New Shares issued at the Offer Price of 600 pence per New Share. Should the Minimum Net Proceeds not be received, Admission would not occur. The Offer is conditional on, inter alia, Admission.

Immediately following Admission, it is expected that approximately 38 per cent. of the Shares will be held in public hands (within the meaning of Listing Rule 6.14.2), assuming that the Over-allotment Option is not exercised, and approximately 42 per cent. of the Shares will be held in public hands if the Over-allotment Option is exercised in full, and in each case assuming that the maximum number of New Shares subject to the Offer is subscribed for and the maximum number of Sale Shares subject to the Offer is sold.

New Shares and Sale Shares have been made available primarily to institutional investors in the UK and elsewhere. The terms and conditions governing the Offer are set out in Appendix I of this Prospectus.

The Offer is being made: (i) outside the US in offshore transactions in reliance on Regulation S; and (ii) in the US only to persons reasonably believed to be QIBs as defined in Rule 144A pursuant to an exemption from the registration requirements of the US Securities Act.

2. THE OFFER PRICE AND ALLOCATION

All Offer Shares issued or sold pursuant to the Offer will be issued or sold (as applicable), payable in full, at the Offer Price.

A number of factors will be considered in determining the final number of Offer Shares and the basis of allocation, including the level and nature of demand for Offer Shares from investors, prevailing market conditions and the objective of establishing an orderly and liquid after-market in the Shares. The final number of Offer Shares subject to the Offer will be determined by the Company and the Core Selling Shareholders in consultation with the Joint Global Co-Ordinators and is expected to be announced on or around 23 February 2021. This information will also be set out in the Pricing Statement. The Pricing Statement 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 Prospectus (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 will (subject to certain restrictions) be available in electronic form at www.auctiontechnologygroup.com.

The rights attaching to the Shares will be uniform in all respects and all of the Shares will form a single class for all purposes. The Company, the Selling Shareholders and the Joint Global

Co-Ordinators reserve the right to increase or decrease the number of Offer Shares offered pursuant to the Offer. The proportions in which particular allocations of Offer Shares under the Offer will comprise Sale Shares and New Shares may vary at the absolute discretion of the Joint Global Co-Ordinators.

There is no minimum or maximum number of Shares which can be applied for under the Offer. In the event that demand for the Offer Shares exceeds the number of Offer Shares being made available in the Offer, allocations may be scaled down in any manner by the Company and the Selling Shareholders following consultation with Joint Global Co-Ordinators. The Company and the Selling Shareholders may allocate such Offer Shares following consultation with Joint Global Co-Ordinators, and applicants may be allocated Offer Shares having an aggregate value which is less than the sum applied for. The Company may allocate such Offer Shares following consultation with Joint Global Co-Ordinators (and there is no obligation to allocate such Offer Shares proportionately).

Participants in the Offer will be notified of the number of Offer Shares that they have been allocated as soon as practicable following pricing and allocation. Each prospective investor in the Offer will be contractually committed to acquire the number of Offer Shares allocated to it at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed that it will not be entitled to exercise any rights to rescind or terminate or otherwise withdraw from, such commitment.

3. UNDERWRITING ARRANGEMENTS

The Company, ATL, the Directors, the Proposed Directors, the Core Selling Shareholders and the Joint Global Co-Ordinators have entered into the Underwriting and Sponsor Agreement pursuant to which each Joint Global Co-Ordinator has severally agreed, on the terms and subject to certain customary conditions, to use reasonable endeavours to procure subscribers and/or purchasers for the Offer Shares to be issued or sold under the Offer (such number to be agreed between the Company, the Core Selling Shareholders and the Joint Global Co-Ordinators) or, failing which, itself subscribe for and/or purchase such Offer Shares. All such subscriptions and purchases (as applicable) will be at the Offer Price.

The Underwriting and Sponsor Agreement contains provisions entitling the Joint Global Co-Ordinators to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any monies received in respect of the Offer will be returned to applicants without interest.

The Underwriting and Sponsor Agreement provides for Joint Global Co-Ordinators to be paid commissions in respect of the Offer Shares to be allotted or sold pursuant to the Offer and any Over-allotment Shares sold following the exercise of the Over-allotment Option. Any fees and commissions received by Joint Global Co-Ordinators may be retained, and any Shares subscribed for or purchased by Joint Global Co-Ordinators may be retained, or dealt in, by them for their own benefit.

Further details of the terms of the Underwriting and Sponsor Agreement are set out in paragraph 17 of Part XIV of this Prospectus.

4. CORNERSTONE INVESTORS

On 5 February 2021 (in the case of Jupiter, Caledonia and Capital World) and 16 February 2021 (in the case of BlackRock), the Company and the Core Selling Shareholders entered into cornerstone investment agreements with each of Jupiter, Caledonia, BlackRock and Capital World (together, the "**Cornerstone Investors**") who have, subject to certain conditions, agreed to subscribe for New Shares and purchase Sale Shares as part of the Offer (the "**Cornerstone Investment Agreements**"). Subject to the terms of the Cornerstone Investment Agreements, the Cornerstone Investors have agreed to acquire, in aggregate, £125 million of Offer Shares at the Offer Price, consisting of a commitment of £45 million from Jupiter, £35 million from Caledonia, £25 million from BlackRock and £20 million from Capital World (each a "**Cornerstone Commitment**").

The following table sets out the number of Offer Shares each Cornerstone Investor has agreed to acquire pursuant to its Cornerstone Commitment:

Cornerstone Investor	Number of Offer Shares(1)	Percentage interest in the Company immediately following Admission(1)
Jupiter	7,500,000	7.5 per cent.
Caledonia	5,833,333	5.8 per cent.
BlackRock	4,166,667	4.2 per cent.
Capital World	3,333,333	3.3 per cent.

(1) Assuming the Cornerstone Commitments pursuant to the Cornerstone Investment Agreements are subscribed for and allotted in full and the maximum number of New Shares subject to the Offer is subscribed for.

For further information on Jupiter's, Caledonia's, BlackRock's and Capital World's respective interests in the Company see paragraph 8(d) of Part XIV (*Additional Information*).

The Cornerstone Investors will, subject to certain conditions, subscribe for New Shares and purchase Sale Shares pursuant to, and as part of, the Offer. The Offer Shares to be subscribed for and purchased by the Cornerstone Investors will rank pari passu with the other Ordinary Shares issued in the Offer. No special rights have been granted to the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. The Cornerstone Investment Agreements contain customary certifications and undertakings from each Cornerstone Investor as to such Cornerstone Investor's identity and its ability to subscribe for the New Shares and acquire the Sale Shares. The Cornerstone Investment Agreements will, amongst other things, terminate if the Underwriting and Sponsor Agreement has not become unconditional in accordance with its terms and Admission has not occurred occur on or before 30 June 2021. The Cornerstone Investment Agreements are governed by English law. For more information, see paragraph 21(iv) of Part XIV (*Additional Information*).

5. ADMISSION AND DEALINGS

The Offer is subject to the satisfaction of conditions to be contained in the Underwriting and Sponsor's Agreement, including Admission occurring on or before 26 February 2021 or such later date as may be agreed by Joint Global Co-Ordinators and the Company (being not later than 30 June 2021) and the Underwriting and Sponsor Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms. Further details of the Underwriting and Sponsor Agreement are set out in paragraph 17 of Part XIV of this Prospectus.

Applications have been made to the FCA and the London Stock Exchange for all of the Shares of the Company, issued and to be issued pursuant to the Offer, 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, respectively. It is expected that dealings in the Shares will commence on a conditional basis on the London Stock Exchange at 8.00 a.m. on 23 February 2021. The earliest date for settlement of such dealings will be 26 February 2021. Admission is expected to take place and unconditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 26 February 2021. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. All dealings in Shares prior to commencement of unconditional dealings will be on a "when issued basis" and will be of no effect if the Offer does not become unconditional in all respects and Admission does not take place, and such dealings will be at the sole risk of the parties concerned. These dates and times may change without further notice.

Each Investor in the Offer will be required to undertake to pay the Offer Price for the Offer Shares sold to such investor in such manner as shall be directed by the Joint Global Co-Ordinators. Where applicable, definitive share certificates in respect of the Offer Shares are expected to be despatched, by post at the risk of the recipients, to the relevant holders, not later than the week commencing 15 March 2021. The Shares are in registered form and can also be held in uncertificated form. Prior to the despatch of definitive share certificates in respect of any Shares which are held in certificated form, transfers of those Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

6. STABILISATION AND OVER-ALLOTMENT

In connection with the Offer, the Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares up to a maximum of 10 per cent. of the total number of Offer Shares (excluding the Shares subject to the Over-allotment Option) or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. However, there is no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Stabilisation transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise, and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter.

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilising period, the Over-allotment Shareholders have granted to the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may require the Over-allotment Shareholders to make available additional Existing Shares in an amount of up to a maximum of 10 per cent. of the total number of Offer Shares comprised in the Offer (excluding the Shares subject to the Over-allotment Option) at the Offer Price. The Over-allotment Option may be exercised in whole or in part may be exercised in whole or in part upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings in the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank pari passu in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be sold on the same terms and conditions as the Offer Shares being sold in the Offer and will form a single class for all purposes with the other Shares.

Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

7. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. Upon Admission, the Articles will permit the holding of Shares under the CREST system. The Company has applied for the Shares to be admitted to CREST with effect from Admission and it is expected that the Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for Offer Shares in the Offer may, elect to receive such Shares in uncertificated form if such investor is a system-member (as defined in the Regulations) in relation to CREST.

8. REASONS FOR THE OFFER AND USE OF PROCEEDS

The Company intends to use the net proceeds from the issue of the New Shares to reduce its existing indebtedness, which will provide the Group with greater financial flexibility, as set out in the following table:

Use	Amount (£)
Repayment of a portion of the debt outstanding under the Senior Facilities Agreement and loans from Shareholders and related parties	£73.2 million
Redemption of the Preference Shares	£132.5 million
Retained as cash to support the Group's growth plans	£23.6 million(1)
Total:	£229.2 million(1)

(1) Assuming the maximum number of New Shares subject to the Offer is subscribed for,

The Directors believe that the Offer and Admission will:

- further support the Group's growth plans by increasing the Group's public profile and brand awareness to both consumers and auctioneers;
- allow for increased funding sources for future organic and inorganic opportunities;
- provide a base of long-term Shareholders; and
- provide a potential liquidity opportunity for existing Shareholders and an opportunity for a partial realisation of their shareholding in the Company.

The sale of Existing Shares will provide the Selling Shareholders with an opportunity for a partial realisation of their investment in the Company. The proceeds receivable by each of Breon Corcoran, Scott Forbes and Penny Ladkin-Brand in respect of the redemption of their Preference Shares shall be used to subscribe for the equivalent value of Shares in their respective names.

9. LOCK-UP ARRANGEMENTS

Pursuant to the Underwriting and Sponsor Agreement, the Company has agreed that, subject to certain exceptions, during the period commencing on the date of the Underwriting and Sponsor Agreement and ending on the date 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Co-ordinators, issue, offer, sell or contract to sell, or otherwise transfer or dispose of, directly or indirectly, any Shares or any interest in Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers any of the economic consequences of ownership of the Shares, or agree or offer to do any of the foregoing.

Pursuant to the Underwriting and Sponsor Agreement and related arrangements, each of the Core Selling Shareholders, who will together hold 45,130,109 Shares following Admission (assuming that the maximum number of New Shares subject to the Offer is subscribed for, the maximum number of Sale Shares subject to the Offer is sold and no exercise of the Over-allotment Option), has undertaken to the Joint Global Co-Ordinators that, subject to certain exceptions, during the period commencing on the date of the Underwriting and Sponsor Agreement and ending on the date 180 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-Ordinators, sell or otherwise dispose of, or agree to sell or otherwise dispose of, directly or indirectly, any Shares held by them or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers any of the economic consequences of ownership of Shares, or announce the intention to do any of the foregoing.

Pursuant to the Underwriting and Sponsor Agreement, the Senior Manager Lock-Up Agreements and related arrangements, each of the Directors, Proposed Directors, Senior Managers and certain other Selling Shareholders, who will together hold 8,256,676 Shares following Admission (assuming that the maximum number of New Shares subject to the Offer is subscribed for and the maximum number of Sale Shares subject to the Offer is sold), has undertaken to the Joint Global Co-Ordinators that, subject to certain exceptions, during the period commencing on the date of the Underwriting and Sponsor Agreement and ending on the date 365 days from the date of Admission, they will not, without the prior written consent of the Joint Global Co-Ordinators, sell or otherwise dispose of, or agree to sell or otherwise dispose of, directly or indirectly, any Shares held by them or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers any of the economic consequences of ownership of Shares, or announce the intention to do any of the foregoing.

Pursuant to the Deeds of Election and related arrangements, each of the Other Selling Shareholders, who will together hold 1,149,961 Shares following Admission (assuming that the maximum number of New Shares subject to the Offer is subscribed for and the maximum number of Sale Shares subject to the Offer is sold), has undertaken to the Company that, subject to certain exceptions, during the period commencing on the date of the Underwriting and Sponsor Agreement and ending on the date 365 days from the date of Admission, they will not, without the prior written consent of the Company, sell or otherwise dispose of, or agree to sell or otherwise dispose of, directly or indirectly, any Shares held by them or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers any of the economic consequences of ownership of Shares, or announce the intention to do any of the foregoing.

10. WITHDRAWAL RIGHTS

If the Company is required to publish any supplement to this Prospectus, investors who have applied for Offer Shares under the Offer shall have at least two clear business days following the publication of the relevant supplement within which to withdraw their application to acquire Offer Shares in its entirety.

The right to withdraw an application to acquire Offer Shares in the circumstances set out above will be available to all investors under the Offer. If the application is not withdrawn within the stipulated period, any application to apply for Offer Shares under the Offer will remain valid and binding.

Details of how to withdraw an application will be made available if a supplement or relevant announcement (as described above) is published.

11. SELLING RESTRICTIONS

The distribution of this Prospectus and the offer of Offer Shares in certain jurisdictions may be restricted by law, and therefore, persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken 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 Prospectus in any jurisdiction where action for that purpose may be required or doing so is restricted by applicable laws. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus 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. This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer in such jurisdiction.

United Kingdom

In relation to the United Kingdom, no Shares have been offered or will be offered pursuant to the Offer to the public in the United Kingdom prior to the publication of a prospectus which has been approved by the FCA, except that the Shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the Shares shall require the Company or any Joint Global Co-ordinator to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in the United Kingdom who acquires any Shares in the Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Joint Global Co-ordinators that it is a qualified investor within the meaning of the Prospectus Regulation. In the case of any Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Joint Global Co-ordinators that the Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the United Kingdom to qualified investors, in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale. Neither the Company nor the Joint Global Co-ordinators have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by the Joint Global Co-ordinators which constitute the final placement of Shares contemplated in this Prospectus.

The Company, the Selling Shareholders and the Joint Global Co-ordinators and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

European Economic Area

In relation to each Member State of the EEA (each a “Relevant State”), no Shares have been offered or will be offered pursuant to the Offer in that Relevant State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the EU Prospectus Regulation, except that the Shares may be offered to the public in that Relevant State at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the EU Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the EU Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Shares shall require the Company or any Joint Global Co-ordinator to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

Each person in a Relevant State who acquires any Shares in the Global Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Joint Global Co-ordinators that it is a qualified investor within the meaning of the EU Prospectus Regulation.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 5(1) of the EU Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Joint Global Co-ordinators that the Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale. Neither the Company nor the Joint Global Co-ordinators have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary, other than offers made by the Joint Global Co-ordinators which constitute the final placement of Shares contemplated in this Prospectus.

The Company, the Selling Shareholders and the Joint Global Co-ordinators and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Shares and the expression “EU Prospectus Regulation” means Regulation (EU) 2017/1129.

United States

This Prospectus is not a public offering (within the meaning of the US Securities Act) of securities in the United States. The Shares have not been, and will not be, registered under 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 or sold in the United States except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act and applicable state or other securities laws. Accordingly, the Company and the Selling Shareholders may offer Offer Shares: (a) in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the US Securities Act, in each case in accordance with any applicable securities laws of any State or other jurisdiction of the United States; and (b) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S. Prospective investors are hereby notified that the sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

In addition, until 40 days after the commencement of the Offer, any offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the US Securities Act.

Purchasers in the US

Each purchaser who acquires Shares within the US, by accepting delivery of this Prospectus and the Shares, will be deemed to have represented, agreed and acknowledged each of the following matters:

(a) It is, and at the time of its purchase of any Shares will be, a QIB within the meaning of Rule 144A.

(b) The Shares have not been, nor will they be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, that sellers of the Shares may be relying on the exemption from the registration requirements of the US Securities Act provided by Rule 144A, and that the Shares may not be offered or sold, directly or indirectly, in the United States, other than in accordance with paragraph (d) below.

(c) It is purchasing the Shares: (i) for its own account; or (ii) for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgements, representations and agreements herein with respect to each such account (in which case it hereby makes such acknowledgments, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such Shares in violation of US securities laws.

(d) Offers and sales of the Shares are being made in the United States only to QIBs in transactions not involving a public offering or which are exempt from, or not subject to, the registration requirements of the US Securities Act, and if in the future it or any such other QIB for which it is acting or any other fiduciary or agent representing such investor, decides to offer, sell, deliver, pledge or otherwise transfer any Shares, it or any such other QIB and any such fiduciary or agent will do so only: (i) to a person that the seller and any person acting on its behalf reasonably believe is a QIB within the meaning of Rule 144A purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act; (iii) in accordance with Rule 144 under the US Securities Act (if available); or (iv) pursuant to an effective registration statement under the US Securities Act, and in each case in accordance with any applicable securities law of any state or other jurisdiction of the United States and of any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the US Securities Act for the resale of the Shares.

(e) For so long as the Shares are "restricted securities" within the meaning of Rule 144A(a)(3) of the US Securities Act, no such shares may be deposited into any unrestricted depositary receipt facility established or maintained by a depositary bank.

(f) The Shares will not settle or trade through the facilities of DTCC or any other US clearing system.

(g) The Shares (to the extent they are in certified form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER 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, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT: (I) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QIB WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT; (III) IN ACCORDANCE WITH RULE 144 UNDER THE US SECURITIES ACT (IF AVAILABLE); OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND OF ANY OTHER JURISDICTION. NO REPRESENTATIONS CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SHARES REPRESENTED HEREBY. THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

(h) These representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Selling Shareholders, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company.

(i) Any resale made other than in compliance with the above stated restrictions shall not be recognised by the Company.

Purchasers outside the United States

Each purchaser who acquires Shares outside the United States, by accepting delivery of this Prospectus and the Shares, will be deemed to have represented, agreed and acknowledged each of the following matters:

(a) The Shares have not been, nor will they be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States.

(b) It is acquiring such Shares in an "offshore transaction" within the meaning of, and meeting the requirements of, Regulation S.

(c) It is not an affiliate of the Company as defined in Rule 405 under the US Securities Act or a person acting on behalf of such an affiliate.

(d) The Company, the Selling Shareholders, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and it agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Australia

This document does not constitute, or purport to include the information required of, a disclosure document under Chapter 6D of the Australian Corporations Act 2001 (the "**Corporations Act**") or a product disclosure statement under Chapter 7 of the Corporations Act and will not be lodged with the Australian Securities and Investments Commission. No offer of shares is or will be made in Australia pursuant to this document, except to a person who is (i) either a "sophisticated investor" within the meaning of section 708(8) of the Corporations Act or a "professional investor" within the meaning of section 9 and section 708(11) of the Corporations Act; and (ii) a "wholesale client" for the purposes of section 761G(7) of the Corporations Act (and related regulations) who has complied with all relevant requirements in this respect, or another person who may be issued shares without requiring a disclosure document. If any shares are issued, they may not be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act.

Canada

Any offer and sale of the Offer Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Company prepares and files a prospectus under applicable Canadian securities laws. Any resale of the Offer Shares into Canada must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Offer Shares outside of Canada. There will be no public offering of the Offer Shares in Canada. This document does not contain all of the information that would normally appear in a prospectus under applicable Canadian securities laws. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the Offer Shares. Any representation to the contrary is an offense. This document is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the Offer Shares in Canada.

In Canada, the Offer will only be made by way of private placement to persons (**"Canadian Qualified Investors"**): (a) in the provinces of Ontario, Québec, Alberta or British Columbia: (b) who are a "accredited investor" within the meaning of Section 1.1 of NI 45-106 or subsection 73.3(1) of the OSA, as applicable, and is either purchasing the Offer Shares as principal for its own account, or is deemed to be purchasing the Offer Shares as principal for its own account in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (c) not created or used solely to purchase or hold the Offer Shares as an accredited investor under NI 45-106; (d) who are a "permitted client" within the meaning of NI 31-103; and (e) entitled under applicable Canadian securities laws to purchase the Offer Shares without the benefit of a prospectus under such securities laws. Any offer and sale of the Offer Shares in Canada will be made on a private placement basis only and will be exempt from the requirement that the Company prepares and files a prospectus under applicable Canadian securities laws. Each Canadian person who purchases the Offer Shares will be deemed to have represented that it qualifies as a Canadian Qualified Investor and will also be required to provide a Canadian investor letter certifying and acknowledging certain matters, including certifying its status as a Canadian Qualified Investor.

Securities legislation in certain provinces or territories of Canada may provide Canadian investors with remedies for rescission or damages if an "offering memorandum" such as this document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105—Underwriting Conflicts (**"NI 33-105"**) of the Canadian Securities Administrators, the Joint Global Co-Ordinators (and any other dealers) are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offer.

Any discussion of taxation and related matters contained in this document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Offer Shares and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Offer Shares or with respect to the eligibility of the Offer Shares for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Upon receipt of this document, each Canadian person hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Offer Shares described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme parles présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

Japan

The Ordinary Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Other overseas territories

Investors in jurisdictions other than the United Kingdom, the European Economic Area, the United States, Australia, Canada and Japan should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to purchase Offer Shares under the Offer.

12. FURTHER INFORMATION

Prospective investors should carefully consider the additional information set out in the other parts of this Prospectus and in particular the Risk Factors set out in Part II of this Prospectus.

PART X

OPERATING AND FINANCIAL REVIEW

Section One: The Group

The following is a discussion and analysis of the Group's results of operations and financial condition for FY18, FY19 and FY20 (collectively, the "**periods under review**") and should be read together with the Group's selected consolidated financial and operating data and the Group's consolidated financial information and the related notes included elsewhere in this Prospectus. For the purposes of this Section One of Part X, the figures used for the comparisons between the periods under review are based on the Historical Financial Information of the Group set out in Part B of Section One of Part XII (the "**Group Financial Statements**") and, unless otherwise indicated, the historical and other financial data presented in the following tables has been derived from the Group Financial Statements. In the periods under review, the Group has grown through acquisitions and experienced other changes in its composition, namely:

- On 26 February 2018, the Historical Group acquired the Lot-tissimo Group and, on 7 June 2018, disposed of the Catalogues Business.
- Prior to 13 February 2020, Turner Topco Limited ("**TTL**") was the parent company of Turner Bidco Limited and its consolidated subsidiaries, together constituting the corporate group prior to the Proxibid Acquisition (the "**Historical Group**"), and TTL was the ultimate parent company for purposes of historical consolidated financial information for the periods under review up until that date.
- On 13 February 2020 Auction Topco Limited ("**ATL**") indirectly acquired the Historical Group (the "**Historical Group Acquisition**") as well as the Proxibid Group, and became the ultimate parent company of the enlarged Group. Prior to the Historical Group Acquisition, ATL had no trading activity.

Pursuant to the Reorganisation, the Company will become the new holding company of the Group.

Therefore, unless otherwise indicated:

- the historical consolidated financial information of the Group included in this section and elsewhere in the Prospectus reflects (i) the historical consolidated financial information of the Historical Group for FY18 and FY19 and the period from 1 October 2019 to 12 February 2020, and (ii) the historical consolidated financial information of the Group and the Proxibid Group for the period from 13 February 2020 to 30 September 2020, but does not reflect the incorporation of the Company and the effects of the Reorganisation; and
- references to the Group, with respect to results before 13 February 2020 are to results of the Historical Group and, with respect to results on or after 13 February 2020, reflect the Proxibid Acquisition and the insertion of ATL and certain intermediate holding companies.

For a discussion of the accounting treatment for the Proxibid Acquisition, see note 23 to the Group Financial Statements.

Because of the significance of the Proxibid Group relative to the Historical Group, the Group's results of operations for FY20 (which include the results of the Proxibid Group for the period from 13 February 2020 to 30 September 2020) are not comparable to its results of operations for FY18 or FY19. For ease of comparisons between FY19 and FY20, certain figures are presented for the Standalone ATG Group, to provide comparisons excluding the results of the Proxibid Group in FY20.

On 16 October 2020, the Group acquired Auction Mobility, which provides a premium white label solution (the "**Auction Mobility Acquisition**"). The historical consolidated financial information of Auction Mobility is not included in the historical consolidated financial information of the Group for the periods under review. See "Recent Developments" below for further information about the Auction Mobility Acquisition.

As discussed below, the Group operates across three specific industry verticals: Arts & Antiques ("**A&A**"), Industrial & Commercial ("**I&C**") and Consumer Surplus and Returns ("**CS&R**") but the Directors and the Proposed Directors monitor performance across these verticals through three operating segments, being A&A, I&C (which incorporates the Group's I&C and CS&R business) and

Content (which comprises the Group's revenue from selling subscriptions to, and advertising space within, the *Antiques Trade Gazette* paper and online trade magazine). As a result of the Auction Mobility Acquisition, the Group's operating segments may change in FY21 to include a fourth operating segment.

The following discussion includes forward-looking statements that, although based on assumptions that the Group considers reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied by the Forward-looking Statements. For a discussion of some of those risks and uncertainties see "Information Regarding Forward-looking Statements" in paragraph 4 of Part III.

1. OVERVIEW

The Group operates world-leading Marketplaces and a proprietary auction Platform for curated online auctions, connecting bidders and auctioneers. 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 improve 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.

Services

The Group primarily caters to auctioneers and bidders across the following three specific industry verticals, with a focus on driving value for its users:

- A&A, which includes watches, jewellery, furniture, fine art, decorative art, classic cars, collectables and fashion;
- 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; and
- 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 which the Directors and the Proposed Directors believe 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 auctions, and online payment services. The Group also provides GAP Office (through the Platform), and Wavebid, which are SaaS back-office technology products for auctioneers that 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.

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 and does not conduct auctions on behalf of auctioneers that utilise its services.

The Group's revenue depends on the number of auctions conducted through its Marketplaces and/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:

- recurring subscription fees and one-off fees for set-up and training, which are 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 the Group's incremental value-added services, including support fees for support provided to auctioneers to help operate the online component of 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 customers on the Proxibid Marketplace.

Business transformation

Under new leadership since 2016, the Group has undergone significant transformation, driven by both organic and inorganic expansion via key acquisitions. In the periods under review, the Group has achieved strong and sustained revenue growth, improved its profitability (with improved operating margins), delivered strong returns on capital invested, and established a well-invested platform for growth with significant room to scale its business in a cost-effective manner.

The following table highlights the success of the Group's business transformation in the periods under review.

	FY18	FY19	FY20
	(£,000, unless otherwise indicated)		
Revenue	22,205	24,772	45,319
Standalone ATG Group revenue	22,205	24,772	27,845
Operating profit/(loss)	2,845	7,591	(1,860)
Standalone ATG Group operating profit/(loss)	2,845	7,591	(2,910)
Loss before tax	(2,937)	(7,454)	(18,535)
Standalone ATG Group (loss) before tax	(2,937)	(7,454)	(19,587)
Adjusted EBITDA(1)	4,691	9,483	20,522
Adjusted EBITDA Margin (per cent.)(2)	21.1	38.3	45.3

(1) The Group's Adjusted EBITDA represents its profit(loss) before tax, finance costs (including non-operating gains/(losses) on revaluation of derivative financial instruments), depreciation and amortisation, share-based compensation (in connection with shares issued to key management personnel, management and certain other employees; see note 8 to the Group Financial Statements for further information) and exceptional costs (including acquisition and listing costs, restructuring costs, lease-termination costs and integration costs) which, due to their nature or infrequency, do not reflect the underlying trading of the business). Exceptional costs are set out in note 7 to the Group Financial Statements.

(2) The Group's Adjusted EBITDA margin represents its Adjusted EBITDA divided by revenue.

Recent Developments and Current Trading

Recent Developments

Auction Mobility Acquisition

On 16 October 2020, the Group acquired Auction Mobility, which provides a premium white label solution. The Directors and the Proposed Directors believe that the Auction Mobility Acquisition will improve the Group's competitive positioning in the white label market, as the 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 to expand the scope of the Group's white label offering in this market, as well as expanding its premium white label offering into other verticals/geographies in due course.

The Group has already begun leveraging Auction Mobility's existing relationships with auctioneers in the North American A&A vertical/geography to expand the scope of its white label offering in this market. The Directors and the Proposed Directors expect to realise operational synergies from the Auction Mobility Acquisition over the next 12-24 months.

Auction Mobility achieved £4 million of revenue during the 12 months ended 30 September 2020, prior to the Auction Mobility Acquisition on 16 October 2020, and the Group expects revenue from this business to grow at or above the Group's organic revenue growth in the medium term (between FY19 and FY23).

Current Trading

The Group's strong financial performance achieved in FY20 has continued in the first quarter of FY21. Auctioneers across the Group's verticals and geographies remain active, driving growth in THV in line with underlying historical levels.

In addition, the trends accelerated by COVID-19, such as the shift to online auctions, have continued, with the Group's online share remaining consistent with its share in the second half of FY20. As a result, the Group has achieved strong revenue growth in the first quarter of FY21, in line with the year-on-year growth rate experienced in the second half of FY20. The cost base remains relatively stable compared to the first quarter of FY20, reflecting the continued high operating leverage inherent in the business.

Whilst it remains difficult to predict the extent to which the impact from COVID-19 on the Group's performance will be sustained, the Directors are prudently expecting there to be some drop off in the current levels of online share once COVID-19 restrictions come to an end. However, in light of restrictions currently tightening in the Group's key markets, the Directors do not expect such a drop off in online share to occur until the second half of FY21, at the earliest.

The Directors remain confident in the medium term outlook for the Group and its ability to capitalise on the exciting opportunities presented by the rapidly evolving global auction market.

2. KEY FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Group discusses below the principal factors that have had, and are likely to continue to have, a material effect on the Group's results of operations.

2.1 Acquisition and Investments

In the periods under review, the Group's revenue has increased and its profitability has improved as a result of significant acquisitions and investments in line with its growth strategies. These include the acquisition of Lot-tissimo in February 2018 and Proxibid in February 2020. The Directors and the Proposed Directors believe future growth is important to the ongoing success of the Group and believe that the fragmented nature of the auction services industry presents a significant opportunity for further acquisitions. As the Directors and the Proposed Directors continue to evaluate potential acquisition targets that will help diversify and expand the Group's geographical and industry footprint, they expect the Group's results of operations will be affected by further acquisitions in the short-to-medium term, which effect could be material.

The Proxibid Acquisition in February 2020 was transformational for the Group, in expanding the Group's auctioneer and bidder bases within the North American market and enlarging its revenue from the I&C vertical in FY20. In FY19, the Proxibid Group had 2 million total bidders and 202,000 active bidders compared with the Historical Group's 1.9 million total bidders and 203,000 active bidders in FY19. The Group's THV, GMV, and online share in FY20 also benefitted significantly from the Proxibid Acquisition.

The Auction Mobility Acquisition in October 2020 is expected to have a positive effect on the Group's revenue going forward. The Directors and the Proposed Directors believe that the Group is well positioned to leverage the additional premium and highly customisable white label functionality offered by Auction Mobility to complement and grow its existing white label offering and facilitate expansion of the scope of the Group's white label offering in the North American A&A white label market.

In implementing its growth strategy, the Group must successfully integrate any operations that it acquires with those of the Group. The Group takes an incremental approach to technological synergies and aims to modularise and migrate specific functionality to the Platform in line with the needs of the wider business rather than immediately moving new platforms onto the Platform wholesale. The Directors and the Proposed 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 Group's results of operations have benefitted from successful integration of acquired businesses into the Group, including four acquired businesses in the past seven years. For example, 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). Through the integration process, the Group was able to realise 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 BidSpotter US's platform and the majority of the Lot-tissimo platform. The Directors and the Proposed Directors expect to migrate Proxibid onto the Platform incrementally in the short to medium term, and expect to realise technological synergies in due course. However, many of Proxibid's back-office and operational functions have already been, or are in the process of being, integrated with the wider Group, enabling the Group to realise operational synergies ahead of the additional technological synergies which are anticipated as functionality is incrementally transitioned. The Directors and the Proposed Directors believe the Group has already realised meaningful synergies in FY20 and FY21 from the Proxibid Acquisition. 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. In addition, the Directors and the Proposed Directors expect to realise operational synergies from the Auction Mobility Acquisition over the next 12-24 months.

The Group's results of operations may be adversely affected by any delays or difficulties that the Group encounters in integrating Proxibid or any future acquisitions onto the Platform. In addition, the potential diversion of technology resource from development of existing Marketplaces and the Platform, as well as the opportunity cost of trying to achieve technical synergies from integrating such acquisitions, may result in the diversion of management and key employees from the achievement of other synergies and/or adversely impact the Group's results of operations. The Group may also fail to generate expected margins or cash flows, or to realise the anticipated benefits of any acquisitions, including expected operational, revenue, technical, cost and/or other synergies or benefits within anticipated timeframes or at all. In addition, the Group's assessments of, and assumptions regarding, acquisition targets may prove to be incorrect, and actual results may differ significantly from expectations.

The Group's growth strategies have also included, and will include, investments in the development and maintenance of the Group's Marketplaces and Platform (including with respect to software and hardware), marketing and advertising, CRM (both in terms of breadth of coverage and capability, to improve bidder and auctioneer retention), SEO (to attract new bidders and auctioneers) and customer support across the online channel. The Directors and the Proposed Directors believe such investments have been instrumental in helping to grow the Group's bidder and auctioneer base and, as a result, revenue, in the periods under review. Apart from investments in the development and maintenance of the Marketplaces and the Platform, the Group's expenditure on marketing and advertising, CRM, SEO and customer support has historically been low due to targeted and efficient expenditure, and the Directors and the Proposed Directors expect the Group to continue to target similar efficient expenditure going forward.

The Group will need to effectively manage business opportunities, revenue streams and operational service quality, as well as increase capacity and internet traffic to meet expectations of existing and prospective auctioneers and bidders. For example, the Group is in the process of implementing various initiatives such as creating a shared bidding platform across each of its Marketplaces, which will enable auctioneers to seamlessly list their auctions across multiple Marketplaces at the click of a button. The Group also intends to expand its service offerings to auctioneers and bidders in the medium term, including developing an online ecosystem for its bidders and auctioneers to access a wide range of auction services and provide bidder analytics services to auctioneers. It is expected that the Group would act as a conduit to the provision of payment processing services (a nascent form of which is already supported by the Group), financing options for bidder payments, restoration and maintenance assistance for deteriorated or damaged items in need of repair in the A&A and I&C verticals, insurance, logistics assistance (including transportation and delivery services, a nascent form of which is already supported by the Group) and storage rental for purchased items. 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 may incur higher than expected capital expenditures and cost in seeking to achieve its growth strategy and it may be unable to realise the anticipated benefits of the capital expenditures and other investments (including any anticipated increase in the conversion rate), and may experience longer than anticipated investment payback periods. The Group may also have reduced amounts of cash available for use towards other initiatives.

2.2 Volume and diversity of the bidder pool and value proposition for auctioneers and bidders

The Group's business is predicated on an online marketplace model that brings together auctioneers and bidders and allows the Group to match supply and demand globally for A&A, I&C and CS&R goods. The Group's revenue model, particularly its revenue streams from commissions (which comprised 67.9 per cent. of the Group's revenue in FY20), event fees (which comprised 15.0 per cent. of the Group's revenue in FY20), digital marketing and digital and print fees, have been, and are expected to continue to be, significantly dependent on the volume and diversity of the Group's bidder pool, the value proposition offered to bidders and auctioneers, and the volume, range and value of items listed for auction on the Marketplaces and/or the Platform. These factors have had, and are expected to continue to have, a significant impact on the Group's online share, which, in turn, is a key driver of the Group's revenue (particularly in the case of commissions).

The Group's business transformation in the periods under review was achieved via proactive efforts to grow its bidder base and leverage its shared success model with auctioneers. The Group's Marketplaces and Platform connect approximately 2,000 auctioneers (as of 30 September 2020) to a global bidder base across approximately 150 countries worldwide, with 571,000 unique active bidders on the Marketplaces and/or the Platform in FY20 (compared to 202,000 and 186,000 in FY18 and FY19, respectively with 316,000 unique active bidders attributable to the Proxibid Group for FY20).

Because the Marketplaces enable auctioneers to leverage the size and breadth of the Group's bidder base to access a much wider pool of bidders than they would otherwise have been able to reach by virtue of their own brands, auctioneers can achieve higher realised asset values for their consignors than they would otherwise expect to achieve through a traditional offline auction (where the pool of bidders is limited to those that auctioneers are able to reach by virtue of their own brands), while enabling the Group to achieve higher revenue from commissions. Through this symbiotic relationship with auctioneers, the Directors and the Proposed Directors believe that the Marketplaces and Platform enable small- and medium-sized auctioneers to achieve greater scale and compete more effectively against larger online auction companies such as eBay and Ritchie Bros. The Group's operating model also enables auctioneers to reduce costs and achieve increased efficiencies, while enabling the Group to leverage its scale and online presence to provide services at lower cost, allowing the Group to add value to auctioneers while also improving its margins. While this value proposition is relevant for auctioneers of all sizes, it is particularly valuable for small- and medium-sized auctioneers in a fragmented auction house landscape.

As a result of the strength of the Group's marketplace model and value proposition, the Group has been able to benefit from a network effect and a "virtuous circle" between bidders and auctioneers; as more bidders use the Marketplaces and/or the Platform, more auctioneers expect to benefit from the increased bidder pool and visibility of their auctions. The high level of interaction from bidders and improved liquidity in the Marketplaces in the periods under review helped drive more auctioneers onto, and auctions to be held on, the Marketplaces. As the number of auctioneers using the Marketplaces and the Platform increased, more items were also made available to bidders, which in turn encouraged more bidders to use the Marketplaces and the Platform. The greater the revenue generated by auctioneers on the Marketplaces or Platform, the greater the revenue generated by the Group. This positive cycle also drove additional value for the Group in the periods under review by enabling it to acquire bidders with stable and efficient marketing and advertising spend (which includes administration expenses attributable to advertising and sponsorship, promotional activity, media services, and trade shows/conventions, but excludes costs associated with marketing employees) of £0.6 million, £0.4 million and £0.8 million in FY18, FY19 and FY20, respectively (£0.4 million in FY20 for the Standalone ATG Group).

The volume and diversity of the Group's bidder pool, the value proposition offered to bidders and auctioneers, and the volume, range and value of items listed for auction on the Marketplaces and/or the Platform significantly depend on the strength, reliability, security, functionality and scale of the Marketplaces and the Platform, the value-added features and services that the Group is able to offer, and other initiatives such as CRM, SEO and marketing/advertising initiatives and spend. The Group's spend on software (comprising software costs (primarily related to cloud services, costs associated with services provided by the lessor of the servers used in respect of the Proxibid Marketplace, and licensing fees), and capitalised research and development costs recognised as capital expenditure) amounted to £1.7 million, £2.1 million and £4.6 million in FY18, FY19 and FY20, respectively (£3.4 million in FY20 for the Standalone ATG Group). The Directors and the Proposed Directors believe such investments have been critical to the Group's success in growing its pool of unique active bidders, with the Group's Marketplaces having achieved leading positions in their respective industry verticals within their respective geographies of operation, with the largest number of auctioneers and bidders. Such investment enabled the Group to improve the capacity and stability of the Marketplaces and the Platform to support growth in activity and better user experience, as well as improve SEO and visibility within Google, and facilitate better data and business decisions (such as how to efficiently target marketing and advertising spend).

The Directors and the Proposed Directors believe that the Group's investment in the Marketplaces and the Platform, as well as value-added services to date provide a strong foundation for a cost-effective scalable business model and ongoing value proposition for auctioneers and bidders, which will enable the Group to grow its business and execute on its growth strategies. However, the Directors and the Proposed Directors expect the Group's results will significantly depend on its ability to retain existing auctioneers and bidders and to attract new bidders and auctioneers to utilise the Marketplaces or Platform, which will depend on a number of factors, including continued investment in the Marketplaces and Platform, and those factors that are described under the Risk Factor entitled "*The Group may be unable to retain existing, or attract new, bidders and auctioneers, who are the principal drivers of the Group's revenue*" in Part II.

The Group has also benefitted from the diversity of, and retention levels among, the Group's auctioneer base. No single auctioneer accounted for more than 10 per cent. of the Group's total revenue in any of the periods under review. Of the Group's top 20 auctioneers in FY20 (based on commissions and event fees earned by the Group from the sale of auctioneers' lots and excluding the Proxibid Group for comparability purposes), 19 auctioneers were customers of the Group in FY18, and all 20 remain Group customers, reflecting a relatively stable customer base.

2.3 Structural shift from offline to online auctions, from live to timed auctions and growth in online share

Auction processes are undertaken on an online and offline basis.

- Offline auctions are those undertaken on an in-person basis where an auctioneer will often have the physical goods present at the auction location.
- Online auctions can be run in a number of ways, the three main methods being traditional "live" auctions held online (in addition to being held in person), live auctions held online-only (rather than being held in person) and online-only "timed" auctions.

Considering the Group's online marketplace model and the leading position of each of the Group's online Marketplaces in its respective industry verticals and geographies, the Directors and the Proposed Directors believe that the Group's results of operations in the periods under review, and particularly in FY20, have been materially impacted, and are expected to continue to be materially impacted, by the Group's ability to capitalise on the 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. The Directors and the Proposed Directors believe such factors have facilitated growth in the Group's bidder sessions, unique active bidders, registered accounts, online share, THV, GMV, and revenue in the periods under review.

The Directors and the Proposed Directors believe that the structural shift from offline to online-only auctions in the periods under review:

- 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 auctions are able to simultaneously participate remotely in online auctions across the world. This trend was significantly accelerated in FY20 due to the impact of the COVID-19 pandemic and associated lockdowns, and is expected to continue to drive the size and breadth of the pool of potential bidders that may participate in auctions on the Marketplaces or the Platform. This increases the likelihood of achieving higher THV and GMV, and serves to attract and retain bidders in the auction market who may otherwise have been inclined to purchase goods through other means; and
- has also been influenced by the structural shift from live to timed online-only 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 transport goods and staff 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 traditional 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.

While the Directors and the Proposed Directors believe that the auction market has not fully adapted to e-commerce and online opportunities as readily as other industries, and while the rate of growth of the Group's bidder sessions, unique active bidders, registered accounts, online share, THV, GMV, and results of operations in FY20 was significantly accelerated due to the impact of the COVID-19 pandemic and the associated lockdowns, the Directors and the Proposed Directors also believe that the developments in FY20 reinforce the pre-existing trend towards growing popularity of online auctions, driven by the structural shift from live to timed auctions, which is expected to continue. The COVID-19 pandemic resulted in many auctioneers hosting auctions, and bidders bidding, online for the first time, and the Directors and the Proposed Directors believe that once an auctioneer or bidder has hosted or participated in an online auction once, they are more likely to appreciate the benefits of online auctions and continue to participate in online auctions. As a result, the Directors and the Proposed 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 low marketing expenditure.

The Directors and the Proposed Directors also believe there are significant opportunities for further growth as a result of the current level of online penetration in the auction market and increasing popularity of online auctions. Please refer to the paragraph entitled "Shift to online" in Part VI (*Market Overview*) for further details. 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:

Marketplace	Online-only THV(1)
BidSpotter UK	89 per cent.
BidSpotter US	55 per cent.
i-bidder	20 per cent.
Proxibid	17 per cent.(2)
The Saleroom	1 per cent.
Lot-tissimo	< 1 per cent.

(1) FY20, as a percentage of total THV for that Marketplace

(2) Based on online-only THV and total THV for the Proxibid Marketplace for the 12 months ended 30 September 2020.

The Directors and the Proposed 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 in the use of timed and live online-only auctions across the Marketplaces.

While at present live auctions are generally preferred by auctioneers in the A&A market (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 trend the Directors and the Proposed 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. By leveraging its strong technology offering, leading online Marketplaces and wealth of expertise, the Directors and the Proposed Directors believe that the Group is well positioned to capitalise on opportunities to accelerate the shift in the A&A market towards online auctions and, by capturing a greater share of THV, increasing commissions being paid for online bids and online-only auctions more generally, which could contribute to an increase in the Group's A&A segment revenues. For example, 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. During FY20, Bonhams hosted 82 UK auctions on the Marketplaces, which accounted for more than 10 per cent. of the number of lots sold by Bonhams in the UK in that period.

The Directors and the Proposed Directors also believe that the Group is well positioned to capitalise on the increasing popularity of online auctions (and particularly timed online-only auctions) in the I&C and CS&R markets to further penetrate such markets and grow revenues. The Group considers that the I&C market in particular is ripe for significant further online penetration, particularly in the United States due to its geographical size, as these auctions are typically driven by insolvent sales and liquidations, where seeking the best possible value through a large volume of bidders is particularly 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 and the Proposed Directors expect that there is significant room for focused growth through additional online penetration in these areas in particular.

2.4 Changes to the volume and price of goods sold through the Marketplaces and the Platform as a result of economic cycles, the COVID-19 pandemic and natural disasters

Economic cycles

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 and the Proposed Directors believe that the Group's business model is largely cycle-neutral and is therefore able to thrive in both economic upturns and economic 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 economic upturn, potential purchasers are likely to have increased disposable income or budgets, 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 (with growth in number of auctioneers being a relatively smaller driver of the Group's THV growth in the periods under review), GMV and the Group's revenue from commissions.

During an economic downturn (including any continued downturn as a result of the COVID-19 pandemic), the Directors and the Proposed Directors believe that the Group's established online presence in the I&C vertical in particular and, to a lesser extent (given its relative size), in the CS&R vertical, will support ongoing growth as potential purchasers are more likely to seek lower prices (which are typically obtained via auctions of secondary goods rather 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 and consumer surplus. Inventory in the I&C market is typically sourced from insolvencies, business closures and equipment at the end of its lease life in addition to the usual upgrades and downgrades of businesses in different stages of growth, decline, innovation and evolution. As a result, the I&C market is relatively resilient to periods of economic contraction where bidders may be more inclined to seek cost savings by purchasing used equipment rather than buying new. In particular, BidSpotter US focuses on US I&C auctions, which are typically insolvency related, and BidSpotter UK focuses on UK I&C and insolvency auctions. In addition, the CS&R market is believed to be countercyclical, as bidders are more likely to participate in the CS&R market in periods of economic contraction.

Given the breadth of goods sold in the market and how goods are generally sourced, the A&A market is relatively resilient and believed to be largely cycle-neutral, as auctioneers often source items to sell from debt burdens, divorce, death and downsizing (which occur regardless of economic cycles). During an economic upturn, auctioneers benefit from increased bidder appetite and disposable income and, in periods of economic contraction, life events such as divorce, death, debt burdens and downsizing continue to occur, and items sourced from debt burdens in particular are likely to increase. Auctioneers that focus on lower value items sourced as a result of those life events may particularly benefit during periods of economic contraction, as bidders are more likely to seek value through reduced prices, which (as with I&C goods) are typically obtained via auction rather than through retailers. However, 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).

Additionally, consumer trends towards sustainability and buying “green” may also drive demand for secondary goods, particularly in the CS&R vertical notwithstanding economic uncertainty. 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 and the Proposed 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 by supporting them 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.

However, a prolonged slowdown in the UK, US or German economies or tightening of credit markets, could result in a decrease in the supply of, and demand for, goods sold through the Marketplaces or the Platform. Downturns may also result in longer payment cycles, increased collection costs and defaults in excess of the 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 Group’s business and results of operations.

COVID-19 pandemic

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 UK, the US and the DACH region, the Group has continued to trade strongly and has experienced accelerated growth during the COVID-19 pandemic, in large part due to acceleration of the shift from offline to online auctions and live to timed auctions, as discussed above. 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. THV and revenue also increased between FY19 and FY20, evidencing the resilience of the Group’s model across economic cycles. The Group achieved the most significant growth in the second half of FY20, with 16.4 per cent. growth in revenue in the second half of FY20 compared to the second half of FY19.

While the effects of the COVID-19 pandemic had an adverse impact on some auctioneers (in particular, those trading on The Saleroom Marketplace between March and May 2020, with many of them experiencing operational disruption, including in some cases temporary closure, which impacted their financial performance during the lockdowns), many auctioneers benefitted from, among other things, the shift to online auctions as a result of the COVID-19 pandemic. The Group’s profitability in FY20 was impacted by the adverse impact on trading within The Saleroom Marketplace between March and May 2020, as a result of which the Group decided to assist auctioneers by waiving monthly event fees payable by auctioneers during this period. Whilst the Directors and the Proposed Directors believe this was the right step to take in order to support auctioneers on The Saleroom and the market more generally, any further decisions to implement similar initiatives in future may adversely affect the Group’s results of operations. Revenue from the Content operating segment also fell by 29.2 per cent. during the second half of FY20 as a result of advertising spend within the Antiques Trade Gazette falling in the second half of FY20 compared to the first half of FY20. This was primarily due to the impact of the COVID-19 pandemic which more than offset an increase in subscription revenue from the Antiques Trade Gazette (due to an increase in the price of subscriptions).

The Directors and the Proposed Directors believe that, whilst the Group’s business is largely cycle-neutral, as discussed above, and whilst the direct impact of the COVID-19 pandemic on the Group to date has been largely positive (notwithstanding the initial impact on The Saleroom Marketplace 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 at the same rate following the easing of the restrictions associated with the COVID-19 pandemic. Therefore, the Group’s results of operations in FY20 may not be indicative of the trend in future periods. New auctioneers and bidders acquired during the COVID-19 pandemic may not continue to use the Marketplaces or the Platform (at all or to the same extent) following the easing of such restrictions. Moreover, part of the Group’s growth strategy is contingent upon the Group increasing its online share and, following the easing of restrictions associated with the COVID-19 pandemic, bidders may return to in-person auction houses which may result in fewer bidders using the Marketplaces or the Platform. Similarly, auctioneers who historically had been hesitant to use online auctions but nonetheless had used the Marketplaces or Platform during COVID-19 restrictions may also revert to physical auction houses, particularly if they feel strongly about the historical culture of auctions or if an increasing number of bidders return to physical auction houses. These risks could have the effect of reducing the number of auctioneers or bidders using the Marketplaces or Platform, or of reducing projected increases in use, either of which could have a material adverse effect on the Group's business and results of operations going forward.

Natural disasters

In the spring of 2019, the Proxibid Group's THV and revenue were adversely affected by floods in the Midwest of the United States, which contributed to lower-than-expected revenue growth in FY19 compared to FY18. In particular, purchases of farm equipment were adversely impacted by flooded farms. Auctioneers may also have suffered some disruption to their business operations, for example due to difficulties in transporting items for auction and in auctioneers accessing their auction houses. Any future natural disasters may have a similar or worse effect on the Group's results of operations, particularly in the North American I&C market.

2.5 Changes in the Group's take rate

In the periods under review, the Group has experienced a decline in its take rate due to several factors. The Group's take rate has been impacted by:

- Changes in the mix of revenues from different verticals, which carry different commission rates. The Group's average commission rates are typically lower in the I&C market relative to the A&A market. As such, the Group's overall take rate was impacted by faster revenue growth in the Group's I&C segment relative to the A&A segment in the periods under review. This trend was exacerbated in FY20 following the Proxibid Acquisition in February 2020, which business is focused on the North American I&C market, and which also had lower average take rates relative to the Group's average take rate in the I&C vertical. By comparison, The Saleroom Marketplace, which is able to achieve a higher take rate, has grown relatively slower than other Marketplaces.
- The Group having prioritised building its market share over maximising revenue from its existing base in the periods under review. This includes incentivising structural shifts to online auctions and timed auctions rather than live auctions, as well as incentivising 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 the Platform increases. While these shifts have facilitated an increase in the Group's online share and THV, and therefore contributed to overall GMV and revenue growth (due to significant growth in volumes of lots sold via the Marketplaces and due to all winning bids in a timed auction being made by online bidders (effectively 100 per cent. online share) on which the Group is paid a commission), they have resulted in a decline in the Group's take rate in the periods under review as timed online-only auctions tend to have lower commission rates than live auctions. The waiver of event fees in The Saleroom to support auctioneers during the COVID-19 pandemic also had an impact on the Group's take rate in FY20.
- The Group having achieved significantly greater growth in GMV compared to growth in revenue from event fees, marketing revenue and other Marketplace revenue.

The Directors and the Proposed Directors expect the Group's take rate to remain stable over the medium term as growth in the I&C operating segment is expected to outperform growth in the A&A operating segment, as larger auctioneers with tiered commission rates are expected to continue to sell significant volumes of lots on the Group's Marketplaces and Platforms, and as the structural shift from live auctions to timed auctions continues.

The Directors and the Proposed Directors see the implementation of product and Platform enhancements in the medium term as opportunities to provide additional value and facilitate greater operational efficiencies for auctioneers, which, in turn, are expected to generate further opportunities for greater engagement and revenue growth. Due to the fragmented nature of the auction services industry, many auctioneers are having to arrange ancillary auction services through a variety of third parties. The Group considers that this is an opportunity for growth, where the Group can leverage existing relationships and economies of scale to provide additional value-added ancillary services that supplement and support its current offering and, in so doing, further support auctioneers and bidders on its Marketplaces. Such services may include the facilitation of:

- financing options;
- maintenance and service contracts;
- restoration and repair of damaged items;
- insurance of purchased items;
- storage rental;
- payments; and
- 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 easily and efficiently.

At present, the Group provides nascent payments and delivery support and intends to develop this support further. 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 and Proposed Directors believe providing such access to ancillary 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), significantly reducing friction for bidders on the Marketplaces by providing a more seamless end-to-end experience, while empowering auctioneers to compete more effectively in a digital age, particularly against larger 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, which insight could be used 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 passed on to auctioneers. The Group intends to develop its capabilities in this area in order to support revenue growth, for example by negotiating an increased commission for consignments it has referred to its auctioneer partners.

Enhancements to the Platform in the medium term should also enable the Group 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 and the Proposed Directors believe that these offerings will enhance the user experience on its Marketplaces for both auctioneers and bidders and present opportunities for revenue growth.

However, the Group may be unable to develop and provide the additional ancillary services from which the Directors and the Proposed Directors believe the Group may earn additional revenues or, to the extent the Group does launch such services, there may be insufficient demand in the market to support ongoing provision of such services. Further, auctioneers may not value any additional services as anticipated by the Group. Additionally, the Group may experience competitive pressure relating to its take rate. For example, the Group's competitors may seek to undercut the Group by offering lower (and therefore more attractive) commissions or waiving fees. Similarly, take rates in any new markets that the Group may seek to penetrate may have pre-existing competitors who charge lower take rates, and the Group may need to reduce its own take rate to enhance its competitive position in such markets. Moreover, if the 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 future in order to incentivise auctioneers to hold more auctions on the Marketplaces or the Platform and to incentivise new bidders (both new and existing) to use the Group's Marketplaces or the Platform, which could have a material adverse effect on its results of operations.

An increase in the Group's take rate that is not correlated to the provision of value-added services may also result in auctioneers increasingly adopting the Group's white label service offering or those of third parties, as was the case when a number of auctioneers migrated from The Saleroom Marketplace to its white label service offering and those of third parties following the Group's decision to increase the rate of commission charged by The Saleroom Marketplace from November 2018.

A significant reduction in the levels of commissions the Group receives from auctioneers, or a significant reduction in the number of auctioneers using the Marketplaces or Platform as a result of the Group increasing or proposing to increase its take rate, could have a material adverse effect on the Group's results of operations.

2.6 White label offering as a proportion of revenue mix, with potential growth and/or cannibalisation of Marketplace revenue

In the periods under review, the Group has made its Platform available to auctioneers on a white label basis (predominantly via The Saleroom Marketplace), enabling auctioneers to offer bidding functionality on their own brand website alongside listing on the Marketplaces. Auction catalogues and bidders are managed in the same location for both white label marketplaces and most of the Marketplaces (other than Proxibid), 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.

While the Group's white label offering has, to date, been a relatively low contributor to overall revenue, the Directors and the Proposed Directors expect the Group's white label offering will grow as a proportion of overall revenue as a result of the Auction Mobility Acquisition in October 2020 and the shift from offline to online auctions (with white labels serving as a potential entry point for auctioneers to penetrate the online auction market and presenting further opportunities for the Group to generate revenue).

The Directors and the Proposed Directors believe this strategic acquisition will complement and support the Group's existing white label proposition and enable it to offer an enhanced, more compelling, and highly customisable white label offering with premium features (such as the creation of a more bespoke auction experience), whilst also supporting expansion of the scope of the Group's white label offering in North American A&A market. The Directors and the Proposed Directors also believe Auction Mobility will support diversification of the Group's revenue (which, in the periods under review, have been concentrated in particular verticals and revenue streams), by facilitating expansion of its service offering to auctioneers across broader verticals and geographies, and may potentially support growth in online share (if a greater number of auctioneers decide to adopt a white label as an entry point into the online auction market, which could encourage them to do more business with the Group).

While the expansion of the Group's white label offering is expected to have a positive effect on the Group's GMV and online share going forward, it is also expected to adversely affect the Group's take rate, given that, in the UK A&A market in particular, lower commission rates (including caps on monthly commissions) are applied to lots sold via bidders who register for auctions via an auctioneer's white label offering provided by the Group (who are derived from the auctioneer's own website traffic and returning bidders), compared to the commission paid by those who register for the auction through the Marketplaces (who are derived from the Group's existing bidder base, new bidders and the Group's website traffic). Additionally, the Group's white label offering could result in auctioneers operating under the belief that they are able to replicate the exposure, bidder generation and conversion tools provided by the Marketplace, so as to bypass the Marketplace and develop their own platform. If a number of auctioneers were to do so and choose not to continue to use the Group's white label offering, this could have a material adverse effect on the Group's results of operations. Similarly, auctioneers may choose to use alternative white label solutions provided by the Group's competitors which would adversely affect the Group's results of operations. As the Group's agreements with auctioneers do not require them to continue to use the Group's services (i.e. agreements are generally entered into on an "auction-by-auction" basis, and auctioneers are free to use other auction platforms to sell their goods), the Group's business model and results of operations may be materially adversely affected if auctioneers increasingly choose to distribute their products via other auction platforms or via other means (including via their own websites or platforms), as some already do, either concurrently with distributing their goods via the Group's Marketplaces or Platform or bypassing the Group entirely.

2.7 Costs, operational leverage and scale

The Group's business transformation in the periods under review was achieved via proactive development and management of, and significant strategic investment in, its Marketplaces and Platform, with a view to developing functionality and delivering consistent user experience, service support and a reliable and secure system for both auctioneers and bidders. The Directors and the Proposed 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 continue to grow its business and execute on its growth strategies. The Platform's software architecture provides the Group with flexibility to scale up to support increased demand for the Group's services, including through further penetration of existing markets and potential entry into new markets, and supports the Group's ability 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).

While the Directors and the Proposed 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 onto the Platform) and undertaking further research and development, the Directors and the Proposed Directors believe the Group benefits from a significant competitive advantage in that the costs of operating an enlarged Platform following integration of any acquired businesses is expected to be marginally incremental relative to the costs associated with establishing the Marketplaces and the Platform. The Directors and the Proposed Directors believe this should contribute to greater operating leverage, and therefore profitability.

The Group's cost of sales was £8.6 million, £7.5 million and £17.3 million in FY18, FY19 and FY20, respectively, and the Group's administration expenses were £10.8 million, £9.6 million and £30.1 million in the same periods, respectively, together accounting for 87.2 per cent., 69.4 per cent. and 104.5 per cent. of revenue in the same periods, respectively. The Standalone ATG Group's cost of sales and administration expenses in FY20 were £10.4 million and £20.4 million, respectively, together accounting for 110.4 per cent. of the Standalone ATG Group's revenue in the period.

The Group's results of operations benefitted from improvements in the Group's operating leverage between FY18 and FY19, through the reduction in the Group's cost of sales and administration expenses (both in absolute terms and as a percentage of revenue), contributing to growth in:

- gross profit (from £13.7 million in FY18 to £17.2 million in FY19);
- gross profit margin (from 61.5 per cent. in FY18 to 69.5 per cent. in FY19);
- operating profit (from £2.8 million in FY18 to £7.6 million in FY19); and
- operating profit margin (from 12.8 per cent. in FY18 to 30.6 per cent. in FY19).

See paragraphs 4.2 and 4.4 of this Section One of Part X for further information.

The Group's results of operations (in particular, its profitability) in FY20 were adversely affected by a significant increase in its cost of sales and administration expenses (both on an overall basis and for the Standalone ATG Group).

The Group's cost of sales and administration expenses in FY20 were significantly impacted by the addition of cost of sales and administration expenses attributable to the Proxibid Group following the Proxibid Acquisition, which are excluded in the presentation of the Standalone ATG Group's cost of sales and administration expenses, respectively. The Proxibid Marketplace accounted for £6.9 million of the Group's cost of sales in FY20 and £9.7 million of the Group's administration expenses in FY20 (which includes, in the case of administration expenses, the portion of exceptional costs described below).

The Group's cost of sales and the Standalone ATG Group's cost of sales were significantly impacted in FY20 by amortisation of software (including in respect of internally developed software and third party software), which increased from £0.2 million in FY19 to £5.0 million in FY20, of which £2.3 million was attributable to the Standalone ATG Group's cost of sales. The Standalone ATG

Group's cost of sales also increased in FY20 due to a £0.3 million increase in software costs which were incurred in line with the Group's growing business.

The Group's administration expenses also were significantly impacted in FY20 by the incurrence of exceptional costs, including:

- £8.0 million of exceptional acquisition and listing costs (comprising legal, professional and incidental expenditure), £2.9 million of which was incurred in relation to the Proxibid Acquisition and which are therefore not included within the Standalone ATG Group's administration expenses, £4.2 million of which were incurred in relation to the Historical Group Acquisition and therefore are included within the Standalone ATG Group's administration expenses and a further £0.8 million of costs which are included within other administration expenses attributable to the Standalone ATG Group; and
- £1.8 million of exceptional restructuring costs (comprising professional advisory costs and redundancy costs in relation to restructuring activities within the Proxibid Group) as a result of the Proxibid Acquisition, which are not included within the Standalone ATG Group administration expenses.

By comparison, the Group's exceptional costs in FY18 and FY19 were £0.3 million and £0.5 million, respectively.

The Group's administration expenses and the Standalone ATG Group's administration expenses were also significantly impacted in FY20 by a marked increase in amortisation of other intangible assets (including customer relationships and brands). The Group's amortisation of other intangible assets increased from £39,000 in FY19 to £5.4 million in FY20, and it recognised £0.6 million of depreciation of right of use assets, and £0.2 million of depreciation of property, plant and equipment. £6.0 million of amortisation and depreciation was included within the Standalone ATG Group's administration expenses in FY20.

The Group's administration expenses and the Standalone ATG Group's administration expenses were also impacted in FY20 by the recognition of share-based compensation expenses of:

- £1.2 million relating to the C ordinary shares issued to management and certain employees on 10 September 2019, which vested on the date of the Historical Group Acquisition; and
- £0.3 million in respect of B Ordinary Shares issued to key management personnel on 13 February 2020 and on 30 September 2020.

See paragraphs 4.2 and 4.4 of this Section One of Part X for further information.

Notwithstanding the significant increase in the Group's administration expenses and the Standalone ATG Group's administration expenses in FY20, the Directors and the Proposed Directors believe that the Group has, in FY20, successfully reduced operational inefficiencies following the Proxibid Acquisition through various initiatives. This includes rationalising the Proxibid Group's senior management team, employees and contractors (particularly those associated with technological maintenance and development), including a shift towards replacing full-time employees who assist with the online component of running auctions with part-time or contracted employees that may be utilised in accordance with business needs, integrating sales teams and support functions (such as finance, human resources and marketing teams and resources), as well as rationalising inefficient development costs incurred in connection with technological maintenance and development. In addition, BidSpotter US's office in Seattle was closed, with a focus instead on maintaining Proxibid's existing office in Omaha.

As a result of these cost-saving initiatives and operational efficiencies that have been achieved to date, the Directors and the Proposed Directors believe the Group has already realised meaningful synergies in FY20 and FY21 from the Proxibid Acquisition.

The Directors and the Proposed Directors also believe that the Group is well positioned to leverage economies of scale to further reduce operational efficiencies, particularly as the majority of the Group's cost of sales and administration expenses are fixed in nature and fixed costs are expected to increase only marginally as the Group scales up. As a result of this, the Directors and the Proposed Directors expect the Group's gross profit margin to increase as fixed costs represent a diminishing proportion of total costs, which is likely to enhance the Group's profitability.

In addition, 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 has not needed, nor does it expect to need, to maintain as high a level of working capital as a traditional reseller.

3. SEGMENTS

The principal categories of the Group's customers (and the Group's reportable segments) are A&A, I&C and Content (which comprises revenue through subscriptions to, and selling advertising space within, the *Antiques Trade Gazette*, as a trade paper and online trade magazine). Due to its relatively small size and contribution to the Group's revenue and common management with the Group's I&C business in the United Kingdom, the Group includes the CS&R business (which currently operates only in the United Kingdom) within the I&C operating segment.

While Content does not meet the reportable segment thresholds established under IFRS 8 "Operating Segments" for FY20, the Group believes it is useful to separately report Content. While there are overlaps in the Group's strategic growth plan across the three operating segments, the businesses operate in different commercial markets, experience different competitive dynamics and are managed differently with variances in their strategic growth plans. As such, the Directors and the Proposed Directors believe that segmentation in this manner allows a reader of the Group's financial accounts to better understand the differing commercial drivers within its overall performance.

4. KEY INCOME STATEMENT ITEMS

4.1 Revenue

The Group generates revenue from the following sources:

Auctioneer Services

Auction revenues primarily include commission fees (based on a percentage of the price of items sold at auction), event fees (both on a pay-as-you-go and subscription basis), and other fees, including marketing and advertising fees to promote listings and catalogue fees (which the Group earns on a pay-as-you-go basis for online cataloguing and which, prior to the sale of the Catalogues Business in FY18, the Group earned on printed catalogues).

Commissions. The Group earns commissions (typically ranging from 1-5 per cent.) on the value of each lot sold online to a successful bidder through one of the Group's Marketplaces, as well as via an auctioneer's white label offering, in each case, which are dependent on the volume and prices of lots sold via the Marketplaces and Platform (comprising GMV), the Group's THV, the Group's online share and the rate of commissions that the Group is able to charge. The level of commission varies across the Group's A&A and I&C operating segments, Marketplaces and white label offering. It can also occasionally vary by auctioneer in the I&C segment and, to a much lesser extent, in the A&A segment.

The Group offers auctioneers a white label product that allows them to host and broadcast live and timed auctions online on their own websites alongside listing on the Marketplaces. In the UK A&A market in particular, a lower commission rate is applied to lots sold via bidders who registered for the auction via an auctioneer's white label offering provided by the Group (who are derived from the auctioneer's own website traffic and returning bidders) compared to the commission paid by those who register for the auction through the Marketplaces (who are derived from the Group's existing bidder base, new bidders and the Group's website traffic).

Commissions are payable to the Group by auctioneers and are typically collected by auctioneers from successful bidders as online fees.

Event fees. Auctioneers pay the Group event fees to host auctions on the Marketplaces or Platform. These fees are typically fixed, payable on a pay-as-you go (PAYG) basis, or based on a subscription, where a monthly fee covers an unlimited number of auctions per month. In the case of the Proxibid Marketplace, event fees may be capped on a monthly basis depending on the type of auctions that auctioneers host (e.g., whether live or online) and volumes of lots sold via the Proxibid Marketplace. The fixed fees vary across the Marketplaces, and also vary depending on the type of auction hosted, either a live auction or a timed auction. Event fees also include revenue earned from the supply of other auction-related services on a pay-as-you-go basis, including mirrored bidding, customer support, buy-it-now functionality, online cataloguing (where it lists events and lots on the Marketplaces (principally, The Saleroom Marketplace) on behalf of auctioneers, but does not host their auctions online), and the provision of facilitators who assist with the online component of running auctions.

Other revenues. The Group also offers additional services to its auctioneer customers, and generates revenue from:

- GAP Office and Wavebid, SaaS back-office technology solutions for auctioneers which assist with the administrative process of running an auction house, and, in the case of Wavebid, integrates with various third-party online marketplaces; auctioneers generally pay monthly subscription fees for this service;
- referral fees, monthly licensing fees, and fixed fees per transaction from the licensing of online payment processing software and referral of an online payment processing provider to its customers;
- revenue from a revenue share agreement with lenders that provide financing to bidders via the Proxibid Marketplace (which is determined based on a fixed percentage of such lenders' profit);
- print catalogue fees for the print and production of auction catalogues (which the Group no longer generates revenue from following the sale of the Catalogues Business in FY18); and
- access to delivery services provided to customers of the Proxibid Group.

Rebates and other incentives. To drive traffic to the Marketplaces and the Platform, the Group provides various incentives to auctioneers, including cash rebates, complimentary subscriptions to the *Antiques Trade Gazette* and credits or waivers of certain fees (such as, but not limited to, marketing and advertising fees, and event fees). Rebates and incentives, which are consideration payable to a customer, are recognised as a reduction of revenue at the later of when revenue is recognised or when the Group pays or promises to pay the incentive or rebate.

Marketing services

The Group generates revenue from digital marketing, including advertising auctioneers' specific lots or auctions via homepage banner adverts, highlighting "featured lots" on the Marketplaces, e-mail marketing and advertising via Google and Facebook. Within the A&A vertical, the Group also generates revenue from providing access to historical price guides (charging £5 per month for such access).

Marketing revenues in the periods under review have principally been derived from banner advertising and fees generated from email campaigns.

Content-related services

The Group generates revenue from the provision of content-related services, including print and digital advertising and subscriptions to the *Antiques Trade Gazette* (both in print form, and online). For *Antiques Trade Gazette* subscriptions, the Group's customers receive a specified number of editions of the *Antiques Trade Gazette* during the subscription period.

Ancillary services

In the medium term, the Group expects to supplement its existing revenue streams with additional revenue from facilitating the provision of additional pre- and post-sale ancillary services to benefit auctioneers and bidders by developing an online ecosystem to support financing, restoration, maintenance, insurance, storage, logistics and analytics. However, the Group does not yet offer these ancillary services (other than nascent services related to payments and delivery services) and no material revenue has been generated from any such ancillary services in the periods under review.

4.2 Cost of sales

Cost of sales consists of the costs of delivering the Group's services, including:

- payroll expenses and benefits (including salaries, payroll fees, payroll taxes, benefits and bonuses), as well as commissions for sales, logistics, account management/customer service employees and contractors (who provide event facilitation services or develop content for the Antiques Trade Gazette) (for the purposes of this Section One of Part X, "**cost of sales staff**");
- travel and entertainment costs incurred by cost of sales staff;
- expensed software costs (primarily related to cloud services, costs associated with services provided by the lessor of the servers used in respect of the Proxibid Marketplace, and licensing fees);
- amortisation of capitalised software (including in respect of internally developed software and third party software);
- costs associated with producing the *Antiques Trade Gazette* (including printing, postage and journalism costs); and
- in FY18 only, costs associated with producing and printing catalogues (which the Group no longer incurs following the sale of the Catalogues Business in FY18).

4.3 Gross profit

Gross profit reflects the Group's revenue net of cost of sales.

4.4 Administration expenses

Administration expenses include:

- payroll expenses and benefits for employees other than cost of sales staff, which includes contractors who provide technology services (including salaries, payroll fees, payroll taxes, benefits, and bonuses);
- expenses incurred in connection with recruiting and training employees;
- marketing and advertising expenses;
- professional fees for legal, tax, accounting and financial advice and consulting fees (including for sales, marketing, finance and executive consultancies);
- credit card fees (which are principally incurred in connection with the Auction Payment Network);
- monitoring fees paid to Mobeus Equity Partners LLP and ECI Partners LLP in the periods under review (which the Group no longer incurs);
- bad debts (written off or provisioned for);
- corporate overheads of the Group's offices (such as utilities);
- other sundry costs; and
- in FY20 only, the recognition of share-based compensation expenses of:
  - £1.2 million in respect of the C ordinary shares issued to management and certain employees on 10 September 2019, which vested on the Historical Group Acquisition date on 13 February 2020 (see note 8 to the Group Financial Statements for further information); and
  - £0.3 million in respect of B Ordinary Shares issued to key management personnel on 13 February 2020 and on 30 September 2020 (see note 8 to the Group Financial Statements for further information).

Administration expenses also includes:

- depreciation of property, plant and equipment;

- depreciation of right of use assets (including leases attributable to the Group's office leases, server, copier equipment, and motor vehicles);
- amortisation of other intangible assets not included within cost of sales; and
- loss on disposal of tangible assets.

4.5 Other operating income

Other operating income in FY20 comprises income earned from credits afforded to the Proxibid Group under the Nebraska Tax Advantage Act program (being state tax credits determined based on investment in people (payroll) and property in Nebraska). While the program came to an end on 31 December 2019, the Proxibid Group was entitled to claim credits in FY20.

4.6 Operating profit/(loss)

Operating profit/(loss) reflects the Group's revenue, net of cost of sales and administration expenses, plus other operating income.

4.7 Other income

Other income in FY18 and FY19 comprises rental income earned on a sublease of part of the Group's lease on its head office in London. This was terminated in FY19.

Other income in FY20 comprises £2,000 of income earned from interest on cash held in the bank.

4.8 Finance costs

Finance costs include interest charges and commitment fees payable on then outstanding indebtedness, including:

- the Secured Bank Loan (which was fully repaid on 13 February 2020);
- the Senior Term Loan 1;
- the Senior Term Loan 2 (together with the Senior Term Loan 1, the "**Senior Term Loans**");
- the Secured Loan Notes (which were fully repaid on 13 February 2020 in connection with the Proxibid Acquisition);
- the Unsecured Loan Notes (which were issued to the Chief Technology Officer of the Group on 13 February 2020);
- the Subordinated Loan Notes;
- the Convertible Loan Notes (which were converted into A1 ordinary shares in Turner Topco Limited as settlement of all amounts outstanding on 13 February 2020); and
- the ATL Preference Shares.

Finance costs also include interest payable on contingent consideration (which relates to the acquisition of the Lot-tissimo Group), interest on lease liabilities, as well as gains or losses on revaluation of derivatives (which relates to the fair value increase in the embedded derivative included within the Convertible Loan Notes).

Finance costs for the periods under review do not include any interest charges and commitment fees payable in respect of the Incremental Facilities, which the Group drew down on to fund the Auction Mobility Acquisition, and which were incurred after 30 September 2020.

See note 18 to the Group's Financial Statements for further information regarding the Group's indebtedness.

4.9 Loss before tax

Loss before tax reflects the Group's operating profit/(loss) net of finance costs, plus other income.

4.10 Taxation

Tax on the Group's profit or loss for the periods under review comprises current and deferred tax. The Group operates in three jurisdictions, namely the UK, the US and Germany, and its profits and losses are thus subject to different statutory tax rates.

4.11 Loss for the year

Loss for the year reflects the Group's loss before tax less taxation charge or credit.

5. GROUP AND SEGMENT RESULTS OF OPERATIONS

The following table sets out the Group's consolidated income statement for the periods under review:

	FY18		FY19		FY20	
	(£,000)	per cent. of revenue	(£,000)	per cent. of revenue	(£,000)	per cent. of revenue
Revenue	22,205	—	24,772	—	45,319	—
Cost of sales	(8,552)	38.5	(7,548)	30.5	(17,293)	38.2
Gross profit	**13,653**	**61.5**	**17,224**	**69.5**	**28,026**	**61.8**
Administration expenses	(10,808)	48.7	(9,633)	38.9	(30,065)	66.3
Other operating income	—	—	—	—	179	0.4
Operating profit/(loss)	**2,845**	**12.8**	**7,591**	**30.6**	**(1,860)**	**4.1**
Other income	512	2.3	355	1.4	2	0.0
Finance costs	(6,294)	28.3	(15,400)	62.2	(16,677)	36.8
Loss before tax	**(2,937)**	**13.2**	**(7,454)**	**30.1**	**(18,535)**	**40.9**
Taxation	(549)	2.5	(1,308)	5.3	2,584	5.7
Loss for the year	**(3,486)**	**15.7**	**(8,762)**	**35.4**	**(15,951)**	**35.2**

The following table sets out the revenue of the Group's three operating segments for the periods under review:

	FY18		FY19		FY20	
	(£,000)	per cent. of total revenue	(£,000)	per cent. of total revenue	(£,000)	per cent. of total revenue
Revenue						
A&A	10,218	46.0	11,367	45.9	12,908	28.5
I&C	8,536	38.4	10,180	41.1	29,586	65.3
Content	3,451	15.5	3,225	13.0	2,825	6.2
Total revenue	**22,205**	**100.0**	**24,772**	**100.0**	**45,319**	**100.0**

5.1 Comparison of the Group's results of operations for FY19 and FY20

Due to the Proxibid Acquisition in February 2020, the Proxibid Group has been included in the Group's results of operations from 13 February 2020, and therefore FY20 results of operations are not directly comparable to FY19 results of operations. For ease of comparisons between FY19 and FY20, certain figures are presented for the Standalone ATG Group to provide comparisons excluding the impact of the Proxibid Group in FY20. Such figures represent the Group's results excluding the results of the Standalone Proxibid Group in FY20.

Revenue

Revenue increased by £20.5 million, or 82.9 per cent., from £24.8 million in FY19 to £45.3 million in FY20. In FY20, revenue attributable to the I&C segment increased by £19.4 million, or 190.6 per cent., and revenue attributable to the A&A segment increased by £1.5 million, or 13.6 per cent., which more than offset a £0.4 million, or 12.4 per cent., decline in revenue attributable to the Content segment, in each case, compared to FY19.

The Standalone ATG Group's revenue increased by £3.1 million, or 12.4 per cent., from £24.8 million in FY19 to £27.8 million in FY20. In FY20, for the Standalone ATG Group, revenue attributable to the

I&C segment increased by £3.4 million, or 33.7 per cent., which more than offset a £0.4 million, or 12.4 per cent., decline in revenue attributable to the Content segment, while revenue attributable to the A&A segment was essentially flat, in each case, compared to FY19.

The Group's THV, Online-only THV and GMV, as well as the Standalone ATG Group's THV, Online-only THV and GMV also grew in FY20, supporting growth in the Group's and the Standalone ATG Group's online share and revenue.

The significant increase in the Group's revenue attributable to the I&C segment in FY20 was principally due to the Proxibid Acquisition (the Proxibid Group's business is focused on certain sub-verticals in the I&C vertical, and accounted for £17.5 million of Group revenue in FY20). The significant increase in the Standalone ATG Group's revenue attributable to the I&C segment was principally due to organic growth in online share, THV and GMV principally due to the structural trends towards online auctions and timed auctions which were significantly accelerated as a result of the COVID-19 pandemic. While the structural trends towards online auctions and timed auctions in the I&C segment pre-dated the COVID-19 pandemic, these were significantly accelerated with the onset of the COVID-19 lockdowns. The Directors and the Proposed Directors believe that large amounts of excess stock, which arose due to the very limited in-person retail opportunities during mid-2020 as a result of the COVID-19 pandemic, may have increased supply in the CS&R vertical, contributing to revenue growth in the I&C segment.

The increase in the Group's revenue and the Standalone ATG Group's revenue attributable to the A&A segment was principally due to acceleration of online share growth driven by the impact of the COVID-19 pandemic. While the Directors and the Proposed Directors believe that there is a long-term trend towards online auctions in the A&A market, this was significantly accelerated in FY20, largely driven by the effects of the COVID-19 pandemic. Growth in the Group's revenue and the Standalone ATG Group's revenue in the A&A segment was also supported in FY20 by the Group's key partnership with Bonhams auction house (part of the Big 4), with the entry into a new agreement in September 2019, and the hosting by Bonhams of 82 UK auctions on the Marketplaces in FY20, which accounted for more than 10 per cent. of the number of lots sold by Bonhams in the UK in that period.

The decline in revenue attributable to the Content segment was principally due to a significant decline in revenue from advertising fees generated by the *Antiques Trade Gazette* in the second half of FY20 compared to the first half of FY20, primarily due to the impact of the COVID-19 pandemic.

By revenue type, the Group's revenue growth in FY20 was due to:

- a £17.4 million, or 130.3 per cent., increase in the Group's revenue from commissions, from £13.4 million in FY19 to £30.8 million in FY20;
- a £1.2 million, or 21.0 per cent., increase in the Group's revenue from event fees, from £5.6 million in FY19 to £6.8 million in FY20;
- a £1.3 million, or 65.5 per cent., increase in the Group's revenue from marketing andadvertising fees, from £2.1 million in FY19 to £3.4 million in FY20; and
- a £1.0 million, or 191.8 per cent., increase in the Group's other revenue,

which more than offset the decline in Content revenue described above.

By revenue type, the Standalone ATG Group's revenue growth in FY20 was due to:

- a £3.7 million, or 27.9 per cent., increase in the Standalone ATG Group's revenue from commissions, from £13.4 million in FY19 to £17.1 million in FY20; and
- a £0.3 million, or 15.2 per cent., increase in the Standalone ATG Group's revenue from marketing and advertising fees, from £2.1 million in FY19 to £2.4 million in FY20;

which more than offset:

- a £0.6 million, or 10.2 per cent., decline in the Standalone ATG Group's revenue from event fees, from £5.6 million in FY19 to £5.0 million in FY20; and
- the decline in Content revenue described above.

The Standalone ATG Group's other revenue remained essentially flat year-on-year.

The significant increase in the Group's revenue from commissions, event fees, marketing and advertising fees, and other revenue (excluding Content revenue) in FY20 was principally due to the Proxibid Acquisition. The Proxibid Marketplace accounted for:

- £13.7 million of the Group's revenue from commissions in FY20;
- £1.8 million of the Group's revenue from event fees in FY20, which more than offset the decline in the Standalone ATG Group's revenue from event fees in FY20;
- £1.0 million of the Group's revenue from marketing and advertising fees in FY20; and
- £1.0 million of the Group's other revenue (excluding Content revenue) in FY20.

The significant increase in the Standalone ATG Group's commissions in FY20 was driven principally by an increase in volume of lots sold (due to organic growth in online share, THV and GMV, for the reasons discussed above), which more than offset the decline in the blended commission rate as a result of the change in revenue mix (with greater revenue growth in the I&C segment which has a lower average commission rate relative to the A&A segment). The Group and the Standalone ATG Group achieved a year-on-year increase in the number of lots sold online (particularly in the I&C operating segment and in the German market), as well as growth in online auctions and timed auctions relative to live auctions in FY20 (particularly in the I&C segment, where goods are typically larger and heavier and therefore more difficult and costly to transport). The growth in timed auctions helped drive the Standalone ATG Group's revenue from commissions in FY20 because, whilst the Group generates commissions from winning bids placed online regardless of the auction type, in a timed or live online-only auction, all winning bids are online bids which increases GMV (though typically at a lower commission rate).

The Standalone ATG Group's revenue from commissions in FY20 also benefitted from an increase in commission rates at i-bidder and BidSpotter UK in January 2020 (with neither business having experienced a commission rate increase since inception), an increase in THV across the UK Marketplaces in FY20 (for the reasons discussed above), and management's efforts to encourage auctioneers to run all auctions online (as opposed to a catalogue listing on the Marketplaces only), particularly on the Lot-tissimo Marketplace. The commission rate on The Saleroom Marketplace declined in FY20 as a result of the reduction in commission rates for timed auctions beginning in March 2020 and the increased uptake of the Group's white label solution (in respect of which the Group earns lower commission rates).

In addition, the Standalone ATG Group's revenue from commissions in FY20 also benefitted from an increase in the number of auctions hosted via the Group's Marketplaces and Platform, an increase in the number of auctioneers hosting auctions via the Group's Marketplaces and Platform, as well as an increase in the bidder sessions and number of unique active bidders, in each case, year-on-year excluding the Proxibid Group. Management considers these metrics to be useful to attract and retain auctioneers, who in turn contribute to improving the breadth and quality of auctions and lots available, therefore attracting a higher volume of bidders and supporting increased opportunities to generate greater revenue from commissions.

The increase in the Standalone ATG Group's revenues from marketing and advertising fees in FY20 was principally attributable to the revamp of the Group's approach to sales in the United States following the hire of a new marketing sales director in BidSpotter US.

The increase in the Standalone ATG Group's revenue from commissions and marketing and advertising fees in FY20 more than offset a decline in event fees in FY20 compared to FY19, principally attributable to the voluntary waiver of subscription fees by the Group between April 2020 and June 2020 due to the COVID-19 pandemic.

Cost of sales

The Group's cost of sales increased by £9.7 million, or 129.1 per cent., from £7.5 million in FY19 to £17.3 million in FY20, and the Standalone ATG Group's cost of sales increased by £2.9 million, or 37.8 per cent., from £7.5 million in FY19 to £10.4 million in FY20.

The Group's cost of sales increased in FY20 principally due to the factors described below, as well as cost of sales attributable to the Proxibid Group following the Proxibid Acquisition, which have been excluded from the Standalone ATG Group's cost of sales. The Proxibid Marketplace accounted for £6.9 million of the Group's cost of sales in FY20.

The Standalone ATG Group's cost of sales in FY20 increased principally due to:

- a £2.3 million increase in amortisation of software (principally attributable to fair value uplift adjustments);
- a £0.5 million, or 9.9 per cent., increase in the Standalone ATG Group's payroll expenses and benefits (including salaries, payroll fees, payroll taxes, benefits, and bonuses) for cost of sales staff, principally attributable to increased commissions payable to cost of sales staff due to strong business performance, as well as a change in employee mix in the United States towards more senior personnel who are more highly compensated; and
- a £0.3 million, or 22.1 per cent., increase in software costs (principally attributable to increasing cloud costs for hosting the Marketplaces and supporting functionality of various services on the Group's websites),

which more than offset:

- a £0.3 million, or 71.0 per cent., decrease in travel and entertainment expenses, principally due to reduced travel by cost of sales staff to auctioneer sites, both as part of general account management and the reduced need for travel to assist with the operation of auctioneers' online auctions, as a result of the impact of the COVID-19 pandemic and the trend away from live auctions in favour of online auctions in FY20; and
- a £0.1 million, or 13.1 per cent., decrease in print and distribution costs attributable to a business decision to reduce the volume of print editions of the Antiques Trade Gazette in the second half of FY20, primarily due to the impact of the COVID-19 pandemic and the general decline in Antiques Trade Gazette subscribers.

The Group's cost of sales as a percentage of revenue increased by 7.7 percentage points, from 30.5 per cent. in FY19 to 38.2 per cent. in FY20.

The Standalone ATG Group's cost of sales as a percentage of its revenue increased by 6.8 percentage points, from 30.5 per cent. in FY19 to 37.3 per cent. in FY20.

Gross profit

As a result of the foregoing factors, the Group's gross profit increased by £10.8 million, or 62.7 per cent., from £17.2 million in FY19 to £28.0 million in FY20, and the Standalone ATG Group's gross profit increased by £0.2 million, or 1.3 per cent., from £17.2 million in FY19 to £17.4 million in FY20.

The Group's gross profit as a percentage of revenue decreased by 7.7 percentage points, from 69.5 per cent. in FY19 to 61.8 per cent. in FY20.

The Standalone ATG Group's gross profit as a percentage of its revenue decreased by 6.8 percentage points, from 69.5 per cent. in FY19 to 62.7 per cent. in FY20.

Administration expenses

The Group's administration expenses increased by £20.4 million, or 212.1 per cent., from £9.6 million in FY19 to £30.1 million in FY20, and the Standalone ATG Group's administration expenses increased by £10.7 million, or 111.3 per cent., from £9.6 million in FY19 to £20.4 million in FY20.

The Group's administration expenses in FY20 increased principally due to the factors described below, as well as administration expenses attributable to the Proxibid Group, following the Proxibid Acquisition, which have been excluded from the Standalone ATG Group's administration expenses. The Proxibid Marketplace accounted for £9.7 million of the Group's administration expenses in FY20, which expenses included:

- £2.9 million of exceptional acquisition and listing costs comprising legal, professional and incidental expenditure incurred in relation to the Proxibid Acquisition; and
- £1.8 million of exceptional restructuring costs comprising professional advisory costs and redundancy costs incurred in relation to restructuring activities within the Proxibid Group, which were recognised as a result of the Proxibid Acquisition.

The Standalone ATG Group's administration expenses in FY20 increased principally due to:

- £4.2 million of exceptional acquisition and listing costs comprising legal, professional and incidental expenditure incurred in relation to the Historical Group Acquisition;
- £5.4 million of amortisation of other intangible assets not included within cost of sales (including £4.7 million in respect of customer relationships and £0.6 million in respect of brands); and
- the recognition of share-based compensation expenses of:
    - £1.2 million in respect of the C ordinary shares issued to management and certain employees on 10 September 2019, which vested on the Historical Group Acquisition date (see note 8 to the Group Financial Statements for further information); and
    - £0.3 million in respect of B Ordinary Shares issued to key management personnel on 13 February 2020 and on 30 September 2020 (see note 8 to the Group Financial Statements for further information).
- a £0.3 million, or 4.8 per cent., increase in payroll expenses and benefits (including salaries, payroll fees, payroll taxes, benefits and bonuses) for employees other than cost of sales staff, principally attributable to the employment of a temporary Chief Marketing Officer until a permanent appointment was made in April 2020, a slight increase in costs associated with recruiting more technical staff and a new chairman in FY20, notwithstanding a decline in costs associated with finance staff;
- a £0.3 million increase in property expenses, principally attributable to the release of provisions for historical liabilities (such as release of the Group's dilapidation provision) in FY19 following the early termination of part of the Group's lease (for the 5th floor) of its head office in London, which the Group vacated on 31 July 2019 following the termination of the sublease, which more than offset a reduction in property expenses in FY20 attributable to the closure of BidSpotter US's Seattle office following the Proxibid Acquisition; and
- a £0.1 million, or 125.0 per cent., increase in depreciation of property, plant and equipment, principally attributable to depreciation of computer equipment, leasehold improvements and fixtures, fittings and equipment; and
- a £0.1 million, or 35.8 per cent., increase in recruitment and training expenses.

The increase in the Standalone ATG Group's administration expenses in FY20 described above offset:

- a £0.6 million, or 30.3 per cent., decline in professional fees, principally attributable to a return to usual levels of professional fee expenditure following higher costs incurred in FY19 in connection with the Historical Group Acquisition;
- a £0.3 million, or 47.2 per cent., decline in depreciation of right of use assets, principally attributable to a decline in depreciation on leases related to land and buildings, which more than offset an increase in depreciation of leases on computer equipment;
- a £0.1 million, or 19.4 per cent., decline in marketing and advertising expenses, principally attributable to the impact of the COVID-19 pandemic;
- a £0.1 million, or 24.5 per cent., decline in bad debts; and
- a £0.1 million, or 18.8 per cent., decline in other expenses.

The Group's administration expenses as a percentage of its revenue increased by 27.4 percentage points, from 38.9 per cent. in FY19 to 66.3 per cent. in FY20.

The Standalone ATG Group's administration expenses as a percentage of revenue increased by 34.2 percentage points, from 38.9 per cent. in FY19 to 73.1 per cent. in FY20.

Other operating income

Other operating income increased by £0.2 million, from £nil in FY19 to £0.2 million in FY20, as a result of income earned from credits afforded to the Proxibid Group under the Nebraska Tax Advantage Act program (being state tax credits determined based on investment in people (payroll) and property in Nebraska) which were recognised following the Proxibid Acquisition.

Operating profit/(loss)

As a result of the foregoing factors, the Group's operating profit decreased by £9.5 million, or 124.5 per cent., from an operating profit of £7.6 million in FY19 to an operating loss of £1.9 million in FY20, and the Standalone ATG Group's operating profit decreased by £10.5 million, or 138.3 per cent., from an operating profit of £7.6 million in FY19 to an operating loss of £2.9 million in FY20.

The Group's operating profit as a percentage of revenue decreased from an operating profit of 30.6 per cent. of revenue in FY19 to an operating loss of 4.1 per cent. of revenue in FY20.

The Standalone ATG Group's operating profit as a percentage of its revenue decreased from an operating profit of 30.6 per cent. of revenue in FY19 to an operating loss of 10.5 per cent. of revenue in FY20.

Other income

Other income decreased by £0.4 million in FY20, from £0.4 million in FY19 to £2,000 in FY20. This was principally due to no rental income being earned in FY20 following the termination in June 2019 of the sublease of part of the Group's lease on its head office in London (compared to rental income of £0.4 million earned in FY19), which more than offset income earned from interest on cash held in the bank.

Finance costs

Finance costs increased by £1.3 million, or 8.3 per cent., from £15.4 million in FY19 to £16.7 million in FY20, due to:

- £8.9 million of interest payable on the Preference Shares issued in FY20 (compared to £nil in FY19);
- £4.3 million of finance costs incurred in respect of bank debt in FY20 (compared to £0.9 million in FY19);
- £0.1 million of interest on lease liabilities (compared to £0.1 million in FY19); and
- £30,000 of interest payable on contingent consideration related to the Lot-tissimo Acquisition in FY20 (compared to £nil in FY19),

which more than offset the decline in finance costs incurred in respect of the Subordinated Loan Notes and the Unsecured Loan Notes, from £5.7 million in FY19 to 3.4 million in FY20.

There was also no loss on revaluation of derivatives in FY20 compared to an £8.7 million loss in FY19.

Loss before tax

As a result of the foregoing factors, the Group recognised loss before tax of £18.5 million in FY20, compared to £7.5 million in FY19.

The Standalone ATG Group's loss before tax was £19.6 million in FY20.

Taxation

The Group recognised a tax credit of £2.6 million in FY20, compared to a tax charge of £1.3 million in FY19. The Group's tax credit in FY20 was recognised on a loss before tax of £18.5 million, giving rise to an effective tax rate of 13.9 per cent.. In FY20, the Group increased its business activities in the United States following the Proxibid Acquisition and the acquisition of the Historical Group by ATL. The tax credit in FY20 was lower than expected as a result of £18.9 million of expenses not deductible for tax purposes in FY20 (compared to £0.8 million in FY19) on account of additional amortisation arising on intangibles that the Group recognised as part of the Proxibid Acquisition. This was partially offset by the recognition of deferred tax assets and the unwind of deferred tax liabilities arising against intangible assets recognised in respect of the Proxibid Acquisition and the Historical Group Acquisition (amounting to approximately £3.2 million).

The Group's effective tax rate for FY20 was lower than the standard rate of corporation tax in the United Kingdom of 19 per cent. (FY19: lower than).

Loss for the year

As a result of the foregoing factors, the Group recognised a loss for the year of £16.0 million in FY20, compared to a loss for the year of £8.8 million in FY19.

5.2 Comparison of the Group's results of operations for FY18 and FY19

Due to the Lot-tissimo Acquisition on 26 February 2018, the Lot-tissimo Group has been included in the Group's results of operations from the date of acquisition, and therefore FY19 results of operations are not directly comparable to FY18 results of operations.

Revenue

Revenue increased by £2.6 million, or 11.6 per cent., from £22.2 million in FY18 to £24.8 million in FY19. In FY19, revenue attributable to the I&C segment increased by £1.6 million, or 19.3 per cent., and revenue attributable to the A&A segment increased by £1.1 million, or 11.2 per cent., which more than offset a £0.2 million, or 6.5 per cent., decline in revenue attributable to the Content segment in FY19, in each case, compared to FY18. The Group's GMV also grew in FY20 (notwithstanding THV remaining essentially flat year-on-year), supporting growth in the Group's online share and revenue.

The increase in revenue attributable to the I&C segment was principally due to the growth in online share and GMV in BidSpotter US, which focuses on the North American I&C market, as well as structural trends towards online auctions and timed auctions in FY19.

The increase in revenue attributable to the A&A segment was principally due to the full-year effect of the Lot-tissimo Acquisition (which was completed in February 2018), pursuant to which the Group acquired the leading A&A marketplace in the DACH region, and the increase in commission rates in The Saleroom in November 2018 from 3 per cent. to 5 per cent. (before discounts).

The decline in revenue attributable to the Content segment was principally due to lower advertising revenue as the Group experienced a shift in auctioneers moving away from advertising their lots and auctions in the *Antiques Trade Gazette* towards advertising online via the Group's Marketplaces and Platform, which contributed to growth in advertising revenue in the A&A segment.

By revenue type, the Group's revenue growth in FY19 was principally due to:

- a £3.2 million, or 31.9 per cent., increase in the Group's revenue from commissions, from £10.1 million in FY18 to £13.4 million in FY19;
- a £0.6 million, or 11.0 per cent., increase in the Group's revenue from event fees, from £5.1 million in FY18 to £5.6million in FY19; and
- a £0.3 million, or 20.3 per cent., increase in the Group's revenue from marketing and advertising fees, from £1.7 million in FY18 to £2.1 million in FY19,

which more than offset:

- a £1.3 million, or 71.7 per cent., decline in the Group's other revenue; and
- the decline in Content revenue described above.

The increase in the Group's revenue from commissions in FY19 was driven principally by an increase year-on-year in the rate of commission charged by The Saleroom Marketplace from November 2018 and the securing of new auctioneers through the Group's adoption of online bidding by catalogue only customers. The increase in commission rates in The Saleroom Marketplace in FY19 resulted in the adoption of white label products (either offered by the Group or by third parties) by a number of auctioneers. However, since auctioneers run auctions via white label products in parallel with running them on (as opposed to instead of) the Marketplaces (or other marketplaces), in order to obtain maximum exposure to potential bidders, the aforementioned adoption did not adversely affect the Group's THV in FY19 (although it did impact the Group's online share and resulted in a decline in GMV). The increase in commission revenue in FY19 was also attributable to the ongoing migration of the U.S. auctioneer base from live to timed auctions, which generally give rise to a higher online share.

In addition, the Group's revenue from commissions also benefitted from an increase in the number of bidder sessions and number of unique active bidders, as well as a slight increase in the number of auctions hosted via the Group's Marketplaces and Platform in FY19 compared to FY18, with the number of auctioneers remaining relatively stable year-on-year.

The increase in the Standalone ATG Group's revenue from marketing and advertising in FY19 was principally attributable to the revamp of the Group's approach to sales in the United States following the hire of a new marketing sales director in BidSpotter US.

The decline in the Group's other revenue was principally attributable to the disposal of the Catalogues Business, which accounted for £1.0 million of the Group's other revenue in FY18.

Cost of sales

Cost of sales decreased by £1.0 million, or 11.7 per cent., from £8.6 million in FY18 to £7.5 million in FY19, notwithstanding year-on-year revenue growth.

This was principally attributable to:

- a £0.9 million, or 16.8 per cent., decline in payroll expenses and benefits (including salaries, payroll fees, payroll taxes, benefits, and bonuses) for cost of sales staff, principally attributable to a headcount reduction and change in executive team in BidSpotter US; and
- a £0.6 million, or 44.8 per cent., decline in print and distribution costs, principally attributable to the disposal of the Catalogues Business,

which more than offset:

- a £0.2 million, or 113.8 per cent., increase in travel and entertainment expenses (principally attributable to increased travel as part of the restructuring of BidSpotter US and the relocation of a new management team from the United Kingdom to the United States); and
- a £0.2 million, or 16.6 per cent., increase in software costs (principally attributable to

increasing cloud costs for hosting the Marketplaces and supporting functionality of various services on the Group's websites).

Cost of sales as a percentage of revenue reduced by 8.0 percentage points, from 38.5 per cent. in FY18 to 30.5 per cent. in FY19.

Gross profit

As a result of the foregoing factors, gross profit increased by £3.6 million, or 26.2 per cent., from £13.7 million in FY18 to £17.2 million in FY19.

Gross profit as a percentage of revenue increased by 8.0 percentage points, from 61.5 per cent. in FY18 to 69.5 per cent. in FY19.

Administration expenses

Administration expenses decreased by £1.2 million, or 10.9 per cent., from £10.8 million in FY18 to £9.6 million in FY19, primarily due to:

- a £0.5 million, or 8.3 per cent., decline in payroll expenses and benefits (including salaries, payroll fees, payroll taxes, benefits and bonuses) for employees other than cost of sales staff, principally attributable to the removal of a finance director in the United States, as well as a reduction in the amount of outsourced third-party software development costs with a focus on increasing internal software development, which more than offset an increase in payroll and benefits attributable to senior management;
- a £0.5 million, or 41.2 per cent., decline in other administration expenses which are not attributable to the principal categories of administration expenses described above and below;
- a £0.4 million, or 112.6 per cent., decline in property expenses, principally attributable to reclassification of the Group's rental costs to finance costs and depreciation of right of use assets under IFRS16, as well as the release of provisions for historical liabilities (such as release of the Group's dilapidation provision) in FY19 following the early termination of part of the Group's lease (for the 5^{th} floor) of its head office in London, which the Group vacated on 31 July 2019 following the termination of the sublease;

- a £0.3 million, or 65.5 per cent., decline in recruitment and training expenses, principally attributable to more targeted spend and greater focus on internally-generated recruitment;
- a £0.2 million, or 29.8 per cent., decline in marketing and advertising expenses, principally attributable to efforts to control costs and an increasing focus on return on investment; and
- a £0.1 million, or 14.0 per cent., decline in depreciation of right of use assets, principally attributable to a decline in depreciation on leases related to land and buildings;

which more than offset:

- a £0.9 million, or 93.4 per cent., increase in professional fees incurred in connection with strategic tax projects, organisational changes, consulting advice, presentation coaching and listing debt;
- £0.4 million of exceptional acquisition costs (comprising legal, professional and incidental expenditure) incurred in FY19 in connection with the Historical Group Acquisition (compared to £0.3 million in FY18);
- a £0.3 million increase in bad debts principally attributable to an IFRS 9 adjustment in FY19, and release of bad debt provisions in FY19 following the successful recovery of debt that had been provisioned for as bad debt; and
- £0.2 million of exceptional lease termination costs relating to the early termination of part of the Group's lease (for the 5th floor) of its head office in London, which the Group vacated on 31 July 2019 following the termination of the sublease.

Administration expenses as a percentage of revenue declined by 9.8 percentage points, from 48.7 per cent. in FY18 to 38.9 per cent. in FY19.

Other operating income

The Group generated no other operating income in FY18 or FY19.

Operating profit/(loss)

As a result of the foregoing factors, operating profit increased by £4.7 million, or 166.8 per cent., from £2.8 million in FY18 to £7.6 million in FY19.

Operating profit as a percentage of revenue increased from 12.8 per cent. in FY18 to 30.6 per cent. in FY19.

Other income

Other operating income decreased by £0.2 million, or 30.7 per cent., from £0.5 million in FY18 to £0.4 million in FY19, primarily as a result of less income being earned in FY19 on sublease of part of the Group's head office in London, due to the termination of the sublease in June 2019.

Finance costs

Finance costs increased by £9.1 million, or 144.7 per cent., from £6.3 million in FY18 to £15.4 million in FY19. This was due to:

- a £8.7 million loss on revaluation of derivatives in FY19 (compared to £nil in FY18);
- £5.7 million of finance costs incurred in respect of the Convertible Loan Notes and the Secured Loan Notes in FY19 (compared to £5.4 million in FY18); and
- £0.9 million of finance costs on bank debt in FY19 (compared to £0.8 million in FY18),

which more than offset a slight decline in interest on lease liabilities to £90,000 (compared to £125,000 in FY18).

Loss before tax

As a result of the foregoing factors, the Group recognised loss before tax of £7.5 million in FY19, compared to £2.9 million in FY18.

Taxation

The Group recognised a tax charge of £1.3 million in FY19, compared to a tax charge of £0.5 million in FY18. The Group's tax charge was recognised on a loss before tax of £7.5 million, giving rise to an effective tax rate of negative 17.5 per cent. This was primarily driven by an increase in the Group's uncertain provisions by £0.4 million, an estimated £0.9 million UK tax charge on in-year taxable profits, a £0.1 million reduction in the current tax charge tax credit in FY18 (as a result of a true-up of the FY18 tax charge), and a £0.1 million UK research and development tax credit in respect of FY18 being recognised as a prior-year adjustment.

The Group had a £0.1 million deferred tax charge in FY19, driven by a £0.1 million decrease in the net deferred tax asset in respect of the on-balance sheet UK leases and a £40,000 increase in the Group's deferred tax liability as a result of timing differences in respect of German goodwill acquired as part of the Lot-tissimo Acquisition.

The Group's effective tax rate for FY19 was lower than the standard rate of corporation tax in the United Kingdom of 19 per cent. (FY18: lower than).

Loss for the year

As a result of the foregoing factors, the Group recognised a loss for the year of £8.8 million in FY19, compared to a loss for the year of £3.5 million in FY18.

6. LIQUIDITY AND CAPITAL RESOURCES

6.1 Overview

In the periods under review, the Group's principal source of funds has been cash flows from its operating activities, available cash and cash equivalents, as well as cash flows from financing activities (being borrowings under its debt facilities and debt instruments), which as of the date of this Prospectus include the Senior Term Loans, the Incremental Facilities, the Subordinated Loan Notes and the Preference Shares, each as detailed in paragraph 18(a) of Part X (*Additional Information*).

The Group's liquidity requirements primarily relate to funding its working capital requirements, meeting its ongoing debt service obligations, funding its operating costs and capital expenditures and meeting its obligations to pay any contingent consideration and deferred consideration in relation to acquisitions. The Group may also require cash resources to fund any future acquisitions that it may wish to undertake.

The Group is highly leveraged and has a significant amount of outstanding secured debt. Among other things, the Group is party to a Senior Facilities Agreement (as detailed in paragraph 14(a) of Part X (Additional Information)) entered into as part of the Proxibid Acquisition. The Senior Facilities Agreement includes the Senior Term Loan 1 facility for £23,070,483, Senior Term Loan 2 facility for $73,840,430 and Incremental Facilities totalling in the aggregate $75,000,000. A separate revolving credit facility was also available under the Senior Facilities Agreement, which was cancelled in August 2020. The Group has the ability to establish a new revolving credit facility under the Senior Facilities Agreement, subject to the satisfaction of certain conditions. The two Senior Term Loan facilities were drawn in full and are due for repayment on 13 February 2027, and as of 31 December 2020, $33.5 million was outstanding under the Incremental Facilities (with the undrawn balance of $41.5 million capable of being drawn until 13 October 2021), with any outstanding amounts due for repayment on 13 February 2027.

As of 30 September 2020, the Group had total loans and borrowings of £214.6 million, including £77.8 million under the secured senior term loans, £125.4 million of Preference Shares and £9.9 million of Subordinated Loan Notes, but excluding amounts borrowed after that date under the Incremental Facilities. As of 31 December 2020, the Group had total loans and borrowings of £241.3 million. See Note 18 to the Group Financial Statements for further information.

The Group expects to raise net proceeds of approximately £229.2 million from the issue of New Shares pursuant to the Offer, after taking into account estimated underwriting commissions and other expenses related to the Offer and assuming the maximum number of New Shares subject to the Offer is subscribed for. The aggregate underwriting commissions and other expenses payable by the Company in connection with the Offer are estimated to be approximately £18.2 million, assuming the maximum number of New Shares subject to the Offer is subscribed for. The Group intends to use such net proceeds to redeem the Preference Shares and reduce outstanding loans and borrowings, as further detailed in paragraph 8 of Part IX. As a result of the Offer and the application of net proceeds thereof, the Group intends to reduce its current level of indebtedness to nil net debt (being total borrowings, excluding capitalised borrowing costs, less cash and cash equivalents and excluding leases) immediately following Admission.

The Group had cash and cash equivalents of £14.2 million as of 30 September 2020. The Group expects that, following the Offer and application of the net proceeds thereof, its primary sources of cash will be cash flows from its operating activities and borrowings under the £20 million New RCF. Borrowings under the New RCF will be subject to certain customary conditions, including compliance with financial maintenance covenants (to the extent certain usage thresholds are exceeded) and other covenants, representations and warranties.

The Group's ability to make principal or interest payments when due on its indebtedness, including indebtedness under its existing facilities or any future indebtedness it may incur, and to fund the Group's ongoing operations and consideration in respect of acquisitions (including contingent consideration or deferred consideration payable), will depend on its future performance and its ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in the Risk Factors section, many of which are beyond the Group's control. The Group expects to undertake acquisitions and investments in the future, which may increase its level of indebtedness. The level of the Group's indebtedness may have materially adverse liquidity consequences.

The Group seeks to manage its capital to ensure that its entities will be able to continue as a going concern, while optimising its capital structure to have enough capital to continue the Group's growth strategies and provide an adequate return to Shareholders. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets to reduce debt.

Cash flow forecasting is performed in the operating entities of the Group. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowing facilities at all times so that it does not breach borrowing limits on any of its borrowing facilities.

The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, demonstrate that the Group should be able to operate with its currently available facilities. The Group has sufficient financial resources together with assets that are expected to generate cash flow in the normal course of business. As a result, the Directors and the Proposed Directors have a reasonable expectation that the Group is well placed to manage the Group's business risks and to continue in operational existence for the foreseeable future.

6.2 Cash flows

The following table sets forth the Group's consolidated statement of cash flow items for the periods indicated.

	For		
	FY18	**FY19**	**FY20**
		(£,000)	
Net cash generated from operating activities	4,453	7,456	8,889
Net cash used in investing activities	(2,101)	(838)	(121,541)
Net cash (used in)/generated from financing activities	(1,012)	(3,186)	119,179
Net increase in cash and cash equivalents	**1,340**	**3,432**	**6,527**

6.3 Cash flows from operating activities

Net cash generated from operating activities amounted to £4.5 million, £7.5 million and £8.9 million in FY18, FY19 and FY20, respectively. The Group's net cash generated from operating activities was achieved after adjusting loss before tax of £2.9 million, £7.5 million and £18.5 million in FY18, FY19 and FY20, respectively, for non-cash add backs (including amortisation of intangible assets, depreciation of property, plant and equipment, depreciation of right of use assets, equity compensation benefits, foreign exchange (gains)/losses and finance costs) as set out in the Group's cash flow statement, as well as for the movement in working capital described below, and income taxes paid of £0.1 million, £0.2 million and £0.5 million in FY18, FY19 and FY20, respectively .

Working Capital

The Group's working capital movements comprise movements in trade and other receivables and trade and other payables.

The Group's business had a positive working capital profile in FY18 and a negative working capital profile in FY19 and FY20.The following table sets out changes in the Group's working capital for the periods indicated:

	For		
	FY18	**FY19**	**FY20**
		(£,000)	
(Increase)/decrease in trade and other receivables	1,325	(517)	(1,929)
(Decrease)/increase in trade and other payables	(898)	(511)	777
Change in working capital	**427**	**(1,028)**	**(1,152)**

The £1.2 million working capital outflow in FY20 reflects a £1.9 million increase in trade and other receivables (principally due to revenue growth principally attributable to the impact of the COVID- 19 pandemic) and a £0.8 million increase in trade and other payables (principally due to an increase in commissions and bonus accruals linked to revenue growth, which had not yet been paid as at 30 September 2020).

The £1.0 million working capital outflow in FY19 reflects a £0.5 million increase in trade and other receivables (principally due to growth in the Group's revenue), and a £0.5 million decrease in trade and other payables attributable to a decline in bonus accruals in FY19 compared to FY18 (principally due to the transition in FY19 of the management bonus scheme from annual payments in December or January following the end of the fiscal year, to quarterly payments).

The £0.4 million working capital inflow in FY18 reflects a £1.3 million decrease in trade and other receivables (principally attributable to reducing debtor balances due to enhanced credit control practices implemented by the new CFO), and a £0.9 million decrease in trade and other payables (attributable to a reduction in trade creditors, a decline in accrued rent, and a decline in deferred revenue attributable to the Antiques Trade Gazette (associated with declining levels of prepaid subscriptions in line with the decline in the subscriber base)).

Cash flows from investing activities

Net cash used in investing activities in FY20 amounted to £121.5 million, principally due to £119.7 million incurred in the acquisition of the Proxibid Group (net of cash acquired), £1.7 million of additions to other intangible assets (principally attributable to software development), and £0.1 million of additions to property, plant and equipment (principally attributable to computer equipment, fixtures, fittings and other equipment and leasehold improvements).

Net cash used in investing activities in FY19 amounted to £0.8 million, principally due to £0.7 million of additions to other intangible assets (principally attributable to software development) and £0.1 million of additions to property, plant and equipment (principally attributable to the purchase of computer equipment and, to a lesser extent, other fixtures, fittings and equipment).

Net cash used in investing activities in FY18 amounted to £2.1 million, primarily due to £1.5 million incurred in the acquisition of the Lot-tissimo Group (net of cash acquired), £0.5 million of additions to other intangible assets (principally attributable to software development) and £0.1 million of additions to property, plant and equipment (principally attributable to the purchase of computer equipment and other fixtures, fittings and equipment).

Cash flows (used in)/generated from financing activities

Net cash generated from financing activities of £119.2 million in FY20 was principally due to £111.9 million cash inflow from the issue of the Preference Shares, an £86.1 million of cash inflow from the proceeds of loans and borrowings under the Senior Term Loans (see note 18 to the Group Financial Statements), and a £0.9 million cash inflow from the issue of ordinary share capital in FY20, which more than offset £73.6 million of cash outflow in respect of repayments of loans and borrowings under the Secured Bank Loan (see note 18 to the Group Financial Statements), £3.5 million of interest paid on such loans and borrowings, £1.8 million of contingent consideration paid in respect of the Lot-tissimo Acquisition, £0.6 million paid in respect of lease liabilities and £0.1 million of other financing costs.

Net cash used in financing activities of £3.2 million in FY19 was primarily due to £1.8 million of contingent consideration paid in respect of the Lot-tissimo Acquisition, £1.1 million of cash outflow in respect of repayments of loans and borrowings under the Secured Bank Loan, £0.9 million of interest paid on such loans and borrowings, and £1.1 million paid in respect of lease liabilities, which more than offset £1.8 million of cash inflow from the proceeds of loans and borrowings (used to fund the payment of the contingent consideration in respect of the Lot-tissimo Acquisition)).

Net cash used in financing activities of £1.0 million in FY18 was primarily due to £1.2 million of cash outflow in respect of repayment of loans and borrowings under the Secured Bank Loan, £0.8 million of interest paid on such loans and borrowings, and £0.8 million paid in respect of lease liabilities, which more than offset £1.8 million of cash inflow from the proceeds of loans and borrowings (attributable to the funding of the Lot-tissimo contingent consideration).

6.4 Capital Expenditure

The Group's capital expenditure represents a significant component of its investing activities and consists of expenditure on integrating acquired businesses onto the Group's Platform, acquiring property, plant and equipment (including the purchase of laptops and other computer equipment, as well as office equipment (such as furniture and fixtures)), acquiring intangible assets (which includes capitalised research and development costs), improving existing software and on expenditure on leasehold improvements.

The Group undertook capital expenditure of £0.6 million, £0.8 million, £1.8 million for FY18, FY19 and FY20, respectively.

Capital expenditure in the periods under review has been largely focused on development and enhancement of the Group's Platform to implement new functionality. The increase in capital expenditure in FY20 was principally attributable to the migration of Lot-tissimo onto the Group's Platform, as well as an increase in capitalised research and development costs.

6.5 Anticipated Capital Expenditure

The Group's competitiveness and long-term profitability depends in part on its ability to deliver returns from the deployment of its capital expenditures. The Group has a flexible and discretionary capital expenditure model that allows it to adjust its capital expenditure to match its growth strategy and operating performance.

The Directors and the Proposed Directors believe the Group's significant investment to date in the development of its Marketplaces and Platform positions it well for achieving greater functionality and scale. The Platform can be readily scaled up to service increased demand for the Group's services, whether through organic or inorganic growth (through additional acquisitions and subsequent integration onto the Platform), as further discussed in paragraph 2.1 of this Section One of Part X.

As such, the Directors and the Proposed Directors currently expect to incur similar levels of capital expenditure in the medium term, as well as some incremental capital expenditure primarily in connection with the migration of Proxibid onto the Platform in the medium term. This estimate is subject to change and the actual amount and timing of capital expenditure will depend on the opportunities the Group ultimately considers and undertakes, including any future acquisitions and decisions to undertake significant development to existing systems and infrastructure.

6.6 Contractual obligations and commitments

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 following table sets out, as of 30 September 2020 (unless otherwise indicated below), a summary of the Group's key contractual obligations and commitments, inclusive of future interest payable (unless otherwise indicated). It reflects management's estimates of the contractual maturities of its obligations and the associated future interest payable. These maturities may differ significantly from the actual maturity of these obligations.

	Payments to be made by period			
	Less than 1 year	Between 1 and 5 years	5 years and over	Total
	(£,000)			
Bank Loans and Borrowings(1)	1,159	—	90,686	91,845
Preference Shares(2)	—	—	125,414	125,414
Trade and other payables(3)	5,716	—	—	5,716
Deferred consideration payable	518	522	—	1,040
Total	**7,393**	**522**	**216,100**	**224,015**

(1) Reflects the principal amount and interest payable on the Senior Term Loans, the Subordinated Loan Notes and the Secured Loan Notes (which were fully repaid on 13 February 2020 in connection with the Proxibid Acquisition) (see note 18 to the Group Financial Statements).

(2) Reflects £117,002,000 of Preference Shares with a nominal value of £1 per Preference Share, which were issued on 13 February 2020 to partially finance the Historical Group Acquisition. The Preference Shares are subject to a mandatory 12 per cent. dividend on the issue price, which is payable out of available profits. If the Group does not have distributable reserves, the holders of the Preference Shares retain the right to the unpaid dividend(s) until such time as they are paid. The Preference Shares have no fixed repayment date. However, on Admission, the Preference Shares are repayable in full together with any accrued dividends payable.

(3) Reflects trade payables (being obligations to suppliers), VAT, sales taxes, corporation tax and other taxes and social security, contingent consideration payable in respect of the Wavebid Acquisition (by Proxibid on 31 December 2018), and accruals and contract liabilities in respect of bonuses and services received but not yet invoiced.

6.7 Pension obligations

Defined Contribution Pension Scheme and 401(k) Plan

The Group currently provides pension arrangements for the benefit of its employees in the United Kingdom and the United States, including a defined contribution scheme in the United Kingdom and a 401(k) plan in the United States. All new UK and US employees, once eligible, can join the Group's defined contribution scheme or 401(k), as applicable. In addition, if appropriate, employees will be auto-enrolled into the defined contribution scheme or 401(k) plan.

Contributions to the defined contribution scheme and 401(k) plan are charged to the Group's income statement as incurred. The total cost of the Group's contributions to the defined contribution pension scheme amounted to £0.2 million, £0.3 million and £0.3 million in FY18, FY19 and FY20, respectively. On 30 September 2020, £42,000 of pension costs relating to the defined contribution scheme were accrued within trade and other payables (30 September 2019: £36,000; 30 September 2018: £nil). There were no contributions to the 401(k) plan in the periods under review.

6.8 Off-balance sheet arrangements

As of 30 September 2020, the Group had no off-balance sheet arrangements.

6.9 Qualitative and Quantitative Disclosure about Market Risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises four types of risk, being credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Group's main financial liabilities consist of borrowings, leasing debts and trade payables. The main objective of these financial liabilities is to fund its operational activities. The Group holds financial assets, such as trade receivables and cash that are generated directly by the Group's activities.

In the period following the Proxibid Acquisition and the Auction Mobility Acquisition, the Group's interest rate risk arises principally from its Secured Bank Loan and secured borrowings which attract interest with varying terms, as described below.

The Group has business operations in the United States and Germany, whose net assets are exposed to foreign currency translation risk.

The Group is not considered to be exposed to other price risk.

6.10 Credit risk

The Group's exposure to credit risk arises from cash and cash equivalents, as well as outstanding receivables.

The Group's cash and cash equivalents are all held on deposit with leading international banks and hence the Directors and the Proposed 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 Group's balance sheet in relation to the Group's trade receivables are presented net of loss allowances. The Group measures loss allowances at an amount equal to the lifetime expected credit losses (ECL's) using both qualitative and quantitative information and analysis based on the Group's historical experience and forward-looking information. During FY20 there was a credit to the Group's consolidated statement of comprehensive income of £58,000 (FY19: charge of £75,000, FY18: credit of £133,000) to increase or decrease the loss allowance.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

6.11 Liquidity risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for growth. It comprises 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.

See note 19 to the Group Financial Statements for a breakdown of the maturities of gross undiscounted contractual cash flows of financial liabilities for the periods under review.

6.12 Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business.

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their local functional currency (primarily Pound Sterling, Euro or US Dollars) with the cash generated from their own operations in that currency.

The Group earns revenue and incurs costs in local currencies and is able to manage foreign exchange risk by matching the currency in which revenue is generated and expenses are incurred.

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

See note 19 to the Group Financial Statements for a breakdown of carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at 30 September 2018, 2019 and 2020.

The effect of a 5 per cent. strengthening of the US Dollar against the Pound Sterling at the reporting date on the US Dollar denominated net financial liabilities carried at that date would, all other variables held constant, have resulted in an increase in loss for the year and increase net liabilities of £3.5 million in FY20 (FY19: £0.2 million; FY18: £0.4 million). The effect of a 5 per cent. strengthening in the exchange rate would have resulted in an increase in the foreign exchange reserve of £0.4 million in FY20 (FY2019: £0.2 million; FY18: £26,000). A weakening in the exchange rate would, on the same basis, have reduced the loss for the year and decreased net liabilities by £3.2 million in FY20 (FY19: £0.2 million; FY18: £0.4 million). The effect of a 5 per cent. weakening in the exchange rate would have resulted in a decrease to the foreign exchange reserve of £0.4 million in FY20 (FY19: £0.1 million; FY18: £12,000).

The effect of a 5 per cent. strengthening of the Euro against the Pound Sterling at the reporting date on the Euro denominated net financial liabilities carried at that date would, all other variables held constant, have resulted in an increase in loss for the year and increase net liabilities of £29,000 in FY20 (FY19: £0.2 million; FY18: £0.1 million). The effect of a 5 per cent. strengthening in the exchange rate would have resulted in an increase in the foreign exchange reserve of £0.1 million in FY20 (FY19: decrease of £0.3 million; FY18: decrease of £0.5 million). A weakening in the exchange rate would, on the same basis, have reduced the loss for the year and decreased net liabilities by £32,000 in FY20 (FY19: £0.2 million; FY18: £0.1 million). The effect of a 5 per cent. weakening in the exchange rate would have resulted in a decrease to the foreign exchange reserve of £0.1 million in FY20 (FY19: increase of £0.1 million; FY18: increase of £0.1 million).

6.13 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The sensitivity analyses below have been determined based on the exposure to interest rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis points 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 100 basis points higher/lower and all other variables were held constant, the Group's profit for FY20 would decrease/increase by an annualised £0.8 million (FY19: decrease/increase by £0.1 million; FY18: decrease/increase by £0.1 million).

As of 30 September 2020, the Group had no outstanding financial derivatives to reduce its exposure to interest rate risks.

7. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The discussion and analysis of the Group's financial condition and results of operations are based on the Group Financial Statements, which were prepared in accordance with IFRS. The preparation of this financial information requires the Group to make significant assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities that are not readily apparent from other sources. These assumptions, estimates and judgments are continually evaluated and are based on historical experience, trends and other factors that management believes to be relevant and reasonable at the time the Group's financial statements are prepared. Revisions are recognised in the period in which the estimates are revised and/or in any future period affected.

The Directors and the Proposed Directors believe that the following assumptions, estimates and judgments are likely to have the most significant effect on the amounts recognised in the Group's financial statements. Due to the uncertainty inherent in these matters, actual results could materially differ from the estimates the Group uses in applying the critical accounting policies described below. For a detailed discussion of the application of these and other accounting policies as well as related assumptions, estimates and judgments, see note 3 to the Group Financial Statements.

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 judgments and estimates to be made by the Directors and the Proposed Directors. These judgments can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital.

Judgement is also required in determining appropriate useful economic lives ("**UEL**") of the intangible assets arising from business combinations. The Directors and the Proposed Directors make this judgement on an asset class by asset class basis and have determined that Contracts with Customers have a UEL of 7 years; Brands have a UEL of 10 years, and Software development costs have a UEL of three years.

Revenue recognition

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

In determining when to recognise subscription auctioneer services, management have assessed how many auctions each auction house is likely to hold over the course of the contract. In making this judgement, management have considered the previous year's trading activity as well as the fair usage clause incorporated in each contract. Management have determined that the most appropriate policy is to recognise revenue arising from this revenue stream over the life of the contract on a straight-line basis given that the contracts are in substance stand-ready arrangements. For commissions arising from subscription contracts, management have determined that attempting to estimate future lot sales values (which the commissions are based upon) would be constraining and infeasible, and have therefore made the judgement to recognise the commissions arising from auctioneer services at the point the auction ends.

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 FY21 are as follows:

Goodwill and intangible asset impairment reviews

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

The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

The carrying value of goodwill and other intangible assets at 30 September 2020 was £198.5 million (FY19: £36.4 million; FY18: £35.9 million).

See note 12 to the Group Financial Statements for details of the test for impairment.

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

Projected cash flows

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

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

Discount Rates

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

Fair valuation of the derivative financial liability

The Convertible Loan Notes included within loans and borrowings include an embedded instrument (an option to convert loan notes to ordinary shares) which is required under IFRS 9 to be revalued at each period end. Determining the value of the embedded instrument requires significant judgement from management in relation to, but are not limited to, the use of a Black-Scholes valuation model, the yield curve, the quoted equity price and the volatility of the stock price.

The fair value adjustment relating the embedded derivative was £8.7 million at 30 September 2019 (£58,000 at 30 September 2018).

On 13 February 2020, the Convertible Loan Notes were settled with the holder through the exercise of an embedded option. The holder receiving 143,937 A1 ordinary shares in Turner Topco Limited as settlement of all amounts outstanding. The market value of the embedded option at this date was £8.7 million.

Section Two: The Proxibid Group

OPERATING AND FINANCIAL REVIEW OF THE PROXIBID GROUP

The following is a discussion and analysis of the Proxibid Group's results of operations and financial condition for FY18, FY19 and for the period 1 October 2019 to 12 February 2020 (prior to the Proxibid Acquisition on 13 February 2020) ("**Pre-Acquisition Period20**" or "**PAP20**" and, collectively with FY18 and FY19, for purposes of this Section Two of Part X, the "periods under review") and should be read together with the Proxibid Group's selected consolidated financial and operating data and the Proxibid Group's consolidated financial information and related notes included elsewhere in this Prospectus. For purposes of this section, the figures used for the comparisons between the periods under review are based on the Historical Financial Information of the Proxibid Group set out in Part B of Section Two of Part XII (the "**Proxibid Group Financial Statements**") and, unless otherwise indicated, the historical and other financial data presented in the following tables has been derived from the Proxibid Group Financial Statements.

On 31 December 2018, Proxibid purchased certain assets of Wavebid LLC ("**Wavebid**"), which provides auction management solutions and integrations with various online marketplaces, primarily in the United States, Canada and the United Kingdom (the "Wavebid Acquisition"). See note 21 to the Proxibid Group Financial Statements for further information regarding the Wavebid Acquisition.

On 13 February 2020, Auction Topco Limited acquired the Proxibid Group and became the ultimate parent company of the enlarged Group. The following discussion of the periods under review is based on the Proxibid Group's results prior to the Proxibid Acquisition, which have been restated to align with the Group's financial year-end and its accounting policies. Management and other changes have been made to the operations of the Proxibid Marketplace following the date of acquisition, and the following discussion should be read in that context.

1. OVERVIEW

The Proxibid Group is a leading provider of online auction services primarily in the North American I&C market, with a primary focus on 'green iron' and 'yellow iron,' comprising agricultural and heavy construction used equipment. In PAP20, Proxibid entered the Equine and Oil & Gas sub-verticals.

Services

The Proxibid Group focuses on catering to auctioneers and bidders primarily within the I&C vertical, with a focus on driving value for its users. The Proxibid Group achieves this through its digital marketplace (proxibid.com). In the periods under review, the Proxibid Group also offered:

- auction management solutions and integrations with various online marketplaces (through Wavebid), primarily in the United States, Canada and the United Kingdom, to assist with the administrative process of running an auction house;
- auctioneers the ability to market their lots to bidders within the Proxibid Marketplace and via other marketing campaigns;
- additional optional services to auctioneers, including the services of facilitators to assist auctioneers in running the online component of auctions, online payment services, and bespoke website development on behalf of auctioneers (which is no longer offered by the Proxibid Group); and
- a white label product in the United States, Proxibid Branded Solutions, providing auctioneers with a technology solution that enabled them to offer live and timed bidding capability on their own website at the same time as listing on the Proxibid Marketplace (which is no longer being offered by the Proxibid Group).

Revenue Model

The Proxibid Group derives its revenue primarily through commissions paid on lots sold on the Proxibid Marketplace and event fees paid by auctioneers to host auctions on the Proxibid Marketplace (as well as in respect of other auction-related services on a pay-as-you-go basis, including the provision of facilitators who assist with the online component of running auctions, which are accounted for as event fees), which comprised approximately 63.9 per cent. and 18.3 per cent. of the Proxibid Group's revenue in FY19, respectively. While the Proxibid Group earns commissions on the value of each lot sold online to a successful bidder through an auctioneer's white label offering, the Proxibid Group did not charge licencing or other fees for providing white label services in the periods under review. The Proxibid Group does not undertake auctions itself and does not conduct auctions on behalf of auctioneers that utilise its services.

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

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

- recurring subscription fees and one-off fees for set-up and training, which are paid by auctioneers to access auction management solutions (such as accounting, invoicing and inventory management) and integrations with various third-party online marketplaces via Wavebid;
- marketing fees paid by auctioneers for marketing to bidders (such as for placement of advertisements within the Proxibid Marketplace, and other marketing campaigns); and
- fees paid by auctioneers for the Proxibid Group's incremental value-added services, including monthly licencing 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 Group's customers.

The following table highlights the financial performance of the Proxibid Group in the periods under review.

	FY18	FY19	PAP20
	(£,000, unless otherwise indicated)		
Revenue (£)	14,811	17,419	6,988
Operating profit/(loss) (£)	355	(553)	(1,034)
Loss before tax (£)	(8,890)	(12,166)	(730)
Adjusted EBITDA (£)(1)	2,121	3,394	1,753
Adjusted EBITDA Margin (per cent.)(2)	14.3	19.5	25.1

(1) The Proxibid Group's Adjusted EBITDA represents its profit/(loss) before tax, finance costs, non-operating gains/(losses) on revaluation of derivative financial instruments, depreciation and amortisation, share-based compensation expenses in respect of the Phantom Shares issued to the former CEO of the Proxibid Group, and exceptional costs (including restructuring costs and a modification of a deferred payment in relation to the Wavebid Acquisition which, due to their nature or infrequency, do not reflect the underlying trading of the business). Exceptional costs are set out in note 5 to the Proxibid Group Financial Statements.

(2) Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue.

2. KEY FACTORS AFFECTING THE PROXIBID GROUP'S RESULTS OF OPERATIONS

The following section discusses the principal factors that have had, and are likely to continue to have, a material effect on the Proxibid Group's results of operations.

2.1 Volume and diversity of the bidder pool and value proposition for auctioneers and bidders

The Proxibid Group's business is predicated on an online marketplace model that brings together auctioneers and bidders and allows the Proxibid Group to match supply and demand for I&C goods. The Proxibid Group's revenue model, particularly its revenue streams from commissions (which comprised 65.4 per cent. of the Proxibid Group's revenue in PAP20), event fees (which comprised 16.0 per cent. of the Proxibid Group's revenue in PAP20), digital marketing and other revenue, have been, and are expected to continue to be, significantly dependent on the volume and diversity of the Proxibid Group's bidder pool, the value proposition offered to bidders and auctioneers, and the volume and range of items listed for auction on the Proxibid Marketplace. These factors have had, and are expected to continue to have, a significant impact on the Proxibid Group's online share, which, in turn, is a key driver of the Proxibid Group's revenue (particularly in the case of commissions).

As of 12 February 2020, the Proxibid Marketplace connected more than 650 auctioneers to the largest bidder base in its vertical within its geographies of operation, and enables 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 greater the revenue generated by auctioneers on the Proxibid Marketplace, the greater the revenue generated by the Proxibid Group.

The volume and diversity of the Proxibid Group's bidder pool, the value proposition offered to bidders and auctioneers, and the volume and range of items listed for auction on the Proxibid Marketplace significantly depend on the strength, reliability, security, functionality and scale of the Proxibid Marketplace, the value-added features and services that the Proxibid Group is able to offer, and other initiatives such as CRM, SEO and marketing/advertising initiatives and spend. The Proxibid Group's spend on software (comprising software costs (primarily related to cloud services, costs associated with services provided by the lessor of the Proxibid Group's servers, and licensing fees), and capitalised research and development costs recognised as capital expenditure) amounted to £3.7 million, £4.9 million and £1.7 million in FY18, FY19 and PAP20, respectively, which the Directors and Proposed Directors believe have contributed to the Proxibid Group's success in growing its pool of unique active bidders from 108,650 in FY18 to 112,399 in FY19 and 126,211 in PAP20. Such investment was principally made to improve the capacity and stability of the Proxibid Marketplace so as to support growth in activity and better user experience. The Proxibid Group also made investments to improve its website's SEO and visibility within Google and to make it more Google analytics friendly (to facilitate better data and business decisions, such as how to efficiently target marketing and advertising spend). The Proxibid Marketplace and, following integration, the Platform, are expected to be critical to the Proxibid Group's success, as bidders expect security, reliability, functionality and sophisticated user experience.

In the periods under review, auctioneers have been attracted to the Proxibid Marketplace to leverage the size and breadth of the Proxibid Group's bidder base so as to access a much wider pool of bidders than they would otherwise have been able to reach by virtue of their own brands. This can facilitate auctioneers achieving better realised asset values for their consignors than they would otherwise expect to achieve through a traditional offline auction (where the pool of bidders is limited to those that auctioneers are able to reach by virtue of their own brands). As a result, the Proxibid Group has been able to benefit from a network effect and a "virtuous circle" between bidders and auctioneers; as more bidders use the Proxibid Marketplace, more auctioneers expect to benefit from the increased bidder pool and visibility of their auctions. The level of interaction from bidders and improved liquidity in the Proxibid Marketplace in the periods under review helped drive more auctioneers onto, and auctions held on, the Marketplaces. As the number of auctioneers using the Marketplaces and the Platform increased, more items were also made available to bidders, which in turn encouraged more bidders to use the Marketplaces and the Platform. This positive cycle, together with marketing and advertising spend (which includes administration expenses attributable to advertising and sponsorship, promotional activity, media services, and trade shows/conventions, but excludes costs associated with marketing employees) of £0.2 million in PAP20 (£0.7 million and £0.9 million in FY18 and FY19, respectively), drove additional value for the Proxibid Group by enabling it to acquire bidders in the periods under review.

The Proxibid Group has also benefitted from the diversity of, and retention levels among, the Proxibid Group's auctioneer base. Of the Proxibid Group's top 20 auctioneers in PAP20 (based on commissions and event fees earned by the Proxibid Group from the sale of auctioneers' lots), 18 auctioneers were customers of the Proxibid Group in FY18, and all 20 remained Proxibid Group customers, reflecting a relatively stable customers base.

2.2 Structural shift from offline to online auctions, from live to timed auctions and growth in online share

Considering the Proxibid Group's online marketplace model and leading position of the Proxibid Marketplace in the I&C vertical in North America, the Directors and the Proposed Directors believe the Proxibid Group's results of operations in the periods under review have been materially impacted, and are expected to continue to be materially impacted, by the ability to capitalise on the 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 the Directors and the Proposed Directors believe facilitated growth in the following metrics:

	FY18	FY19	PAP20
Bidder sessions	2,187,007	3,053,196	3,153,666
Unique active bidders	108,650	112,399	126,211
Registered accounts (as at period end)	264,610	271,315	293,732
Online share (per cent.)	15.9	17.9	18.9
GMV (£ million)	458.5	510.3	221.2
Revenue (£ million)	14.8	17.4	7.0

The Directors and the Proposed Directors believe that the structural shift from offline to online-only auctions in the periods under review:

- 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. This trend was significantly accelerated following the Proxibid Acquisition due to the impact of the COVID-19 pandemic and associated lockdowns, and is expected to continue to drive the size and breadth of the pool of potential bidders that may participate in auctions on the Proxibid Marketplace. This increases the likelihood of achieving higher THV and GMV, and serves to attract and retain bidders in the auction market who may otherwise have been inclined to purchase goods through other means; and
- has also been influenced by the structural shift from live to timed online-only 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 in the I&C vertical, as they remove the need to transport goods or staff to physical auction rooms or the need to store and secure such goods (particularly larger and heavier goods 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 Proxibid Group as providing an alternative to their marketing spend and bidder acquisition costs. Use of the Proxibid 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.

While the Directors and the Proposed Directors believe that the I&C auction market has not fully adapted to e-commerce and online opportunities as readily as other industries, the Directors and the Proposed Directors also believe that the developments in the periods under review reinforce the pre-existing trend towards growing popularity of online auctions in the I&C market, driven by the structural shift from live to timed auctions, which is expected to continue.

The Directors and the Proposed Directors also believe there are significant opportunities for further growth in the Proxibid Marketplace as a result of the current level of online penetration in the I&C auction market and increasing popularity of online auctions. Please refer to the paragraph entitled "Shift to online" in Part VI (*Market Overview*) for further details. The THV for timed and live online-only auctions where the Proxibid Marketplace was the sole marketplace used, as a percentage of the total THV for the Proxibid Marketplace, was 17 per cent. in the 12 months ended 30 September 2020. As the structural changes in the I&C auction industry continue towards timed auctions, the Directors and the Proposed Directors believe that the Proxibid Group is well positioned to capitalise on the increasing popularity of online auctions (and particularly timed online-only auctions) in the I&C market, to further penetrate such markets and grow revenues. The Directors and the Proposed Directors consider that the I&C market in particular is ripe for significant further online penetration, particularly in the United States due to its geographical size, as these auctions are typically driven by insolvent sales and liquidations, where seeking the best possible value through a large volume of bidders is particularly key.

2.3 Costs

The Proxibid Group's results of operations (in particular, its profitability) have been adversely impacted by the level of cost of sales and administration expenses in the periods under review. The Proxibid Group's cost of sales were £7.3 million, £10.4 million and £4.3 million in FY18, FY19 and PAP20, respectively, and the Proxibid Group's administration expenses were £7.6 million, £7.8 million and £3.8 million in FY18, FY19 and PAP20, respectively, together accounting for 100.5 per cent., 104.6 per cent. and 115.5 per cent. of revenue in the same periods, respectively.

The Proxibid Group's cost of sales increased by £3.1 million, or 42.9 per cent., in FY19. While a portion of such increase was attributable to revenue growth between FY18 and FY19, the Directors and the Proposed Directors believe that operational inefficiencies also contributed to higher cost of sales in the periods under review, principally attributable to the level of permanently employed cost of sales staff (and resulting payroll costs, bonuses and benefits), as well as travel costs (principally associated with client development) and investments in new software applications. In addition, the principal contributor to the increase in the Proxibid Group's cost of sales in FY19 was a £2.1 million increase in amortisation of software (including internally developed software and third party software), which accounted for £3.1 million of the Proxibid Group's cost of sales in FY19. The Proxibid Group also incurred £1.3 million of amortisation of software in PAP20.

The Proxibid Group's administration expenses increased by £0.2 million, or 2.9 per cent., in FY19. While the increase in the Proxibid Group's administration expenses was less significant relative to the increase in its cost of sales, the Directors and the Proposed Directors believe that operational inefficiencies also contributed to higher levels of administration expenses in the periods under review, principally attributable to the level of permanent employees other than cost of sales staff (and resulting payroll costs, bonuses and benefits), particularly senior management. The increase in administration expenses was also attributable to an increase in marketing and advertising spend, fees spent on professional services, and an increase in bad debt expense.

The Group also recognised £0.3 million, £0.4 million and £0.3 million of share-based compensation expenses in FY18, FY19 and PAP20, respectively in respect of the Phantom Shares issued to the former CEO of the Proxibid Group. In PAP20, the Proxibid Group's administration expenses were also adversely impacted by £0.9 million of exceptional costs, including £0.5 million of exceptional costs (principally attributable to personnel costs associated with a restructuring in November 2019 and legal costs related to the sale of the Proxibid Group), and £0.4 million of exceptional costs (attributable to the modification of the deferred payment in respect of the Wavebid Acquisition from equity to cash, in anticipation of the sale of the Proxibid Group to the Group).

The aforementioned costs were significantly reduced following the Proxibid Acquisition after the rationalisation of the Proxibid Group's cost base (including the rationalisation of senior management and technology employees, as well as a shift towards replacing full-time employees who assist with the online component of running auctions with part-time or contracted employees that may be utilised in accordance with business needs), as well as the realisation of structural and operational synergies, including through the Group's 'hub and spoke' model. While the Directors and the Proposed Directors expect to continue investing in the Proxibid Marketplace in order to maintain and further develop existing infrastructure, systems and functionality, the integration of the Proxibid Marketplace onto the Platform, once completed, is expected to result in significant economies of scale and synergies.

2.4 Changes to the volume and price of goods sold through the Proxibid Marketplace as a result of economic cycles and natural disasters

Economic cycles

While economic cycles and other factors affecting the economic and political environment in the markets where the Proxibid Group operates could affect demand, quality of supply, and pricing of goods sold in the I&C vertical, the Directors and the Proposed Directors believe that the Proxibid

Group's business model is largely cycle-neutral and is therefore able to thrive in both economic upturns and economic downturns.

I&C auctioneers will continue to be able to source items to sell in both positive and negative economic cycles from insolvencies, bankruptcies, business closures and equipment that has reached the end of its lease life.

During an economic upturn, potential purchasers are likely to have increased budgets, 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 (with growth in number of auctioneers being a relatively smaller driver of the Proxibid Group's THV growth in the periods under review), GMV and the Proxibid Group's revenue from commissions.

During an economic downturn (including any continued downturn as a result of the COVID-19 pandemic), the Directors and the Proposed Directors believe that the Proxibid 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 due to an increase in insolvencies.

Inventory in the I&C market is typically sourced from insolvencies, business closures and equipment at the end of its lease life in addition to the usual upgrades and downgrades of businesses in different stages of growth, decline, innovation and evolution. As a result, the I&C market is relatively resilient to periods of economic contraction where bidders may be more inclined to seek cost savings by purchasing used equipment rather than buying new.

However, a prolonged slowdown in the US or global economy, or tightening of credit markets, could result in a decrease in the supply of, and demand for, goods sold through the Proxibid Marketplace. Downturns may also result in longer payment cycles, increased collection costs and defaults in excess of the Proxibid 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 Proxibid Group's business and results of operations.

Natural disasters

In the periods under review, the Proxibid Group's THV and revenue were adversely affected by floods in the Midwest of the United States in the spring of 2019. The Directors and the Proposed Directors believe the floods contributed to lower-than-expected revenue growth in FY19 compared to FY18. In particular, purchases of farm equipment were adversely impacted by flooded farms. Auctioneers may also have suffered some disruption to their business operations, for example due to difficulties in transporting items for auction and in auctioneers accessing their auction houses. Any future natural disasters may have a similar or worse effect on the Proxibid Group's results of operations, particularly in the North American I&C market.

3. KEY INCOME STATEMENT ITEMS

3.1 *Revenue*

The Proxibid Group generates revenue from the following sources:

Auctioneer Services

Auction revenues primarily include commission fees (based on a percentage of the price of items sold at auction), event fees (on a pay-as-you-go basis and, in some cases, subject to monthly caps) and other fees, including marketing and advertising fees to promote listings.

Commissions. The Proxibid Group earns commissions (typically ranging from 1–5 per cent.) on the value of each lot sold online to a successful bidder through the Proxibid Marketplace, as well as via an auctioneer's white label offerings, in each case, which are dependent on the volume and prices of lots sold via the Proxibid Marketplace (comprising GMV), the Proxibid Group's THV, the Proxibid Group's online share and the rate of commissions that the Proxibid Group is able to charge. The level of commission varies across sub-verticals. It can also occasionally vary by auctioneer, depending on sales volume.

In the periods under review, the Proxibid Group offered auctioneers a white label product that allowed them to host and broadcast live and timed auctions online on their own websites in addition to the Proxibid Marketplace. The same commission rate was applied to lots sold via bidders who registered for the auction via an auctioneer's white label offering (who are derived from the auctioneer's own website traffic and returning bidders) compared to the commission paid by those who registered for the auction through the Proxibid Marketplace (who are derived from the Proxibid Group's existing bidder base, new bidders and the Proxibid Group's website traffic).

Commissions are payable to the Proxibid Group by auctioneers and are typically collected by auctioneers from successful bidders as online fees.

Event fees. Auctioneers pay the Proxibid Group event fees to host auctions on the Proxibid Marketplace. These fees are typically fixed, payable on a pay-as-you go (PAYG) basis. In respect of certain auctioneers, event fees are capped on a monthly basis depending on the type of auctions that they host (e.g., whether live or online) and volumes of lots sold via the Proxibid Marketplace. The fixed fees vary depending on the type of auction hosted, either a live auction or a timed (online) auction. Event fees also include revenue earned from the supply of other auction-related services on a pay-as-you-go basis, including the provision of facilitators who assist with the online component of running auctions.

Other revenues. The Proxibid Group also offers additional services to its auctioneer customers, and generates revenue from:

- Wavebid, an SaaS back-office technology solution for auctioneers which assists with the administrative process of running an auction house and integrates with various third-party online marketplaces; auctioneers generally pay monthly subscription fees for this service;
- referral fees, monthly licencing fees and fixed fees per transaction from the licensing of online payment processing software and referral of an online payment processing provider to its customers;
- revenue from revenue share agreement with lenders that provide financing to bidders via the Proxibid Marketplace (which is determined based on a fixed percentage of such lenders' profit); and
- access to delivery services

Rebates and other incentives. To drive traffic to the Proxibid Marketplace, the Proxibid Group provides various incentives to auctioneers, including credits or waivers of certain fees (such as, but not limited to, marketing and advertising fees, and event fees). Rebates and incentives, which are consideration payable to a customer, are recognised as a reduction of revenue at the later of when revenue is recognised or when the Proxibid Group pays or promises to pay the incentive or rebate.

Marketing services

The Proxibid Group generates revenue from digital marketing, including advertising auctioneers' specific lots or auctions via homepage banner adverts, highlighting "featured lots" on the Proxibid Marketplace, e-mail marketing and advertising via Google and Facebook.

Marketing revenues in the periods under review have principally been derived from banner advertising and fees generated from email campaigns.

3.2 Cost of sales

Cost of sales consists of the costs of delivering the Proxibid Group's services, including:

- payroll expenses and benefits (including salaries, payroll fees, payroll taxes, benefits, and bonuses), as well as commissions for sales, logistics, account management/customer service employees and contractors (who provide event facilitation services) (for the purposes of this Section Two of Part X, "**cost of sales staff**");
- travel and entertainment costs incurred by cost of sales staff;
- expensed software costs (primarily related to cloud services, costs associated with services provided by the lessor of the Proxibid Group's servers, and licensing fees); and

- amortisation of capitalised software (including in respect of internally developed software and third party software).

3.3 Gross profit

Gross profit reflects the Proxibid Group's revenue net of cost of sales.

3.4 Administration expenses

Administration expenses primarily include:

- payroll expenses and benefits for employees other than cost of sales staff, which includes contractors who provide technology services (including salaries, payroll fees, payroll taxes, benefits, and bonuses);
- expenses incurred in connection with recruiting and training employees;
- marketing and advertising expenses;
- professional fees for legal, tax, accounting and financial advice and consulting fees (including for sales, marketing, finance and executive consultancies);
- credit card fees (which are principally incurred in connection with the credit card processor that provides credit card services to bidders on the Proxibid Marketplace);
- bad debt expense (reflecting bad debts that are written off or provisioned for);
- corporate overheads of the Proxibid Group's office (such as utilities);
- other sundry costs; and
- in PAP20 only, share-based compensation expenses in respect of the Phantom Shares issued to the former CEO of the Proxibid Group.

Administration expenses also include:

- depreciation of property, plant and equipment;
- depreciation of right of use assets (including leases attributable to the Proxibid Group's office lease in Omaha, servers, and copier equipment);
- amortisation of other intangible assets not included within cost of sales; and
- loss on disposal of tangible assets.

3.5 Other operating income

Other operating income includes income earned from credits afforded to the Proxibid Group under the Nebraska Tax Advantage Act program (being state tax credits determined based on investment in people (payroll) and property in Nebraska). While the program came to an end on 31 December 2019, the Proxibid Group was entitled to claim credits in FY18, FY19 and PAP20.

3.6 Operating profit/(loss)

Operating profit/(loss) reflects the Proxibid Group's revenue, net of cost of sales and administration expenses, plus other operating income.

3.7 Fair value gain/(loss) on revaluation of liabilities held at FVTPL (fair value through profit or loss)

In 2015, Proxibid issued 7,285,580 shares of Series A Convertible Cumulative Preference shares (the "Proxibid Preference Shares"), which are convertible at any time to common stock of Proxibid on a share-for-share basis subject to customary adjustments. Since the Proxibid Preference Shares are mandatorily redeemable, they are classified as liabilities and, since the conversion feature may not necessarily result in a fixed-for-fixed number of shares upon conversion to common stock, this feature represents a derivative instrument. Proxibid elected the fair value option to recognise both the Proxibid Preference Shares and the derivative liability at its estimated fair value for all periods presented.

In conjunction with the issuance of the Proxibid Preference Shares, Proxibid issued warrants (the "**Proxibid Preference and Common Stock Warrants**") to a third party to purchase 218,130 shares of Series A Convertible Cumulative Preference share. Consistent with the treatment of the underlying Proxibid Preference Shares, the Proxibid Preference and Common Stock Warrants were also classified as liabilities and measured at their estimated fair values for each reporting period.

The Proxibid Preference Shares were redeemed for £35.0 million, and the Proxibid Preference and Common Stock Warrants were redeemed for £0.4 million on 13 February 2020.

See note 15 to the Proxibid Group Financial Statements for further information.

Fair value gain/(loss) on revaluation of liabilities held at FVTPL reflects gains or losses on revaluation of derivative financial instruments, which relates to the fair value increase or decrease in Proxibid Preference Shares and Proxibid Preferred and Common Stock Warrants.

3.8 Finance income

In the periods under review, finance income included interest income on short-term deposits, and principal and interest payments in respect of the Employee Notes Receivable (which was fully repaid on 13 February 2020).

3.9 Finance costs

In the periods under review, finance costs included interest charges (and imputed interest charges in the case of the Acquisition Note Payable) and commitment fees payable on outstanding indebtedness, including:

- in respect of a $4 million revolving bank line of credit agreement (the "**Proxibid Secured Bank Loan**") (the outstanding amount of £2.7 million was fully repaid on 13 February 2020 in connection with the Proxibid Acquisition), net of capitalised interest; and
- an Acquisition Note Payable for the Wavebid Acquisition.

Finance costs also included:

- accreted interest on contingent consideration in respect of the Wavebid Acquisition (which contingent consideration constituted two payments of £0.5 million each, which were made in January 2020 and December 2020, with one final payment of £0.5 million to be made in December 2021; ATG agreed to pay for £0.3 million of the final payment); and
- interest on lease liabilities.

See note 15 to the Proxibid Group's Financial Statements for further information regarding the Proxibid Group's indebtedness.

3.10 Loss before tax

Loss before tax reflects the Proxibid Group's operating profit/(loss) less fair value gain/(loss) on revaluation of liabilities held at FVTPL and finance costs, plus finance income.

3.11 Taxation

Tax on the Proxibid Group's profit or loss for the periods under review comprises current and deferred tax.

3.12 Loss for the year

Loss for the year reflects the Proxibid Group's loss before tax less taxation charge or credit.

4. RESULTS OF OPERATIONS

The following table sets out the Proxibid Group's consolidated income statement for the periods under review:

	FY18		FY19		PAP20	
	(£,000)	per cent. of revenue	(£,000)	per cent. of revenue	(£,000)	per cent. of revenue
Revenue	14,811	—	17,419	—	6,988	—
Cost of sales	(7,297)	49.3	(10,427)	59.9	(4,298)	61.5
Gross profit	**7,514**	**50.7**	**6,992**	**40.1**	**2,690**	**38.5**
Administration expenses	(7,595)	51.3	(7,819)	44.9	(3,771)	54.0
Other operating income	436	2.9	274	1.6	47	0.7
Operating profit/(loss)	**355**	**2.4**	**(553)**	**3.2**	**(1,034)**	**14.8**
Fair value gain/(loss) on revaluation of liabilities held at FVTPL	(9,178)	62.0	(11,472)	65.9	370	5.3
Finance income	41	0.3	43	0.2	11	0.2
Finance costs	(108)	0.7	(184)	1.1	(77)	1.1
Loss before tax	**(8,890)**	**60.0**	**(12,166)**	**69.8**	**(730)**	**10.4**
Taxation	(5)	0.0	(5)	0.0	(7)	0.1
Loss for the year	**(8,895)**	**60.1**	**(12,171)**	**69.9**	**(737)**	**10.5**

4.1 Proxibid Group's results of operations for PAP20

Revenue

Revenue was £7.0 million in PAP20.

Revenue from commissions was £4.6 million in PAP20, accounting for 65.4 per cent. of total revenue. Revenues from event fees, marketing and advertising fees and other services in PAP20 were £1.1 million, £0.6 million and £0.7 million, respectively, accounting for 16.0 per cent., 8.7 per cent. and 9.9 per cent. of total revenue in the period, respectively.

Revenues from commissions and event fees were driven principally by the Proxibid Group's ability to capitalise on the growth in online auctions and timed auctions relative to live auctions in the I&C market, having achieved an online share of 18.9 per cent. in PAP20, which more than offset the decline in commission rates due to an increased mix of timed auctions (which typically carry lower commission rates) and auctioneers qualifying for lower commission rates under their volume-based tiered commission schemes (particularly volume-related discounts provided to JJ Kane, the Proxibid Group's largest customer, which contributed 8.6 per cent. of the Proxibid Group's total revenue in PAP20). While the structural trends towards online auctions and timed auctions pre-dated the COVID-19 pandemic, these were significantly accelerated with the onset of the COVID-19 lockdowns.

In PAP20, 50.3 per cent. of auctions on the Proxibid Marketplace were timed and 19.7 per cent. of the Proxibid Group's revenue from commissions was derived from timed auctions. The Directors and Prospective Directors believe that growth in timed auctions helped drive revenue from commissions in PAP20. The Proxibid Group's GMV (and revenue) also benefitted from growth in timed auctions, as the Proxibid Group captures the entirety of the THV for timed auctions and is able to leverage its infrastructure to host a greater number of auctions without needing to similarly increase infrastructure costs. The Proxibid Group's THV and GMV was £1.2 billion and £221.2 million in PAP20, respectively.

In PAP20, the Proxibid Group's revenue was supported by more than 650 auctioneers hosting more than 4,300 auctions via the Proxibid Marketplace, and 126,211 unique active bidders. Management considers the number of active bidders to be a useful metric to attract and retain auctioneers, who in turn contribute to improving the breadth and quality of auctions and lots available, therefore attracting a higher volume of bidders and supporting increased opportunities to generate greater revenues from commissions and event fees.

Cost of sales

Cost of sales was £4.3 million in PAP20, principally attributable to:

- £1.3 million of amortisation of software (including £0.9 million of which was attributable to amortisation of internally developed software and £0.4 million of which was attributable to amortisation of third party software, principally software that was acquired pursuant to the Wavebid Acquisition which the Proxibid Group began to amortise as of 1 January 2019);
- £1.8 million of payroll costs and benefits related to cost of sales staff (particularly, the sales, account management and logistics teams);
- £0.7 million of software costs associated with software maintenance and administration (including software licensing costs, cloud hosting costs and costs associated with services provided by the lessor of the Proxibid Group's servers); and
- £0.4 million of travel and entertainment expenses (principally attributable to the logistics team).

Cost of sales as a percentage of revenue was 61.5 per cent. in PAP20.

Administration expenses

Administration expenses were £3.8 million in PAP20, principally attributable to:

- £1.8 million of payroll costs and benefits (including salaries, payroll fees, payroll taxes, benefits paid, and bonuses) in respect of employees other than cost of sales staff, particularly senior management;
- £0.7 million of other administration expenses not attributable to the principal categories of administration expenses described above and below;
- £0.9 million of exceptional costs, including £0.5 million of exceptional costs principally attributable to personnel costs associated with a restructuring in November 2019 and legal costs related to the sale of the Proxibid Group, and £0.4 million of exceptional costs attributable to the modification of the deferred payment in respect of the Wavebid Acquisition from equity to cash, in anticipation of the sale of the Proxibid Group to the Group;
- £0.3 million of share-based compensation expenses in respect of the Phantom Shares issued to the former CEO of the Proxibid Group;
- £0.2 million of marketing and advertising spend (which includes administration expenses attributable to advertising and sponsorship, promotional activity, media services, and trade shows/conventions);
- £0.2 million of fees incurred in respect of professional services (including legal services);
- £0.1 million of recruitment and training expenses;
- £0.1 million of depreciation on right of use assets attributable to leases on the Proxibid Group's office building in Omaha, servers, and copier equipment; and
- £0.1 million of depreciation of property, plant and equipment, principally attributable to leasehold improvements and computer equipment.

Administration expenses as a percentage of revenue was 54.0 per cent. in PAP20.

Other operating income

Other operating income was £46,824 in PAP20, mainly attributable to credits afforded under the Nebraska Tax Advantage Act program.

Operating profit/(loss)

As a result of the foregoing factors, operating loss was £1.0 million in PAP20.

Operating loss as a percentage of revenue was 14.8 per cent. in PAP20.

Fair value gain/(loss) on revaluation of liabilities held at FVTPL

Costs due to changes in fair value on revaluation of liabilities held at FVTPL was £0.4 million in PAP20, attributable to revaluation of the Proxibid Preference Shares and Proxibid Preferred and Common Stock Warrants.

Finance income

Finance income was £11,000 in PAP20, attributable to interest on short-term deposits and interest on the Employee Notes Receivable.

Finance costs

Finance costs were £77,000 in PAP20, attributable to:

- £11,000 of interest payable under the Proxibid Secured Bank Loan (net of capitalised interest);
- £22,000 of finance costs in respect of the Acquisition Notes Payable;
- £18,000 of accreted interest on contingent consideration payable in respect of the Wavebid Acquisition; and
- £26,000 of interest on lease liabilities.

Loss before tax

As a result of the foregoing factors, the Proxibid Group recognised a loss before tax of £0.7 million in PAP20.

Taxation

The Proxibid Group recognised a tax expense of £6,504 in PAP20, principally attributable to U.S. federal and state income taxes. The Proxibid Group's tax expense for PAP20 was relatively low principally due to losses before tax of £0.7 million and tax loss carry-forwards.

The Proxibid Group's effective tax rate for PAP20 was lower than the standard rate of U.S. federal corporation tax of 21 per cent. due to the Proxibid Group not generating a profit for U.S. federal income tax purposes.

Loss for the year

As a result of the foregoing factors, the Proxibid Group recognised a loss for the year of £0.7 million in PAP20.

4.2 Comparison of the Proxibid Group's results of operations for FY18 and FY19

Revenue

Revenue increased by £2.6 million, or 17.6 per cent., from £14.8 million in FY18 to £17.4 million in FY19. This was principally due to:

- a £1.1 million, or 11.2 per cent. increase in the Proxibid Group's revenue from commissions, from £10.0 million in FY18 to £11.1 million in FY19;
- a £1.0 million, or 337.2 per cent., increase in other revenue, from £0.3 million in FY18 to £1.4 million in FY19;
- a £0.4 million, or 13.5 per cent. increase in event fees, from £2.8 million in FY18 to £3.2 million in FY19; and
- a £0.1 million, or 3.7 per cent., increase in marketing and advertising fees, from £1.7 million in FY18 to £1.8 million in FY19.

The increase in commissions earned by the Proxibid Group in FY19 compared to FY18 was principally driven by the growth in the Proxibid Group's online share from 15.9 per cent. in FY18 to 17.9 per cent. in FY19, due to an increasing number of auctioneers migrating from live to timed (and online-only) auctions, notwithstanding the 8.7 per cent. decline in the number of auctions year-on-year. In addition, the Proxibid Group benefitted from a 4.0 per cent. increase in the number of active bidders, and a 5.7 per cent. increase in the number of lots sold online in FY19 compared to FY18.

The increase in commission revenue was also attributable to the 5.7 per cent. increase in number of lots sold (a key component of GMV in FY19) and a 11.3 per cent. increase in GMV in FY19. The increase in GMV was achieved notwithstanding a decline in THV attributable to the loss of three large agricultural customers that set up their own platform (who accounted for £80 million of THV and £0.2 million of revenue in FY18) and the loss of two additional large customers across other sectors (who accounted for £16 million of THV and £0.3 million of revenue in FY18). The Proxibid Group's THV and GMV was £2.8 billion and £510.3 million in FY19, respectively, compared to £2.9 billion and £458.5 million in FY18, respectively.

The Proxibid Group's other revenue increased in FY19 principally due to the subscription fees earned following the Wavebid Acquisition, which contributed £0.9 million to the Proxibid Group's revenue in FY19. The remaining increase in other revenue was principally attributable to the renegotiation of a revenue sharing agreement with the credit card processor that provides credit card services to bidders on the Proxibid Marketplace.

The Proxibid Group's event fees increased by £0.3 million year-on-year, notwithstanding the decline in the number of auctions year-on-year due to monthly caps for such fees in place for a number of clients.

The Proxibid Group's revenue from marketing and advertising fees increased slightly year-on-year notwithstanding the loss of revenue from marketing and advertising fees due to the Proxibid Group's waiver of a greater amount of fees (relative to FY18), as a result of an outage on the Proxibid Marketplace as well as discretionary customer-based waivers.

Cost of sales

Cost of sales increased by £3.1 million, or 42.9 per cent., from £7.3 million in FY18 to £10.4 million in FY19, principally due to:

- a £2.1 million, or 195.4 per cent., increase in amortisation of software (£1.2 million of which was attributable to amortisation of internally developed software and £.9 million of which was attributable to amortisation of third party software, principally software that was acquired pursuant to the Wavebid Acquisition which the Proxibid Group began to amortise as of 1 January 2019);
- a £0.6 million, or 15.3 per cent., increase in payroll costs and benefits attributable to the cost of sales staff (principally, the sales, account management and logistics teams) in FY19, as a result of new headcount, which more than offset a £0.1 million decline in bonuses paid to cost of sales staff due to missed targets;
- a £0.2 million, or 25.6 per cent., increase in travel and entertainment expenses principally attributable to the logistics team; and
- a £0.2 million, or 16.4 per cent., increase in software costs associated with software maintenance and administration (including development of website applications, cloud hosting costs due to the transition to Amazon web services, the addition of platform testing and incurring a recurring subscription to an enhanced SEO service, software licensing costs, and costs associated with services provided by the lessor of the Proxibid Group's servers).

Cost of sales as a percentage of revenue increased by 10.6 percentage points, from 49.3 per cent. in FY18 to 59.9 per cent. in FY19.

Administration expenses

Administration expenses increased by £0.2 million, or 2.9 per cent., from £7.6 million in FY18 to £7.8 million in FY19, primarily due to:

- a £0.4 million, or 39.2 per cent., increase in administration expenses not attributable to the principal categories of administration expenses described above and below;
- a £0.3 million, or 40.3 per cent., increase in marketing and advertising spend (which includes administration expenses attributable to advertising and sponsorship, promotional activity, media services, and trade shows/conventions) due to additional spend on Google advertising

and SEO spend as part of an initiative undertaken by the new Chief Marketing Officer appointed in FY18 to increase online traffic;

- a £0.2 million, or 38.3 per cent., increase in professional services (Including legal services);
- a £0.1 million, or 34.7 per cent., increase in the share-based compensation expenses in respect of the Phantom Shares issued to the former CEO of the Proxibid Group; and
- a £0.1 million, or 159.1 per cent., increase in bad debt expense,

which more than offset a £0.7 million, or 15.8 per cent., decline in payroll costs and benefits (including salaries, payroll fees, payroll taxes, benefits paid, and bonuses) in respect of employees other than cost of sales staff, principally due to a £0.6 million decline in bonuses and a £0.1 million decline in salaries and stock compensation expense incurred year-on-year. Bonuses were not earned in FY19 due to the Proxibid Group not having achieved revenue and EBITDA targets.

Administration expenses as a percentage of revenue decreased by 6.4 percentage points, from 51.3 per cent. in FY18 to 44.9 per cent. in FY19.

Other operating income

Other operating income decreased by £0.2 million, or 37.2 per cent., from £0.4 million in FY18 to £0.3 million in FY19, primarily as a result of fewer credits received under the Nebraska Tax Advantage Act program (compared to credits received in FY18), due to a backlog of credits having been received in FY18.

Operating profit/(loss)

As a result of the foregoing factors, the Proxibid Group achieved an operating loss of £0.6 million in FY19, compared to an operating profit of £0.4 million in FY18.

Fair value gain/(loss) on revaluation of liabilities held at FVTPL

Costs due to changes in fair value on revaluation of liabilities held at FVTPL increased by £2.3 million, or 25.0 per cent., from £9.2 million in FY18 to £11.5 million in FY19 due to the change in valuation of the Proxibid Preference Shares and Proxibid Preferred and Common Stock Warrants.

Finance income

Finance income remained relatively stable, at £43,000 in FY19, compared to £41,000 in FY18.

Finance costs

Finance costs increased by 70.4 per cent., from £0.1 million in FY18 to £0.2 million in FY19, principally due to:

- £23,000 of interest payable under the Proxibid Secured Bank Loan (net of capitalised interest) in FY19, compared to £8,000 in FY18;
- £34,000 of finance costs in respect of the Acquisition Notes Payable in FY19 (compared to £nil in FY18); and
- £43,000 of accreted interest on contingent consideration payable in respect of the Wavebid Acquisition (compared to £nil in FY18),

which more than offset a slight decline in interest on lease liabilities to £84,000 in FY19 (compared to £100,000 in FY18).

Loss before tax

As a result of the foregoing factors, the Proxibid Group recognised loss before tax of £12.2 million in FY19, compared to loss before tax of £8.9 million in FY18.

Taxation

The Proxibid Group recognised a tax expense of £4,919 in FY19, compared to a tax expense of £4,850 in FY18, principally attributable to U.S. state income taxes. The Proxibid Group’s tax expense for FY18 and FY19 was relatively low principally due to losses before tax of £8.9 million and £12.2 million in FY18 and FY19, respectively, and federal tax operating loss carry-forwards.

The Proxibid Group's effective tax rate for FY18 and FY19 was lower than the standard rate of U.S. federal corporation tax of 21 per cent. due to the Proxibid Group not generating a profit for U.S. Federal income tax purposes.

Loss for the year

As a result of the foregoing factors, the Proxibid Group recognised a loss for the year of £12.2 million in FY19, compared to a loss of £8.9 million in FY18.

5. LIQUIDITY AND CAPITAL RESOURCES

5.1 Overview

In the periods under review, the Proxibid Group's principal source of funds has been cash flows from its operating activities, available cash and cash equivalents, as well as cash flows from financing activities (being borrowings under its debt facilities and debt instruments), which as of 12 February 2020 included the Proxibid Secured Bank Loan and the Acquisition Note Payable.

The Proxibid Group's liquidity requirements primarily related to funding its working capital requirements, meeting its ongoing debt service obligations, funding its operating costs and capital expenditures and meeting its obligations to pay any contingent consideration, deferred payments or amounts under the Acquisition Note Payable in relation to the Wavebid Acquisition.

Prior to the Proxibid Acquisition, the Proxibid Group was highly leveraged and had a significant amount of outstanding secured debt. As of 12 February 2020, the Proxibid Group had total borrowings of £2.7 million which was secured by fixed and floating charges over present and future assets of Proxibid under the Proxibid Secured Bank Loan, none of which was guaranteed. In addition, as of such date, the Proxibid Group had £0.3 million available for drawing under the Proxibid Secured Bank Loan.

The Proxibid Group had cash and cash equivalents of £0.8 million as of 12 February 2020.

5.2 Cash flows

The following table sets forth the Proxibid Group's consolidated statement of cash flow items for the periods indicated.

	For		
	FY18	**FY19**	**PAP20**
		(£,000)	
Net cash generated from operating activities	1,540	2,966	1,499
Net cash used in investing activities	(2,290)	(3,774)	(985)
Net cash (used in)/generated from financing activities	(393)	1,013	(971)
Net (decrease)/increase in cash and cash equivalents	**(1,143)**	**205**	**(457)**

5.3 Cash flows from operating activities

Net cash generated from operating activities amounted to £1.5 million, £3.0 million and £1.5 million for FY18, FY19 and PAP20, respectively. The Proxibid Group's net cash generated from operating activities was achieved in the periods under review after adjusting loss before tax of £8.9 million, £12.2 million and £0.7 million, in FY18, FY19 and PAP20, respectively, for non-cash add backs (including amortisation of intangible assets, depreciation of property, plant and equipment, depreciation of right of use assets, foreign exchange losses, net finance costs, fair value losses/ (gains) on revaluation of liabilities held at FVTPL, a non-cash charge for modification of contingent consideration liability, accreted interest on contingent consideration payable in respect of the Wavebid Acquisition, share-based compensation charges in respect of the Phantom Shares and other share-based payment charges, as set out in the Proxibid Group's cash flow statement, as well as for the movement in working capital described below, and income taxes paid of £4,850, £4,919 and £6,504 in FY18, FY19 and PAP20, respectively.

Working Capital

The Proxibid Group's working capital movements comprise movements in trade and other receivables and trade and other payables.

The Proxibid Group's business had negative working capital in FY18 and FY19, and a positive working capital profile in PAP20.

The following table sets out changes in the Proxibid Group's working capital for the periods indicated:

	For		
	FY18	**FY19**	**PAP20**
		(£,000)	
(Increase)/decrease in trade and other receivables	(419)	(140)	(403)
(Decrease)/increase in trade and other payables	(199)	(569)	631
Change in working capital	**(618)**	**(429)**	**228**

The £0.2 million working capital inflow in PAP20 reflects:

- a £0.6 million increase in trade and other payables principally due to accruals related to severance costs and retention bonuses attributable to the restructuring of the Proxibid Group's workforce (which had not yet been paid as at 12 February 2020), as well as due to delays in payments to vendors due to low cash balances; and
- a £0.4 million increase in trade and other receivables (due to revenue growth, seasonality in accounts receivable, prepaid employee benefits (which tend to be prepaid on a calendar year basis) and prepaid website development services).

The £0.4 million working capital outflow in FY19 reflects:

- a £0.6 million decrease in trade and other payables, principally due to lower bonuses accrued due to missed targets in FY19; and
- a £0.1 million decrease in trade and other receivables, principally attributable to an increased focus on trade receivables collection.

The £0.6 million working capital outflow in FY18 reflects:

- a £0.4 million increase in trade and other receivables principally attributable to revenue growth); and
- a £0.2 million decrease in trade and other payables principally attributable to the elimination of the Proxibid Group's unlimited paid-time-off policy, which resulted in the elimination of ongoing accruals.

Cash flows from investing activities

Net cash used in investing activities in PAP20 amounted to £1.0 million principally attributable to £0.9 million invested in internally developed software.

Net cash used in investing activities in FY19 amounted to £3.8 million, primarily due to:

- £3.3 million invested in internally developed software; and
- £0.5 million invested in the purchase of property, plant and equipment, which consisted mainly of leasehold improvements,

which more than offset £0.1 million received in respect of the Employee Notes Receivable and bank interest.

Net cash used in investing activities in FY18 amounted to £2.3 million, primarily due to:

- £2.4 million invested in internally developed software; and
- £0.1 million invested in the purchase of property, plant and equipment,

which more than offset £0.1 million received in respect of the Employee Notes Receivable and bank interest.

Cash flows (used in)/generated from financing activities

Net cash used in financing activities of £1.0 million in PAP20 was primarily due to:

- £6.2 million of borrowings received under the Proxibid Secured Bank Loan, which was offset by a £6.1 million repayment of borrowings under the Proxibid Secured Bank Loan;
- £0.5 million of contingent consideration payable in respect of the Wavebid Acquisition;
- £0.4 million paid in respect of the Acquisition Note Payable;
- £0.2 million paid in respect of lease liabilities and interest thereon; and
- £0.1 million of interest paid in respect of the Proxibid Secured Bank Loan.

Net cash generated from financing activities of £1.0 million in FY19 was primarily due to:

- £4.0 million of borrowings under the Proxibid Secured Bank Loan, which was partially offset by a £1.3 million repayment of borrowings under the Proxibid Secured Bank Loan;
- £1.2 million paid in respect of the Acquisition Note Payable;
- £0.4 million paid in respect of lease liabilities and interest thereon; and
- £0.1 million of interest paid under the Proxibid Secured Bank Loan.

Net cash used in financing activities of £0.4 million in FY18 was primarily due to:

- a £0.4 million payment in respect of lease liabilities and interest thereon;
- £0.1 million received from the issue of ordinary share capital; and
- a £0.7 million repayment of borrowings under the Proxibid Secured Bank Loan, which fully offset £0.7 million of borrowings under the Proxibid Secured Bank Loan.

5.4 Capital Expenditure

The Proxibid Group's capital expenditure represented a significant component of its investing activities and consisted of expenditures to purchase the Wavebid software and enhance existing software within the Proxibid Group, acquiring property, plant and equipment (including the purchase of laptops and other computer equipment, as well as office equipment (such as furniture and fixtures)), acquiring intangible assets (which includes capitalised research and development costs), improving existing software and on expenditure on leasehold improvements. Capitalised research and development costs includes costs attributable to technology employees and contractors (including contractors based in Omaha, India and Costa Rica) that were hired to assist with technological maintenance and development.

Capital expenditure was £2.4 million, £3.8 million and £1.0 million for FY18, FY19 and PAP20, respectively.

5.5 Contractual obligations and commitments

The Proxibid Group managed 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 Proxibid Group has sufficient liquid resources to meet the operating needs of the Proxibid Group. Borrowing facilities were arranged as necessary to finance requirements.

See note 15 to the Proxibid Group Financial Statements for further information regarding the Proxibid Group's contractual obligations and commitments.

5.6 Off-balance sheet arrangements

As of 12 February 2020, the Proxibid Group had no off-balance sheet arrangements.

6. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The discussion and analysis of the Proxibid Group's financial condition and results of operations are based on the Proxibid Group Financial Statements, which were prepared in accordance with IFRS. The preparation of this financial information requires the Proxibid Group to make significant assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities that are not readily apparent from other sources. These assumptions, estimates and judgments are continually evaluated and are based on historical experience, trends and other factors that management believes to be relevant and reasonable at the time the Proxibid Group's financial statements are prepared. Revisions are recognised in the period in which the estimates are revised and/or in any future period affected. For a detailed discussion of the application of these and other accounting policies as well as related assumptions, estimates and judgments, see note 3 to the Proxibid Group Financial Statements.

Asset Acquisition

In an asset acquisition, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the acquisition date and the costs allocated to assets are based on their relative fair values. Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or an asset acquisition can have a significant impact on the entries made at and after acquisition.

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation-uncertainty at the relevant reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Proxibid Preference Shares and Proxibid Preference and Common Stock Warrants

The Proxibid Preference Shares and Proxibid Preference and Common Stock Warrants are measured at fair value for financial reporting purposes. In estimating the fair value, Proxibid uses market-observable data to the extent it is available. Where Level 1 inputs are not available, Proxibid has engaged third party qualified valuers to perform the valuation. The valuations of the Proxibid Preference Shares are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year, resulting in material valuation changes for FY18 and FY19. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in note 15 to the Proxibid Group Financial Statements. The Proxibid Preference Shares were redeemed for £35 million and the Proxibid Preference and Common Stock Warrants were redeemed for £0.4 million on 13 February 2020.

PART XI

CAPITALISATION AND INDEBTEDNESS

The following tables set out the indebtedness of the Group as at 31 December 2020 and the capitalisation of the Group as at 30 September 2020.

The capitalisation information has been derived from the Group's financial information included in Part B of Section One of Part XII (*Historical Financial Information on the Group*) dated 30 September 2020. The indebtedness information has been derived from the Group's unaudited management information and accounting books and records as at 31 December 2020.

The following tables do not reflect the impact of the Offer or the Reorganisation on the Group's capitalisation and indebtedness. Please refer to Part B of Part XIII (*Unaudited Pro Forma Financial Information*) of this Prospectus for an analysis of the impact of the Offer on the consolidated net assets of the Group.

There have been no material changes to the capitalisation and indebtedness of the Company or the Group between the date of the following tables and the date of this Prospectus, save as disclosed below.

Capitalisation and indebtedness statement

	As at 31 December 2020
	(£ '000)
Indebtedness	
Current	
Guaranteed	—
Secured	2,150
Unguaranteed/unsecured	347
Total current debt	**2,497**
Non-current	
Guaranteed	—
Secured (see note 1)	99,627
Unguaranteed/unsecured	139,138
Total non-current debt	**238,765**
Total debt	**241,262**

	As at 30 September 2020
	(£ '000)
Capitalisation	
Share capital	11
Share premium	1,125
Share option reserve	276
Foreign exchange reserve	(440)
Total capitalisation	**972**

Note 1: Fixed and floating charges have been provided over the assets of the Group

Subsequent to 30 September 2020, the following changes have occurred in respect of the indebtedness and capitalisation of the Group:

- on 30 September 2020, ATL issued and allotted 35,674 ATL B Ordinary Shares;
- on 15 October 2020, ATL issued and allotted 6,250 ATL B Ordinary Shares;
- on 18 October 2020, ATL issued and allotted 250 ATL B Ordinary Shares;
- on 28 December 2020, ATL issued and allotted 12,870 ATL A Ordinary Shares 271,820 ATL Preference Shares;

- on 28 January 2021, ATL issued and allotted 3,390 ATL A Ordinary Shares and 441,672 ATL Preference Shares; and
- on 29 January 2021, ATL issued and allotted 7,429 ATL B Ordinary Shares.

Net Financial Indebtedness

	As at 31 December 2020
	(£ '000)
Cash	17,261
Cash equivalents	—
Trading securities	—
Liquidity	**17,261**
Current financial receivable	—
Current financial debt	—
Current portion of non-current financial debt (see Note 1)	(3,244)
Current financial indebtedness	**(3,244)**
Net current financial indebtedness	**14,017**
Non-current financial debt (see Note 2)	(239,794)
Debt instruments	—
Non-current trade and other payables	—
Non-current financial indebtedness	**(239,794)**
Net financial indebtedness	**(225,777)**

Note 1: This includes lease liabilities of £747,000

Note 2: This includes lease liabilities of £1,029,000

In addition to the financial liabilities disclosed above, the Group has other non-current provisions of £1,578,000 as at 31 December 2020.

Capitalisation and Indebtedness of the Company

The Company was incorporated on 18 January 2021 and, at that date, the sole balance on its books was £0.01 of ordinary share capital. On 25 January 2021 the Company issued 50,000 redeemable preference shares of £1.00 each and on 16 February 2021 the Company issued one ordinary share of £0.01. As a result, the Company's capitalisation as at 16 February 2021 was £50,000.02 and its net financial indebtedness was nil.

PART XII

HISTORICAL FINANCIAL INFORMATION

Section One: The Group

Part A: Reporting Accountant's Opinion on the Historical Financial Information of the Group

Deloitte.

Hill House
1 Little New Street
London
EC4A 3TR

The Board of Directors
on behalf of Auction Technology Group plc
6th Floor, The Harlequin Building
65 Southwark Street
SE1 0HR

Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

17 February 2021

Dear Sirs/Mesdames

Historical Financial Information of the Group

We report on the financial information of the Group for the 3 years ended 30 September 2020 set out in Part B of Section One of Part XII of the prospectus dated 17 February 2021 of Auction Technology Group plc (the "Company") (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in the notes to the financial information. 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, 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 Prospectus, a true and fair view of the state of affairs of the Group as at 30 September 2018, 30 September 2019 and 30 September 2020 and of its profits, cash flows and changes in equity for the 3 years ended 30 September 2018, 30 September 2019 and 30 September 2020 in accordance with the basis of preparation set out in the notes to the financial information.

Responsibilities

The Directors are responsible for preparing the financial information on the basis of preparation set out in the notes 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 arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, 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 Annex 1 item 1.3 of the Prospectus Delegated Regulation, consenting to its inclusion in the Prospectus.

Basis of preparation

This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in the notes 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 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 Group's ability to continue as a going concern for a period of at least twelve months from 17 February 2021.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge the information contained in this report is in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1 item 1.2 of the Prospectus Delegated Regulation and for no other purpose.

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 B: Historical Financial Information of the Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 12 month period ended 30 September

	Note	2018	2019	2020
		£'000	£'000	£'000
Revenue	6	22,205	24,772	45,319
Cost of sales		(8,552)	(7,548)	(17,293)
Gross profit		**13,653**	**17,224**	**28,026**
Administration expenses		(10,808)	(9,633)	(30,065)
Other operating income		—	—	179
Operating profit/(loss)	7	**2,845**	**7,591**	**(1,860)**
Other income	9	512	355	2
Finance costs	9	(6,294)	(15,400)	(16,677)
Loss before tax		**(2,937)**	**(7,454)**	**(18,535)**
Taxation	10	(549)	(1,308)	2,584
Loss for the year		**(3,486)**	**(8,762)**	**(15,951)**
Other Comprehensive income for the year				
Items that may subsequently be transferred to profit and loss				
Foreign exchange differences on translation of foreign operations		(154)	(60)	(440)
Other Comprehensive income for the year, net of tax		**(154)**	**(60)**	**(440)**
Total comprehensive loss for the period		**(3,640)**	**(8,822)**	**(16,391)**
Loss per share				
Basic	11	(5.34)	(13.43)	(15.00)
Diluted	11	(5.34)	(13.43)	(15.00)

As explained in note 1 "Basis of preparation" and note 4 "Financial Implications of the Acquisition", the financial information for the years ended 30 September 2018 and 2019 reflects the results, financial position and cash flows of Turner Topco Limited ("TTL") and its subsidiaries. The financial information for the year ended 30 September 2020 reflects the consolidation of TTL and its subsidiaries for the period ended from 1 October 2019 to 12 February 2020 and thereafter, Auction Topco Limited (the "Company") and its subsidiaries (together the "Group") for the period from 13 February 2020 to 30 September 2020.

References to the "Old Group" prior to 13 February 2020 are to TTL and its subsidiaries, and references to the "Group" on and after 13 February are to the Company and its subsidiaries.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Financial position as at 30 September

	Note	2018	2019	2020
		£'000	£'000	£'000
ASSETS				
Non-current assets				
Goodwill	12	34,970	34,970	123,624
Other Intangible assets	12	920	1,416	74,830
Property, plant and equipment	14	132	140	478
Right of use asset	15	1,916	1,248	1,924
Deferred tax asset	20	248	125	—
Trade and other receivables	16	688	363	88
Total non-current assets		**38,874**	**38,262**	**200,944**
Current assets				
Trade and other receivables	16	3,162	3,985	8,653
Cash and cash equivalents		4,263	7,714	14,193
Total current assets		**7,425**	**11,699**	**22,846**
Total assets		**46,299**	**49,961**	**223,790**
EQUITY AND LIABILITIES				
Equity				
Share capital	21	34	37	11
Share premium		907	907	1,125
Own shares held		(27)	(30)	—
Share option reserve		—	—	276
Foreign exchange reserve		(154)	(214)	(440)
Accumulated losses		(30,645)	(39,407)	(16,349)
Total equity		**(29,885)**	**(38,707)**	**(15,377)**
LIABILITIES				
Non-current liabilities				
Trade and other payables	17	2,954	1,599	2,100
Loans and borrowings	18	63,238	78,334	213,444
Lease liabilities	15	1,479	848	1,208
Deferred tax liability	20	—	—	11,588
Total non-current liabilities		**67,671**	**80,781**	**228,340**
Current liabilities				
Trade and other payables	17	6,410	6,476	8,912
Loans and borrowings	18	1,048	781	1,159
Lease liabilities	15	1,055	630	756
Total current liabilities		**8,513**	**7,887**	**10,827**
Total equity and liabilities		**46,299**	**49,961**	**223,790**

As explained in note 1 "Basis of preparation" and note 4 "Financial Implications of the Acquisition", the financial information for the years ended 30 September 2018 and 2019 reflects the results, financial position and cash flows of Turner Topco Limited ("TTL") and its subsidiaries. The financial information for the year ended 30 September 2020 reflects the consolidation of TTL and its subsidiaries for the period ended from 1 October 2019 to 12 February 2020 and thereafter, Auction Topco Limited (the "Company") and its subsidiaries (together the "Group") for the period from 13 February 2020 to 30 September 2020.

References to the "Old Group" prior to 13 February 2020 are to TTL and its subsidiaries, and references to the "Group" on and after 13 February are to the Company and its subsidiaries.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Own shares held	Share option reserve	Foreign exchange reserves	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turner Topco Limited							
Balance at 1 October 2017	34	907	(27)	—	—	(27,159)	(26,245)
Comprehensive income							
Loss for the year	—	—	—	—	—	(3,486)	(3,486)
Other Comprehensive income . . .	—	—	—	—	(154)	—	(154)
	—	—	—		(154)	(3,486)	(3,640)
Balance at 30 September 2018 .	**34**	**907**	**(27)**	**—**	**(154)**	**(30,645)**	**(29,885)**
Balance at 1 October 2018	34	907	(27)	—	(154)	(30,645)	(29,885)
Comprehensive income							
Loss for the year	—	—	—	—	—	(8,762)	(8,762)
Other Comprehensive income . . .	—	—	—	—	(60)	—	(60)
	—	—	—	—	(60)	(8,762)	(8,822)
Transactions with owners							
Shares issued to the EBT	3	—	(3)		—	—	—
Balance at 30 September 2019 .	**37**	**907**	**(30)**	**—**	**(214)**	**(39,407)**	**(38,707)**
Balance at 1 October 2019	37	907	(30)	—	(214)	(39,407)	(38,707)
Comprehensive Income							
Profit for the period to 12 February 2020	—	—	—	—	—	398	398
	—	—	—	—	—	398	398
Transactions with owners							
Shares issued in the period to 12 February 2020	14	10,185	—	—	—	—	10,199
Shared based compensation				1,200	—	—	1,200
Transfer to retained earnings on exercising of the share-based compensation	—	—	—	(1,200)	—	1,200	—
Balance at 12 February 2020 . .	**51**	**11,092**	**(30)**	**—**	**(214)**	**(37,809)**	**(26,910)**
Auction Topco Limited							
Balance at 13 February 2020 . .	—	—	—	—	—	—	—
Comprehensive income							
Loss for the period	—	—	—	—	—	(16,349)	(16,349)
Other Comprehensive income . . .	—	—	—	—	(440)	—	(440)
	—	—	—	—	(440)	(16,349)	(16,789)
Transactions with owners							
Shares issued (equity)	11	1,129	—	—	—	—	1,140
Share issue costs (equity)		(4)	—	—	—	—	(4)
Share based compensation	—	—	—	276	—	—	276
Balance at 30 September 2020	**11**	**1,125**	**—**	**276**	**(440)**	**(16,349)**	**(15,377)**

As explained in note 1 "Basis of preparation" and note 4 "Financial Implications of the Acquisition", the financial information for the years ended 30 September 2018 and 2019 reflects the results, financial position and cash flows of Turner Topco Limited ("TTL") and its subsidiaries. The financial information for the year ended 30 September 2020 reflects the consolidation of TTL and its subsidiaries for the period ended from 1 October 2019 to 12 February 2020 and thereafter, Auction Topco Limited (the "Company") and its subsidiaries (together the "Group") for the period from 13 February 2020 to 30 September 2020.

On 12 February 2020, as a result of the acquisition and the resulting change in capital structure, the reserves up to 12 February 2020 belong to TTL. The reserves from 13 February 2020 belong to the Company.

On 12 February 2020, the convertible options included within the X loan note series (note 18) were all converted in in exchange for £10,199,000 of ordinary share capital and premium in TTL.

CONSOLIDATED STATEMENT OF CASH FLOWS

***For the 12 month period ended* 30 September**

	Note	2018 £'000	2019 £'000	2020 £'000
Cash flows from operating activities:				
Loss before tax		(2,937)	(7,454)	(18,535)
Amortisation of intangible assets	12	117	246	10,329
Depreciation of property, plant and equipment	14	113	88	198
Depreciation of right of use assets	15	777	668	587
Equity compensation benefits		—	—	1,476
Foreign exchange (gains)		(204)	(273)	(185)
Finance costs	9	6,294	15,400	16,677
		4,160	**8,675**	**10,547**
Working capital adjustments:				
Decrease/(Increase) in trade and other receivables		1,325	(517)	(1,929)
(Decrease) / Increase in trade and other payables		(898)	(511)	777
		427	**(1,028)**	**(1,152)**
Cash generated by operations		**4,587**	**7,647**	**9,395**
Income taxes paid		(134)	(191)	(506)
Net cash generated from operating activities		**4,453**	**7,456**	**8,889**
Cash flows from investing activities:				
Acquisition of subsidiaries, net of cash acquired	23	(1,458)	—	(119,719)
Additions to other intangible assets	12	(531)	(742)	(1,725)
Additions to property, plant and equipment	14	(114)	(97)	(107)
Loss on disposal of property, plant and equipment		2	1	10
Net cash used in investing activities		**(2,101)**	**(838)**	**(121,541)**
Cash flows from financing activities:				
Issue of ordinary share capital	21	—	—	857
Repayment of loans and borrowings	24	(1,226)	(1,102)	(73,611)
Proceeds of loans and borrowings	24	1,767	1,782	86,088
Proceeds from the issue of preference shares	24	—	—	111,860
Contingent consideration paid	23	—	(1,823)	(1,847)
Payment of lease liabilities	15	(755)	(1,146)	(639)
Other financing costs		—	—	(59)
Interest paid	24	(798)	(897)	(3,470)
Net cash (used in)/from financing activities		**(1,012)**	**(3,186)**	**119,179**
Net increase in cash and cash equivalents		**1,340**	**3,432**	**6,527**
Cash and cash equivalents at beginning of the period		**2,914**	**4,263**	**7,714**
Effect of foreign exchange rate changes		9	19	(48)
Cash and cash equivalents at end of the period		**4,263**	**7,714**	**14,193**

As explained in note 2 "Basis of preparation" and note 4 "Financial Implications of the Acquisition", the financial information for the years ended 30 September 2018 and 2019 reflects the results, financial position and cash flows of Turner Topco Limited ("TTL") and its subsidiaries. The financial information for the year ended 30 September 2020 reflects the consolidation of TTL and its subsidiaries for the period ended from 1 October 2019 to 12 February 2020 and thereafter, Auction Topco Limited (the "Company") and its subsidiaries (together the "Group") for the period from 13 February 2020 to 30 September 2020.

References to the "Old Group" prior to 13 February 2020 are to TTL and its subsidiaries, and references to the "Group" on and after 13 February are to the Company and its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Background information

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

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

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

Impact of Brexit

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

Impact of COVID-19

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

Going concern

At the balance sheet date, the Group's net liability position is due to the funding structure of the business which comprises loan notes held by related parties which accrue interest and have no fixed payment date ahead of the redemption date.

On 16 October 2020, ATG Media US Inc. acquired 100% of the equity share capital of Auction Mobility LLC for a total maximum consideration of $43,000,000 (equivalent to £33,077,000). On 13 October 2020, a new secured borrowing facility was entered into with Macquarie and Sixth Street for $75,000,000, of which $33,500,000 (equivalent of £25,679,000) was drawn down in relation to the Auction Mobility Acquisition.

Sufficient funding is available to the Group through debt and equity. At the date of this report, the Group is funded by £102m long term external debt (repayment due in 2027), long term £10m mezzanine debt (repayment due in 2027) and £117m of preference shares.

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

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

As outlined in this Prospectus, Auction Technology Group plc (which will become the holding company for the Group pursuant to the Reorganisation) has applied to (i) the FCA for the Shares to be admitted to the premium listing segment of the Official List of the FCA and (ii) the London Stock Exchange for all of the Shares to be admitted to the London Stock Exchange's Main Market for listed securities ("Admission"). It is expected that Admission will become effective on 26 February 2021. To the extent the Admission proceeds, the following changes will occur:

- primary proceeds will be used to, amongst other things, to repay all outstanding liabilities with financing parties with the exception of the below refinanced amount;
- the Amendment and Restatement Deed will become effective which will result in approximately £40m left outstanding under the Senior Facilities Agreement will be refinanced with consistent maturity and covenant terms; and
- a £20 million general purpose undrawn RCF will be in place and £40 million of cash retained in the Group.

Admission is contingent on, amongst other things, sufficient minimum proceeds being raised at a price agreeable to the existing Shareholders.

In assessing the appropriateness of the going concern assumption, the Directors have considered the ability of the group to meet the debt covenants and maintain adequate liquidity through the forecast period under both an IPO and a non-IPO scenario. The Group has cash of £13.9 million as at 12 February 2021. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate comfortably within the level of its current facilities and meet its debt covenant obligations under both scenarios.

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

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

2. Accounting policies

The Group's significant accounting policies are set out below. The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.1 Basis of preparation

Prior to 13 February 2020, TTL was the ultimate parent company of Turner Bidco Limited and its subsidiaries, which were the beneficiaries of the profit and loss, assets and liabilities and cash flows of the ATG Group.

On 13 February 2020, Auction Topco Limited, through its subsidiary Auction Bidco Limited, simultaneously purchased TTL and its subsidiaries and Proxibid Bidco Inc. and its subsidiaries (the "Acquisition") (together forming the "Group").

The financial information presented in the historical financial information reflects the following:

- The consolidated financial information of the TTL and its subsidiaries for the period from 1 October 2017 to 12 February 2020 (the period until acquisition by the Company); and
- The consolidated financial information of the Group from 13 February 2020 to 30 September 2020. Prior to the acquisition of TTL and Proxibid Bidco Inc, Auction Topco Limited had no trading activity.

Refer to note 4 for further details on the impact of the acquisition on the balance sheet, profit and loss and cash flow statement.

2. Accounting policies (Continued)

2.1 Basis of preparation (Continued)

The inclusion of the balance sheets and results of Turner Topco Limited and its subsidiaries 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.

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 decided to apply the requirements of IFRS 9, 15 and 16 from 1 October 2017, 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.

Notwithstanding that the historical financial information does not represent the Company's first set of IFRS financial information in accordance with IFRS, the Company has taken the optional exemption regarding historical acquisitions in accordance with IFRS 1.

New standards, interpretations and amendments issued not yet effective

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

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

Amendments to

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

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

2.2 Basis of consolidation

The Historical Financial Information consolidates the financial information of the Group and companies controlled by the Group (its subsidiaries) from 13 February 2020 to 30 September 2020. Prior to the Acquisition the Historical Financial Information consolidate the financial information of the TTL and its subsidiaries. Refer also the basis of preparation for further information on how this has been applied across the periods presented.

Control is achieved where the Company or TTL has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of subsidiaries acquired or sold are included in the financial information from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of acquired subsidiaries to bring their accounting policies into line with those used by the Group or Old Group.

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

2. Accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Employee benefit trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the consolidated financial statements. Any assets held by the EBT cease to be recognised on the Consolidated Statement of Financial Position when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Consolidated Statement of Comprehensive Income.

2.3 Business combinations

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

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

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

If the accounting for business combinations involves provisional amounts, which are finalised in a subsequent reporting period during the 12 month measurement period as permitted under IFRS 3, restatement of these provisional amounts may be required in the subsequent reporting period.

2.4 Foreign currency

Functional and presentational currency

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

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange at the reporting date. Exchange differences on monetary items are taken to the profit and loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Pounds Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. Exchange differences arising, if any, are

2. Accounting policies (Continued)

2.4 Foreign currency (Continued)

recognised in other comprehensive income and accumulated in a foreign exchange translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the acquisition closing rate. This is then revalued at the year-end rate with any foreign exchange difference taken directly to the translation reserve.

2.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to the Consolidated Statement of Comprehensive Income over the estimated useful lives of each part of an item of property, plant and equipment. The Directors reassess the useful economic lives and estimated residual values on an annual basis.

The estimated useful lives are as follows:

Leasehold improvements	14–33% straight line
Computer equipment	20–33% straight line
Fixtures and fittings	20–33% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

2.6 Other intangible assets

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

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

Included within software development costs are development costs in relation to software which are capitalised when the related projects meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset has been established;
- it can be demonstrated that the asset will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development;
- the expenditure attributable to the intangible asset can be reliably measured; and
- management has the ability and intention to use or sell the asset.

These projects are designed to enhance the existing software within the Group. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets. Refer to note 3—Significant judgements and sources of estimation uncertainty.

Software development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Software development costs are only amortised over the period the Group is expected to benefit and is subject to annual impairment testing.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

2. Accounting policies (Continued)

2.6 Other intangible assets (Continued)

straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

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

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

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

2.7 Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.8 Impairment of non-financial assets (excluding goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.9 Cash and cash equivalents

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

2. Accounting policies (Continued)

2.10 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

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

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All income and expenses relating to financial assets that are recognised in the Consolidated Statement of Comprehensive Income are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administration expenses.

Classification and subsequent measurement of financial liabilities

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

Financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried at fair value with gains or losses recognised in the Consolidated Statement of Comprehensive Income.

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

Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement.

If the conversion feature meets the definition of equity, the fair value of the liability component is estimated at the date of issue using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective

2. Accounting policies (Continued)

2.10 Financial instruments (Continued)

interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and, is not subsequently remeasured.

If the conversion feature of a convertible bond issued does not meet the definition of an equity instrument, it is classified as an embedded derivative and measured accordingly. The debt component of the instrument is determined by deducting the fair value of the conversion option at inception from the fair value of the consideration received for the instrument as a whole. This amount (the debt component) is recorded as a liability on an amortised cost basis using the effective interest rate method until extinguished upon conversion or at the instrument's maturity date.

Derivative financial liabilities

Derivatives embedded in financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss (FVTPL).

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the Consolidated Statement of Comprehensive Income immediately. A derivative is presented as a non-current asset or non-current liability if the Group has an unconditional right to defer payment beyond 12 months. Otherwise derivatives are presented as current assets or liabilities.

2.11 Revenue recognition

The Group recognises revenue when it has transferred the promised services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those services.

Auction services

Auction revenues include commissions (based on a percentage of the price of items sold at auction), auction fees (both pay-as-you-go and subscription based) and other fees, including fees to promote listings and catalogue fees. The Group recognises commission fees as an agent on the basis that there is no contractual relationship with the end-consumer of goods sold at auction and the Group will receive its commission irrespective of whether the end-consumer makes its payment to the auction house.

Contracts will typically specify an event (pay-as-you-go) or period of time during which the auction house may host a number of events (subscription) as well as other auction-related services including mirrored bidding, customer support, buy-it-now functionality, online cataloguing and the provision of personnel to operate the auction. These contracts are deemed to represent a single performance obligation, on the basis that the customer could not benefit from the auction-related services without also having access to the auction platform, and therefore are not distinct performance obligations.

Auction revenues sold under subscription-based contracts, in which the performance obligation is the provision of access to the technology platform and any auction-related services specified in the contract for that period of time, are recognised straight-line over the term of the contract. This recognition reflects the fact that the contract allows for continuous usage of the technology platform and its functionality together with any auction-related services.

Auction revenues sold under pay-as-you-go contracts result in in a performance obligation that is satisfied by providing access for the duration of that specific auction. As auctions typically complete within 1-3 days, the Company recognises revenue on completion of the auction.

The commission element of both subscription and pay-as-you-go contracts is based on the value of the items sold at auction and as such is subject to inherent uncertainty and cannot be estimated reliably in advance. The Group has determined that it is not possible to make a reliable estimate of the

2. Accounting policies (Continued)

2.11 Revenue recognition (Continued)

commissions that will be earned under a particular contract and as such the commission element of auction revenue is not recognised until the auction has completed and the revenue value is known.

Marketing services

Marketing revenues are principally derived from banner advertising and fees generated from email campaigns. Revenue is recognised in line with the satisfaction of the campaign objectives (i.e. at the point that the campaign emails are sent or over the period that the banner is provided on the website).

Content-related services

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

The Group identified one performance obligation for print advertising services which is to include the advert in a particular edition of the Gazette. The performance obligation is satisfied and revenue is recognised at the point that the magazine is published. Where the advert is featured in a number of editions, the performance obligation is satisfied over the period that the advertisement is featured. Revenue is recognised evenly over the period that the advertisement is featured.

For magazine subscriptions, customers receive a specified number of editions during the subscription period. Revenue is recognised evenly over the subscription period.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets represent revenue recognised prior to invoicing when it has satisfied its performance obligation and have the unconditional right to payment.

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

2.12 Taxation

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

Tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date.

2.13 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

2. Accounting policies (Continued)

2.13 Employee benefits (Continued)

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 Statement of Comprehensive Income as incurred.

2.14 Share based payments

The Group measures the cost of services received in exchange for share options based on the grant-date fair value of the award and recognises the cost over the period of required service for the award. The Group accounts for awards of shares to employees as share-based compensation as they vest.

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

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

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are transferred to share capital in the year of forfeiture or expiry.

Upon the exercise of share options, proceeds received from share option holders are recorded as an increase to share capital.

2.15 Leases

As a lessee

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

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

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset. In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose

the asset is used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRS rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on

2. Accounting policies (Continued)

2.15 Leases (Continued)

commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

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

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

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

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

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

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

As a lessor

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

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

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

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

2.16 Exceptional costs

As permitted by IAS 1 'Presentation and Disclosure' certain items are disclosed separately from other administration expenses in note 7 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 7. These items include acquisition and integration costs where the business has undertaken focused acquisitive activity over a specific time period prior to anticipated listing, the costs associated with any significant restructuring, IPO costs and other items that in the opinion of the Directors do not relate to the Group's underlying trading and are adjusted from the Group's measure of segment performance, Adjusted EBITDA (refer to note 5).

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant 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 can include, but are not limited to, the cash flows that an asset is expected to generate in the future and the appropriate weighted average cost of capital.

Judgement is also required in determining appropriate useful economic lives ("UEL") of the intangible assets arising from business combinations. The Directors make this judgement on an asset class by asset class basis and have determined that contracts with customers have a UEL of 7 years; brands have a UEL of 10 years, and software development costs have a UEL of 3 years.

Revenue recognition (Note 6)

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

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

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

Key sources of estimation uncertainty

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

Goodwill and Other intangible assets impairment reviews (Note 12)

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

The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The carrying value of goodwill and other intangible assets at 30 September 2020 is £198,454,000 (2019: £36,386,000; 2018: £35,890,000). See note 12 for details of the test for impairment.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

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

Projected cash flows

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

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

Discount Rates

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

Fair valuation of the derivative financial liability (Note 18)

The convertible loan notes issued as part of the X loan note series and included within loans and borrowings includes an embedded instrument (an option to convert loan notes to ordinary shares) which is required under IFRS 9 to be revalued at each period end. Determining the value of the embedded instrument requires significant judgement from management in relation to but are not limited to the use of a Black-Scholes valuation model, the yield curve, the quoted equity price and the volatility of the stock price.

The fair value of the embedded derivative was £8,738,000 at 30 September 2019 (2018: £58,000).

On 13 February 2020, the X loan notes were transferred to TTL in exchange for 143,937 newly issued A1 ordinary shares in TTL as settlement of all amounts outstanding. The market value of the embedded option at this date was £8,738,000.

4. Financial Implications of the Acquisition

As outlined in note 2.1, the historical financial information reflects the underlying trade of the ATG Group. On 13 February 2020 the legal ownership of the ATG Group and the capital structure was changed following acquisition of the Group by funds managed by TA Associates. The table below shows the impact of the acquisition of TTL and does not reflect the impact of the Proxibid Acquisition.

Statement of financial position

The table below presents the impact of on the balance sheet at the date of acquisition of Turner Topco Limited by subsidiaries of Auction Topco Limited as explained in note 2.1. The detail of each adjustment is included in the notes below the table.

4. Financial Implications of the Acquisition (Continued)

	12 February 2020	Adjustment	13 February 2020	Note
	£'000	£'000	£'000	
Non–current assets				
Goodwill	34,970	61,688	96,658	1
Other Intangible assets	1,657	55,303	56,960	2
Property, plant and equipment	134	—	134	
Right of use asset	1,137	260	1,397	3
Total non–current assets	**37,898**	**117,251**	**155,149**	
Total current assets	13,614	—	13,614	
Total assets	**51,512**	**117,251**	**168,763**	
Equity				
Share capital and share premium	11,143	(10,061)	1,082	5
Reserves	(38,054)	38,054	—	5
Total equity	**(26,911)**	**27,993**	**1,082**	
Non-current liabilities				
Trade and other payables	1,844	—	1,844	
Loans and borrowings	70,754	78,265	149,019	4
Lease liabilities	1,397	—	1,397	
Deferred tax liability	—	10,993	10,993	3
Total non-current liabilities	**73,995**	**89,258**	**163,253**	
Total current liabilities	4,428	—	4,428	
Total equity and liabilities	**51,512**	**117,251**	**168,763**	

The adjustments required on acquisition has resulted in:

1. Reversal of previously recognised goodwill of £34,970,000, which has been replaced by a newly calculated goodwill amount of £96,658,000, 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 £55,303,000 rising from the acquisition of Turner Topco Limited, at 13 February 2020.
3. The remeasurement of other assets and liabilities to their acquisition date fair value, resulting in a decrease in net assets of £10,773,000.
4. The loans and borrowings outstanding at 13 February 2020 were repaid and replaced with new loan notes, unsecured debt and preference shares, details of which can be found at note 18.
5. Adjustment to equity to present the capital structure of the Company and eliminate pre-acquisition profits and losses of the Turner Topco Group.

Statement of comprehensive income

The impact on the profit or loss account for the year ended 30 September 2020 includes additional depreciation and amortisation arising as a result of the remeasurement of assets and liabilities to their acquisition date fair value and additional finance costs arising for the new debt structure existing in the Group post-acquisition and; the recognition of acquisition-related costs. There was no impact to gross profit.

Statement of cash flows

The impact on the Statement of cash flows of the Acquisition was a repayment of the principal and interest outstanding accrued up to the 12 February 2020. Cash inflows were received, arising on the new loans and borrowings issued as a result of the transaction. These loans and borrowing had a different interest profile to the TTL loans. Investing cash outflows arose from the acquisition of the share capital and premium of TTL from the previous owners of the Old Group.

5. Operating Segments

Management has determined the operating segments based on information reviewed by the Board of Directors (the Chief Operating Decision Maker (CODM)), which is used to assess both the performance of the business and to allocate resources within the Group. The assessment of performance and allocation of resources is focused on the category of customer for each type of activity.

The Board of Directors has determined an operating management structure aligned around the three core activities of the Group, with the following operating segments applicable:

- **Arts and Antiques ("A&A")**: focused on offering auction houses that specialise in the sale of arts and antiques access to the platforms the-Saleroom.com and lot-tissimo.com. A significant part of our services is provision of the platform as a marketplace for the A&A auction houses to sell their goods. The segment also generates earnings through additional services such as the marketing income. The Group contracts with customers predominantly under service agreements, where the number of auctions to be held and the service offering differs from client to client.
- **Industrial and Commercial ("I&C")**: focused on offering auction houses that specialise in the sale of industrial and commercial goods and machinery access to the platforms BidSpotter.com, Proxibid.com iBidder.com and Wavebid.com. A significant part of our services is provision of the platform as a marketplace for the I&C auction houses to sell their goods. The segment also generates earnings through additional services such as the marketing income. We contract with customers predominantly under service agreements, where the number of auctions to be held and the service offering differs from client to client.
- **Content**: focused on the Gazette trade paper and online trade magazine. The business focusses on two streams of income: selling subscriptions to the Gazette and also selling advertising space within the paper and online. The Directors have disclosed information required by IFRS 8 for the Content segment despite the segment not meeting the reporting threshold.

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

There are no undisclosed or other operating segments.

Segment revenues and results

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

2020

	A&A	I&C	Content	Centrally allocated costs	Total
	£'000	£'000	£'000	£'000	£'000
Revenue	12,908	29,586	2,825	—	45,319
Adjusted EBITDA	10,714	23,669	904	(14,765)	**20,522**
Reconciliation from Adjusted EBITDA to Profit Before Tax					
Interest					(16,677)
Depreciation of Property Plant and Equipment					(198)
Amortisation of Intangible assets					(10,329)
Depreciation of Right of Use assets					(587)
Share based compensation (note 8)					(1,477)
Exceptional Costs (note 7)					(9,789)
Loss before tax					**(18,535)**

5. Operating Segments (Continued)

2019

	A&A	I&C	Content	Centrally allocated costs	Total
	£'000	£'000	£'000	£'000	£'000
Revenue	11,367	10,180	3,225	—	**24,772**
Adjusted EBITDA	9,697	8,208	1,049	(9,471)	**9,483**
Reconciliation from Adjusted EBITDA to Profit Before Tax					
Interest					(6,662)
Loss on revaluation of derivative					(8,738)
Depreciation of Property Plant and Equipment					(88)
Amortisation of Intangible assets					(247)
Depreciation of Right of Use assets					(668)
Exceptional items (note 7)					(534)
Loss before tax					**(7,454)**

2018

	A&A	I&C	Content	Centrally allocated costs	Total
	£'000	£'000	£'000	£'000	£'000
Revenue	10,218	8,536	3,451	—	**22,205**
Adjusted EBITDA	8,317	5,987	1,048	(10,661)	**4,691**
Reconciliation from Adjusted EBITDA to Profit Before Tax					
Interest					(6,294)
Depreciation of Property Plant and Equipment					(113)
Amortisation of Intangible assets					(117)
Depreciation of Right of Use assets					(778)
Exceptional items (note 7)					(326)
Loss before tax					**(2,937)**

The accounting policies of the reportable segments are the same as the Group's and Old Group's accounting policies described in note 2. The profit measure the Group uses to evaluate performance is Adjusted EBITDA. Adjusted EBITDA represents the profit or (loss) before taxation, finance costs (including non-operating gains and losses in respect of financial instruments), 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.

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

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

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

5. Operating Segments (Continued)

Segment assets

	2018	2019	2020
	£'000	£'000	£'000
A&A	25,243	27,025	56,752
I&C	14,539	16,876	162,282
Content	6,517	6,060	4,756
Total segment assets	46,299	49,961	223,790
Consolidated total assets	46,299	49,961	223,790

Depreciation and amortisation

	2018	2019	2020
	£'000	£'000	£'000
A&A	494	501	2,620
I&C	367	378	7,985
Content	147	124	509
Segment total	1,008	1,003	11,114
Consolidated total	1,008	1,003	11,114

Additions to non-current assets

	2018	2019	2020
	£'000	£'000	£'000
A&A	5,631	488	52,944
I&C	272	263	152,242
Content	109	87	3,990
Segment total	6,012	838	209,176
Consolidated total	6,012	838	209,176

6. Revenue

	Year ended 30 September 2018	Year ended 30 September 2019	Year ended 30 September 2020
	£'000	£'000	£'000
Product and customer types			
A&A	10,218	11,367	12,908
I&C	8,536	10,180	29,586
Content	3,451	3,225	2,825
	22,205	**24,772**	**45,319**
Primary geographical markets			
United Kingdom	15,334	15,463	15,311
USA	5,932	7,289	27,301
Germany	939	2,020	2,707
	22,205	**24,772**	**45,319**
Timing of transfer of goods and services			
Point in time	18,984	21,479	41,245
Over time	3,221	3,293	4,074
	22,205	**24,772**	**45,319**

7. Operating profit/(loss) and exceptional costs

i) Operating profit/(loss)

	Year ended 30 September 2018	Year ended 30 September 2019	Year ended 30 September 2020
	£'000	£'000	£'000
Operating profit has been arrived at after charging/ (crediting):			
Net foreign exchange (gains)	(203)	(64)	(199)
Research costs	408	239	156
Amortisation of other intangible assets (note 12)	117	246	10,329
Depreciation of property, plant and equipment (note 14)	113	88	198
Loss on disposal of tangible assets	2	1	10
Depreciation of right of use assets (note 15)	777	668	587
Share-based payment expense (note 8)	—	—	1,476
Lease rental expense for low value or short-term assets	—	32	53
Other operating income*	(512)	(355)	—

ii) Exceptional costs

	Year ended 30 September 2018	Year ended 30 September 2019	Year ended 30 September 2020
	£'000	£'000	£'000
Acquisition and listing costs	326	381	7,963
Restructuring costs	—	—	1,826
Lease termination costs	—	153	—
	326	**534**	**9,789**

The principal Group exceptional costs are in respect of the following:

- Acquisition and listing costs comprise legal, professional and incidental expenditure incurred in relation to acquisition activity and the anticipated listing on the London Stock Exchange during the 3-year period. The business has undertaken focused acquisitive actively in the periods prior to the anticipated listing, which has been strategically implemented to increase income, service range and critical mass of the Group, not least in anticipation of a listing of the Group on the London Stock Exchange ("IPO") in the post-reporting period. The listing costs incurred in preparing for the anticipated IPO are also included as exceptional.
- Restructuring costs comprise costs levied by professional advisors and redundancy costs in connection with restructuring activities.
- Lease termination costs relate to when the Group early terminated its lease for a property in London and vacated the premises on 31 July 2019 (see note 15).

8. Employee benefit expenses

	Year ended 30 September 2018	Year ended 30 September 2019	Year ended 30 September 2020
	£'000	£'000	£'000
Wages and salaries	7,577	6,991	15,038
Social security costs	907	842	1,424
Pension costs	236	270	306
Termination costs	—	—	1,151
	8,720	**8,103**	**17,919**

On 30 September 2020 £42,000 of pension costs relating a defined contribution scheme were accrued within trade and other payables (2019: £36,000, 2018: £nil).

Termination costs relate to the costs incurred in restructuring and redundancies following the acquisition of Proxibid on 13 February 2020.

8. Employee benefit expenses (Continued)

Key management personnel compensation

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

The Directors consider that key management personnel (KMP) are the Executive Directors of the Board of Auction Topco Limited, as parent company of the Group, and wider Senior Management Team. For the period up to 13 February 2020, the KMP were the Executive Directors on the Board of TTL as it was the parent company of the Group.

	2018	2019	2020
	£'000	£'000	£'000
Short-term employee benefits	1,169	1,093	2,014
Post-employment benefits	20	17	31
Share-based payments	—	—	1,299
	1,189	**1,110**	**3,344**

Share based payments

10 September 2019

On 10 September 2019, TTL issued 18,414 C Ordinary shares to management and certain employees. The holders are subject to a service condition and, as such, the shares represent remuneration for service thereby constituting an IFRS 2 equity settled, share-based arrangement. The shares vest over 2 years from the grant date or upon an exit event, whichever arises first. The shares have been valued at the grant date using a Black Scholes option pricing model, based on an Enterprise-Value multiple.

The fair value of this issue was £1,200,000. The Company recognised the fair value through profit and loss over vesting period which was deemed to be two years from the grant date. The Acquisition on 13 February 2020, constituted an exit event therefore the remaining fair value not already recognised in profit and loss was accelerated resulting in the entire fair value being recognised during the period.

Of the share-based payments charge of £1,200,000, £1,023,000 related to the remuneration of KMP.

13 February 2020

The Company has issued KMP B Ordinary shares to management and certain employees. The holders are subject to a service condition and, as such, the shares represent remuneration for service thereby constituting an IFRS 2 equity settled, share based arrangement. The shares vest over 4 years from the grant date or upon an exit event, whichever arises first. The shares have been valued at the grant date using a Black Scholes option pricing model, based on an Enterprise-Value multiple.

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

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

On 30 September 2020, 35,633 B ordinary shares were issued to KMP at a value of £1.60 per share, as set out in Note 21.

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

The Group recognised total expenses of £276,000 (2019: £nil, 2018: £nil) relating to the B Ordinary share-based payment transactions in the year ended 30 September 2020. All relates to the remuneration of KMP.

9. Finance cost and other income

	2018 £'000	2019 £'000	2020 £'000
Leasing Income	512	355	—
Other finance income	—	—	2
Other income	**512**	**355**	**2**
Interest on secured loan	774	870	4,297
Interest payable on contingent consideration	—	—	30
Interest on lease liabilities	125	90	97
Interest payable on preference shares	—	—	8,886
Finance cost on loan notes	5,395	5,702	3,367
Loss on revaluation of derivative	—	8,738	—
Finance Costs	**6,294**	**15,400**	**16,677**

The loss on revaluation of derivative relates to the fair value increase in the embedded derivative included within the convertible loan note. Please see note 18 for further information on the convertible loan notes.

*Leasing income relates to income from sub-leases (note 15).

10. Taxation

1) Analysis of tax charge recognised in the period

	2018 £'000	2019 £'000	2020 £'000
Current tax expense			
Current year	587	1,302	2,059
Foreign current tax on profits for the current profit	—	41	—
Adjustments in foreign tax in respect of prior periods	—	43	—
Adjustments in respect of prior periods	12	(202)	—
Total current tax	599	1,184	2,059
Deferred tax			
Origination and reversal of timing differences (note 20)	(50)	124	(4,643)
Total deferred tax	(50)	124	(4,643)
Total tax charge	**549**	**1,308**	**(2,584)**

The standard rate of corporation tax applied to the loss is 19 per cent (2019: 19 per cent; 2018: 19 per cent). There has been no change post the reporting date to the standard rate of tax.

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

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

As part of the Acquisition a deferred tax liability of £16.4m was recognised relating to the capitalised intangible assets. The origination and reversal of timing differences in FY20 relates to the unwind of the deferred tax liability as the assets are amortised.

10. Taxation (Continued)

2) *Reconciliation of effective tax rate*

	2018 £'000	2019 £'000	2020 £'000
Loss before tax	(2,937)	(7,454)	(18,535)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%; 2018: 19%)	(558)	(1,416)	(3,522)
Tax effect of:			
Expenses not deductible for tax purposes	27	143	3,585
Differences in overseas tax rates	(7)	(17)	136
Deferred tax assets not recognised	735	2,350	337
Adjustment to tax charge in respect of previous periods and rate charges on deferred tax	6	(15)	(3,177)
Adjustment to tax charge in respect of previous periods on current tax	11	(162)	79
Adjustment for the tax provision arising from movement in tax provision	335	425	(22)
Total tax charge	**549**	**1,308**	**(2,584)**

The Group's tax affairs are governed by complex local tax regulations in the UK, US and Germany. Given the uncertainties that could arise in the application of these regulations, judgements are often required in determining the tax that is due. Where management is aware of potential uncertainties in local jurisdictions, that are judged more likely than not to result in a liability for additional tax, a provision is made for management's best estimate of the liability, determined with reference to similar transactions and third-party advice. This amounted to £1,576,000 at 30 September 2020 (2019: £1,599,000; 2018: £1,172,000), note 17.

The increase in expenses not deductible in 2020 is on account of additional amortisation arising on intangibles recognised as part of the Acquisition. The adjustment to tax charge in respect of previous periods corporation tax relate to losses deductible for tax purposes arising from the Proxibid Inc. acquisition.

11. Earnings per share

The calculation of the basic loss per share of £15.00 (2019 loss per share: £13.43; 2018 loss per share: £5.34) is based on the loss attributable to ordinary Shareholders of £15,951,000 (2019: £8,762,000; 2018: £3,486,000) and on the weighted average number of ordinary shares (issued share capital less own shares held) of 1,063,133 (2019: 652,627; 2018: 652,627) in issue during the period.

Diluted loss per share is the same as the basic loss per share because the conversion of the convertible loan or the share options would both be anti-dilutive. Details of convertible loans in issue that could potentially dilute earnings per share in future periods are set out in note 18.

Given the changes in the capital structure that occurred following the Acquisition on 13 February 2020, the calculation of EPS is not comparable across the periods presented. The denominator for the EPS calculation is based on the equity structure of the TTL, from 1 October 2017 to 12 February 2020 and from 13 February 2020 to 30 September 2020 is represented by the equity structure of Auction Topco Limited. As such, the weighted average number of ordinary shares is a combination of the weighted average share capital of TTL and Auction Topco Limited pre and post acquisition respectively.

12. Intangible assets

	Goodwill	Software development costs	Customer relationships	Brand	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2017	30,062	117	—	—	30,179
Acquisitions through business combinations (note 23)	4,908	—	—	389	5,297
Additions	—	531	—	—	531
At 30 September 2018	34,970	648	—	389	36,007
Additions	—	742	—	—	742
At 30 September 2019	34,970	1,390	—	389	36,749
De-recognised by the Acquisition (Note 4)	(34,970)	—	—	—	(34,970)
Additions through business combinations	123,624	16,624	54,429	10,965	205,642
Additions	—	1,725	—	—	1,725
At 30 September 2020	123,624	19,739	54,429	11,354	209,146
Amortisation and impairment					
At 1 October 2017	—	—	—	—	—
Amortisation charge for the year	—	94	—	23	117
At 30 September 2018	**—**	**94**	—	**23**	**117**
Amortisation charge for the year	—	207	—	39	246
At 30 September 2019	**—**	**301**	—	**62**	**363**
Amortisation charge for the year	—	4,975	4,717	637	10,329
At 30 September 2020	**—**	5,276	4,717	699	10,692
Net book value					
At 30 September 2018	34,970	554	—	366	35,890
At 30 September 2019	34,970	1,089	—	327	36,386
At 30 September 2020	123,624	14,463	49,712	10,655	198,454

During the year £694,000 of research and development costs were capitalised as software (2019: £209,000, 2018: £484,000).

Impairment testing for cash-generating units containing goodwill

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

The Group tests for impairment of goodwill at the operating segment level (see Note 5) at which goodwill is monitored. Each group of CGUs comprises individual CGUs, representing the Group's platforms identified in Note 5. Intangible assets with finite useful lives are tested for impairment at the individual CGU or asset level and no indicators of impairment were identified in any of the periods presented.

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

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

	2018	2019	2020
	£'000	£'000	£'000
A&A	19,137	19,099	32,568
I&C	11,275	12,053	91,056
Content	4,558	3,818	—
	34,970	**34,970**	**123,624**

12. Intangible assets (Continued)

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

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

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

Long term growth rates are applied after the forecast period. These are based on external reports on long-term GDP growth rates for the main markets in which each CGU operates. Therefore, these do not exceed the long-term average growth rates for the individual markets.

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

Arts & Antiques

The recoverable amount of the A&A segment as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a four-year period, and a pre-tax discount rate of 13.5 per cent per annum (2019: 13.5 per cent., 2018: 13.5 per cent.).

In each reportable period, the value in use model assumes an annual sales growth rate over the four-year forecasted period of 10 to 15 per cent and a cash flow growth of 21 to 34 per cent. In each reportable period, cash-flow growth would have to fall by 300 basis points to be for any impairment to occur.

The Directors estimate that a change in the discount rate of 200 basis points to a revised discount rate of 15.5 per cent. would reduce the headroom in the cash-generating unit at each reporting date, however would not result in an impairment charge.

A terminal growth rate of 3 per cent. has been used to derive the terminal value in the value in use model.

Industrial & Commercial

The recoverable amount of the I&C segment as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a four-year period, and a pre-tax discount rate of 13.5 per cent. per annum (2019: 13.5 per cent., 2018: 13.5 per cent.).

In each reportable period, the value in use model assumes an annual sales growth rate over the four-year forecasted period of 10 to 15 per cent and a cash flow growth of 21 to 34 percent. In each reportable period, cash-flow growth would have to fall by 300 basis points to be for any impairment to occur.

The Directors estimate that a change in the discount rate of 200 basis points to a revised discount rate of 15.5 per cent. would reduce the headroom in the cash-generating unit at each reporting date, however would not result in an impairment charge.

A terminal growth rate of 3 per cent has been used to derive the terminal value in the value in use model.

13. Subsidiaries

A list of significant investment in subsidiaries, all of which have been included in the historical financial information, are as follows:

Company	Country of incorporation	Ownership 2018	Ownership 2019	Ownership 2020
		%	%	%
Auction Midco Limited**	United Kingdom	—	—	100
Auction Bidco Limited	United Kingdom	—	—	100
Auction Holdco Limited	United Kingdom	—	—	100
ATG Media Holdings Limited	United Kingdom	100	100	100
ATG Media US Inc.	USA	100	100	100
ATG Nominees Limited	United Kingdom	100	100	100
Auction Fluency Ltd	United Kingdom	100	100	100
Auction Technology Group Germany GmbH	Germany	100	100	100
Auction Technology Group UK Holdings Ltd	United Kingdom	100	100	100
BidSpotter Inc.	USA	100	100	100
Metropress Limited	United Kingdom	100	100	100
Peddars Management Limited	United Kingdom	100	100	100
Turner Bidco Limited	United Kingdom	100	100	100
Proxibid Bidco Inc	USA	—	—	100
Proxibid Inc	USA	—	—	100
Auction Payment Network LLC	USA	—	—	100
Proxibid UK Limited	United Kingdom	—	—	100

** Directly held

14. Property, plant and equipment

	Leasehold improvements	Computer equipment	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2017	892	303	268	1,463
Additions	10	72	32	114
Disposals	—	(68)	—	(68)
At 30 September 2018	**902**	**307**	**300**	**1,509**
At 1 October 2018	902	307	300	1,509
Additions	2	82	13	97
Disposals	—	—	(67)	(67)
At 30 September 2019	**904**	**389**	**246**	**1,539**
At 1 October 2019	904	389	246	1,539
Additions through business combinations	226	143	71	440
Additions	14	64	29	107
Disposals	—	—	(218)	(218)
At 30 September 2020	**1,144**	**596**	**128**	**1,868**
Depreciation and impairment				
At 1 October 2017	892	202	236	1,330
Depreciation charge for the year	1	82	30	113
Disposals	—	(66)	—	(66)
At 30 September 2018	**893**	**218**	**266**	**1,377**
At 1 October 2018	893	218	266	1,377
Depreciation charge for the year	2	65	21	88
Disposals	—	—	(66)	(66)
At 30 September 2019	**895**	**283**	**221**	**1,399**
At 1 October 2019	895	283	221	1,399
Depreciation charge for the year	37	116	45	198
Disposals	—	—	(207)	(207)
At 30 September 2020	**932**	**399**	**59**	**1,390**
Net book value				
At 30 September 2018	9	89	34	132
At 30 September 2019	9	106	25	140
At 30 September 2020	212	197	69	478

Details of security over assets are provided in Note 18.

15. Leases

Nature of leasing activities (in the capacity as lessee)

The Group leases several assets including property, motor vehicles and computer equipment.

As at 30 September 2020, the Group held leases over 1 property in the UK, 1 in Germany and 1 in the USA (2019: 1 in the UK and 1 in Germany; 2018: 2 in the UK, 1 in Germany and 1 in the USA).

One of the UK properties was subleased to a third party throughout the year ended 30 September 2018 and for 9 months of the year ended 30 September 2019. In June 2019, the sublease was terminated. Subsequently, the Group early terminated its lease for the property and vacated the premises on 31 July 2019.

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

The US office lease is at the same fixed rate throughout the lease term without any inflationary uplifts. The Company exercised its break clause on 31 March 2019 and terminated the lease on that date.

15. Leases (Continued)

The Group also leases computer equipment and motor vehicles. These leases comprise only fixed payments over the lease terms. During the year ended 30 September 2018, the Group acquired four motor vehicle leases as well as acquiring 5 printers. During the year ended 30 September 2019, the Group early terminated one of its motor vehicle leases. During the year ended 30 September 2020, the Group leased a server and a printer. These additional leases arose as a result of the acquisition of Proxibid Inc. on 13 February 2020.

The weighted average incremental borrowing rate contracted in 2020 was 4.24% (2019:4.44%%, 2018: 4.39%).

Right of use assets

	Land and buildings leasehold	Computer Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
At 1 October 2017	2,618	5	—	2,623
Additions	—	14	56	70
Depreciation charge for the year	(759)	(5)	(13)	(777)
At 30 September 2018	**1,859**	**14**	**43**	**1,916**
At 1 October 2018	1,859	14	43	1,916
Depreciation charge for the year	(642)	(6)	(20)	(668)
At 30 September 2019	**1,217**	**8**	**23**	**1,248**
At 1 October 2019	1,217	8	23	1,248
Additions through business combinations	728	535	—	1,263
Depreciation charge for the year	(426)	(146)	(15)	(587)
At 30 September 2020	**1,519**	**397**	**8**	**1,924**

Lease liabilities

	Land and buildings leasehold	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
At 1 October 2017	3,093	5	—	3,098
Additions	—	14	52	66
Interest charge for the year (note 9)	123	1	1	125
Lease payments	(740)	(6)	(9)	(755)
At 30 September 2018	**2,476**	**14**	**44**	**2,534**
At 1 October 2018	2,476	14	44	2,534
Interest charge for the year (note 9)	89	—	1	90
Lease payments	(1,118)	(6)	(22)	(1,146)
At 30 September 2019	**1,447**	**8**	**23**	**1,478**
At 1 October 2019	1,447	8	23	1,478
Additions through business combinations	508	545	—	1,053
Interest charge for the year (note 9)	78	18	1	97
Lease payments	(482)	(139)	(18)	(639)
Foreign exchange	(13)	(12)	—	(25)
At 30 September 2020	**1,538**	**420**	**6**	**1,964**

15. Leases (Continued)

Maturity analysis for lease liabilities

Non-cancellable lease rentals are payable as follows:

	2018	2019	2020
	£'000	£'000	£'000
Up to 3 months	257	104	189
Between 3 and 12 months	889	220	1,027
Between 1 and 2 years	324	775	1,131
Between 2 and 5 years	1,935	1,160	483
Over 5 years	75	56	36
	3,480	2,315	2,866

At 30 September 2020, there was £nil non-cancellable commitments relating to short term leases (2019: £53,000; 2018: £nil). There were no low value lease commitments (2019: £nil; 2018: £nil).

The Group recognised rental income from subleasing its UK property of £nil for the year ended 30 September 2020 (2019: £355,000; 2018: £512,000).

16. Trade and other receivables

	At 30 September 2018	At 30 September 2019	At 30 September 2020
	£'000	£'000	£'000
Current			
Trade receivables	2,393	3,170	7,374
Less: Loss provision	(325)	(400)	(458)
	2,068	**2,770**	**6,916**
Other debtors and prepayments	520	708	953
Contract assets	574	507	784
	3,162	**3,985**	**8,653**
Non-current			
Trade and other receivables	688	363	88
	688	**363**	**88**

The Group applies the IFRS 9 Simplified Approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the 12 months prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

The average credit period on sales is 30 days after the invoice has been issued. No interest is charged on outstanding trade receivables.

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

At 30 September 2020 there were no customers who owed in excess of 10 per cent. of the total trade debtor balance (2019: nil, 2018: nil).

16. Trade and other receivables (Continued)

Trade receivables—days past due

30 September 2018	Not past due	<30	31—60	61—90	91+	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expected credit loss rate	0.27%	0.64%	2.02%	5.79%	100%	13.61%
Gross carrying amount	1,487	358	109	129	310	2,393
Loss provision	4	2	2	7	310	325

Trade receivables—days past due

30 September 2019	Not past due	<30	31—60	61—90	91+	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expected credit loss rate	**1.85%**	**2.88%**	**8.58%**	**22.07%**	**100.00%**	**12.64%**
Gross carrying amount	1,977	465	288	146	294	3,170
Loss provision	36	13	25	32	294	400

Trade receivables—days past due

30 September 2020	Not past due	<30	31—60	61—90	91+	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expected credit loss rate	1.42%	2.85%	8.57%	9.77%	100.00%	
Gross carrying amount	4,517	1,578	805	215	259	7,374
Loss provision	64	45	69	21	259	458

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

	2018	2019	2020
	£'000	£'000	£'000
Opening provision for impairment of trade receivables and contract assets	458	325	400
Increase during the year	—	75	58
Unused amounts reversed	(133)	—	—
At 30 September	**325**	**400**	**458**

The carrying amount of trade and other receivables approximates to their fair value. The total amount of trade receivables that were past due but not impaired were £930,000 (2019: £377,000, 2018: £229,000).

17. Trade and other payables

	At 30 September 2018	At 30 September 2019	At 30 September 2020
	£'000	£'000	£'000
Current			
Trade payables	252	842	1,128
Other taxes and social security	303	938	2,116
Corporation tax	761	597	561
Contingent consideration payable	1,823	1,895	—
Deferred consideration payable	—	—	518
Accruals and contract liabilities	3,271	2,204	4,589
	6,410	**6,476**	**8,912**
Non-current			
Contingent consideration payable	1,782	—	—
Deferred consideration payable	—	—	522
Corporation tax payable	1,172	1,599	1,578
	2,954	**1,599**	**2,100**

17. Trade and other payables (Continued)

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

The accrued and contract liabilities have increased in the year ended 30 September 2020 as a result of the acquisition of Proxibid Inc.

18. Loans and borrowings

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

	2018	2019	2020
	£'000	£'000	£'000
Current			
Secured loans	1,048	781	789
Unsecured loan notes	—	—	370
	1,048	**781**	**1,159**
Non-current			
Secured loans	12,560	13,898	77,754
Preference shares	—	—	125,414
Subordinated loan notes	—	—	9,947
Secured loan notes	49,483	54,346	—
Unsecured loan notes	—	—	329
Convertible loan notes	1,195	10,090	—
	63,238	**78,334**	**213,444**
	64,286	**79,115**	**214,603**

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

	2018	2019	2020
	£'000	£'000	£'000
At 1 October	58,664	64,286	79,115
Arising on acquisition	—	—	3,432
Repayment of loans	(1,226)	(1,102)	(73,611)
Proceeds from loans	1,767	1,782	203,405
Accrued interest	4,922	5,038	12,524
Fair value movements on convertible loan notes (note 9)	—	8,738	—
Convertible loan notes converted into equity	—	—	(10,112)
Foreign exchange movements	159	373	(150)
At 30 September	**64,286**	**79,115**	**214,603**

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

	2018	2019	2020
	£'000	£'000	£'000
GBP	57,519	70,710	146,456
EUR	1,783	3,632	—
USD	4,984	4,773	68,147
	64,286	**79,115**	**214,603**

Below is the weighted average interest charge per year.

	2018	2019	2020
Secured loans	4.43%	4.47%	6.09%
Secured loan notes (including convertible loan notes)	10.00%	10.00%	10.00%
Unsecured loan note	—	—	12.00%
Subordinated loan notes	—	—	12.00%
Preference shares	—	—	12.00%

18. Loans and borrowings (Continued)

Secured loans

a) HSBC Secured bank loans

On 11 June 2014, TTL entered into a senior facilities agreement with HSBC Bank PLC. The facilities were subsequently refinanced on 22 January 2016 and an additional facility was agreed on 20 February 2018.

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

The outstanding principal and accrued interest were repaid in full on 13 February 2020.

b) *Senior Term Loan* 1

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

c) *Senior Term Loan 2*

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

The secured loans were repaid in full, along with all outstanding interest, on 13 February 2020.

Secured loan notes

On 27 June 2014, Old Group issued a series of secured loan notes at a fixed interest rate of 10%. The principal and accrued interest were repayable as a bullet repayment on 27 June 2022. The loan notes were repaid in full, along with all outstanding interest on 13 February 2020. The loans are secured by a floating charge over certain of the Group's assets such as the Trademarks, and shares in the subsidiary companies. These loans rank behind the HSBC structured debt detailed above.

Unsecured loan notes

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

Subordinated loan notes

On 13 February 2020, Auction MidCo Limited entered into a subordinated loan note facility for $13,000,000 in aggregate to funds held by ECI Partners LLP and TA Associates Management LP. The loan is repayable as a bullet repayment on 13 February 2027. Interest accrues daily at a rate of 12%.

Preference Shares

On 13 February 2020, the Group issued £117,002,000 of preference shares with a nominal value of £1 per preference share. These were issued to Shareholders and management, details of the transactions with related parties can be seen in note 25. The issue of the preference shares was to partially finance the acquisition of Turner Topco Limited and its subsidiaries.

The preference shares are subject to a mandatory 12% annual dividend of the issue price of the preference share. The dividend is payable out of available profits, in the event the Group does not have distributable reserves, the Group will be unable to declare the payment of the preference dividends; and the dividend is payable at the Board's discretion. Notwithstanding this, the holder

18. Loans and borrowings (Continued)

retains the right to the dividend until such time as the dividend is paid. The effect interest rate of the instrument is 12 per cent.

The preference shares do not carry any voting rights or conversion rights into ordinary share capital. There is no repayment date, however in the event of an exit or upon a redemption request by more than 50% of preference shareholders after two years from the issue date, the redeemable preference shares are repayable in full with any accrued dividends payable.

Convertible loan notes

On 22 January 2016, the Company issued X loan notes secured 10% convertible loan notes to ECI Partners LLP.

The notes were convertible at the holder's option into ordinary shares of TTL at any time between the date of issue of the notes and their settlement date in accordance with the Guaranteed Loan Note Instrument and the Put Option Agreement granted alongside the loan notes.

The number of shares to be issued is calculated as the loan notes and accrued interest outstanding divided by a pre-agreed enterprise value.

The net proceeds received from the issue of the convertible loan notes were split between the financial liability element and a derivative financial liability, representing the fair value of the embedded option to convert the financial liability into equity of the Company.

The liability component has been classified as a financial liability measured at amortised cost. Interest expense charged during the year ended 2019 is £127,000 (2018: £83,000). The interest is repayable in a bullet repayment at the end on 27 June 2022 and is calculated by applying the effective interest rate of 10% to the liability component.

The methodology to value the convertible loan note at initial recognition is to decompose it into two components (a non-convertible loan note and a conversion option) and value each separately. The non-convertible loan note component is valued by projecting future cash flows of the loan note, and discounting using discount rates equal to the prevailing rates of return for financial instruments having substantially the same terms and characteristics. The conversion option component is valued using a Black-Scholes and Option Pricing model. Inputs to the model include the yield curve, quoted equity prices and implied volatilities extracted from quoted share prices. There was no change to the technique during the year.

The carrying value of the convertible loan at each year end is as follows:

	2018	2019	2020
	£'000	£'000	£'000
Nominal value of convertible loan notes	1,033	1,120	—
Fair value adjustment	(66)	(66)	—
Fair value of convertible option	58	8,738	—
	1,025	9,792	—
Accrued interest	170	298	—
	1,195	10,090	—

Inputs and assumptions used in the Option pricing model were as follows:

	2018	2019	2020
Yield curve	1.53%	0.64%	•
Quoted equity price	£4.70	£80.45	•
Volatility rate	40.3%	38.6%	•

The gain/(loss) on this revaluation has been recorded as finance costs and the liability adjusted by the same value. The embedded derivative conversion option is classified as a level 3 valuation within the fair value hierarchy.

On 13 February 2020, the X loan notes were converted into 143,937 A1 ordinary shares in TTL as settlement of all amounts outstanding. The equity issuance is disclosed in the Statement of Changes of Equity.

19. Financial instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in note 2.

Principal financial instruments

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

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

Financial instruments by category

	2018	2019	2020
	£'000	£'000	£'000
Assets as per balance sheet–at amortised cost			
Trade and other receivables, excluding prepayments and non-financial assets	2,659	3,280	9,539
Cash and cash equivalents	4,263	7,714	14,193
	6,922	10,994	23,732
Liabilities as per balance sheet–other financial liabilities measured at amortised cost			
Trade and other payables, excluding non-financial liabilities	3,522	3,046	5,716
Loans and borrowings	62,132	70,377	89,189
Preference shares	—	—	125,414
	65,654	73,423	220,319
Liabilities as per balance sheet–financial liabilities at fair value through profit or loss			
Contingent consideration payable	3,605	1,895	1,040
Convertible loan note	58	8,738	—
	3,663	10,633	1,040

For the trade and other receivables financial assets and trade and other payable financial liabilities the Group consider the carrying value at amortised cost to be equal to the fair value of those instruments.

The convertible X loan notes are fair valued based on fair value hierarchy level 3 inputs (note 18).

Financial risk management

The Group's activities and the existence of the above financial instruments expose it to a variety of financial risks.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk

19. Financial instruments (Continued)

- Foreign exchange risk
- Interest rate risk

Credit risk

The Group's exposure to credit risk arises from cash and cash equivalents, as well as outstanding receivables (note 16).

The Group's cash and cash equivalents are all held on deposit with leading international banks and hence the directors consider the credit risk associated with such balances to be low.

The Group provides credit to customers in the normal course of business. The amounts presented in the Statement of Financial Position in relation to the Group's trade receivables are presented net of loss allowances. The Group measures loss allowances at an amount equal to the lifetime expected credit losses (ECL's) using both qualitative and quantitative information and analysis based on the Group's historical experience and forward-looking information. During the year there was a credit to the Consolidated Statement of Comprehensive Income of £58,000 (2019: charge of £75,000; 2018: credit of £133,000) to increase or decrease the loss allowance.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for growth. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its cash and borrowing requirements through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects in order to maximise interest income and 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 follow table shows the maturities of gross undiscounted contractual cash flows of financial liabilities:

	2020				
	Carrying amount	**Contractual cash flows**	**<1 year**	**1 – 5 years**	**5 years and over**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Loans and Borrowings	89,189	91,845	1,159	—	90,686
Preference shares	125,414	125,414	—	—	125,414
Trade and other payables	5,716	5,716	5,716	—	—
Deferred consideration payable	1,040	1,040	518	522	
Total	**221,358**	**224,015**	**7,393**	**522**	**216,100**

	2019				
	Carrying amount	**Contractual cash flows**	**<1 year**	**1-5 years**	**5 years and over**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Loans and Borrowings	69,025	69,025	781	68,244	—
Convertible Loans	10,090	1,418	—	1,418	—
Trade and other payables	3,046	3,046	3,046	—	—
Contingent consideration payable	1,895	1,408	1,408	—	—
Total	**84,056**	**74,897**	**5,235**	**69,662**	—

19. Financial instruments (Continued)

	2018				
	Carrying amount	Contractual cash flows	<1 year	1-5 years	5 years and over
	£'000	£'000	£'000	£'000	£'000
Loans and Borrowings	63,091	63,091	1,048	12,560	49,483
Convertible Loans notes	1,203	1,203	—	—	1,203
Trade and other payables	3,523	3,522	3,522	—	—
Contingent consideration payable	3,605	2,816	1,408	1,408	—
Total	**71,422**	**70,632**	**5,978**	**13,968**	**50,686**

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business.

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their local functional currency (primarily Pound Sterling, Euro or US Dollars) with the cash generated from their own operations in that currency.

The Group earns revenue and incurs costs in local currencies and is able to manage foreign exchange risk by matching the currency in which revenue is generated and expenses are incurred.

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

The carrying amounts of the Group's monetary assets and liabilities denominated in their respective currencies at the end of the year were as follows:

	2018	2019	2020
	£'000	£'000	£'000
Net foreign currency financial assets/(liabilities)			
US Dollars	5,245	(2,891)	(57,867)
Euros	(3,515)	(5,035)	1,673

The effect of a 5% strengthening of the US Dollar against the Pound Sterling at the reporting date on the US Dollar-denominated net financial liabilities carried at that date would, all other variables held constant, have resulted in an increase in loss for the year and increase net liabilities of £3,540,000 (2019: £246,000; 2018: £419,000). The effect of a 5% strengthening in the exchange rate would have resulted in an increase to the Foreign Exchange Reserve of £438,000 (2019: £180,000; 2018: £26,000). A weakening in the exchange rate would, on the same basis, have reduced the loss for the year and decreased net liabilities by £3,203,000 (2019: £223,000; 2018: £379,000). The effect of a 5% weakening in the exchange rate would have resulted in a decrease to the Foreign Exchange Reserve of £396,000 (2019: £85,000; 2018: £12,000).

The effect of a 5% strengthening of the Euro against the Pound Sterling at the reporting date on the Euro denominated net financial liabilities carried at that date would, all other variables held constant, have resulted in an increase in loss for the year and increase net liabilities of £29,000 (2019: £178,000; 2018: £68,000). The effect of a 5% strengthening in the exchange rate would have resulted in an increase to the Foreign Exchange Reserve of £56,000 (2019: decrease of £165,000; 2018: decrease of £491,000). A weakening in the exchange rate would, on the same basis, have reduced the loss for the year and decreased net liabilities by £32,000 (2019: £161,000; 2018: £62,000). The effect of a 5% weakening in the exchange rate would have resulted in a decreased to the Foreign Exchange Reserve of £51,000 (2019: increase of £78,000; 2018: increase of £123,000).

Interest rate risk

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

19. Financial instruments (Continued)

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/lower and all other variables were held constant, the Group's profit for the year ended 30 September 2020 would decrease/increase by an annualised £804,000 (2019: decrease/increase by £147,000; 2018: decrease/increase by £136,000).

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure which provides an adequate return to Shareholders.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets to reduce debt.

20. Deferred taxation

The deferred tax balance comprises:

	2018	2019	2020
	£'000	£'000	£'000
Accelerated capital allowances	98	88	89
Other temporary differences	86	81	369
Deferred tax asset on unutilised losses	—	—	2,118
Deferred tax asset on the lease liability	429	251	223
Deferred tax on fair value uplifts in intangible assets	—	—	(14,116)
Deferred tax liability on acquired goodwill	(40)	(83)	(152)
Deferred tax liability on the right of use asset	(325)	(212)	(206)
	248	**125**	**(11,588)**

The recognition of the deferred tax asset on unutilised losses relates to the recognition of unrestricted losses in Proxibid Inc. Proxibid Inc has used losses to offset taxable profits in the current year.

Furthermore, deferred tax liabilities were recognised in respect of the recognition of intangible assets arising on the acquisition of TTL and Proxibid Inc. The deferred tax liabilities are being unwound in line with the amortisation of the intangible assets over their useful economic lives, which is 3 years.

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

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

	2018	2019	2020
	£'000	£'000	£'000
Unused tax losses	1,740	1,740	3,210
	1,740	1,740	3,210

At the reporting date, the Group has unused tax losses of £11,865,000 (2019: £1,778,000, 2018: £1,764,000) available for offset against future profits. A deferred tax asset has been recognised in respect of £8,838,000 (2019: £37,000, 2018: £24,000) of such losses. No deferred tax asset has been recognised in respect of the remaining £3,027,000 (2019: £1,740,000, 2018: £1,740,000) as it is not considered probable that there will be future taxable profits available to offset these particular tax losses.

20. Deferred taxation (Continued)

The movement on the net deferred tax asset/(liability) during the year is as follows:

	2018 £'000	2019 £'000	2020 £'000
At 1 October	198	248	125
Arising as a result of the acquisition	—	—	(16,356)
Credit/(charge) to profit or loss	50	(123)	4,643
At 30 September	248	125	(11,588)

21. Share capital

	2018 £'000	2019 £'000	2020 £'000
Issued, authorised and fully paid			
900,364 A ordinary share of 1p each	—	—	9
152,348 B ordinary shares of 1p each	—	—	2
481,641 A1 ordinary shares of 1p each	5	5	—
170,986 A2 ordinary shares of 1p each	2	2	—
112,373 B ordinary shares of 1p each	1	1	—
231,638 C ordinary shares of 10p each	20	23	—
6 D ordinary shares of £1,000 each	6	6	—
	34	**37**	**11**

Share capital for the year ended 30 September 2020 represents the issued share capital of the Company. In line with the basis of preparation set out in Note 2, the share capital for the comparative periods represents the issued share capital of TTL.

Shares issued in 2018

- On 10 October 2017, the Company issued 3,000 C ordinary shares of 10p each for cash to its EBT.
- On 11 May 2018, the Company issued 1,672 C ordinary share of 10p each for cash to its EBT.

Shares issued in 2019

- On 27 February 2019, the Company issued 18,317 C ordinary shares of 10p each for cash to its EBT.
- On 10 September 2019, the Company issued 7,812 C ordinary shares of 10p each for cash to its EBT.

Shares issued in 2020

- On 8 November 2019, Turner Topco Limited issued 3,356 C ordinary shares of 10p each for cash to its EBT.
- On 13 February 2020, Turner Topco Limited issued 143,937 A1 ordinary shares to ECI by way of settlement of the principal and accrued interest on the X Loan notes (refer to note 18).
- On 13 February 2020, the Company issued 900,364 A ordinary shares of 1p each for £1, raising proceeds of £900,364, and 116,675 B ordinary shares of 1p each for £1.60, raising proceeds of £186,680.
- On 30 September 2020, the Company issued 35,674 B ordinary shares of 1p each for £1.60, raising proceeds of £57,079.

Shares held by the EBT are held in the Own Share Reserve, see Note 22 for details. As a result of the acquisition of TTL on 13 February 2020, the EBT at 30 September 2020 is eliminated on consolidation into the Group.

22. Reserves

Share capital

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

Share premium

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

Own shares held

Own shares held represents the cost of Company shares held by the Group's Employee Benefit Trusts. As a result of the change in capital structure at 13 February 2020, the own shares held in TTL eliminate out in the post-acquisition period.

Share option reserve

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

Foreign exchange reserve

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

Accumulated losses

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

23. Business combinations

(i) Acquisition of TTL

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

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

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

	At fair value
	£'000
Property, plant and equipment	134
Intangibles—Brand	6,065
Intangibles—Technology Assets	7,972
Intangibles—Customer Relationships	42,923
Right of use asset	1,397
Deferred tax asset	11
Trade and other receivables	4,704
Cash and cash equivalents	8,900
Trade and other payables	(4,429)
Lease liabilities	(1,397)
Deferred taxation liability	(10,993)
Contingent Consideration	(1,844)
Net assets on acquisition	53,443
Consideration paid	150,101
Settled as:	
Cash consideration	74,659
Issuance of preference shares	5,066
Debt amounts settled	70,376
Goodwill (note 12)	96,658

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

The debt amounts settled disclosed as consideration above relate to the repayment of £13,989,686 due in respect of the secured loan due to a third party lender and £56,386,388 in respect of the secured loan notes. This has been disclosed above as consideration on the basis that the acquirer, Auction Topco Limited, was not exposed to these liabilities with the respective counterparties post acquisition and the amounts were settled by the selling shareholders from acquisition proceeds. Given the basis of preparation (see note 2) of the historical financial information covers the cash flows of both acquirer (Auction Topco Limited) and the acquiree (TTL), the subsequent repayment of the above debts, previously held by the TTL group have been treated as a financing cash outflow in the Cash Flow Statement given these were contracted cash outflows with external financing parties.

Acquisition costs of £4,175,000 directly related to the business combination have been immediately expensed to the statement of comprehensive income as part of administration expenses and included within Exceptional Items (note 7).

The revenue and loss after tax included in the Statement of profit and loss for the year includes a full year of TTL results.

23. Business combinations (Continued)

(ii) Acquisition of Proxibid Inc.

On 13 February 2020, the Company incorporated Proxibid Bidco Inc. which acquired the entire share capital of Proxibid Inc. for £45,810,000 and also incurred transaction costs of £2,942,000.

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

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

	At fair value
	£'000
Property, plant and equipment	440
Intangibles—Brand	5,218
Intangibles—Technology Assets	9,991
Intangibles—Customer Relationships	11,506
Right of use asset	1,010
Trade and other receivables	2,599
Cash and cash equivalents	750
Trade and other payables	(2,576)
Bank loans acquired	(2,678)
Lease liabilities	(1,054)
Deferred taxation	(5,360)
Deferred Consideration	(1,002)
Net assets on acquisition	18,844
Consideration paid	45,810
Goodwill (note 12)	26,966

The consideration was all paid in cash, with no deferred or contingent consideration.

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

Acquisition costs of £2,941,000 directly related to the business combination have been immediately expensed to the statement of comprehensive income as part of administration expenses and included within Exceptional Items (note 7).

Between 13 February 2020 and 30 September 2020, Proxibid Inc. contributed £17,474,000 to Group revenues and a profit before tax of £4,186,000 for the year. If the acquisition had occurred on 1 October 2019, Group unaudited revenue would have been £52,307,000 and Group unaudited loss after tax would have been £16,688,000.

23. Business combinations (Continued)

(iii) Acquisition of SPH Softwarepartner Hamburg GmbH & Co. KG ("Lot-tissimo (SPH KG)")

On 20 February 2018, Auction Technology Group Germany GmbH acquired the share capital, assets and liabilities of Lot-tissimo (SPH KG) for £5,204,000.

The principal reason for the acquisition was to strengthen the Group's A&A offering in Europe.

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

	At fair value
	£'000
Property, plant and equipment	15
Brand (note 12)	389
Trade receivables	151
Cash and cash equivalents	141
Trade payables	(62)
Other taxation and social security	(101)
Accruals and contract liabilities	(62)
Amounts due to group undertakings	(174)
Net assets on acquisition	297
Consideration	5,204
Goodwill (note 12)	4,907
Consideration paid:	
Cash	1,599
Contingent consideration payable (note 17)	3,605
Total consideration	5,204

The contingent consideration comprises of two additional annual payments payable over a two-year period following the date of acquisition. The amount to be paid is subject to a minimum floor amount, plus or minus an adjustment linked to the performance of Lot-tissimo (SPH KG) over the two-year period following acquisition. The total floor included within the contingent consideration payable was £3,185,000, and the total amount paid was £3,670,000.

At the date of acquisition, the Directors estimated the fair value of the contingent consideration payable. The estimate was revised at each subsequent reporting.

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

Acquisition costs of £325,000 directly related to the business combination have been immediately expensed to the statement of comprehensive income as part of administration expenses and included within Exceptional Items (note 7).

There were no fair value adjustments on acquisition.

Between 20 February and 30 September 2018, Lot-tissimo (SGH KG) contributed £960,000 to group revenues and a loss of £101,000 for the year ended 30 September 2018.

24. Notes supporting statement of cash flows

2020	At 1 October 2019	Arising on acquisition	Fair value movements	Non-cash	Cash flow	Exchange movements	At 30 September 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash at Bank	7,714	750	—	—	5,777	(48)	14,193
	7,714	**750**	**—**	**—**	**5,777**	**(48)**	**14,193**
Preference shares	—	—	—	(13,555)	(111,859)	—	(125,414)
Bank loans	(14,679)	(2,697)	—	(4,259)	(56,657)	(251)	(78,543)
Loan notes	(54,346)	(735)	—	(3,214)	47,649	—	(10,646)
Convertible loan note	(10,090)	—	—	10,090	—	—	—
Lease Liabilities	(1,478)	(1,053)	—	(97)	639	25	(1,964)
	(80,593)	(4,485)	—	(11,035)	(120,228)	(226)	(216,567)

2019	At 1 October 2019	Arising on acquisition	Fair value movements	Non-cash	Cash flow	Exchange movements	At 30 September 2019
Cash at Bank	4,263	—			3,432	19	7,714
	4,263	—			**3,432**	**19**	**7,714**
Bank loans	(13,608)	—		(897)	169	(343)	(14,678)
Loan notes	(49,483)	—		(4,911)	48	—	(54,346)
Convertible loan note	(1,195)	—	(8,680)	(215)	—	—	(10,090)
Lease Liabilities	(2,534)	—		(90)	1,146	—	(1,478)
	(66,820)	—	**(8,680)**	**(6,113)**	**1,363**	**(343)**	**(80,593)**

2018	At 1 October 2018	Arising on acquisition	Fair value movements	Non-cash	Cash flow	Exchange movements	At 30 September 2018
Cash at Bank	2,914	141	—	—	1,199	9	4,263
	2,914	**141**	—	—	**1,199**	**9**	**4,263**
Bank loans	(12,857)	—	—	(733)	181	(159)	(13,608)
Loan notes	(45,049)	—	—	(4,510)	76	—	(49,483)
Convertible loan note	(758)	—	—	(437)	—	—	(1,195)
Lease Liabilities	(3,098)	—	—	(191)	755	—	(2,534)
	(61,762)	—	—	**(5,911)**	**1,012**	**(159)**	**(66,820)**

Included within net cash inflow of £126,005,000 (2019: £1,054,000; 2018: £1,026,000) is £77,081,000 of repayments of principal and interest on the bank loans, loan notes and preference shares (2019: £1,999,000; 2018: £2,024,000). Also included within the next cash inflow is £197,948,000 of facility loan drawdowns (2019: £1,782,000; 2018: £1,767,000).

25. Related party transactions

Details of the preference shares, secured and unsecured loan notes, subordinated loan notes and accrued interest on those instruments owed by TTL and subsequently the Group to the related parties, can be found in the loans and borrowings disclosure in note 18.

Interest of £1,305,000 (2019: £3,308,000, 2018: £2,989,000) was payable during the period in relation to loan notes of £nil (2019: £22,351,000, 2018: £22,264,000) included in creditors held by funds advised by ECI Partners LLP, who were shareholders in Turner Topco Limited. The interest was fully paid at 30 September 2019 and 2018 £36,494,000 and £33,098,000 respectively were carried forward.

On 13 February 2020, the outstanding principal of £20,797,657 and accumulated interest of £14,793,092 was paid in relation to loan notes held by funds advised by ECI Partners LLP.

In FY19, interest of £84,000 (2018: £83,000) was payable in relation to loan notes redeemed in a previous period held by funds advised by ECI Partners LLP. The interest is unpaid at the year end and is carried forward in accruals.

Interest of £411,698.19 (2019: £1,030,896.68, 2018: £937,179) was payable during the period in relation to loan notes held by funds advised by Mobeus Equity Partners LLP who were shareholders in Turner Topco Limited.

In FY19, interest of £7,000 (2018: £6,000) was payable in relation to loan notes of £48,000 (2018: £48,000) included in creditors held by C Tenwick who is a director of and a shareholder in the

25. Related party transactions (Continued)

company. The interest is unpaid at the year end and is carried forward with the loan note creditor as £78,000 (2018: £71,000).

Interest of £291,000 (2019: £676,860.52) was payable during the period in relation to loan notes held by Colin Tenwick, A Somers, R Lewis and S Berti, who were who were shareholders in Turner Topco Limited. On 13 February 2020, the outstanding principal £4,844,543 and accumulated interest of £3,455,069.61 was paid in relation to loan notes held by Colin Tenwick, A Somers, R Lewis and S Berti.

During the period monitoring fees of £9,000 (2019: £21,000, 2018: £21,000) were paid to Mobeus Equity Partners LLP and £30,000 (2019: £22,000, 2018: £21,000) paid to ECI Partners LLP.

During the FY19 period, a finance cost of £88,000 (2018: £350,000) was recognised in relation to a fee for finance on loan notes due to ECI Partners LLP. The director A Somers was paid a fee of £1,000 (2018: £42,000).

On 13 February 2020 preference shares of £86,401,334 were issued to funds advised by TA Associates Management LP. Interest of £6,561,767.06 was payable during the period in relation to these preference shares.

On 13 February 2020 preference shares of £26,092,538 were issued to funds advised by ECI Partners LLP. Interest of £1,981,603.16 was payable during the period in relation to these preference shares.

On 13 February 2020 preference shares of £4,508,168 were issued to members of the management team. Interest of £342,373.75 was payable during the period in relation to these preference shares.

On 13 February 2020 a loan note of £384,813 was issued to a member of the management team. Interest of £24,224.70 was payable during the period in relation to this loan note.

On 13 February 2020 a subordinated loan note of $13,000,000 was issued to funds held by ECI Partners LLP and TA Associates Management LP. Interest of £759,452.05 was payable during the period in relation to this loan note.

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

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. All related party transactions were performed at an arm's length basis.

Details of remuneration of key management personnel can be found in note 8.

26. Events after the balance sheet date

On 16 October 2020, ATG Media US Inc. acquired 100% of the equity share capital of Auction Mobility LLC for a total maximum consideration of $43,000,000 (equivalent to £33,077,000), comprising of upfront cash consideration of $33,000,000 (equivalent to £25,384,000) and a contingent consideration of up to $10,000,000 (equivalent to £7,962,000), subject to the performance of the acquired company against certain targets.

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

At the date of acquisition, Auction Mobility LLC had net liabilities of $682,000 (equivalent to £524,000). An exercise is underway to establish the fair value of the net assets acquired. Given the timing of the Auction Mobility Limited acquisition and the acquisition's proximity to the issuance of the financial statements, the Directors have not yet finalised the purchase price allocation or the determination of necessary fair value adjustments to the acquisition balance sheet required for the initial accounting for the business combination. Details of the acquisition will be published in the first set of interim financial statements issued after a potential public listing.

On 12 October 2020, a new secured borrowing facility was entered into with Macquarie and Sixth Street for $75,000,000, of which $33,500,000 has been drawn down in relation to the Auction Mobility Acquisition with the balance of $41,500,000 available to draw down until 12 October 2021 The loan carried an effective rate of interest of EURIBOR+6.5% payable half yearly and is secured on the assets of the Group. The loan is repayable on 10 February 2027.

Section Two: The Proxibid Group

Part A: Reporting Accountant's Opinion on the Historical Financial Information of the Proxibid Group

Deloitte.

Hill House
1 Little New Street
London
EC4A 3TR

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

17 February 2021

Dear Sirs/Mesdames

Historical Financial Information of Proxibid Inc. and, together with its subsidiaries, the "Proxibid Group"

We report on the financial information of the Proxibid Group for the pre-acquisition period from 1 October 2017 to 12 February 2020 set out in Part B of Section Two of Part XII of the prospectus dated 17 February 2021 of Auction Technology Group plc (the "Company") (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in the notes to the financial information. 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, 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 Prospectus, a true and fair view of the state of affairs of the Proxibid Group as at 30 September 2018, 30 September 2019 and 12 February 2020 and of its profits, cash flows and changes in equity for the years ended 30 September 2018, 30 September 2019 and the period ended 12 February 2020 in accordance with International Financial Reporting Standards as adopted by the European Union.

Responsibilities

The Directors are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, 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 Annex 1 item 1.3 of the Prospectus Delegated Regulation, consenting to its inclusion in the Prospectus.

Basis of preparation

This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in the notes 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 Proxibid 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 Proxibid Group's ability to continue as a going concern for a period of at least twelve months from 17 February 2021.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge the information contained in this report is, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1 item 1.2 of the Prospectus Delegated Regulation and for no other purpose.

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 B: Historical Financial Information of the Proxibid Group

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
		£000	£000	£000
Revenue	4	14,811	17,419	6,988
Cost of sales		(7,297)	(10,427)	(4,298)
Gross profit		**7,514**	**6,992**	**2,690**
Administration expenses		(7,595)	(7,819)	(3,771)
Other operating income		436	274	47
Operating profit/(loss)	5	**355**	**(553)**	**(1,034)**
Fair value (loss)/gain on revaluation of liabilities held at FVTPL	7	(9,178)	(11,472)	370
Finance income	7	41	43	11
Finance costs	7	(108)	(184)	(77)
Loss before tax		**(8,890)**	**(12,166)**	**(730)**
Taxation	8	(5)	(5)	(7)
Loss for the year		**(8,895)**	**(12,171)**	**(737)**
Other Comprehensive (loss)/income for the year				
Items that may subsequently be transferred to profit and loss				
Foreign exchange differences on translation of foreign operations		(567)	(1,606)	1,704
Other Comprehensive (loss)/income for the year, net of tax		**(567)**	**(1,606)**	**1,704**
Total comprehensive (loss)/income for the period		**(9,462)**	**(13,777)**	**967**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 September 2018	As at 30 September 2019	As at 12 February 2020
		£000	£000	£000
ASSETS				
Non–current assets				
Intangible assets	9	4,226	8,054	7,252
Property, plant and equipment	11	77	519	440
Right of use assets	12	1,505	1,208	1,010
Trade and other receivables	13	108	81	98
Total non-current assets		**5,916**	**9,862**	**8,800**
Current assets				
Trade and other receivables	13	2,369	2,378	2,635
Cash and cash equivalents		1,003	1,273	750
Total current assets		**3,372**	**3,651**	**3,385**
Total assets		**9,288**	**13,513**	**12,185**
EQUITY AND LIABILITIES				
Equity				
Share capital	18	15	15	15
Share premium		8,102	8,192	8,118
Foreign exchange reserve		(587)	(2,193)	(489)
Share-based payments reserve		56	77	80
Accumulated losses		(26,677)	(38,848)	(39,585)
Total equity		**(19,091)**	**(32,757)**	**(31,861)**
LIABILITIES				
Non-current liabilities				
Contingent consideration payable	21	—	497	—
Preference shares	15	24,213	—	—
Warrants on preference shares		256	—	—
Other payables	14	—	710	823
Lease liabilities	12	1,197	892	709
Total non-current liabilities		**25,666**	**2,099**	**1,532**
Current liabilities				
Trade and other payables	14	2,375	2,678	3,993
Loans and borrowings	15	—	2,732	2,678
Contingent consideration payable	21	—	542	—
Preference shares	15	—	37,330	35,035
Warrants on preference shares		—	513	463
Lease liabilities	12	338	376	345
Total current liabilities		**2,713**	**44,171**	**42,514**
Total equity and liabilities		**9,288**	**13,513**	**12,185**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The accompanying notes are an integral part of these consolidated financial statements

	Share capital	Share premium	Foreign exchange reserve	Share-based payments reserve	Accumulated Losses	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 October 2017	15	8,048	(20)	—	(17,782)	(9,739)
Comprehensive income						
Loss for the year	—	—	—	—	(8,895)	(8,895)
Other comprehensive loss	—	—	(567)	—	—	(567)
	15	8,048	(587)	—	(26,677)	(19,201)
Transactions with owners						
Shares issued	—	54	—	—	—	54
Share based compensation	—	—	—	56	—	56
Balance at 30 September 2018	**15**	**8,102**	**(587)**	**56**	**(26,677)**	**(19,091)**
Balance at 1 October 2018	15	8,102	(587)	56	(26,677)	(19,091)
Comprehensive income						
Loss for the year	—	—	—	—	(12,171)	(12,171)
Other comprehensive loss	—	—	(1,606)	—	—	(1,606)
	15	8,102	(2,193)	56	(38,848)	(32,868)
Transactions with owners						
Shares issued	—	9	—	—	—	9
Share-based compensation	—	—	—	21	—	21
Share-based contingent consideration	—	81	—	—	—	81
Balance at 30 September 2019	**15**	**8,192**	**(2,193)**	**77**	**(38,848)**	**(32,757)**
Balance at 1 October 2019	15	8,192	(2,193)	77	(38,848)	(32,757)
Comprehensive income						
Loss for the year	—	—	—	—	(737)	(737)
Other comprehensive income	—	—	1,704	—	—	1,704
	15	**8,192**	**(489)**	**77**	**(39,585)**	**(31,790)**
Transactions with owners						
Shares issued	—	6	—	—	—	6
Share-based compensation	—	—	—	3	—	3
Share based contingent consideration	—	(80)	—	—	—	(80)
Balance at 12 February 2020	**15**	**8,118**	**(489)**	**80**	**(39,585)**	**(31,861)**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
		£000	£000	£000
Cash flows from operating activities:				
Loss before tax		(8,890)	(12,166)	(730)
Amortisation of intangible assets	9	1,060	3,131	1,352
Depreciation of property, plant and equipment	11	82	78	75
Depreciation of right of use assets	12	354	373	135
Foreign exchange losses		—	(2)	3
Net finance costs	7	67	141	66
Fair value loss/(gain) on revaluation of liabilities held at FVTPL		9,178	11,472	(370)
Non-cash charge for modification of contingent consideration liability		—	—	435
Accreted interest on notes receivable		(15)	(13)	(4)
Share-based payment charge		327	386	316
		2,163	**3,400**	**1,278**
Working capital adjustments:				
(Increase)/Decrease in trade and other receivables		(419)	140	(403)
Increase/(Decrease) in trade and other payables		(199)	(569)	631
		(618)	**(429)**	**228**
Cash generated by operations		**1,545**	**2,971**	**1,506**
Income taxes paid		(5)	(5)	(7)
Net cash generated from operating activities		**1,540**	**2,966**	**1,499**
Cash flows from investing activities:				
Interest received	7	26	31	8
Repayments of secured loan notes		98	67	—
Additions to property, plant and equipment	11	(59)	(484)	(23)
Asset acquisition costs	21	—	(95)	—
Proceeds from sale of property, plant and equipment		2	—	—
Additions to intangible assets	9	(2,357)	(3,293)	(970)
Net cash used in investing activities		**(2,290)**	**(3,774)**	**(985)**
Cash flows from financing activities:				
Issue of ordinary share capital		54	9	6
Repayment of loans and borrowings	15	(743)	(1,337)	(6,078)
Proceeds of loans and borrowings	15	743	3,968	6,166
Contingent consideration payments	21	—	—	(515)
Payment of Acquisition Note Payable	21	0	(1,175)	(374)
Payment of lease liabilities	12	(439)	(429)	(175)
Interest paid	7	(8)	(23)	(1)
Net cash (used in)/generated from financing activities		**(393)**	**1,013**	**(971)**
Net (decrease)/increase in cash and cash equivalents	22	(1,143)	205	(457)
Cash and cash equivalents at beginning of the period	22	2,122	1,003	1,273
Effect of foreign exchange rate changes	22	24	65	(66)
Cash and cash equivalents at end of the period	**22**	**1,003**	**1,273**	**750**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Background and basis of preparation

Proxibid, Inc. together with its subsidiaries Auction Payment Network LLC and Proxibid UK, Ltd., ("Proxibid" or the "Company") provide a technology platform to bring buyers and sellers together in an online marketplace. Auction Payment Network, LLC is a provider of an online payment processing platform designed exclusively for Proxibid, Inc. and Proxibid UK, Ltd. customers.

On 31 December 2018, Proxibid, Inc. purchased certain assets of Wavebid LLC (Wavebid), which provides auction management solutions and provides integrations with various online marketplaces.

All voting shares in the Company were acquired by Auction Topco Limited (the "Group") on 13 February 2020. Following the acquisition, the Company forms part of the Group and its results, balance sheet and cash flows are included in the Group's consolidated financial information included in Note 4 of the historical financial information on the Group in Part B of Section One of Part VIII of this Registration Document. The financial information has been prepared as of and for the years ended 30 September 2019 and 2018 and for the period from 1 October 2019 to 12 February 2020 (together "the Pre-Acquisition Financial Information"). The statutory year-end date was 31 December; however, these financial statements have been presented on a 30 September fiscal period-end to align with the historical financial information of the Group included in Note 4 of the historical financial information on the Group in Part B of Section One of Part VIII of this Registration Document.

The functional currency of the Company is US Dollars. The financial information is presented in GB Pounds Sterling. The financial information is prepared using the historical cost basis, except for certain financial instruments which are measured at fair value.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the European Union ("IFRS-EU"). This is Proxibid's first set of consolidated financial information that comply with IFRS. The financial information of Proxibid has not previously been publicly available and therefore a reconciliation from US GAAP (the previous basis of accounting) to IFRS is not required.

Going concern

All voting shares in the Proxibid Group were acquired by Auction Topco Limited (together with its subsidiaries the "Group") on 13 February 2020 and all outstanding borrowings were settled as of this date. Following the acquisition, the Proxibid Group has generated and is forecasted to continue to generate positive cashflows, for at least twelve months from the date of issuance of the financial information. Furthermore, there is no intention to wind up the Company and therefore the Directors conclude that the Company is a going concern.

At the balance sheet date, the Group's net liability position is due to the funding structure of the business which comprises loan notes held by related parties which accrue interest and have no fixed payment date ahead of the redemption date.

On 16 October 2020, ATG Media US Inc. acquired 100% of the equity share capital of Auction Mobility LLC for a total maximum consideration of $43,000,000 (equivalent to £33,077,000). On 13 October 2020, a new secured borrowing facility was entered into with Macquarie and Sixth Street for $75,000,000, of which $33,500,000 (equivalent of £25,679,000) was drawn down in relation to the Auction Mobility Acquisition.

Sufficient funding is available to the Group through debt and equity. At the date of this report, the Group is funded by £102m long term external debt (repayment due in 2027), long term £10m mezzanine debt (repayment due in 2027) and £117m of preference shares.

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

The Group and the Proxibid Group have performed strongly throughout the COVID-19 pandemic. This is largely due to the acceleration in auction activity migrating from offline to online. The Group has also benefitted from being more geographically diverse, due to its recent US acquisition, and its portals which cater for insolvency auctioneers have benefitted from the current macroeconomic environment. Due to recent performance the directors believe that trading performance will remain

1. Background and basis of preparation (Continued)

robust and do not expect any adverse scenarios where the operations of the Group are adversely affected by COVID-19.

As outlined in this Prospectus, Auction Technology Group plc (which will become the holding company for the Group pursuant to the Reorganisation) has applied to (i) the FCA for the Shares to be admitted to the premium listing segment of the Official List of the FCA and (ii) the London Stock Exchange for all of the Shares to be admitted to the London Stock Exchange's Main Market for listed securities ("Admission"). It is expected that Admission will become effective on 26 February 2021. To the extent the Admission proceeds, the following changes will occur:

- primary proceeds will be used to, amongst other things, to repay all outstanding liabilities with financing parties with the exception of the below refinanced amount;
- the Amendment and Restatement Deed will become effective which will result in approximately £40m left outstanding under the Senior Facilities Agreement will be refinanced with consistent maturity and covenant terms; and
- a £20 million general purpose undrawn RCF will be in place and £40 million of cash retained in the Group.

Admission is contingent on, amongst other things, sufficient minimum proceeds being raised at a price agreeable to the existing Shareholders.

In assessing the appropriateness of the going concern assumption, the Directors have considered the ability of the Group to meet the debt covenants and maintain adequate liquidity through the forecast period under both an IPO and a non-IPO scenario. The Group has cash of £13.9 million as at 12 February 2021. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate comfortably within the level of its current facilities and meet its debt covenant obligations under both scenarios.

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

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

2. Accounting policies

The Company's significant accounting policies are set out below. The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Company decided to apply the requirements of IFRS 9, 15 and 16 from 1 October 2017, 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.

2.1 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 Company 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*

2. Accounting policies (Continued)

2.1 New standards, interpretations and amendments issued not yet effective (Continued)

- 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 financial statements of the Company.

2.2 Basis of consolidation

The Company financial statements consolidate the financial statements of the parent company and companies controlled by the parent company (its subsidiaries) made up to each reporting date.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity, has the rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of subsidiaries acquired or sold are included in the financial information from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of acquired subsidiaries to bring their accounting policies into line with those used by the Company.

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

2.3 Business combinations

The Company applies the acquisition method in accounting for business combinations.

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, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

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

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

If the accounting for business combinations involves provisional amounts which are finalised in a subsequent reporting period during the 12 month measurement period as permitted under IFRS 3, restatement of these provisional amounts may be required in the subsequent reporting period.

2.4 Foreign currency

Functional and presentational currency

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

2. Accounting policies (Continued)

2.4 Foreign currency (Continued)

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange at the reporting date. Exchange differences on monetary items are taken to the profit and loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Pounds Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the acquisition closing rate. This is then revalued at the year-end rate with any foreign exchange difference taken directly to the translation reserve.

2.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to the Consolidated Statement of Comprehensive Income over the estimated useful lives of each part of an item of property, plant and equipment. The Directors reassess the useful economic lives and estimated residual values on an annual basis.

The estimated useful lives are as follows:

Leasehold Improvements	33% straight line
Office Furniture and Equipment	20-33% straight line
Computer Software and Equipment	20-33% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

2.6 Intangible assets

Other intangible assets that are acquired by the Company 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 Company's existing software. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets. Refer to note 3—Significant judgements and sources of estimation uncertainty.

2. Accounting policies (Continued)

2.6 Intangible assets (Continued)

Development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Development expenditure is only amortised over the period the Company 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 Statement 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 costs is recognised through cost of sales whilst amortisation in respect of non-software intangibles is recognised through administration expenses.

The estimated useful lives are as follows:

Software	33% per annum straight line

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

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

2.7 Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company 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 and cash equivalents

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

2.9 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company 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.

2. Accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

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

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

The Company recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All income and expenses relating to financial assets that are recognised in the Consolidated Statement of Comprehensive Income are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administration expenses.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried at fair value with gains or losses recognised in the Consolidated Statement of Comprehensive Income.

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

Derivative financial liabilities

Derivatives embedded in financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss (FVTPL). The Company has elected to present the embedded as a single financial liability and has not separated the embedded derivative from its host contracts.

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the Consolidated Statement of Comprehensive Income immediately, unless the valuation movement relates to the company's own credit risk, in which case it is recognised through Other Comprehensive Income. A derivative is presented as a non-current asset or non-current liability if the Company has an

2. Accounting policies (Continued)

2.9 Financial instruments (Continued)

unconditional right to defer payment beyond 12 months. Otherwise derivatives are presented as current assets or liabilities.

2.10 Revenue

The Company 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 revenue arises through the provision of access to the Company's auction platform and includes commissions or "internet premiums" (based on a percentage of the price of items sold at auction), auction fees (on a pay as you go basis) and other fees, including "agent fees" for the provision of personnel to assist with the running of the auction and the use of the platform. The group recognises commission fees as an agent on the basis that there is no contractual relationship with the end-consumer of goods sold at auction and the group will receive its commission irrespective of whether the end-consumer makes its payment to the auction house.

Provision of access to the auction platform, along with the provision of personnel to assist with the auction (where specified in the contract), is deemed to represent a single performance obligation satisfied over the duration of the auction. As auctions typically complete within 1-3 days the company recognises auction revenue on completion of the auction.

The commission element of 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.

Contracts may also specify marketing services that will be provided to the customer. The provision of marketing services is deemed to represent a separate performance obligation satisfied by completion of the campaign objective(s). In practice, marketing is provided within a short time period prior to the auction event, and the Company recognises marketing income on completion of the associated auction.

Software as a service—Wavebid

Wavebid user agreements provide the customer with access to a variety of tools and services that collectively represent auction management software solutions, in exchange for a one-off fee for set-up and training and a fixed monthly fee thereafter. The pattern of transfer of these services to the customer is identical, and revenue is recorded in the month in which the services are provided, for the duration of the contract.

Website development and hosting

Website design and development contracts include both fees for the design and development of a prefabricated website for a customer, and fees for hosting of the website on an ongoing basis and related maintenance required to keep the website functional. These contracts are deemed to represent two separate performance obligations being (i) design and development of the website and (ii) ongoing hosting, on the basis that the customer could feasibly choose to have a website developed but not have it hosted by the Company, or could pay for hosting of a website designed by another party.

Revenue for the design and development of the website is recognised on delivery of the completed website to the customer due to the relatively short build time to completion.

Revenue for website hosting is recognised over the period during which the website is live.

2. Accounting policies (Continued)

2.11 Taxation

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

Tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amounts of deferred tax assets are reviewed at each balance sheet date.

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 Company 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 Statement of Comprehensive Income as incurred.

2.13 Share based payments

The Company measures the cost of services received in exchange for share options based on the grant-date fair value of the award and recognises the cost over the period of required service for the award. The Company accounts for awards of restricted shares of common stock to employees as stock-based compensation as they vest.

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

The fair value of options is calculated using 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.

2. Accounting policies (Continued)

2.13 Share based payments (Continued)

Upon the exercise of share options, proceeds received from stock option holders are recorded as an increase to share capital.

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 Company obtains substantially all the economic benefits from use of the asset; and
- The Company has the right to direct use of the asset.

The Company 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 Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset. In determining whether the Company has the right to direct use of the asset, the Company 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 Company applies other applicable IFRS rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company'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 Company 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 Company 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 Company has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Company 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 administration expenses in Note 5 as exceptional where, in the judgement of the Directors, they need

2. Accounting policies (Continued)

2.15 Exceptional Costs (Continued)

to be disclosed separately by virtue of their nature or size in order to obtain a clear and consistent presentation of the Company's underlying business performance. These items have been disclosed separately in note 5. These items include costs associated with significant restructuring, acquisition costs, and other items that in the opinion of the Directors do not relate to the Company's underlying trading and are adjusted from the Company's non-IFRS performance measure, Adjusted EBITDA (refer to note 5).

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

Asset Acquisition

In an asset acquisition, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the acquisition date and the costs allocated to assets are based on their relative fair values. Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgement. Whether an acquisition is classified as a business combination or an asset acquisition can have a significant impact on the entries made at and after acquisition. Contingent consideration associated with the acquisition is measured at its acquisition-date fair value and included as part of the consideration transferred.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation-uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Preference Shares and Warrants

The Preference Shares and warrants to acquire preference shares (note 15) are measured at fair value for financial reporting purposes. In estimating the fair value, Proxibid uses market-observable data to the extent it is available. Where Level 1 inputs are not available, Proxibid has engaged third-party qualified valuers to perform the valuation. The valuations of shareholder preference shares are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year, resulting in material valuation changes for the years ended September 2018 and September 2019. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in note 15 and we note that the Preference Shares were redeemed for £35,000,000 and warrants to acquire preference shares were redeemed for £434,000 on 13 February 2020.

4. Revenue

	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£000	£000	£000
Product types			
Arts & Antiques ("A&A")	1,858	2,126	766
Industrial & Commercial ("I&C")	12,953	15,293	6,222
	14,811	**17,419**	**6,988**
Primary geographical markets			
United Kingdom	206	68	12
USA	14,518	17,205	6,815
Germany	4	1	—
Canada	32	80	119
Other	51	65	42
	14,811	**17,419**	**6,988**
Timing of transfer of goods and services			
Point in time	14,643	16,376	6,422
Over time	168	1,043	566
	14,811	**17,419**	**6,988**

5. Operating profit, exceptional costs and Adjusted EBITDA

i) Operating profit

	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£000	£000	£000
Operating profit has been arrived at after charging/ (crediting):			
Net foreign exchange losses	4	—	2
Employment benefit expenses (note 6)	7,948	7,843	3,335
Amortisation of intangible assets (note 9)	1,060	3,131	1,353
Depreciation of property, plant and equipment (note 11)	82	78	76
Depreciation of right of use assets (note 12)	354	373	135
Share-based payments charge	56	21	3
Share-based compensation—Phantom Shares (note 14)	271	365	313

ii) Exceptional costs

The Board considers certain items to be exceptional, due to their nature or infrequency, such presentation is relevant to an understanding of the Company's performance. These items do not relate to the Company's underlying trading and are adjusted to arrive at the Company's non-IFRS performance measure, Adjusted EBITDA (refer to note 5iii below)

Exceptional items consist primarily of personnel costs associated with restructuring in November 2019, the charge related to the modification of the Wavebid deferred payment from equity to cash in anticipation of the Company's sale (see note 21), and legal costs related to post-acquisition closing matters.

	12 Months ended 30 September 2018	12 Months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£000	£000	£000
Restructuring Costs	—	—	477
Modification of Wavebid deferred payment (note 21)	—	—	435
	—	**—**	**912**

5. Operating profit, exceptional costs and Adjusted EBITDA (Continued)

iii) Adjusted EBITDA

The profit measure the Company uses to evaluate performance is Adjusted EBITDA. Adjusted EBITDA is defined as profit or loss before taxation, net 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 (5ii above) which do not reflect the underlying trading of the business.

The Company considers this non-GAAP measure to be an important supplemental measure of the Company's financial performance. Additionally, the Company believes this measure is frequently used by investors, securities analysts and other interested parties to evaluate the efficiency of a Company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements.

	12 Months ended 30 September 2018	12 Months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£'000	£'000	£'000
Adjusted EBITDA	**2,121**	**3,394**	**1,753**
Net finance costs (note 7)	(67)	(141)	(66)
Gain/(loss) on revaluation of derivative financial instruments (note 7)	(9,178)	(11,472)	370
Share-based compensation—Phantom Shares (note 14)	(270)	(365)	(313)
Depreciation of Property Plant and Equipment (note 11)	(82)	(78)	(75)
Amortisation of Intangible assets (note 9)	(1,060)	(3,131)	(1,352)
Depreciation of Right of Use assets (note 12)	(354)	(373)	(135)
Exceptional items	—	—	(912)
Loss before tax	**(8,890)**	**(12,166)**	**(730)**

6. Employee benefit expenses (including directors' remuneration)

	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£000	£000	£000
Wages and salaries	7,375	7,245	3,087
Social security costs	473	479	217
Pension costs	100	119	31
	7,948	**7,843**	**3,335**

On 12 February 2020 £nil of pension costs relating to a defined contribution scheme were accrued within trade and other payables (30 September 2019: £nil, 30 September 2018: £nil). In addition to the above and included in other long-term benefits below, there is £313,000 of fair value movement relating to Phantom Shares (see Note 14) for the period ended 12 February 2020 (30 September 2019: £365,000; 30 September 2018: £270,000). There were no amounts of such shares exercised over the reported periods.

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 Company. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Company.

6. Employee benefit expenses (including directors' remuneration) (Continued)

	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£000	£000	£000
Short-term employee benefits	1,546	1,164	624
Other long-term benefits	270	365	313
Share-based compensation	30	16	5
	1,846	1,545	942

7. Finance costs and Finance Income

	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£000	£000	£000
Finance costs			
Finance cost on secured loan, net of capitalised interest	8	23	11
Finance cost on Acquisition Notes Payable	—	34	22
Accreted interest on contingent consideration payable	—	43	18
Interest on lease liabilities (note 12)	100	84	26
Finance costs	**108**	**184**	**77**
Finance income			
Interest income on short-term deposits	(23)	(27)	(7)
Interest income on Employee Notes Receivable	(18)	(16)	(4)
Finance income	**(41)**	**(43)**	**(11)**
Loss/(gain) on revaluation of derivative financial instruments	**9,178**	**11,472**	**(370)**

The loss/(gain) on revaluation of derivatives relates to the fair value increase in the preference shares and warrants, please see notes 15 and 16 for further information on the derivative financial liabilities.

8. Taxation

1) Analysis of tax charge recognised in the period

	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£000	£000	£000
Current tax expense			
Current year	5	5	7
Total current tax	**5**	**5**	**7**
Deferred tax			
Origination and reversal of timing differences (note 21)	—	—	—
Total deferred tax	**—**	**—**	**—**
Total tax charge	**5**	**5**	**7**

The standard rate of corporation tax applied to the loss is 21 per cent. (2019: 21 per cent.; 2018: 21 per cent.). There has been no change after the reporting date to the standard rate of tax.

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

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

8. Taxation (Continued)

2) Reconciliation of effective tax rate

	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£000	£000	£000
Loss before tax	(8,890)	(12,166)	(730)
Loss before tax multiplied by the standard rate of corporation tax in the US of 21% (2019: 21%; 2018: 21%)	(1,867)	(2,555)	(153)
Tax effect of:			
Impact of state and local income taxes	5	5	7
Deferred tax adjustments in respect of prior years	92	38	50
Deferred tax assets not recognised (note 17)	1,775	2,517	103
Total tax charge	**5**	**5**	**7**

9. Intangible assets

	Internally-Developed Software	Purchased Software	Non-compete agreement	Total
	£000	£000	£000	£000
Cost				
At 1 October 2017	5,818	105	—	5,923
Additions	2,198	159	—	2,357
Foreign exchange movement	239	8	—	247
At 30 September 2018	8,255	272	—	8,527
At 1 October 2018	8,255	272	—	8,527
Acquired as part of an asset acquisition (note 21)	—	3,240	39	3,279
Additions	3,245	48	—	3,293
Foreign exchange movement	617	143	2	762
At 30 September 2019	12,117	3,703	41	15,861
At 1 October 2019	12,117	3,703	41	15,861
Additions	970	—	—	970
Foreign exchange movement	(634)	(193)	(2)	(829)
At 12 February 2020	12,453	3,510	39	16,002
Amortisation and impairment				
At 1 October 2017	3,041	77	—	3,118
Amortisation charge for the year	1,024	35	—	1,060
Foreign exchange movement	121	3	—	123
At 30 September 2018	4,186	115	—	4,301
At 1 October 2018	4,186	115	—	4,301
Amortisation charge for the year	2,209	912	10	3,131
Foreign exchange movement	334	42		376
At 30 September 2019	6,729	1,068	10	7,807
At 1 October 2019	6,729	1,068	10	7,807
Amortisation charge for the year	914	433	5	1,352
Foreign exchange movement	(353)	(55)	(1)	(409)
At 12 February 2020	7,290	1,446	14	8,750
Net book value				
At 30 September 2018	**4,069**	**157**	—	**4,226**
At 30 September 2019	**5,388**	**2,635**	**31**	**8,054**
At 12 February 2020	**5,163**	**2,064**	**25**	**7,252**

9. Intangible assets (Continued)

During the year ended 30 September 2019, the Company acquired £3,240,000 of software technology and £39,000 of non-compete agreement intangible assets as a result of the Wavebid acquisition (Note 21). The Company has assigned a finite life of three years to these intangible assets.

Impairment considerations for cash-generating units

As of 30 September 2018 and 30 September 2019, the Company performed an impairment indicator review for intangible assets. Based on a consideration of both forecast discounted cash flows of the business, valuations performed by external parties in the reported period and the proceeds received on the subsequent sale of Proxibid on 13 February 2020 no indicators of impairment were identified.

10. Subsidiaries

A list of significant investment in subsidiaries, all of which have been included in these consolidated financial statements, are as follows:

Company	Country of incorporation	Ownership 2018	Ownership 2019	Ownership 2020
		%	%	%
Proxibid Inc	USA	100	100	100
Proxibid UK Limited**	United Kingdom	100	100	100
Auction Payment Network, LLC**	USA	100	100	100

** Directly held

The registered office address of all undertakings incorporated in the USA is 4411 S. 96th St., Omaha, NE 68127.

11. Property, plant and equipment

	Leasehold improvements	Computer equipment	Furniture and equipment	Total
	£000	£000	£000	£000
Cost:				
At 1 October 2017	575	538	400	1,513
Additions	1	33	25	59
Disposals	—	—	(3)	(3)
Foreign exchange movement	17	17	18	52
At 30 September 2018	593	588	440	1,621
At 1 October 2018	593	588	440	1,621
Acquired as part of an asset acquisition (note 21)	—	8	—	8
Additions	290	163	31	484
Foreign exchange movement	52	44	28	124
At 30 September 2019	935	803	499	2,237
At 1 October 2019	935	803	499	2,237
Additions	3	8	12	23
Transfers	(13)	—	13	—
Disposals	—	(142)	—	(142)
Foreign exchange movement	(49)	(42)	(26)	(117)
At 12 February 2020	876	627	498	2,001
Depreciation and impairment:				
At 1 October 2017	568	460	391	1,419
Depreciation charge for the year	5	71	6	82
Foreign exchange movement	16	16	11	43
At 30 September 2018	589	547	408	1,544
At 1 October 2018	589	547	408	1,544
Depreciation charge for the year	16	52	10	78
Foreign exchange movement	36	35	25	96
At 30 September 2019	641	634	443	1,718
At 1 October 2019	641	634	443	1,718
Depreciation charge for the year	44	25	6	75
Disposals	—	(142)	—	(142)
Foreign exchange movement	(35)	(33)	(22)	(90)
At 12 February 2020	650	484	427	1,561
Net book value				
At 30 September 2018	**4**	**41**	**32**	**77**
At 30 September 2019	**294**	**169**	**56**	**519**
At 12 February 2020	**226**	**143**	**71**	**440**

Details of security over assets are provided in Note 15.

12. Leases

Nature of leasing activities (in the capacity as lessee)

The Company leases one office building and two items of office equipment as part of its normal course of business.

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

Other ancillary office space is leased under month-to-month arrangements, and due to their short-term nature, are excluded from the measurement of right of use assets and lease liabilities.

12. Leases (Continued)

The Company has one lease agreement for office copier equipment with a term of 6 years from 25 August 2017 having fixed declining payments over the term.

The Company has one lease for computer server equipment embedded within its internet hosting services contract having a term of 5.5 years from 1 January 2017 and fixed declining payments over the term.

Right of Use Assets	Land and buildings leasehold	Equipment	Total
	£000	£000	£000
At 1 October 2017	791	1,028	1,819
Additions	—	—	
Depreciation charge for the year	(139)	(215)	(354)
Foreign exchange movement	18	22	40
At 30 September 2018	**670**	**835**	**1,505**
At 1 October 2018	670	835	1,505
Depreciation charge for the year	(146)	(227)	(373)
Foreign exchange movement	34	42	76
At 30 September 2019	**558**	**650**	**1,208**
At 1 October 2019	558	650	1,208
Depreciation charge for the year	(54)	(81)	(135)
Foreign Exchange Movement	(29)	(34)	(63)
At 12 February 2020	**475**	**535**	**1,010**

Lease liabilities	Land and buildings leasehold	Equipment	Total
	£000	£000	£000
At 1 October 2017	796	1,036	1,832
Interest charge for the year (note 7)	44	56	100
Lease payments	(169)	(270)	(439)
Foreign exchange movement	19	23	42
At 30 September 2018	**690**	**845**	**1,535**
At 1 October 2018	690	845	1,535
Interest charge for the year (note 7)	38	46	84
Lease payments	(167)	(262)	(429)
Foreign exchange movement	37	41	78
At 30 September 2019	**598**	**670**	**1,268**
At 1 October 2019	598	670	1,268
Interest charge for the year (note 7)	13	13	26
Lease payments	(62)	(113)	(175)
Foreign exchange movement	(31)	(34)	(65)
At 12 February 2020	**518**	**536**	**1,054**

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 October 2017 which was 6.00%. In the initial application of the standard, Proxibid 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;

12. Leases (Continued)

- 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:

	£'000
Due within one year	347
Due from one to five years	705
Total	1,052

During the period ended 12 February 2020, the Company recognised an expense of £13,000 in relation to short-term or low value leased assets for which the IFRS 16 recognition and measurement exemption has been applied (2019: £35,000; 2018: £22,000).

There were no non-cancellable commitments relating to short term leases at 12 February 2020 (2019: £nil; 2018: £nil). There were no low value operating lease commitments at 12 February 2020 (2019: £nil; 2018: £nil).

13. Trade and other receivables

	30 September 2018	30 September 2019	12 February 2020
	£000	£000	£000
Current			
Trade receivables	1,477	1,901	2,010
Less: Loss provision	(40)	(89)	(98)
	1,437	1,812	1,912
Trade and other receivables	932	566	723
	2,369	2,378	2,635
Non-current			
Other receivables	108	81	98
	108	81	98

The Company 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 aging.

The expected loss rates are based on the Company's historical credit losses experienced over the prior three years, which averaged 4.9% of gross receivables. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers.

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

	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£000	£000	£000
Opening provision for impairment of trade receivables and contract assets	88	40	89
Increase during the year	39	86	70
Receivables written off during the year as uncollectable	(88)	(43)	(56)
Foreign exchange variance	1	6	(5)
Closing provision	**40**	**89**	**98**

The carrying amount of trade and other receivables approximates their fair value.

13. Trade and other receivables (Continued)

Aging of trade receivables was as follows:

	30 September 2018	30 September 2019	12 February 2020
	£000	£000	£000
Current	719	847	760
1–30 days	440	592	385
31–60 days	158	143	401
61–90 days	45	78	223
Over 90 days	115	241	241
Total	**1,477**	**1,901**	**2,010**

14. Trade and other payables

	30 September 2018	30 September 2019	12 February 2020
	£000	£000	£000
Current			
Trade payables	355	659	865
Acquisition note payable (note 21)	—	377	354
Wavebid consideration payable (note 21)	—	—	514
Other taxes and social security	86	30	48
Deferred compensation	540	954	1,249
Accruals and contract liabilities	1,394	658	963
	2,375	**2,678**	**3,993**
Non-Current			
Acquisition note payable (note 21)	—	710	335
Wavebid consideration payable (note 21)	—	—	488
	—	**710**	**823**

The carrying amount of trade and other payables approximates their fair value.

Accruals and contract liabilities

Accruals for the year ended 30 September 2018 included accrued payables for payroll, commissions, and paid-time-off. Accruals for the year ended 30 September 2019 and the period ended 12 February 2020 included accrued payables, payroll, commissions, paid-time-off, and deferred revenue related to Wavebid software and website development contracts.

Deferred compensation—Phantom Stock

On 16 August 2010, the Company entered a phantom stock agreement with a certain key employee. A total of 750,000 phantom shares of common stock ("**Phantom Shares**") were granted to the employee. On the date of the employee's separation from service with the Company by death, retirement, discharge, or other separation from service, the employee will receive the vested redemption benefit of the fair market value of the Company multiplied by the phantom equity interest as defined in the agreement. Vesting of the Phantom Shares granted is based upon the employee's completed months of service over 30 months from the date of grant. After 18 months of service, 20% of the shares are vested, after 24 months of service, 60% of the shares are vested, and after 30 months of service, 100% are vested. The Phantom Share awards carry no ownership or voting power in the Company. At 30 September 2018 and subsequent periods, all 750,000 shares had vested. The valuation method used to value the phantom stock was the same as used to value preference shares. It was a hybrid method (the "Hybrid Method"), a blend of the Probability-Weighted Expected Return Method ("PWERM") and an option prices model ("OPM"). The valuation method used to value the shares as of 2018 was the OPM. The most significant assumption used in the valuation was the probability of a change of control event and the underlying value of the Company. The fair value of future benefits on phantom awards outstanding at 30 September 2018, 30 September 2019 and 12 February 2020 is £540,000, £954,000 and £1,249,000, respectively, which has been reflected as deferred compensation in current liabilities on the accompanying Consolidated Statements of Financial Position. Given the Company had the option to settle the liability with the issue of common

14. Trade and other payables (Continued)

stock or cash, the optionality of settlement requires the arrangement to be treated as a cash settled share based payment in accordance with IFRS 2. The phantom shares were ultimately settled in cash.

During the years ended 30 September 2018, 30 September 2019 and the period 1 October 2019 to 12 February 2020, fair value adjustments to the phantom stock compensation liability of £256,000, £357,000 and £313,000 respectively, were recorded in the accompanying Consolidated Statements of Comprehensive Income related to the value of this phantom stock liability.

In connection with the sale of the Company, on 13 February 2020 (immediately post balance sheet), the Phantom Shares were liquidated for cash proceeds of £1,249,000.

Acquisition Note Payable

As discussed in Note 21, on 31 December 2018 the Company acquired certain assets of Wavebid. Consideration paid for Wavebid included Notes Payable including interest at 3% requiring one payment of £1,220,000 (USD1,500,000) due in January 2019, one payment of £394,000 (USD484,000) due in December 2019, and two payments of £393,000 (USD483,000) in each of December 2020 and 2021. The Acquisition Note Payable was recorded at its net present value using a market interest rate of 6%, of £2,187,000.

The terms of the Acquisition Note Payable were not modified in connection with the acquisition of the Company on 12 February 2020.

15. Loans, borrowings and preference shares

	30 September 2018	30 September 2019	12 February 2020
	£000	£000	£000
Current			
Secured bank loan	—	2,732	2,678
Preference shares	—	37,330	35,035
Warrants on preference shares	—	513	463
		40,575	**38,176**
Non-current			
Preference shares	**—**	—	—
Preference shares and warrants on preference shares	24,213	—	—
Warrants on preference shares	256	—	—
	24,469	—	—
	24,469	**40,575**	**38,176**

The movements in loans, borrowings and preference shares during the periods were as follows:

	30 September 2018	30 September 2019	12 February 2020
	£000	£000	£000
Opening balance	14,572	24,469	40,575
Proceeds from loans	743	3,968	6,166
Repayment of loans	(743)	(1,337)	(6,078)
Fair value adjustments	9,178	11,472	(370)
Foreign exchange movements	719	2,003	(2,117)
Closing balance	**24,469**	**40,575**	**38,176**

All the Company's loans and borrowings are denominated in US Dollars.

Below is the weighted average interest charge per year.

	2018	2019	2020
Secured bank loans	6%	6%	6%

15. Loans, borrowings and preference shares (Continued)

Secured Bank Loan

The Company's financing arrangement consists of a $4,000,000 revolving bank line of credit agreement, with interest at 0.75% to 1.75% over the Prime Rate as published in The Wall Street Journal, (the Prime Rate was 5.50% at 30 September 2019 and 2018, respectively), secured against substantially all assets of the Company. A commitment fee of 0.20% per annum is payable monthly on the unused portion of the line of credit. This line of credit also contains various restrictive covenants.

At 12 February 2020, the amount outstanding was £2,678,000 (30 September 2019: £2,732,000; 30 September 2018: £nil).

Following the completion of the acquisition of the Company, on 13 February 2020, the balance of the secured bank loan was repaid for £2,714,000 inclusive of principal, interest and fees.

Preference Shares

On 7 August 2015, the Company issued 7,285,580 shares of Series A Convertible Cumulative Preference shares (Preference Shares) for gross proceeds of £12,908,000 (USD20,000,000) and net proceeds, less issuance costs, were approximately £11,682,000 (USD18,100,000). The Preference shares accrue cumulative and compounding dividends at 8% per year. At 12 February 2020, the cumulative undeclared dividends were £6,444,000 (2019: £6,152,000; 2018: £4,238,000. The cumulative undeclared dividend balances are considered in the estimated fair value of the preference shares as of each reporting date.

The Preferred Shares are redeemable following receipt of notice from the preferred shareholders requesting redemption upon an event of default, or mandatorily on the date which is two hundred seventy (270) days prior to the fifth anniversary of the Series Original Issue Date (Time Based Redemption Event—8 November 2019 notice date for a 7 August 2020 redemption date). The redemption price per share is equal to the greater of the Series Original Issue Price plus all Accrued Dividends thereon or the fair market value per share of Series Preference share, to be determined as specified in the agreement.

The Preference shares are convertible at any time to common stock of the Company on a share-for-share basis subject to customary adjustments for common stock dividends, splits, or similar events as defined in the articles of incorporation. Upon a liquidation or a deemed liquidation event, as defined, the preferred shareholders are entitled to the greater of 2.5 times the initial preferred share issuance price plus accrued dividends or such amount that would have been payable had the shares been converted to common stock immediately prior to such liquidation event.

Since the preferred shares are mandatorily redeemable, they are classified as liabilities. Since the conversion feature may not necessarily result in a fixed-for-fixed number of shares upon conversion to common stock based on the terms of the agreement, this feature represents a derivative instrument. The Company has elected the fair value option to recognise both the preferred shares and the derivative liability at its estimated fair value for all periods presented.

At 12 February 2020, the fair value of the preference shares and derivative liability for the conversion feature was £35,035,000 (USD45,437,000), which also equated to the ultimate redemption amount received by the preferred shareholders in connection with the sale of the Company on 13 February 2020.

At 30 September 2019 and 2018, the Company estimated the fair value of the preference shares and the derivative liability to be £37,330,000 and £24,213,000, respectively. The valuation method used to value the shares as of 2019 was a hybrid method (the "Hybrid Method"), a blend of the Probability-Weighted Expected Return Method ("PWERM") and an option pricing model ("OPM"). The valuation method used to value the shares as of 2018 was the OPM. The following were the key assumptions:

i. computed the probability-weighted Preferred Share value across four sale transaction scenarios yielding a weighted average range of implied exit prices for the Preference Share of £5.33 (USD 6.56) to £5.85 (USD 7.19) per share across the scenarios as of 30 September 2019.

ii. computed the estimated fair value of total equity on stand-alone basis using a discounted cash flow (DCF) and guideline multiple analyses using management's projections as of 30 September 2019 and 2018, and constructed OPM analysis to estimate the value for the shares. This analysis

15. Loans, borrowings and preference shares (Continued)

yielded estimate values for the Preference Shares of £5.12 (USD 6.30) as of 30 September 2019 and £3.32 (USD 4.33) as of 30 September 2018.

iii. weighted the concluded stock values under each method based on management's best estimates of the probability of a sale event at 50%/50% sale/non-sale as of 30 September 2019. The OPM was given 100% weighting as of 30 September 2018.

As part of such fair valuation, the Company evaluated the change in value of the Preferred Stock attributable to changes in the Company's credit risk. The analysis included a review of the actual capital structure of Company. Based on such analyses, the Company determined that there were no changes to the Preferred Stock attributable to credit risk change.

Preferred and Common Stock Warrants

The Company, in conjunction with the Preference share issuance described above, issued warrants to a non-stockholder third party to purchase 218,130 shares of Series A Convertible Cumulative Preference share at a price of USD 2.745 per share. These warrants are fully vested upon issuance and all un-exercised warrants expire in August 2020. There were no warrants exercised at 12 February 2020, 30 September 2018 and 2019. All un-exercised warrants are terminated upon a deemed liquidation event as defined by the articles of incorporation. Consistent with the treatment of the underlying preferred shares, the preferred stock warrants are also classified as liabilities and measured at their estimated fair values each reporting period.

At 12 February 2020, the fair value of the preferred stock warrants was £463,000 (USD600,000), which also equated to the cash redemption amount received by the preferred warrant holders in connection with the sale of the Company on that date. At 30 September 2019 and 2018, the Company estimated the fair value of the preferred warrants to approximate £513,000 (USD630,000) and £256,000 (USD333,000), respectively, using the same methodology described above for the valuation of the preference shares. The preferred stock warrants are reflected as part of financial liabilities on the Statement of Financial Position.

On 27 July 2017, the Company issued Common Stock Warrants to its main investor and Board Member to purchase 5,000 common shares at a price of $.160 per share. These warrants vest monthly at a rate of 1/12th per month for a period of 12 months commencing 1 May 2017. On 26 July 2018, the Company issued Common Stock Warrants to its main investor and Board Member to purchase 5,000 common shares at a price of $.20 per share. These warrants vest monthly at a rate of 1/12th per month for a period of 12 months commencing 1 May 2018. At 12 February 2020, the fair value of the common stock warrants was £2,000 (USD3,000), representing the cash redemption amount received by the common warrant holders in connection with the sale of the Company on 13 February 2020. At 30 September 2019 and 2018, the Company estimated the fair value of the common stock warrants to approximate £3,000 (USD4,000) and £2,000 (USD3,000), respectively, using the same methodology described above for the valuation of the preference shares.

16. Financial instruments

In common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company'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 Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings
- Contingent consideration payable

16. Financial instruments (Continued)

- Warrants
- Preference shares recognised at fair value through profit and loss

Financial instruments by category

	30 September 2018	30 September 2019	12 February 2020
	£000	£000	£000
Assets as per balance sheet—at amortised cost			
Trade and other receivables, excluding prepayments and non-financial assets	1,942	2,227	2,416
Cash and cash equivalents	1,003	1,273	750
	2,945	**3,500**	**3,166**
Liabilities as per balance sheet—other financial liabilities measured at amortised cost			
Trade and other payables, excluding non-financial liabilities	1,827	1,671	2,691
Loans and borrowings	—	2,732	2,678
	1,827	**2,732**	**6,246**
Liabilities as per balance sheet—financial liabilities at fair value through profit or loss			
Preference shares	24,213	37,330	35,035
Warrants on preference shares (note 15)	256	513	463
Deferred compensation liability (note 14)	549	954	1,249
Contingent consideration payable (note 21)	—	1,039	—
	25,018	**39,836**	**36,747**

The carrying values of financial liabilities measured at amortised cost approximate their estimated fair values due to the short-term nature of trade payables and the market interest rate on loans and borrowings.

Financial risk management

The Company's activities and the existence of the above financial instruments expose it to a variety of financial risks.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company is exposed to the following financial risks:

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

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables (note 13).

The Company'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 Company provides credit to customers in the normal course of business. The amounts presented in the Statement of Financial position in relation to the Company's trade receivables are presented net of loss allowances. The Company 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 Company's historical experience and forward-looking information. During the period, there was

16. Financial instruments (Continued)

a charge to the Consolidated Statement of Comprehensive Income of £70,000 (year ended 30 September 2019: £86,000; year ended 30 September 2018: £39,000).

At the balance sheet date, there were no concentrations of credit risk of more than 10% of the receivables balance. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Company considers that the carrying value of trade receivables approximates its fair value.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the amount of funding required for growth. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company 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 Company has sufficient liquid resources to meet the operating needs of the Company. Borrowing facilities are arranged as necessary to finance requirements. The Company 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:

	12 February 2020				
	Carrying amount	**Contractual cash flows**	**<1 year**	**1–5 years**	**5 years and over**
	£000	**£000**	**£000**	**£000**	**£000**
Trade and other payables and contingent consideration, excluding non-financial liabilities	3,693	3,693	2,382	1,311	—
Loans and borrowings	2,678	2,678	2,678	—	—
Preference shares	35,035	21,865	21,865	—	—
Warrants on preference shares	463	463	463	—	—
Deferred compensation liability	1,249	1,249	1,249	—	—
Total	**43,118**	**29,948**	**28,637**	**1,311**	**—**

	30 September 2019				
	Carrying amount	**Contractual cash flows**	**<1 year**	**1–5 years**	**5 years and over**
	£000	**£000**	**£000**	**£000**	**£000**
Trade and other payables and contingent consideration, excluding non-financial liabilities	2,710	2,710	961	1,795	—
Loans and borrowings	2,732	2,732	2,732	—	—
Preference shares	37,330	22,422	22,422	—	—
Warrants on preference shares	513	513	513	—	—
Deferred compensation liability	954	954	954	—	—
Total	**44,239**	**29,377**	**27,582**	**1,795**	—

	30 September 2018				
	Carrying amount	**Contractual cash flows**	**<1 year**	**1–5 years**	**5 years and over**
	£000	**£000**	**£000**	**£000**	**£000**
Trade and other payables, excluding non-financial liabilities	1,827	1,827	1,827	—	—
Loans and borrowings	—	—	—	—	—
Preference shares	24,213	19,593	—	19,593	—
Warrants on preference shares	256	256	—	256	—
Deferred compensation liability	549	549	549	—	—
Contingent consideration payable	—	—	—	—	—
Total	**26,845**	**22,225**	**2,376**	**19,849**	**—**

16. Financial instruments (Continued)

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business.

The Company's policy is, where possible, to allow Company entities to settle liabilities denominated in their local functional currency (primarily Pound Sterling or US Dollars) with the cash generated from their own operations in that currency. Where Company entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Company.

The Company earns revenue and incurs costs in local currencies and is able to manage foreign exchange risk by matching the currency in which revenue is generated and expenses are incurred.

The substantial majority of the Company's financial assets are held in US Dollars and movements in the exchange rate of the US Dollar against Sterling do have a material impact on the result for the year or equity.

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

	30 September 2018	30 September 2019	12 February 2020
	000	000	000
Net foreign currency financial assets/(liabilities)			
Pounds Sterling	1,367	1,521	1,933
US Dollars	(25,873)	(41,751)	(20,086)

Interest rate risk

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

The sensitivity analyses below have been determined based on the exposure to interest rates. For floating rate liabilities, the analysis is prepared based on the period for which the financing had been drawn over the 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.

At 13 February 2020 all loans and borrowings were repaid in connection with the acquisition transaction.

If interest rates had been 100bps higher and all other variables were held constant, the Company's loss for the period ended 12 February 2020 would have increased £nil (30 September 2019—£1,000, 30 September 2018—£nil).

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure which provides an adequate return to shareholders.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. As a result of the current redemption terms of the preference shares, the shareholders effectuated a sale of the Company on 13 February 2020.

Fair value hierarchy

The fair value hierarchy of financial instruments measured at fair value is provided below.

16. Financial instruments (Continued)

	Level 1			Level 2			Level 3		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Financial liabilities									
Contingent consideration payable	—	—	—	—	1,039	—	—	—	—
Preference shares	—	—	—	—	—	—	24,213	37,330	35,035
Warrants on preference shares	—	—	—	—	—	—	256	513	463
Deferred compensation liability	—	—	—	—	—	—	549	954	1,249
Total	—	—	—	—	1,039	—	25,018	38,797	36,747

The Company's management determines valuations of financial items for financial reporting, including Level 3 fair values, in consultation with third-party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial Instrument	Valuation techniques used	Significant unobservable inputs (Level 3 only)	Inter-relationship between key unobservable inputs and fair value (Level 3 only)
Preference shares, including conversion feature	The valuation method used to value the shares post 2018 was a hybrid method (the "Hybrid Method"), a blend of the Probability-Weighted Expected Return Method ("PWERM") and an option pricing model ("OPM"). The valuation method used to value the shares as of 2018 was the OPM. The key assumptions are described above.	The most significant assumptions used in the valuation of the preference shares and conversion feature was the probability of a change of control event and the underlying enterprise value of the Company based on management's forecasts of profitability and market factors.	The timing and magnitude of a sale event impacts the expected proceeds to be allocated to preference shareholders. The longer the time to exit, the higher the discounting for equity risk and the lower the fair value. This impact is offset by the expected increase in revenue and in the projected sale price. As the timing and probability of the sale event were not determinable as of 2019, the sale event and the remaining private scenario were each assigned 50% weight. The time to exit was set at 6 months and 12 months and each of these time estimates were assigned 70% and 30% probability within the sale scenario. For the 2018 value, the time to exit was assigned at 3 years in the OPM analysis.
Warrants on preference shares and phantom stock awards	The Series A Preferred Warrants and Phantom Share awards at each period were valued using the same method used to value the preference shares.	The most significant assumptions used in the valuation was the probability of a change of control event and the underlying enterprise value of the Company based on management's forecasts of profitability and market factors.	The value was driven by the expected time of liquidity event and probability assigned to the liquidity event scenario and the remaining private scenario for 2 more years. Each of these scenarios were assigned 50% probability.

16. Financial instruments (Continued)

The reconciliation of the opening and closing fair value balance of level 3 financial instruments is provided below:

	Year ended 30 September 2018	Year ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£'000	£'000	£'000
Opening balance	14,881	25,018	38,797
Movement in fair value	9,443	11,819	(56)
Foreign currency conversion	694	1,960	(1,994)
Closing balance	**25,018**	**38,797**	**36,747**

17. Deferred taxation

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 Company intends to settle its current tax assets and liabilities on a net basis.

The Company has net deferred tax assets that are not recognised in any of the periods presented because it is not reasonably probable that the Company will generate future taxable income to realise the deductible temporary differences and tax loss carry-forwards. This is due to the Company's history of tax losses as well as statutory limitations on its ability to utilise historical operating loss carryforwards to offset future taxable income. The utilisation of US net operating loss carryforwards may be subject to limitations in the event of a change in ownership as defined under U.S. IRC §382 and similar state provisions. An "ownership change" is generally defined as a cumulative change in the ownership interest of significant stockholders over a three-year period of more than 50 percentage points. A formal §382 study has been prepared which concluded a change in ownership, as defined by U.S. IRC §382, has occurred as of 13 February 2020 which limits the Company's ability to reduce future income by net operating loss carryforwards.

Deferred tax assets have not been recognised in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can use the benefits:

	30 September 2018	30 September 2019	12 February 2020
	£000	£000	£000
Deductible/(taxable) temporary differences	245	(142)	(296)
Unused tax losses	3,067	3,414	3,385
Net deferred tax assets	3,312	3,272	3,089

18. Share capital and share premium

	30 September 2018	30 September 2019	12 February 2020
	£000	£000	£000
Issued, authorised and fully paid			
Common stock of $0.001 each (2019: 19,785,180; 2018: 19,771,710)	8,117	8,207	8,133
	8,117	**8,207**	**8,133**

All shares issued in 2018 and 2019 were as a result of exercises of stock options as disclosed in note 20.

Stock Restriction and Buy Sell Agreement

The Company and its stockholders have entered into stock agreements effective July 27, 2015. The agreement requires each stockholder to give advance written notice before selling, assigning, transferring, pledging, encumbering, creating a security interest in, or otherwise disposing of any Company common stock. The Company has the first option to purchase all or any portion of the shares at the offered price within 15 business days after notice is received. If the Company does not

18. Share capital and share premium (Continued)

elect to purchase all of the shares, the stockholder is then to provide an additional notice to the Preference shareholders and any common stockholder owning 3% or more; and, within 15 business days following such notice, the Preference shareholder has the right to purchase any or all of the remaining shares; and, if neither the Company nor the Preference shareholder purchases all of the shares, the 3% or more common stockholders have the option to purchase any remaining shares. If neither elect to purchase all of the shares, any remaining shares may be sold during a period of 45 days to the remaining stockholders within the provisions of the stock agreement.

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.

Foreign exchange reserve

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

Share-based payments reserve

The share-based payments reserve represents the cumulative share-based payment expense.

Accumulated losses

The accumulated losses reserve represents cumulative net gains and losses not recognised elsewhere.

20. Share based payments

The Company has issued stock options and restricted shares of common stock to employees and directors.

Stock Options

The Company grants options to purchase shares of common stock. Stock options may be granted to participants at any time as determined by the Board of Directors. The Board of Directors also determines whether an option is to be classified as an incentive stock option or a non-qualified stock option as well as the exercise price for each option. The exercise price for the stock options may not be less than fair market value of the Company's common stock at the date of grant. The maximum term of the options is not to exceed ten years from the date of grant, and vesting typically occurs 25% annually from the one-year anniversary of the date of grant.

The Company issued 0, 101,100 and 213,050 stock options to Board members and employees during the period ended 12 February 2020 and the years ended 30 September 2019, and 30 September 2018, respectively.

The above issuances are included in the tables and disclosures below to illustrate the Company's overall stock option position.

20. Share based payments (Continued)

A summary of the Company's outstanding stock options at 12 February 2020, 30 September 2019, and 30 September 2018 and changes for the years then ended is presented below:

	Options Outstanding					
	12 February 2020		30 September 2019		30 September 2018	
	Shares	Weighted Average Exercise Price USD	Shares	Weighted Average Exercise Price USD	Shares	Weighted Average Exercise Price USD
Beginning	2,653,699	$0.62	2,834,699	$0.59	2,892,311	$0.58
Granted	—	$0.00	101,100	$0.20	213,050	$0.19
Exercised	(13,535)	$0.17	(8,924)	$0.16	(13,643)	$0.16
Forfeited	56,918	$0.18	(273,176)	$0.16	(257,019)	$0.17
Ending	2,697,082	$0.63	2,653,699	$0.62	2,834,699	$0.59
Exercisable	2,267,617	$0.77	2,250,927	$0.77	1,720,744	$0.87

The weighted average remaining contractual term of outstanding options at 12 February 2020, 30 September 2019, and 30 September 2018, was 6.4, 7.8, and 6.8 years, respectively. The weighted average remaining contractual term of exercisable options at 13 February 2020, 30 September 2019, and 30 September 2018, was 6.2, 7.3, and 6.6 years, respectively. The aggregate intrinsic value of outstanding and exercisable options at 13 February 2020, 30 September 2019, and 30 September 2018 was USDnil.

A summary of the Company's outstanding non-vested stock options at 12 February 2020, 30 September 2019, and 30 September 2018 and changes for the years then ended is presented below:

	Non-Vested Options Outstanding					
	12 February 2020		30 September 2019		30 September 2018	
	Shares	Weighted Average Exercise Date Fair Value USD	Shares	Weighted Average Exercise Date Price USD	Shares	Weighted Average Exercise Date Fair Value USD
Beginning	603,571	$0.08	1,098,831	$0.07	1,625,599	$0.07
Granted	—	$0.00	57,550	$0.09	213,050	$0.09
Vested	(14,840)	$0.08	(270,897)	$0.08	(476,532)	$0.07
Exercised	(13,535)	$0.07	(8,924)	$0.07	(13,269)	$0.07
Forfeited	(56,918)	$0.08	(272,989)	$0.07	(250,017)	$0.08
Ending	518,278	$0.07	603,571	$0.08	1,098,831	$0.07

The Company estimates the fair value of stock options at the grant date using the Black-Scholes option- pricing model with the following weighted average assumptions used for grants in 2020, 2019, and 2018: risk free interest rates ranging from 2.10% to 3.07%, dividend yield of 0%, expected volatility of 40% and expected terms ranging from 5 to 7 years.

The non-cash, stock-based compensation cost that has been charged against operations for the stock-based compensation option arrangements described above was £3,000, £11,000, and £103,000 for the period ended 12 February 2020 and the years ended 30 September 2019 and 30 September 2018, respectively.

Disclosure regarding the Phantom stock instruments issued has been included in note 14.

21. Acquisition of Wavebid

On 31 December 2018, Proxibid, Inc. purchased certain assets of Wavebid, which provides auction management solutions and provides integrations with various online marketplaces. The acquisition was deemed to be an asset acquisition, not a business combination.

Consideration paid for Wavebid included Notes Payable requiring one payment of £1,220,000 (USD1,500,000) and interest at 3% due in January 2019, one non-interest-bearing payment of £394,000 (USD484,000) due in December 2019, and two non-interest-bearing payments of £393,000 (USD483,000) in each of December 2020 and 2021. The Acquisition Note Payable was recorded at its net present value using a discount rate of 6%, of £2,187,000.

21. Acquisition of Wavebid (Continued)

Consideration paid for Wavebid also included contingent payments to be made in December 2019, 2020 and 2021. The 2019 and 2020 contingent payments were required to be made in cash for an amount which is the greater of the then fair market value of 240,000 shares of the Company's common stock, or a minimum cash payment of £542,000 (USD667,000). The contingent payable liability may be adjusted annually to reflect changes in estimated future payments. The fair value reflected in the financial statements assumes 100% probability of payment, which aligned with ultimate settlement and was adjusted for present value using interest at 6%.

The 2021 payment was required to be paid by an issuance of 240,000 shares of common stock of the Company and has been recorded at fair value of £81,000 (USD103,000) at the date of purchase and was classified as an equity instrument. No revaluation of this instrument was required.

A summary of the final accounting for the Wavebid acquisition is as follows:

	£000
Fair value of consideration paid:	
Acquisition Note Payable (note 15)	2,187
Contingent consideration liability	957
Contingent consideration equity	81
Acquisition-related costs	95
Total consideration	3,320
Fair value of assets acquired:	
Computer equipment (note 11)	8
Non-compete agreements (note 9)	39
Trade receivables	33
Purchased software—Wavebid technology (note 9)	3,240
Total assets acquired	3,320

In January 2020, as a result of the negotiation of the sale of Proxibid to the Group, Proxibid amended the contingent consideration agreement to require each of the three payments to be made for a fixed amount in cash of £542,000 (USD667,000). As a result of this amendment the equity-classified third payment was reclassified from shareholders equity to financial liabilities and remeasured as a financial liability resulting in a fair value increase of £478,000.

22. Notes supporting statement of cash flows

2020	At 1 October 2019	Change in Fair Values	Non-cash movements	Cash flow	Exchange movements	At 12 February 2020
	000	000	000	000	000	000
Cash at Bank	1,273	—	—	(457)	(66)	750
	1,273	—	—	(457)	(66)	750
Secured Bank loan	(2,732)	—	—	(88)	142	(2,678)
Acquisition note payable	(1,087)	—	(32)	374	56	(689)
Preference shares	(37,330)	346	—	—	1,949	(35,035)
Warrants on preference shares	(513)	23	—	—	27	(463)
Lease Liabilities	(1,268)	—	(26)	175	65	(1,054)
	(42,930)	**369**	**(58)**	**461**	**2,239**	**(39,919)**

22. Notes supporting statement of cash flows (Continued)

2019	At 1 October 2018	Change in Fair Values	Non-cash movements	Cash flow	Exchange movements	At 30 September 2019
	000	000	000	000	000	000
Cash at Bank	1,003		—	205	65	1,273
	1,003		—	205	65	1,273
Secured Bank loan	—		—	(2,631)	(101)	(2,732)
Acquisition note payable	—		(34)	(1,012)	(41)	(1,087)
Preference shares	(24,213)	(11,673)	—	—	(1,444)	(37,330)
Warrants on preference shares	(256)	(242)	—	—	(15)	(513)
Lease Liabilities	(1,535)	—	(84)	429	(78)	(1,268)
	(26,004)	**(11,915)**	**(118)**	**(3,214)**	**(1,679)**	**(42,930)**

2018	At 1 October 2017	Change in Fair Values	Non-cash movements	Cash flow	Exchange movements	At 30 September 2018
	000	000	000	000	000	000
Cash at Bank	2,122	—	—	(1,143)	24	1,003
	2,122	—	—	(1,143)	24	1,003
Preference shares	(14,455)	(9,344)	—	—	(414)	(24,213)
Warrants on preference shares	(120)	(132)	—	—	(4)	(256)
Lease Liabilities	(1,832)	—	(100)	439	(42)	(1,535)
	(16,407)	**(9,476)**	**(100)**	**439**	**(460)**	**(26,004)**

Included within net cash flows is loan repayments and facility loan drawdowns. Refer to Note 15 for further details.

23. Related party transactions

The Company has various notes receivable due from employees on various dates through September 2019. The notes are repaid via payroll deductions. The Company has elected to record these receivables as current and confirms all transactions and balances are on an arm's length basis. The balances on these receivables totaled £16,000 (USD21,000) and £2,000 (USD1,000) at 30 September 2018 and 2019, respectively.

In 2015, the Company advanced funds for a £194,000 (USD300,000) note receivable to a certain key employee, due in annual instalments of £39,000 (USD60,000), plus interest at 1.67%, beginning January 2018 through January 2023. The note receivable was recognised at its estimated fair value of £131,000 (USD202,000), representing the present value of the future payments discounted at an estimated market rate of 10%. The discount of £63,000 (USD98,000) is being accrued as compensation expense over the term of the loan at a rate of £9,000 (USD14,000) per annum. The balance of this note receivable was £152,000 (USD198,000) and £128,000 (USD157,000) at 30 September 2018 and 2019, respectively. The balance of the note receivable was repaid in full by the employee in February 2020.

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.

Details of remuneration of key management personnel can be found in note 6.

24. Events after the balance sheet date

On 13 February 2020, the entire share capital of Proxibid Inc. was acquired by the Group for consideration of £45,810,000.

PART XIII

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Part A: Reporting Accountant's Opinion on the Unaudited Pro Forma Financial Information of the Group

Deloitte.

Hill House
1 Little New Street
London
EC4A 3TR

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

17 February 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 Part B of Part XIII of the prospectus issued by the Company dated 17 February 2021 (the "Prospectus"). This report is required by 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 (Withdrawl) Act 2018, 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.

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.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, 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 Annex 1 item 1.3 of the Prospectus Delegated Regulation, consenting to its inclusion in the Prospectus.

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 therein, for illustrative purposes only, to provide information about how the Proxibid Acquisition and the Offer 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 30 September 2020.

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 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.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge, the information contained in this report is, in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1 item 1.2 of the Prospectus Delegated Regulation.

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 B: Unaudited Pro Forma Financial Information on the Group

The following unaudited pro forma financial information, comprising the unaudited pro forma statement of comprehensive income and the unaudited pro forma statement of net assets (the "**Unaudited Pro Forma Financial Information**") as at and for the year ended 30 September 2020 is presented to reflect:

- the effect on the Group's consolidated statement of comprehensive income of (i) the Proxibid Acquisition and (ii) the issuance of New Shares as part of the Offer and the application of the net proceeds therefrom (as described in paragraph 8 of Part IX of this Prospectus) as if the Proxibid Acquisition and the Offer and use of proceeds had occurred on 1 October 2019; and
- the effect on the Group's consolidated statement of net assets of the issuance of New Shares as part of the Offer and the application of the net proceeds therefrom (as described in paragraph 8 of Part IX of this Prospectus) as if the Offer and use of proceeds had occurred on 30 September 2020.

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 Unaudited Pro Forma Financial Information does not purport to represent what the Group's consolidated statement of comprehensive income for the year ended 30 September 2020 would have been if the Proxibid Acquisition and the Offer had in fact occurred on 1 October 2019, does not purport to represent what the Group's consolidated statement of financial position as at 30 September 2020 would have been if the Offer had in fact occurred on 30 September 2020, and does not purport to project the results of operations or financial condition for any future period. In compiling this Unaudited Pro Forma Financial Information no pro forma adjustments have been made in connection with:

- the acquisition of TTL by Auction Bidco Limited (a member of the Group) which, simultaneously with the Proxibid Acquisition, occurred on 13 February 2020 pursuant to the acquisition agreements detailed in paragraphs 21(xiv) and (xv) of Part XIV of this Prospectus; and
- the acquisition of Auction Mobility on 16 October 2020, as described in paragraph 21(vii) of Part XIV of this Prospectus.

No adjustment has been made for the financial information of the Company as it is not considered significant to the Unaudited Pro Forma Financial Information;

The Unaudited Pro Forma Financial Information should be read together with the historical financial information of the Group and of the Proxibid Group included in Part XII of this Prospectus, 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

	Group for the year ended 30 September 2020	Pro forma adjustments: Proxibid Group for the period 1 October 2019 to 12 February 2020	Pro forma adjustments: Proxibid Acquisition adjustments	Pro forma adjustments: The Offer and use of proceeds	Pro forma for the year ended 30 September 2020
	Note 1	Note 2	Note 3 (£'000)	Note 4	
Revenue	45,319	6,988	—	—	52,307
Cost of sales	(17,293)	(4,298)	(337)	—	(21,928)
Gross profit	**28,026**	**2,690**	**(337)**	**—**	**30,379**
Administration expenses	(30,065)	(3,771)	(801)	(6,705)	(41,342)
Other operating income	179	47	—	—	226
Operating (loss)	**(1,860)**	**(1,034)**	**(1,138)**	**(6,705)**	**(10,737)**
Other income	2	—	—	—	2
Fair value gain/(loss)on revaluation of liabilities held at FVTPL	—	370	(370)	—	—
Finance income	—	11	—	—	11
Finance costs	(16,677)	(77)	—	11,248	(5,506)
(Loss) before tax	**(18,535)**	**(730)**	**(1,508)**	**4,543**	**(16,230)**
Taxation	2,584	(7)	273	—	2,850
(Loss) for the period	**(15,951)**	**(737)**	**(1,235)**	**4,543**	**(13,380)**

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 included in Part B of Section One of Part XII (*Historical Financial Information of the Group*) of this Prospectus.

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 included in Part B of Section Two of Part XII (*Historical Financial Information of the Proxibid Group*) of this Prospectus.

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 £1,138,000 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 comprises the fair value gain of £370,000 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 relating to the preference shares and related warrants, reversed as these liquidated as at the date of the Proxibid Acquisition.

c) Tax impacts:

The tax impact of the adjustments described above is a deferred tax credit of £273,000, 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. The Offer and use of proceeds

a) Finance costs:

As set out in paragraph 8 of Part IX and paragraph 22 of Part XIV of this Prospectus, the Group will repay all of its loans and borrowings in full upon Admission, except for the partial repayment of the Senior Term Facilities. Following Admission, the Group will retain the Reduced Senior Term Facilities, comprising two tranches of £8,000,000 and $43,200,000 each (translating in total to £39,350,000 at an exchange rate of GBP/USD: 1.3780), considered as drawn in full and based on the terms of the Amendment and Restatement Deed, to be effective from the date of Admission.

The following adjustments in respect of finance costs have been made:

Nature of adjustment	**Adjustment (£ '000)**	**Note**
Reversal of finance costs associated with the Group's loans and borrowings . . .	16,550	(i)
Reversal of pre-acquisition finance costs associated with the Proxibid Group's loans and borrowings . . .	11	(ii)
Finance costs on loans and borrowings retained, based on the Amendment and Restatement Deed . . .	(2,859)	(iii)
Commitment fees on revolving credit facility based on the Amendment and Restatement Deed . . .	(403)	(iv)
Prepayment costs on settlement of debt facilities, other than those relating to the Incremental Facilities . . .	(750)	(v)
Write-off of capitalised debt transaction costs . . .	(1,301)	(vi)
	11,248	

(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 Reduced Senior Term Facilities retained on Admission as set out in Note 4(a) above, calculated on the basis of the terms set out in the Amendment and Restatement Deed.

(iv) The Unaudited Pro Forma Financial Information assumes that the New RCF of £20,000,000 to be made available to the Group pursuant to the Amendment and Restatement Deed 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 Amendment and Restatement Deed.

(v) This comprises the prepayment fees relating to the early settlement of the Group's financing as at 30 September 2020, as set out in Note 4(a). This does not include the prepayment fees relating to the Incremental Facilities which were entered into subsequent to 30 September 2020 and do not form part of the Group's consolidated net assets as at that date. Also refer to note 2(c) to the unaudited pro forma statement of net assets.

(vi) This comprises the write-off of capitalised debt transaction costs relating to the portion of loans and borrowings repaid on Admission.

No net tax impact is assumed to arise on the adjustments to finance costs above.

b) The Unaudited Pro Forma Financial Information assumes total costs relating to the Admission and Offer of £18.2 million, assuming the maximum number of New Shares subject to the Offer is subscribed for. Of this total amount, £6,705,000 has been adjusted within the pro forma statement of comprehensive income, based on management's expected allocation of such costs, with the remainder being capitalised against share premium.

Adjustments 3(a), 3(c), 4(a)(iii) and 4(a)(iv) will have a continuing impact on the consolidated statement of comprehensive income of the Group.

5. Pro forma Adjusted EBITDA:

a) Pro forma Adjusted EBITDA is calculated as follows:

		Pro forma adjustments			
	Group for the year ended 30 September 2020	Proxibid Group for the period 1 October 2019 to 12 February 2020	Proxibid Acquisition adjustments (Refer Note 3 above)	The Offer and use of proceeds (Refer Note 4 above)	Unaudited pro forma for the year ended 30 September 2020
			(£'000)		
(Loss) for the period (refer table above)	**(15,951)**	**(737)**	**(1,235)**	**4,543**	**(13,380)**
Taxation	(2,584)	7	(273)	—	(2,850)
Finance income	—	(11)	—	—	(11)
Finance costs	16,677	77	—	(11,248)	5,506
Fair value gain/(loss) on revaluation of liabilities held at FVTPL	—	(370)	370	—	—
Depreciation of property, plant and equipment	198	75	—	—	273
Amortisation of intangible assets	10,329	1,352	1,138	—	12,819
Depreciation of right of use assets	587	135	—	—	722
Share-based compensation	1,477	313	—	—	1,790
Exceptional Costs	9,789	912	—	6,705	17,406
Adjusted EBITDA	**20,522**	**1,753**	**—**	**—**	**22,275**

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 included in Part B of Section One of Part XII (*Historical Financial Information of the Group*) of this Prospectus.

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 included Part B of Section Two of Part XII (*Historical Financial Information of the Proxibid Group*) of this Prospectus.

Unaudited pro forma statement of net assets

	Group As at 30 September 2020	Pro forma adjustments The Offer and use of proceeds	Unaudited Pro forma as at 30 September 2020
	Note 1	Note 2 (£'000)	
ASSETS			
Non—current assets			
Goodwill	123,624	—	123,624
Other Intangible assets	74,830	—	74,830
Property, plant and equipment	478	—	478
Right of use asset	1,924	—	1,924
Trade and other receivables	88	—	88
Total non-current assets	**200,944**	—	**200,944**
Current assets			
Trade and other receivables	8,653	—	8,653
Cash and cash equivalents	14,193	50,541	64,734
Total current assets	**22,846**	**50,541**	**73,387**
Total assets	**223,790**	**50,541**	**274,331**
LIABILITIES			
Non-current liabilities			
Trade and other payables	2,100	—	2,100
Loans and borrowings	213,444	(175,449)	37,995
Lease liabilities	1,208	—	1,208
Deferred tax liability	11,588	—	11,588
Total non-current liabilities	**228,340**	**(175,449)**	**52,891**
Current liabilities			
Trade and other payables	8,912	—	8,912
Loans and borrowings	1,159	(1,159)	—
Lease liabilities	756	—	756
Total current liabilities	**10,827**	**(1,159)**	**9,668**
Total liabilities	**239,167**	**(176,608)**	**62,559**
NET ASSETS	**(15,377)**	**227,149**	**211,772**

Notes to unaudited pro forma statement of net assets

The unaudited pro forma statement of net assets as at 30 September 2020 has been compiled on the following basis:

1. The Consolidated statement of net assets of the Group as at 30 September 2020 has been extracted without material adjustment from the historical financial information of the Group included in Part B of Section One of Part XII (*Historical Financial Information of the Group*) of this Prospectus.

2. The IPO Transaction:

    a) The Minimum Net Proceeds from the Offer of New Shares is £229.2 million. These are net of costs related to the Admission and Offer of £18.2 million. Also refer to note 4(b) to the unaudited pro forma statement of comprehensive income.

    b) As further described in paragraph 8 of Part IX, the Company intends to use the net proceeds from the issue of New Shares to reduce its existing indebtedness. This has been reflected within cash and cash equivalents in the pro forma statement of net assets as follows:

	(£'000)	(£'000)
Minimum Net Proceeds (refer note 2(a) above)		229,200
Less: Repayment of loans and borrowings as at 30 September 2020 comprising of:		
a) Preference Shares	(125,414)	
b) partial repayment of Senior Term Facilities	(41,849)	
c) subordinated loan notes	(9,947)	
d) unsecured loan notes	(699)	
		(177,909)
Less: Prepayment fees payable		(750)
Net impact on cash and cash equivalents		50,541

c) Pro forma cash and cash equivalents as at 30 September includes £24,577,000 that will be used to repay the Incremental Facilities (which were entered into by the Group on 13 October 2020) and the associated prepayment fees of £695,000.

d) Pro forma non-current loans and borrowings are composed of the Reduced Senior Term Facilities of £39,350,000, net of unamortised debt transaction costs of £1,355,000. The adjustment to loans and borrowings within the unaudited pro forma statement of net assets comprises:

	(£'000)
Repayment of loans and borrowings (refer to note 2(b))	(177,909)
Capitalised debt transaction costs partially written off	1,301
Adjustment to loans and borrowings on the unaudited pro forma statement of net assets	(176,608)
Split as:	
Current	(1,159)
Non-current	(175,449)
	(176,608)

PART XIV

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Company and each of the Directors and Proposed Directors, whose names appear on page 51 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company, the Directors and the Proposed Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus 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 Prospectus.

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 16 February 2021, being the latest practicable date prior to publication of this Prospectus.

Date of Issue	Number of shares Issued	Aggregate nominal value (£)
18 January 2021	One ordinary share of £0.01	£ 0.01
25 January 2021	50,000 redeemable preference shares of £1.00	£50,000
16 February 2021	One ordinary share of £0.01	£ 0.01

(b) By ordinary and special resolutions (as applicable) passed at a general meeting on 16 February 2021:

Pursuant to the Reorganisation

(i) the Board was authorised pursuant to the Companies Act to:

(a) exercise all powers of the Company to allot and issue up to:

(i) 905,869 A ordinary shares of £0.01 each in the capital of the Company, up to a maximum nominal value of £9,058.69;

(ii) 177,923 B ordinary shares of £0.01 each in the capital of the Company, up to a maximum nominal value of £1,779.23;

(iii) 117,002,040 A Preference Shares of £1.1258915 each in the capital of the Company, up to a maximum nominal value of £131,731,603.13;

(iv) 271,820 B Preference Shares of £1.02071233 each in the capital of the Company, up to a maximum nominal value of £277,450.03; and

(v) 441,672 C Preference Shares of £1.01150685 each in the capital of the Company, up to a maximum nominal value of £446,754.25, to such persons and at such times and on such terms as they think proper during the period expiring immediately following Admission; and

(b) make prior to the expiry of such period any offer or agreement which would or might require such shares to be allotted or such rights to be granted after the expiry of the said period and the Directors may allot any such shares and grant any such subscription and conversion rights referred to in 3(b)(i)(a) in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution in accordance with the provisions of section 551(7)(b) of the Companies Act;

(ii) the Board was authorised, subject to the passing of the resolution referred to in paragraph 3(b)(i), and in substitution for any prior authority conferred upon the Directors (but without prejudice to any allotments made pursuant to the terms of such prior authority), to allot equity securities (as defined in section 560(1) of the Companies Act) under the authority given by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Companies Act, as if section 561(1) and sub-sections (1) to (6) of section 562 of the Companies Act did not apply to any such allotment, provided that such power be limited to the allotment of equity securities up to an aggregate nominal value not exceeding £0.01, such authority to expire one month after the passing of the resolution (unless previously renewed, varied or revoked by the Company at a general meeting);

(iii) it was resolved that, pursuant to section 21(1) of the Companies Act:

(a) the interim articles of association produced to the general meeting (the "**Exchange Articles**"), be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company with effect from 5.30 p.m. on the day prior to Admission; and

(b) the Articles of Association produced to the general meeting (the "**Articles**"), be approved and adopted as the articles of association of the Company in substitution for, and to the exclusion of, the then existing articles of association of the Company conditional on and with effect from the time that Admission takes place;

(iv) it was resolved that, with immediate effect on the Exchange Articles being adopted in accordance with resolution set out in paragraph 3(b)(iii), the existing ordinary shares of £0.01 in the capital of the Company be and hereby are re-designated as A ordinary shares of £0.01 in the capital of the Company, such shares to have the rights and be subject to the conditions contained in the Exchange Articles;

(v) it was resolved that, with effect from 7.15 a.m. on the date of Admission:

(a) on satisfaction of such conditions as the Directors may resolve, up to 103,853 A ordinary shares of £0.01 each in the capital of the Company be re-designated as up to 103,853 deferred shares of £0.01 each in the capital of the Company (with the final amount of deferred shares to be created to be resolved by the Board), such deferred shares to have the rights and be subject to the conditions contained in the Exchange Articles; and

(b) conditional upon the passing of the resolution referred to in paragraph 3(b)(v)(a), for the purposes of section 694(2) of the Companies Act, the terms of an agreement between the Company and those persons noted in the agreement for the purchase by the Company of up to a maximum of 103,853 deferred shares of £0.01 each in the capital of the Company for a total consideration of £1.00 (the "**First Buyback Agreement**") be approved and the Company be authorised to enter into the First Buyback Agreement;

(vi) it was resolved that, with effect from on the date of Admission:

(a) each A ordinary share of £0.01 each in the capital of the Company; and

(b) each B ordinary share of £0.01 each in the capital of the Company,

then in issue be re-designated as one ordinary share of £0.01 each in the capital of the Company, such shares to have the rights and be subject to the conditions contained in the Exchange Articles;

(vii) that, subject to the passing of the resolution referred to in paragraph 3(b)(vi) and conditional upon the redesignation contemplated thereby, with effect from 7.30 a.m. on the date of Admission, in accordance with section 618 of the Companies Act, each ordinary share of £0.01 each in the issued share capital of the Company be sub-divided into 100 ordinary shares of £0.0001 each, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of £0.01 each in the capital of the Company as set out in the Exchange Articles;

(viii) it was resolved that, with effect from 7:45 a.m. on the date of Admission:

(a) on satisfaction of such conditions as the Directors may resolve, up to 39,233,357 Shares be re-designated as up to 39,233,357 deferred shares of 0.01p each in the capital of the Company (with the final amount of deferred shares to be created to be resolved by the Board), such deferred shares to have the rights and be subject to the conditions contained in the Exchange Articles; and

(b) subject to the passing of the resolution referred to in paragraph 3(b)(viii)(a), the purposes of section 694(2) of the Companies Act, the terms of an agreement between the Company and those persons noted in the agreement for the purchase by the Company of up to a maximum of 39,233,357 deferred shares of 0.01p each in the capital of the Company for a total consideration of £1.00 (the "**Second Buyback Agreement**") be approved and the Company be authorised to enter into the Second Buyback Agreement;

Pursuant to the Offer and Admission

(ix) the Board was authorised pursuant to section 551 of the Companies Act:

(a) upon Admission, to allot Shares, and to grant rights to subscribe for or to convert any security into Shares, up to an aggregate nominal amount of £4,124 in connection with the Offer, such authority expiring immediately following Admission; and

(b) in addition to the authority contained in paragraph 3(b)(ix)(a) above, generally and unconditionally to allot Shares and to grant rights to subscribe for or to convert any security into Shares for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the first annual general meeting of the Company (or, if earlier, at 11:59pm on 31 May 2022):

(i) up to an aggregate nominal amount of £3,333.33, which is equal to approximately one third of the aggregate nominal value of the share capital of the Company immediately following Admission, assuming the maximum number of New Shares subject to the Offer is subscribed for; and

(ii) in connection with an offer by way of a rights issue only to holders of Shares in proportion (as nearly as practicable) to their existing holdings and to people who are holders of other equity securities as required by the rights of those equity securities, or subject to such rights as the Board may consider necessary, up to an aggregate nominal value of a further £3,333.33, which is equal to approximately one third of the aggregate nominal value of the share capital of the Company immediately following Admission, assuming the maximum number of New Shares subject to the Offer is subscribed for,

but in each case as the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

(x) the Board was authorised to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash, pursuant to sections 570 and 573 of the Companies Act, as if section 561 of the Companies Act did not apply to such allotment, such power being limited to the allotment of Shares up to an aggregate amount of £4,124 in connection with the Offer, such authority expiring immediately following Admission;

(xi) the Board was authorised for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the first annual general meeting of the Company (or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it is passed), to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash, pursuant to sections 570 and 573 of the Companies Act, as if section 561 of the Companies Act did not apply to such allotment, such power being limited to:

(a) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities to (i) holders of Shares in proportion (or as nearly as may be practicable) to their existing holdings and (ii) to people who are holders of other equity securities if this is required by the rights of those securities or subject to such rights as the Board considers necessary, but in each case the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) the allotment of equity securities for cash (other than as described at 3(ii)(b) above) up to an aggregate nominal value of 5 per cent. of the issued share capital of the Company immediately following Admission;

(xii) in addition to the authorities described in (iii) and (iv) above, the Board was authorised for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the first annual general meeting of the Company (or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it is passed), to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash, pursuant to sections 570 and 573 of the Companies Act, as if section 561 of the Companies Act did not apply to such allotment, such power being:

(a) limited to the allotment of equity securities for cash up to an aggregate nominal value of 5 per cent. of the issued share capital of the Company immediately following Admission; and

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months of the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group;

(xiii) the Board was authorised for the purpose of section 701 of the Companies Act to make market purchases (as defined in section 693 of the Companies Act) of Shares on such terms and in such manner as the Directors may determine provided that:

(a) the maximum number of shares which may be purchased is 10,000,000 Shares, being ten per cent. of the issued share capital of the Company immediately following Admission, assuming the maximum number of New Shares subject to the Offer is subscribed for;

(b) the minimum price (exclusive of expenses) which may be paid for each Share is its nominal value;

(c) the maximum price (exclusive of expenses) which may be paid for a Share shall not be more than the higher of: (i) an amount equal to 105 per cent. of the average middle market quotations for an Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Share is purchased; and (ii) an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share as derived from the London Stock Exchange Trading System;

(d) this authority shall expire at the conclusion of the first annual general meeting of the Company (or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it is passed); and

(e) the Company may make a contract to purchase its own Shares under the authority conferred by this resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own Shares in pursuance of any such contract;

(xiv) it was resolved that, in accordance with section 366 of the Companies Act, during the period beginning on the date of the passing of the resolution and expiring at the conclusion of the first annual general meeting of the Company (or, if earlier, at 11:59pm on 31 May 2022), the Company and any company which at any time during the period for which this resolution has effect, is or becomes a subsidiary of the Company, be authorised to:

(a) make political donations to political parties and/or independent election candidates not exceeding £50,000;

(b) make political donations to political organisations other than political parties not exceeding £50,000; and

(c) incur political expenditure not exceeding £50,000,

provided that the aggregate amount of such political donations and political expenditure shall not exceed £100,000; and

(xv) it was resolved that a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice. In accordance with best corporate governance, the shorter notice period would not be used as a matter of routine, but only where flexibility is merited by the business of the meeting, the proposals are time-sensitive and it is thought to be to the advantage of Shareholders as a whole.

(d) Share capital reconciliation:

As at 18 January 2021 (being the date of incorporation)	As at the date of this Prospectus	Immediately prior to Admission[(1)]	Immediately following Admission[(1)]
One ordinary share of £0.01	50,000 redeemable preference shares of £1.00 Two ordinary shares of £0.01	58,760,743 Shares	100,000,000 Shares

(1) Assuming the maximum number of New Shares subject to the Offer is subscribed for.

(e) Awards over 366,497 Shares are expected to be granted on or shortly following Admission under the LTIP described in paragraph 14, Part XIV of this Prospectus, representing 0.37 per cent. of the enlarged issued share capital of the Company on Admission (assuming that the maximum number of New Shares subject to the Offer is subscribed for).

(f) 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 referred to in paragraph 3(b)(x) or 3(b)(xii) above.

(g) Save as disclosed in paragraphs 3, 8, 13 and 14 of this Part XIV, 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.

(h) There are no shares in issue not representing capital.

(i) 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.

(j) With effect from Admission, all of the Shares will be in registered form and, subject to the Shares being admitted to and accordingly enabled for settlement in CREST, the Shares will be capable of being held in uncertificated form. No temporary documents of title will be issued.

(k) Up to 45,463,254 New Shares are being issued pursuant to the Offer at a price of 600 pence per Share, which represents a premium of 599.99 pence over their nominal value of 0.01 pence each. No expenses are being charged to any subscriber or purchaser.

(l) 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.

(m) 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 following description of certain provisions of the Company's articles of association, as adopted conditional upon Admission (the "**Articles**"), does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of the Articles.

The Articles contain provisions, inter alia, to the following effect:

(a) **Voting rights**

Subject to any terms as to voting upon which any shares may be issued or may for the time being be held, the total number of votes a member present in person or (being a corporation) who is present by a duly authorised representative or a proxy for a member has on a show of hands shall be determined in accordance with the Companies Act. On a poll every member present in person or by proxy or by representative (in the case of a corporate member) shall have one vote for each share of which he is the holder, proxy or representative. If a member or his duly appointed representative or proxy present at a general meeting votes on a poll, he does not need to use all his votes or cast all the votes in the same way.

The duly authorised representative of a corporate Shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual Shareholder.

A Shareholder is not entitled to vote unless all calls due from him have been paid.

A Shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act (see paragraph 4(h) of this Part XIV for further details).

(b) **General meetings**

The Company must hold an annual general meeting in accordance with the Companies Act in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given. The notice for any general meeting must state:

- if the meeting is an annual general meeting, that the meeting is an annual general meeting;
- the date, time and place of the meeting;
- whether the meeting is a physical meeting or a hybrid meeting;
- the general nature of the business of the meeting;
- any intention to propose a resolution as a special resolution; and
- that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a member.

All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy or corporate representative.

Each Director can attend and speak at any general meeting.

(c) **Dividends**

Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the Companies Act, the Board may from time to time pay to the Shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the shares. Any dividend unclaimed after a period of 6 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Shares the right to elect to receive additional Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph above.

(d) **Return of capital**

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act and the Insolvency Act 1986 (as amended) divide amongst the Shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

(e) **Transfer of shares**

The Shares are in registered form.

The Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as "**Participating Securities**". Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate ("**Certificated Shares**") the transfer shall be made by an instrument of transfer in any usual form or in any other form which the Board may approve. Transfers of Participating Securities will be in accordance with and subject to the Uncertificated Securities Regulations 2001.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of shares, all or any of which are not fully paid provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer unless:

- in the case of a Certificated Share, the instrument of transfer (duly stamped if required) or duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty) is lodged at the registered office of the Company or at some other place as the Board may appoint, accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and
- in the case of a transfer to joint holders, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph (h) below), resulting in a disenfranchisement notice, unless the Shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the Company withdraws the disenfranchisement notice, or it is deemed to have been withdrawn, but the Board shall not decline to register:

- a transfer which is shown to the satisfaction of the Board to be in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the Shareholder and with any other person appearing to be interested in the share;
- a transfer pursuant to the acceptance of an offer made to all the Company's Shareholders or all the Shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or
- a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded.

(f) **Variation of rights**

Subject to the Companies Act, all or any of the rights attached to any class of share may be varied either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as set out above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking pari passu therewith or subsequent thereto.

(g) **Share capital and changes in capital**

Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are to be redeemed or that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board.

Subject to the provisions of the Articles and the Companies Act and without prejudice to the rights attaching to any existing shares or class of shares, the Board may offer, allot (with or without a right of renunciation), issue, grant options over, reclassify or otherwise deal with or dispose of shares to such persons, at such time and for such consideration and upon such terms and conditions as the Board may determine.

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. The relevant resolution may determine that, as between the holders of shares resulting from a sub-division, any of the shares may have any preference or advantage, or deferred or other right, or be subject to any restriction as compared with the others.

(h) **Disclosure of interests in shares**

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a Shareholder receives a statutory notice of this nature, he or she has 14 days to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "disenfranchisement notice"). The disenfranchisement notice will state that the identified shares no longer give the Shareholder any right to attend or vote at a Shareholders' meeting or to exercise any other right in relation to Shareholders' meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

(i) **Non-UK Shareholders**

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served. Where a non-UK Shareholder provides an electronic address, the Board may in its discretion serve notices on such address. Non-UK Shareholders are not entitled to receive notices in circumstances where the Board considers the sending of such notice would or might infringe the laws of any other jurisdiction.

(j) **Untraced Shareholders**

Subject to various notice requirements, the Company may sell any of a Shareholder's shares in the Company if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares, the Company has received no indication of the whereabouts of the such Shareholder, it has taken reasonable steps to trace the Shareholder and it has sent a notice of its intention to sell the shares to the Shareholder's last known address.

(k) **Borrowing powers**

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third-party.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the Shareholders.

(l) **Directors**

Subject to the Companies Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if any requirement about the quorum of the meeting is met without including the Director in question and any other interested Director and the matter was agreed to without such Directors voting (or would have been agreed to if the votes of such Directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, an interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution:

- the resolution relates to the giving to a third-party of a guarantee, security or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

- his interest arises by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares, debentures or other securities by the Company or any of its subsidiary undertakings for subscription, purchase or exchange;
- the resolution relates to the giving to him of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- the resolution relates to the funding by the Company of his expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other Directors are being offered substantially the same arrangements;
- the resolution relates to any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or Shareholder or otherwise howsoever provided that he does not hold an interest in shares (as that term is used in Part 22 of the Companies Act) representing 1 per cent. or more of either any class of the equity share capital of such company or of the voting rights available to members of such company;
- the resolution relates to any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings, which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- the resolution relates to any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any of the Directors or for persons who include Directors provided that, for the purposes of this Article, "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including Directors.

The Directors shall be paid such remuneration by way of fees for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all Directors (excluding any remuneration of a Director under or in connection with an executive service contract) shall not exceed £1,000,000 per annum. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of any directors who held (but no longer hold) executive office or employment with the Company or any of its subsidiary undertakings or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

The Directors are obliged to retire by rotation and are eligible for re-election annually. Any non-executive Director who has held office for nine years or more is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two nor more than ten in number.

(m) **Redemption**

The Shares are not redeemable.

(n) **Electronic communication**

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

The above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described in paragraph 27 below.

5. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES RELATING TO THE SHARES

(a) **Mandatory bid**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

(a) 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

(b) 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 Takeover Panel) 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 the Controlling Shareholder (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. Immediately following Admission, the Concert Party will be interested (directly or indirectly) in approximately 34.6 per cent. of the voting rights of the Company, assuming no exercise of the Over-allotment Option, the maximum number of Sale Shares is sold and the maximum number of Shares subject to the Offer is subscribed for. The individual members of the Concert Party and their respective holding is set out below:

	As at the date of this Prospectus	**Immediately prior to Admission[1]**		**Immediately following Admission[1]**		**Following the exercise of the Buyback Authority[1][2]**
Member of Concert Party	**Number of shares**	**Number of Shares**	**Percentage of issued share capital**	**Number of Shares**	**Percentage of issued share capital**	**Percentage of issued share capital**
TA XIII-A, L.P.	One ordinary share of £0.01 50,000 redeemable preference shares of £1.00	32,953,468	33.63 per cent.	17,717,752	17.72 per cent.	19.69 per cent.
TA XIII-B, L.P.	One ordinary share of £0.01	20,003,194	20.41 per cent.	10,754,913	10.75 per cent.	11.95 per cent.
TA Investors XIII, L.P.	—	4,248,732	4.34 per cent.	2,284,369	2.28 per cent.	2.54 per cent.
TA Investors IV EU AIV, L.P.	—	24,347	0.02 per cent.	13,093	0.01 per cent.	0.01 per cent.
TA Subordinated Debt Fund IV, L.P.	—	609,655	0.62 per cent.	327,652	0.33 per cent.	0.36 per cent.

(1) Assuming no exercise of the Over-allotment Option and that the maximum number of Sale Shares subject to the Offer is sold.

(2) Assuming that no member of the Concert Party has Shares bought back pursuant to the Buyback Authority, no further Shares are issued 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 this Part XIV (*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 this 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.

(b) **Compulsory Acquisition**

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

(c) **Stabilisation arrangements in connection with the Offer**

Under the stabilisation arrangements described in paragraph 5 of Part IX (*Details of the Offer*), the Stabilising Manager or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares up to a maximum of 10 per cent. of the total number of Offer Shares comprised in the Offer (excluding the Shares subject to the Over-allotment Option or effect other stabilisation transactions (with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market). For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Offer Shares effected by it during the stabilising period, the Over-allotment Shareholders have granted to the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may require the Over-allotment Shareholders to make available additional Existing Shares in an amount of up to a maximum of 10 per cent. of the total number of Offer Shares comprised in the Offer (excluding the Shares subject to the Over-allotment Option) at the Offer Price. The Over-allotment Option may be exercised in whole or in part may be exercised in whole or in part upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings in the Shares on the London Stock Exchange.

As a result of the combined effect of lending Shares pursuant to the Stock Lending Agreement and granting the Over-allotment Option, the Concert Party's shareholding in the Company can only remain the same or decrease from what its shareholding would be if it were not party to any stabilisation arrangements. In particular, the Concert Party's shareholding in the Company will return to its original level when the loan is repaid and then decrease if the Stabilising Manager acquires Shares from it pursuant to utilisation of the Over-allotment Option. The minimum and maximum percentages of the Concert Party's shareholding in the Company following the operation of the stock lending and over-allotment arrangements (assuming that the maximum number of Sale Shares subject to the Offer is sold and no exercise of the Buyback Authority) are 34.6 per cent. and 31.1 per cent., respectively.

The Takeover Panel has confirmed to the Company that no mandatory offer for the Company need be made as a result of the stabilisation arrangements described above. In particular, the Takeover Panel has confirmed that, pursuant to Note 3 to the definition of "interests in securities" in, and Notes 17 and 18 to Rule 9.1 of, the Takeover Code, the Over-allotment Shareholders will not be treated as having disposed of an interest in any Shares when they grant the Over-allotment Option to the Stabilising Manager under and will not therefore be treated as having increased their interest in Shares upon the expiry of the Over-allotment Option.

6. DIRECTORS, PROPOSED DIRECTORS AND SENIOR MANAGERS

Details of the relevant expertise, experience and length of service of the Directors, Proposed Directors and Senior Managers are set out in Part VIII of this Prospectus.

7. INFORMATION ON THE DIRECTORS, PROPOSED DIRECTORS AND SENIOR MANAGERS

(a) Details of the names of companies and partnerships (excluding directorships of the Company or of its subsidiaries) of which the Directors, Proposed 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 Prospectus:

Name	Current directorships and partnerships	Past directorships and partnerships
Directors		
Breon Corcoran . . .	Worldremit Finance Limited Worldremit Group Limited Worldremit Holding Limited	Betfair Group Limited / PLC Paddy Power Betfair PLC 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*
Morgan Seigler . . .	Armstrong Topco Limited Bock Capital EU Luxembourg Soft S.à r.l. Bock Capital EU Luxembourg TP S.à r.l. Bock Capital EU Luxembourg WAG S.à r.l. Flash Bidco Limited Flash Topco Limited List Mid Company S.à r.l. Mozart Topco Limited Simplicity Marketing Limited Sovos Compliance, LLC TA Associates (UK), LLP	Accolade Bidco Limited Accolade Midco Limited Accolade PFSCO Limited Accolade Topco Limited Bock Capital EU Luxembourg List S.à r.l. Bock Capital EU Luxembourg Will S.à r.l. GC Group Midco Limited Gong Cha Global Limited Gong Cha Limited Mozart Bidco Limited Mozart Midco Limited Rapid Holdings Limited
Proposed Directors		
Scott Forbes	Ascential PLC Cars.com Inc. 1 & 2 Onslow Gardens Limited 44 Cranley Gardens Management Limited	Innasol Group Limited Rightmove PLC Travelport Worldwide Inc.
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

Name	Current directorships and partnerships	Past directorships and partnerships
		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
Senior Managers		
Badrudin Khan . . .	*None*	Stpsoft Ltd.
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), none of the Directors, Proposed 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', PROPOSED DIRECTORS', SENIOR MANAGERS' AND OTHERS' INTERESTS

(a) The Remuneration Committee, has approved the grant of awards to acquire Shares under the pre-Admission Equity Awards and the LTIP described in paragraph 14, Part XIV of this Prospectus to the following Directors and Senior Managers on or shortly following Admission:

Name	Number of Shares subject to the pre-Admission Equity Award(1)	Number of Shares subject to the LTIP Award(1)
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	26,764(2)
Marika Clemow	42,334	23,114(2)

(1) Assuming the maximum number of New Shares subject to the Offer is subscribed for.

(2) Assuming a GBP/USD exchange rate of 1:1.37. The LTIP Awards to be granted to Dan Pennington and Marika Clemow are calculated by reference to their salary, which is paid in USD, and so the number of Shares subject to their LTIP Awards may vary from this number if the GBP/USD exchange rate varies on the date of the grant.

The LTIP Awards will vest in normal circumstances on the date falling three years from Admission.

(b) As at the date of this Prospectus, none of the Directors, Proposed Directors or Senior Managers hold any of the Company's issued share capital. In addition to the awards referred to in paragraph 8(a) above, the interests (all of which are or will be beneficial unless otherwise stated) of the Directors, Proposed Directors and Senior Managers in the share capital of the Company immediately prior to and following Admission will be as follows:

	Immediately prior to Admission(1)		Following Admission(1)	
Name	Number of Shares	Percentage of issued share capital (%)	Number of Shares	Percentage of enlarged issued share capital (%)
Directors				
Breon Corcoran	683,256	1.16 per cent.	729,497(2)	0.73 per cent.
John-Paul Savant(3)	3,908,135	6.65 per cent.	2,719,533	2.72 per cent.
Tom Hargreaves(3)	2,301,836	3.92 per cent.	1,576,398	1.58 per cent.
Morgan Seigler(4)H	—	—	—	—
Proposed Directors				
Scott Forbes	89,986	0.15 per cent.	127,215(5)	0.13 per cent.
Penny Ladkin-Brand	89,986	0.15 per cent.	127,215(5)	0.13 per cent.
Senior Managers				
Badrudin Khan(3)	1,060,536	1.80 per cent.	795,621	0.80 per cent.
Richard Lewis(3)	1,833,420	3.12 per cent.	1,414,117	1.41 per cent.
Dan Pennington(3)	682,332	1.16 per cent.	483,931	0.48 per cent.
Marika Clemow(3)	555,312	0.95 per cent.	403,848	0.40 per cent.

(1) Assuming completion of the Reorganisation, the maximum number of New Shares subject to the Offer is subscribed for and the maximum number of Sale Shares subject to the Offer is sold.

(2) Including 46,241 Shares being subscribed for out of the proceeds of the redemption of Preference Shares.

(3) Shares held 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).

(4) 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 XIV.

(5) Including 37,229 Shares being subscribed for out of the proceeds of the redemption of Preference Shares.

(c) Save as disclosed in paragraphs 8(a) and (b) above, immediately following Admission, no Director, Proposed Director nor Senior Manager will have 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. For further details on the use of the Shares acquired by the Employee Trust please refer to paragraph 14 of Part XIV of this Prospectus.

(d) As at the date of this Prospectus, TA Associates holds 100 per cent. of the Company's issued share capital. In addition to the interests of Directors, Proposed Directors and Senior Managers disclosed in paragraphs 8(a) and (b) above, the Company is aware of the following existing Shareholders of the Company who will be interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company immediately prior to or immediately following Admission:

	Immediately prior to Admission(1), (2)		Immediately following Admission(2)	
Name	**Number of Shares**	**Percentage of issued share capital (%)**	**Number of Shares**	**Percentage of enlarged issued share capital (%)**
TA Associates(3)	57,839,396	59.02 per cent.	34,587,069	34.59 per cent.
ECI Partners(4)	17,521,718	17.88 per cent.	10,473,954	10.47 per cent.
Jupiter(5)	—	—	7,500,000	7.50 per cent.
Caledonia(5)	—	—	5,833,333	5.83 per cent.
BlackRock(5)	—	—	4,166,667	4.17 per cent.
Capital World(5)	—	—	3,333,333	3.33 per cent.

(1) Assuming that the Reorganisation steps described in paragraph 16 of this Part XIV have been completed in full.

(2) Assuming no exercise of the Over-allotment Option, the maximum number of New Shares subject to the Offer is subscribed for and the maximum number of Sale Shares subject to the Offer is sold.

(3) The TA Associates funds which hold interests in the Shares are: (i) TA XIII-A, L.P., (ii) TA XIII-B, L.P., (iii) TA Investors XIII, L.P., (iv) TA Investors IV EU AIV, L.P. and (v) TA Subordinated Debt Fund IV, L.P. The address for these funds (other than TA Subordinated Debt Fund IV, L.P.) is C/O Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104, George Town, KY, Cayman Islands. The address for TA Subordinated Debt Fund IV, L.P. is Corporation Trust Center, 1209 Orange St, Wilmington, New Castle, DE 19801.

(4) The address for this fund is Brettenham House, Lancaster Place, London, WC2E 7EN. ECI 11 L.P. is the beneficial holder of the above listed shares, which are legally held by ECI 11 Nominees Limited.

(5) Assuming the Cornerstone Commitments pursuant to the Cornerstone Investment Agreements are subscribed for and allotted in full.

The voting rights of the Company's Shareholders are the same in respect of each Share held.

(e) Save as disclosed in paragraphs 8(b) and 8(d) above, the Company is not aware of any person who will, immediately following Admission, hold 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, following Admission, will directly or indirectly own or control 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 is conditional upon Admission. 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 8(a) above, on Admission there will be 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 will be entitled from Admission to an annual fee of £75,000, Scott Forbes will be entitled from Admission 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 will be entitled from Admission 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 (or will on Admission be) 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

(a) A summary of the amount of remuneration paid to the Directors (including any contingent or deferred compensation) and benefits in kind for the financial year ended 30 September 2020 is set out in the table below. The Directors are categorised in their positions as at the date of this Prospectus for these purposes.

	Salary/fees	Bonus	Benefits(1)
	£000	£000	£ 000
Chair			
Breon Corcoran	—	—	—
Executive Directors			
John-Paul Savant	320	120	30.2
Tom Hargreaves	225	100	15.7
Non-executive Director			
Morgan Seigler	—	—	—
Proposed Directors			
Scott Forbes	—	—	—
Penny Ladkin-Brand	—	—	—

(1) Benefits excluding pensions.

(b) The aggregate remuneration paid to the Senior Managers for the year ended 30 September 2020 was £1,086,500. This figure excludes pension contributions made by the Company.

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

(a) 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 15 February 2021 (the latest practicable date prior to the publication of this Prospectus) was as follows:

	FY18	FY19	FY20	As at 15 February 2021
UK	**102**	**96**	**99**	**105**
Sales & Account Management	15	12	15	13
Content	24	21	23	22
Customer Service	17	14	11	14
Support Functions	46	49	50	56
Seattle, US	**18**	**15**	**15**	**15**
Sales & Account Management	11	12	12	13
Content	—	—	—	—
Customer Service	—	—	—	—
Support Functions	7	3	3	2
Nebraska, US	**—**	**—**	**94**	**92**
Sales & Account Management	—	—	20	17
Content	—	—	—	—
Customer Service	—	—	42	38
Support Functions	—	—	32	37
Germany	**5**	**6**	**6**	**7**
Sales & Account Management	5	6	6	6
Content	—	—	—	—
Customer Service	—	—	—	—
Support Functions	—	—	—	1
TOTAL	**125**	**117**	**214**	**219**

(b) In FY20, the average number of contractors/temporary employees working for the Group was 13.

13. REMUNERATION POLICY

In anticipation of Admission, the Remuneration Committee undertook a review of the Group's remuneration policy for senior management, including the Executive Directors, in order to ensure that it is appropriate for the listed company environment. In undertaking this review, the Remuneration Committee sought independent, specialist advice.

The Company's remuneration strategy is to provide pay packages that attract, retain and motivate high-calibre talent to help ensure its continued growth and success as a listed company. It aims to encourage and support a high performance culture; reward for achievement of the Group's corporate strategy and delivery of sustainable growth; and align the interests of the Executive Directors, senior management and employees to the long-term interests of Shareholders; whilst ensuring that remuneration and incentives adhere to the principles of good corporate governance and support good risk management practice and sustainable Company performance.

Consistent with this remuneration strategy, the Remuneration Committee has agreed a structure for future remuneration arrangements for Executive Directors and senior management, taking into account evolving market and best practices. Remuneration will be set at a level that is considered by the Remuneration Committee to be appropriate for the size and nature of the business. Performance-related pay will be based on stretching targets and will form an important part of the overall remuneration package. There will be an appropriate balance between short and longer-term performance targets linked to delivery of the Group's business plan.

The Company intends to deliver this policy for senior management, including Executive Directors, via a remuneration framework which combines base salary, salary supplement in lieu of pension contributions, benefits, an annual bonus plan and share-based awards. It is intended that the following arrangements will form part of the remuneration policy from Admission.

Base salary

The base salaries for Executive Directors and senior management will depend on their experience and the scope of their role as well as having regard to practices at peer companies of equivalent size and complexity. In considering the base salary (and other elements of remuneration) of Executive Directors and senior management, due regard will be taken of the pay and conditions of the workforce generally. Base salaries will typically be reviewed on an annual basis. Base salaries on Admission for John-Paul Savant (CEO) and Tom Hargreaves (CFO) are £425,000 and £325,000 respectively.

Pension

John-Paul Savant and Tom Hargreaves will receive a Company pension contribution (or cash salary supplement in lieu of Company pension contributions) of 6 per cent. of salary respectively. This is aligned with the rate payable to the majority of the workforce.

Annual Bonus Plan and Bonus Deferral

Executive Directors and senior management are eligible to participate in a cash bonus plan. Annual bonuses will be linked primarily to the Company's annual financial performance. The maximum opportunity for John-Paul Savant is proposed to be 125 per cent. of salary, and the maximum opportunity for Tom Hargreaves is proposed to be 100 per cent. of salary. Executive Directors will be required to defer 25 per cent. of any annual bonus received into Shares to be held for a period of three years under the Company's Deferred Share Bonus Plan (further details of which can be found in paragraph 14 (Share Plans) of this Part XIV).

Long-Term Incentive Plan (LTIP)

Awards under the LTIP will normally be granted annually to Executive Directors and selected senior management. It is expected that these awards will normally vest at the end of a three-year period subject to the recipient's continued employment at the date of vesting and, for Executive Directors, the satisfaction of performance conditions to be measured over three financial years. Post-vesting, Executive Directors will be required to hold their vested shares for a further two years.

It is anticipated that the first awards to be granted under the LTIP to the Executive Directors (and other selected members of senior management) will be made on or shortly following Admission.

The proposed policy levels of the initial LTIP Awards for John-Paul Savant and Tom Hargreaves are 150 per cent. of base salary respectively. The maximum value of the Shares underlying the initial LTIP Awards may not exceed 200 per cent. (or 250 per cent. in exceptional circumstances) of an individual's annual salary based on the market value of a Share on Admission for the initial LTIP Award whilst subsequent Awards will be based on the share price on the actual date of grant (or by reference to a short averaging period). The detail of the performance metrics (where applicable), targets and weightings will be set by the Remuneration Committee at the time awards are granted.

Awards to Executive Directors will be subject to performance conditions with LTIP Awards to other participants subject to performance conditions at the discretion of the Remuneration Committee. Where Awards are granted subject to the recipient's continued employment at the date of vesting only (so called 'restricted share awards'), the Remuneration Committee will take this into consideration when determining the size of the Awards (i.e. the quantum of these Awards would be expected to be lower when compared to an Award that is subject to a performance conditions given it would have a higher expected value at the date of Award).

As noted above, the Remuneration Committee has approved the grant of LTIP Awards to acquire Shares on or shortly following Admission. The Awards to Executive Directors will be granted over Shares with a value equal to 150 per cent. of base salary calculated by reference to the Offer Price (i.e. IPO share price). The Awards will vest subject to the achievement of challenging Earnings Per Share ("**EPS**") targets. The targets which will apply to these IPO Awards are shown below:

Performance level	Percentage of award vesting	Percentage EPS growth per annum
Below "threshold"	0 per cent.	Below 12 per cent.
"Threshold"	25 per cent.	At 12 per cent.
"Stretch"	100 per cent.	At 17 per cent.

Straight line vesting in between the above points

In normal circumstances, these IPO Awards will vest on the third anniversary of grant based on performance to the financial year ended 31 September 2023 and continued employment with the Group.

IPO Awards to senior managers will be granted as restricted share awards and / or on the same basis as Executive Directors. In normal circumstances these Awards will also vest on the third anniversary of grant, subject to continued employment with the Group.

Further details of the LTIP are provided in paragraph 14 (Share Plans) of this Part XIV.

Malus and Clawback and Remuneration Committee Discretion

The Remuneration Committee may exercise its discretion to adjust annual bonus outcomes or levels of vesting under the LTIP where it believes that it is appropriate, including (but not limited to) where outcomes are not reflective of the underlying performance of the business or the experience of the Company's Shareholders, employees or other stakeholders. The Remuneration Committee may also claw back bonus payments or vested LTIP awards up to three years from the date of payment/vesting (in part or in full) in the event of gross misconduct, material misstatement in the Company's annual financial statements, material failure of risk management, serious reputational damage to a member of the Group or relevant business unit, the insolvency of the Group and/or an error in the calculation of any performance conditions resulting in an overpayment.

All-Employee Plans (SAYE and SIP)

Awards under the SAYE and/or SIP many be offered annually to all eligible employees, including Executive Directors and senior management. The Executive Directors will be eligible to participate in the All-Employee Plans subject to the limits prescribed under the applicable legislation governing those plans. Further details of the SAYE and SIP are provided in paragraph 14 (Share Plans) of this Part XIV.

Pre-Admission Equity Awards

On Admission, John-Paul Savant will hold an equity award over 83,409 Shares and Tom Hargreaves will hold an equity award over 97,261 Shares (in each case assuming that the maximum number of New Shares subject to the Offer is subscribed for). These awards were originally granted to them over 1,391 and 1,622 ATL B Ordinary Shares respectively, subject to vesting and forfeiture provisions. The Shares are held via ATG Nominees Ltd. Further details of the pre-Admission Equity Awards are provided in paragraph 14 (Share Plans) of this Part XIV.

Minimum Shareholding Requirement

The Remuneration Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up over a 5 year period (as a minimum through the retention of at least 50 per cent of the after tax number of vested share Awards), and then subsequently hold, a shareholding equivalent to 200 per cent. of their respective base salary. Executive Directors will also be required to maintain a shareholding up to the value of 200 per cent. of their base salary for a period of 2 years post-cessation of employment. This will be calculated based on the lower of (i) the net of tax number of vested Shares acquired under the LTIP or DBSP during their employment and (ii) their actual shareholding at the time of their departure. This policy ensures that the interests of Executive Directors and those of Shareholders are closely aligned.

Recruitment policy

New Executive Director and senior management hires will be offered remuneration packages in line with the Company's remuneration policy in force at the time. In addition to the above elements of remuneration, the Committee may, in exceptional circumstances, consider it appropriate to grant an award under a different structure in order to facilitate the buyout of outstanding awards held by an individual on recruitment. Any buyout award would be limited to what the Remuneration Committee considers to be a fair estimate of the value of awards foregone when leaving the former employer and will be structured so as to take into account other key terms, such as vesting schedules and performance targets, of the awards which are being replaced.

The Remuneration Committee will keep the remuneration arrangements for the Executive Directors and key senior management under review taking into consideration business strategy over the period; overall corporate performance; market conditions affecting the Company; and evolving best practice.

The Chair's and the other Non-Executive Directors' fees will be set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its committees, and to attract and retain Non-Executive Directors of a high calibre with relevant commercial and other experience. Fee levels are set by reference to non-executive director fees at companies of similar size and complexity and general increases for salaried employees within the Company. The fee paid to the Chair is determined by the Remuneration Committee, while the fees for other Non-Executive Directors are determined by the Board as a whole. Additional fees are payable for acting as Senior Independent Director and as chair of the Board's Audit and Remuneration Committees.

The details of the Company's Executive Director remuneration arrangements, including the operation of the Company's incentive plans and payments made under them, will be set out each year in a remuneration report contained in the Company's annual report. The Company will be required to submit its remuneration policy (as it relates to the Directors) to a binding vote of Shareholders at the first annual general meeting of the Company following Admission. It is the current intention of the Remuneration Committee that the Remuneration policy for Directors will apply for three years from its date of approval. Accordingly, the Company will outline the detail of its future policy relating to the Directors' remuneration, including participation in the annual bonus plan and LTIP, in its annual report and accounts for the financial year ending 30 September 2021.

14. SHARE PLANS

Below is a summary of the principal terms of the Share Plans approved and adopted by the Board with effect from Admission.

14.1 The Auction Technology Group plc Long Term Incentive Plan ("LTIP")

Overview

Under the LTIP, awards may be granted in the form of options to acquire Shares ("**Options"**), conditional or forfeitable rights to acquire Shares ("**Conditional Share Awards"**) and, if required to facilitate the operation of the plan in overseas jurisdictions, conditional rights to receive a cash payment relating to a given number of notional Shares ("**Phantom Awards**"), (together the "**Awards**"). The LTIP's administration will be supervised by the Remuneration Committee, or, where appropriate, a sub-committee appointed by the Remuneration Committee to carry out any of its functions under the plan.

Options may be granted with an exercise price of nil or nominal value.

It is proposed that the first set of Awards under the LTIP will be granted in the form of nil-cost Options and the number of Shares subject to the Awards will be calculated by reference to the Offer Price for the Company's Shares on Admission (provided that such grant takes place on, or within 42 days from, Admission).

Participation

Employees (including Executive Directors) of the Group may participate in the LTIP at the absolute discretion of the Remuneration Committee. Awards granted to Executive Directors will be granted in accordance with the Company's approved remuneration policy from time to time. For further details see paragraph 13 (Remuneration Policy) of this Part XIV.

Timing of grant of Awards

Awards may only be granted on or within 42 days from Admission, and thereafter, within a period of 42 days following the announcement of the Company's results for any period, or within a period of 42 days following the occurrence of exceptional events affecting the Company. If, during these periods, the proposed grant of Awards is restricted by any order, regulation or statute, then Awards may be granted as soon as is reasonably practicable (and within a period of 42 days) from the day on which the restriction is lifted or no longer applies. Awards may also be granted outside these periods in connection with the commencement of an eligible employee's employment if this is appropriate.

It is intended that the first set of Awards under the LTIP will be granted on or within 42 days from Admission.

Dilution limits

The maximum number of Shares issued or issuable under the LTIP and under any other employee share scheme operated by the Company in any rolling 10-year period (including the DBSP, SAYE and SIP), may not exceed ten per cent. of the Company's issued ordinary share capital from time to time.

Awards which have lapsed or have been surrendered or have otherwise been satisfied with market purchase shares shall not count towards these dilution limits and neither will Awards granted prior to Admission. If and so long as the Investment Association guidelines require this, Awards over Treasury Shares will be counted.

Individual participation limit

The market value of the Shares over which Awards under the LTIP may be granted to a participant in any financial year of the Company may not exceed 200 per cent. of the participant's annual basic salary (calculated at the time of grant). If exceptional circumstances arise, including (but not limited to) the recruitment of an individual the Remuneration Committee may grant Awards outside this limit up to a maximum of 250 per cent. of a participant's annual basic salary (calculated at the time of grant).

For the purposes of determining the market value of a Share, the Remuneration Committee may use the closing price on the dealing day prior to the date of grant (or up to a 5-day average prior to the date of grant). For Awards granted on, or within 42 days from, Admission, the Offer Price (i.e. IPO share price) for the Shares on Admission may be used instead.

Shareholding requirement

The Remuneration Committee may provide on grant of an Award that participants are required to retain any Shares which vest until such time as they have met the requirement to maintain a minimum shareholding in the Company as notified to them from time to time.

Awards not transferrable

Awards granted under the LTIP are not transferable other than to the Award holder's personal representatives in the event of his death.

Performance conditions, vesting and holding periods

Awards granted to Executive Directors will normally vest after a minimum period of three years from the date of grant. Executive Directors will be required to hold their vested Awards (or the net Shares acquired on exercise, after all tax liabilities have been accounted for) for a further 2 years. With regards to employees other than Executive Directors, the Remuneration Committee may approve the grant of LTIP Awards that vest over a shorter vesting period and/or a phased vesting period if it is considered commercially desirable to do so, including to attract talent in the US where phased vesting is more customary. This will enable the Company to compete effectively for executive talent across competitive job sectors including technology and across its key locations (e.g. in the US) where shorter and/or phased vesting is standard practice, especially in the technology Sector.

Vesting of Awards granted to Executive Directors will normally be subject to the achievement of appropriate performance conditions calculated over a period of three financial years. If events occurs which cause the Remuneration Committee to consider that a performance condition is no longer appropriate, that condition may be substituted, varied or waived as is considered reasonable in the circumstances in order to produce a fairer measure of performance that is not materially less difficult to satisfy.

With regards to employees other than Executive Directors, the Remuneration Committee may approve the grant of Awards to be made without performance conditions or subject only to the achievement of performance underpins (so called 'restricted share awards'). This is to enable the Company to compete effectively for executive talent across competitive job sectors including technology and across its key locations (e.g. in the US) where the use of restricted shares is standard practice, especially in the technology Sector. In these circumstances, the Remuneration Committee will take this into consideration when determining the size of the awards (i.e. the quantum of these awards would be expected to be lower when compared to an award that is subject to performance conditions given it would have a higher expected value at the date of Award).

Cessation of Employment

If a participant ceases employment as a result of death, ill health, injury or disability, retirement, redundancy or being employed by an entity which is transferred out of the Group or for any other 'good leaver' reason as determined by the Remuneration Committee:

(i) vested Awards will continue to be exercisable for a period of 6 months from cessation of employment (12 months in the case of death) or, if applicable, 6 months following the end of the holding period applicable to that vested Award; and

(ii) unvested Awards will continue until the normal vesting date and will become exercisable for a period of 6 months following vesting (subject to the satisfaction of any performance conditions or underpins) or, if applicable, 6 months following the end of the holding period applicable to that Award.

Unvested Awards will normally be pro-rated to reflect the time that has passed from the date of grant of the Award until the date of cessation.

The Remuneration Committee reserves the right to permit a greater number of unvested Awards to vest, to accelerate the vesting of unvested Awards and/or to waive any holding period applying to an Award, if it considers it appropriate in the circumstances (and taking account of the satisfaction of any performance conditions or underpins over the shortened period). Different decisions can be taken in respect of different grants of Awards held by the participant.

For participants leaving in other circumstances Awards normally lapse on cessation of employment.

Change of control and other corporate events

If there is a change of control of the Company as a result of a takeover, a court-sanctioned compromise or arrangement or a voluntary winding up (or any other similar event including a demerger),

(i) vested Awards will remain exercisable for a period of 6 months following the change of control (and any applicable holding period will cease to apply); and

(ii) unvested Awards will vest and become exercisable for a period of 6 months following the change of control to the extent determined by the Remuneration Committee in its absolute discretion. When making its decision, the Remuneration Committee will consider the period of time the Award has been held by the participant and the extent to which the performance conditions or underpins have been achieved.

Where appropriate, and with the agreement of an acquiring company, the Remuneration Committee may specify that unvested Awards will not become exercisable as a result of the change of control and instead they will be exchanged (in whole or in part) for Awards over shares in the acquiring company. Different decisions can be taken in respect of different grants of Awards held by the participant.

Dividend equivalent

An Award may include the right to additional Shares (or the cash equivalent) equal in value to any dividends paid in respect of the Company's Shares during the vesting period of the Award. Such amounts will be reinvested into Shares and (unless the Remuneration Committee determine otherwise) will include special dividends but will not include dividends in specie.

Net settlement

At its discretion, the Company may decide to satisfy the exercise of an Option or vesting of an Award granted under the LTIP either:

a) partially in cash (equal to the amount required to settle any exercise price and/or tax liabilities due) and the remainder in Shares; or

b) with the transfer or issue of Shares equal in value to any gain that the participant would have made had the relevant Award been satisfied with shares after the payment of any exercise price due.

Rights attaching to shares

Shares issued and/or transferred under the LTIP will not confer any rights on any participant until the relevant Award has vested or the relevant Option has been exercised and the participant in question has received the underlying Shares. Any Shares allotted when an Option is exercised or a Conditional Award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue).

Malus and clawback

The Remuneration Committee may determine at the time of grant of an Award that such Awards shall be subject to malus and/or clawback.

If an Award is made subject to malus, the Remuneration Committee at any time before an Award has vested, reduce the number of Shares subject to the Award (including to nil) in the following circumstances:

1. discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member;
2. discovery of a material failure of risk management;
3. the insolvency of the Group;
4. action or conduct of a participant which, in the reasonable opinion of the Remuneration Committee, causes serious reputational damage to the Company, any Group Member or relevant business unit; and/or
5. action or conduct of a participant which, in the reasonable opinion of the Remuneration Committee, amounts to fraud, gross misconduct or a serious breach of the Company's policies and procedures.

If an Award is subject to clawback, then for a period of three years following the date of vesting, if any of the above circumstances arise (including if there has been an error in calculating the level of performance achieved) the Remuneration Committee may in its absolute discretion require the relevant Award Holder to transfer some or all of the Shares that were subject to his Award or pay an equivalent cash amount back to the Company (or as the Company may direct) for no payment.

Taxation

Under the terms of the LTIP, the participant agrees to pay to the relevant company in the Group any amount of income tax and national insurance contributions (or overseas equivalents) that the relevant company is required to withhold and/or account to any fiscal authority. To the extent permitted by law, such liabilities may be deducted from other payments due to the participant and the relevant company in the Group may withhold and sell Shares to which the participant may otherwise be entitled under the LTIP in order to meet such liabilities. To the extent permitted by law, national insurance contribution (or overseas equivalent) may include employer contributions.

Variation of share capital

In the event of a capitalisation issue, rights issue, open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital, the number of Shares subject to an Award, the description of the Shares, the exercise price (where relevant), or any one or more of these, may be adjusted in such manner as the Remuneration Committee may determine.

Amendment of the LTIP

The Remuneration Committee may from time to time amend the rules of the LTIP (including, for the purposes of establishing a sub-plan for the benefit of employees located overseas).

However, no amendment may be made without the prior approval of the Company in general meeting for the benefit of existing or future Participants to the Rules relating to:

1. the basis for determining an employee's entitlement (or otherwise) to be granted an Award and/or to acquire Shares on the exercise of an Option and/or to become absolutely entitled to Shares subject to a Conditional Share Award (as the case may be) under the LTIP;
2. the persons to whom an Award may be granted;
3. the dilution limit on the aggregate number of new issue Shares over which Awards may be granted;
4. the annual limit on the number and/or value of Shares over which Awards may be granted to any one employee;
5. the adjustment of Awards on a variation of share capital; and
6. the rule relating to amendments to the LTIP,

except for amendments made before Admission or amendments which are minor and benefit the administration of the LTIP or in order to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the LTIP, the Company or some other Group company.

Overseas jurisdictions

There is a schedule to the LTIP that enables the Board to modify the scheme in order to operate it overseas and to take account of overseas legal, taxation or securities laws, including but not limited to, in order to grant restricted stock units to employees of the Group in the United States.

Term of the LTIP

The life of the LTIP will be 10 years and no Award may be granted more than 10 years after the date on which the LTIP was adopted without the prior approval of the Company's Shareholders.

Pension benefits

Awards under the LTIP shall are not pensionable.

14.2 The Auction Technology Group plc Deferred Bonus Share Plan ("DBSP")

Overview

The DBSP is a discretionary plan for employees within the Group who have been required (or permitted), to defer a portion of their cash bonus into an award of Shares or to be paid a portion of their cash bonus in Shares (the "**Deferred Bonus**").

Participation

Under the DBSP, awards may be granted in the form of (i) options or conditional share awards to acquire Shares equal in value to the Deferred Bonus, (ii) an award of free shares equal in value to the Deferred Bonus and/or (iii) a purchase of shares at market value using the Deferred Bonus, in each case as determined by the Remuneration Committee in its absolute discretion, (together the "**Awards**").

The terms of any bonus deferral and the corresponding awards granted to Executive Directors will be granted subject to, and in accordance with, the Company's approved remuneration policy from time to time. For further details see paragraph 13 (Remuneration Policy) of this Part XIV.

The DBSP's administration will be supervised by the Remuneration Committee, or, where appropriate, a sub-committee appointed by the Remuneration Committee to carry out any of its functions under the plan.

Timing of grant

Awards may be granted within 42 days from the date of payment of the corresponding bonus. If, during this period, the Company is restricted by any order, regulation or statute from granting the Awards, they may be granted as soon as is reasonably practicable (and within a period of 42 days) from the day on which the restriction is lifted or no longer applies.

Dilution limits

The maximum number of ordinary shares issued or issuable under the DBSP and under any other employee share scheme operated by the Company in any rolling 10-year period (including the LTIP, Sharesave Scheme and SIP), may not exceed ten per cent of the Company's issued ordinary share capital from time to time.

Options or awards which have lapsed or have been surrendered or have otherwise been satisfied with market purchase Shares shall not count towards the dilution limit and neither will options or awards granted prior to Admission. If and so long as the Investment Association guidelines require this, options or awards over Treasury Shares will be counted.

Awards not transferrable

Awards granted under the DBSP are not transferable other than to the Award holder's personal representatives in the event of his death.

Holding Period

Awards will normally be required to be held for a minimum period of three years from the date of grant (the "**Holding Period**"). The Remuneration Committee may approve the grant of Awards that must be held over a shorter Holding Period if it is considered commercially desirable to do so.

Cessation of Employment

If a participant ceases employment as a result of death, ill health, injury or disability, retirement, redundancy or being employed by an entity which is transferred out of the Group or for any other 'good leaver' reason as determined by the Remuneration Committee, Awards may be released early from their Holding Period but only if the Remuneration Committee sees fit in its absolute discretion.

If a participant ceases to be an employee in circumstances justifying their summary dismissal and/or as a result of gross misconduct, Awards will lapse.

If a participant ceases to be an employee for any other reason, their Awards will not be released early, but will continue to subsist under the terms of the DBSP until the end of the applicable Holding Period unless the Remuneration Committee in its absolute discretion decides the Award should lapse.

Change of control and other corporate events

Awards will be released early from their Holding Period if there is a change of control of the Company as a result of a takeover, court-sanctioned compromise or arrangement or voluntary winding-up (or any other similar event).

Dividend equivalents

An Award that is granted in the form of an option or conditional share award may include the right to additional Shares (or the cash equivalent) equal in value to any dividends paid in respect of the Company's Shares during the Holding Period of the Award. Such amounts will be reinvested into Shares and (unless the Remuneration Committee determine otherwise) will include special dividends.

Rights attaching to the shares; Net-Settlement; Malus and clawback; Taxation; Variation of share capital; Amendment; Overseas jurisdictions; Term; Pension Benefits*.*

As for the LTIP at 14.1 above.

14.3 The Auction Technology Group plc All-Employee Sharesave Scheme (the "Sharesave" or "SAYE")

Overview

The Sharesave Scheme is intended to meet the requirements of Schedule 3 to the Income Tax (Earnings & Pensions) Act 2003 ("**ITEPA**") to provide for the grant of tax-advantaged share options in the UK. The Sharesave Scheme's administration will be supervised by the Board or, where appropriate, a committee appointed by the Board to carry out any of its functions under the plan.

Eligibility

All employees and full-time Directors of the Group, who have been in continuous service for such period of time (not exceeding five years) as the Board may specify, and who are liable to UK income tax, must be offered participation in the Sharesave Scheme. Participation may also be offered, at the discretion of the Board, to other directors or employees who otherwise do not satisfy all of the above criteria, including overseas employees, although Non-Executive Directors will not be eligible to participate in the Sharesave Scheme.

Timing of Issue of invitations

Invitations to participate in the Sharesave Scheme can be made at any time following Admission, provided the Company is not restricted by any order, regulation or statute from doing so.

Exercise price

The price at which an option holder may acquire Shares on the exercise of an option shall be determined by the Board but shall not be less than 80 per cent. of the market value of a Share at the time of grant.

Savings contract

As a condition of grant, participants are required to enter into an approved Sharesave contract with a savings institution nominated by the Company which lasts for either three or five years (or such other standard periods as may be available under HM Treasury specifications for savings arrangements).

The maximum amount which an employee is permitted to save under all Sharesave contracts is £500 per month (or such other amount specified in Schedule 3 to ITEPA to be the maximum). The Board may set lower savings limits than this for different participants by reference to objective criteria such as levels of salary or length of service. The minimum contribution is £5 per month (or such greater amount as the Board may specify, not to exceed £10 and, in both cases, subject to such other amounts as are specified by HM Treasury or in Schedule 3 ITEPA to be the minimum or maximum).

The number of Shares subject to the option and the total exercise price payable for the Shares, will be calculated by reference to, and may not exceed, the total monthly contributions payable at the end of the participant's related Sharesave contract.

Dilution limits

The maximum number of ordinary shares issued or issuable under the Sharesave Scheme and under any other employee share scheme operated by the Company in any rolling 10-year period (including the LTIP, DBSP and SIP), may not exceed ten per cent. of the Company's issued ordinary share capital from time to time.

Options or awards which have lapsed or have been surrendered or have otherwise been satisfied with market purchase shares shall not count towards the dilution limit and neither will options or awards granted prior to Admission. If and so long as the Investment Association guidelines require this, options or awards over Treasury Shares will be counted.

Exercise events, cessation of employment and change of control

Options will normally be exercisable during a period of six months following the end of the three or five-year Sharesave contract and will normally lapse upon cessation of employment. Earlier exercise is, however, permitted if the participant dies or leaves employment through injury, disability, redundancy or retirement, or where a participant leaves employment of the Group by reason of his employing company ceasing to be a member of the Group, or if the undertaking in which he is employed is sold outside the Group. Early exercise will also be permitted in the event of a takeover, reconstruction or voluntary winding-up of the Company.

Exchange of options on change of control

If any company obtains control of the Company as a result of a takeover offer or the sanctioning of a scheme of arrangement under section 899 of the Companies Act or if a company has become bound or entitled to acquire all the Shares under sections 979 to 982 or 983 to 985 of the Companies Act or as a result of an overseas reorganisation, an option holder may (but cannot be forced to), by agreement with that other company, seek the release of his unvested options in return for the grant of equivalent options over shares in that other company. This exchange is only beneficial if the acquiring company satisfies the requirements of Schedule 3 to ITEPA.

Variation of share capital

In the event of a variation of the share capital of the Company (whether that variation is a capitalisation issue or offer by way of rights, consolidation, subdivision or reduction or other variation of the Company's capital), the number of Shares subject to the option and/or the exercise price may be adjusted in such manner as the Board in its absolute discretion considers to be fair and appropriate provided that the exercise price per share remains at least equal to the nominal value of a Share and the total market value of the Shares and the total exercise price of the option is substantially the same immediately before and after the variation. If the exercise price would otherwise fall below the nominal value, the Company may capitalise reserves to the extent it is lawful to pay up additional Shares for allotment to option holders.

Amendments and general

No rights under an option may be transferred by an option holder to any other person except in the event of an option holder's death when rights will become exercisable by the option holder's personal representative within 12 months of the date of death.

The Sharesave Scheme may be amended by the Board in any way provided that:

(i) no material amendment may be to options already granted without the consent of the option holders;

(ii) no amendment may be made without the prior approval of the Company in general meeting if it would make the terms on which the options may be granted materially more generous or increase any of the limits specified in the plan or expand the class of potential option holders or change the rule setting out the relationship of the plan with employment contracts (in each case) to the benefit of option holders unless they are minor amendments to benefit the administration of the plan or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders, the Company or a member of the Group; and

(iii) no amendment may be made to a key feature of the Sharesave Scheme if, as a result, the scheme would no longer meet the requirements of Schedule 3 to ITEPA.

Overseas jurisdictions

There is a schedule to the Sharesave Scheme that enables the Board to modify the scheme in order to operate it overseas and to take account of overseas legal, taxation or securities laws, including but not limited to, in order to grant incentive stock options under section 422 of the US Internal Revenue Code (ISOs) and/or operate an employee share purchase plan under section 423 of the US Internal Revenue Code (ESPP).

Term of the Sharesave Scheme

The life of the Sharesave Scheme will be 10 years and no invitations may be issued or options granted more than 10 years after the adoption of the Sharesave Scheme without the prior approval of the Company's Shareholders.

Pension benefits

Options under the Sharesave Scheme will not be pensionable.

14.4 The All-Employee Share Incentive Plan ("SIP")

Overview

The rules of the SIP are intended to meet the requirements of Schedule 2 to ITEPA and provide for the making of tax-advantaged share purchase/ownership awards in the UK.

Administration

All Shares obtained under the plan must be held in a special purpose UK resident employee benefit trust (the "**SIP Trust**"). The trustee will administer the SIP, and its administration will be supervised by the Board or a committee appointed by the Board to carry out any of its functions under the plan.

Eligibility

All UK-resident employees (including Executive Directors) of the ATG Group, who have been continuously employed for a qualifying period as determined by the Board are eligible to participate in the SIP. Non-Executive Directors are not eligible to participate in the SIP.

Types of awards

The SIP is an 'all-purpose' plan and may be operated with any or all of the features described in the paragraphs below.

Awards of Shares may be made on a free basis (the "**Free Shares**") and/or matching (the "**Matching Shares**") basis. Employees can also agree to the acquisition of partnership shares (the "**Partnership Shares**") out of their pre-tax salary by the trustee on their behalf. The Company may direct that cash dividends paid on Shares held within the SIP are reinvested in further Shares to be held within the SIP ("**Dividend Shares**").

(i) Free Shares

Under the SIP, up to £3,600 worth of Free Shares in the Company may be awarded to each eligible employee in each tax year. The award of Free Shares can be linked to individual, team, divisional and corporate performance. Free Shares must be held in the SIP Trust for between three and five years. Free Shares can be awarded subject to forfeiture if a participant ceases to be an employee of the Group within three years of the award other than by reason of death, injury, disability, redundancy or retirement or the transfer of the business or company for which the participant works out of the Group.

(ii) Partnership Shares

Under the SIP, Partnership Shares may be purchased on behalf of eligible employees. Up to a maximum of £1,800 per year or 10 per cent. of an employee's annual pre-tax salary (whichever is lower) can be used to buy Partnership Shares. Partnership Shares can be withdrawn from the SIP at any time and cannot be forfeited for less than the lower of their market value and the price originally paid for them. Partnership Shares acquired pursuant to the SIP will rank equally with existing Shares.

(iii) Matching Shares

Employees who elect to purchase Partnership Shares may be awarded Matching Shares on the basis of up to two Matching Shares for each Partnership Share purchased. Matching Shares must be held by the trustee for three years and may be forfeited in certain circumstances if the employee ceases to be employed by a Participating Company within the three years following their award (other than for one of the reasons specified in relation to Free Shares in (i) above) or if the corresponding Partnership Shares are transferred out of the SIP within three years.

(iv) Dividend Shares

The Company may direct or permit cash dividends paid on Shares held within the SIP to be re-invested by participants in Dividend Shares. Dividend shares are subject to a three year holding period and may not be forfeited but may be subject to compulsory sale for an amount at least equal to the lower of the cash dividend applied to acquire them and the market value of the shares at the time of sale.

Dividends and voting rights

All dividends (other than those applied in the acquisition of Dividend Shares) and other distributions received in respect of the Shares held in the SIP Trust will be passed on to the participants concerned as soon as practicable after receipt subject to the requirements of ITEPA. The Trustee will vote only in accordance with the wishes of participants provided the participants have given the Trustee prior voting directions in writing.

Limit on the number of Ordinary Shares used for the SIP

The number of Shares issued pursuant to the SIP in any rolling 10-year period when aggregated with the Shares issued or issuable pursuant to rights granted in that period under any other employee share plan of the Company (including the LTIP, DBSP and Sharesave Scheme) may not exceed 10 per cent. of the Company's issued share capital from time to time. Options or awards which have lapsed or have been surrendered or have otherwise been satisfied with market purchase shares shall not count towards the dilution limit and neither will options or awards granted prior to Admission. If and so long as the Investment Association guidelines require this, options or awards over Treasury Shares will be counted.

Issue of Invitations

Invitations to participate in the SIP can be made at any time following Admission, provided the Company is not restricted by any order, regulation or statute from doing so.

Amendments and general

No rights under the SIP may be transferred by a participant to any other person other than on death.

The SIP may be amended by the Board in any way provided that:

(i) no amendment may be made without prior approval of the Company in general meeting if it would make the terms on which awards may be made materially more generous or increase any of the limits specified in the plan or expand the class of potential participants or change the rule setting out the relationship of the plan with employment contracts (in each case) to the benefit of participant unless they are minor amendments to benefit the administration of the SIP or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or a member of the Group; and

(ii) no amendment may be made to a key feature of the SIP if, as a result, the plan would no longer meet the requirements of Schedule 2 to ITEPA.

Overseas jurisdictions

There is a schedule to the SIP that enables the Board to modify the scheme in order to operate it overseas and to take account of overseas legal, taxation or securities laws, including but not limited to, in order to operate an employee share purchase plan under section 423 of the US Internal Revenue Code (ESPP).

Term of the SIP

The life of the SIP will be 10 years and no invitations may be issued or new awards granted more than 10 years after the adoption of the SIP without the prior approval of the Company's Shareholders.

Pension benefits

Awards under the SIP will not be pensionable.

In addition to the proposed Share Plans in paragraphs 14.1 to 14.4 above, the Company operates the following arrangements:

14.5 The Auction Employee Benefit Trust ("EBT")

Constitution

The EBT is a discretionary employee benefit trust (within the meaning of s.86 of the Inheritance Tax Act 1984), constituted by a trust deed entered into on 12 February 2020 between ATL and Zedra Trust Company (Guernsey) Limited, independent offshore professional trustees (the "**Trustee**"). The EBT is operated as an employee share scheme within the meaning of section 1166 of the Companies Act 2006, with the purpose of encouraging and facilitating the holding of shares by bona fide employees of the Company (which, for these purposes includes the Executive Directors) and its subsidiaries, former employees and certain of their relatives or for their benefit.

Power and Funding

The Trustee has full discretion with regard to the application of the trust fund. Whilst under the terms of the trust deed it is required to consult with a liaison committee appointed by the Company, the views expressed by the liaison committee are not binding on the Trustee. The Trustee has the power to subscribe for and/or purchase Shares in the Company and any Shares so acquired may be used for the purposes of any employee share scheme operated by the Company, including the grant of awards or options under the LTIP, DBSP SAYE and SIP described in paragraphs 14.1 to 14.4 above. The Trustee may also act as nominee for, and on behalf of, any beneficiary. The EBT may be funded by way of loan or gift to acquire Shares in the Company either by market purchase or by subscription and such funding should constitute lawful financial assistance for the purposes of an employees' share scheme as permitted by (and subject to) sections 677-683 of the Companies Act 2006.

Current assets and liabilities

The EBT was established with initial settled funds of £100. At the date of this Prospectus, it holds 6,000 ATL B Ordinary Shares. Immediately prior to the Reorganisation, a further 8,097 ATL B Ordinary Shares will be issued to the EBT. Assuming completion of the Reorganisation and the maximum number of New Shares subject to the Offer is subscribed for, immediately prior to Admission the EBT will hold 845,306 Shares. Conditional on Admission the EBT has agreed to (i) sell up to 781,625 Shares in the Offer, (ii) make a one-off, net of tax award over 9,714 Shares to a senior employee of the Group and (iii) make a one-off, net of tax award over a maximum of 53,967 Shares to employees of the Group (by way of gift) (in each case assuming that the maximum number of New Shares subject to the Offer is subscribed for). There is currently an outstanding, interest-free loan between ATL and the EBT of £9,650. The loan is repayable on demand by ATL, limited to the value of the assets in the EBT from time to time. On 29 January 2021, ATL and the Trustee entered into a loan and subscription agreement, under which the EBT agreed to use the sale proceeds from the Offer to fund the payment of certain tax liabilities incurred in connection with the making of pre-Admission equity awards and the staff gift; each of these arrangements is summarised in paragraphs 14.6 and 14.7 below.

Limits to Holdings and Dividend Waiver

Any Shares issued to the Trustee in order to satisfy options or awards it has agreed to satisfy will be treated as counting towards the dilution limits that apply to the LTIP, DBSP, SAYE and SIP respectively. For the avoidance of doubt, any Shares acquired by a Trustee in the market will not count towards these limits. In addition, without prior Shareholder approval, the EBT will not, at any one time, hold more than five per cent. of the ordinary share capital of the Company (other than for the purposes of satisfying awards/options that it has agreed to satisfy and/or agreed to hold as nominee on behalf of participants). Unless directed otherwise the Trustees will waive any dividends paid on the Shares settled in the EBT as part of the trust fund.

14.6 Pre-Admission Equity Awards

On 29 January 2021, 7,429 ATL B Ordinary Shares were issued to 35 employees of the Group (including Executive Directors and senior managers), via their nominee ATG Nominees Ltd. Immediately prior to the Reorganisation, it is proposed that a further 3,548 ATL B Ordinary Shares will be issued to 21 employees of the Group (including senior managers), via their nominee ATG Nominees Ltd (together with the 29 January 2021 awards, the "**pre-Admission Equity Awards**"). These pre-Admission Equity Awards represent (in aggregate) 658,220 Shares (assuming that the maximum number of New Shares subject to the Offer is subscribed for).

Holders of the pre-Admission Equity Awards will forfeit their Shares for no payment if they leave the Group for any reason prior to the third anniversary of Admission (other than in the case of their death or the sale of the company or business that they work for out of the Group). In normal circumstances the Shares must also be held for a further year, until the fourth anniversary of Admission, before they can be sold or otherwise transferred. If there is a corporate event resulting in the change of control of the Company, the forfeiture and holding periods will cease to apply.

The Trustee of the EBT has agreed to use the proceeds of sale of its Shares in the Offer to cover all associated tax liabilities arising on the making of the pre-Admission Equity Awards. Award holders will be responsible for paying all taxes due on any subsequent disposal of their Shares.

14.7 Staff Gift

Conditional on Admission, the Trustee of the EBT has agreed to facilitate the making of a gift of Shares to non-equity holding employees of the ATG Group using, in aggregate, 53,967 Shares held in the Trust Fund (assuming that the maximum number of New Shares subject to the Offer is subscribed for). The Shares subject to this gift will be freely transferrable following Admission and not subject to forfeiture nor any other transfer restrictions (including lock-in restrictions). The gift will be made on a net of tax basis and the Trustee has agreed to use the proceeds of sale of its Shares in the Offer 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.

15. THE COMPANY AND ITS SUBSIDIARIES

The Company is the holding company of the Group and has the following significant subsidiaries, subsidiary undertakings and other undertakings in which it 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:

Name	Nature of business	Country of incorporation / residence
ATG Media Holdings Limited	Holding company	England and Wales
ATG Media US Inc.	Holding company	US
ATG Nominees Limited	Non-trading	England and Wales
Auction Bidco Limited	Holding company	England and Wales
Auction Fluency Limited	Non-trading	England and Wales
Auction Holdco Limited	Holding company	England and Wales
Auction Midco Limited	Holding company	England and Wales
Auction Mobility LLC	Holding company	US
Auction Payment Network, LLC	Trading company	US
Auction Technology Group Germany GMBH	Trading company	Germany
Auction Technology Group UK Holdings LTD	Holding company	England and Wales
Auction Topco Limited	Holding company	England and Wales
BidSpotter Inc.	Trading company	US
Metropress Limited	Trading company	England and Wales
Peddars Management Limited	Non-trading	England and Wales
Proxibid Bidco, Inc.	Holding company	US
Proxibid UK Limited	Trading company	England and Wales
Proxibid, Inc.	Trading company	US
Turner Bidco Limited	Holding company	England and Wales
Turner Topco Limited	Holding company	England and Wales

16. REORGANISATION

The Group will implement a corporate group reorganisation to take effect prior to Admission (the "**Reorganisation**") in order to ensure that the corporate structure is appropriate for the Group following Admission. The principal steps of the Reorganisation are as follows:

(a) pursuant to an off-market buyback agreement dated 17 February 2021, ATL acquired all of the then-existing ATL Deferred Shares;

(b) pursuant to the Share-for-share Exchange Deed dated 17 February 2021, the Company will become the holding company of ATL, the current holding company of the Group, via a share-for-share exchange shortly prior to Admission, whereby the shareholders in ATL shall transfer the ATL shares held by them to the Company in exchange for the allotment and issue by the Company of a number of shares in the capital of the Company equal to the class and number of shares held by each of them in ATL immediately prior to the Reorganisation. The Controlling Shareholder will be issued with 50,000 fewer redeemable preference (the "**Minimum Capitalisation Shares**") and two fewer ordinary shares in the capital of the Company due to it holding 50,002 such shares prior to the Reorganisation. As the Company will become the holding company of the Group pursuant to the Reorganisation, new articles of association will be adopted by ATL following completion of the Share-for-share Exchange Deed, which will contain provisions appropriate to its position, following completion of the Share-for-share Exchange Deed, as a wholly-owned subsidiary of the Company;

(c) pursuant to a resolution of the Board on 16 February 2021, immediately prior to and conditional on Admission, the share capital of the Company shall be reorganised by:

  (i) redesignating up to 103,853 A ordinary shares of £0.01 each in the capital of the Company as deferred shares of £0.01 each in the capital of the Company (the "**Initial Deferred Shares**");

  (ii) reclassifying the remaining up to 802,018 A ordinary shares of £0.01 each and all of the 177,923 B ordinary shares of £0.01 each as up to 979,941 ordinary shares of £0.01 each (the "**Interim Ordinary Shares**");

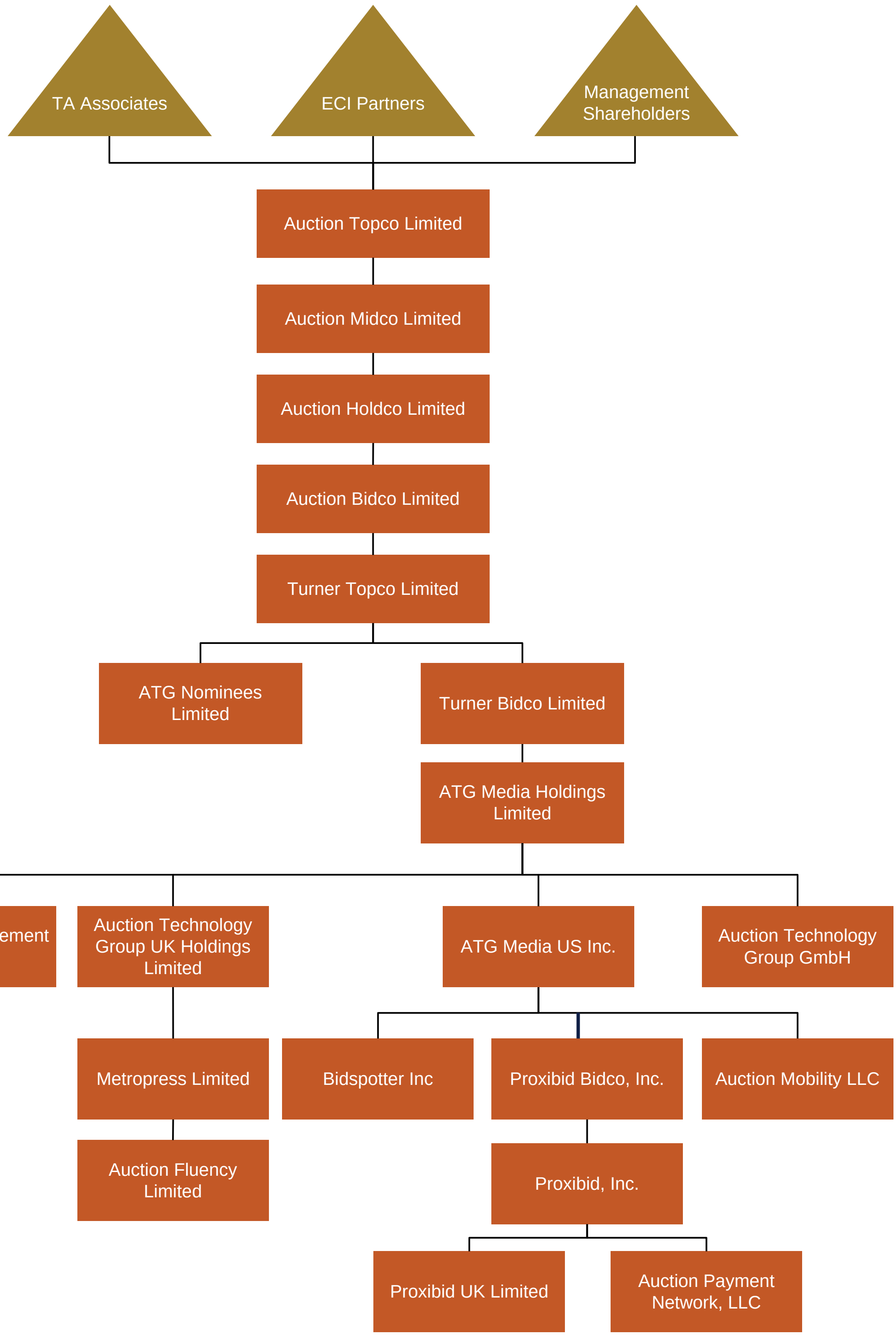
  (iii) subdividing the up to 979,941 Interim Ordinary Shares into up to 97,994,100 Shares of 0.01p each, such that the holder of each such share receives 100 Shares for every one Interim Ordinary Share held by him;

  (iv) redesignating up to 39,233,357 Shares as deferred shares of 0.01p each (the "**Further Deferred Shares**"); and

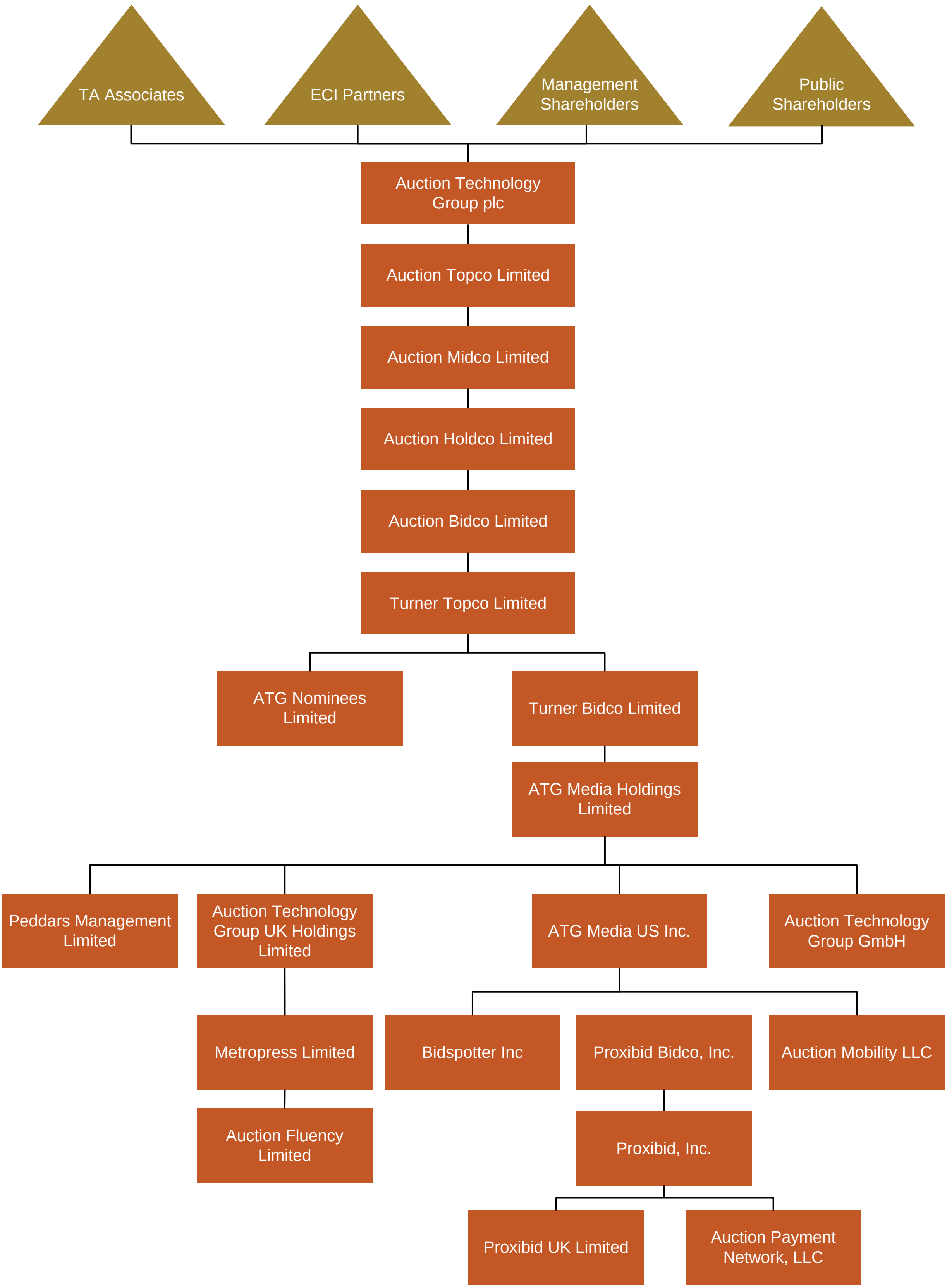
  (v) purchasing and subsequently cancelling the Initial Deferred Shares and the Further Deferred Shares for aggregate consideration of £2.00, pursuant to buyback agreements between the Company and the holders of the Initial Deferred Shares and the Further Deferred Shares (as applicable); and

(d) redeeming the 117,715,532 Preference Shares in full. Breon Corcoran, Scott Forbes and Penny Ladkin-Brand shall direct that the proceeds of the redemption of such Preference Shares held by them be applied in the subscription for Shares at the Offer Price (representing 120,699 Shares in aggregate assuming the maximum number of New Shares subject to the Offer is subscribed for). Additionally, the Minimum Capitalisation Shares shall be redeemed in full by the Company, in consideration for the release by the Company of an undertaking from the Controlling Shareholder to pay up the subscription price in respect of the Minimum Capitalisation Shares.

The following diagram is a simplified structure chart of the Group as at the date of this Prospectus, before completion of the Reorganisation, which will take place prior to Admission:



The following diagram is a simplified structure chart of the Group at Admission, following the completion of the Reorganisation:



17. ARRANGEMENTS RELATING TO THE OFFER

On 17 February 2021, the Company (for itself and as agent for and on behalf of the Other Selling Shareholders), ATL, the Directors, the Proposed Directors, the Core Selling Shareholders and the Joint Global Co-Ordinators entered into the Underwriting and Sponsor Agreement. The Underwriting and Sponsor Agreement is conditional upon: (a) the Company, the Joint Global Co-ordinators and the Core Selling Shareholders having agreed the final number of Offer Shares to be subscribed for or sold in the Offer, (b) Admission occurring by no later than 26 February 2021 (or such later date as the Company and the Joint Global Co-ordinators may agree, being no later than 30 June 2021), (c) there not having been a material adverse change in relation to the Company or the Group, (d) the Reorganisation having been duly completed and (e) certain other conditions which are customary in agreements of this nature.

Pursuant to the Underwriting and Sponsor Agreement:

(a) the Company has agreed, subject to certain conditions, to issue the New Shares at the Offer Price;

(b) the Company (as agent for and on behalf of the Other Selling Shareholders) and the Core Selling Shareholders have agreed, subject to certain conditions, to sell the Sale Shares at the Offer Price;

(c) each Joint Global Coordinator has severally agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers and/or purchasers for the Offer Shares to be issued or sold under the Offer (such number to be agreed between the Company, the Core Selling Shareholders and the Joint Global Co-Ordinators) or, failing which, itself subscribe for and/or purchase such Offer Shares at the Offer Price;

(d) the Underwriting and Sponsor Agreement can be terminated at any time prior to Admission in certain customary circumstances set out in the agreement. If this right is exercised, the Offer and any underwriting arrangements will lapse and any monies received in respect of the Offer will be returned to applicants without interest;

(e) subject to the conditions in the Underwriting and Sponsor Agreement having been satisfied or waived and the Underwriting and Sponsor Agreement not having been terminated with its terms, the Underwriting and Sponsor Agreement provides for Joint Global Co-Ordinators to be paid a commission by the Company in respect of the New Shares, by the Company (as agent on behalf of the Other Selling Shareholders) and the Core Selling Shareholders in respect of the Sale Shares sold by them, and by the Over-allotment Shareholders in respect of any Over-allotment Shares sold by them pursuant to the exercise of the Over-allotment Option. The base commission is 2.5 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of the Offer Shares and Over-allotment Shares sold under the Offer. Each of the Company (for itself and on behalf of the Other Selling Shareholders) and the Core Selling Shareholders may also, in their absolute discretion, elect to pay an additional discretionary commission of 1 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of Offer Shares and Over-allotment Shares sold under the Offer. The amount of any discretionary commission will be determined, notified and paid to the Joint Global Co-ordinators within 30 days of Admission. Any fees and commissions received by Joint Global Co-Ordinators may be retained, and any Shares subscribed for or purchased by Joint Global Co-Ordinators may be retained, or dealt in, by them for their own benefit;

(f) in addition to the commissions detailed above, the Company has agreed to pay the costs, charges, fees and expenses properly incurred by the Joint Global Co-ordinators in connection with the Offer, the Reorganisation, Admission and the Underwriting and Sponsor Agreement;

(g) the Company has given an indemnity to the Joint Global Co-ordinators on customary terms;

(h) each of the Company, the Directors and the Selling Shareholders has given certain representations, warranties and undertakings to the Joint Global Co-ordinators. The liability of the Company is not limited as to amount or by time. The liabilities of the Directors and Core Selling Shareholders are subject to limitations;

(i) each of the Over-allotment Shareholders have granted the Stabilising Manager the Over-allotment Option pursuant to which the Stabilisation Manager may require the Over-allotment Shareholders to make available additional Shares of up to 10 per cent. of the total number of

Offer Shares (excluding the Shares subject to the Over-allotment Option) at the Offer Price to cover any short positions arising from over-allocations, if any, and/or stabilisation transactions in connection with the Offer. Save as required by law or regulation, neither the Stabilising Manager, nor any of its agents intends to disclose the extent of any over-allotments and/or stabilising transactions under the Offer. The Over-allotment Option is exercisable in whole or in part upon notice by the Stabilising Manager, at any time during the 30 days after commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank pari passu in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be sold on the same terms and conditions as the Offer Shares being sold in the Offer and will form a single class for all purposes with the other Shares. Further details of the Over-allotment Option are set out in paragraph 6 of Part IX (Part IX (*Details of the Offer*); and

(j) each of the Company, the Directors and the Core Selling Shareholders has agreed to certain lock-up arrangements in respect of the Shares. Further details of the lock-up arrangements are set out in paragraph 9 of Part IX (*Details of the Offer*).

18. DILUTION OF SHARE CAPITAL

Pursuant to the Offer, the Existing Shares will experience a 41.2 per cent. dilution as a result of the issue of up to 41,239,257 New Shares, assuming the maximum number of New Shares subject to the Offer is subscribed for (that is, the Existing Shares as a proportion of the entire issued Share capital of the Company will decrease by 41.2 per cent.), following which the Existing Shares will represent approximately 58.8 per cent. of the enlarged Share capital of the Company.

19. SELLING SHAREHOLDERS

19.1 To the extent practicable, the details of the Selling Shareholders, the maximum number of Shares to be sold by each Selling Shareholder and the number of Preference Shares to be redeemed by the Company is set out below, assuming the maximum number of New Shares subject to the Offer is subscribed for, no exercise of the Over-allotment Option and the maximum number of Sale Shares subject to the Offer is sold:

Name	Maximum number of Shares being sold	Number of Preference Shares being redeemed(1)	Maximum aggregate receivable from sale of Shares / redemption of Preference Shares	Relationship with the Group
TA Associates	95,492	86,229,121	£97,657,600	Institutional Shareholder
ECI Partners	32,691	26,092,538	£29,573,516	Institutional Shareholder
Bandon Partners	195	172,213	£195,065	Institutional Shareholder
ATG Nominees Limited	3,313,994(2)	—	£19,883,964(3)	Nominee holder of shares for various Group employees
Zedra Trust Company (Guernsey) Limited (as Trustee of the EBT)	781,625	—	£4,689,750	Trustee of the EBT
Samantha Savant	—(4)	1,469,556	£1,654,561(5)	Spouse of John-Paul Savant, CEO
Tom Hargreaves	—(4)	657,563	£740,345(5)	CFO
Richard Lewis	—(4)	1,823,323	£2,052,864(5)	Senior Manager
Dan Pennington	—(4)	198,857	£223,891(5)	Senior Manager
Marika Clemow	—(4)	230,201	£259,181(5)	Senior Manager
Matthew Ball	—	128,668	£144,866	Employee of the Group
Breon Corcoran	—	271,820(6)	£277,450(6)	Chair
Penny Ladkin-Brand	—	220,836(6)	£223,377(6)	Proposed Director
Scott Forbes	—	220,836(6)	£223,377(6)	Proposed Director

(1) The redemption price for the Preference Shares ranges from £1.0115068 to £1.1258915 per Preference Share.

(2) Including 1,188,602 Shares beneficially held by John-Paul Savant, his spouse (Samantha Savant) or the Savant Discretionary Trust (whose trustees are John-Paul Savant and Samantha Savant), 725,438 Shares beneficially held by Tom Hargreaves, 419,303 Shares beneficially held by Richard Lewis, 264,915 Shares beneficially held by Badrudin Khan, 198,401 Shares beneficially held by Dan Pennington and 151,464 Shares beneficially held by Marika Clemow.

(3) Including £7,131,612 in respect of Shares beneficially held by John-Paul Savant, his spouse (Samantha Savant) or the Savant Discretionary Trust (whose trustees are John-Paul Savant and Samantha Savant), £4,352,628 in respect of Shares beneficially held by Tom Hargreaves, £2,515,818 in respect of Shares beneficially held by Richard Lewis, £1,589,490 in respect of Shares beneficially held by Badrudin Khan, £1,190,406 in respect of Shares beneficially held by Dan Pennington and £908,784 in respect of Shares beneficially held by Marika Clemow.

(4) Excluding the Shares being sold on his/her behalf by ATG Nominees Limited, as disclosed in Note 1.

(5) Excluding the proceeds of the Shares being sold on his/her behalf by ATG Nominees Limited, as disclosed in Note 1.

(6) Breon Corcoran, Scott Forbes and Penny Ladkin-Brand shall direct that the proceeds of the redemption of such Preference Shares held by them be applied in the subscription for Shares at the Offer Price (representing 120,699 Shares in aggregate assuming the maximum number of New Shares subject to the Offer is subscribed for).

19.2 The business address for the Controlling Shareholder (other than TA Subordinated Debt Fund IV, L.P.) is C/O Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104, George Town, KY, Cayman Islands. The business address for TA Subordinated Debt Fund IV, L.P. is Corporation Trust Center, 1209 Orange St, Wilmington, New Castle, US, DE 19801. The business address for Bandon Partners is 1414 Castro Street, Suite D, San Francisco, US, CA 94114. The business address for ECI Partners is Brettenham House, Lancaster Place, London, UK, WC2E 7EN. The business address for Zedra Trust Company (Guernsey) Limited (as Trustee of the EBT) is Third Floor, Cambridge House, Le Truchot, Guernsey, GY1 3UW. The business address for each Director, Proposed Director and Other Selling Shareholder is The Harlequin Building, 6th Floor 65 Southwark Street, London, UK, SE1 0HR.

20. TAXATION

20.1 US Taxation

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Shares by a U.S. Holder (as defined below), with respect to Shares that a U.S. Holder acquires pursuant to the Offer. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations promulgated under the Code ("**Treasury Regulations**"), administrative pronouncements or practices, and judicial decisions, all as of the date hereof. Future legislative, judicial, or administrative modifications, revocations, or interpretations, which may or may not be retroactive, may result in U.S. federal income tax consequences significantly different from those discussed herein. This discussion is not binding on the U.S. Internal Revenue Service (the "**IRS**"). No ruling has been or will be sought or obtained from the IRS with respect to any of the U.S. federal tax consequences discussed herein. There can be no assurance that the IRS will not challenge any of the conclusions described herein or that a U.S. court will not sustain such a challenge.

This summary does not address the U.S. federal income tax consequences to U.S. Holders subject to special rules, including U.S. Holders that (i) are banks, financial institutions, or insurance companies, (ii) are regulated investment companies or real estate investment trusts, (iii) are brokers, dealers, or traders in securities or currencies, (iv) are tax-exempt organizations, (v) hold Shares as part of hedges, straddles, constructive sales, conversion transactions, or other integrated investments, (vi) acquire Shares as compensation for services or through the exercise or cancellation of employee stock options or warrants, (vii) have a functional currency other than the U.S. dollar, (viii) own or have owned directly, indirectly, or constructively 10 per cent. or more of the voting power or value of the Company, (ix) are subject to the alternative minimum tax; (x) are partnerships or other pass-through entities (including S-corporations); (xi) hold Shares in connection with a permanent establishment or fixed base outside the United States; or (xii) persons that are required to report income no later than when such income is taken into account as revenue in an "applicable financial statement." In addition, this discussion does not address any U.S. federal estate, gift, or other non-income tax, or any state, local, or non-U.S. tax consequences of the ownership and disposition of Shares.

As used herein, "**U.S. Holder**" means a beneficial owner of Shares that is (i) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any political subdivision thereof, including the States and the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust that (a) is subject to the primary supervision of a court within the United States and for which one or more U.S. persons have authority to control all substantial decisions or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a pass-through entity, including a partnership or other entity taxable as a partnership for U.S. federal income tax purposes, holds Shares, the U.S. federal income tax treatment of an owner or partner of such entity generally will depend on the status of such owner or partner and on the activities of the pass-through entity. A U.S. person that is an owner or partner of a pass-through entity holding Shares is urged to consult its own tax advisor.

This summary assumes that Shares are held as capital assets (generally, property held for investment), within the meaning of the Code, in the hands of a U.S. Holder at all relevant times.

Passive Foreign Investment Company

Based on the Company's current operations, business plan, income, assets and certain estimates and projections, including as to the relative values of its assets, the Company does not expect to be classified as a "passive foreign investment company" (as defined under the Code) ("**PFIC**") for its most recent taxable year, for its current taxable year or in the immediately foreseeable future. However, because the Company's PFIC status is determined on an annual basis, the Company's PFIC status for any taxable year will depend upon the composition of its income and assets and there can be no assurance that the Company will not be a PFIC for the current or any future taxable year. If the Company is a PFIC for any year during which a U.S. Holder holds Shares, the Company would generally continue to be treated as a PFIC with respect to that U.S. Holder for all succeeding years during which the U.S. Holder holds Shares, even if the Company ceased to meet the threshold requirements for PFIC status.

U.S. Holders are urged to consult their own tax advisors concerning the Company's potential PFIC status and the potential application of the PFIC rules to the acquisition, holding and disposition of the Shares, including the availability of any elections that may mitigate the generally unfavorable rules that would apply to them if the Company were classified as a PFIC.

The remainder of this discussion assumes that the Company is not, and will not become, a PFIC.

Taxation of Dividends

The gross amount of any distribution paid by the Company (other than certain pro rata distributions of Shares or other common stock interests to holders of Shares) will generally be subject to U.S. federal income tax as foreign source dividend income to the extent paid out of the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such amount will be includable in gross income by a U.S. Holder as ordinary income on the date that such U.S. Holder actually or constructively receives the distribution in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. Dividends paid by the Company will generally not be eligible for the dividends received deduction allowed to corporations.

To the extent that a distribution exceeds the amount of the Company's current and accumulated earnings and profits, as determined under U.S. federal income tax principles, it will be treated first as a tax-free return of capital, causing a reduction in a U.S. Holder's adjusted basis in such U.S. Holder's Shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognised by such U.S. Holder upon a subsequent disposition of those Shares), with any amount that exceeds such U.S. Holder's adjusted basis being taxed as a capital gain recognised on a sale or exchange (as discussed below). However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax principles. Therefore, U.S. Holders should assume that any distributions made by the Company to such U.S. Holder will be treated as a dividend and should be included in the U.S. Holder's gross income as ordinary income from foreign sources.

So long as the Company is eligible for benefits under the Income Tax Convention between the U.S. and the United Kingdom, dividends an individual or other non-corporate U.S. Holder receives from the Company will be "qualified dividend income" if certain holding period and other requirements (including a requirement that the Company is not a PFIC in the year of the dividend or the immediately preceding year) are met, and will be subject to preferential U.S. federal income tax rates. However, if the Company is a PFIC in the year of the dividend or was a PFIC in the immediately preceding year, distributions on the Shares will not constitute "qualified dividend income" eligible for preferential tax rates.

Taxation of Capital Gains

A U.S. Holder generally will recognise gain or loss upon the taxable sale, exchange or other disposition of Shares in an amount equal to the difference between (i) the U.S. dollar value of the amount realized upon the sale, exchange or other taxable disposition and (ii) such U.S. Holder's adjusted tax basis in the Shares disposed. The initial tax basis of a U.S. Holder's Shares generally will be the U.S. dollar value of the British pounds paid in the Offer determined on the date of purchase. If the Shares are treated as traded on an "established securities market" at the time of the Offer, a cash basis U.S. Holder (or, if it elects, an accrual basis U.S. Holder) will determine the U.S. dollar value of the cost of such Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. Generally, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if, on the date of the sale, exchange or other taxable disposition, such U.S. Holder has held the Shares disposed more than one year. If such U.S. Holder is an individual or other non-corporate U.S. Holder, long-term capital gains will be taxed at a maximum rate of 20 per cent. The deductibility of capital losses is subject to limitations under the Code. Gain or loss, if any, that a U.S. Holder realizes upon a sale, exchange or other taxable disposition of the Shares will be treated as having a U.S. source for U.S. foreign tax credit limitation purposes.

Receipt of Foreign Currency

The U.S. dollar value of any cash distribution made in British pounds to a U.S. Holder will be calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the distribution, regardless of whether the British pounds are converted into U.S. dollars at that time. For U.S. Holders, the amount realized on a disposition of Shares for an amount in British pounds will be the U.S. dollar value of this amount on the date of disposition. On the settlement date, such U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Shares traded on an established securities market that are sold by a cash method U.S. Holder (or an accrual method U.S. Holder that so elects), the amount realized will be based on the spot rate in effect on the settlement date for the disposition, and no exchange gain or loss will be recognised at that time. A U.S. Holder will generally have a basis in British pounds received equal to their U.S. dollar value on the date of receipt of a distribution, or on the settlement date in the case of a disposition. Any U.S. Holder that receives payment in British pounds and converts or disposes of the British pounds after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss and that generally will be U.S. source income or loss for foreign tax credit purposes. U.S. Holders are urged to consult their own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of British pounds.

Additional Tax on Net Investment Income

If a non-corporate U.S. Holder's income exceeds certain thresholds, such U.S. Holder generally will be subject to an additional 3.8 per cent. tax on net investment income, including dividends on, and capital gains from the sale or other taxable disposition of, Shares, subject to certain limitations and exceptions. U.S. Holders are urged to consult their own tax advisors regarding the calculation of net investment income and the impact of any elections available under Treasury Regulations.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends paid to a U.S. Holder in respect of Shares and the proceeds received by such U.S. Holder from the sale, exchange or other disposition of the Shares within the United States unless such U.S. Holder is a corporation or other exempt recipient. Backup withholding may apply to such payments if a U.S. Holder fails to provide a taxpayer identification number or certification of exempt status or fails to report dividend and interest income in full. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against a U.S. Holder's U.S. federal income tax liability, provided that a claim is timely filed with the IRS.

U.S. return disclosure obligations apply to U.S. individuals who hold certain “specified foreign financial assets” in excess of $50,000. The definition of “specified foreign financial assets” includes not only financial accounts maintained in foreign financial institutions, but also may include the Shares. Certain U.S. Holders may also be required to file an IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) to report a transfer of property (including cash) to the Company. Substantial penalties may be imposed on a U.S. Holder that fails to comply with these reporting requirements. A U.S. Holder is urged to consult its own tax advisor regarding the possible implications of the U.S. return disclosure obligations.

20.2 UK Taxation

The following statements are intended only as a general guide to certain UK tax considerations of, and do not purport to be a complete analysis of, all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current UK law and what is understood to be the current practice of HMRC (which might not be binding on HMRC) as at the date of this Prospectus, both of which may be subject to change at any time, possibly with retrospective effect.

The statements below apply only (except in paragraphs (a)(iii), (b)(iii), (c) and (d)) where express reference if made to the treatment of non-UK residents) to Shareholders who:

(i) are resident (and, in the case of individuals, domiciled or deemed domiciled) solely in the UK for tax purposes (and references to ‘UK resident individual Shareholders’ and ‘UK resident corporate Shareholders’ should be read accordingly);

(ii) are absolute beneficial owners of their Shares and dividends paid in respect of them;

(iii) hold their Shares as an investment; and

(iv) in the case of individuals, to whom “split year” treatment does not apply.

Certain categories of Shareholders, including without limitation those carrying on certain financial activities, dealers in securities, insurance companies, collective investment schemes, those subject to specific tax regimes or benefiting from certain reliefs or exemptions, those who hold their Shares in an individual savings account or pension arrangement, those connected with the Company or the Group and those acquiring their Shares in connection with employment, may be subject to special rules and the tax position of such categories of Shareholders is not considered in this summary.

The statements set out in the paragraphs below do not constitute tax or legal advice. The statements summarise the current position and are intended as a general guide only. Prospective Shareholders who are in any doubt as to their tax position, or who are resident in or who may be subject to tax in a jurisdiction other than the UK, are strongly recommended to consult their own professional advisers immediately. Prospective Shareholders should be aware that the tax legislation of any jurisdiction where a Shareholder is resident or otherwise subject to taxation may also have an impact on the tax consequences of an investment in the Shares, or of acquiring, holding or disposing of Shares, including in respect of any income received from the Shares.

(a) Taxation of dividends

The Company is not required to withhold UK tax from dividend payments it makes.

(i) UK resident individual Shareholders

Dividends received by a UK resident individual Shareholder from the Company will generally be subject to tax as dividend income. Under current UK tax rules specific rates of tax apply to dividend income.

An amount (the **“Dividend Allowance”**, which is £2,000 for the tax year ending 5 April 2021) of dividend income received by a UK resident individual Shareholder in a tax year (taking into account dividends received from the Company and any other dividend income received by a Shareholder) will be taxed at a nil rate (such that no income tax will be payable in respect of such amounts). For these purposes “dividend income” includes without limitation UK and non-UK source dividends and certain other distributions in respect of shares.

If and to the extent that (taking into account dividends received from the Company and any other dividend income received by a Shareholder) the dividend income received by a UK resident individual Shareholder in a tax year exceeds the Dividend Allowance (the amount of such excess being referred to as the **"Taxable Amount"**), the Taxable Amount will be subject to income tax at the rates determined by the tax rate band or bands that it falls within.

If and to the extent that the Taxable Amount falls at or below the basic rate limit, the Shareholder will be subject to income tax on it at the dividend basic rate of 7.5 per cent. If and to the extent that the Taxable Amount falls above the basic rate limit but at or below the higher rate limit, the Shareholder will be subject to income tax on it at the dividend higher rate of 32.5 per cent. If and to the extent that the Taxable Amount falls within the additional rate band, the Shareholder will be subject to income tax on it at the dividend additional rate of 38.1 per cent.

For the purposes of determining which of the taxable bands dividend income falls into, the Shareholder's total income (including from dividends and other sources) is taken into account and dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the Dividend Allowance which would (if there was no Dividend Allowance) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

(ii) UK resident corporate Shareholders

Shareholders within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for Shareholders that are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009) the dividend falls within one of the exempt classes set out in Part 9A and certain other conditions are met. Each Shareholder's position will depend on its own individual circumstances, and the exemptions are not comprehensive and are subject to anti-avoidance rules, though it would normally be expected that the dividends paid by the Company would fall within an exempt class. Shareholders that are "small companies" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 should also be entitled to an exemption under Chapter 2 of Part 9A of the Corporation Tax Act 2009 provided that the conditions set out therein are satisfied.

(iii) Non-UK resident Shareholders

Non-UK resident Shareholders should not generally be subject to UK tax on dividends paid by the Company (whether via withholding or direct assessment), unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Shares are used, held or acquired. Non-UK resident Shareholders may be subject to foreign taxation on dividend income under local law. Such Shareholders should consult their own advisers concerning their tax liabilities on dividends received.

(b) Taxation of disposals

(i) UK resident individual Shareholders

A disposal of Shares by a UK resident individual Shareholder may, depending upon the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains. In the case of individual Shareholders, an annual tax-free allowance (the **"Annual Exempt Amount"**, which is £12,300 for the tax year ended 5 April 2021) is available. Any chargeable gain arising from a disposal of Shares which is in excess of the Annual Exempt Amount (or, where the individual has other chargeable gains in the tax year concerned, the unused remainder of the Annual Exempt Amount) and which, when aggregated with that Shareholder's taxable income for the relevant tax year, falls within the basic rate band will be subject to capital gains tax at a rate of 10 per cent. Any amount of such gains which, when aggregated with that Shareholder's taxable income for the relevant tax year, exceeds the basic rate band will be taxed at a rate of 20 per cent.

(ii) UK resident corporate Shareholders

For UK resident corporate Shareholders, a disposal of Shares may give rise to a chargeable gain that is subject to UK corporation tax (currently at a rate of 19 per cent.) or an allowable loss for the purposes of UK corporation tax, subject to any available exemptions or reliefs.

(iii) Non-UK resident Shareholders

Shareholders who are not resident in the UK will not generally be subject to UK taxation of chargeable gains on the disposal of Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law. Such Shareholders should consult their own advisers concerning their tax liabilities on any gains.

An individual Shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as non-resident pursuant to a relevant double tax treaty for a period of five years or less and who disposes of all or part of his or her Shares during that period of non-residence may be liable to capital gains tax in respect of such disposal on his or her return to the UK (such that the individual Shareholder becomes UK tax resident), subject to any available exemptions or reliefs.

(c) Stamp duty and stamp duty reserve tax ("SDRT")

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position and apply regardless of whether or not a Shareholder is resident, domiciled or deemed domiciled in the United Kingdom. Shareholders should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986. Special rules apply to agreements made by, among others, intermediaries, and such rules are not covered by this summary.

(i) The Offer

The issue of New Shares will not give rise to stamp duty or SDRT. In the case of New Shares issued to a clearance service or depositary receipt system, this is as a result of case law which has been accepted by HMRC (subject to the comments set out in paragraph (iv) below).

The transfer of, or agreement to transfer, any Sale Shares under the Offer (including Shares that are transferred to purchasers pursuant to exercise of the Over-allotment Option) will generally give rise to a liability to stamp duty and/or SDRT at a rate of 0.5 per cent. of the Offer Price (subject to paragraph (iv) below and, in the case of stamp duty, rounded up to the nearest multiple of £5). The Core Selling Shareholders, the Company (on behalf of the Other Selling Shareholders) or the Over-allotment Shareholders have agreed in the Underwriting and Sponsor Agreement to meet such liability, subject to certain exceptions including in circumstances where the rate is in excess of 0.5 per cent. due to any of s.67, 70, 93 or 96 of the Finance Act 1986.

(ii) Subsequent transfers outside of CREST, depositary receipt systems and clearance services

Stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of £5) of the amount or value of the consideration (or in certain cases the market value of the Shares) given is generally payable on an instrument transferring Shares.

A charge to SDRT will normally arise on an agreement to transfer Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable, or in certain cases the market value of the Shares). However, if within six years of the date on which the agreement is made (or, if the agreement is conditional, becomes unconditional) an instrument of transfer is executed pursuant to the agreement, and such instrument is duly stamped or certain other conditions are met, any SDRT already paid will be refunded provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

This paragraph is subject to paragraphs (iii) and (iv) below.

(iii) Shares transferred to and within CREST

Paperless transfers of Shares within CREST are generally liable to SDRT rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable (or in certain cases the market value of the Shares). CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. No stamp duty or SDRT will generally arise on a transfer of Shares into the CREST system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise.

(iv) Shares issued or transferred to, or transferred within, clearance services or depositary receipt systems

Subject to the sub-paragraphs below, where Shares are issued or transferred to, or to a nominee or agent for, a person whose business is or includes either issuing depositary receipts or the provision of a clearance service, SDRT or stamp duty may be charged at a rate of 1.5 per cent of the amount or value of the consideration given or, in certain circumstances, the value of the shares. Other than where a clearance service has made an election under s.97A(1) of the Finance Act 1986 (to which the rules described in the following sub-paragraph apply), no stamp duty or SDRT is generally payable in respect of paperless transfers within clearance services or depositary receipt systems.

Where a clearance service has made and maintains an election under s.97A(1) of the Finance Act 1986 which has been approved by HMRC, there is an exception from the 1.5 per cent. charge on the issue or transfer to, or to a nominee or agent for, a clearance service. In these circumstances, stamp duty or SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer (or in certain cases the market value of the Shares) will arise on any transfer of Shares into a clearance service and on subsequent transfers of Shares within the clearance service.

HMRC accept that the 1.5 per cent. charge outlined above is in breach of EU law so far as it applies to new issues of shares or transfers that are an integral part of a share issue, and it was confirmed in the Autumn 2017 Budget that the Government intend to continue this approach following Brexit. HMRC's published view is that the 1.5 per cent. SDRT or stamp duty charge continues to apply to other transfers of shares into a clearance service or depositary receipt arrangement.

Any liability for SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service or system, which does arise will usually be a liability of the clearance service or depositary receipt system operator, as the case may be, but any liability to stamp duty or SDRT will, in practice, be payable by the participants in the clearance service or depositary receipt system.

(d) Inheritance Tax

The Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of Shares by, or a transfer on the death of, an individual holder of Shares may (subject to certain exceptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there. Generally, UK inheritance tax is not chargeable on gifts to other individuals if the transfer is made more than seven years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift in respect of the undervalue element and particular rules apply to gifts where the donor reserves or retains some benefit in respect of the asset gifted.

Special rules also apply to close companies and to trustees of settlements who acquire, dispose of or hold Shares, potentially bringing them within the charge to inheritance tax. Holders of Shares should consult an appropriate professional adviser if they intend to make a gift of, transfer at less than full market value, or hold any Shares through such a company or trust arrangement, or if there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

21. MATERIAL CONTRACTS AND RELATED PARTY TRANSACTIONS

(a) The following, and those items listed in Part XII, 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 Group (i) during the period covered by the Historical Financial Information set out in Part XII and which are a related party transaction; (ii) within the two years immediately preceding the publication of this Prospectus and which are or may be material to the Group; or (iii) at any time and contain a provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this Prospectus:

(i) the documents required to effect the Reorganisation as detailed in paragraph 16 above;

(ii) the Underwriting and Sponsor Agreement referred to in paragraph 17 above;

(iii) on 17 February 2021, the Company and the Controlling Shareholder entered into a relationship agreement (the "**Relationship Agreement**") which will, conditional upon Admission, regulate the ongoing relationship between the Company and the Controlling Shareholder. 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 the Controlling Shareholder, 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, the Controlling Shareholder will be 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. The Controlling Shareholder 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. The Controlling Shareholder's 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. The Controlling Shareholder's first appointed representative Director is Morgan Seigler.

The Controlling Shareholder will have certain information rights in relation to (i) Board papers, provided that such papers will only be distributed to directors, employees and officers of the Controlling Shareholder 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. The Controlling Shareholder has also undertaken to hold information it receives on the Group in confidence and in accordance with applicable law. The Relationship Agreement confirms that the Controlling Shareholder 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) the Controlling Shareholder 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 and Proposed Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of the Controlling Shareholder;

(iv) on 5 February 2021 (in the case of Jupiter, Caledonia and Capital World) and 16 February 2021 (in the case of BlackRock), in connection with the Offer, the Company, TA Associates, ECI 11 L.P. and the Cornerstone Investors entered into the Cornerstone Investment Agreements.

Subject to the terms of the Cornerstone Investment Agreements, the Cornerstone Investors have agreed to acquire, in aggregate, £125 million of Offer Shares at the Offer Price, consisting of a commitment of £45 million from Jupiter, £35 million from Caledonia,

£25 million from BlackRock and £20 million from Capital World (each a "**Cornerstone Commitment**").

Each of the Cornerstone Investment Agreements has been entered into on substantially the same terms and contains, amongst others, the following provisions:

- the obligation of the Cornerstone Investor to subscribe for New Shares and acquire for Sale Shares, and to pay for the number of Offer Shares it has agreed to acquire, which is equal to the number of Offer Shares resulting from dividing its Cornerstone Commitment by the Offer Price pursuant to the relevant Cornerstone Investment Agreement;
- each Cornerstone Investment Agreement is subject to certain conditions that are typical for an agreement of this nature. These conditions include:
  - the Prospectus containing no amendments as compared with the registration document published by ATL on 1 February 2021 which would have required the publication of a supplementary prospectus in accordance with FSMA other than amendments relating to certain specified sections and unless otherwise communicated to the Cornerstone Investor prior to the date of the Cornerstone Investment Agreement or otherwise approved by such Cornerstone Investor (including deemed approval);
  - the Underwriting and Sponsor Agreement having been entered into, not having been terminated and having become unconditional in accordance with its terms;
  - the Offer Price representing an enterprise value for the Group at Admission of not more than £600 million; and
  - Admission having occurred on or before 30 June 2021, (together, the "**Conditions**");
- the agreement will terminate if the Conditions are not fulfilled or waived;
- the agreement contains customary warranties from the Cornerstone Investors; and
- the agreement is governed by English law;

(v) 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 B Ordinary Shares;

(vi) on 27 January 2021, the Company and each of the Proposed Directors entered into clawback agreements (the "**Clawback Agreements**") relating to the issue of certain A Ordinary Shares and Preference Shares to each of the Proposed Directors. Under the terms of the Clawback Agreements, the parties agreed that if, following the date of the Clawback Agreements, TA Associates determines that the relevant Proposed Director shall not be appointed as a director of the Group's holding company, the Company may issue a sale notice, requiring the relevant Proposed Director to transfer the Shares held by that Proposed Director to a party notified by the Company for consideration of the issue price of such Shares;

(vii) 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;

(viii) 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 will be repaid on Admission;

(ix) 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 will terminate automatically upon Admission and will no longer regulate the activities of the Group following Admission;

(x) on 13 February 2020, Auction MidCo constituted subordinated loan notes of $13,000,000 in aggregate (the "**Subordinated Loan Notes**"). The Subordinated Loan Notes are 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 accrues daily at a rate of 12 per cent. per annum. The Subordinated Loan Notes will be repaid in full on Admission;

(xi) on 13 February 2020, the Company constituted subordinated loan notes of £385,000 in aggregate (the "Unsecured Loan Notes"). The Unsecured Loan Notes are 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 accrues daily at a rate of 12 per cent per annum. The Unsecured Loan Notes will be repaid in full on Admission;

(xii) the Senior Facilities Agreement referred to in paragraph 22 below;

(xiii) 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;

(xiv) 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;

(xv) 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;

(xvi) 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;

(xvii) 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

(xviii) 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 Part XII or paragraph 21(a) of Part XIV of this Prospectus, the Group has not been a party to any related party transaction from the start of the period covered by the historical financial information to the date of this Prospectus.

22. FINANCING ARRANGEMENTS

Following the amendment and restatement of the Senior Facilities Agreement on 29 January 2021, the Company has agreed to use part of the net proceeds from the Offer to reduce its existing indebtedness under the Group's Senior Facilities Agreement, which will provide the Group with greater financial flexibility. The Senior Facilities Agreement (as amended by the Amendment and Restatement Deed, as defined below) will remain in place following Admission.

Senior Facilities Agreement

On 10 February 2020, Auction Holdco Limited and certain of its subsidiaries entered into a senior facilities agreement (as amended on 8 October 2020 and 15 October 2020 and as amended and restated on 29 January 2021) and made between, amongst others, Auction Holdco Limited as parent, Auction Bidco Limited as original borrower (the "**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 (the "**Senior Facilities Agreement**"). Certain of Auction Holdco Limited's indirect subsidiaries have subsequently acceded to the Senior Facilities Agreement as additional guarantors.

As at the date of this Prospectus, the following facilities (the "**Facilities**") are currently made available to the Borrower under the terms of the Senior Facilities Agreement:

(1) a senior term facility totalling GBP 23,070,483 under the Senior Facilities Agreement ("**Senior Term Facility 1**");

(2) a senior term facility totalling USD 73,840,430 under the Senior Facilities Agreement ("**Senior Term Facility 2**", and, together with Senior Term Facility 1, the "**Senior Term Facilities**"); and

(3) incremental facilities totalling USD 75,000,000 in aggregate pursuant to two Incremental Facility Notices established with funds managed by Sixth Street and Macquarie respectively and delivered in accordance with the terms of the Senior Facilities Agreement (the "**Incremental Facilities**").

A revolving credit facility (the "**RCF**") totalling GBP 2,500,000 was also made available pursuant to the original terms of the Senior Facilities Agreement. The RCF was cancelled on 10 August 2020.

Interest is currently calculated as the sum of Margin and LIBOR or EURIBOR (as applicable) and shall be payable on the last day of each interest period. "**Margin**" means:

(a) in relation to any loan under the Senior Term Facilities, 6.50 per cent. per annum; and

(b) in relation to any loan under the Incremental Facilities, 6.50 per cent. per annum,

in each case, subject to a ratchet contained in the definition of Margin in the Senior Facilities Agreement and the applicable Incremental Facility Notice respectively.

Cross-company guarantees are 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 Auction Holdco Limited and its subsidiaries, has also been granted in favour of the Security Agent by way of security in connection with the Facilities provided.

The Senior Facilities Agreement limits the ability of Auction Holdco Limited 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 unless certain conditions typical of an LMA leveraged finance facilities agreement are met.

The Senior Term Facilities have been drawn in full and (subject to the below) are due for repayment on 13 February 2027. A total of USD 33,500,000 is currently outstanding under the Incremental Facilities (with the balance of USD 41,500,000 capable of being drawn until 13 October 2021), with any outstanding amounts due for repayment on 13 February 2027.

The Facilities may be voluntarily prepaid and cancelled on not less than three business days' notice to the Agent.

If the Facilities are prepaid on or before 13 February 2022, the relevant prepayment of the Facilities shall be made (in addition to all other sums required to be paid under the Senior Facilities Agreement) together with a prepayment fee in the following amounts:

(a) if the prepayment is made on or before 13 February 2021, two per cent.; or

(b) if the prepayment is made on or before 13 February 2022, one per cent.,

in each case, of the amount being prepaid.

Under the terms of the Senior Facilities Agreement, the following events constitute mandatory prepayment events:

(a) a change of control;

(b) a sale of all or substantially all of the Group's assets; and

(c) receipt by the Group of the net proceeds of a:

  (i) claim by a member of the Group under the provisions of an acquisition agreement;

  (ii) disposal by a member of the Group;

  (iii) claim under a Group insurance policy; or

  (iv) public listing of the Group;

Pursuant to the terms of the Senior Facilities Agreement, Admission would therefore ordinarily result in a mandatory prepayment event, meaning that all Facilities outstanding must be prepaid immediately, together with accrued interest, break costs and any applicable prepayment fees. In connection with Admission, the Original Lenders have agreed, pursuant to the terms of an amendment and restatement deed (the "**Amendment and Restatement Deed**") dated 29 January 2021 and entered into between, amongst others, Auction Holdco Limited (as parent and obligors' agent) and the Agent, to waive such a mandatory prepayment event in respect of Admission, conditional on Admission and partial prepayment of the existing senior debt and cancellation of such prepaid amount. Pursuant to the Amendment and Restatement Agreement, a new £20,000,000 revolving credit facility (the "**New RCF**") shall be made available to Auction Bidco Limited conditional upon Admission and partial prepayment of the existing senior debt and cancellation of such prepaid amount.

Following Admission and the partial prepayment and cancellation of the existing senior debt:

(1) Senior Term Facility 1 shall be reduced to £8,000,000;

(2) Senior Term Facility 2 shall be reduced to $43,200,000,

  with both facilities (being the "**Reduced Senior Term Facilities**") to be considered as drawn in full;

(3) the Incremental Facilities will be prepaid in full and cancelled; and

(4) the New RCF will be available for drawing.

Interest shall continue to be calculated as the sum of Margin and LIBOR or EURIBOR (as applicable) and shall be payable on the last day of each interest period; however, the Reduced Senior Term Facilities and the New RCF shall be subject to a new, reduced Margin of 5.75 per cent. per annum (provided that the Margin may be increased depending on the adjusted net leverage ratio at the last testing date (up to a maximum Margin of 6.50 per cent.)). Any outstanding amounts under the New RCF are due for repayment on the date falling 36 months from Admission.

23. WORKING CAPITAL

The Company is of the opinion that, taking into account available banking facilities and the Minimum Net Proceeds, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.

24. SIGNIFICANT CHANGE

There has been no significant change in the financial performance or financial position of the Group since 30 September 2020, being the date to which the historical financial information set out in Part B of Section One of Part XII is drawn up.

25. LITIGATION

There are no, nor have there been any, governmental, legal or arbitration proceedings (including such proceedings which the Company is aware are pending or threatened) in the 12 months immediately prior to the date of this Prospectus, which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.

26. GENERAL

(a) The total costs (including fees and commissions) (inclusive of irrecoverable VAT) payable by the Company in connection with the Offer and Admission are estimated to amount to £18.2 million of which £9.3 million is payable in total to financial intermediaries and the estimated net cash proceeds accruing to the Company from the Offer are £229.2 million, in each case assuming the maximum number of New Shares subject to the Offer is subscribed for. The total costs (including fees and commissions) (inclusive of irrecoverable VAT) payable by the Selling Shareholders in connection with the Offer and Admission are estimated to amount to £1.0 million of which £0.9 million is payable in total to financial intermediaries, in each case assuming the maximum number of Sale Shares subject to the Offer is sold and no exercise of the Over-allotment Option.

(b) Deloitte LLP is registered to carry on audit work in the UK and Ireland 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 report in Part A of Section One of Part XII "*Historical Financial Information—the Group*", Part A of Section Two of Part XII "*Historical Financial Information—the Proxibid Group*" and Part A of Part XIII "*Unaudited Pro Forma Financial Information on the Group*" in the form and context in which they appear, and has authorised the contents of its reports for the purposes of paragraph 1.3 of Annex I and paragraph 1.3 of Annex XI of the Prospectus Regulation. A written consent under the Prospectus Regulation 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.

(c) OC&C has given and not withdrawn its consent to the inclusion of information compiled by them in this Prospectus 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.

(d) The financial information set out in this Prospectus relating to the 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, 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 Group for each of the three financial years ended 30 September 2018 and 2019 have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the 441 of the Companies Act.

(e) There are no arrangements in place under which future dividends are to be waived or agreed to be waived.

(f) The Offer Price is payable in full in cash on acceptance.

27. 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 Prospectus (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 on the Company's website at www.auctiontechnologygroup.com:

(a) this Prospectus;

(b) the Articles of the Company to be adopted conditional on Admission;

(c) the historical financial information set out in Part XII of this Prospectus together with the related reports from Deloitte LLP which are set out in Part XII (*Historical Financial Information*);

(d) the pro forma financial information set out in Part XIII of this Prospectus together with the related report from Deloitte LLP which is set out in Part XIII (*Unaudited Pro Forma Financial Information on the Group*);

(e) the service agreements and letters of appointment referred to in this Part XIV;

(f) the letters of consent referred to in paragraphs 26(b) and (c) above; and

(g) the rules of the LTIP, the DBSP, the SIP and the SAYE Share Plans.

Dated: 17 February 2021

PART XV

GLOSSARY

"**A&A**"	Arts and Antiques
"**Auction Mobility**"	Auction Mobility LLC
"**bidder sessions**"	web sessions on the Group's 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)
"**Lot-tissimo**"	the Group's Marketplace operated via the www.lot-tissimo.com domain
"**Marketplaces**"	the online auction marketplaces operated by the Group
"**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 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**"	the Group's Marketplace revenue as a percentage of its GMV. Marketplace revenue is Group revenue excluding Content 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 sales of retail jewellery (being new, or nearly new, jewellery)
"t**imed 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 accounts that placed bids during the year, whether or not such bids were winning bids
"**UX**"	user experience

PART XVI

DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context requires otherwise:

"**Acquisition Note Payable**"	the acquisition note payable described in note 14 to the Historical Financial Information of the Proxibid Group in Part B of Section Two of Part XII
"**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 isconsistently defined with the above but excludes central administration costsincluding directors' salaries
"**Admission**"	the admission of the 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
"**Articles**"	the articles of association of the Company (as adopted conditional on Admission)
"**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
"**Bandon Partners**"	Bandon Partners LLC
"**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 51 of this Prospectus
"**Buyback Authority**"	the authority for the Company to purchase certain of its Shares pursuant to the resolution detailed in paragraph 3(b) of Part XIV (*Additional Information*)
"**Caledonia**"	certain entities affiliated with Caledonia
"**Capital World**"	certain funds managed and advised by Capital World Investors
"**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
"**Companies Act**"	the Companies Act 2006 (as amended)
"**Company**" or "**Issuer**"	Auction Technology Group plc
"**Concert Party**"	the Controlling Shareholder
"**Controlling Shareholder**" or	TA XIII-A, L.P., TA XIII-B, L.P., TA Investors XIII, L.P., TA
"**TA Associates**"	Investors IV EU AIV, L.P., TA Subordinated Debt Fund IV, L.P.

“**Convertible Loan Notes**”	the convertible loan notes described in note 18(a) to the Historical Financial Information of the Group in Part B of Section One of Part XII
“**Core Selling Shareholders**”	the Controlling Shareholder, ECI 11 LP and Bandon Partners LLC
“**Cornerstone Commitments**”	the commitments from the Cornerstone Investors to acquire Offer Shares, as detailed in paragraph 4 of Part IX (*Details of the Offer*)
“**Cornerstone Investment Agreements**”	the cornerstone investment agreements described in paragraph 21(iv) of Part XIV (*Additional Information*)
“**Cornerstone Investors**”	Jupiter, Caledonia, BlackRock and Capital World
“**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 Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the operator (as defined in the Uncertificated Securities Regulations 2001)
“**DBSP**”	the Company’s Deferred Bonus Share Plan, further details of which are set out in paragraph 14 of Part XIV of this Prospectus
“**Deeds of Election**”	the deed polls of election and powers of attorney signed by each Senior Manager and Other Selling Shareholder
“**EBT**”	the ATG Employee Benefit Trust, further details of which are set out in paragraph 14 of Part XIV of this Prospectus
“**Employee Notes Receivable**” . . .	the employee notes receivable referred to in note 7 to the Historical Financial Information of the Proxibid Group in Part B of Section Two of Part XII
“**ECI Partners**”	ECI 11 Nominees Limited
“**EU Prospectus Regulation**”	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
“**Euroclear UK & Ireland**”	Euroclear UK & Ireland Limited, the operator of CREST
“**Existing Shares**”	the Shares in existence immediately prior to the issue of the New Shares
“**Executive Directors**”	the executive Directors of the Company
“**FCA**”	the Financial Conduct Authority of the United Kingdom
“**FSMA**”	the Financial Services and Markets Act 2000
“**Group**” or “**ATG**”	the Historical Group together with (a) Proxibid Inc. and its subsidiaries, after giving effect to the Proxibid Acquisition, (b) the acquisition of the Historical Group by Auction Bidco Limited (a subsidiary of Auction Midco Limited which in turn is a subsidiary of ATL), and (c) from Admission, the interposition of the Company as a new holding company pursuant to the Reorganisation steps to be completed prior to Admission
“**Group’s Aggregated Operations**” .	as defined in Part III (*Presentation of Information*)
“**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**”	as defined in paragraph 22 of Part XIV (*Additional Information*)
“**Investor(s)**”	as set out in paragraph 1.1 of Appendix I (Terms and Conditions of the Offer)
“**Joint Bookrunners**”	Numis and JP Morgan Cazenove in their capacities as joint bookrunners and each a “**Joint Bookrunner**”
“**Joint Global Co-Ordinators**”	Numis and JP Morgan Cazenove in their capacities as joint global co-ordinators and each a “**Joint Global Co-Ordinator**”
“**JP Morgan Cazenove**”	J.P. Morgan Securities plc
“**Jupiter**”	funds managed by Merian Global Investors and Jupiter Asset Management
“**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 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 set out in paragraph 14 of Part XIV of this Prospectus
“**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)
“**Minimum Net Proceeds**”	£229.2 million, being the minimum net proceeds receivable by the Company, assuming a minimum of 41,239,257 New Shares issued at the Offer Price of 600 pence per New Share
“**New RCF**”	as defined in paragraph 22 of Part XIV (*Additional Information*) of this Prospectus
“**New Shares**”	the up to 41,239,257 new Shares to be allotted and issued by the Company pursuant to the Offer
“**Non-Executive Directors**”	the non-executive Directors of the Company
“**Numis**”	Numis Securities Limited
“**OC&C**”	OC&C Strategy Consultants LLP
“**Offer Price**”	600 pence per Offer Share
“**Offer Shares**”	the New Shares and the Sale Shares
“**Offer**”	the offer of New Shares being made by the Company and the offer of Sale Shares being made by the Selling Shareholders
“**Official List**”	the Official List of the Financial Conduct Authority
“**Other Selling Shareholders**”	the Selling Shareholders excluding the Core Selling Shareholders, the Directors, the Proposed Directors and the Senior Managers

"**Over-allotment Option**"	the over-allotment option granted by the Over-allotment Shareholders to the Stabilising Manager, pursuant to which Existing Shares representing up to 10 per cent. of the total number of Offer Shares (excluding the Shares subject to the Over-allotment Option) may be acquired at the Offer Price
"Over-allotment Shareholders" . .	TA Associates and ECI Partners
"**Over-allotment Shares**"	the Shares the subject of the Over-allotment Option
"**Phantom Shares**"	as defined in note 14 to the Historical Financial Information of the Proxibid Group in Part B of Section Two of Part XII
"**Preference Shares**"	preference shares in the capital of the Company
"**Pricing Statement**"	the statement expected to be published by the Company on or around 23 February 2021, in which the number of Offer Shares and any other outstanding information will be announced
"**Proposed Directors**"	Scott Forbes and Penny Ladkin-Brand
"**Prospectus Regulation**"	the UK version of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
"**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)
"**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, Admission
"**Reporting Accountants**"	Deloitte LLP of 1 New Street Square, London EC4A 3HQ
"**Sale Shares**"	the Existing Shares to be sold by the Selling Shareholders pursuant to the Offer
"**SAYE**" or **"Sharesave"**	the Company's All-Employee Sharesave Scheme, further details of which are set out in paragraph 14 of Part XIV of this Prospectus
"**Secured Bank Loans**"	the secured bank loans described in note 18(a) to the Historical Financial Information of the Group in Part B of Section One of Part XII
"**Secured Loan Notes**"	the secured loan notes described in note 18(a) to the Historical Financial Information of the Group in Part B of Section One of Part XII
"**Selling Shareholders**"	the existing holders of Shares who are selling their Shares pursuant to the Offer

"**Senior Manager Lock-Up Agreements**"	the lock-up undertakings entered into by each of the Senior Managers pursuant to the Deeds of Election
"**Senior Term Loan 1**"	as defined in paragraph 22 of Part XIV (*Additional Information*) of this Prospectus
"**Senior Term Loan 2**"	as defined in paragraph 22 of Part XIV (*Additional Information*) of this Prospectus
"**Share Plans**"	the tax-advantaged and non tax-advantaged share incentive plans of the Company, further details of which are set out in paragraph 14 of Part XIV of this Prospectus
"**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 Reorganisation
"**Shareholders**"	holders of shares in the share capital of the Company
"**Shares**"	ordinary shares of 0.01 pence each in the share capital of the Company
"**SIP**"	the Company's All-Employee Share Incentive Plan, further details of which are set out in paragraph 14 of Part XIV of this Prospectus
"**Sponsor**"	Numis
"**Stabilising Manager**"	JP Morgan Cazenove
"**Standalone ATG Group"**	the Group for FY18, FY19 and FY20, including, in the case of FY18, the Lot-tissimo Group from the date of acquisition (being 26 February 2018), but excluding (a) in the case of FY18, the Catalogues Business (b) in the case of FY20, the results of the Proxibid Group and (c) the interposition of the Company as a new holding company pursuant to the Reorganisation steps to be completed prior to Admission
"**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)
"**Stock Lending Agreement**"	the stock lending agreement entered into between the Stabilising Manager, ECI 11 L.P. and TA XIII-A, L.P., pursuant to which TA XIII-A, L.P. (on behalf of each Over-allotment Shareholder who is part of the Controlling Shareholder) and ECI 11 LP have agreed to lend the Over-allotment Shares to the Stabilising Manager, pursuant to the Over-allotment Option, dated 17 February 2021
"**Subordinated Loan Notes**"	as defined in paragraph 21(a)(xi) of Part XIV (*Additional Information*) of this Prospectus

"**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
"**TTL**"	Turner Topco Limited
"**Unsecured Loan Notes**"	as defined in paragraph 21(a)(x) of Part XIV (*Additional Information*) of this Prospectus
"**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
"**Underwriting and Sponsor Agreement**"	the Underwriting and Sponsor Agreement dated 17 February 2021 and entered into between the Company (for itself and on behalf of the Other Selling Shareholders), the Directors, the Proposed Directors, the Core Selling Shareholders and the Joint Global Co-Ordinators, as described in paragraph 17 of Part XIV of this Prospectus
"**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

PART XVII

SCHEDULE OF CHANGES

This Prospectus contains the information from the registration document published by Auction Topco Limited (a company incorporated in England and Wales with registered company number 12400807, of which the Company will on Admission be the new holding company, pursuant to the Reorganisation) ("**ATL**") on 1 February 2021 (the "**Registration Document**") and updates and replaces the Registration Document in full. Set out below is a summary of the principal changes made to the Registration Document. This summary of principal changes is no substitute for reading this Prospectus as a whole. Any investor participating in the Offer should invest solely on the basis of consideration of this Prospectus as a whole together with any supplement thereto and the Pricing Statement.

The purpose of this summary of principal changes is to:

(a) highlight material changes made in the Prospectus, as compared with the Registration Document;

(b) highlight the new disclosure made in the Prospectus to reflect information required to be included in a securities note; and

(c) highlight the new disclosure made in the Prospectus to reflect information required to be included in a summary.

2. ADDITIONAL INFORMATION

The Prospectus includes the following new sections not included in the Registration Document:

- Part I (*Summary*);
- Part V (*Expected timetable of principal events and Offer statistics*);
- Part IX (*Details of the Offer*);
- Part XVII (*Schedule of changes*); and
- Appendix I (*Terms and conditions of the Offer*).

3. PRINCIPAL CHANGES

The following principal changes have been made to the contents of the Registration Document. The Prospectus otherwise contains information extracted without material amendment from the Registration Document.

- Part II (*Risk Factors*):
  - Paragraph A.18 has been amended to reflect the change to the Group's debt structure with effect from Admission. Please see pages 28 and 29 of this Prospectus; and
  - new paragraphs numbered D.1 to D.9 have been added, detailing risks relating to the Offer. Please see pages 38 to 40 of this Prospectus;
- Part IV (*Directors, Proposed Directors, Secretary, Registered and Head Office and Principal Advisers*):
  - Stefan Dandl and Chris Watt have been removed from the list of Directors. Please see page 51 of this Prospectus; and
  - Numis Securities Limited, J.P. Morgan Securities plc, Equiniti Limited and Tulchan Communications LLP have been added to the list of principal advisers. Please see pages 51 and 52 of this Prospectus;
- Part VIII (*Directors, Proposed Directors, Senior Managers and Corporate Governance*) has been amended and replaced in its entirety to reflect the changes to the Board and the Group's corporate governance procedures, including the establishment of the Audit, Remuneration and Nomination Committees in connection with Admission. Please see pages 99 to 104 of this Prospectus;
- Part X (*Operating and Financial Review—The Group*) has been amended in paragraph 6.1 by the insertion of details relating to the impact of the Offer and the receipt of the net

proceeds of the Offer on the Company's liquidity and net debt. Please see pages 145 and 146 of this Prospectus;

- Part B of Part XIII (*Unaudited Pro Forma Financial Information on the Group*) has been updated to reflect the impact of the application of the net proceeds from the issuance of New Shares as part of the Offer and, in particular, the redemption of the Preference Shares and the repayment of a portion of the Group's outstanding debt, and to include a pro forma statement of net assets as if the Proxibid Acquisition and the Offer and use of proceeds had occurred on 30 September 2020, please see pages 261 to 266 of this Prospectus;
- Part XIV (*Additional Information*):
  - Paragraphs 2 (*The Company*) has been updated to reflect that this Prospectus has been prepared by the Company rather than by ATL. Please see page 267 of this Prospectus;
  - Paragraph 3 (*Share and loan capital of the Company*) amended and replaced in its entirety to reflect that this Prospectus has been prepared by the Company rather than by ATL. Please see pages 267 to 271 of this Prospectus;
  - Paragraph 4 (*Articles of association*) has been amended and replaced in its entirety to reflect the content of the Articles, which have been adopted by the Company conditional upon Admission. Please see pages 272 to 277 of this Prospectus;
  - Paragraph 5 (*Mandatory bids and compulsory acquisition rules relating to the Shares*) has been inserted to describe the application of the Takeover Code to the Company following Admission. Please see pages 277 to 280 of this Prospectus;
  - Paragraph 7 (*Information on the Directors, Proposed Directors and Senior Managers*) has been updated to remove Stefan Dandl and Chris Watt from the list of Directors and two historic directorships of John-Paul Savant which were within the five years prior to the date of the Registration Document but were more than five years prior to the date of this Prospectus. Please see pages 280 and 281 of this Prospectus;
  - Paragraph 8 (*Directors', Proposed Directors', Senior Managers' and others' interests*) has been amended and replaced in its entirety to take account of the impact of the Reorganisation, the Offer and the issue of awards to acquire Shares under the Share Plans on such persons' interests. Please see pages 282 and 283 of this Prospectus;
  - Paragraph 9 (*Directors' Service Agreements*) has been amended and replaced in its entirety to reflect the new service agreements entered into with John-Paul Savant and Tom Hargreaves, the new letters of appointment entered into with Breon Corcoran, Scott Forbes and Penny Ladkin-Brand. Please see pages 283 and 284 of this Prospectus;
  - Paragraph 13 (R*emuneration policy*) has been inserted to reflect the Company's remuneration policy following Admission. Please see pages 285 to 288 of this Prospectus;
  - Paragraph 14 (*Share Plans*) has been updated to include further details relating to the Group's Share Plans with effect from Admission. Please see pages 288 to 299 of this Prospectus;
  - Paragraph 15 (*The Company and its subsidiaries*) has been updated to include ATL as a subsidiary company. Please see page 299 of this Prospectus;
  - Paragraph 16 (*Reorganisation*) has been inserted to reflect the corporate reorganisation of the Company and the Group to be effected prior to Admission. Please see pages 299 to 302 of this Prospectus;
  - Paragraph 17 (*Arrangements relating to the Offer*) has been inserted to detail the arrangements relating to the Offer pursuant to the terms of the Underwriting and Sponsor Agreement. Please see pages 303 and 304 of this Prospectus;
  - Paragraph 18 (*Dilution of share capital*) has been inserted to detail the dilutive impact of the Offer in relation to the Existing Shares. Please see page 304 of this Prospectus;
  - Paragraph 19 (*Selling Shareholders*) has been inserted to detail those persons selling Sale Shares under the Offer. Please see pages 304 and 305 of this Prospectus;

- Paragraph 20 (*Taxation*) has been inserted as a new paragraph to summarise certain US and UK tax implications of holding Shares. Please see pages 305 to 311 of this Prospectus;
- Paragraph 21 (*Material contracts and related party transactions*) has been amended by:
  - the insertion of details relating to the:
    - documents effecting the Reorganisation;
    - Underwriting and Sponsor Agreement;
    - Relationship Agreement; and
    - Cornerstone Investment Agreements,

    please see pages 312 to 313 of this Prospectus; and
  - the amendment of the paragraph relating to the Shareholders' Agreement to reflect the fact that the Shareholders' Agreement will terminate with effect from Admission; and
- Paragraph 23 (*Working capital*) has been inserted in relation to the Group's working capital. Please see page 319 of this Prospectus.

APPENDIX I

TERMS AND CONDITIONS OF THE OFFER

INTRODUCTION

1.1 These terms and conditions apply to persons agreeing to purchase and/or subscribe for Offer Shares under the Offer (which may include any Joint Bookrunner or its nominee(s)) and designated investment managers acting on behalf of certain funds ("**Investors**"). Participation in the Offer is available only to persons who may lawfully be, and are, invited to participate by the Joint Bookrunners.

1.2 Each Investor hereby agrees with each of the Joint Bookrunners and each Selling Shareholder and the Company to be bound by these terms and conditions as being the terms and conditions upon which Offer Shares will be subscribed and/or purchased under the Offer. An Investor shall, without limitation, become so bound if a Joint Bookrunner confirms to the Investor (orally or in writing) an allocation of Offer Shares.

1.3 In these Terms and Conditions, capitalised terms have the meanings set out in the "Definitions" section of this Prospectus.

2. AGREEMENT TO PURCHASE SHARES

2.1 Conditional on (i) Admission occurring and the Underwriting and Sponsor Agreement not having lapsed or been terminated in each case on or prior to 26 February 2021 (or such later date as the Joint Global Co-Ordinators and the Company may agree (not being later than 30 June 2021)) and (ii) the Joint Global Bookrunners confirming the allocation of shares to the Investor, an Investor agrees to purchase or subscribe for, at the Offer Price, the number of Offer Shares allocated to such Investor in accordance with the arrangements described in Part IX (*Details of the Offer*) of this Prospectus. To the fullest extent permitted by law, each Investor acknowledges and agrees that they will not be entitled to exercise any right to rescind or terminate such agreement or (subject to statutory rights) withdraw an application to subscribe for Offer Shares at any time.

2.2 If (i) any of the conditions in the Underwriting and Sponsor Agreement are not satisfied (or, where relevant, waived) or (ii) the Underwriting and Sponsor Agreement is terminated or (iii) the Underwriting and Sponsor Agreement does not otherwise become unconditional in all respects, the Offer will not proceed and all funds delivered by the Investor to a Joint Bookrunner will be returned to the Investor at its own risk without interest, and each Investor's rights and obligations hereunder shall cease and determine at such time and no claim shall be made by the Investor in respect thereof.

2.3 All times and dates set out in these Terms and Conditions and this Prospectus may be subject to amendment by the Joint Global Co-Ordinators (in their absolute discretion).

3. PAYMENT FOR SHARES

3.1 Each Investor undertakes to pay the Offer Price for the Offer Shares issued and/or sold (as applicable) to such Investor as set out in these Terms and Conditions or otherwise in such manner as shall be directed by a Joint Bookrunner.

3.2 In the event of any failure by any Investor to pay for the Offer Shares as agreed under paragraph 3.1 above, the relevant Investor shall be deemed hereby to have appointed the Joint Bookrunners or any nominee of the Joint Bookrunner to use their reasonable endeavours to sell (in one or more transactions) any or all of the Offer Shares in respect of which payment shall not have been made as directed by the Joint Bookrunners and to indemnify each of the Joint Bookrunners on demand in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales. A sale of all or any of such Offer Shares shall not release the relevant Investor from the obligation to make such payment for Offer Shares to the extent that the Joint Bookrunners or their nominee has failed to sell such Offer Shares at a consideration which after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax exceeds the Offer Price per Offer Share.

4. REPRESENTATIONS AND WARRANTIES

4.1 By agreeing to subscribe for and/or to purchase Shares, each Investor (for itself and on behalf of any persons procured by it to acquire Offer Shares and any nominee(s) for any such person(s)) irrevocably confirms, represents, warrants and undertakes to each of the Joint Global Co-Ordinators, the Company and the Selling Shareholders as follows:

4.1.1 that the exercise by the Joint Global Co-Ordinators (or either of them) of any rights or discretion under the Underwriting and Sponsor Agreement shall be within the absolute discretion of each of the Joint Global Co-Ordinators and each of the Joint Global Co-Ordinators need not have any reference to the Investor and shall have no liability to the Investor whatsoever in connection with any decision to exercise or not to exercise any such right. Each Investor agrees that it has no rights against the Joint Global Co-Ordinators (or either of them), the Selling Shareholders, the Company or any of their respective affiliates, directors, officers, employees or agents under the Underwriting and Sponsor Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;

4.1.2 that it has sufficient knowledge and experience in financial and business matters and expertise in assessing credit, market and other relevant risks and is capable of evaluating, and has evaluated, the merits, risks and sustainability of subscribing for or purchasing Offer Shares, and in making the investment decision with respect to Offer Shares, it has:

4.1.2.1 had access to such financial and other information concerning the Company, the Offer Shares and the Offer as it deems necessary in connection with its decision to subscribe for or purchase Offer Shares; and

4.1.2.2 investigated the potential tax consequences affecting it in connection with its acquisition of Offer Shares, including potential tax consequences in connection with the acquisition, holding or any subsequent disposal of Offer Shares;

4.1.3 that in agreeing to subscribe for or purchase Offer Shares under the Offer, each Investor is relying on this Prospectus and any supplementary prospectus published by the Company prior to Admission, and not on any information, representation or statement concerning the Company, any of its subsidiaries, any of its shares or the Offer made by or on behalf of the Company, the Selling Shareholders or the Joint Bookrunners and that to the fullest extent permitted by law, none of the Company, the Selling Shareholders, the Joint Bookrunners or their respective affiliates nor any of its or their respective officers, directors, partners, agents or employees will have any liability for any such other information, representation or statement (provided that nothing in these terms and conditions shall exclude the liability of any person for fraudulent misrepresentation);

4.1.4 that the content of this Prospectus is exclusively the responsibility of the Company, the Directors and the Proposed Directors and none of the Selling Shareholders, the Joint Global Co-Ordinators (apart from the responsibilities or liabilities, if any, that may be imposed on the Joint Global Co-ordinators by FSMA or the regulatory regime established thereunder) or their respective affiliates, or any of its or their respective officers, directors, partners, agents or employees is responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and none of the Selling Shareholders, the Joint Global Co-Ordinators or their affiliates, or any of its or their respective officers, directors, partners, agents or employees will be liable for any decision by an Investor to participate in the Offer based on any information, representation or statement contained in this Prospectus, any supplementary prospectus or otherwise. The Investor irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

4.1.5 that the Investor has not relied on the Joint Global Co-Ordinators or any person affiliated with the Joint Global Co-Ordinators in connection with any investigation of the accuracy of any information contained in this Prospectus, any supplementary prospectus or their investment decision;

4.1.6 that the Investor irrevocably appoints any director of the Company and any director of any Joint Bookrunner to be its agent and on its behalf (without any obligation or duty to do so) to sign, execute and deliver to the Company and the Registrar any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Offer Shares for which it has given a commitment under the Offer, in the event of its failure to do so;

4.1.7 that the Investor accepts that if the Offer does not proceed or the conditions to the Underwriting and Sponsor Agreement are not satisfied or the Offer Shares for which valid applications are received and accepted are not admitted to trading on the Main Market for any reason whatsoever then neither the Joint Global Co-Ordinators, the Company nor any Selling Shareholder, nor any of their respective affiliates nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives shall have any liability whatsoever to it or to any other person;

4.1.8 that neither the Investor nor, as the case may be, its clients, expect the Joint Bookrunners to have any duties or responsibilities to the Investor similar or comparable to the duties of "best execution" and "suitability" imposed by The Conduct of Business Source Book contained in The Financial Conduct Authority's Handbook of Rules and Guidance, and that the Joint Bookrunners are not acting for the Investor or their clients, and that no Joint Bookrunner will be responsible to the Investor or their clients for providing the protections afforded to its customers or for providing advice in relation to the Offer nor in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting and Sponsor Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

4.1.9 that, save in the event of fraud on the part of any Joint Bookrunner and to the extent permitted by the Rules of the Financial Conduct Authority), neither Joint Bookrunner, nor their respective affiliates, nor any of their respective officers, directors, partners, agents or employees shall be liable to the Investor for any matter arising out of the Joint Bookrunners' role as bookrunner or otherwise in connection with the Offer and that where any such liability nevertheless arises as a matter of law the Investor will immediately waive any claim against any of such persons which the Investor may have in respect thereof;

4.1.10 that in the case of a person who agrees on behalf of an Investor to subscribe for and/or purchase (as applicable) Offer Shares and/or who authorises any Joint Bookrunner to notify the Investor's name to the Registrar, that person represents and warrants that it has the authority to do so on behalf of the relevant Investor and:

4.1.10.1 that such person has complied with the customer due diligence measures required by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "**Regulations**") in relation to the Investor (and any beneficial owner);

4.1.10.2 such person has complied fully with his obligations pursuant to the Regulations; and

4.1.10.3 such person will provide the Joint Bookrunners on demand with any information it might require for the purposes of verification under the Regulations;

4.1.11 that it is not and is not applying as nominee or agent for a person who is, or may be, *mentioned* in any of the sections 67, 70, 93 or 96 of the Finance Act 1986 (depositary receipts and clearance services);

4.1.12 that neither the Company, the Selling Shareholders nor the Joint Bookrunners will be responsible for any liability to stamp duty or stamp duty reserve tax or other similar taxes resulting from a failure to observe the requirement in paragraph 4.1.11 above. Each Investor and any person acting on behalf of such Investor agrees to indemnify on an after-tax basis and hold harmless the Company, the Selling Shareholders, the Joint Bookrunners and their respective officers, directors, partners, agents or employees in respect of any such liability;

4.1.13 that the Investor does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an Offer of the Offer Shares, and is a person to whom it is lawful for the offer of the Offer Shares to be made under the terms of the jurisdiction in which that Investor is located and it is not acting on a non-discretionary basis for any such person;

4.1.14 that where it is acquiring Offer Shares for one or more managed, discretionary or advisory accounts, the investor has sole investment discretion and is authorised in writing by each such account: (i) to agree to acquire Offer Shares for such account; (ii) to make on such account's behalf the representations, warranties, undertakings, agreements and acknowledgements set out in this Prospectus; and (iii) to receive on such account's behalf any documentation relating to the Offer in the form provided by a Joint Bookrunner. The Investor agrees that the provisions of this paragraph shall survive any resale of the Offer Shares by or on behalf of any such account;

4.1.15 that if the Investor is outside the United Kingdom, this Prospectus does not constitute an invitation or offer to such investor or any person whom such investor is procuring to acquire Offer Shares pursuant to the Offer unless, in the relevant territory, such offer or invitation could lawfully be made to the investor or such person and the Offer Shares could lawfully be acquired and held by the investor or such person without compliance with any unfulfilled approval, registration or other legal requirements;

4.1.16 that (save with the express consent of the Company) the Investor is not a national or resident of Japan, South Africa or New Zealand or a corporation, partnership or other entity organised under the laws of the Japan, South Africa or New Zealand and that the Investor will not offer, sell, renounce, transfer or deliver directly or indirectly any of the Offer Shares into Japan, South Africa or New Zealand or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation or to or for the benefit of any person resident in Japan, South Africa or New Zealand or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation;

4.1.17 that the Investor is, and at the time of its purchase of any Shares will be, either (i) a QIB within the meaning of Rule 144A; or (ii) acquiring such Shares in an "offshore transaction" within the meaning of, and meeting the requirements of, Regulation S, and in either case acknowledges that the Offer Shares have not been and will not be registered under the US Securities Act or under any applicable securities laws of any state or other jurisdiction of the United States and may not be offered of sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act;

4.1.18 that the Investor is (A) either (i) a person who is an investment professional falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the ''Order''); (ii) a high net worth company, unincorporated association or other body falling within Article 49(2)(a) to (d) of the Order; or (iii) a person to whom the Offer Shares may otherwise lawfully be offered under the Order; (B) a "Qualified Investor" for the purposes of the Prospectus Regulation; or (C) otherwise a person to whom it may otherwise be lawful to communicate information about the Offer;

4.1.19 that if the Investor is receiving the Offer in Australia, that it is (i) a "sophisticated investor" within the meaning of section 708(8) of the Australian Corporations Act 2001 (Cth) (the "Corporations Act") or a "professional investor" within the meaning of section 9 and section 708(11) of the Corporations Act, and (ii) a "wholesale client" as defined in section 761G(7) of the Corporations Act, and the issue of the Shares to it under the Offer does not require a prospectus or other form of disclosure document under the Corporations Act, and no Shares may be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act;

4.1.20 that if the Investor is receiving the Offer in Canada, that it is a Canadian Qualified Investor and will provide a Canadian investor letter certifying and acknowledging certain matters, including certifying its status as a Canadian Qualified Investor;

4.1.21 that the Investor is entitled to subscribe for the Offer Shares in its allocation under the laws of all relevant jurisdictions which apply to such Investor and that such Investor has fully observed such laws, obtained all governmental and other consents and paid any issue, transfer or other taxes which may be required thereunder or otherwise and complied with all necessary formalities in connection with its acquisition of Offer Shares, and that it has not taken any action, or omitted to take any action, which may result in the Company, the Selling Shareholders, any Joint Bookrunner, or any of its or their respective affiliates, or any of their respective directors, officers, agents, employees or advisers being in breach of the laws of any jurisdiction in connection with the Offer or the investor's acceptance of participation in the Offer;

4.1.22 that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Offer Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;

4.1.23 that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving, the United Kingdom;

4.1.24 that it has not offered or sold and will not offer or sell any Offer Shares to the public in any member state of the EEA except in circumstances falling within Article 1(4) of the Prospectus Regulation which do not result in any requirement for the publication of a prospectus;

4.1.25 that, if in the United Kingdom, it has complied with its obligations under the Criminal Justice Act 1993, FSMA, the Market Abuse Rules and, in connection with money laundering and terrorist financing, under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006, and the Regulations and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third-party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third-party as required by the Regulations;

4.1.26 that to ensure compliance with anti-money laundering requirements, the Joint Bookrunners and the Company may at their absolute discretion require proof of identity of the investor and related parties and verification of the source of payments before applications can be processed and that, in the event of delay or failure by the investor to produce any information required for verification purposes, the Joint Bookrunners and/or the Company may at their absolute discretion refuse to accept such applications and the purchase moneys relating thereto. The Investor agrees to hold harmless and will indemnify on an after-tax basis each of the Joint Bookrunners and the Company against any liability, loss or cost ensuing due to the failure to process applications if such information has been requested and has not been provided by the investor, or has not been so provided in a timely fashion;

4.1.27 that the representations, warranties, undertakings, agreements and acknowledgements contained in these Terms and Conditions are irrevocable. The investor acknowledges that the Joint Bookrunners, the Company, the Selling Shareholders and the Registrar and their respective affiliates will rely upon the truth and accuracy of such representations, warranties, undertakings, agreements and acknowledgements and agrees that if any of the representations, warranties, undertakings, agreements or acknowledgements made or deemed to have been made by it in connection with its acquisition of Offer Shares is no longer accurate or has not been complied with, it shall promptly notify the Joint Bookrunners and the Company;

4.1.28 that where the Investor or any person acting on behalf of the Investor is dealing with a Joint Bookrunner any money held in an account with that Joint Bookrunner on behalf of the Investor and/or any person acting on behalf of the Investor will not be treated as client money within the meaning of the relevant rules and regulations of the FCA, such that the relevant Joint Bookrunner will not be required to segregate such money, as that money will be held by the relevant Joint Bookrunner under a banking relationship and not as trustee;

4.1.29 that any of the Investor's clients, whether or not identified to the Joint Bookrunners, will remain the Investor's sole responsibility and will not become clients of either Joint Bookrunner for the purposes of the rules of the FCA or for the purposes of any statutory or regulatory provision;

4.1.30 that the Investor accepts that the allocation of Offer Shares shall be determined by the Company after consultation with the Joint Bookrunners and that such persons have complete discretion as to whether to accept any offer to subscribe for or purchase Offer Shares and may scale down any commitments to acquire Offer Shares for this purpose on such basis as they may determine;

4.1.31 that time shall be of the essence as regards the investor's obligations to settle payment for Offer Shares and to comply with its other obligations under the Offer;

4.1.32 that in the case of a person who agrees on behalf of an Investor to acquire Offer Shares pursuant to the Offer and/or who authorises any Joint Bookrunner to notify the Investor's name to the Registrar as mentioned above, that person represents and warrants that he/she has authority to do so on behalf of the investor;

4.1.33 that it will pay to the Joint Bookrunners (or as they may direct) any amounts due from it in accordance with this Prospectus at the time and date set out herein;

4.1.34 that in connection with the Offer, each Joint Bookrunner and each of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Company and in that capacity may subscribe for, retain, purchase or sell for their own account Shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Offer. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so;

4.1.35 that it will indemnify on an after-tax basis and hold the Company, the Selling Shareholders, the Joint Bookrunners and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses and including any irrecoverable VAT) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in these Terms and Conditions and further agrees that the provisions of these Terms and Conditions shall survive after completion of the Offer;

4.1.36 that neither the Company nor either of the Joint Bookrunners owes any fiduciary or other duties to any Investor in respect of any acknowledgements, confirmations, undertakings, representations, warranties or indemnities in the Underwriting and Sponsor Agreement; and

4.1.37 that its commitment to take up Offer Shares on the Terms and Conditions will continue notwithstanding any amendment that may or in the future be made to these Terms and Conditions and that Investors will have no right to be consulted or require that their consent be obtained with respect to the Company or the Joint Bookrunners' conduct of the Offer.

The foregoing acknowledgements, confirmations, undertakings, representations and warranties are given for the benefit of each of the Company and the Joint Bookrunners (for their own benefit and, where relevant, the benefit of their respective affiliates and any person acting on their behalf) and are irrevocable.

5. DATA PROTECTION

5.1 The Investor acknowledges that it has been informed that, pursuant to the data protection legislation (including the GDPR) and regulatory requirements in the United Kingdom (''**DP Legislation''**) the Company and/or the Registrar hold its personal data. Personal data will be retained on record for a period not exceeding six years after which it is no longer used (subject always to any limitations on retention periods set out in DP Legislation). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process such information for the purposes set out in the Company's privacy notice (the ''**Purposes**'') which is available for consultation on the Company's website at www.auctiontechnologygroup.com (the ''**Privacy Notice**'').

5.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:

5.2.1 third parties located either within, or outside, the EEA, for the Registrar to perform its function, or when it is within its legitimate interests, and in particular in connection with the holding of Shares; or

5.2.2 its affiliates, the Registrar and their respective associates, some of which are located outside the EEA.

5.3 Any sharing of personal data between parties will be carried out in compliance with DP Legislation and as set out in the Privacy Notice.

5.4 In providing the Registrar with personal data, the Investor hereby represents and warrants to the Company and the Registrar that:

5.4.1 it complies in all material aspects with its data controller obligations under DP Legislation, and, in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice to such relevant data subjects; and

5.4.2 where consent is required under DP Legislation, it has obtained the consent of any data subject to the Company and the Registrar, and their respective affiliates, holding and using its personal data for the Purposes (including the explicit consent of the data subject for the processing of any sensitive personal data for the Purposes).

5.5 The Investor acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the Investor is a natural person, that Investor represents and warrants that (as applicable) they have read and understood the terms of the Company's Privacy Notice.

5.6 The Investor acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the investor is not a natural person, it represents and warrants:

5.6.1 it has brought the Privacy Notice to the attention of any underlying data subjects on whose behalf or account the investor may act or whose personal data will be disclosed to the Company as a result of the investor agreeing to acquire Offer Shares under the Offer; and

5.6.2 the investor has complied in all other respects with all applicable DP Legislation in respect of disclosure and provision of personal data to the Company.

5.7 Where the Investor acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, the investor shall, in respect of the personal data which it processes in relation to or arising in relation to the Offer:

5.7.1 comply with all applicable DP Legislation;

5.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of such personal data and against accidental loss or destruction of, or damage to, such personal data;

5.7.3 if required, agree with the Company and the Registrar (as applicable) the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and

5.7.4 immediately on demand, fully indemnify on an after-tax basis the Company and the Registrar and keep it fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis and including any irrecoverable VAT), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the investor to comply with the provisions set out above.

6. MISCELLANEOUS

6.1 The rights and remedies of the Joint Bookrunners and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

6.2 On application, each Investor may be asked to disclose, in writing or orally, to the Joint Bookrunners:

6.2.1 if the Investor is an individual, their nationality; or

6.2.2 if it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

6.3 All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to a Joint Bookrunner.

6.4 Each Investor agrees to be bound by the Articles (as amended from time to time) once the Offer Shares which such Investor has agreed to subscribe for and/or purchase have been issued or transferred to such Investor.

6.5 The Company, the Joint Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of acknowledgements, representations, warranties and agreements set forth herein and which are given to each of the Joint Bookrunners on its own behalf and on behalf of the Company and the Selling Shareholders and are irrevocable and it irrevocably authorises the Company and the Joint Bookrunners to produce any announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein. It agrees that if any of the acknowledgements, representations, warranties and agreements made in connection with its subscribing and/or acquiring of Offer Shares is no longer accurate, it shall promptly notify the Company and the Joint Bookrunners.

6.6 The contract to subscribe for and/or to purchase Offer Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England. For the exclusive benefit of the Company, the Joint Bookrunners and the Selling Shareholders, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.

6.7 In the case of a joint agreement to subscribe for Offer Shares, references to an Investor in these terms and conditions are to each such Investor and the Investors' liability is joint and several.

7. REGISTRATION AND SETTLEMENT

7.1 Settlement of transactions in the Offer Shares following Admission will take place within CREST, subject to certain exceptions. It is expected that settlement will be on 26 February 2021 on a delivery versus payment basis in accordance with the instructions set out in the trade confirmation.

7.2 The Joint Bookrunners, the Company and the Selling Shareholder reserve the right to require settlement for and delivery of the Offer Shares (or a portion thereof) to Investors in certificated form if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this Prospectus or would not be consistent with the regulatory requirements in the Investor's jurisdiction.

7.3 If Investors do not provide any CREST details or if the Investors provide insufficient CREST details to match within the CREST system to its details, each of the Joint Bookrunners may at its discretion deliver the Investor's placing participation in certificated form provided payment has been made in terms satisfactory to the relevant Joint Bookrunner and all conditions in relation to the Offer have been satisfied or waived.

7.4 Subject to paragraphs 7.2 and 7.3 above, payment in respect of the Investors' placing participation is due as set out below. Each Investor should provide its settlement details in order to enable instructions to be successfully matched in CREST. The relevant settlement details are as follows:

CREST participant ID of Numis: 600 (Numis Securities Limited)

CREST participant ID of JP Morgan Cazenove: 784

Expected Trade date: 23 February 2021

Settlement date: 26 February 2021

ISIN code for the Offer Shares: GB00BMVQDZ64

7.5 If Offer Shares are to be delivered to a custodian or settlement agent, Investors should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.

AUCTION TECHNOLOGY GROUP

Auction Technology Group
Harlequin Building
65 Southwark Street
London, SE1 0HR

auctiontechnologygroup.com