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1 February 2021

Auction Topco Limited

Announcement of Intention to Publish a Registration Document and Expected Intention to Float on the London Stock Exchange

Auction Technology Group, the operator of world-leading online auction marketplaces (“**Marketplaces**”) and proprietary global auction platform technology for curated online auctions, announces that Auction Topco Limited intends to publish today a registration document (the “**Registration Document**”) that has been submitted for approval to the FCA and is considering, subject to market conditions, to undertake an initial public offering of Auction Technology Group plc, a new company to be inserted as the ultimate holding company of the Group (the “**IPO**” or the “**Offer**”). The Group is considering applying for the 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 (together, “**Admission**”). Admission will be subject to the requisite regulatory approvals being obtained.

ATG Highlights:

- The Group operates six world-leading online Marketplaces and proprietary global auction platform technology for curated online auctions
- ATG connects and enables auctioneers and bidders, creating significant value for both sets of customers:
 - As a key partner to auctioneers, the Group creates value by providing access to high quality online marketplace capabilities, a global bidder base and a range of value-added tools and services that enable them to host online auctions, maximise value on lots and achieve operational efficiencies
 - The Group provides bidders (including businesses, collectors, dealers and consumers) across 150 countries with access to a curated selection of millions of unique and specialised secondary items in a trusted, simple, sustainable and convenient manner, playing a valuable role in the circular economy
- The Group operates in three diverse, attractive and growing industry verticals in the United States, the United Kingdom and the DACH region:
 - Industrial & Commercial (“**I&C**”), which includes used equipment, commercial vehicles and machinery, for use across a range of different industries. According to OC&C, the North American I&C used equipment auction market for the Group's core I&C segments was estimated to be approximately \$6.9bn; with the online auction market estimated to grow from \$1.6bn in 2019 to \$3.1bn by 2023
 - Proxibid (proxibid.com) in the North American I&C market, which was acquired by the Group in February 2020 and primarily focuses on agricultural and construction used equipment

- BidSpotter US (bidspotter.com) in the North American I&C market, which primarily focuses on used manufacturing equipment
- BidSpotter UK (bidspotter.co.uk) in the UK I&C market, which is dedicated to insolvency auctioneers in the UK
- Arts & Antiques ("A&A"), which includes watches, jewellery, furniture, fine art, decorative art, classic cars, collectables and vintage fashion. According to OC&C, the UK A&A auction market was estimated to be £3.3bn in 2019, with the online auction Mid-Market estimated to grow from £215 million in 2019 to £337 million by 2023
 - The Saleroom (the-saleroom.com) in the UK A&A market
 - Lot-tissimo (lot-tissimo.com) in the DACH region A&A market
 - Auction Mobility, acquired in October 2020, expands the Group's presence in the North American A&A market
- 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. According to OC&C, the UK third-party addressable CS&R market was worth an estimated £5.1bn in 2019, with the online auction market estimated as £85 million
 - i-bidder (i-bidder.com) in the UK CS&R market
- The company was founded in 1971 as the Antiques Trade Gazette and the Group continues to publish a trade magazine under this name, which advertises auctioneers' products and supports the Group's marketing efforts, helping to drive bidder volumes to the Group's A&A Marketplaces
- The Group's proprietary technology is a key strength, providing high levels of functionality and customer experience and enabling ATG to serve its multiple marketplaces and its own White Label offering. The Group continually invests in its technology capabilities to enhance user experience and sustain this advantage
- The Group benefits from a clear first mover advantage in its market, which is in the early stages of a structural shift from offline to online, which has helped it establish a critical mass of inventory and bidders
- It has developed its position further through several successfully executed acquisitions, with four businesses acquired over the last seven years: BidSpotter US, Lot-tissimo, Auction Mobility and the transformational acquisition of Proxibid. The auction services landscape remains highly fragmented and the Directors and Proposed Directors believe there is significant scope for further continued consolidation of the market through acquisitions, which will further enhance the range of integrated services ATG can offer auctioneers and bidders alike
- ATG operates a powerful capital-light model with strong growth at scale and attractive expanding margins
 - In FY20 the Group delivered pro forma revenue of £52.3 million, supported by notable underlying year-on-year growth from both Standalone ATG Group and Standalone Proxibid Group (12.4 per cent. and 40.4 per cent., respectively)¹
 - For the same period, the Group delivered a strong profitability performance of £22.3 million pro forma Adjusted EBITDA representing a pro forma Adjusted EBITDA margin of 42.6 per cent.¹

Note: (1) Unaudited pro forma financial information for the year ended 30 September 2020 is presented to reflect the effect of the acquisition of the Proxibid Group by the Group on the Group's consolidated statement of comprehensive income as if such acquisition had occurred on 1 October 2019. 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.

John-Paul Savant, CEO of ATG, said:

"ATG has proudly served the auction industry for 50 years, evolving from a single magazine to leading the industry's digital transformation globally. Our marketplaces seamlessly connect bidders from around the world to trusted auctioneers. We greatly expand the reach of auctioneers and give them access to world-leading marketplaces, all while saving them costs. For bidders, we open up access to the widest array of unique, specialised and curated items online. The virtuous circle that this creates has helped us become a preferred gateway for curated online auctions.

We have evolved and grown significantly in recent years and today we are connecting and enabling auctioneers and bidders more effectively than ever. Looking ahead, we believe there is huge scope to further enhance the offering we bring to our customers. Our industry is large and global, but still in the early stages of its shift from offline to online, and a rising consciousness about the importance of buying sustainably is driving the appeal of second-hand goods and the circular economy. ATG has multiple levers for growth and we are excited that the potential IPO will enable us to continue to invest and innovate, for the benefit of all our stakeholders, and develop the significant market opportunity we see ahead of us."

Overview of Potential Offer

Should ATG proceed with an IPO, it is expected to have the following features:

- Admission to the premium listing segment of the Official List of the FCA and admission to trading on the main market for listed securities of the London Stock Exchange.
- The Offer would comprise new Shares to be issued by the Company (expected to raise proceeds to target a net debt at IPO of c.1.3x FY20 Adjusted EBITDA) and an offer of existing Shares to be sold by certain existing shareholders.
- ATG is targeting a free float of at least 25% of the Company's issued share capital immediately following Admission.
- The Company expects that it would be eligible for inclusion in FTSE UK indices post-Admission.
- 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.
- ATG has engaged Numis Securities Limited ("**Numis**") to act as Sponsor, Joint Global Co-ordinator and Joint Bookrunner and J.P. Morgan Securities plc ("**J.P. Morgan**") to act as Joint Global Co-ordinator, Joint Bookrunner and Stabilising Manager, in the event the IPO proceeds.

A copy of the Registration Document will be submitted to the National Storage Mechanism and will be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> once approved by the FCA. A copy of the Registration Document will also be available on ATG's website at www.auctiontechnologygroup.com subject to certain access restrictions.

Investment Highlights

1) *Leading Marketplaces in the Group's targeted verticals and geographies enable the Group to benefit from a "virtuous circle" created by a steadily growing number of new and returning bidders*

ATG's Marketplaces each represent the leading curated online marketplace in their respective geography and industry vertical. Having the largest bidder base in any given market attracts an increasing number of auctioneers, which, in turn with more inventory, attracts more bidders and creates a "virtuous circle". This creates a network effect that enhances ATG's position as a preferred gateway for curated online auctions.

The Group believes that it provides a compelling value proposition to both sides of the Marketplaces:

- For bidders, ATG's Marketplaces provide millions of unique and specialised curated secondary market items in their respective industry verticals and geographies, along with a steadily more convenient, transparent, and trusted way to buy at auction online.
- For auctioneers, ATG provides an e-commerce solution with a suite of integrated online technology and services, combined with the largest online bidder base to maximise asset sale values.

ATG's Marketplaces 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, in addition to providing valuable services, positioning them better to compete more effectively against larger online auction companies. For large auctioneers, ATG's Marketplaces give access to a large pool of bidders and access to scalable proprietary technology.

In FY20, for the Group's Aggregated Operations:

- 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
- On average more than 12,100 lots were sold per day, with an average value of £360 per lot

2) *A large and growing market opportunity, with positive tailwinds due to a structural shift from offline to online auctions and increasingly sustainable buying behaviour*

ATG's diverse industry verticals are attractive and growing. According to OC&C, the Group's specific total addressable markets in 2019 are as set out below:

- The North American I&C used equipment auction market for the Group's core I&C segments was estimated to be approximately \$6.9bn, with the online auction market estimated to grow from \$1.6bn to \$3.1bn by 2023
- The UK A&A auction market was estimated to be £3.3bn with the online auction Mid-Market estimated to grow from £215 million to £337 million by 2023
- The UK third-party addressable CS&R market was worth an estimated £5.1bn, with the online auction market estimated as £85 million
- In addition, the Group has exposure to the European A&A auction market through Lot-tissimo estimated at £6.3bn; the UK I&C used equipment market through BidSpotter UK estimated at £781 million; and, the US A&A auction market through Proxibid and Auction Mobility

The Directors and Proposed Directors believe the underlying structural shift from offline to online-only auctions is being driven by both auctioneers and bidders. Auctioneers are moving steadily online because it is more cost-effective and brings them access to the widest potential pool of bidders, which is critical to their ability to attract new consignments. Online auctions enable bidders to avoid the time, cost and effort of traveling to a physical auction room, as well as providing the opportunity to simultaneously participate remotely in online auctions across the world.

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 sessions¹	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
Online share⁴	65 per cent.	20 per cent.	22 per cent.	33 per cent.
THV²	11 per cent.	£4,400 million	£4,300 million	£4,900 million
GMV³	86 per cent.	£860 million	£950 million	£1,600 million

Another driver of growth reflects the increased focus of companies, consumers and investors on Environmental, Social and Corporate Governance considerations. ATG plays a role in facilitating parts of the circular economy, enabling goods to be reused, recycled and resold, which, in turn, reduces the need for manufacture and waste. Through both buying and selling secondary goods, increasingly conscious consumers and businesses can reduce their environmental impact. The Group is proud to provide a channel of green commerce, addressing sustainability concerns.

ATG's leading market position provides the Group with a defensible first mover advantage that makes it well-placed to capitalise on these continuing trends.

3) **Strong and scalable proprietary global auction platform technology**

The Group believes that its ability to service multiple Marketplaces with its platform technology, in addition to its White Label offering, is one of the key factors to its success. The platform technology provides auctioneers with e-commerce and auction strategy support, marketing and demand generation, and analytics and insights that help them grow their businesses.

The Group's operating model allows the Group to share technical and functional resources out of a central hub which enables more rapid deployment of new capabilities across all its marketplaces, enabling the Group to invest in new value-added features for auctioneers and bidders while gaining economies of scale, and also allowing the Group to improve its margins.

The Marketplaces and the platform technology also provide strong levels of security and functionality, including the standard of user experience which online bidders have come to expect through their experience of other e-commerce channels. The Group continually invests in its technology to further enhance user experience and attract more bidders, supporting the growth of auction houses and strengthening the online auction industry.

4) **Attractive 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. 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.

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 to £25.0) 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 Directors and Proposed Directors believe there are several reasons for the strength and resilience of the Group's capital-light financial model and its ability to generate strong cash flows with attractive and expanding margins:

- The scalable nature of the platform technology to support the addition of any acquired businesses means that the costs of integrating acquisitions is expected to be marginally incremental relative to the costs associated with establishing the Marketplaces and the platform technology, contributing to greater operational leverage.
- The Group connects auctioneers and bidders via its Marketplaces and/or a SaaS technology solution via its platform technology and therefore does not carry the risks and incur the costs of traditional resellers as it does not source, supply or sell any inventory listed on its Marketplaces or Platform.
- The Directors and Proposed Directors believe that the Group's business model is largely cycle-neutral as 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. In addition, the Group's mix of industry verticals provides cyclically diverse revenue.

5) Proven ability to acquire and integrate new businesses

The Directors and Proposed Directors believe there is significant scope for further consolidation of the highly fragmented auction services market through acquisitions, and that the Group's proven ability to acquire and integrate new businesses will support the Group's expansion into new verticals and/or geographies, and to deepen its existing presence.

The Group operates a 'hub and spoke' model which assists with the efficient integration of new acquisitions. The platform technology software architecture provides flexibility to integrate while supporting new acquisitions at marginally incremental costs relative to the costs associated with establishing the Marketplaces and the platform technology.

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 24.1 per cent. increase in the Group's Adjusted EBITDA margin. In October 2020, the Group completed the acquisition of Auction Mobility, US-based provider of customised auction software, website design and e-commerce solutions for auctioneers, to enhance ATG's white label offering.

6) Highly experienced 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, helping to transform the Group from an entrepreneurial first mover into the global leader within its verticals in its geographies of operation that it is today.

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. The Group's management team also includes Richard Lewis (Chief Operating Officer), Badrudin Khan (Chief Technology Officer), Dan Pennington (Senior VP of Sales, North America) and Marika Clemow (VP of Corporate Development & Integration, ATG Global).

7) Multiple levers for growth

The Directors and Proposed Directors believe that the Group has a compelling strategy with multiple levers to drive long-term growth, building on its scalable proprietary technology and facilitating the continued development of the online auction industry.

This includes extending its market-leading bidder base, integrating additional value-added products and services and refining its scalable operating model, to extend the network effect that the Group benefits from today as the market leader in each of its areas of operation. This, combined with the structural shift from offline to online in the auction market, and the increasing focus on the sustainability benefits of a circular economy, will enable the Group to steadily grow and expand alongside its customers.

In particular, the Directors and Proposed Directors believe that the Group can:

- Grow online share by providing steadily better tools and services to auctioneers and bidders
- Grow digital marketing revenue by providing auctioneers with high impact targeted online marketing
- Grow revenue by adding new value-added features and ancillary services to the auction ecosystem
- Grow inventory and total hammer value by adding new auctioneers and verticals to the marketplaces
- Grow the bidder base and inventory to the benefit of the marketplace via mergers and acquisitions
- Improve the group's operating leverage through economies of scale arising from its operating model

Current trading and prospects

1) Outlook

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 low single-digit millions in the medium term (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 a net debt to FY20 Adjusted EBITDA leverage ratio of approximately 1.3x should the Group proceed with a public listing of the ATG business in the UK.

2) 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 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.

Supplemental Information for Bona-fide Unconnected Sell-Side Research Analysts

Bona fide unconnected research analysts may receive additional information on ATG by requesting access from Frank McGlade (frankmcglade@auctiontechnologygroup.com).

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Further information on ATG

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.

Board of Directors

1. DIRECTORS

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 50, 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.

Stefan Dandl, aged 32, Non-executive Director

Stefan joined the Group in February 2020 in connection with the acquisition of the Group by TA Associates, and Stefan represents TA Associates on the Board. In addition to his role as a Director, Stefan focuses on investments in technology companies for TA Associates in EMEA and leads TA Associates' effort in German-speaking countries across sectors as well as serving on the board of directors of Compusoft and thinkproject. He formerly served on the boards of 10bis and LIST. Prior to joining TA Associates in 2013, Stefan worked in the Investment Banking Division at J.P. Morgan. He received a BA degree in Business Administration from the University of St. Gallen (HSG).

Chris Watt, aged 49, Non-executive Director

Chris joined the Group in connection with the investment into the Group by ECI Partners ("ECI"), and represents ECI on the Board. Chris is a member of the ECI Investment Committee and has overall responsibility for ECI's portfolio and exit strategy as well as investor relations. He joined ECI in 1999 from Arthur Andersen where he specialised in private equity transactions. His current and past investments include KB Associates, Travel Chapter, CPOMS, Great Rail Journeys, Reed & Mackay, CarTrawler, Nuaire, Enviro, Kirker, and Hoseasons. He graduated in chemistry from Oxford University and holds an ACA.

Should the Group proceed with a public listing of the ATG business in the UK, it is intended that Stefan Dandl and Chris Watt would step down from the Board.

2. PROPOSED DIRECTORS

Should the Group proceed with a public listing of the ATG business in the UK, it intends to appoint the following persons as directors of the Group's holding company:

Scott Forbes, aged 63, Proposed 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 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 Chairman 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.

ATG Key Performance Indicators ("KPIs") and Financial Information

This announcement contains certain KPIs as well as revenue figures and other operational information that aggregate the business operations that comprise the Group to illustrate the historical growth trends of these business operations. The Group has made certain acquisitions that have affected the comparability of the Group's results of operations across FY18, FY19 and FY20. Consequently, solely for purposes of comparing KPIs and highlighting underlying growth trends of the business operations that now comprise the Group across periods, this announcement 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 Proxibid LLC and its subsidiaries (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 LLC 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's Aggregated Operations

KPIs for the Group's Aggregated Operations

	Year ended 30 September		
	2018	2019	2020
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

	Year ended 30 September		
	2018	2019	2020
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

	Year ended 30 September		
	2018	2019	2020
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, 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 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
Consolidated Statement of Comprehensive Income
For the 12-month period ended 30 September

	2018	2019	2020
	£'000	£'000	£'000
Revenue	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)	2,845	7,591	(1,860)
Other income	512	355	2
Finance costs	(6,294)	(15,400)	(16,677)
Loss before tax	(2,937)	(7,454)	(18,535)
Taxation	(549)	(1,308)	2,584
Loss for the year	(3,486)	(8,762)	(15,951)
Other Comprehensive income for the year			
<i>Items that may subsequently be transferred to profit and loss</i>			
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)
Earnings per share			
Basic	(5.34)	(13.43)	(15.00)
Diluted	(5.34)	(13.43)	(15.00)

Consolidated Statement of Financial Position

Financial position as at 30 September

	2018	2019	2020
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Goodwill	34,970	34,970	123,624
Other Intangible assets	920	1,416	74,830
Property, plant and equipment	132	140	478
Right of use asset	1,916	1,248	1,924
Deferred tax asset	248	125	-
Trade and other receivables	688	363	88
Total non-current assets	38,874	38,262	200,944
Current assets			
Trade and other receivables	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	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	2,954	1,599	2,100
Loans and borrowings	63,238	78,334	213,444
Lease liabilities	1,479	848	1,208
Deferred tax liability	-	-	11,588
Total non-current liabilities	67,671	80,781	228,340
Current liabilities			
Trade and other payables	6,410	6,476	8,912
Loans and borrowings	1,048	781	1,159
Lease liabilities	1,055	630	756
Total current liabilities	8,513	7,887	10,827
Total equity and liabilities	46,299	49,961	223,790

Consolidated Statement of Cashflows

For the 12-month period ended 30 September

	2018	2019	2020
	£'000	£'000	£'000
Cash flows from operating activities:			
Loss before tax	(2,937)	(7,454)	(18,535)
Amortisation of intangible assets	117	246	10,329
Depreciation of property, plant and equipment	113	88	198
Depreciation of right of use assets	777	668	587
Equity compensation benefits	-	-	1,476
Foreign exchange (gains)	(204)	(273)	(185)
Finance costs	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	(1,458)	-	(119,719)
Additions to other intangible assets	(531)	(742)	(1,725)
Additions to property, plant and equipment	(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	-	-	857
Repayment of loans and borrowings	(1,226)	(1,102)	(73,611)
Proceeds of loans and borrowings	1,767	1,782	86,088
Proceeds from the issue of preference shares	-	-	111,860
Contingent consideration paid	-	(1,823)	(1,847)
Payment of lease liabilities	(755)	(1,146)	(639)
Other financing costs	-	-	(59)
Interest paid	(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

Historical Financial Information of the Proxibid Group

Consolidated Statement of Comprehensive 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
Revenue	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)	355	(553)	(1,034)
Fair value (loss)/gain on revaluation of liabilities held at FVTPL	(9,178)	(11,472)	370
Finance income	41	43	11
Finance costs	(108)	(184)	(77)
Loss before tax	(8,890)	(12,166)	(730)
Taxation	(5)	(5)	(7)
Loss for the year	(8,895)	(12,171)	(737)
Other comprehensive (loss)/income for the year			
<i>Items that may subsequently be transferred to profit and loss</i>			
<i>Foreign exchange differences on translation of foreign operations</i>	(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

Consolidated Statement of Financial Position

	As at 30 September 2018	As at 30 September 2019	As at 12 February 2020
	£000	£000	£000
ASSETS			
Non-current assets			
Intangible assets	4,226	8,054	7,252
Property, plant and equipment	77	519	440
Right of use assets	1,505	1,208	1,010
Trade and other receivables	108	81	98
Total non-current assets	5,916	9,862	8,800
Current assets			
Trade and other receivables	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	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	-	497	-
Preference shares	24,213	-	-
Warrants on preference shares	256	-	-
Other payables	-	710	823
Lease liabilities	1,197	892	709
Total non-current liabilities	25,666	2,099	1,532
Current liabilities			
Trade and other payables	2,375	2,678	3,993
Loans and borrowings	-	2,732	2,678
Contingent consideration payable	-	542	-
Preference shares	-	37,330	35,035
Warrants on preference shares	-	513	463
Lease liabilities	338	376	345
Total current liabilities	2,713	44,171	42,514
Total equity and liabilities	9,288	13,513	12,185

Consolidated Statement of Cashflows

	12 months ended 30 September 2018	12 months ended 30 September 2019	Period from 1 October 2019 to 12 February 2020
	£	£	£
Cash flows from operating activities:			
Loss before tax	(8,890)	(12,166)	(730)
Amortisation of intangible assets	1,060	3,131	1,352
Depreciation of property, plant and equipment	82	78	75
Depreciation of right of use assets	354	373	135
Foreign exchange losses	-	(2)	3
Net finance costs	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	26	31	8
Repayments of secured loan notes	98	67	-
Additions to property, plant and equipment	(59)	(484)	(7)
Asset acquisition costs	-	(95)	-
Proceeds from sale of property, plant and equipment	2	-	-
Additions to intangible assets	(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	(743)	(1,337)	(6,078)
Proceeds of loans and borrowings	743	3,968	6,166
Contingent consideration payments	-	-	(515)
Payments on Acquisition Note Payable	-	(1,175)	(374)
Payment of lease liabilities	(439)	(429)	(175)
Interest paid	(8)	(23)	(1)
Net cash (used in)/generated from financing activities	(393)	1,013	(971)
Net (decrease)/increase in cash and cash equivalents	(1,143)	205	(457)
Cash and cash equivalents at beginning of the period	2,122	1,003	1,273
Effect of foreign exchange rate changes	24	65	(66)
Cash and cash equivalents at end of the period	1,003	1,273	750

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this announcement is subject to change. Before subscribing for or purchasing any Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus if published. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness.

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