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17 June 2021

Auction Technology Group plc

Proposed acquisition of LiveAuctioneers

Auction Technology Group plc (“ATG” or the “Group”) today announces the proposed acquisition of Platinum Parent, Inc., the holding company of LiveAuctioneers (the “Acquisition”), a leading curated online North American Arts & Antiques (“A&A”) Marketplace, for an enterprise value of up to \$525 million. The Acquisition transforms the reach, capabilities and efficiencies of ATG’s platform, adding momentum to ATG’s growth trajectory, generating significant value for the auction industry and providing strong returns to ATG’s shareholders.

Transaction highlights:

- The Acquisition adds a leading A&A marketplace in North America to ATG’s growing portfolio
 - Expands the ATG network adding LiveAuctioneers’ c.1,600 auctioneers, 120,000 bidders and greater than \$2 billion of Total Hammer Value (“THV”)
 - Enables ATG to access the US A&A segment, a new and attractive geography for ATG: twice the size of the UK A&A segment, with an online segment forecast to grow at a c.22% CAGR FY19-FY23
 - Pleased to welcome LiveAuctioneers’ management team to ATG, a strong team with a similar culture, with mutual benefits from respective areas of investment and expertise
- The Acquisition is positive for the future of the auction industry and all stakeholders
 - The auction industry is going through a structural shift from offline to online and ATG is well positioned to help facilitate this transformation
 - LiveAuctioneers is a highly complementary business which provides valuable reach and additional capabilities, enabling ATG to deliver more value to auctioneers, consignors and bidders
 - Improves the end-to-end customer experience for A&A auctions and accelerates the buildout of an online auction ecosystem that will benefit all stakeholders via the addition of an integrated payments solution
 - Payments, back-office, and marketing solutions can more efficiently be made mutually available to ATG’s and LiveAuctioneers’ partner auction houses
- The Acquisition will accelerate ATG’s growth strategy and value creation opportunities and is consistent with the strategy communicated by management at IPO
 - Important step in ATG’s M&A strategy, building out a presence in a key geography and accelerating ATG’s launch of value-add services, helping develop standards to enable auctions to compete with eCommerce giants
 - ATG believes that the Acquisition will be very materially earnings accretive immediately post completion of the Acquisition (“Completion”) and that the Acquisition will enhance the Combined Group’s growth and margin profile
 - The Directors believe the Combined Group will deliver mid-teens plus revenue CAGR in the medium term (pro forma from FY19)

Overview of Acquisition terms, financing and approvals

- Acquisition of LiveAuctioneers for an enterprise value of up to \$525 million, with \$500m consideration due on Completion and Earn Out consideration of up to \$25 million
- The acquisition will be financed by way of:
 - Cash consideration:
 - An equity financing by way of a cashbox placing via accelerated bookbuild for just less than 20.0% of the issued share capital of ATG (the “Capital Raising”). The Capital Raising will be launched in due course and a separate announcement will be issued today setting out further details of this
 - New debt financing of approximately \$204 million resulting in pro-forma leverage of up to c.3.0x
 - Key LiveAuctioneers management will be rolling not less than 35% of their existing holding into ATG Shares. Based on current estimates this represents approximately \$19 million which is subject to change based on the timing of completion and closing mechanics
 - Any remaining consideration to be funded via cash or additional vendor equity issuance at Completion
- The Acquisition is a Class 1 transaction for ATG under the Listing Rules of the FCA. A Circular and Prospectus containing further details on the Acquisition, the recommendation of ATG's board of directors and the notice of the general meeting of the Company (to be held to approve, amongst other matters, the Acquisition, agreement to pay the Reverse Termination Fee of \$25m if triggered and to authorise the Directors to allot shares in connection with the Acquisition) will be issued in due course
- TA Associates, ECI Partners, the Directors, Senior Management and Jupiter Investment Management Limited, who collectively hold 46% of the Enlarged Share Capital of ATG, have irrevocably committed to vote in favour of the resolutions
- Completion is also conditional, amongst other things, upon approval of the Acquisition by relevant antitrust authorities, including approval in the UK and US

John-Paul Savant, CEO of ATG, said:

“We are excited to announce the proposed acquisition of LiveAuctioneers. It enables ATG to enter the large and fast-growing North American art & antiques segment, further diversifying our business and bringing a complementary network of auctioneers and bidders to our Group. It will strengthen our ability to invest in improving the buying experience, thereby making online auctions more attractive to bidders around the world and thereby helping auctioneers realise higher asset values for their consignors. Our mission is to keep this important industry competitive in an increasingly digital world and, in turn, accelerate the pace of sustainable commerce by making it easier and more attractive to buy, and sell secondary market items through auctions. We are delighted to welcome the strong LiveAuctioneers team, which has as similar culture to ATG, and look forward to working closely together in the future.”

The preceding summary should be read in conjunction with the full text of the following announcement and its appendices, together with the Circular and Prospectus which will be published in due course.

Enquiries

ATG

For investor enquiries

For media enquiries

investorrelations@auctiontechnologygroup.com

press@auctiontechnologygroup.com

Tulchan Communications

(Public relations advisor to ATG)

Tom Murray, Sunni Chauhan, Matt Low

+44 207 353 4200

ATG@tulchangroup.com

Numis Securities Limited

(Sponsor, Joint Global Co-ordinator, Joint Financial Adviser and Debt Adviser)

Nick Westlake, Matt Lewis, Alec Pratt, William Baunton, Mike Beadle

+44 207 260 1205

J.P. Morgan Securities plc

(Joint Global Co-ordinator and Joint Financial Adviser)

Bill Hutchings, Barry Meyers, Beau Freker, James Summer, Will Vanderspar

+44 207 134 8765

This Announcement is released by Auction Technology Group plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR) (as transposed into the laws of the United Kingdom), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055 (as transposed into the laws of the United Kingdom), the person responsible for arranging for the release of this Announcement on behalf of the Company is John-Paul Savant, Chief Executive Officer.

Background, strategy and reasons for the Acquisition

ATG operates world-leading Marketplaces and a proprietary auction Platform for curated online auctions, connecting bidders with auctioneers. The Group was founded approximately 50 years ago and is headquartered in London, UK, with offices across three countries (UK, US and Germany). As a key partner to and advocate for auctioneers, the Company creates value by providing them with access to robust online marketplace capabilities, a global bidder base and a range of value-added tools and services that enable them to maximise value on lots sold. The Group's pro forma revenue for FY20 was £52.3 million. In February 2021, the Company completed its successful listing on the premium listing segment of the Official List and on the London Stock Exchange's main market for listed securities at a market capitalisation of £600 million. In the IPO Prospectus, the Company clearly conveyed its strategic direction to its Shareholders and the key pillars for its future growth, including its overall M&A strategy. The Company has a strong track record of M&A following on from the notable acquisition of Proxibid in February 2020 as well other smaller acquisitions such as Auction Mobility, BidSpotter US and Lot-tissimo.

LiveAuctioneers is an operator of a leading North American A&A Marketplace, connecting bidders with more than 6,000 auctioneers since inception (including approximately 1,600 auctioneers as at 31 March 2021) via its online platform, helping auctioneers to realise operational efficiencies and bidders to access a wide range of exceptional items through secure online auctions. LiveAuctioneers is headquartered in New York City. The Directors believe there is a strong strategic rationale for the Acquisition of the LiveAuctioneers Group.

Following Completion, LiveAuctioneers' Chief Executive Officer, Phil Michaelson and Chief Technology Officer, Rob Cummings, will remain involved in the business and will continue to run LiveAuctioneers in North America. Under the terms of the Acquisition, Phil Michaelson, Rob Cummings and certain other Management Sellers have agreed to retain an ongoing Share ownership in ATG in order to support the delivery of the full strategic, operational and financial benefits of the Acquisition. This includes agreeing to lock-up arrangements relating to the Consideration Shares receivable by them.

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

As set out in the IPO Prospectus, the Directors believe future growth is important to the ongoing success of the Group and that expanding the Group's geographical and industry footprint is important to allow it to efficiently invest in key elements of the online buying experience (payments, delivery, improved buyer experience) that will

enable its Marketplaces to remain competitive with the many other forms of online buying. The Directors believe that the acquisition of LiveAuctioneers is directly in line with this strategy, developing the Group's footprint in the North American A&A vertical / geography. ATG expects the Combined Group to benefit from similar operational and technical benefits that have been realised from the acquisitions of Proxibid, BidSpotter US and Lot-tissimo such as through the Group's 'hub and spoke' model and, in due course, technological redundancy of legacy systems.

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

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

Increasing total addressable market ("TAM")

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

The Directors believe that the US A&A segment (the LiveAuctioneers Group's US TAM) was worth \$21.0 billion in 2020 and the value of goods sold through the auction channel overall in the US A&A segment (excluding Christie's and Sotheby's) will be worth \$6.6 billion in 2023 (Source: Company estimates based on internal data). The Directors estimate that the US A&A online auction segment (excluding Christie's and Sotheby's) was worth \$1.8 billion in 2019 and believe this will grow to an estimated \$4.0 billion by 2023, with an estimated CAGR of approximately 22 per cent. per annum between 2021-23 (Source: Company estimates based on internal data). The differential between the current size of the US A&A online auction segment and the US A&A TAM represents a significant growth opportunity for the Group.

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

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

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

Expansion into a market in the early stages of online adoption

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

Increasing the auctioneer and bidder client base

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

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

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

Fully integrated payments solution

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

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

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

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

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

For bidders, the Acquisition will bring access to 1.3 million lots in a secure, easy, and engaging online environment that responds to bidder desire for sustainable shopping; investment efficiencies that give ATG the ability to invest

in more ecommerce basics, providing a more familiar end-to-end user experience; and buildout of the auction ecosystem that increases the appeal of auctions, opening up new revenue streams for the service providers in the auction ecosystem and making it easier for bidders to find them.

Compelling financial benefits

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

The Directors believe the Acquisition will enhance the growth and profitability profile of the Combined Group and will support and accelerate the Company's strategy laid out in the IPO Prospectus. The Existing Group's unaudited pro forma revenue for FY20 was £52.3 million having grown from £37.0 million in FY18 at a CAGR of 19%. LiveAuctioneers' revenue as at FY20 was \$30.7 million, having grown at a CAGR of 23% since FY18. LiveAuctioneers also brings a strong track record of profitability with Adjusted EBITDA of \$16.5 million in their FY20, at an Adjusted EBITDA margin of 54%. LiveAuctioneers' operating cash flow (adjusted EBITDA-Capex) in FY20 was \$14.8 million with cash generation of 89% (operating cash flow / adjusted EBITDA).

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

Outlook

- The Directors believe that the Existing Group's outlook remains in line with latest guidance announced at H1 FY 21 results.
- The following Combined Group targets are excluding the impact of any further M&A in the future
 - In the medium term (pro forma from FY19), the Combined Group is targeting a mid teens plus revenue growth CAGR
 - The Directors believe the Combined Group will deliver continuing operating leverage, with this predominately delivered by the Existing Group
 - The Directors believe the Combined Group will continue to deliver strong free cash flow growth, due its low capital intensity and notable fixed cost base
 - The Directors believe the Acquisition will lead to pro forma net debt/adjusted EBITDA of up to 3.0x and is expected to delever rapidly thereafter
- The Directors believe the Acquisition will lead to one off integration costs of c.£5m and transaction costs of c.£19 million, including £2.5 million related to the refinancing

Summary information on LiveAuctioneers Group

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

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

LiveAuctioneers partners with a wide range of auction houses with low auctioneer concentration and diverse category coverage with respect to items offered on the LiveAuctioneers Marketplace. For its FY20, over 1.2 million items were sold at more than 27,000 auctions through the LiveAuctioneers Marketplace, with \$7.4 billion total bid value processed, generating THV of \$2.4 billion, GMV of \$375 million and revenue of \$30.7 million. In FY20, LiveAuctioneers hosted more than 56 million bidder sessions, more than one million registered bidders and almost 120,000 active bidders.

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

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

- certain management and employees of LiveAuctioneers (approximately 14 per cent.).

Key terms of the acquisition

Acquisition Agreement

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

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

The consideration for the Acquisition comprises up to \$525 million (comprised of \$500 million payable on Completion and \$25 million subject to the Earn Out).

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

Completion is also conditional, amongst other things, upon approval of the Acquisition by relevant antitrust authorities in the US and UK (the "**Regulatory Conditions**"). If the Regulatory Conditions are not satisfied or otherwise waived by the Purchaser by 5pm on 20 July 2022, if Shareholders do not approve the Resolutions, and in certain other circumstances, and in each case a party elects to terminate the Acquisition Agreement, the Platinum Parent, Inc. Purchaser has agreed to pay a reverse termination fee of \$25 million to LiveAuctioneers (the "**Reverse Termination Fee**"). If Shareholders do not approve the agreement to pay the Reverse Termination Fee, the amount of such fee payable by the Platinum Parent, Inc. Purchaser shall be capped at £12.5 million (inclusive of VAT), which is equal to one per cent. of the market capitalisation of the Company at the close of business on the day prior to the announcement of the Acquisition. As detailed below, the Company has received irrevocable undertakings to vote in favour of the resolution to approve the Reverse Termination Fee from Shareholders in respect of 55,141,226 Shares, representing 46 per cent. of the Enlarged Share Capital.

The Rollover Management Sellers, who will receive Rollover Options in connection with the Acquisition, will be unable to dispose of such Shares for a period of 12 months from the date of Completion, save on a change of control of the Company.

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

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

Shareholder approvals

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

As such, the Company will in due course send a Circular and Prospectus convening a meeting to approve the Acquisition, the agreement to pay the Reverse Termination Fee and to authorise the directors to allot consideration Shares in connection with the Acquisition.

TA Associates, ECI Partners and Jupiter Investment Management Limited have irrevocably undertaken to vote (or procure a vote) in favour of the Resolutions at the General Meeting which amount to approximately 39 per cent. of the Enlarged Share Capital. The Directors and Senior Managers have irrevocably undertaken to vote in favour of the Resolutions in relation to their beneficial holdings, which amount to approximately 7 per cent. of the Enlarged Share Capital.

Conditions

Completion is subject to a number of conditions, including the Regulatory Conditions, and conditions relating to the Placing Agreement and the New Senior Facilities Agreement.

Financing the acquisition

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

- the net proceeds of the Capital Raising, excluding estimated amounts payable for transaction-related fees and expenses;
- up to \$183 million through utilisation of the senior term loan facility to be provided pursuant to the terms of the New Senior Facilities Agreement, with the flexibility for up to an additional \$21 million from the \$70 million revolving credit facility to be re-designated as senior term loan commitments for the purposes of financing the Acquisition.

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

Summary key performance indicators and historical financial information on LiveAuctioneers

\$ million	FY18 (for twelve months to 31 December 2018)	FY19 (for twelve months to 31 December 2019)	FY20 (for twelve months to 31 December 2020)
THV	1,844	2,087	2,438
<i>THV growth (%)</i>	<i>n.a</i>	<i>13%</i>	<i>17%</i>
<i>Online share (%)</i>	<i>12%</i>	<i>13%</i>	<i>15%</i>
GMV	221	261	375
<i>GMV growth (%)</i>	<i>n.a.</i>	<i>18%</i>	<i>44%</i>
<i>Take-rate (%)</i>	<i>8.4%</i>	<i>8.3%</i>	<i>7.5%</i>

\$ million	FY18 (for twelve months to 31 December 2018)	FY19 (for twelve months to 31 December 2019)	FY20 (for twelve months to 31 December 2020)
Revenue	21.1	23.7	30.7
<i>% growth</i>	<i>n.a</i>	<i>13%</i>	<i>30%</i>
Adjusted EBITDA	12.2	12.1	16.5
<i>% margin</i>	<i>58%</i>	<i>51%</i>	<i>54%</i>
Capex (including capitalized software costs)	0.2	0.0	1.8
<i>% of sales</i>	<i>1%</i>	<i>0%</i>	<i>6%</i>
OpFCF	12.0	12.1	14.8
<i>% cash conversion</i>	<i>98%</i>	<i>100%</i>	<i>89%</i>

LiveAuctioneers, LLC is the trading entity of the LiveAuctioneers Group. Prior to 21st May 2019, LiveAuctioneers, Inc was the majority owner of LiveAuctioneers, LLC. On 21st May 2019, Platinum Parent, Inc., through its subsidiary Platinum Intermediate, Inc., purchased LiveAuctioneers, Inc and its subsidiaries, including LiveAuctioneers, LLC (the “2019 LiveAuctioneers Acquisition”).

The financial information included within this announcement has been extracted from the LiveAuctioneers Group’s available historical audited financial statements for the three years ended 31 December 2018, 2019 and 2020, which have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) (the “Historical Audited US GAAP Financial Statements”).

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The Historical Audited US GAAP Financial Statements have been prepared at the LiveAuctioneers, LLP level for the year ended 31 December 2018, and at the Platinum Intermediate, Inc level for the two years ended 31 December 2019, and 2020. In the case of the year ended 31 December 2019, which included the 2019 LiveAuctioneers Acquisition, the period prior to the 2019 LiveAuctioneers Acquisition reflects the results of operations and cash flows of LiveAuctioneers, LLC, and the period subsequent to the 2019 LiveAuctioneers Acquisition reflects the Platinum Intermediate, Inc operations, including LiveAuctioneers, Inc and LiveAuctioneers, LLC.

In accordance with the Listing Rules, the Circular when published will include full historical financial information on the LiveAuctioneers Group for the three years ended 31 December 2018, 2019 and 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”), in a form consistent with the accounting policies adopted by ATG in its latest annual consolidated accounts (the “Historical IFRS Financial Statements”). The basis for the Historical IFRS Financial Statements will differ from the Historical Audited US GAAP Financial Statements as prior to the 2019 LiveAuctioneers Acquisition the Historical IFRS Financial Statements will be consolidated at the LiveAuctioneers, Inc level, and subsequent to the 2019 LiveAuctioneers Acquisition the Historical IFRS Financial Statements will be consolidated at the Platinum Parent, Inc level. Whilst not acting as trading entities, consolidating at the LiveAuctioneers, Inc and Platinum Parent Inc level in the Historical IFRS Financial Statements will lead to the additional recognition of certain cash, working capital, tax and professional expenses amounts in the periods presented.

US GAAP differs in several respects from IFRS. The IFRS transition exercise remains incomplete at the date of this presentation.

ATG has identified what it believes to be the material difference between ATG’s IFRS policies and LiveAuctioneers’ accounting policies below. As the IFRS transition exercise is incomplete there may be additional differences not noted below:

a) Income Statement, Balance Sheet and Cashflow Statement Presentation

The presentation of certain income statement, balance sheet and cashflow financial statement items may be realigned to conform to ATG presentation.

b) IFRS first-time adoption (IFRS 1)

For first-time adopters of IFRS, full retrospective application is subject to certain optional exemptions, designed to reduce the burden where the cost of retrospective application might exceed the benefits. Certain exemptions are applicable and may be applied to the ATG historical financial information under IFRS, including electing to use a previous valuation of property, plant, and equipment as the deemed cost for IFRS.

c) Share-based payments

Differences can occur between the US GAAP and IFRS treatment of share-based payments, including valuation methodology at each balance sheet date and the option of recognising share-based payment expense over the vesting period using a straight-line method rather than using a graded-vesting schedule as required by IFRS.

d) Income taxes

There are differences that exist between US GAAP and IFRS in the accounting for income taxes, including the presentation of deferred taxes.

e) Purchase price accounting and goodwill

There are differences that exist between US GAAP and IFRS in the accounting for business combinations, including the identification of intangible assets. Further, under US GAAP goodwill arising from business combinations can be amortised annually whereas at least annual impairment reviews are required under IFRS.

f) Capitalised development costs

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There are differences that exist between US GAAP and IFRS in the criteria for capitalising development costs.

g) Lease accounting

There are differences that exist between US GAAP and IFRS in accounting for leases, in particular IFRS requires the recognition of a lease liability and right of use asset for all leases and no longer permits the recognition of lease expenses in the income statement on an annual basis.

h) Accounting for debt

There are differences that exist between US GAAP and IFRS in accounting for debt, specifically debt modifications

IMPORTANT INFORMATION

Sources, Bases and Important Notes

1. Unless otherwise stated:
 - a. Financial information relating to ATG has been extracted from the audited results for the twelve months ended 31 September 2020
 - b. Financial information relation to LiveAuctioneers have been extracted or derived from the audited results for the twelve months ended 31 December 2020
 - c. References to FY18, FY19, FY20 and FY21 mean:
 - i. In the case of ATG, the financial years ended 31 September 2018, 2019, 2020 and 2021, and H1 FY21 means the 6-month period ended 31 March 2021.
 - ii. In the case of LiveAuctioneers, the financial years ended 31 December 2018, 2019, 2020 and 2021.
2. All LiveAuctioneers financial information in this announcement is presented in accordance with US GAAP and may differ from the financial information to be included in due course in the Circular and Prospectus, as further detailed above under the heading "Summary key performance indicators and historical financial information on LiveAuctioneers".
3. The economic effect of the Management RSUs is that the Rollover Management Sellers will, following the expiry of the Acquisition Lock-Up Period, receive Shares at an effective price of 750p per Share.
4. The maximum number of new Shares required will only be known on Completion depending on, amongst other things, (i) how many options over Platinum Parent, Inc. shares are exchanged at Completion pursuant to the terms of the Rollover, (ii) the per share Acquisition value of a Platinum Parent, Inc. share, (iii) the closing share price of the Shares on the date of Completion and (iv) the US \$ to pound sterling exchange rate at Completion.
5. Certain figures in this announcement have been subject to rounding adjustments.

Definitions

"**2019 LiveAuctioneers Acquisition**" means the acquisition of LiveAuctioneers, Inc. by Platinum Purchaser Inc., on 21 May 2019.

"**A&A**" means Arts and Antiques.

"**Acquisition**" means the acquisition by the Platinum Parent, Inc. Purchaser, a member of the Group, of all of the outstanding equity securities of Platinum Parent, Inc. pursuant to the Acquisition Agreement.

"**Acquisition Agreement**" means the acquisition agreement dated 17 June 2021 and made between the Company, the "Platinum Parent, Inc. Purchaser, Platinum Parent, Inc., a Delaware corporation, Cove Hill Partners, certain other stockholders of Platinum Parent, Inc. (together with Cove Hill Partners, the "Sellers"), and CHP Representative, LLC solely in its capacity of Sellers' representative.

"**Acquisition Lock-Up Period**" means the 12-month period starting on the date of Completion.

"**Adjusted EBITDA**" means 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.

"**CAGR**" means compounded annual growth rate.

"**Capital Raising**" means the placing of the Capital Raising Shares.

"**Capital Raising Shares**" means the 19,999,990 new Shares to be issued in connection with the Capital Raising.

"**Capital Raising Shares Admission**" means the admission of the Capital Raising 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.

"**Circular and Prospectus**" means the circular and prospectus to be published by the Company in due course in connection with the Acquisition.

"**Combined Group**" means the Group following Completion.

"**Completion**" means completion of the Acquisition.

"**Consideration Shares**" means the consideration Shares to be issued to the Rollover Management Sellers in connection with the Rollover Options.

"**Consideration Shares and Management RSU Shares Admission**" means the admission of the Consideration Shares and Management RSU Shares to the premium listing segment of the official list of the FCA and to trading on the London Stock Exchange's main market for listed securities.

"**Cove Hill Partners**" means Cove Hill Partners, L.P. and certain affiliated funds.

"**Enlarged Share Capital**" means the issued share capital of the Company, as enlarged by the Capital Raising Shares.

"**Existing Group**" means the Group prior to Completion.

"**FCA**" means the Financial Conduct Authority of the United Kingdom.

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"**Group**" means the Company and its subsidiaries from time to time.

"**I&C**" means Industrial and Commercial.

"**IFRS**" means International Financial Reporting Standards as adopted for use in the European Union.

"**IPO**" means the admission of the existing 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 on 26 February 2021.

"**IPO Prospectus**" means the prospectus dated 17 February 2021 published by the Company in connection with the IPO.

"**LiveAuctioneers Group**" means Platinum Parent, Inc. and its subsidiaries.

"**Management RSU Shares**" means the Shares to be issued in connection with the Management RSUs.

"**Management RSUs**" means the restricted stock units over new Shares to be granted to participants of the Rollover.

"**Management Sellers**" means certain management stockholders in LiveAuctioneers who have agreed to sell their entire ownership interests in LiveAuctioneers to the Platinum Parent, Inc. Purchaser, a member of the Group, pursuant to the Acquisition Agreement.

"**New Shares**" means the Capital Raising Shares, the Consideration Shares and the Management RSU Shares.

"**North America**" means US and Canada.

"**Platinum Parent, Inc. Purchaser**" means ATG Media US, Inc.

"**Regulatory Conditions**" means approval of the Acquisition by the relevant antitrust authorities in the US and UK (including the expiration or termination of any applicable waiting periods under US antitrust laws);

"**Relationship Agreement**" means the relationship agreement made between the Company and TA Associates on 17 February 2021 in connection with the IPO.

"**Reverse Termination Fee**" means the reverse termination fee which may be payable by the Platinum Parent, Inc. Purchaser in connection with the Acquisition.

"**Rollover**" means the exchange by the Rollover Management Sellers of a specified percentage of their outstanding options over equity securities in Platinum Parent, Inc.

"**Rollover Management Sellers**" means those Management Sellers who will receive Rollover Options, including Phil Michaelson, Rob Cummings, Gilad Andorn, Erwin Hungerbuhler, Wyatt Barrett, Suzie Ryu and Jessica Mizrachi and any other Management Seller who elects to become a Rollover Management Seller prior to Completion.

"**Rollover Options**" means options over Shares to be issued to the Rollover Management Sellers in connection with the Rollover.

"**Sellers**" means the existing stockholders of Platinum Parent, Inc. who have agreed to sell their entire ownership interests in Platinum Parent, Inc. to the Platinum Parent, Inc. Purchaser, a member of the Group, pursuant to the Acquisition Agreement.

"**Shareholders**" means holders of Shares.

"**Shares**" means ordinary shares of 0.01 pence each in the share capital of the Company.

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"**TAM**" means total addressable market.

"**US**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

IMPORTANT NOTICES

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This announcement is an announcement and not a circular or prospectus or equivalent document and prospective investors should not make any investment decision on the basis of its contents. The Circular and Prospectus in relation to the transaction will be published in due course. Nothing in this announcement constitutes an offer of securities for sale in any jurisdiction.

This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company’s control and all of which are based on the Directors’ current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative of those terms, other variations on those terms or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs and current expectations of the Directors or the Company concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industries in which it operates. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, the market position of the Company, earnings, financial position, return on capital, anticipated investments and capital expenditure, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the events described herein and the Company. Forward-looking statements contained in this Announcement based on these trends or activities should not be taken as a representation that such trends or activities will continue in the future. These forward-looking statements speak only as at the date of this Announcement. Except as required by the Listing Rules, the Disclosure Guidance and Transparency Rules and any applicable law, the Company does not have any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, further events or otherwise. Except as required by the Listing Rules, the Disclosure Guidance and Transparency Rules and any applicable law, Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Announcement might not occur.

This announcement is for informational purposes only and is not an offer of securities for sale in any jurisdiction where to do so would be unlawful. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or an exemption therefrom. The securities referred to herein have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, taken up, resold, transferred or delivered in the United States except pursuant to an exemption from, or in a transaction 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.

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Numis Securities Limited (“**Numis**”) is authorised and regulated in the United Kingdom by the FCA. Numis is acting exclusively for the Company and no one else as financial adviser in connection with the Acquisition and as Sponsor, Joint Global Co-Ordinator and Joint Bookrunner in connection with the Capital Raising and will not regard any other person as a client in relation to the Capital Raising and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis or its affiliates, nor for providing advice in connection with the Acquisition or the Capital Raising or any matter or arrangement referred to in this announcement.

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Travers Smith LLP is acting as the lead legal adviser to the Company in connection with the transaction. The Company's financial advisers in respect of the transaction are Numis and J.P. Morgan Cazenove.