

Paddle8 and Auctionata unite to form the global online leader in art, collectibles and vintage luxury

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- Joint company will be the fastest growing destination for buying and selling objects of value, and one of the top 10 largest auction houses worldwide outside of China
- Bringing together the leading innovators of the sector, the combined company will cater to a new era of tech-savvy, mobile collectors
- Auctionata is an MCI.TechVentures portfolio company since 2014.

Auctionata and Paddle8 announced today that they are joining forces to create the global leader in online art, collectibles and vintage luxury. The joint company will immediately become one of the top 10 auction houses worldwide outside of China and the fastest growing company in the sector. Paddle8 and Auctionata share a vision of being the destination of choice for the 21st century collector as well as art dealers. Auctionata has already established a presence in Europe as the leading German auction platform. In the U.S., Paddle8 is the largest online auction platform and has strong brand recognition as a marketplace for art and luxury collectibles. With joint sales above \$150M and nearly 800,000 registered users, the united company will be a dominant player for art and luxury collectibles in the most important markets globally. "Auctionata and Paddle8 combine complementary business models which will mutually benefit each other in their respective markets. Our ability to innovate at a faster pace and develop new technologies and services is a great opportunity to further increase growth. The reciprocal nature of our business, coupled with our shared desire to grow the culture of collecting in a transparent and efficient manner made this partnership a very easy decision," said Alexander Zacke, CEO of Auctionata.

Together, Paddle8 and Auctionata will grow the underserved global mid-market in this space. While legacy brick-and-mortar auction houses dominate the high-end of the collectibles market, online secondary marketplaces at the opposite end of the spectrum cannot provide transparency and authentication. This leaves a gap where the middle

market, for objects up to \$500K, is vastly underserved. Both Paddle8 and Auctionata have independently pursued this market, and together they are poised to win and grow the sector.

“This merger allows us to allocate greater resources toward innovating at every step of the collecting process, from online valuation services to post-sale fulfillment, and to expand our current offerings in terms of both categories and sales channels,” said Aditya Julka, co-founder of Paddle8. “As a result, we’ll be able to provide the best customer experience and the most efficient and comprehensive platform in the middle market for buyers and sellers from every corner of the globe.”

The joint company will offer a more extensive and diversified inventory as Paddle8’s sales are oriented mostly toward contemporary art and design, while Auctionata specializes in vintage luxury. Paddle8’s strong presence in timed auctions, private and charitable sales coupled with Auctionata’s industry-first livestream auction format plus online shop means that the two companies can now provide customers with an unrivalled multitude of categories and sales formats. In addition, the united company’s strong presence and operational hubs in Europe and the U.S. will enable it to consolidate the market not only in terms of categories, but also across geographies.

“Auctionata and Paddle8 uniting forces strengthens this growing segment of the market,” said David Zwirner, one of the world’s most influential art dealers and a member of Paddle8’s board. “Globally, we are seeing a new era of collecting online. There is a desire and confidence to purchase from anywhere in the world at a moment’s notice, which benefits both individual buyers and sellers alike.”

Financial terms of the deal were not disclosed. The merger brings together an established leadership team with all co-founders remaining in strategic and operational roles integral to the company’s future growth. Alexander Zacke, previously CEO of Auctionata, will lead the global management team of the newly formed group. Both the Paddle8 and Auctionata brand names will continue on as the two companies fuse together.

Additionally, all investors from both Paddle8 and Auctionata will remain involved. To date, Auctionata has raised \$88M in equity capital with notable investors including Earlybird, Kite Ventures, MCI Management, Hearst Ventures and Groupe Arnault. Paddle8, meanwhile, has raised a total of \$44M with an array of investors from across the business, tech and art sectors including Founder Collective, Mousse Partners and Skate Capital, as well as art-world insiders like David Zwirner, Damien Hirst and Jay Jopling.

Founded in 2012, Auctionata has been one of Europe’s fastest growing online companies. In 2015, the company recorded \$90M in gross merchandise volume, an increase of 165 percent from the prior year. The majority of sales resulted from

livestreamed auctions from continental Europe. Auctionata's most successful category in 2015 was vintage luxury (cars, wine, watches and jewelry), and in all, the company held a staggering 249 auctions last year. A highlight from 2015 included the record set for an Asian work of art sold online, with an 18th century Chinese clock grossing \$3.83M last June.

Paddle8 was launched in 2010 by co-founders Aditya Julka, Alexander Gilkes and Osman Khan, and has quickly grown to be an innovative force in the U.S. and U.K. art, design and collectibles market, through its timed auctions, private sales and charitable sales. In 2015, the majority of Paddle8's revenues stemmed from the contemporary art and design categories, highlighted by an emphasis on curation from global tastemakers, including Grace Coddington, Damien Hirst and Tory Burch and presenting rare collectibles such as Kurt Cobain's credit card. The company posted sales of nearly \$50M in 2015, a 26 percent increase from the prior year and saw substantial growth from its for-profit business, with a 100 percent year-over-year increase.