
BIDFAIR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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BIDFAIR LIMITED

COMPANY INFORMATION

Directors	Jean-Luc Berrebi Sebastian Fahey
Company secretary	Caroline Mylward
Registered number	12025352
Registered office	34-35 New Bond Street London W1A 2AA
Independent auditor	Constantin Chartered accountants and statutory auditor 25 Hosier Lane London EC1A 9LQ

BIDFAIR LIMITED

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BIDFAIR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Strategic report and the audited financial statements of Bidfair Limited (the "Company") for the year ended 31 December 2022.

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

For the avoidance of doubt, all references to "the Company" refers to Bidfair Limited. All references to "Sotheby's", relate to Sotheby's, a company incorporated in the UK and which is an indirect subsidiary of the Company. All references to "Sotheby's (Delaware)" refer to the Company's indirect subsidiary which is incorporated in the United States of America.

Business review

The Company is the parent company of Sotheby's Holdings UK Limited, whose subsidiaries include the holding entities for all of Sotheby's global art business.

The results of the Company for the year ended 31 December 2022, and the state of the Company's affairs at 31 December 2022, are shown in the financial statements and notes to the financial statements contained herein. The profit on ordinary activities after taxation was \$88,228,000 (2021: \$318,429,000).

Global economy, financial markets and the impact of inflation

Global markets are influenced over time by the overall strength and stability of the global economy and the financial markets, although this correlation may not be immediately evident. The willingness of potential buyers and sellers to purchase and sell in the wake of economic uncertainty may be influenced. Clients may in the future have less capacity for discretionary purchases and may reduce their purchases as a result of various factors, including inflation (such as recent inflationary pressure), higher taxes, reduced access to credit, changes in government economic policy, the impact of the COVID-19 pandemic (refer below), recent global economic uncertainty, lower consumer confidence and demand for discretionary goods, and geopolitical events such as recent international trade disputes and the ongoing war in Ukraine (below).

COVID-19

Although the COVID-19 global pandemic is ongoing; the containment and mitigation measures introduced by the World Health Organization, have been removed in England from February 2022.

Brexit

The U.K. leaving the European Union, known as Brexit, has increased volatility and uncertainty in global financial markets, economic conditions, and Pound Sterling exchange rates. As compared to the levels in 2020, U.K. imports of art and antiques were down 18% in 2021 and by a further 16% in 2022 and this may worsen over time. The increased red tape resulting from Brexit is adversely impacting our ability to move property between the U.K. and the European Union and the retention and travel of our employees, further contributing to the U.K. art market's decline. The additional import and export taxes and duties has had a negative impact on the appeal of selling property in the U.K. compared with other sale locations. The amount and quality of property consigned for sale in London and the future demand for such art in our London salesroom is also negatively affected.

BIDFAIR LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Eastern European conflict

The Russian invasion of Ukraine on 24 February 2022 and the ongoing conflict have not directly impacted the operations of the Company.

The Company and its subsidiaries do not conduct sales in Russia and Russian clients represented less than 1% of our global client activity in 2022 and 2021. There is a small administrative office in Moscow, which was closed following the outbreak of war. All sanctions and legal actions that have been imposed as a result of the situations are being monitored carefully and full compliance with those requirements are diligently being ensured.

Key performance indicators

The Company monitors a number of key performance indicators on an ongoing basis. The main key performance indicator that is used to monitor and manage the business is equity:

	2022	2021
	\$000	\$000
Equity	1,391,998	1,303,770

Principal risks and uncertainties

Results of the Company are significantly influenced by a number of risk factors experienced by the subsidiary companies. Many of these factors are not within the control of the Sotheby's group. For a comprehensive review of factors facing the Company, refer to the Bidfair Luxembourg S.à r.l. annual report and financial statements (see note 19).

By virtue of the Company's debt, which are interest bearing, the Company is also exposed to interest rate risk. Fluctuations in interest rates influence the Company's interest expense. The directors seek to mitigate the principal risk factors, where possible, by employing qualified personnel within the Sotheby's group and assessing the marketplace.

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the principal financial risks the directors consider relevant are credit risk, interest rate risk and cash flow risk. Credit and interest rate risks are mitigated by the Company employing qualified personnel within the Sotheby's group to assess their financing options and looking to optimise their financial management. Cash flow and liquidity risk is mitigated by the ability of other group companies who are able to loan the company funds if required. The directors have considered the position of the other group companies and have reasonable expectation that the other group companies have the financial resources to fulfil that commitment. As a consequence, the directors believe that the Company is well placed to manage its financial risk successfully.

Future developments

The directors were satisfied with the results of the Company, and there are no plans to change the operations of the Company.

BIDFAIR LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Statement by the directors in accordance with s172(1) Companies Act 2006

During the year, the directors acted in a way that they considered to be most likely to promote the success of the Company or for the benefit of its members as a whole. The success of the Company is influenced by the success of the group, of which it is a parent, therefore the directors have regarded, amongst other matters:

- the likely consequences of any decision in the long term;
- the interests of employees;
- the need to foster business relationships with suppliers, customers and others;
- the impact of operations on the community and the environment;
- the desirability of maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The key stakeholders include, for both the Company and its subsidiaries, employees, clients, shareholders, suppliers, and the environment.

How does the board engage with stakeholders?

The directors will sometimes engage directly with stakeholders on certain issues, but stakeholder engagement often takes place at an operational level within the business. In addition, given the international nature of many of the group companies' clients, certain stakeholder engagement is led at the Sotheby's group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the Company and its subsidiaries.

Engagement with employees

As part of the colleague engagement and communication process, regular global and regional townhall meetings are held where colleagues are kept informed and up to date on key changes and developments within the group. These townhalls are followed by all-colleague emails summarising the session. Sotheby's have an intranet and internal communications platform, which is a central hub for building community, communicating as a company, and acting as a repository for all internal documents and HR policies. During 2022 the Sotheby's Diversity, Equity, and Inclusion Action Plan, among other communications, was published on this platform. Sotheby's Inc. also runs an annual global colleague survey where colleague feedback on Reward, Culture and Development are collated, reviewed and used to drive colleague engagement/development initiatives, such as the establishment of employer recognized groups (ERG's) to improve diversity and integration. Key changes and additions to personal benefits, for example changes to the Group Income Protection Insurance provider, are also communicated to employees through email and direct mail.

Engagement with clients

On the broadest level, engagement with clients is maintained through Sotheby's website and related digital and social media, which provides information about auctions, buy now inventory and services. When clients visit Sotheby's salerooms or offices, they meet colleagues, view exhibitions, attend events and enjoy its restaurants. There is reliance on a select group of clients who make a significant contribution to its revenues, profitability and operating cash flows. Accordingly, Bidfair Limited group companies' revenues, profitability and operating cash flows are highly dependent upon its ability to develop and maintain relationships with this group of clients, as well as the financial strength of these clients.

Engagement with suppliers

The Company and its subsidiaries aim to maintain close relationships with key suppliers to ensure efficient and high-quality delivery of service. Communication with its suppliers is managed through internal relationship holders who are close to the relevant function. These relationship holders convey updates regarding company policy to suppliers as relevant and relay their insight and feedback to senior management.

BIDFAIR LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Environmental considerations

In running the operations of the Company and its subsidiaries, the directors are mindful of the environmental impact of the business and have supported the operational teams in continuing to review their practices.

Employees

Details of the approach to engagement with employees can be found in the section 172(1) statement above.

Applications for employment to Bidfair Limited group companies by disabled persons are always fully considered in the light of the respective skills and abilities of those concerned. Training and career development for such a person would, wherever possible, be similar to that of a person fortunate enough not to suffer from a disability. Furthermore, there is a permanent health insurance policy which covers the majority of staff whereby, if they suffer an illness or injury which renders them unable to continue employment, they continue to receive a substantial proportion of their remuneration.

This report was approved by the board and signed on its behalf by:


Sebastian Fahey
Director

Date: 5 July 2023

BIDFAIR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

As permitted under s414C(11) of the Companies Act 2006, the directors have included certain information in the Strategic report that otherwise would be required under section 416(4) to be disclosed in the Directors' report including future developments, financial risk management and financial instruments. This information is shown by way of cross-reference in the Directors' report.

Results and dividends

The profit for the year, after taxation, amounted to \$88,228,000 (2021: \$318,429,000).

No dividends were paid during the current year or prior period. No dividends have been proposed after the reporting date (2021: \$nil).

Dividends of \$126,511,000 (2021: \$359,646,000) were received from group undertakings during the year. Dividends of \$16,615,596 have been received from group undertakings after the reporting date and up to the date of signing these financial statements.

Directors

The directors who served during the year, and up to the date of signing these financial statements, were:

Jean-Luc Berrebi
Sebastian Fahey

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

On 19 October 2022, the Company refinanced the term loan facility by prepaying \$100,000,000 from the proceeds of a dividend and also amended a few terms of the agreement. After the prepayment and amendment, the principal balance outstanding of the loan is \$350,000,000 and the amended terms will require the Company to repay \$50,000,000 each on 15 October 2023 and 15 October 2024, with the remaining amount to be repaid on the maturity date of 19 October 2025. The loan bears interest at a rate per annum equal to 3 month SOFR for the interest period in effect for such borrowing, plus a margin, with the margin being 5% per annum. Interest is payable quarterly. These repayments will be financed through future dividend payments received from group undertakings.

The directors do not believe that the ongoing conflict in Ukraine will have an impact on the Company's ability to continue with its operations.

Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Future developments

Details of future developments can be found in the Strategic report on page 2 and form part of this report by cross-reference.

BIDFAIR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disabled employees

Details of policies in place in regard to disabled employees can be found in the Strategic report on page 4 and form part of this report by cross-reference.

Engagement with suppliers, customers and others

Details of the Company's engagements with suppliers, customers and others can be found in the section 172(1) statement in the Strategic report on pages 2 and 3 and form part of this report by cross-reference.

GHG emissions and energy use for the period

During the current year and prior period the Company has not exceeded 40,000 kWh of energy from gas and electricity and is therefore exempt from further greenhouse gas emission disclosures for the year.

Subsequent events

Dividends of \$16,615,596 have been received from group undertakings after the reporting date and up to the date of signing these financial statements.

There have been no other significant events affecting the Company since the reporting date.

Auditor

The auditor, Constantin, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board and signed on its behalf by:


Sebastian Fahey
Director

Date: 5 July 2023

BIDFAIR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BIDFAIR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIDFAIR LIMITED

Opinion

In our opinion the financial statements of Bidfair Limited (the "Company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- profit and loss account;
- statement of comprehensive income;
- balance sheet;
- statement of changes in equity; and
- related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

BIDFAIR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIDFAIR LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

BIDFAIR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIDFAIR LIMITED (CONTINUED)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pension legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

BIDFAIR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIDFAIR LIMITED (CONTINUED)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

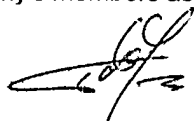
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Thierry de Gennes ACA (Senior Statutory Auditor)
for and on behalf of Constantin
Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

Date: 5 July 2023

BIDFAIR LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 \$000	2021 \$000
Administrative expenses		(52)	(50)
Other operating income	5	126,511	359,646
Operating profit		126,459	359,596
Finance costs (net)	7	(34,778)	(45,581)
Other gains and losses	8	(3,213)	4,174
Profit before tax		88,468	318,189
Tax on profit	9	(240)	240
Profit for the financial year		88,228	318,429

All results are derived from continuing activities

The notes on pages 16 to 33 form part of these financial statements.

BIDFAIR LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	\$000	\$000
Profit for the financial year	88,228	318,429
Other comprehensive income	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	88,228	318,429

All results are derived from continuing activities.

The notes on pages 16 to 33 form part of these financial statements.

BIDFAIR LIMITED
REGISTERED NUMBER: 12025352

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 \$000	2021 \$000
Fixed assets			
Investments	10	1,726,485	1,726,485
Current assets			
Debtors: amounts falling due within one year	11	85	472
Cash at bank and in hand		262	290
		<u>347</u>	<u>762</u>
Creditors: amounts falling due within one year	12	(56,189)	(952)
Net current liabilities		<u>(55,842)</u>	<u>(190)</u>
Total assets less current liabilities		<u>1,670,643</u>	<u>1,726,295</u>
Creditors: amounts falling due after more than one year	13	(278,645)	(422,525)
Net assets		<u>1,391,998</u>	<u>1,303,770</u>
Capital and reserves			
Called up share capital	15	1	1
Share premium account	16	299,799	299,799
Profit and loss account	16	1,092,198	1,003,970
Total equity		<u>1,391,998</u>	<u>1,303,770</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Sebastian Fahey
Director

Date: 5 July 2023

The notes on pages 16 to 33 form part of these financial statements.

BIDFAIR LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital \$000	Share premium account \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2021	1	299,799	685,541	985,341
Comprehensive income for the year				
Profit for the year	-	-	318,429	318,429
Total comprehensive income for the year	-	-	318,429	318,429
At 1 January 2022	1	299,799	1,003,970	1,303,770
Comprehensive income for the year				
Profit for the year	-	-	88,228	88,228
Total comprehensive income for the year	-	-	88,228	88,228
At 31 December 2022	1	299,799	1,092,198	1,391,998

BIDFAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Bidfair Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales, with its offices at 34-35 New Bond Street, London, W1A 2AA, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1. For the avoidance of doubt, all references to "the Company" refers to Bidfair Limited. All references to "Sotheby's", relate to Sotheby's, a company incorporated in the UK and a subsidiary of the Company. All references to "Sotheby's (Delaware)" refer to a subsidiary of the Company, whose business address is at 1334 York Avenue, New York, NY 10021.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The functional currency of the Company is considered to be the US Dollar, because that is the currency of the primary economic environment in which the Company operates. The presentation currency is also the US Dollar and amounts contained within these financial statements are rounded to the nearest thousand US Dollar.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the publicly available consolidated financial statements of Bidfair Luxembourg S.à r.l. as at 31 December 2022 and these financial statements may be obtained from 1, Rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg (see note 19 for more information).

2.3 Exemption from preparation of consolidated financial statements

The Company is exempt from preparing and delivering consolidated financial statements under s401 of the Companies Act 2006 as it is part of a larger group, Bidfair Luxembourg S.à r.l. who prepares consolidated financial statements in Luxembourg.

BIDFAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Interest rate benchmark reform

All transacted floating rate financial assets and liabilities are linked to an alternative benchmark rate, SOFR.

2.5 Foreign currency translation

Transactions in foreign currencies are recorded at the rates of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at rates of exchange prevailing at the balance sheet date. All exchange gains or losses are reported as part of profit or loss for the year.

2.6 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

On 19 October 2022, the Company refinanced the term loan facility by prepaying \$100,000,000 from the proceeds of a dividend and also amended a few terms of the agreement. After the prepayment and amendment, the principal balance outstanding of the loan is \$350,000,000 and the amended terms will require the Company to repay \$50,000,000 each on 15 October 2023 and 15 October 2024, with the remaining amount to be repaid on the maturity date of 19 October 2025. The loan bears interest at a rate per annum equal to 3 month SOFR for the interest period in effect for such borrowing, plus a margin, with the margin being 5% per annum. Interest is payable quarterly. These repayments will be financed through future dividend payments received from group undertakings.

The directors do not believe that the ongoing conflict in Ukraine will have an impact on the Company's ability to continue with its operations.

Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

2.7 Financial instruments

Under the guidelines of FRS 102, the directors have elected to adopt IFRS 9: Financial Instruments as the accounting policy for financial instruments for the Company.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

BIDFAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

(i) Financial assets and liabilities

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, except for those financial assets classified as at fair value through profit or loss ("FVTPL"), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the asset expire b) or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities, that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Financial liabilities are derecognised when and only when the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

(ii) Investments

In the Company Balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the fair value of the shares issued. Any premium is ignored. Subsequent recognition is at cost less impairment.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

BIDFAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

2.8 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

BIDFAIR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Current and deferred taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 Dividend and interest revenue

Dividends received from investments are recognised at the date in which they are declared by the board of directors.

Interest on overdue receivables is recognised in the period it is charged.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that may have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

There are neither significant judgements nor any key sources of estimation uncertainty in accounting policies that could cause a material adjustment within the next 12 months. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Auditor's remuneration

	2022 \$000	2021 \$000
Fees payable to the Company's auditor and its associate for the audit of the Company's financial statements	30	28

Auditor's remuneration for auditing of the financial statements for the current period is borne by Sotheby's and is not recharged to individual entities. No fees were paid to the company's auditor or affiliated entities, relating to other services, during the year (2021: \$nil). Refer to full disclosure of audit fees in the financial statements of Sotheby's.

5. Other operating income

	2022 \$000	2021 \$000
Income from shares in group undertakings	126,511	359,646

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Employees and directors

Two (2021: *three*) of the directors of the Company received remuneration from subsidiaries totalling \$2,418,000 (2021: \$2,492,000) and pension contributions of \$5,000 (2021: \$13,000). For details of current directors, see the list at the top of this report. It is not practicable to allocate this between their services as directors of the Company and their services as directors of its subsidiaries. Two (2021: *three*) received rewards in a carry unit plan, under a long-term incentive scheme.

	2022 \$000	2021 \$000
Emoluments of highest paid director		
Remuneration	1,326	1,230
Pension	-	-
	<u>1,326</u>	<u>1,230</u>

The Company did not have any employees during the current year or preceding year.

7. Finance costs (net)

	2022 \$000	2021 \$000
Interest payable and similar expenses	<u>34,778</u>	<u>45,581</u>

Interest payable and similar expenses includes interest payable and debt issuance costs incurred on the long-term secured facility, amortised using the effective interest rate of 8.65% (2021: 8.65%). Please see note 13 for more details. The total debt issuance costs incurred in securing the loans and the subsequent modifications was \$42,403,000 (2021: \$40,630,000).

8. Other gains and losses

	2022 \$000	2021 \$000
Net (loss)/gain arising on modification of financial instruments measured at amortised cost that were not derecognised	<u>(3,213)</u>	<u>4,174</u>

The (loss)/gain on modifications relates to two modifications on the long-term secured facility and the resultant changes to its present value of future cash flows discounted using the original effective interest rate of 8.65% (2021: 8.65%). Please see note 13 for more details.

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Tax on profit

	2022	2021
	\$000	\$000
Deferred tax		
Origination and reversal of timing differences	81	(240)
Adjustments in respect of prior periods	134	-
Effect of change of tax rate	25	-
Total deferred tax	240	(240)
Taxation on profit on ordinary activities	240	(240)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: *lower than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	\$000	\$000
Profit on ordinary activities before tax	88,468	318,189
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	16,809	60,456
Effects of:		
Non-taxable dividends received	(24,037)	(68,333)
Adjustment in respect of Prior Periods	134	(240)
Effective of change in tax rates	25	-
Group relief for nil consideration	6,993	7,877
Corporate Interest Restriction	316	-
Total tax charge for the year	240	(240)

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

There were no other factors that may affect future tax charges.

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Investments

	Investments in subsidiary companies \$000
Cost	
At 1 January 2022	1,726,485
At 31 December 2022	1,726,485
Net book value	
At 31 December 2022	1,726,485
At 31 December 2021	1,726,485

Subsidiary undertakings

The Company has investments in the following direct subsidiary undertakings which principally affect the profits or net assets of the group:

Name	Registered office	Principal activity	Class of shares	Holding
Sotheby's Holdings UK Limited	34-35, New Bond Street, London, W1A 2AA	Holding company	Ordinary	95%

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Indirect subsidiaries

Unless otherwise stated the undertakings below are indirect wholly owned subsidiaries of the Company.

Name	Registered office	Class of shares	Holding
Bidfair USA Inc.	1334 York Ave, New York NY 10021, United States	Ordinary	94%
Bidfair Holdings Inc.	1334 York Ave, New York NY 10021, United States	Ordinary	94%
Sotheby's	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's Art Sales Corp.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's Asia, LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
Sotheby's Fine Art Holdings, Inc.	1334 York Ave, New York NY 10021, United States	Ordinary	94%
Fine Art Insurance Ltd.	Power House, 7 Par-la-ville Road, Hamilton, HAMILTON HM 11, Bermuda	Ordinary	94%
Sotheby's Global Trading GmbH (Switzerland)	Talstrasse 83, 8001 ZURICH, Zurich, Switzerland	Ordinary	94%
SPTC, Inc.	1400 South Virginia Street, Reno NV 89502, United States	Ordinary	94%
Sotheby's Nevada, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
SPTC Delaware LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
York UK Holdco International Limited	34-35, New Bond Street, London, W1A 2AA	Ordinary	94%
York Luxembourg Holdings International Sarl	15, Boulevard F.W. Raiffeisen, 2411 LUXEMBOURG, Luxembourg	Ordinary	100%
Sotheby's (Singapore) PTE Ltd	1 Marina Boulevard #28-00 One Marina Boulevard , 18989, Singapore	Ordinary	94%
Sotheby's Monaco SAM	20, avenue de la Costa, 98000 MONACO, Monaco	Ordinary	94%
Sotheby's Qatar W.L.L.	Commercial Bank Plaza (CBQ), 15th Floor – Dafna Area , Qatar	Ordinary	94%
Sotheby's Taiwan Ltd.	Suite 1610, 16F, No.333, Keelung Rd, Sec. 1, Taipei 110, Taiwan	Ordinary	94%
York Holdings International, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
72nd And York, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Art Agency Partners Appraisals, LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
Art Agency Partners Holdings GP LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Art Agency Partners Holdings LP	1334 York Avenue, New York NY 10021, United States	Ordinary	94%

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Indirect subsidiaries (continued)

Name	Registered office	Class of shares	Holding
Twin Spark Finance (Europe) Limited	869 High Road, London, N12 8QA, United Kingdom	Ordinary	71%
Twin Spark Finance (UK) Ltd	869 High Road, London, N12 8QA, United Kingdom	Ordinary	71%
Twin Spark Finance Limited	Heron House, 5 Heron Square, London TW9 1EL	Ordinary	71%
RM Financial Services LLC	5536 County Road 11A, Auburn IN 46706, United States	Ordinary	71%
RM Licenses LLC	1209 Orange Street, Corporation Trust Center, Wilmington, DE 19801	Ordinary	71%
RM Auctions Arizona, Inc.	L and R Service Co, 40 North Central Avenue, Suite 1900, Phoenix, Arizona 85004-4429	Ordinary	71%
SIBS, LLC	80 State Street, Albany, NY 12207, New York	Ordinary	94%
Sotheby Parke Bernet Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's Brasil Assessoria em Comercio de Obras de Arte E Bens Ltda	Rua Perucaia 291 sala 18, Instituto da Previdência, São Paulo, São Paulo, 05578-070, Brazil	Ordinary	94%
Sotheby's AG (Switzerland)	Talstrasse 83, 8001 ZURICH, Zurich, Switzerland	Ordinary	94%
Sotheby's Scandinavia AB	Sturegatan 24, 114 36 , Stockholm, Sweden	Ordinary	94%
Sotheby's Art Services (India) Private Ltd.	Regus Mafatlal, 6th Floor Mafatlal House, H.T. Parekh Marg, Backbay Reclamation, Mumbai, MUMBAI 400020,, India	Ordinary	94%
Sotheby's Deutschland Gmbh	Odeonsplatz 16 , 80539 MUNICH , Germany	Ordinary	94%
Sotheby's Kunstauktionen Gmbhn (Austria)	Herrengasse 5, 1010 WIEN, Wien, Austria	Ordinary	94%
Sotheby's France SAS	76 rue du Faubourg Saint-Honoré, PARIS 75008, Paris, France	Ordinary	94%
Sotheby's Holdings International, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's Hong Kong Limited	5/F, Manulife Place , 348 Kwun Tong Road, Kowloon, Hong Kong	Ordinary	94%
Sotheby's (Beijing) Auction Company Ltd.	Room 216 Building No. 2, Yard No. 1 Jinhangzhong Road, Shunyi District, Beijing, China	Ordinary	75%
Sotheby's (Beijing) Commercial Company Ltd	Room 1006, Raffles City Beijing Office Tower, No. 1 Dongzhimen South Street, Dongcheng	Ordinary	94%
Sotheby's (Shanghai) Cultural Development Co. Ltd.	Room 2072, No. 24, Fenggu Road 315 Nong, Xuhui District, Shanghai, China	Ordinary	94%
Sotheby's Wine Hong Kong Limited	5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong	Ordinary	94%

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Indirect subsidiaries (continued)

Name	Registered office	Class of shares	Holding
Art Agency Partners Holdings, LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Art Agency Partners Advisory, LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Art Agency Partners, LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Oatshare Limited	34 35, New Bond Street, London, W1A 2AA	Ordinary	94%
Sotheby's	34 35, New Bond Street, London, W1A 2AA	Ordinary	94%
Bidfair UK Property Holdings Limited	34 35, New Bond Street, London, W1A 2AA	Ordinary	94%
34 35 New Bond Street Limited	34 35, New Bond Street, London, W1A 2AA	Ordinary	94%
RM Classic Cars Inc.	1 Classic Car Drive, Blenheim ON N0P 1A0, Canada	Ordinary	71%
RM Aviation Inc.	1 Classic Car Drive, Blenheim ON N0P 1A0, Canada	Ordinary	71%
Sotheby's Art Services Limited (Dubai)	Unit L&W/GV03/B2/01 (Main Level), L&W/ GV03/B2/01 (Mezzanine Level), Dubai International Financial Centre, Dubai, DUBAI, 111713 , United Arab Emirates	Ordinary	95%
Sotheby's Belgium S.A.	Avenue Louise 251, bte. 15, 1050 BRUSSEL Bruxelles, Belgium	Ordinary	94%
Sotheby's Financial Services Limited	34 35, New Bond Street, London, W1A 2AA	Ordinary	94%
Sotheby's Italia Srl	Palazzo Serbelloni, Corso Venezia 16 CAP 20121, 20121 MILANO, Italy	Ordinary	100%
Sotheby's Properties Limited	34 35, New Bond Street, London, W1A 2AA	Ordinary	100%
RM Auctions, Inc.	Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801, United States	Ordinary	71%
RM US Holdings, Inc.	Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801, United States	Ordinary	70%
RM European Holdings Limited	40 Queen Anne Street, London, W1G 9EL, United Kingdom	Ordinary	71%
RM Auctions Deutschland GmbH	Kurt-Schumacher-Straße 18-20, 53113 Bonn, Germany	Ordinary	71%
RM Auctions France SAS	Cs 10010-76 rue du Faubourg , Saint-Honoré, Paris PARIS 75008	Ordinary	71%
RM Auctions Italia S.R.L.	Viale Sicilia 15, Monza, CAP 20900	Ordinary	71%
RM Auctions Limited	40 Queen Anne Street, London, W1G 9EL, United Kingdom	Ordinary	71%
RM Auctions Suisse SARL	Rue Francois-Diday 2, 1204 Geneve, Switzerland	Ordinary	71%
RM Sothebys Financial Services (Europe) Limited	869 High Road, London, N12 8QA, United Kingdom	Ordinary	71%

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Indirect subsidiaries (continued)

Name	Registered office	Class of shares	Holding
Sotheby's Insurance Brokerage Services, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's Japan Limited	Ark Hills Sengokuyama Mori Tower, 41st Floor, 9-10?Roppongi 1-chome, Minato-ku, Tokyo	Ordinary	94%
Sotheby's Jersey Ltd	12 Castle Street, St Helier, JE2 3RT, Jersey	Ordinary	94%
Sotheby's Fine Art SL S	calle Alfonso XI numero 7, Bajo derecha, MADRID 28014, Madrid, Spain	Ordinary	94%
Sotheby's LLC (Russia)	Bldg. 2, 4 pereulok Romanov, 125009, Moscow, Russian Federation	Ordinary	94%
Sotheby's Metaverse LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
Sotheby's Mexico S De RL CV	c/o PWC, Mariano Escobedo 573, Rincón del Bosque, México, 11580	Ordinary	94%
Sotheby's Nederland B.V.	Emmalaan 23, 1075AT AMSTERDAM, Amsterdam, Netherlands	Ordinary	94%
Sotheby's Amsterdam B.V.	Emmalaan 23, 1075AT AMSTERDAM, Amsterdam, Netherlands	Ordinary	94%
Sotheby's Israel Ltd.	6 Rothschild Boulevard, Tel Aviv , 6688109, Israel	Ordinary	94%
Sotheby's RES, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's Technology Iceland ehf	PricewaterhouseCoopers ehf., Skógarhlíð 12, 105, Reykjavík, Iceland	Ordinary	94%
Sotheby's Thailand, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's Ventures, LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's Y Asociados SA	calle Alfonso XI numero 7, Bajo derecha , MADRID 28014, Madrid, Spain	Ordinary	94%
Sothebys.Com Auctions, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sothebys.com LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
THETA, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Thread Genius Inc.	c/o Sotheby's Inc., 1334 York Avenue, New York NY 10021, United States	Ordinary	94%
York Avenue Development, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
York Storage, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Indirect subsidiaries (continued)

Name	Registered office	Class of shares	Holding
Auctions America Auburn Park, LLC	1209 Orange Street, Wilmington, DE, 19801	Ordinary	71%
Sotheby's Istanbul Sanat Hizmetleri Ticaret	SEBA Office Ayazaga Mahallesi.Mimar Sinan Sokak No:21 D Block No:45 Sariyer, Istanbul	Ordinary	90%
JSA Art LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
JSA Art Management LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
Sotheby's (Canada), Inc.	2 Bloor Street East, Suite 3500, Toronto ON M4W 1A8, Canada	Ordinary	94%
Viyet, LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
York Warehouse, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Bidfair Property Holdings Inc	1334 York Ave, New York NY 10021, United States	Ordinary	94%
1334 York Mezz C, LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
1334 York Mezz B, LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
1334 York Mezz, LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
1334 York, LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
25-11 49th Avenue Mezz LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
25-11 49th Avenue LLC	1334 York Ave, New York NY 10021, United States	Ordinary	94%
83FSH	76 rue du Faubourg Saint-Honoré, PARIS 75008, Paris, France	Ordinary	94%
Sotheby's Financial Services, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Oberon, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sfs Auto LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
SFS York Avenue II LLC	1334 York Avenue, New York NY 10021, United States	Ordinary	94%
Sotheby's Financial Services Japan K.K.	ARK Hills Sengokuyama Mori Tower, 9-10,Roppongi 1-chome, Minato-ku, Tokyo, 106-0032, Japan	Ordinary	94%
Sotheby's Art Loan Trust	1334 York Ave, New York NY 10021, United States	Ordinary	94%
Sotheby's Financial Services California, Inc.	1334 York Avenue, New York NY 10021, United States	Ordinary	94%

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Indirect subsidiaries (continued)

Name	Registered office	Class of shares	Holding
Sotheby's (Hainan) Cultural Development Co Ltd	Room 405-25, 4th Floor, Comprehensive Business Building, Haikou Airport Comprehensive Bonded Zone, Bonded Zone, Haikou, Hainan, China	Ordinary	94%
Sotheby's (Shanghai) Auction Co., Ltd	Room 907, 9th Floor, Building No. 3 East Wing, No. 138 Taizhong South Road, Free Trade Experimental Zone, Shanghai, China	Ordinary	94%
Sotheby's (Shanghai) E-Commerce	Room 906, 9th Floor, Building No. 3 East Wing, No. 138 Taizhong South Road, Free Trade Experimental Zone, Shanghai, China	Ordinary	94%
Sotheby's Korea Limited	PO403, 4F, 200 Itaewon-ro, Yongsan-gu, Seoul, Korea, Republic of Korea	Ordinary	94%

11. Debtors: amounts falling due within one year

	2022 \$000	2021 \$000
Withholding tax recoverable	-	147
Prepayments	85	85
Deferred taxation (note 14)	-	240
	85	472

12. Creditors: amounts falling due within one year

	2022 \$000	2021 \$000
Amounts owed to group undertakings	634	767
Accruals and deferred income	5,555	185
Amounts falling due on long-term secured facility	50,000	-
	56,189	952

The amounts owed to group undertakings are non-interest bearing.

Amounts falling due on the long-term secured facility include \$50,000,000 principal repayment due on 15 October 2023 (note 13).

BIDFAIR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Creditors: amounts falling due after more than one year

	2022	2021
	\$000	\$000
Long-term secured facility	278,645	422,525

On 2 October 2019, the Company entered into a secured facility agreement for \$1.15bn for a period of 3 years after the utilisation date. The rate of interest for each interest period was the percentage rate per annum which is the aggregate of the applicable Margin and LIBOR, with the margin being 6.25%. Interest was payable quarterly, and a principal repayment schedule was set out to begin 12 months after the utilisation date, with amounts payable every 6 month, with any outstanding balance due on the termination date of the loan.

The new interest rate on 18 December 2020 was the percentage rate per annum which is the aggregate of the applicable "Margin" and LIBOR, with the margin now being 3.75%.

The security originally granted in favour of the Company's secured facility included (i) security by Bidfair Luxembourg S.à r.l. over certain investments held by it in affiliated entities (other than the Company or any of its subsidiaries) (ii) security over the entire issued share capital of BidFair USA, Inc. and BidFair Holdings, Inc.; (iii) security over certain bank accounts of Bidfair Limited, (iv) security over intra group loans from Bidfair Limited as lender to BidFair USA, Inc. as borrower. In October 2020, the security over the entire issued share capital of BidFair USA, Inc. and BidFair Holdings, Inc. and over intra group loans from Bidfair Limited as lender to BidFair USA, Inc. as borrower was released, and additional security over all of the shares the Company held in Sothebys Holdings UK Limited was granted.

On 1 June 2021, the Company entered into a term loan facility between the Company as borrower, BNP Paribas ("BNP"), as Security Agent, BNP, Goldman Sachs, JP Morgan and Morgan Stanley as Lead Arrangers, and Global Loan Agency Services Limited, as Facility Agent (the "BidFair Term Loan Facility"). The BidFair Term Loan Facility provides a \$450,000,000 term loan and has a scheduled maturity of 1 June 2024. The proceeds from the BidFair Term Loan Facility were used to refinance a previous secured facility agreement. The Bidfair Term Loan Facility, which bears interest at LIBOR (subject to a 0% floor) plus 5% per annum, requires a repayment of \$150,000,000 on the second anniversary of the loan. Such loan is secured by all of the equity interests held by the Company in Sotheby's Holdings UK Limited.

On 19 October 2022, the Company refinanced the term loan facility by prepaying \$100,000,000 from the proceeds of a dividend and also amended a few terms of the agreement. After the prepayment and amendment, the principal balance outstanding of the loan is \$350,000,000 and the amended terms will require the Company to repay \$50,000,000 each on 15 October 2023 and 15 October 2024, with the remaining amount to be repaid on the maturity date of 19 October 2025. The loan bears interest at a rate per annum equal to 3 month SOFR for the interest period in effect for such borrowing, plus a margin, with the margin being 5% per annum. Interest is payable quarterly. Additionally, there is an exchange indebtedness feature which requires at any time after 3 June 2023, when Sotheby's (Delaware) has available debt, liens and restricted payments capacity to enable it to upstream net proceeds of senior secured indebtedness to the Company, to issue \$150,000,000 of senior secured indebtedness. Such issuance is determined in good faith and a commercially reasonable manner after giving due consideration to the trading levels of Sotheby's (Delaware)'s debt and credit markets generally, impact on issuer and instrument ratings and liquidity and operational requirements of the business.

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13. Creditors: amounts falling due after more than one year (continued)

These modifications have been determined to be non-substantial modifications, and the facility has been remeasured to the present value of future cash flows of the modified liability discounted at the original effective interest rate of 8.65%. The difference of \$3,213,276 has been recorded as a loss in the profit and loss account.

Total debt issuance costs incurred in relation to the loan and its amendments amount to \$42,403,237 and are being amortised using the effective interest rate method over the period of the loan.

14. Deferred taxation

	2022 \$000
At beginning of year	240
Charged to profit or loss	(240)
At end of year	-

The deferred tax asset is made up as follows:

	2022 \$000	2021 \$000
Timing differences	-	240

15. Called up share capital

	2022 \$	2021 \$
Allotted, called up and fully paid		
10,000,000 (2021: 10,000,000) Ordinary shares of \$0.0001 each	1,000	1,000
0 (2021: 1) Ordinary shares of \$1.00 each each	-	1
	1,000	1,001

Ordinary shares are entitled to voting and dividend rights.

On 21 February 2022, the Company purchased the 1 Ordinary share of \$1.00 at par value, and subsequently cancelled this share.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Capital and reserves

The Company's other reserves are as follows:

Share premium account

The share premium reserve contains the premium arising on issue of equity shares.

Profit and loss account

The profit and loss account represent cumulative profits or losses, net of dividends paid and other adjustments.

17. Related party transactions

The Company has taken advantage of the exemption granted by FRS 102 Section 33 'Related Party Disclosures' not to disclose transactions with group companies who are related parties.

18. Subsequent events

Dividends of \$16,615,596 have been received from group undertakings after the reporting date and up to the date of signing these financial statements.

There have been no other significant events affecting the Company since the reporting date.

19. Ultimate controlling party

The smallest and largest group for which consolidated financial statements are prepared, is Bidfair Luxembourg S.à r.l., 1, Rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg, incorporated in Luxembourg. Copies of the financial statements of Bidfair Luxembourg S.à r.l. can be obtained from the Luxembourg Register of Companies.

The Company's ultimate parent is Next Alt S.à r.l., 1, Rue Hildegard von Bingen, L-1282 Luxembourg, Grand Duchy of Luxembourg, incorporated in the state of Luxembourg. The directors consider Mr. Patrick Drahi to be the ultimate controlling party.