Nasdaq Private Market facilitates secondary buy-side auctions for private companies seeking a competitive price discovery process as well as potential shareholder involvement.

**Buy-Side Auction Process**

In a buy-side auction, the company forecasts the maximum sellable amount as buyers leverage this information to make an investment decision during a competitive bidding process.

1. Company provides maximum number of shares likely for sale (sellable limit).

   **SHARES FOR SALE**

   5M

2. Company provides price bands on a per share basis to potential investors.

   **SAMPLE PRICE BANDS**

<table>
<thead>
<tr>
<th>Floor (Min.)</th>
<th>Ceiling (Max.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20.00</td>
<td>$40.00</td>
</tr>
</tbody>
</table>

3. Buyers see both maximum sellable amount and price bands and place bids.

   **BID 1** 1,000,000 @ $33 / share
   **BID 2** 2,000,000 @ $32 / share
   **BID 3** 2,500,000 @ $31 / share
   **BID 4** 2,500,000 @ $30 / share

Issuer can determine minimum lots sizes and bid increments.

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1. NOTE: All numbers are for illustrative purposes and not actual figures.

2. In the unlikely scenario that two buyers input the same price and clear at that price, shares will be split pro rata based on number of shares bid.
Buy-Side Auction Process (continued)

4. Highest bids that would meet maximum sellable amount sets:

<table>
<thead>
<tr>
<th>BID</th>
<th>Shares</th>
<th>Price/Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>BID 1</td>
<td>1,000,000</td>
<td>$33</td>
</tr>
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<td>2,500,000</td>
<td>$30</td>
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</table>

Once max potential sellable limit is met (e.g. 5,000,000), the lowest per share bid sets clearing price for the tender offer.

5. Clearing price given to company; company finalizes tender offer participation options:

- **Sell All**: Seller orders filled completely (potential for partial fill for lowest bidder)
- **Sell Some**: Seller orders filled pro rata
- **Don’t Sell**: Seller orders not filled

6. Company Sets Participation Options for Sellers

6. Buyers make tender offer to sellers/shareholders at set clearing.

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Footnote:

1. Up to sellable limit.
Customizable Auction Features

**BUY-SIDE**
- **Select Buyers** – Company-selected buyers can be permissioned into data room to review disclosure materials
- **Current Investors** – Company can permission current investors to participate in the buy-side auction
- **Additional Buyer Interest** – NPM’s investor network can potentially provide outside buy-side demand

**PARTICIPATION**
- **Eligible Participants in Tender** – Company can allow employees, ex-employees, investors, etc.
- **Participant Sell Limit** – Percentage-based sell limits for participants; custom by participant type
- **Cutback Rule** – Clearly defined allocation of shares to specific investors based on custom cutback rules

**PRICING**
- **Calculate Floor & Ceiling Price Bands** – Company sets min & max bid amounts for buyers to bid within
- **Choose Midpoint Price** – Base off of latest auction clearing price, last secondary offer price, 409a, etc.
- **Pricing Increments** – Provide increments or allow for buyer bids at any price increment

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**PRICE BANDS**

How the pricing bands work...

<table>
<thead>
<tr>
<th>Floor (Min.)</th>
<th>Mid-Point</th>
<th>Ceiling (Max.)</th>
</tr>
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<tbody>
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<td>$20.00</td>
<td>$30.00</td>
<td>$40.00</td>
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% Discount from Mid-Point
% Premium from Mid-Point

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**Case Study**

In 2018, Nasdaq Private Market conducted a buy-side auction with a private B2B company. The transaction provided eligible sellers with access to liquidity at competitive prices and gave investors the chance to invest in what they believed was an attractive investment opportunity.

- NPM and the client identified existing and new potential investors
- The client provided disclosure materials via NPM’s confidential dataroom
- Buyers were given two weeks to review the materials
- During bidding period, NPM received bids from a majority of buyers identified by the Company
- Buyers with winning bids were permissioned into the tender offer process
- The transaction process lasted approximately eight weeks from start to finish

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1. Pro Rata, Weighted Average, Split between Lead Investor and Other Investors, etc
2. Sample

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