

Lauritz.com Group A/S – Interim report January – December 2022

No. 1/2023
Copenhagen, 23 February 2023

In 2022 the business of Lauritz.com group delivered EBITDA of DKK 6.4m an improvement of DKK 5.5m compared to last year.

The earnings are positively impacted by cost savings in Headquarter functions and owned auction houses, as well as from lower cost due to more auction houses now being owned and due to changes in relation to partner owned houses.

Total sales

Total sales amounted to DKK 391m (429.6), a decrease of 9.0 percent compared to last year.

The development is impacted by the closing of the auction house in Esbjerg, and the opening of an auction house in Kolding, resulting in a period with lower activity in the southern part of Jutland, impacting the Total Sales for the year negatively by 3 percentage points.

The war in Ukraine resulting in unrest in Europe, as well as the high inflation, has resulted in buyers being more cautious in their buying decisions, which has impacted the development in Total Sales. In the first 10 months of 2022 this impact was negative by approximately 1 percentage point. In November a significant drop in buyer activity led to a drop in Total Sales of more than 35 percent compared to 2021. This drop was coinciding with the significant increase in the electricity and heating bills received by consumers in Q4 2022. In December there was an improvement compared to November, with Total Sales being 23 percent below last year.

This significant drop was much larger than anticipated, resulting in Total Sales and Revenue guidance being adjusted down during December. The realized figures for 2022 are within this latest guidance.

Historically Lauritz has always done well during times of financial crisis in the society, with a quick rebound following an initial drop in Sales. In January Total Sales are normally below December, but in 2023 Total sales in January are above December, although still significantly below January last year. In February 2023 sales are continuing the positive development and until 21 February Total Sales in February are 10 percent below last year. The development is similar to what we have seen in previous times with financial crisis in the society.

Development in EBITDA

For the year revenue is 14.8 percent below last year driven by lower Total Sales, change in recognized revenue due to partner agreements, and partly offset by improvement in fees and commissions. Operating costs have been reduced significantly, with a 19.2 percent reduction.

As a result, EBITDA for 2022 is DKK 6.4m (0.9m). The DKK 5.5m improvement is primarily driven by the reduced cost and is within the earnings guidance given throughout the year.

Cash flow from operating activities is DKK -3.0m (-12.1m). The DKK 9.1m improvement is mainly driven by improved earnings, changes in working capital items and lower interest payments.

Operating Profit (EBIT)

Driven by the higher EBITDA and lower Depreciation and Amortization the Operating Profit for the year is DKK 1.0m, an improvement of DKK 8.5m compared to the Operating Loss of DKK 7.5m last year.

Profit before tax (EBT)

The Profit before tax for the year of DKK 1.5m, an improvement of DKK 15.3m compared to last year's Loss before tax of DKK 13.8m. The improvement is driven by the improvement in EBIT, as well as reduced interest payment on the bond debt, due to a partial repayment of the bond debt, and higher exchange rate gains on the bond debt.

Future organization

To bring Lauritz.com to the next level as to turnover and earnings on shorter and longer terms, including the expected roll out of new business areas, a future central management team has been defined. The new Country Manager Denmark and the new CTO onboarded during the first half of 2021 and a new CMO in February 2022.

To secure a customer contact that is more cost efficient, simpler from a customer perspective (fewer contact points and less handovers between departments) as well as more focused on sales, we have decided to discontinue our HQ based Customer Support team, and have all customer contact handled through the employees in the auction houses. This change will take place during Q2 2023.

Commercial initiatives

Our continued focus on sales management, business control and execution both internally in the headquarter and in all auction houses is showing results.

The comprehensive optimization process that all auction houses have gone through in terms of logistics and handling of the auction supply chain, has released resources for intensified sales activities focusing on the local evaluation and sourcing of items for auction.

In terms of marketing activities, we are continuously intensifying our digital footprint, showing positive effects and strengthening our position within international, national and local

communities interested in selling and buying sustainable vintage items of high quality within art, design and collectables.

Financing

The group is funded by a bond. Currently the bond has an outstanding debt of SEK 140m and a fixed interest rate of 4 percent.

The bond debt is a standing loan of SEK 140m until maturity in December 2024.

Guidance for 2023

Our guidance for 2023 is:

- Total Sales: Growth of 0 - 5 percent
- Operating Profit: DKK 3 - 8m
- Free Cash Flow: Slightly positive

Bengt Sundström, Chairman of the board

Mette Margrethe Rode Sundstrøm, CEO

Preben Vinkler Lindgaard, CFO

January – December 2022

- EBITDA increased by DKK 5.5m to DKK 6.4m.
- Operating profit increase by DKK 8.5m to DKK 1.0m.
- Profit before tax increase by DKK 15.3m to DKK 1.5m.
- Cost reduced by 19.2 percent compared to last year.
- Average Sales price up by 0.5 percent.
- Number of knockdowns decrease of 9.5 percent.
- Total Sales decrease of 9.0 percent.
- Revenue decline of 14.8 percent.

Lauritz.com Group A/S key figures (continuing operations)

000 DKK	October – December		January – December	
	2022	2021	2022	2021
Total Sales ¹	92,258	116,405	390,970	429,647
Number of Sales	32,348	36,872	131,504	145,361
Average Sales price, DKK	2,852	3,157	2,973	2,956
Revenue	24,140	35,650	110,309	129,435
EBITDA	3,197	2,901	6,447	991
Total Sales Margin ²	3.5%	2.5%	1.6%	0.2%
Profit	1,282	2,477	404	-8,103
Earnings per share, DKK	0.031	0.061	0.010	-0.199
Cash Flow From Operating Activities	1,531	4,789	-3,028	-12,106

¹ Total Sales = Total value of goods sold including fees and commission.

² Total Sales Margin = EBITDA/Total Sales.

Link to the financial report:

<https://corporate.lauritz.com/financial-information/interim-reports/>

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This information is information that Lauritz.com Group A/S is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above, at 9.00am CET on 23 February 2023.