



# LAURITZ

## INTERIM REPORT

OCTOBER – DECEMBER 2019

Lauritz.com Group A/S

CVR no. 37627542

Company announcement 27 February 2020

## 2019 Highlights

### October – December 2019

- EBITDA in Q4 2019 improved to DKK 2,016k, compared to DKK -45,310k in Q4 in 2018. Excluding the reassessment of the value of the Fine Art sale and the reservation for losses on receivables included in Q4 2018 the result in Q4 2018 was DKK -362k.
- Auction Turnover decline of 11.2 percent.
- Average knockdown price DKK 2,850 (3,008).
- Number of knockdowns 71,133 (75,847).
- Revenue decrease of 13.6 percent in Q4 compared to last year.
- Cost level in like for like business in Q4 is reduced by 2 percent compared to last year, excluding the 10 percent increase in marketing spend in Q4 other cost has been reduced by 4 percent.
- Cash flow from operations in Q4 2019 declined by DKK 12.1m compared to Q4 in 2018.

### January – December 2019

- EBITDA for 2019 improved to DKK 7,723k, compared to DKK 2.258k (excluding sales gains and the reservation for losses on receivables) in 2018. Equal to an Auction Turnover Margin<sup>1</sup> of 1.1 percent.
- Auction Turnover decline of 2.0 percent.
- Average knockdown price DKK 2,675 (2,712).
- Number of knockdowns 270,530 (272,248).
- Revenue decreased by 3.4 percent compared to last year.
- Cost level in like for like business in 2019 is reduced by 3 percent compared to last year, excluding the 13 percent increase in marketing spend in 2019 other cost has been reduced by 6 percent.
- Cash flow from operations improved by DKK 33.4m compared to 2018. The improvement is partly driven by seasonality in the business significantly impacted by timing of Fine Art auctions, and partly due to improved EBITDA.

### Lauritz.com Group A/S key figures

DKK million	October – December		January – December	
	2019	2018	2019	2018
Auction turnover	202,704	228,179	723,537	738,217
Revenue	61,403	71,042	220,228	227,962
Number of Knockdowns (excl. QXL)	71,133	75,847	270,530	272,248
Average Knockdown price (excl. QXL)	2,850	3,008	2,675	2,712
EBITDA	2,016	-45,311	7,723	-2,025
Auction Turnover Margin <sup>1</sup>	1.0%	-19.9%	1.1%	-0.3%
Profit	-9,985	-84,573	55,088	-67,161
Earnings per share	-0.456	-2.073	1.353	-1.662
Cash flow from operations	24,223	36,343	-3,920	-37,320

<sup>1</sup> Auction Turnover Margin = EBITDA/Auction Turnover.

## Management Comments

### Growth in EBITDA

EBITDA in 2019 is DKK 7.7m compared to DKK 2.3m last year (excluding sales gains and the reservation for losses on receivables). EBITDA in Q4 is DKK 2.0m, DKK 47.3m above last year mainly due to the reassessment of the gain from the sale of the fine Art business and the reservation for loss on receivables included in Q4 2018, as well as a DKK 2.4m improvement in EBITDA from operations.

Auction Turnover for the year declined 2 percent compared to last year, primarily due to a weak Q4 2019, resulting in a revenue decline of 3.4 percent compared to last year.

The commission to partners was reduced as a result of the lower Auction Turnover and due to the purchase of auction houses.

The like for like business has reduced cost by 3 percent compared to last year, partly offsetting the increase in cost from acquired businesses, primarily the fine art business.

The Cash Flow from Operations in Q4 is DKK 24.2m a decrease of DKK 12.1m compared to 2018. The Cash flow from operations for the full year improved by DKK 33.4m compared to last year. The improvement is partly driven by seasonality in the business significantly impacted by timing of Fine Art auctions, and partly due to improved EBITDA.

To support and strengthen the positive development we will continue the intensified sales- and marketing initiatives and further increase the focus on operations of the business.

### Commercial initiatives

Several commercial initiatives are showing positive effect on the results. Among them, a continued increased focus on sales management, business control and execution both internally in the headquarters and in relation to the individual auction houses.

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.

Apart from targeting more private sellers, we are continuously targeting professional sellers to

consign larger lot stocks or one-off sales within both vintage items and newly produced items.

In terms of marketing activities, we are continuously focused on creating local activities including an increase in our outreach via focused social media, which is still showing a positive effect and strengthening our presence in the local and regional communities.

With regards to Stockholms Auktionsverk, we have observed a continuously positive steady development throughout the year. The implementation of Lauritz.com's sales management system is expanding the commercial skills among our Swedish experts whose role is currently changing from a more internal role to a more external role, proactively contacting potential sellers for consignments. Moreover, our focused brand related collaborations with other strong brands and ambassadors are influencing the results positively, and we have strengthened our Stockholm based marketing department to support the positive development further.

### Negotiations regarding financing structure

Negotiations are ongoing with various investors regarding a new financing structure. These negotiations include a group of large existing bondholders. The negotiations are constructive, and it is expected that a solution will be found. Amortizations are put on hold during these negotiations which also include a new amortization structure.

Further we are continuing negotiations with another group of investors headed by Tianrong Investment Group about establishing a joint venture for entering the Asian auction market, and for a new financing arrangement to replace the current bond debt with new equity and a new senior loan.

### Guidance for 2020

Our guidance for 2020 is an expected growth in Auction Turnover and Revenue of 0-5 percent, and EBITDA of DKK 10-15m.

**Bengt Sundström, Chairman of the board**

**Carsten Rysgaard, CEO**

**Preben Vinkler Lindgaard, CFO**

## ***Lauritz.com – a pioneer in the auction industry***

### **Auctions to the people**

Lauritz.com is an international online platform selling art, design, antiquities and home luxury to international buyers. It is our vision to democratize the international auction world by making auctions accessible to everyone.

Lauritz.com was the first traditional auction house in the world to convert to online auctions. An early disruption of a very traditional market. As a first mover Lauritz.com has become a game changer driving the paradigm shift from physical to online auctions through digitalization, internationalization and industrialization of the auction industry.

### **Lauritz.com in figures**

- 29 auction houses in 6 countries
- Over 3 million customer registrations
- Up to 4.0 million visits monthly
- Up to 1.4 million unique visitors monthly
- Visitors from approx. 200 countries
- Around 270.000 lots sold yearly
- Typically over 10.000 lots on auction
- Approx. 1.500 new auctions starting daily
- Lot value from DKK 800 to 15 million
- Auction turnover of DKK 724m in 2019

### **This is how it works**

Lauritz.com sources items locally to sell globally. Lauritz.com has 29 physical auction houses in 6 countries. Here local sellers can consign items for auction. Sellers can also interact with the local house by getting an online evaluation, by booking an expert for a home visit or by booking Lauritz.com's pick-up service to transport items from the seller to the auction house. All items are estimated, described and photographed objectively by Lauritz.com's experts. Each lot is put up for an individual timed auction for 5 days, sold to the highest bid and shipped to the buyer. All items are presented on physical viewing in the

given local auction house during the auction period. Major collections or more expensive items are high-lighted on special theme actions. Lauritz.com offers an authenticity guaranty to avoid falsification and copies.

### **Assortment**

Lauritz.com sold over 270.000 lots on auction in 2019. The wide assortment comprises everything from luxury flea market finds to costly international art works - from DKK 800 and up. The categories cover e.g. modern and antique art and sculptures, furniture, lamps, carpets, ceramics, silver, glass, jewellery, clocks, wine, hunting equipment, collectables... Lauritz.com is exceptionally strong in modern design classics – and probably the leading auction house internationally for 20th century design furniture classics. High volumes are sold daily of the most famous furniture by Scandinavian architects as Arne Jacobsen, Wegner, Finn Juhl, Poul Kjærholm, Bruno Mathsson, Carl Malmsten etc. The modern furniture categories add up to approx. 40 percent of Lauritz.com's auction turnover.

### **Customers**

Lauritz.com's customer profile stretches from trendsetters to pensioners, students to top executives. Lauritz.com strives to create a universe that appeals to everyone, whatever their taste, budget or age. The division between men and women between customers is approx. 50/50, typically with a middle to higher income, and in age mainly between 30 to 60 years. Lauritz.com has over 3 million customer registrations and up to 4 million visits monthly. Customers come from approx. 200 countries.

### **Market position**

Lauritz.com focuses on the middle market segment for lots with a value between DKK 800 and 50.000. This segment positions Lauritz.com between classified platforms with high volume at low prices and the fine art market with low volume and high prices. Lauritz.com can be described as an innovative combination of Ebay and Sotheby's.

## ***Lauritz.com – a pioneer in the auction industry***

### **Business model**

Lauritz.com has a simple business model, based on a healthy premium structure. All auction items are sold in commission (which means that Lauritz.com has no inventory). When an item is sold, the buyer pays 22.5 percent in buyer's premium plus a knockdown fee of DKK 95. The seller pays 15 percent in seller's premium plus a knockdown fee of DKK 150. The buyer pays the knockdown and premiums within 3 days. Lauritz.com pays the seller within 35 days.

### **Geographical expansion**

The main key success factor in the auction business is to create a sufficient in-flow of items from local private and professional sellers to present to global buyers. Lauritz.com has a strong track record establishing physical auction houses for this vital local sourcing of items. Lauritz.com can open local auction houses in 3 ways; by opening own operations greenfield, by finding local partners to start in a franchise-like model or by acquiring regional auction houses to convert their traditional physical auctions to online auctions. Germany is considered the next growth market with a potential of up to 20 Lauritz.com houses (at present 3). Furthermore, UK is an attractive market to open on long term for local consignments in up to 10 major cities.

### **Scalable platforms**

Lauritz.com's platforms - and head-quarter set-up - is highly scalable as to; increasing the number of items on auction, increasing online traffic, establishing new auction houses and opening new countries. Lauritz.com already exist in 6 languages, and more can be added.

### **Business opportunities**

Many opportunities are still to be explored and possibly launched. E.g. management sees a considerate potential in; introducing a 'Buy now at fixed price' feature, increasing the number of new-produced items on auction (from design producers/retailers), shortening payment time to sellers, a new payment service, optimizing even quicker/cheaper shipment to buying customers,

introducing adds on the platforms and offering new products like consumer loans.

### **Owners**

Lauritz.com Group A/S is since 22 June 2016 listed on Nasdaq First North Growth Market Premier Stockholm with the ticker LAUR. The largest shareholders of Lauritz.com Group A/S is founder Bengt Sundström and Mette Rode Sundström.

## 1 October – 31 December 2019

### Auction Turnover

Auction Turnover amounted to DKK 202.7m (228.2), a decrease of 11.2 percent compared to last year. The decrease was in Fine Art as well as in Online auctions. In 2020 we are seeing a rebound, and revenue for the first 8 weeks of 2020 is above 2019 by 3%.

### Revenue

Revenue amounted to DKK 61.4m (71.0), a decrease of 13.6 percent compared to Q4 2018. The decrease in revenue is driven by decrease in commissions and fees on sold items primarily due to lower auction turnover.

### EBITDA and Auction Turnover margin

EBITDA amounted to DKK 2.0m (-45.3). The increase is primarily due to the reassessment of the value of the fine art transaction DKK -29.4m and the reservation for loss on receivables DKK -15.5m included in Q4 2018, and a DKK 2.4m improvement in EBITDA from operations. Cost in like for like business has been reduced by 2 percent compared to Q4 last year.

The Auction Turnover Margin amounted to 1.0 (-19.9) percent.

### Operating profit

Operating profit/loss for the period amounted to DKK -4.5m (-81.9), the change is primarily due to the improved EBITDA, and the impairment of Goodwill of DKK 30.5m included in the 2018 Q4 result.

### Net financials

Net financials was DKK -11.8m (-9.3). The change in net financials compared to last year is mainly due to the DKK 2.4m reduction of interest on the bond and change in exchange gain/loss on the bond debt DKK -3.7m.

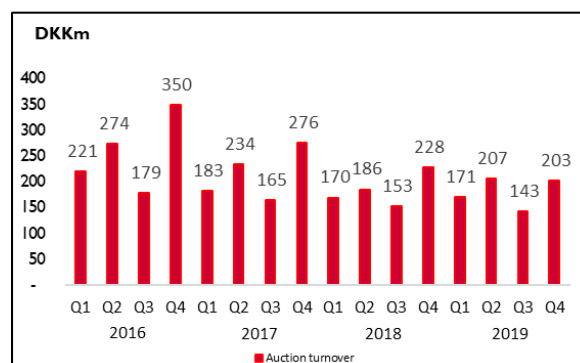
### Tax

Tax amounted to DKK 6.4m (9.2), corresponding to an effective tax rate of 39.0 percent (9.8).

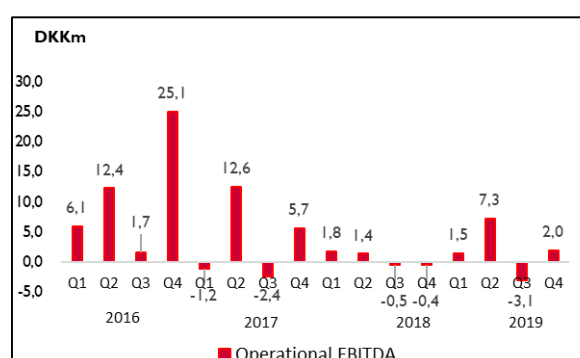
### Profit for the period and earnings per share

Profit for the period was DKK -10.0 (-84.6). Earnings per share amounted to DKK -0.456 (-2.073).

### Auction turnover



### Operational EBITDA



### Cash flow

Cash Flow from operations for Q4 was DKK 24.2m (36.3). The change in the Cash flow in Q4 2019 compared to 2018 is mainly due to seasonality in the business significantly impacted by the Fine Art auctions.

### Financial position, cash and cash equivalents

Equity has been restored as a result of the DKK 75.3m impact from the reduction of the bond debt in June 2019. At the end of the quarter equity was DKK 12.2m (-41.6) and the group's total assets were DKK 329.9m (340.7). The equity/assets ratio is 3.7 percent (-12.2).

Cash and cash equivalents amounted to DKK 37.9m (50.0).

### Investments

Investments in Q4 2019 amounted to DKK 0.8m (2.9m), primarily investments in software development.

### Human resources

The average number of full-time employees in Lauritz.com Group A/S and its subsidiaries (FTE) was 160 (136) in the period.

## 1 January – 31 December 2019

### Auction Turnover

Auction Turnover amounted to DKK 723.5m (738.2), corresponding to a decrease of 2.0 percent. The decrease is due to a weak Q4. In Q1-3 Auction turnover increased by 2.1 percent. In 2020 we are seeing a rebound, and revenue for the first 8 weeks of 2020 is above 2019 by 3%.

### Revenue

Revenue amounted to DKK 220.2m (228.0), a decrease of 3.4 percent compared to 2018 primarily due to change in Auction Turnover.

### EBITDA and Auction Turnover margin

EBITDA amounted to DKK 7.7m (-2.0). Like for like EBITDA in 2018 was DKK 2.3m. The increase is due to cost reductions of 3 percent compared to 2018 and lower partner commission partly offset by lower revenue.

The Auction Turnover Margin amounted to 1.1 (-0.3) percent.

### Operating profit

Operating profit/loss for the period amounted to DKK -17.6m (-57.1m and -22.3m excluding the sales gain, reservation on receivables and impairment of goodwill in 2018), the DKK 4.7m improvement is primarily due to the improved EBITDA.

### Net financials

Net financials was DKK 60.4m (-12.4). The change is mainly due to the gain from restructuring of the bond DKK +75.3m lower interest on the bond debt DKK +6.4m and lower exchange gain on the bond debt DKK -6.3m.

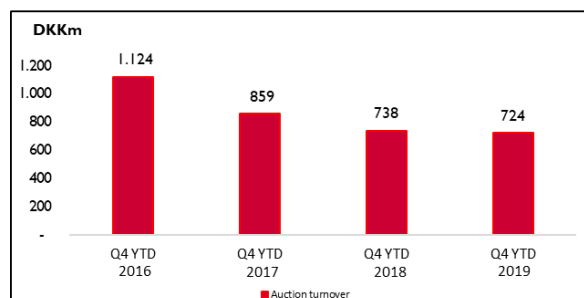
### Tax

Tax amounted to DKK 12.7m (4.8), corresponding to an effective tax rate of -30.0 percent (6.8).

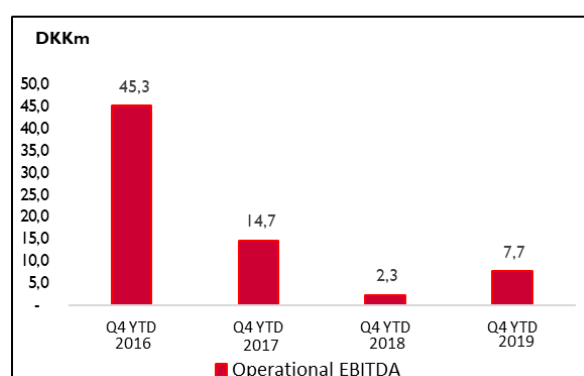
### Profit for the period and earnings per share

Profit for the period was DKK 55.1m (-67.2). Earnings per share amounted to DKK 1.353 (-1.662).

### Auction turnover



### Operational EBITDA



### Cash flow

Cash Flow from operations for the period was DKK -3.9m (-37.3). The improvement of the Cash flow compared to 2018 is partly driven by seasonality in the business significantly impacted by Fine Art auctions, and partly due to improved EBITDA.

### Financial position, cash and cash equivalents

Equity has been restored as a result of the DKK 75.3m impact from the reduction of the bond debt in June 2019. At the end of the year equity was DKK 12.2m (-41.6) and the group's total assets were DKK 329.9m (340.7). The equity/assets ratio is 3.7 percent (-12.2).

Cash and cash equivalents amounted to DKK 37.9m (50.0).

### Investments

Investments amounted to DKK -7.5m (38.6m), primarily due to investments in software development and acquisition of 51 percent of the Fine Art business.

## **1 January – 31 December 2019**

### **Human resources**

The average number of full-time employees in Lauritz.com Group A/S and its subsidiaries (FTE) was 159 (140) in the period.

### **Shares**

The number of shares registered is 40,792,542.

### **Risks and uncertainty factors**

Significant operating, external and financial risks and uncertainty factors are described in detail in the prospectus for Lauritz.com that was signed by the Board of Directors 14 June 2016 on page 48-49 and 54-65. Lauritz.com does not consider that any significant risks additional to those described in the prospectus have arisen.

### **Event after the end of the period**

No events have occurred after the balance sheet date that could have a material influence on the company's financial position.

### **Future prospects**

Auction Turnover and Revenue is expected to increase by 0-5 percent compared to 2019.

The EBITDA for 2020 is expected to be DKK 10-15m.

All numbers are based on exchange rates at the end of Q4 2019.

### **Lauritz.com**

On occasion, Lauritz.com Group A/S is referred to as Lauritz.com. In this Report, such references are to Lauritz.com Group A/S's consolidated financial statements, unless clearly stated otherwise.

### **Finance**

The Group is partly funded by a bond debt, which amounted to DKK 143.1m (229.7). The bond is a senior secured bond of SEK 200m with a fixed interest rate of 4.0 percent on SEK 130m and 7.5% on SEK 70m.

In June 2019 an agreement has been reached with the bondholders to restructure the bond as described in Note 10.

### **Seasonality**

Lauritz.com's net revenue and profitability are affected by the nature of operations. The seasonality of the business is that Q2 and Q4 are stronger quarter than Q1 and Q3.

### **Parent company**

Lauritz.com Group A/S, being the parent company, is listed on Nasdaq First North Growth Market Premier in Stockholm and the company is a holding company owning 100 % of Lauritz.com A/S group whose operations primarily are online auctions.



## Statement by Management on the Interim Report

The Board of Directors and the Executive Management have today discussed and approved the Interim Report of Lauritz.com Group A/S for the period 1 January to 31 December 2019.

The Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements governing Interim Reports of listed companies.

In our opinion, the Interim Report gives a true and fair view of the group's financial position at 31 December 2019 and of the results of its operations and cash flows for the period 1 January to 31 December 2019.

In our opinion, the management commentary contains a fair review of the development of the group's business and financial matters, the results for the period and of the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the group faces.

The Interim Report has not been audited or reviewed by the Company's auditor.

Søborg, 27 February 2020

**Executive Management:** Carsten Rysgaard, CEO; Preben Vinkler Lindgaard, CFO

**Board of Directors:** Bengt Olof Tony Sundström, Chairman; Claus Due Pedersen; Mette Margrethe Rode Sundstrøm; Preben Vinkler Lindgaard

**Company auditor:** Deloitte, Statsautoriseret Revisionspartnerselskabs

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### For more information, please contact:

Preben Vinkler Lindgaard, CFO

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### Reporting schedule

Annual Report 2019	2 April 2020
Interim Report, Q1 2020	7 May 2020
Interim Report, Q2 2020	20 August 2020
Interim Report, Q3 202	29 October 2020

## Group financial highlights

	FY 2019 DKK'000	FY 2018 DKK'000	FY 2017 DKK'000	FY 2016 DKK'000
<b>Auction turnover <sup>1</sup></b>	<b>723,537</b>	<b>738,217</b>	<b>858,893</b>	<b>1,024,232</b>
<b>Statement of comprehensive income</b>				
Revenue <sup>2</sup>	220,228	227,962	297,120	320,989
Gross profit	130,365	116,517	192,814	210,138
EBITDA	7,723	- 2,025	32,104	46,309
Operating profit (EBIT)	- 17,635	- 57,100	- 7,108	31,958
Net financials	60,026	- 12,396	- 12,922	- 16,209
Profit before tax (EBT)	42,391	- 72,043	- 20,030	15,749
Tax on profit for the period	12,697	4,882	- 1,268	- 5,081
Profit for the period	55,088	- 67,161	- 21,298	10,668
<b>Balance sheet</b>				
Non-current assets <sup>3</sup>	223,567	184,817	228,230	289,841
Current assets	106,317	155,860	210,822	206,688
Balance sheet total	329,884	340,677	439,112	496,529
Share capital	4,079	4,079	4,079	4,067
Equity	12,164	- 41,642	29,068	62,014
Non-current liabilities <sup>3</sup>	132,644	16,267	249,962	255,292
Current liabilities <sup>3</sup>	185,076	366,052	160,082	179,223
<b>Cash flows</b>				
Operating activities	- 3,920	- 37,321	- 7,581	- 5,167
Investing activities	- 7,488	38,643	- 9,897	90,978
Of this, investments in property, plant and equipment	131	35,758	- 2,138	- 6,945
Financing activities	- 107	- 9,961	600	- 52,281
Total cash flows	- 11,515	- 8,639	- 16,878	33,530
<b>Ratios:</b>				
Gross margin	59.2%	51.1%	64.9%	65.5%
EBITDA margin	3.5%	- 0.8%	10.8%	14.4%
Profit margin	- 8.0%	- 25.0%	- 2.4%	10.0%
Equity ratio	3.7%	- 12.2%	7.8%	12.5%
Return on equity	N/A	N/A	- 44.1%	28.3%
Earnings per share	1.353	- 1.662	- 0.523	0.278
Dividend per share	0	0	0	0
Average number of full-time employees	159	140	185	204

<sup>1</sup> Auction turnover reflect activities on www.lauritz.com, mobile apps, www.hammaroauktionsverk.com and Stockholms Auktionsverk. The amount includes hammer prices, buyer's premiums exclusive of VAT and sales through LauritzOneBid.

<sup>2</sup> The effect from change in the accounting policy for revenue due to the implementation of IFRS 15 has been updated for the comparison period 2016-2018

<sup>3</sup> The effect from implementation of IFRS 16 in 2018, has not been reflected in the comparison figures 2016-2017

## Statement of comprehensive income

		Group			
<u>Notes</u>		Q4 2019 DKK'000	Q4 2018 DKK'000	FY 2019 DKK'000	FY 2018 DKK'000
3	Revenue	61,403	71,042	220,228	227,962
	Direct costs	- 22,231	- 36,271	- 89,863	- 111,445
	<b>Gross profit</b>	<b>39,172</b>	<b>34,771</b>	<b>130,365</b>	<b>116,517</b>
	Other operating income/expenses	-	29,448	-	11,217
	Other external expenses	- 13,009	- 31,546	- 43,886	- 59,451
	Staff costs	- 24,147	- 19,088	- 78,756	- 70,308
	<b>EBITDA</b>	<b>2,016</b>	<b>45,311</b>	<b>7,723</b>	<b>-2,025</b>
	Depreciation and amortisation	- 6,563	- 36,570	- 25,358	- 55,075
	<b>Operating profit/loss (EBIT)</b>	<b>- 4,547</b>	<b>- 81,881</b>	<b>- 17,635</b>	<b>- 57,100</b>
4	Financial income	749	564	81,710	12,910
5	Financial expenses	- 12,583	- 9,886	- 21,303	- 25,306
	Share of result in associated companies	-	2,547	381	2,547
	<b>Profit/Loss before tax (EBT)</b>	<b>- 16,381</b>	<b>- 93,750</b>	<b>42,391</b>	<b>- 72,043</b>
6	Tax on profit/loss for the period	6,396	9,177	12,697	4,882
	<b>Profit/Loss for the period</b>	<b>- 9,985</b>	<b>- 84,573</b>	<b>55,088</b>	<b>- 67,161</b>
	<b>Items that can be reclassified to profit or loss:</b>				
	Exchange adj., foreign companies	3,436	1,750	1,282	3,473
	Tax, other comprehensive income	-	-	-	-
	<b>Other comprehensive income</b>	<b>3,436</b>	<b>1,750</b>	<b>1,282</b>	<b>3,473</b>
	<b>Comprehensive income</b>	<b>- 6,549</b>	<b>- 82,823</b>	<b>53,806</b>	<b>- 70,634</b>
12	Earnings per share	- 0.456	- 2.073	1.353	- 1.662
12	Earnings per share, diluted	- 0.330	- 2.073	1.353	- 1.662

## Balance sheet

	Group 31.12.2019 DKK'000	Group 31.12.2018 DKK'000
<b>Assets</b>		
<b>Notes</b>		
<b>Non-current assets</b>		
7 Software in process of development	0	3,741
7 Developed software	12,301	11,199
7 Rights acquired	47,724	29,542
7 Goodwill	<u>112,182</u>	<u>94,818</u>
Total intangible assets	<u>172,207</u>	<u>139,300</u>
8 Right-of-use assets	30,759	12,937
8 Other fixtures and fittings, tools and equipment	<u>5,985</u>	<u>7,793</u>
Total property, plant and equipment	<u>36,744</u>	<u>20,730</u>
Deferred tax	11,246	11,084
Deposits	3,370	2,702
Investments in associated companies	<u>-</u>	<u>11,001</u>
Total financial assets	<u>14,616</u>	<u>24,787</u>
<b>Total non-current assets</b>	<b><u>223,567</u></b>	<b><u>184,817</u></b>
<b>Current assets</b>		
Inventories	<u>128</u>	<u>772</u>
9 Trade receivables	10,789	13,823
9 Contractual receivables	40,780	62,085
Tax receivable	1,363	3,396
9 Other current receivables	<u>15,380</u>	<u>25,822</u>
Total receivables	<u>68,312</u>	<u>105,126</u>
Cash and cash equivalents	<u>37,877</u>	<u>49,962</u>
<b>Total current assets</b>	<b><u>106,317</u></b>	<b><u>155,860</u></b>
<b>Total assets</b>	<b><u>329,884</u></b>	<b><u>340,677</u></b>

## Balance sheet

### Equity and liabilities

<u>Notes</u>	<b>Group 31.12.2019 DKK'000</b>	<b>Group 31.12.2018 DKK'000</b>
<b>Equity</b>		
Share capital	4,079	4,079
Other reserves	- 21,239	- 19,957
Retained earnings	<u>29,324</u>	<u>- 25,764</u>
<b>Total equity</b>	<b><u>12,164</u></b>	<b><u>- 41,642</u></b>
<b>Liabilities</b>		
Deferred tax	6,477	9,729
10 Bond debt	107,325	-
Lease liabilities	<u>18,842</u>	<u>6,538</u>
Total non-current liabilities	<u>132,644</u>	<u>16,267</u>
10 Bond debt	35,775	229,673
Senior loan	13,006	-
Lease liabilities	13,179	6,728
Trade payables	99,526	105,885
Other payables	23,590	22,404
Corporate tax payable	-	<u>1,362</u>
Total current liabilities	<u>185,076</u>	<u>366,052</u>
<b>Total liabilities</b>	<b><u>317,720</u></b>	<b><u>382,319</u></b>
<b>Total equity and liabilities</b>	<b><u>329,884</u></b>	<b><u>340,677</u></b>

## Statement of changes in equity

	Share capital	Reserve for treasury shares	Reserve for exchange rate adjustments	Retained earnings	Total Equity
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January 2019	4,079	-76	-19,881	-25,764	-41,642
Profit/Loss for the year	-	-	-	55,088	55,088
Other comprehensive income	-	-	-1,282	-	-1,282
	4,079	-76	-21,163	29,324	12,164
Dividend distributed	-	-	-	-	-
<b>Equity at 31 December 2019</b>	<b>4,079</b>	<b>-76</b>	<b>-21,163</b>	<b>29,324</b>	<b>12,164</b>
<b>Equity at 1 January 2018</b>	<b>4,079</b>	<b>-</b>	<b>-16,408</b>	<b>41,397</b>	<b>29,068</b>
Profit/Loss for the year	-	-	-	-67,161	-67,161
Other comprehensive income	-	-	-3,473	-	-3,473
	4,079	-	-19,881	-25,764	-41,566
Buy-back share program	-	-851	-	-	-851
Remuneration distributed	-	775	-	-	775
Dividend distributed	-	-	-	-	-
<b>Equity at 31 December 2018</b>	<b>4,079</b>	<b>-76</b>	<b>-19,881</b>	<b>-25,764</b>	<b>-41,642</b>

## Cash flow statement

	<b>Group FY 2019 DKK'000</b>	<b>Group FY 2018 DKK'000</b>
<b>Operating profit (EBIT)</b>	- 17,635	- 57,100
Depreciation and amortisation	25,004	54,759
Impairments and losses on receivables	3,721	17,738
Increase/decrease in inventories	644	246
Increase/decrease in receivables	- 7,087	3,588
Increase/decrease in trade payables and other payables	- 16,982	- 27,373
Gain on sale of non-current assets, net	-	11,217
Other adjustments	<u>5,132</u>	<u>7,742</u>
Cash flows from ordinary operating activities	- 7,203	- 11,617
Interest received	2,542	2,531
Interest paid	- 9,467	- 19,286
Income tax settled incl. joint taxation arrangement	<u>10,208</u>	<u>- 8,949</u>
<b>Cash flows from operating activities</b>	<b>- 3,920</b>	<b>- 37,321</b>
Purchase of property, plant and equipment	- 812	- 360
Sale of property, plant and equipment	943	1,118
Purchase of intangible assets	- 4,019	- 4,532
Sale of assets held for sale	-	35,000
14 Acquisitions and divestments	<u>- 3,600</u>	<u>7,417</u>
<b>Cash flows from investing activities</b>	<b>- 7,488</b>	<b>38,643</b>
Payment for buy-back of shares	-	851
Senior loan	12,688	-
Repayment, lease liabilities	<u>- 12,795</u>	<u>- 9,110</u>
<b>Cash flows from financing activities</b>	<b>- 107</b>	<b>- 9,961</b>
Net cash flows for the period	- 11,515	- 8,639
Net capital resources, beginning of period	49,962	60,124
Exchange rate adjustment of capital resources	<u>- 570</u>	<u>- 1,523</u>
<b>Net capital resources, end of period</b>	<b><u>37,877</u></b>	<b><u>49,962</u></b>
Net capital resources, end of period, are composed as follows:		
Cash and cash equivalents	37,877	49,962
Interest-bearing short-term bank loans	<u>-</u>	<u>-</u>
<b>Net capital resources, end of period</b>	<b><u>37,877</u></b>	<b><u>49,962</u></b>

### 1. Accounting policies

The interim report of Lauritz.com Group A/S is presented as condensed financial statements pursuant to IAS 34, *Interim Financial Reporting*, as adopted by the EU, and other Danish disclosure requirements. No interim report has been prepared for the Parent. The interim financial statements are presented in Danish kroner (DKK), which is the Parent's functional currency.

The group has one operating segment, "auctioning". As the group's activities expand, Management regularly assesses internal financial management reporting and whether it would be relevant to report additional segments.

The interim financial statements have been prepared consistently with the accounting policies applied to the 2018 consolidated financial statements, which are in accordance with International Financial Reporting Standards as adopted by the EU. We refer to the 2018 annual report for a more detailed description of the accounting policies, including definitions of the disclosed financial ratios.

### 2. Unusual circumstances and changes in accounting estimates

Several financial statement items cannot be measured with certainty, they can only be estimated. Such estimates comprise assessments based on the latest information available at the time of financial reporting. It may be necessary to revise previous estimates due to changes in the affairs and conditions underlying the estimate or due to new information, further experience or subsequent events.

The interim financial statements for the period 1 January to 31 December 2019 are not influenced by unusual circumstances or changes in accounting estimates.



	<b>Group FY 2019 DKK'000</b>	<b>Group FY 2018 DKK'000</b>
<b>3. Revenue</b>		
Auction commissions and fees etc.	213,400	220,164
Other fees, marketing contribution etc.	6,828	7,798
Fees from sales of partnership agreements	-	-
	<b><u>220,228</u></b>	<b><u>227,962</u></b>
<b>4. Financial income</b>		
Interest income	2,166	2,524
Interest income from group enterprises	<u>144</u>	<u>4</u>
Interest income from financial assets	<b>2,310</b>	<b>2,528</b>
Income from debt reduction, net	75,272	-
Exchange rate gains	<u>4,128</u>	<u>10,382</u>
	<b><u>81,710</u></b>	<b><u>12,910</u></b>
<b>5. Financial expenses</b>		
Financial expenses, banks etc.	532	144
Interest expenses, lease liabilities	1,519	888
Bank charges etc.	757	844
Interest expenses, debt	11,497	17,410
Impairment of financial assets	4,693	4,035
Guarantee commission	1,406	-
Amortisation of borrowing costs, bond debt	<u>899</u>	<u>1,985</u>
Interest expenses from financial liabilities	<b>21,303</b>	<b>25,306</b>
Exchange rate losses	<u>-</u>	<u>-</u>
	<b><u>21,303</u></b>	<b><u>25,306</u></b>

#### 6. Tax on profit/loss for the period

The tax recognised in the income statement for the interim period has been calculated on the basis of the earnings before tax and an estimated effective tax rate for 2019. The estimated effective tax rate for Danish enterprises is 22.0 percent (2018: 22.0 percent). For foreign enterprises, the current tax rate in the country in question is used. No tax on other comprehensive income has been recognised for the period.

The request for the reopening of the tax assessment regarding the property placed at Rovsingsgade 64-68 (ref. Annual Report 2017, p. 47) has been withdrawn by the tax authorities.

## 7. Intangible assets (DKK'000)

	Software in process of development	Developed software	Acquired rights	Goodwill
Cost at 1 January 2019	3,805	53,017	48,207	126,291
Exchange rate adjustments	-	12	245	-1,908
Additions from subsidiaries/activities acquired	-	-	14,587	18,791
Additions	4,019	-	7,071	-
Transfer	<u>- 7,760</u>	<u>7,760</u>	<u>-</u>	<u>-</u>
<b>Cost at 31 December 2019</b>	<b><u>64</u></b>	<b><u>60,789</u></b>	<b><u>69,620</u></b>	<b><u>143,174</u></b>
Amortisation at 1 January 2019	-	41,818	17,465	-
Impairment losses at 1 January 2019	64	-	1,200	31,473
Exchange rate adjustments	-	11	96	481
Amortisation for the period	<u>-</u>	<u>6,658</u>	<u>3,327</u>	<u>-</u>
<b>Amortisation and impairment losses at 31 December 2019</b>	<b><u>64</u></b>	<b><u>48,488</u></b>	<b><u>21,896</u></b>	<b><u>30,992</u></b>
<b>Carrying amount at 31 December 2019</b>	<b><u>-</u></b>	<b><u>12,301</u></b>	<b><u>47,724</u></b>	<b><u>112,182</u></b>
	Software in process of development	Developed software	Acquired rights	Goodwill
Cost at 1 January 2018	17,753	41,710	66,278	137,003
Exchange rate adjustments	-	8	2,105	4,356
Additions	4,369	-	6,971	-
Disposal	- 6,483	519	22,937	6,356
Transferred	<u>- 11,834</u>	<u>11,834</u>	<u>-</u>	<u>-</u>
<b>Cost at 31 December 2018</b>	<b><u>3,805</u></b>	<b><u>53,017</u></b>	<b><u>48,207</u></b>	<b><u>126,291</u></b>
Amortisation at 1 January 2018	-	35,082	14,086	-
Impairment losses at 1 January 2018	6,547	12	1,200	-
Exchange rate adjustments	-	-	227	-
Disposals	- 6,483	517	578	-
Amortisation for the period	-	7,265	4,184	-
Impairment losses for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,473</u>
<b>Amortisation and impairment losses at 31 December 2018</b>	<b><u>64</u></b>	<b><u>41,648</u></b>	<b><u>18,665</u></b>	<b><u>31,473</u></b>
<b>Carrying amount at 31 December 2018</b>	<b><u>3,741</u></b>	<b><u>11,199</u></b>	<b><u>29,542</u></b>	<b><u>94,818</u></b>

**7. Intangible assets (continued)**

Software includes development projects for IT systems and processes in progress. Apart from goodwill and trademarks, all other intangible assets are regarded as having determinable useful lives over which the assets are amortised, see accounting policies. The carrying amount of trademarks without determinable useful lives totals DKK 21.9m at 31 December 2019 (31.12.2018: DKK 1.0m).

Acquired enterprises are integrated in the Group as soon as possible to realise synergy effects in the business areas. Consequently, it is generally not possible after a short period to trace and measure the value of goodwill in the individual units or enterprises. The impairment test is therefore made at group level.

At 31 December 2019, Management has tested the carrying amount of goodwill, software in process of development and other intangible assets for impairment. An impairment test is performed in the event of indication of impairment and at least once a year as part of the presentation of the Annual Report.

The key assumptions underlying the calculation of value in use are the determination of EBITDA growth, discount rate and terminal value growth rate.

EBITDA growth is determined based on historical EBITDA realized in the period immediately prior to the beginning of the budget period, adjusted for non-recurring expenses, expected market developments and enterprises acquired and divested. For the 2020 budget period, this is equivalent to an annual EBITDA growth rate of approx. 15-16 percent from 2020 to 2025.

EBITDA growth is related to the development in auction turnover, equivalent to an annual average growth rate of approx. 4 percent during the budget period from 2020 to 2025. When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approx 15-20 percent of budgeted EBITDA. The effect of expected acquisitions is not included at investment level.

The discount rate is determined based on the Company's marginal borrowing rate plus a risk premium that reflects the risk involved in investing in shares and the risk involved in the activity performed, equivalent to a pre-tax discount rate of 11.5 percent (2018: 12.2 percent).

The terminal value growth rate of 1.5 percent (2018: 2.0 percent) p.a. is based on estimated economic growth.

**7. Intangible assets (continued)**

**Sensitivity analysis**

A sensitivity analysis has been performed of the main assumptions in the impairment test to identify the lowest and/or the highest discount rate and the lowest growth rate in the budget period for the cash-generating unit without resulting in any impairment losses. A summary of sensitivity analysis is shown below (all other assumptions unchanged):

Average EBITDA-growth for 2020 to 2025	13 %
WACC, pre-tax	13 %
Terminal growth	-0.3 %

## 8. Property, plant and equipment (DKK'000)

	<u>Right-of-use Assets</u>	<u>Other fixtures etc.</u>
Cost at 1 January 2019	22,376	26,722
Exchange rate adjustments	- 2,739	- 134
Additions from acquisitions	12,108	1,115
Additions	8,440	812
Remeasuring of lease liabilities	11,381	-
Disposal	- 2,946	- 3,158
<b>Cost at 31 December 2019</b>	<b><u>48,620</u></b>	<b><u>25,357</u></b>
Depreciation at 1 January 2019	9,439	18,929
Exchange rate adjustments	- 1,054	- 15
Depreciation for the year	12,209	2,673
Depreciation related to disposals	- 2,733	- 2,215
<b>Depreciation at 31 December 2019</b>	<b><u>17,861</u></b>	<b><u>19,372</u></b>
<b>Carrying amount at 31 December 2019</b>	<b><u>30,759</u></b>	<b><u>5,985</u></b>
	<u>Right-of-use Assets</u>	<u>Other fixtures etc.</u>
Cost at 1 January 2018	-	36,890
Additions due to changes in accounting policies	40,068	-
Exchange rate adjustments	-	- 569
Additions	-	360
Disposal	- 17,692	- 9,959
<b>Cost at 31 December 2018</b>	<b><u>22,376</u></b>	<b><u>26,722</u></b>
Depreciation at 1 January 2018	-	24,355
Exchange rate adjustments	-	- 350
Depreciation for the period	9,439	2,372
Depreciation related to disposals	-	- 7,448
<b>Depreciation at 31 December 2018</b>	<b><u>9,439</u></b>	<b><u>18,929</u></b>
<b>Carrying amount at 31 December 2018</b>	<b><u>12,937</u></b>	<b><u>7,793</u></b>

Additions/depreciation related to right-of-use assets arise from the implementation of IFRS 16. Depreciation is straight-line on basis of the underlying contracts which are 1-7 years.

## 9. Receivables

	<b>Group 31.12.2019 DKK'000</b>	<b>Group 31.12.2018 DKK'000</b>
Trade receivables	10,789	13,823
Contractual receivables	40,780	62,085
Other receivables	<u>15,380</u>	<u>25,822</u>
	<b><u>66,949</u></b>	<b><u>101,730</u></b>

Contractual receivables relate to the sale of 8 partnership agreements. The contractual receivables from sale of partnerships agreements are in the range of DKK 1.0m to DKK 19.9m. Receivables from sale of partnership agreements are interest bearing. The repayment of the receivables is based on performance and repaid on a monthly or quarterly basis. Contractually Lauritz.com has various possibilities to collect the receivable up to and including the option of taking over the branch.

Of the contractual receivables DKK 36.0m (2018: DKK 45.8m) is expected to mature after 12 months. Impairment of trade receivables and other receivables is made based on expected credit loss. In 2019 impairment losses of DKK 3.8m has been recognized (2018: DKK 20.0m).

The impairment test performed on the receivables from sale of partnership agreements is based on the expected performance, the historic track record for repayments and the expected resale value of the auction house. A large part of the receivables are related to partners buying their auction house in recent years, with expected strong improvements in the first years of their ownership. Improvements are coming slower than previously expected, resulting in the impairment recognised in 2018 and 2019.

The impairment losses included in the receivables listed above have developed as follows:

	<b>Group 31.12.2019 DKK'000</b>	<b>Group 31.12.2018 DKK'000</b>
<b>Lifetime Expected Credit Loss:</b>		
Impairment losses at 1 January	19,965	5,169
Impairment losses for the period	5,344	19,965
Realised for the period	- 9,793	- 5,169
Reversed impairments	<u>- 1,565</u>	<u>-</u>
Impairment losses end of period	<b><u>13,951</u></b>	<b><u>19,965</u></b>

### **9. Receivables (continued)**

The Group has no significant credit risks in trade receivables related to a single customer or market. Impairment of trade receivables is based on a provision matrix based on historical losses adjusted for specific and general changes in circumstances.

The Group has credit risks related to contractual receivables and other receivables as described above. In determining the expected credit losses for these assets impairments are made if the receivables shows indication of impairment.

### **10. Bond debt**

The Group has restructured the bond originally issued in 2014

The new bond terms were accepted by bondholders on June 28. The main terms of the bonds are:

- Outstanding principal amount SEK 200m.
- Fixed interest rates of 7.5 percent on SEK 70m of the principal amount and 4.0 percent on SEK 130m of the principal amount. Redemptions will first lead to a reduction of the principal amount that bears the higher interest rate of 7.5 percent.
- Final redemption date is 17 December 2024, with scheduled yearly redemptions, ref note 11.
- Additional security to secure the bonds, primarily in form of a pledge in the vineyard Chateau Vignelaure, owned by the main shareholder in Lauritz.com Group A/S, Bengt Sundström.

## 11. Financial risks

### Currency risks

The Group's currency risks are primarily hedged by matching payments received and made in the same currency. The difference between ingoing and outgoing payments denominated in the same currency is a measure of currency risk. The Group's currency exposure at 31 December 2019 is specified below.

2019 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt and senior loan	Other liabilities	Net position
NOK	122	92	-	-890	-676
EUR	2,628	15,200	-	-6,243	11,585
SEK	28,083	12,128	-156,106	-98,678	-214,573
<b>31 December 2019</b>	<b>30,833</b>	<b>27,420</b>	<b>-156,106</b>	<b>-105,811</b>	<b>-203,664</b>

2018 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	122	100	-	-476	-255
EUR	3,236	11,403	-	-6,265	8,375
SEK	37,440	34,312	-229,673	-74,215	-232,134
<b>31 December 2018</b>	<b>40,798</b>	<b>45,815</b>	<b>-229,673</b>	<b>-80,956</b>	<b>-224,014</b>

The bonds and senior loan issued are in SEK and so the principal amount is subject to exchange rate fluctuations between the Company's functional currency (DKK) and SEK. A 5 percent change in the SEK rate at 31 December 2019 would affect comprehensive income and equity by approx. DKK 2m (31.12.2018: DKK 4m). The sensitivity analysis shows the difference between the 31 December 2019 fair value calculated for the Group's assets and liabilities denominated in SEK.

### Interest risks

The Group has interest-bearing financial assets and liabilities and so it is affected by interest rate fluctuations. Following the restructuring of the bond debt, which included a change to fixed interest rates on the bond debt, the impact of fluctuations in the level of interest rates on the groups comprehensive income and equity has diminished significantly. An increase in the interest rate level of 1 percentage point per annum compared to the interest rate level at the balance sheet date would have had a negative impact of approx. DKK 0m (31.12.2018: DKK 2m) on comprehensive income and equity. A similar decline in the interest rate level would have resulted in an equivalent positive effect on comprehensive income and equity. We refer to the new conditions of the bond debt interest in note 10.



**11. Financial risks (continued)****Liquidity risks**

The following table detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Group may be required to pay.

<b>2019 (DKK'000)</b>	<b>Less than 6 months</b>	<b>6 months to 1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
Bond debt and senior loan	40,923	7,858	107,325	0	156,106
Lease liabilities	6,606	6,595	18,505	316	32,021
Other liabilities	123,117	-	-	-	123,117
<b>31 December 2019</b>	<b>170,646</b>	<b>14,453</b>	<b>125,830</b>	<b>316</b>	<b>311,244</b>

<b>2018 (DKK'000)</b>	<b>Less than 6 months</b>	<b>6 months to 1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
Bond debt	229,673	-	-	-	229,673
Other liabilities	132,378	4,012	6,002	525	142,917
<b>31 December 2018</b>	<b>362,051</b>	<b>4,012</b>	<b>6,002</b>	<b>525</b>	<b>372,590</b>

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within approx. 35 days. In order to maintain the current liquidity level, the Group is therefore dependent on continued growth and positive earnings. Management assesses the Group's liquidity requirements on a regular basis.

**Credit risks**

The Group is not exposed to significant credit risks on trade receivables as all items are handed in on a commission basis, and items from auctions are not handed out until payment has been made. Payments are mostly effected by way of credit cards or bank transfer. The Company has only experienced few cases of credit card fraud. Moreover, reputable collaborators are used for managing cash flows, mainly Valitor, ALTAPAY, Danske Bank, SEB and DNB. Credit risks related to receivables from sale of partnership agreements are handled contractually, see note 9.

**Other**

The Group regularly assesses its capital structure with a view to ensuring adequate equity in the Company.

**12. Earnings per share (EPS)**

	<b>Group 31.12.2019 DKK'000</b>	-	<b>Group 31.12.2018 DKK'000</b>
Profit/Loss for the year	55,088	-	67,161
Number of shares	40,792,542		40,792,542
Average number of shares in circulation	40,702,907		40,409,360
EPS at DKK 0.10	1.353	-	1.662
EPS at DKK 0.10 diluted	1.353	-	1.662

**13. Dividend**

For 2018, DKK 0 in ordinary dividend has been distributed to the shareholders of Lauritz.com Group A/S, equalling DKK 0 per share (2017: DKK 0 per share).

**14. Acquisitions and divestments****Acquisitions in 2019, AB Stockholms Auktionsverk**

In March 2018 Lauritz.com separated Stockholms Auktionsverks Fine Art business into a separate company, AB Stockholms Auktionsverk, owned 51% by Gelba Management AB and 49% by Lauritz.com Sverige AB. A structure that both partners was expecting to be beneficial to the Fine Art business as well as to the Online business that remained under 100% Lauritz.com ownership. It has shown that the split ownership is not the optimal solution in relation to the daily operations of Stockholms Auktionsverks Fine Art business, resulting in the decision to buy back the shares from our partner in March 2019.

	<b>2019</b>
	<b>DKK'000</b>
Fixed assets	966
Right-of-use assets, leased space	12,108
Other receivables	1,210
Cash and cash equivalents	3,638
Leasing liabilities	- 12,108
Trade payables	- 800
Other payables	- <u>5,167</u>
<b>Net assets acquired</b>	<b>- 153</b>
Brand value	14,587
Goodwill	<u>11,349</u>
<b>Total consideration</b>	<b>25,783</b>

No part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK -153k including cash acquired of DKK 3,638k. Net assets acquired are based on received balance sheets, and has been adjusted afterwards. The Group has incurred transaction costs of DKK 0k.

For this acquisition, the Group paid a purchase price that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired. This positive difference is primarily attributable to expected synergies between the activities of the acquired enterprises and the Group's existing activities, future growth potential and the enterprises' staff. The synergies have not been recognised separately from goodwill as they are not separately identifiable.

Value of associated company 31 december 2018, 49%	11,001
Currency rate adjustment	- 295
Share of result for the period 1 January – 5 March 2019, 49%	- <u>380</u>
Value of associated company 5 March 2019, 49%	10,326
Settlement of receivable	11,922
Cash payment for 51% shares	<u>3,536</u>
<b>Total cost of acquisition</b>	<b>25,783</b>

**14. Acquisitions and divestments (continued)**

Of the Group's revenue DKK 16,045k and DKK -4,446k of the Group's profit/loss before tax is attributable to the acquired Swedish activities.

**Acquisitions in 2019, Danish activities**

	<b>2019</b>
	<b>DKK'000</b>
Fixed assets	150
Deposits	289
Other receivables	40
Other payables	- 412
<b>Net assets acquired</b>	<b>67</b>
Goodwill	7,442
<b>Total consideration</b>	<b>7,509</b>

No part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK 67k including cash acquired of DKK 0k. Net assets acquired are based on received balance sheets, and can be adjusted afterwards. The Group has incurred transaction costs of DKK 0k.

The Group acquired the business at a total cost that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired. This positive difference is primarily attributable to expected future growth potential and earnings. The synergies have not been recognised separately from goodwill as they are not separately identifiable.

Cash payment	67
Non-cash settlement	7,442
<b>Total cost of acquisition</b>	<b>7,509</b>

Of the Group's revenue DKK 4,376k and DKK -2,277k of the Group's profit/loss before tax is attributable to the acquired Danish activities.

Had the acquisitions been made at the beginning of the year the revenue for the group would be the same as reported, and the profit/loss before tax of the group for the period would be impacted by approximately DKK -0.4 to -0.5m compared to the reported profit/loss before tax for the group.

**14. Acquisitions and divestments (continued)****Divestments in 2018**

In March 2018, the Group disposed of Stockholms Auktionsverks Fine Art business. As a result of the performance in 2018, and the expected development, the value of the assets received in connection with the sale of the Fine Art business was reassessed in December 2018.

The reassessment of the expected value of the Earn Out and shares received in the sale of the Fine Art business has resulted in a reduction of the gain from the Fine Art sale from DKK 40.4m to DKK 8.4m.

	<b>2018</b>
	<b><u>DKK'000</u></b>
Consideration received in cash and cash equivalents	7,416
Shares in Gelba Partners AB (see note 16)	11,623
Contingent consideration	<u>12,753</u>
<b>Total consideration received</b>	<b>31,792</b>
Consideration received	31,792
Goodwill disposal of	- 6,356
Other net assets disposal of	<u>- 17,441</u>
<b>Gain on disposal</b>	<b>8,430</b>

The gain on disposal is classified as other income in the statement of comprehensive income for 2018.

**15. Contingencies etc.****Contingent liabilities, consolidated financial statements**

The Group participates in a joint taxation arrangement with Blixtz Holding A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable for income taxes etc. for the jointly taxed companies, which is limited to the equity interest by which the entity participates in the Group as well as for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

**16. Related parties****Related parties with a controlling interest**

The following related parties have a controlling interest in Lauritz.com Group A/S:

<b>Name</b>	<b>Registered office</b>	<b>Basis of control</b>
Blixtz Holding A/S	Herlev, Denmark	Shareholder is holding the majority of voting rights in Lauritz.com Group A/S

<b>Subsidiaries</b>	<b>Registered office</b>	<b>Ownership interest</b>
Lauritz.com A/S	Søborg, Denmark	100 %
Lauritz.com Sverige AB	Stockholm, Sweden	100 %
AB Stockholms Auktionsverk	Stockholm, Sweden	100 %
Lauritz.com Finland OY	Helsinki, Finland	100 %
LC Danmark ApS	Søborg, Denmark	100 %
LC II ApS	Søborg, Denmark	100 %
Helsingborgs Auktionsverk AB *	Helsingborg, Sweden	100 %
Karlstad-Hammarö Auktionsverk AB *	Skoghall, Sweden	100 %
Lauritz.com Globen AB	Stockholm, Sweden	100 %
Internetauktioner i Helsingborg AB *	Helsingborg, Sweden	100 %
Lauritz.com Deutschland GmbH	Hamburg, Germany	100 %
QXL Denmark A/S	Søborg, Denmark	100 %
QXL.no AS	Oslo, Norway	100 %

\* The company is not audited by Deloitte.

**16. Related parties (continued)**

**Transactions with related parties**

As part of the share buy-back initiated in April 2018, Lauritz.com Group A/S purchased own shares. The shares were purchased at the market price of the shares at the time of the purchase.

As part of the restructuring of the bond the main shareholder Blixtz Holding A/S has provided additional security to the bondholders. The issuer of the bonds Lauritz.com A/S pays an annual commission of 2 percent to the main shareholder as consideration for the provided security.

Lauritz.com Group A/S did not enter into any significant transactions with members of the Board or the Executive Management, except for compensation and benefits received as a result of their membership of the Board, employment with Lauritz.com Group A/S or shareholdings in Lauritz.com Group A/S.

**17. Events after the balance sheet date**

No events have occurred after the balance sheet date that could have a material influence on the company's financial position.