



LAURITZ

INTERIM REPORT

JANUARY – MARCH 2020

Lauritz.com Group A/S

CVR no. 37627542

Company announcement 7 May 2020

2020 Highlights

January – March 2020

- Auction Turnover decline of 9.4 percent.
- Revenue decrease of 15.0 percent.
- Average knockdown price in Q1 was DKK 2,268 (2,447).
- Number of knockdowns 68,437 (69,985).
- EBITDA was DKK -6.5m, (1.5m). The decline is due to Fine Art (acquired 5 March 2019) impacting EBITDA negatively by DKK 2m in Q1 as there are no large Fine Art auctions in Q1, additional sales activities in connection with 20 year birthday campaign of DKK 1m, and by drop in revenue during the last 3 weeks of the period due to the Corona crisis of DKK 4-5m
- Cost level in Q1 is reduced by DKK 1.3m compared to 2019, equal to 2.5 percent.
- Cash flow from operations declined only by DKK 1.5m compared to Q1 in 2019.

Corona Crisis

- For the period from January 1 until March 10 Auction turnover was in line with last year.
- For the period from March 11 to March 31 Auction turnover decreased by 31 percent compared to last year.
- In April Auction turnover rebounded to only 10 percent below last year in our main markets.
- The negative impact of the corona crisis on the Q1 result is approximately DKK 4-5m.
- Based on the development seen in April we are expecting that the Corona crisis will continue to impact our Auction Turnover in Q2, however on a manageable level. Revenue and result is very difficult to forecast since numerous factors are unknown at this time. In terms of cost we have reduced staffing in accordance with the different crisis packages issued by governments in March and expect this to continue in Q2. In total we expect the salary compensation to amount to approximately DKK 1.8m most of which will impact Q2.

Lauritz.com Group A/S key figures

DKK million	January – March	
	2020	2019
Auction turnover	155,193	171,275
Revenue	46,030	54,150
Number of Knockdowns (excl. QXL)	68,437	69,985
Average Knockdown price (excl. QXL)	2,268	2,447
EBITDA	-6,465	1,478
Auction Turnover Margin ¹	-4.2%	0.9%
Profit	-4,458	-5,990
Earnings per share	-0.110	-0.147
Cash flow from operations	-21,733	-20,222

¹ Auction Turnover Margin = EBITDA/Auction Turnover.

Management Comments

Development in EBITDA

EBITDA in the first quarter of 2020 is DKK -6,5m compared to DKK 1.5m last year.

The Corona crisis started at the same time as our peak season in March and has had a significant negative impact on the result for Q1 2020.

Auction Turnover for the quarter declined 9 percent compared to same period last year, primarily due to the period after March 10, where the Nordic region was hit by the effects of the Corona virus.

The auction revenue and the commission to partners was reduced as a direct result of the lower Auction Turnover.

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 Q1 is DKK -21.7m a small decrease of DKK 1.5m compared to the same period in 2019. The change is mainly driven by the decline in earnings, offset by lower tax payments and cash retrieved from receivables.

To support and strengthen the rebound we have seen in April, Auction Turnover only down 10% compared to last year in our main markets, we will continue the intensified sales- and marketing initiatives and further increase the focus on operations of the business.

Commercial initiatives

Our continued focus on sales management, business control and execution both internally in the headquarters and in relation to the individual auction houses is showing results, although interrupted by the Corona crisis.

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 2019 and into the first quarter of 2020. 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.

Appointment of M&A consultancy

Towards the end of 2019 a review of the capital structure of the group has been carried out. The conclusion is that the current structure needs to be improved by securing a sustainable long term solution for the capital structure of the group. Furthermore, a solution needs to be found in relation to the bondholders as the bond is no longer listed and the redemption to be made in December 2019 has been postponed.

As a consequence of this, and in agreement with a group of large bondholders representing 47% of the bonds, it has been decided to appoint an internationally acknowledged M&A consultant to actively pursue the strategic possibilities for strengthening the capital base of Lauritz.com and redeem the bond debt. This process has commenced in April 2020, and is expected to be finalised before the end of 2020.

Until the end of 2020 the above mentioned group of bondholders has agreed not to propose or support any proposal to initiate an enforcement of the security provided in favour of bondholders, provided that the process with the M&A consultant proceeds according to plan.

Management Comments

Information about Corona virus pandemic

The spread of the Corona virus, the measures taken by governments and the health concerns in our societies has resulted in a reduction in auction turnover since the epidemic started in the Nordic region.

At the onset of the pandemic we initiated a number of measures to make sure that customers and employees can safely enter our auction houses, further we have taken a number of initiatives (including possibilities under various government initiatives to support businesses) to temporarily reduce cost during the pandemic hereby reducing the impact on earnings. Traditionally March and April are strong months in terms of revenue. In 2020 this period has been weaker than usual due to the Corona crisis, impacting Auction Turnover, earnings and cash flow. Management is following the impact of the Corona crisis closely, and adjustments are continuously made to address developments.

In 2020 for the period until 10 March auction turnover was in line with last year and with our expectations. For the rest of March Auction turnover and Revenue was impacted negatively, with a drop compared to last year of 31 percent. As a result hereof the result in Q1 2020 is impacted negatively by DKK 4-5m compared to last year. In April we have seen a strong rebound in Auction turnover and revenue with April down only 10 percent compared to last year in our main markets. For the period January to April 2020 Auction Turnover is 12 percent below last year.

Based on the development seen in April we are expecting that the Corona crisis will continue to impact our Auction Turnover in Q2, however on a manageable level. Revenue and result are very difficult to forecast since numerous factors are unknown at this time. In terms of cost we have reduced staffing in accordance with the different crisis packages issued by governments in March and expect this to continue in Q2. In total we expect the salary compensation to amount to approximately DKK 1.8m most of which will impact Q2. In terms of liquidity the group has had a positive impact from government initiatives in the form of deferred payment dates for taxes and VAT. Deferrals vary between 1 month and 1 year depending on the type of payment and country.

Guidance for 2020

The spread of the Corona virus with uncertainty as to duration and magnitude of the outbreak is resulting in lack of visibility as to the expectation for the year. As a result, we suspend our previously issued guidance.

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

We will provide updated outlook for 2020 when there is greater clarity on the Corona virus impact on markets and our business.

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 flee 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.

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.

Lauritz.com – a pioneer in the auction industry

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 considerable 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 Sundstrøm.

1 January – 31 March 2020

Auction Turnover

Auction Turnover amounted to DKK 155.2m (171.3), a decrease of 9.4 percent compared to last year. Until the onset of the Corona crisis in the Nordic region revenue was in line with last year. The severe impact in the first weeks of the Corona crisis has resulted in the drop compared to last year for the quarter.

Revenue

Revenue amounted to DKK 46.0m (54.2), a decrease of 15.0 percent compared to Q1 2019. The decrease in revenue is driven by decrease in commissions and fees on sold items primarily due to lower auction turnover and due to rebates given during our 20 year birthday campaign.

EBITDA and Auction Turnover margin

EBITDA amounted to DKK -6.5m (1.5). The decrease is primarily due to the decline in auction revenue turnover, a decline in variable cost, and an increase in staff cost from the businesses acquired in 2019.

Cost in like for like business has been reduced by 3 percent compared to Q1 last year.

The Auction Turnover Margin amounted to -4.2 (0.9) percent.

Operating profit

Operating profit/loss for the period amounted to DKK -12.5m (-4.3), the change is primarily due to the decline in EBITDA.

Net financials

Net financials was DKK 6.8m (-3.0). The change in net financials compared to last year is mainly due to a DKK 1.8m reduction in cost of debt and a change in exchange gains on debt of DKK 6.5m.

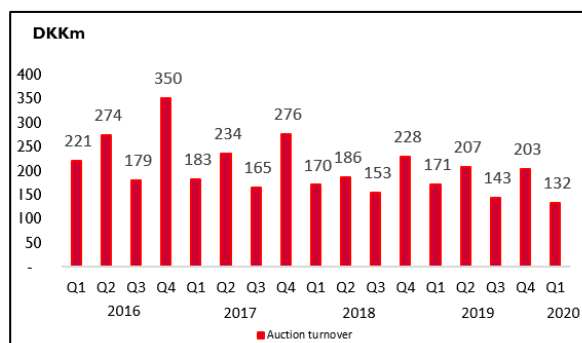
Tax

Corporate tax amounted to an income of DKK 1.2m (1.3m), corresponding to an effective tax rate of 21.6 percent (17.5).

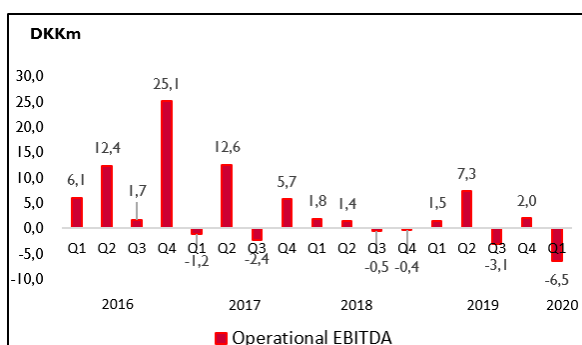
Profit for the period and earnings per share

Profit for the period was DKK -4.5m (-6.0). Earnings per share amounted to DKK -0.110 (-0.147).

Auction turnover



Operational EBITDA



Cash flow

Cash Flow from operations for Q1 was DKK -21.7m (-20.2). The main driver of the Q1 cashflow is settlement of auctions from the previous quarter.

Financial position, cash and cash equivalents

At the end of the quarter the equity in the group is DKK -1.4m (-48.5) and the group's total assets were DKK 297.8m (339.1). The equity/assets ratio is -0.5 percent (-14.3).

A plan for reestablishing the equity of the company/group will be presented at the annual general meeting of the company.

Cash and cash equivalents amounted to DKK 10.8m (21.3).

Investments

Investments in Q1 2020 amounted to DKK 0.6m (5.4m), primarily investments in equipment.

Human resources

The average number of full-time employees in Lauritz.com Group A/S and its subsidiaries (FTE) was 164 (136) in the period.

1 January – 31 March 2020

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

In March 2020, the spread of the Corona virus is impacting the outlook for the business. A number of initiatives has been taken to minimize the financial impact. We monitor the situation closely, contingency plans are in place and all relevant precautions are taken for the business, customers visiting our auction houses and for the employees.

Based on the development seen in April we are expecting that the Corona crisis will continue to impact our Auction Turnover in Q2, however on a manageable level. Revenue and result is very difficult to forecast since numerous factors are unknown at this time.

In April, and in agreement with a group of large bondholders owning 47% of the bond, the group has appointed an M&A consultant to actively pursue the strategic possibilities for strengthening the capital base of Lauritz.com and redeem the bond debt.

Until the end of 2020 the above mentioned group of bondholders has agreed not to propose or support any proposal to initiate an enforcement of the security provided in favour of bondholders, provided that the process with the M&A consultant proceeds according to plan.

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

Future prospects

The spread of the Corona virus with uncertainty as to duration and magnitude of the outbreak is resulting in lack of visibility as to the expectation for the year. As a result, we suspend our previously issued guidance.

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

We will provide updated outlook for 2020 when there is greater clarity on the Corona virus impact on markets and our business.

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 135.0m (143.1). 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 December 2019 a negotiation to restructure the bond was initiated. As mentioned in the Management comments a structured process with an M&A consultant has been initiated in April.

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 quarters 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.

Annual report 2019

The 2019 Annual report for Lauritz.com Group A/S has not yet been approved. The approval will take place at the annual general meeting on 27 May 2020.

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 March 2020.

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 March 2020 and of the results of its operations and cash flows for the period 1 January to 31 March 2020.

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, May 7th 2020

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

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

Company auditor: Deloitte, Statsautoriseret Revisionspartnerselskabs

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For more information, please contact:

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Reporting schedule

Interim Report, Q2 2020 20 August 2020

Interim Report, Q3 2020 29 October 2020

Group financial highlights

	YTD 31.03.2020 DKK'000	YTD 31.03.2019 DKK'000	FY 2019 DKK'000	FY 2018 DKK'000	FY 2017 DKK'000
Auction turnover ¹	155,193	171,275	723,537	738,217	858,893

Statement of comprehensive income

Revenue	46,030	54,150	220,228	227,962	297,120
Gross profit	26,394	28,736	130,365	116,517	192,814
EBITDA	- 6,465	1,478	7,723	- 2,025	32,104
Operating profit (EBIT)	- 12,480	- 4,286	- 17,635	- 57,100	- 7,108
Net financials	6,821	- 2,972	60,026	- 12,396	- 12,922
Profit before tax (EBT)	- 5,659	- 7,258	42,391	- 72,043	- 20,030
Tax on profit for the period	1,201	1,268	12,697	4,882	- 1,268
Profit for the period	- 4,458	- 5,990	55,088	- 67,161	- 21,298

Balance sheet

Non-current assets	215,497	226,890	223,567	184,817	228,230
Current assets	82,350	112,206	106,317	155,860	210,822
Balance sheet total	297,847	339,096	329,884	340,677	439,112
Share capital	4,079	4,079	4,079	4,079	4,079
Equity	- 1,370	- 48,485	12,164	- 41,642	29,068
Non-current liabilities	29,221	33,320	25,319	16,267	249,962
Current liabilities	269,996	354,261	292,401	366,052	160,082

Cash flows

Operating activities	- 21,733	- 20,222	- 3,920	- 37,321	- 7,581
Investing activities	- 579	- 5,412	- 7,488	38,643	- 9,897
Of this, investments in property, plant and equipment	- 579	- 46	131	35,758	- 2,138
Financing activities	- 3,147	- 2,570	- 107	- 9,961	600
Total cash flows	- 25,459	- 28,204	- 11,515	- 8,639	- 16,878

Ratios:

Gross margin	57.3%	53.1%	59.2%	51.1%	64.9%
EBITDA margin	- 14.0%	2.7%	3.5%	- 0.8%	10.8%
Profit margin	- 27.1%	- 7.9%	- 8.0%	- 25.0%	- 2.4%
Equity ratio	- 0.5%	- 14.3%	3.7%	- 12.2%	7.8%
Return on equity	- 82.6%	13.3%	- %	- %	- 44.1%
Earnings per share	- 0.110	- 0.147	1.353	- 1.662	- 0.523
Dividend per share	0	0	0	0	0
Average number of full-time employees	164	136	159	140	185

¹ 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.

Statement of comprehensive income

Notes	Group				
	Q1 2020 DKK'000	Q1 2019 DKK'000	FY 2019 DKK'000	FY 2018 DKK'000	
3	Revenue	46,030	54,150	220,228	227,962
	Direct costs	- 19,636	- 25,414	- 89,863	- 111,445
	Gross profit	26,394	28,875	130,365	116,517
	Other operating income/expenses	-	136	-	11,217
	Other external expenses	- 11,036	- 10,369	- 43,886	- 59,451
	Staff costs	- 21,831	- 17,025	- 78,756	- 70,308
	EBITDA	- 6,465	1,478	7,723	-2,025
	Depreciation and amortisation	- 6,015	- 5,764	- 25,358	- 55,075
	Operating profit/loss (EBIT)	- 12,480	- 4,286	- 17,635	- 57,100
4	Financial income	9,976	3,391	81,710	12,910
5	Financial expenses	- 3,155	- 4,797	- 21,303	- 25,306
	Share of result in associated companies	-	- 1,566	- 381	- 2,547
	Profit/Loss before tax (EBT)	- 5,659	- 7,258	42,391	- 72,043
6	Tax on profit/loss for the period	1,201	1,268	12,697	4,882
	Profit/Loss for the period	- 4,458	- 5,990	55,088	- 67,161
	Items that can be reclassified to profit or loss:				
	Exchange adj., foreign companies	- 9,076	- 853	- 1,282	- 3,473
	Tax, other comprehensive income	-	-	-	-
	Other comprehensive income	- 9,076	- 853	- 1,282	- 3,473
	Comprehensive income	- 13,534	- 6,843	53,806	- 70,634
12	Earnings per share	- 0.110	- 0.147	1.353	- 1.662
12	Earnings per share, diluted	- 0.110	- 0.147	1.353	- 1.662

Balance sheet

	Group 31.03.2020 DKK'000	Group 31.12.2019 DKK'000
Assets		
Notes		
Non-current assets		
7 Software in process of development	-	-
7 Developed software	10,471	12,301
7 Rights acquired	44,248	47,724
7 Goodwill	<u>105,983</u>	<u>112,182</u>
Total intangible assets	<u>160,702</u>	<u>172,207</u>
8 Right-of-use assets	34,695	30,759
8 Other fixtures and fittings, tools and equipment	<u>6,076</u>	<u>5,985</u>
Total property, plant and equipment	<u>40,771</u>	<u>36,744</u>
Deferred tax	11,871	11,246
Deposits	<u>2,153</u>	<u>3,370</u>
Total financial assets	<u>14,024</u>	<u>14,616</u>
Total non-current assets	<u>215,497</u>	<u>223,567</u>
Current assets		
Inventories	<u>130</u>	<u>128</u>
9 Trade receivables	7,007	10,789
9 Contractual receivables	41,208	40,780
Tax receivable	1,386	1,363
9 Other current receivables	<u>21,804</u>	<u>15,380</u>
Total receivables	<u>71,405</u>	<u>68,312</u>
Cash and cash equivalents	<u>10,815</u>	<u>37,877</u>
Total current assets	<u>106,317</u>	<u>106,317</u>
Total assets	<u>297,847</u>	<u>329,884</u>

Balance sheet

Equity and liabilities

<u>Notes</u>	Group 31.03.2020 DKK'000	Group 31.12.2019 DKK'000
Equity		
Share capital	4,079	4,079
Other reserves	- 30,305	- 21,239
Retained earnings	<u>24,886</u>	<u>29,324</u>
Total equity	- <u>1,370</u>	<u>12,164</u>
Liabilities		
Deferred tax	5,759	6,477
Lease liabilities	<u>23,462</u>	<u>18,842</u>
Total non-current liabilities	<u>29,221</u>	<u>25,319</u>
10 Bond debt	135,020	143,100
10 Senior loan	12,272	13,006
Lease liabilities	12,723	13,179
Trade payables	72,524	99,526
Other payables	37,374	23,590
Corporate tax payable	<u>83</u>	<u>-</u>
Total current liabilities	<u>269,996</u>	<u>292,401</u>
Total liabilities	<u>299,217</u>	<u>317,720</u>
Total equity and liabilities	<u>297,847</u>	<u>329,884</u>

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 2020	4,079	-76	-21,163	29,324	12,164
Profit/Loss for the year	-	-	-	-4,458	-4,458
Other comprehensive income	-	-	-9,076	-	-9,076
Equity at 31 March 2020	4,079	-76	-30,239	24,866	-1,370
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
Equity at 31 December 2019	4,079	-76	-21,163	29,324	12,164

Cash flow statement

	Group 31.03.2020 DKK'000	Group 31.03.2019 DKK'000
Operating profit (EBIT)	- 12,480	- 4,286
Depreciation amortisation and impairments	6,094	5,782
Impairments and losses on receivables	- 28	-
Increase/decrease in inventories	- 2	- 37
Increase/decrease in receivables	5,547	- 86
Increase/decrease in trade payables and other payables	- 22,273	- 22,213
Gain on sale of non-current assets, net	-	-
Other adjustments	<u>1,895</u>	<u>5,283</u>
Cash flows from ordinary operating activities	- 21,247	- 15,557
Interest received	502	489
Interest and financial expenses paid	- 984	- 3,976
Income tax settled incl. joint taxation arrangement	- 4	- 1,178
Cash flows from operating activities	- 21,733	- 20,222
Purchase of property, plant and equipment	- 646	- 46
Sale of property, plant and equipment	67	-
Purchase of intangible assets	-	- 1,831
14 Acquisitions and divestments	<u>-</u>	<u>- 3,535</u>
Cash flows from investing activities	- 579	- 5,412
Repayment, lease liabilities	- 3,147	- 2,570
Cash flows from financing activities	- 3,147	- 2,570
Net cash flows for the period	- 25,459	- 28,204
Net capital resources, beginning of period	37,877	49,962
Exchange rate adjustment of capital resources	- 1,603	- 444
Net capital resources, end of period	<u>10,815</u>	<u>21,314</u>
Net capital resources, end of period, are composed as follows:		
Cash and cash equivalents	<u>10,815</u>	<u>21,314</u>
Net capital resources, end of period	<u>10,815</u>	<u>21,314</u>

1. Going Concern

As the group is in a turnaround process and is in breach of the terms of the groups bond, it needs to strengthen its capital structure.

Due to the Corona crisis liquidity is further strained. Cash resources are limited and contingent on an improvement in the Groups activity and a change to a situation with positive operating cash flows and results. The markets for auctioning and online sale of vintage and luxury items are growing, and the group is working hard to take its share of the market through strong initiatives in marketing and in new business areas under development.

Management of the group is working on concrete plans to obtain sufficient financing to secure the growth and operations of the group. The plans include financing based on equity as well as loans, which should secure that the group can realise the plans for the coming financial year.

As mentioned in company statements released on 17 December 2019 and 4 January 2020 it is expected that the new financial structure will include changes to the amortisation of the bond.

In agreement with a group of large bondholders representing 47% of the bonds, it has been decided to appoint an internationally acknowledged M&A consultant to actively pursue the strategic possibilities for strengthening the capital base of Lauritz.com and redeem the bond debt. This process has commenced in April 2020 and is expected to be finalised before the end of 2020.

Until the end of 2020 the above mentioned group of bondholders has agreed not to propose or support any proposal to initiate an enforcement according to the bond debt agreement including enforcement of the security provided in favour of bondholders, provided that the process with the M&A consultant proceeds according to plan.

Material uncertainty relates to the Groups future financial and liquidity set-up as the refinancing activities has not been finalised and therefore contingent on a successful M&A process and managements continuous activities within the financing and liquidity area.

Based on the above mentioned conditions for the Group, management has assessed that the cash resources of the group, provided that the planned financing initiatives are completed and a positive development in the business activities in the remaining part of 2020 are achieved, are sufficient to secure the future operations for at least one year, so that the annual report can be prepared on a going concern basis.

For additional information regarding bond debt and senior loan/ refinancing activities, including the initiated M&A process for the group, reference is made to note 18 and 26 of the Annual report of Lauritz.com Group A/S.

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 March are not influenced by unusual circumstances or changes in accounting estimates, except for the description in Note 1.

	Group 31.03.2020 DKK'000	Group 31.03.2019 DKK'000
3. Revenue		
Auction commissions and fees etc.	44,580	52,195
Other fees, marketing contribution etc.	1,450	1,955
Fees from sales of partnership agreements	-	-
	<u>46,030</u>	<u>54,150</u>
4. Financial income		
Interest income	<u>503</u>	<u>489</u>
Interest income from financial assets	503	489
Exchange rate gains	<u>9,473</u>	<u>2,902</u>
	<u>9,976</u>	<u>3,391</u>
5. Financial expenses		
Financial expenses, banks etc.	123	75
Interest expenses, lease liabilities	421	326
Bank charges etc.	163	136
Interest expenses, debt	1,747	3,768
Guarantee commission	<u>701</u>	<u>-</u>
Interest expenses from financial liabilities	3,155	4,305
Amortisation of borrowing costs, bond debt	<u>-</u>	<u>492</u>
	<u>3,155</u>	<u>4,797</u>
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 2020. The estimated effective tax rate for Danish enterprises is 22.0 percent (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.

7. Intangible assets (DKK'000)

	<u>Software in process of development</u>	<u>Developed software</u>	<u>Acquired rights</u>	<u>Goodwill</u>
Cost at 1 January 2020	64	60,789	69,620	143,174
Exchange rate adjustments	-	130	3,156	7,949
Additions	-	-	-	-
Transfer	-	-	-	-
Cost at 31 March 2020	<u>64</u>	<u>60,659</u>	<u>66,465</u>	<u>143,174</u>
Amortisation at 1 January 2019	-	48,488	20,697	-
Impairment losses at 1 January 2019	64	-	1,200	30,992
Exchange rate adjustments	-	129	635	1,750
Amortisation for the period	-	1,829	955	-
Amortisation and impairment losses at 31 March 2020	<u>64</u>	<u>50,188</u>	<u>22,217</u>	<u>29,242</u>
Carrying amount at 31 March 2020	<u>-</u>	<u>10,471</u>	<u>44,248</u>	<u>105,983</u>
	<u>Software in process of development</u>	<u>Developed software</u>	<u>Acquired rights</u>	<u>Goodwill</u>
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	- 7,760	7,760	-	-
Cost at 31 December 2019	<u>64</u>	<u>60,789</u>	<u>69,620</u>	<u>143,174</u>
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	-	6,658	3,327	-
Amortisation and impairment losses at 31 December 2019	<u>64</u>	<u>48,488</u>	<u>21,896</u>	<u>30,992</u>
Carrying amount at 31 December 2019	<u>-</u>	<u>12,301</u>	<u>47,724</u>	<u>112,182</u>

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 amounts of trademarks without determinable useful lives totals DKK 25.9m at 31 March 2020 (21.9m).

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 discounted cashflow calculation of value in use are the determination of Auction Turnover growth, EBITDA growth, discount rate and terminal value growth rate for the 2021 period (where we expect to be back to normal activity level after the Corona crisis) and the forecast period 2022-2026 and the terminal period.

The assessment of growth rate in Auction Turnover is by nature subject to material uncertainty which naturally impacts the forecasted EBITDA. The Impairment test is based on a successful return to growth, although at a much lower rate than seen previously and Management assess that the used assumptions are realistic to realize. Impairment recognized for 2019 totals DKK 0m (31.5m).

Auction Turnover and EBITDA growth is determined based on historical performance, and Auction Turnover and 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.

Impairment test is based on a turnaround where Auction Turnover increases by 8-10 % in 2021 compared to 2019, and by 4-5% per year in the forecast period 2022 until 2026. Cost development in the forecast period is moderate and primarily driven by increase in commission to partners as well as staff cost and variable cost in own auction houses driven by the higher activity level, whereas the growth in cost for rent of premises is low as the growth in activity can be handled in the physical locations currently in use.

EBITDA is expected to grow from DKK 7.7m in 2019 to a level between DKK 15m and DKK 25m in 2021. This increase in EBITDA is due to a change in business setup with more owned auction houses and a number of cost-cutting initiatives and other initiatives in relation to how the business is operated. The scalability of the business results in a significant growth in EBITDA of approximately 15 percent per year in the forecast period.

Growth in Auction Turnover is driving value creation in the business, as economies of scale are quite high, resulting in the difference in growth rates for Auction Turnover and EBITDA.

7. Intangible assets (continued)

When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approximately 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 (12.2).

The terminal value growth rate of 0.5 percent (2.0) p.a. is based on estimated economic growth.

Sensitivity analysis

The assessment of the assumptions applied when preparing the impairment test is by nature subject to material uncertainty.

A sensitivity analysis has been performed of the main assumptions in the impairment test to identify the impact of a change in the discount rate and the growth rate in the budget period for the cash-generating unit.

The value in use only has a small headroom compared to the book value of the assets, following the impairment made in 2018. Due to this the below sensitivities are shown as the additional impairment that would materialize through a change in the assumptions behind the value in use calculation.

A summary of sensitivity analysis is shown below (all other assumptions unchanged):

	<u>Change in assumption</u>	<u>Additional impairment 2019 (DKK m)</u>	<u>Additional impairment 2018 (DKK m)</u>
Average Auction Turnover-growth from 2019 to 2021	- 3%	12	-
Average Auction Turnover-growth for 2022 to 2026	- 2%	55	-
Average EBITDA-growth for 2022 to 2026	- 3%	30	-
Average EBITDA-growth for 2020 to 2024	- 1%	-	6
WACC, pre-tax	+ 1%	10	14
Terminal growth	- 0.5%	0	12

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

	<u>Right-of-use Assets</u>	<u>Other fixtures etc.</u>
Cost at 1 January 2020	48,620	25,357
Exchange rate adjustments	-	364
Additions	-	646
Remeasuring of lease liabilities	6,890	-
Disposal	-	67
Cost at 31 March 2020	<u>55,510</u>	<u>25,572</u>
Depreciation at 1 January 2020	17,861	19,372
Exchange rate adjustments	-	233
Depreciation for the year	2,954	357
Depreciation related to disposals	-	-
Depreciation at 31 March 2020	<u>20,815</u>	<u>19,496</u>
Carrying amount at 31 March 2020	<u>34,695</u>	<u>6,076</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
Cost at 31 December 2019	<u>48,620</u>	<u>25,357</u>
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
Depreciation at 31 December 2019	<u>17,861</u>	<u>19,372</u>
Carrying amount at 31 December 2019	<u>30,759</u>	<u>5,985</u>

Right-of-use assets is based on the present value of rental agreements for showrooms, warehouses, office space and other facilities. Depreciation is straight-line on basis of the underlying contracts with an average of 2-3 years.

9. Receivables

	Group 31.03.2020 DKK'000	Group 31.12.2019 DKK'000
Trade receivables	7,007	10,789
Contractual receivables	41,208	40,780
Other current receivables	<u>21,803</u>	<u>15,380</u>
	<u>70,018</u>	<u>66,949</u>

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 (36.0m) is expected to mature after 12 months. Impairment of trade receivables and other receivables is made based on expected credit loss. In 2020 impairment losses of DKK 0.0m has been recognized (3.8m).

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:

	Group 31.03.2020 DKK'000	Group 31.12.2019 DKK'000
Lifetime Expected Credit Loss:		
Impairment losses at 1 January	13,951	19,965
Realised impairments losses	-	9,793
Impairment losses for the period	-	5,344
Reversed impairments for the period	<u>-</u>	<u>1,565</u>
Impairment losses end of period	<u>13,951</u>	<u>13,951</u>

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 and Senior loan/ refinancing activities of the group

In June 2019 a senior loan facility was issued to Lauritz.com A/S. The main terms of the senior loan are

- Senior Loan Facility is denominated in SEK equivalent of up to 25mDKK superseding the bond debt.
- Fixed interest rate of 7.5 percent pro annum.
- Scheduled quarterly redemptions with final redemption in December 2020.

The Group has restructured the bond originally issued in 2014. The new bond terms were accepted by bondholders on June 28. 2019. 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 19.
- Additional security EUR 10m 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.

With regards to the ongoing refinancing activities please see note 1 and 17 of this Q1 2020 report as well as note 18 in the Annual report for 2019 for Lauritz.com Group A/S.

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 is specified below.

2020 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt and senior loan	Other liabilities	Net position
NOK	208	70	-	-374	-96
EUR	555	15,102	-	-3,785	11,872
SEK	5,826	8,939	-147,292	-73,168	-205,695
31 March 2020	6,589	24,111	-147,292	-77,327	-193,919
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
31 December 2019	30,833	27,420	-156,106	-105,811	-203,664

11. Financial risks (continued)

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 March 2020 would, including the effects on intangible assets denominated in foreign currencies, affect comprehensive income and equity by approx. DKK 2m (4m). The above table shows the difference between the 31 March 2020 fair value calculated for the Group's monetary assets and liabilities denominated in foreign currencies.

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 deminished 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 (31.12.2019: DKK 0m) 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 conditions of the bond and senior loan debt interest in note 10.

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.

2020 (DKK'000)	0-1 year	1-5 years	5+ years	Total
Bond debt and senior loan	147,292	-	-	147,292
Lease liabilities	12,722	23,215	248	36,185
Other liabilities	109,981	-	-	109,981
31 March 2020	269,995	23,215	248	293,458

2019 (DKK'000)	6 months to 1 year	1-5 years	5+ years	Total
Bond debt and senior loan	156,106	-	-	156,106
Lease liabilities	13,200	18,505	316	32,021
Other liabilities	130,780	-	-	130,780
31 December 2019	300,086	18,505	316	318,907

11. Financial risks (continued)

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)

	Group 31.03.2020 DKK'000	Group 31.12.2019 DKK'000
Profit/Loss for the year	- 4,458	55,088
Number of shares	40,792,542	40,792,542
Average number of shares in circulation	40,703,907	40,702,907
EPS at DKK 0.10	- 0.110	1.353
EPS at DKK 0.10 diluted	- 0.110	1.353

13. Dividend

In 2020, DKK 0 in ordinary dividend has been distributed to the shareholders of Lauritz.com Group A/S, equalling DKK 0 per share (2019: DKK 0 per share).

14. Acquisitions and divestments

Acquisitions in 2019, AB Stockholms Auktionsverk

In March 2018 Lauritz.com separated Stockholms Auktionssverks 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.

	<u>DKK'000</u>
Fixed assets	966
Right-of-use assets, leased space	13,620
Other receivables	1,210
Cash and cash equivalents	3,638
Leasing liabilities	- 13,620
Trade payables	- 800
Other payables	- <u>5,167</u>
Net assets acquired	- 153
Brand value	14,587
Goodwill	<u>11,349</u>
Total consideration	25,783

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	- 294
Share of result for the period 1 January – 5 March 2019, 49%	- <u>381</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>
Total cost of acquisition	25,783

Of the Group's 2019 revenue DKK 16,045k and DKK -4,446k of the Group's 2019 profit/loss before tax is attributable to the acquired Swedish activities.

14. Acquisitions and divestments (continued)**Acquisitions in 2019, Danish activities**

In March and May 2019 the Group acquired the activities of 2 auction houses in Herning and Aarhus from previous partners, to operate these auction houses ourselves.

	<u>DKK'000</u>
Fixed assets	150
Right-of-use assets, leased space	4,952
Deposits	289
Other receivables	40
Lease liabilities	- 4,952
Other payables	- 412
Net assets acquired	67
Goodwill	<u>7,442</u>
Total consideration	7,509

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. 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	<u>7,442</u>
Total cost of acquisition	7,509

Of the Group's 2019 revenue DKK 4,376k and DKK -2,277k of the Group's 2019 profit/loss before tax is attributable to the acquired Danish activities.

Had the 2019 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.

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:

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

Subsidiaries	Registered office	Ownership interest
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 %
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.

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.

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.

As part of the restructuring of the bond the main shareholder Blixt 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.

17. Events after the balance sheet date

In March 2020, the spread of the Corona virus is impacting the outlook for the business. A number of initiatives has been taken to minimize the financial impact. We monitor the situation closely, contingency plans are in place and all relevant precautions are taken for the business, customers visiting our auction houses and for the employees.

Based on the development seen in April we are expecting that the Corona crisis will continue to impact our Auction Turnover in Q2, however on a manageable level. Revenue and result is very difficult to forecast since numerous factors are unknown at this time.

In April, and in agreement with a group of large bondholders owning 47% of the bond, the group has appointed an M&A consultant to actively pursue the strategic possibilities for strengthening the capital base of Lauritz.com and redeem the bond debt.

Until the end of 2020 the above mentioned group of bondholders has agreed not to propose or support any proposal to initiate an enforcement of the security provided in favour of bondholders, provided that the process with the M&A consultant proceeds according to plan.

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

18. 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 2019 annual report for a more detailed description of the accounting policies, including definitions of the disclosed financial ratios.