



LAURITZ

INTERIM REPORT
JANUARY – MARCH 2023

Lauritz.com Group A/S
CVR no. 37627542
Company announcement 31 May 2023

2023 Highlights

January – March 2023

- EBITDA improvement by 44 percent
- Cost reduced by 5.4 percent.
- Revenue decline of 4.2 percent
- Total Sales decrease of 20.1 percent.
- Number of knockdowns decrease of 14.2 percent.
- Average total sales price down by 6.9 percent.

Lauritz.com Group key figures

000 DKK	January – March	
	2023	2022
Total sales	89,223	111,670
Number of Knockdowns	28,803	33,562
Average total sales price, DKK	3,098	3,327
Revenue	30,867	32,214
EBITDA	-570	-1,027
EBIT	-2,070	-2,142
Total sales Margin ¹	-0.6%	-0.9%
Profit/Loss	-3,176	-3,201
Earnings per share, DKK	-0.078	-0.078
Cash flow from operating activities	6,781	-2.472

¹ Total sales Margin = EBITDA/Total sales.

Management Comments

In the first quarter of 2023 the business of Lauritz.com group delivered an improvement in EBITDA of 44 percent to DKK -0.6m compared to last year (-1.0m).

The result is impacted positively by cost savings as well as higher commission and fee rates. However, the lower sales – that are due to reluctant buying behaviour among consumers - almost offsets these improvements.

Total sales

Total sales in Q1 amounted to DKK 89.2m (111.7), a decrease of 20.1 percent compared to last year.

The decrease in sales is caused by the general slowdown that we register in the market as a consequence of the inflation and increase in interest rates. As many other companies selling consumer durables, we see how the consumption crisis in Denmark and internationally influence the consumer behavior within the home and interior segment (consumer trust regarding consumer durables was in March 2023 at -39.6% according to Statistics Denmark). The consumers are more reluctant, reducing their spendings. After a promising start of 2023, we have experienced a sudden and significant drop in sales. This development seems to follow the general trend and level in the market for comparable businesses within home and interior items.

Historically, Lauritz has always done well during times of financial crisis in the society, with a quick rebound following an initial drop in Sales. However, the current period with reduced consumer spending seems to continue longer than initially anticipated.

In general, the consumption crisis has influenced our buying customers' behavior more than our sellers'. Many of our selling costumers are still keen on selling, since auction sales contribute to the household economy for private sellers, and since many professionals are struggling to clear the stock in their own businesses (retail shops, design producer etc.). Thus, we maintain a reasonable number of items for sale on the site (10.700 active auctions on May 30). Parallely, the online traffic from potential buyers is performing at a satisfactory level. The main challenge is that the conversion rate is lower than normal; meaning that the relatively high traffic generates lower total sales as consumers are reluctant in their spendings.

Taking the above into consideration, we have revised the prognoses for 2023 by assessing the expected impact for the full year. The presumptions are based on a slow recovery in consumer spendings, where Total Sales are foreseen to reach last year's level around the end of Q3 while Q4 is expected to show growth compared to the weak Q4 of last year. This results in the Total Sales guidance being adjusted to a decrease of -10 to -15 percent compared to 2022.

Revenue

Revenue amounted to DKK 30.9m (32.2), a decrease of 4.2 percent compared to last year.

Revenue is impacted positively by increases in commission and fee rates, reducing the impact of the lower Total Sales on earnings.

Development in EBITDA

In the first quarter the operating costs have been reduced with a 5.4 percent cost reduction. Cost reductions are a result of taking over auction houses from partners, as well as of staff reductions in auction houses operated by Lauritz and in headquarter functions. These savings have been implemented to adjust the organization to the current sales level.

As a result, EBITDA for Q1 2023 is DKK -0.6m (-1.0m). The DKK 0.4m improvement is a result of the cost reductions that more than offset the reduced revenue.

Further cost saving initiatives as to general cost reductions and more staff reductions have been implemented in Q1. These latest changes will positively affect the result in Q2 and onwards.

Cash flow from Q1 2023 operating activities is DKK 6.8m (-2.4m). The DKK 9.2m improvement is mainly driven by changes in working capital items.

Operating Profit (EBIT)

The Operating Profit for the first quarter was unchanged at DKK -2.1m (-2,1m), driven by the improved EBITDA offset by additional depreciation and amortization.

Management Comments

Profit/Loss before tax (EBT)

The Profit/Loss before tax for the year DKK -3.2m, is at the same level as last year.

Commercial initiatives

For the above reasons, we at have launched a large number of commercial initiatives to support and increase sales; e.g. a new CRM structure for our KAMs (key account experts proactively sourcing items from private and professional sellers), an abolition of minimum reserves on auction items with an estimate below DKK 2,000, an introduction of online live shopping events and physical local events to promote our new Buy Now business toward a new clientele of buying customers, a shift in marketing strategy to address existing and new buying customers rather than sellers, an upgrade of our marketing segmentation system targeting the app. 450.000 subscribers to Lauritz' popular newsletter etc.

The Buy Now business area was launched in Q4 2022. The feature offers customers to sell or buy items at a fixed price – as an alternative to the auctions. The sales of items at fixed price are growing steadily and is now becoming a strong addition to Lauritz' auction business.

Financing

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

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

We are currently working to ensure a new financing in both the short and long term. We have several ongoing negotiations that could ensure a greater financial flexibility to handle the current unusual fluctuations in our sales, but also the possibility of expanding Lauritz.com in the longer term, e.g. within selected item categories and outside Denmark's borders.

Guidance for 2023

Our guidance for 2023 is:

- Total Sales: Decrease of -10 to -15 % (previously 0 to +5%)
- Operating Profit: DKK -3 to +3m (previously +3 to +8m)
- Free Cash Flow: Slightly positive

Bengt Sundström, Chairman of the board

Mette Margrethe Rode Sundström, 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.

This is how it works

Lauritz.com sources items locally to sell globally. Lauritz.com has 12 physical auction houses. Here local sellers can consign items for auction. Sellers can 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

The wide assortment comprises everything from luxury flea market finds to expensive international art works - from DKK 800 and up. The categories cover modern art, antique art and sculptures, furniture, lamps, carpets, ceramics, silver, glass, jewellery, clocks, wine, hunting equipment, collectables and much more. 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 such 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 customers 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 a contemporary 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 25 percent in buyer's premium plus a knockdown fee of DKK 110. The seller pays 15 percent in seller's premium plus a knockdown fee of DKK 200. The buyer pays the knockdown and premiums within 3-5 days. Lauritz.com pays the seller within 60 bankdays.

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.

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 exist in 3 languages, and more can be added.

Lauritz.com – a pioneer in the auction industry

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 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 2023

Revenue

Revenue amounted to DKK 30.9m (32.2m), a decrease of 4.2 percent compared to same period in 2022. Revenue is impacted positively by increases in commission and fee rates, reducing the impact of the lower Total Sales on earnings.

EBITDA and Total Sales margin

EBITDA amounted to DKK -0.6m (-1.0m). The increase is mainly due to savings in cost of operations.

The Total Sales Margin improved by 0.3 to -0.6 percent.

Operating profit

Operating profit/loss for the period amounted to DKK -3.2m (-3.2m).

Net financials

Net financials were DKK -1.1m (-1.1m).

Profit for the period and earnings per share

Profit for the period was DKK -3.2m (-3.2m). Earnings per share amounted to DKK -0.078 (-0.078).

Cash flow

Cash flow from operating activities is DKK 6,8m (-2.5m). The DKK 9.3m improvement is driven by increase in EBITDA, changes in working capital items, and lower interest payments.

Financial position, cash and cash equivalents

At the end of the period the equity in the group is DKK -46.6m (-43.5m) and the group's total assets are DKK 139m (116m).

The equity/assets ratio is -33.5 (-37.5) percent. The plan for reestablishing the equity is based on future earnings and equity based funding.

Cash and cash equivalents amounted to DKK 3.7m (2.7).

Investments

Investments in the period amounted to DKK 9.9m (0.4m), mainly in shares, other fixed assets and software under development related to auction houses and IT infrastructure.

Human resources

The average number of full-time employees (FTE) in the first quarter of 2023 in Lauritz.com Group A/S and its subsidiaries was 123 (59) driven by the acquisition of showrooms in Denmark.

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.

Events after the end of the period

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

Future prospects

Our guidance for 2023 is:

- Total Sales: Decrease of -10 to -15 % (previously 0 to +5%)
- Operating Profit: DKK -3 to +3m (previously +3 to +8m)
- Free Cash Flow: Slightly positive

1 January – 31 March 2023

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 funded by a bond debt, which amounted to DKK 92.4m (93.6). The bond is a senior secured bond of SEK 140m with a fixed interest rate of 4.0 percent.

The remaining bond debt will mature in December 2024.

Parent company

Lauritz.com Group A/S, being the parent company, is listed on Nasdaq First North Growth Market 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 March 2023.

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 2023 and of the results of its operations and cash flows for the period 1 January to 31 March 2023.

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, 31 May 2023

Executive Management:

Mette Margrethe Rode Sundstrøm, CEO; Preben Vinkler Lindgaard, CFO

Board of Directors:

Bengt Sundström, Chairman; Preben Vinkler Lindgaard; Tue Byskov Bøtkær

Company auditor:

Beierholm, Statsautoriseret Revisionspartnerselskabs

Company details:

Parent company:

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For more information, please contact:

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Reporting schedule

Interim Report, Q2 2023 24 August 2023

Interim Report, Q3 2023 26 October 2023

Group financial highlights

	Q1 2023 DKK'000	Q1 2022 DKK'000	Year 2022 DKK'000	Year 2021 DKK'000
Total sales ¹	89,223	111,670	390,970	429,647
Statement of comprehensive income				
Revenue	30,867	32,214	110,309	129,435
Gross profit	22,388	15,596	65,333	61,365
EBITDA	-570	-1,027	6,447	911
Operating profit (EBIT)	-2,070	-2,142	998	-7,514
Net financials	-1,106	-1,059	477	-6,261
Profit before tax (EBT)	-3,176	-3,201	1,475	-13,775
Tax on profit for the period	-	-	-68	5,672
Profit/loss for the period, continuing operations	-3,176	-3,201	1,407	-8,103
Profit/loss for the period, discontinued operations	-	-	-	-27,125
Profit/loss for the period, total	-3,176	-3,201	1,407	-35,228
Other Comprehensive income	-	-	-	15,327
Total comprehensive income	-3,176	-3,201	1,407	-19,901
Balance sheet				
Non-current assets	102,554	72,230	73,306	70,722
Current assets	36,487	72,197	42,599	75,505
Share capital	4,079	4,079	4,079	4,079
Equity	-46,628	-48,061	-43,453	-44,860
Non-current liabilities	115,359	112,016	103,982	112,033
Current liabilities	70,311	80,472	55,376	79,054
Balance sheet total	139,041	144,427	115,904	146,227
Cash flow				
Operating activities	6,781	-2,472	-3,028	-12,106
Investing activities	-9,918	-376	-1,842	63,206
Of this, investments in property plant and equipment	-569	-376	-678	-507
Financing activities	4,164	-582	-13,150	-48,218
Total cash flows, continuing operations	1,027	-3,430	-18,020	2,882
Total cash flows, discontinued operations	-	-	-	-16,816
Total cash flows	1,027	-3,430	-18,020	-13,934

¹ Total sales reflect activities on www.lauritz.com and mobile apps. Total sales includes value of goods sold and hammer prices and buyer's premiums and fees exclusive of VAT.

Group financial highlights

	Q1 2023 DKK'000	Q1 2022 DKK'000	Year 2022 DKK'000	Year 2021 DKK'000
Ratios				
Gross margin	72.5%	48.4%	59.2%	47.4%
EBITDA margin	-1.8%	-3.2%	5.8%	0.7%
Profit margin	-6.7%	-6.6%	0.9%	-5.8%
Equity ratio	-33.5%	-33,3%	-37.5%	-30.7%
Return on equity	- %	- %	- %	- %
Earnings per share (Basic), cont. operations DKK	-0.078	-0.078	0.034	-0.199
Earnings per share (Basic), discount. operations DKK	-	-	-	-0.666
Dividend per share	0	0	0	0
Average number of full-time employees:				
Continuing operations	123	59	58	60
Discontinued operations	-	-	-	111

Statement of comprehensive income

<u>Notes</u>	<u>Group</u>				
	<u>Q1 2023 DKK'000</u>	<u>Q1 2022 DKK'000</u>	<u>Year 2022 DKK'000</u>	<u>Year 2021 DKK'000</u>	
3	Revenue	30,867	32,214	110,309	129,435
	Direct costs	<u>-8,479</u>	<u>-16,618</u>	<u>-44,976</u>	<u>-68,070</u>
	Gross profit	22,388	15,596	65,333	61,365
	Other external expenses	-7,168	-6,165	-22,028	-22,624
	Staff costs	<u>-15,790</u>	<u>-10,458</u>	<u>-36,858</u>	<u>-37,830</u>
	EBITDA	-570	-1,027	6,447	911
	Depreciation and amortisation	<u>-1,500</u>	<u>-1,115</u>	<u>-5,449</u>	<u>-8,425</u>
	Operating profit/loss (EBIT)	-2,070	-2,142	998	-7,514
4	Financial income	1,267	1,171	9,422	3,853
5	Financial expenses	<u>-2,373</u>	<u>-2,230</u>	<u>-8,945</u>	<u>-10,114</u>
	Profit/Loss before tax (EBT)	-3,176	-3,201	1,475	-13,775
6	Tax on profit/loss for the period	<u>-</u>	<u>-</u>	<u>-68</u>	<u>5,672</u>
	Profit/Loss for the period:				
	Continuing operations	-3,176	-3,201	1,407	-8,103
	Discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-27,125</u>
	Profit/loss for the period, total	<u>-3,176</u>	<u>-3,201</u>	<u>1,407</u>	<u>-35,228</u>
	Items that can be reclassified to profit or loss:				
	OCI, discontinued operations:				
	Exchange adj., released as profit or loss	-	-	-	15,327
	Tax, other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,327</u>
	Total comprehensive income	<u>-3,176</u>	<u>-3,201</u>	<u>1,407</u>	<u>-19,901</u>
	Earnings per share, continuing operations:				
12	Earnings per share, DKK	<u>-0.078</u>	<u>-0.078</u>	<u>0.034</u>	<u>-0.199</u>
12	Earnings per share, diluted DKK	<u>-0.078</u>	<u>-0.078</u>	<u>0.034</u>	<u>-0.199</u>
	Earnings per share, total:				
12	Earnings per share, DKK	<u>-0.078</u>	<u>-0.078</u>	<u>0.034</u>	<u>-0.865</u>
12	Earnings per share, diluted DKK	<u>-0.078</u>	<u>-0.078</u>	<u>0.034</u>	<u>-0.865</u>

Balance sheet

	Group 31.03.2023 DKK'000	Group 31.12.2022 DKK'000
Assets		
Notes		
Non-current assets		
7 Software under development	1,757	358
7 Developed software	660	728
7 Goodwill	<u>58,933</u>	<u>42,456</u>
Total intangible assets	<u>61,350</u>	<u>43,542</u>
8 Right-of-use assets	16,831	6,833
8 Other fixtures and fittings, tools and equipment	<u>4,666</u>	<u>4,583</u>
Total property, plant and equipment	<u>21,497</u>	<u>11,416</u>
Deferred tax	16,019	15,829
Deposits	<u>3,688</u>	<u>2,519</u>
Total financial assets	<u>19,707</u>	<u>18,348</u>
Total non-current assets	<u>102,554</u>	<u>73,306</u>
Current assets		
Inventories	<u>151</u>	<u>44</u>
Trade receivables	2,962	2,020
Contractual receivables	8,301	7,969
Other current receivables	<u>21,331</u>	<u>29,850</u>
9 Total receivables	<u>32,594</u>	<u>39,839</u>
Cash and cash equivalents	<u>3,742</u>	<u>2,715</u>
Total current assets	<u>36,487</u>	<u>42,598</u>
Total assets	<u>139,041</u>	<u>115,904</u>

Balance sheet

Equity and liabilities

<u>Notes</u>	<u>Group 31.03.2023 DKK'000</u>	<u>Group 31.12.2022 DKK'000</u>
Equity		
Share capital	4,079	4,079
Retained earnings	- 50,708	- 47,532
Total equity	- 46,629	- 43,453
Liabilities		
Deferred tax	901	901
10 Bond debt	92,442	93,604
Lease liabilities	11,821	4,771
Other payables	<u>10,195</u>	<u>4,706</u>
Total non-current liabilities	<u>115,359</u>	<u>103,982</u>
Lease liabilities	5,546	2,615
Trade payables	46,675	39,125
Other payables	<u>18,090</u>	<u>13,635</u>
Total current liabilities	<u>70,311</u>	<u>55,375</u>
Total liabilities	<u>185,670</u>	<u>159,357</u>
Total equity and liabilities	<u>139,041</u>	<u>115,904</u>

11 Financial risk

Statement of changes in equity

	Share capital	Retained earnings	Total Equity
	DKK'000	DKK'000	DKK'000
Equity at 1 January 2023	4,079	-47,532	-43,453
Profit/Loss for the year	-	-3,176	-3,176
Equity at 31 March 2023	4,079	-50,708	-46,629
Equity at 1 January 2022	4,079	-48,939	-44,860
Profit/Loss for the year	-	1,407	1,407
Equity at 31 December 2022	4,079	-47,532	-43,453

Cash flow statement

	Group Q1 2023 DKK'000	Group Q1 2022 DKK'000
Operating profit (EBIT)	-2,070	-2,142
Depreciation amortisation, and impairments	1,553	1,121
Increase/decrease in inventories	-10	-13
Increase/decrease in receivables	-1,234	-109
Increase/decrease in trade payables and other payables	<u>11,069</u>	<u>2,776</u>
Cash flows from ordinary operating activities	9,308	1,633
Interest received	46	223
Interest and financial expenses paid	<u>-2,573</u>	<u>-4,328</u>
Cash flows from operating activities	<u>6,781</u>	<u>-2,472</u>
Purchase of property, plant, and equipment	-569	-376
Purchase of intangible assets	-1,399	-
Purchase of financial assets	-1,283	-
17 Acquisitions, net	<u>-6,667</u>	<u>-</u>
Cash flows from investing activities	<u>-9,918</u>	<u>-376</u>
Repayment, lease liabilities	-1,383	-582
Added other debt	5,750	-
Repayment, other debt	<u>-203</u>	<u>-</u>
Cash flows from financing activities	<u>4,164</u>	<u>-582</u>
Net cash flows for the period, continued operations	1,027	-3,430
Net capital resources, beginning of period	<u>2,715</u>	<u>20,735</u>
Net capital resources, end of period	<u>3,742</u>	<u>17,305</u>
Net capital resources, end of period includes:		
Cash and cash equivalents	<u>3,742</u>	<u>17,305</u>
Net capital resources, end of period	<u>3,742</u>	<u>17,305</u>

1. Going Concern

During the last 3 years the group has improved its earnings primarily through significant cost reductions. Cost reductions have been achieved both through cost reductions in own auction houses, through taking over partner owned auction houses and by reducing cost in Lauritz headquarter. This has resulted in an improvement in our EBIT from DKK -14,4m in 2020 to DKK -7.5m in 2021 and further to DKK 1.0m in 2022. From the beginning of 2023 we have increased our fees and commissions, which together with further cost reductions contribute to the expected continued growth in earnings.

The growth is expected to be limited or negative in 2023 due to reluctant consumer spendings within consumer durables in the home and interior segment as a consequence of the inflation and increased interest rates. However, the growth is foreseen to continue in 2024 based on an expected recovery in consumer spendings as well as a related pick-up of the growing interest in luxury items and sustainable vintage items.

Cash resources are limited and contingent on a continuation of the improvements described above in the Group's earnings and the resulting change to a situation with positive operating cash flows. As the markets for auctioning and online sale of luxury and vintage items are expected to grow on longer terms, Lauritz is working hard to take its share of the market through strong initiatives in marketing and in new business areas under development. Further, the group is working on increasing its geographical footprint.

Management is continuing the work on securing further capital for reduction of current liabilities, growth initiatives as well as for refinancing the bond which matures in December 2024, looking into loans as well as equity-based financing options. Based on the above-mentioned conditions for the Group, and the willingness of the main shareholder to facilitate debt-based funding through additional security in assets owned by the main shareholder or in the shares of the main shareholder, management has assessed that the cash resources of the group are sufficient to secure the future operations for at least one year, so that the report can be prepared on a going concern basis.

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 2023 are not influenced by unusual circumstances or changes in accounting estimates, except for the descriptions in Note 1 and 19.

	Group Q1 2023 DKK'000	Group Q1 2022 DKK'000
3. Revenue		
Commissions and fees etc.	25.337	30,871
Value of goods sold	5,305	-
Other fees, marketing contribution etc.	<u>225</u>	<u>1,343</u>
	<u>30,867</u>	<u>32,214</u>

4. Financial income

Interest income	60	223
Exchange rate gains	<u>1,207</u>	<u>948</u>
	<u>1,267</u>	<u>1,171</u>

Notes

5. Financial expenses

Financial expenses, banks etc.	355	281
Interest expenses, lease liabilities	346	85
Interest expenses, debt	970	1,094
Guarantee commission	<u>702</u>	<u>770</u>
	<u>2,373</u>	<u>2,230</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 2023. 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.

7. Intangible assets (DKK'000)

	Software in process of development	Developed software	Acquired rights	Goodwill
Cost at 1 January 2023	358	59,756	14,177	42,456
Additions	1,399	-	-	-
Additions acquisitions	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,477</u>
Cost at 31 March 2023	<u>1,757</u>	<u>59,756</u>	<u>14,177</u>	<u>58,933</u>
Amortisation at 1 January 2023	-	59,028	12,977	-
Impairment losses at 1 January 2023	-	-	1,200	-
Amortisation for the period	<u>-</u>	<u>68</u>	<u>-</u>	<u>-</u>
Amortisation and impairment losses at 31 March 2023	<u>-</u>	<u>59,096</u>	<u>14,177</u>	<u>-</u>
Carrying amount at 31 March 2023	<u>1,757</u>	<u>660</u>	<u>-</u>	<u>58,933</u>
Cost at 1 January 2022	64	60,288	14,177	40,546
Additions	964	200	-	1,910
Exchange rate adjustments	-	1	-	-
Disposals	-	-1,339	-	-
Transferred to developed software	<u>-606</u>	<u>606</u>	<u>-</u>	<u>-</u>
Cost at 31 December 2022	<u>358</u>	<u>59,756</u>	<u>14,177</u>	<u>42,456</u>
Amortisation at 1 January 2022	-	57,703	12,977	-
Impairment losses at 1 January 2022	64	-	1,200	-
Amortisation for the period	-	2,664	-	-
Disposals	<u>-64</u>	<u>-1,339</u>	<u>-</u>	<u>-</u>
Amortisation and impairment losses at 31 December 2022	<u>-</u>	<u>59,028</u>	<u>14,177</u>	<u>-</u>
Carrying amount at 31 December 2022	<u>358</u>	<u>728</u>	<u>-</u>	<u>42,456</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 at 31 March 2023 totals 0.0m (0.0m).

Acquired enterprises are integrated in the Group as soon as possible to realize 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 2022, 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 Total sales growth, EBITDA growth, discount rate and growth rate for the 2023 period, the forecast period 2024-2028, and the terminal period.

The assessment of growth rate in Total sales 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 lower growth rate than previously and Management assess that the used assumptions are realistic to realize. Impairment recognized for 2022 totals DKK 0m (0m).

Total sales and EBITDA growth is determined based on historical performance, and Total sales 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 Total sales increases by 0-5 % in 2023 compared to 2022, and by 5% per year in the forecast period 2024 until 2028. 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, and the growth in cost for rent of premises is moderate as the growth in activity can be handled in the physical locations currently in use.

EBITDA is expected to grow from 2022 to 2023 in line with the growth in EBIT mentioned in the guidance for 2023. The increase in EBITDA is primarily due to growth in Revenue, and further strengthened by 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.

Growth in Total sales is driving value creation in the business. Economies of scale are quite high, resulting in a yearly growth in EBITDA of 10-15 percent, bringing EBITDA to a level between DKK 15m and 20m at the end of the forecast period.

When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approximately 10-15 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 12.5 percent (11.5).

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

7. Intangible assets (continued)**Sensitivity analysis**

Compared to previous years, the headroom in the impairment test has increased.

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

	Group
	<u>2022</u>
Average Total sales growth for 2024 to 2028	0 %
Average EBITDA-growth for 2024 to 2028	-29 %
WACC, pre-tax	25 %
Terminal growth	Can not result in impairment on its own

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

	<u>Right-of-use Assets</u>	<u>Other fixtures etc.</u>
Cost at 1 January 2023	9,962	20,336
Additions	-	422
Additions from acquisitions	9,903	729
Remeasuring of lease liabilities	1,461	-
Disposed/expired	<u>-1,291</u>	<u>-</u>
Cost at 31 March 2023	<u>20,035</u>	<u>21,487</u>
Depreciation at 1 January 2023	3,129	15,753
Addition from acquisitions	-	582
Depreciation for the period	1,419	486
Depreciation related to disposals/expirations	<u>-1,344</u>	<u>-</u>
Depreciation at 31 March 2023	<u>3,204</u>	<u>16,821</u>
Carrying amount at 31 March 2023	<u>16,831</u>	<u>4,666</u>
Cost at 1 January 2022	7,891	19,960
Additions	1,582	678
Remeasuring of lease liabilities	2,295	-
Disposed/expired	<u>-1,806</u>	<u>-248</u>
Cost at 31 December 2022	<u>9,962</u>	<u>20,336</u>
Depreciation at 1 January 2022	2,405	15,779
Depreciation for the year	2,625	230
Depreciation related to disposals/expirations	<u>-1,901</u>	<u>-256</u>
Depreciation at 31 December 2022	<u>3,129</u>	<u>15,753</u>
Carrying amount at 31 December 2022	<u>6,833</u>	<u>4,583</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 3 years.

9. Receivables

	Group 31.03.2023 DKK'000	Group 31.12.2022 DKK'000
Trade receivables	2,962	2,020
Contractual receivables	8,301	7,969
Other current receivables	<u>21,331</u>	<u>29,850</u>
	<u>32,594</u>	<u>39,839</u>

Contractual receivables relate to the sale of 2 (2) partnership agreements. The contractual receivables from sale of partnerships agreements are in the range of DKK 2.0m to DKK 6.3m. 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. The receivable related to the sale of shares is non-interest bearing and has no contingencies.

Of the contractual receivables DKK 7.6m (7.6m) is expected to mature after 12 months. Impairment of trade receivables and other receivables is made based on expected credit loss. During Q1 2023 and 2022 no additional impairment losses has been recognized.

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.

The impairment losses included in receivables have developed as follows:

Lifetime Expected Credit Loss:

Impairment losses at 1 January	889	981
Realised impairments losses	-	92
Impairment losses for the period	<u>-</u>	<u>-</u>
Impairment losses end of period	<u>889</u>	<u>889</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 recognized if the receivables show indication of impairment.

10. Bond debt and Senior loan/ refinancing activities of the group

The Group has a bond originally issued in 2014.

The main terms of the bond debt are:

- Outstanding principal amount SEK 140m (SEK 155m).
- Fixed interest rate of 4.0 percent on the principal amount SEK 140m.
- Final redemption date of SEK 140m is 17 December 2024, no yearly redemptions.
- Interest for the period 17 December 2020 to 17 December 2021 to be paid at maturity of the bond in December 2024.
- 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.

11. Financial risks

Currency risks

The Group's currency risks for the continuing operations are primarily related to the bond debt denominated in SEK. The remaining currency exposure is primarily in DKK. The difference between ingoing and outgoing payments denominated in the same currency is a measure of currency risk. The Group's currency exposure is specified below.

The bonds issued are in SEK. 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 2023 would, including the effects on intangible assets denominated in foreign currencies, affect income and equity by approx. DKK 3.8m (3.8m).

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 and is primarily related to interest on cash in bank accounts.

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.

2023 (DKK'000)	0-1 year	1-2 years	2-3 years	3+ years	Total
Bond principal	-	97,089	-	-	97,089
Bond interest (2023-2024)	3,883	3,513	-	-	7,396
Other non-current debt	1,200	1,200	1,200	1,947	5,547
Lease liabilities	5,546	5,575	6,246	-	17,367
Current liabilities	64,803	-	-	-	64,803
31 March 2023	75,432	107,377	7,446	1,947	192,202
2022 (DKK'000)	0-1 year	1-2 years	2-3 years	3+ years	Total
Bond principal	-	98,310	-	-	98,310
Bond interest (2023-2024)	3,932	3,932	2,694	-	10,558
Lease liabilities	2,615	2,664	2,107	-	7,386
Other liabilities	51,262	1,479	-	-	52,741
31 December 2022	57,809	106,385	4,801	-	168,995

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 60 bank days.

11. Financial risks (continued)

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 ALTAPAY, Credorax, Jyske Bank 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 Group. Reference is made to note 1.

12. Earnings per share (EPS)

	Group Q1 2023 DKK'000	Group Year 2022 DKK'000
EPS total		
Profit/Loss for the period	-3,176	1,407
Number of shares	40,792,542	40,792,542
Average number of shares in circulation	40,792,542	40,792,542
EPS at DKK 0.10	-0.078	0.034
EPS at DKK 0.10 diluted	-0.078	0.034

13. Dividend

In 2023, DKK 0 in ordinary dividend has been distributed to the shareholders of Lauritz.com Group A/S, equalling DKK 0 per share (2022: DKK 0 per share).

14. Acquisitions and divestments

As of January 1, 2023 the Lauritz showroom activities in Odense, Vejle, Soeborg and Roskilde were acquired from previous partners in order to operate the showroom ourselves.

The acquired activities includes:

	<u>DKK'000</u>
Tangible assets	149
Right-of-use assets (leased property)	9,903
Goodwill	13,999
Deposits	984
Inventory	40
Receivables from sales	816
Receivables from group	1,387
Other receivables and prepaid cost	409
Deferred tax	197
Company tax	38
Cash and bank	<u>779</u>
Total assets	28,701
Lease liabilities	9,903
Trade payables	211
Other payables and short term debt	<u>6,200</u>
Net assets	12,387
Transfer of debt	8,198
Value of consideration, payable	<u>6,667</u>
Total consideration	14,865
Goodwill arising from the acquisition	<u>2,478</u>

No part of the total consideration is recognized as contingent consideration. The Group has invested in net assets totalling DKK 12.4m including cash of DKK 0.8m. The Group has incurred transaction costs of DKK 0.0m.

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	Søborg, 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 %
LC Danmark ApS	Søborg, Denmark	100 %
Lauritz København ApS	Søborg, Denmark	100 %
Lauritz Vejle ApS	Vejle, Denmark	100 %
Lauritz Shop A/S (dormant)*	Søborg, Denmark	100 %
QXL.no AS (dormant) *	Oslo, Norway	100 %
Lauritz.com Globen AB (dormant)*	Stockholm, Sweden	100 %
LC SE1 AB (dormant)*	Helsingborg, Sweden	100 %
LC SE2 AB (dormant)*	Helsingborg, Sweden	100 %

* The company is not audited by Beierholm.

Related individuals

Bengt Sundström, Chairman of The Board of Directors (since 2016)

Mette Margrethe Rode Sundstrøm, CEO (since January 2022), Member of the Board of Directors (2017 to January 2022)

Preben Vinkler Lindgaard, CFO and Member of The Board of Directors (since 2018)

Tue Byskov Bøtkjær, Member of the Board of Directors (since October 2021).

Transactions with related parties

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

Assets has been pledged with EUR 10m by the parent Group Blixt Holding. This agreement includes guarantee commission paid by the Group.

The Group has interest-bearing long-term receivables from parent companies (Blixt Holding A/S, Ejendomsselskabet Blixt Aps) at DKK 18.5m (DKK 17.9m).

18. Events after the balance sheet date

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

19. 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 2022 consolidated financial statements, which are in accordance with International Financial Reporting Standards as adopted by the EU. We refer to the 2022 annual report for a more detailed description of the accounting policies, including definitions of the disclosed financial ratios.