

## Lauritz.com Group A/S – Interim report January – March 2023

No. 4/2023  
Copenhagen, 31 May 2023

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.

## **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 Sundstrøm, CEO**

**Preben Vinkler Lindgaard, CFO**

### 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

	January - March	
	2023	2022
000 DKK		
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 <sup>1</sup>	-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

<sup>1</sup> Total Sales Margin = EBITDA/Total Sales.

### Link to the financial report:

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

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