

Lauritz.com Group A/S interim report January – December 2020

No. 3/2021
Copenhagen, 25 February 2021

Development in EBITDA

Auction Turnover for the quarter increased 20.3 percent compared to same period 2019. The increase is driven by continued strong commercial initiatives. This convincing growth in Q4 further strengthen the growth of 14 percent executed in Q3. In total a growth of 17 percent was achieved in the second half of 2020 compared to 2019.

EBITDA in the fourth quarter of 2020 is DKK 13.9m compared to DKK 2.0m previous year driven by increase in revenue as well as a decrease in costs.

In total, costs decreased by 4.0 percent compared to Q4 last year. As a result of Lauritz.com taking over a number of auction houses from partners the costs related to these houses change from partner commission (in variable expenses) to salaries and other external expenses.

The Cash Flow from Operations in Q4 is DKK 31.6m an increase of DKK 7.4m compared to the same period in 2019. The change is driven by the improved EBITDA and timing of payments from auction sales, auction settlements, and receivables.

In the first 2 month of 2021, we have executed a significant continued growth in auction turnover of 14 percent in January (compared to a January in 2020 that was strong due to 20 year anniversary campaign activities). In February, the growth is further increasing and up at approximately 30 percent compared to 2020, continuing and accelerating the strong momentum now seen over the last 8 months since June 2020. In this periode, the growth has steadily increased in all of Lauritz.com's main markets; Denmark, Sweden, Finland and Germany.

Commercial initiatives

To further strengthen the growth in both auction turnover and revenue, we will keep launching new commercial initiatives as a supplement to the current successful sales- and marketing activities.

In Sweden specifically, the consequent change of management in 6 of Stockholms Auktionsverks auction houses, now shows results through a remarkable growth in both turnover and earnings.

Thus, the comprehensive modernization and optimization process that all Stockholm Auktionsverk houses have gone through under the last two years has both released resources for intensified sales focus attracting more sellers as well as a lean operation focus, reducing costs.

Furthermore, we have moved to better locations in Helsingborg (Sweden), Malmö (Sweden) and Aarhus (Denmark) and at the same time reduced rental costs, which has resulted in improvements in the businesses and in profitability.

Generally, Covid19 has stimulated consumers to increase their purchases at online platforms. However, the biggest challenge in the auction business is always to get a sufficient in-flow of items from auction sellers which has been complicated by the fear of Covid19 since potential sellers have been more reluctant letting our experts into their homes. Therefore, our growth has not been triggered by Covid19, but by a quick and thorough adjustment of strategy, Lauritz.com has thereby managed to increase the amount of online and video evaluations as well as the number of home visits by our experts and free pick-ups by our drivers. Key factors resulting in more consignments from sellers, i.e. growth.

The ability to stay focused on developing even during difficult external circumstances underlines the resilience of Lauritz.com's business model and the determination in our organization to go the extra mile.

M&A process

Lauritz.com's M&A process has been ongoing throughout 2020 with a number of separate lines of negotiations including converting the bond debt to another type of loan, new investors injecting equity or divestiture of a part of the group's activities. The M&A process is developing positively – however, it is delayed due to the Covid-19 situation as travelling, meeting etc. has been more difficult than usual.

With the positive development in earnings and cash flow in the last 8 month (basically since the start of the M&A process) the free liquidity is now sufficient to resume the interest payments on the bond debt.

We are continuing the M&A process in cooperation with the bondholders, and we are expecting the M&A process to conclude within the near future.

Information about Corona virus pandemic

In 2020 for the period until 10 March auction turnover was in line with 2019 and with our expectations. The initial reactions to the Covid-19 pandemic impacted Auction turnover and Revenue for the rest of March and April with a drop compared to 2019 of 31 and 20 percent respectively. In May and June online auction turnover was up 0.2 percent vs 2019, and traditional Fine Art auction turnover was down 55 percent as the in-flow of very expensive items suffers under economic instability in the international market.

In 2nd half of 2020 we have seen a solid improvement with growth in auction turnover of 14 percent in Q3 and 20 percent in Q4 compared to 2019. The growth is continuing in 2021 where auction turnover is continuing to grow with 21% in the first 2 month of the year. We expect this to continue with very high growth in the first half of 2021, and high growth in the second half of 2021.

Guidance for 2021

The positive trading in the second half year of 2020 was driven by a sound growth of 17% across the large majority of our 27 auction houses. This development has continued in the start of 2021, where our auction turnover continues to show resilience and a stable, major growth of 21% with a high momentum in consignments from private sellers in spite of the Covid-19 challenges in society.

Thus, over the last 8 month Lauritz.com has picked up on the historical growth-track. We expect this to continue and effect 2021 positively.

Naturally, there are still some uncertainty as to whether the Covid-19 situation will change. To mirror that we have a larger span than usual in our expectations for 2021:

- Auction turnover will increase with 5-15%
- Revenue will grow with 10-20%
- EBITDA will reach DKK 20-40m

Bengt Sundström, Chairman of the board

Mette Rode Sundstrøm, CEO

Preben Vinkler Lindgaard, CFO

Highlights Q4 2020

October – December 2020

- Auction Turnover increase of 20.3 percent.
- Revenue increase of 15.5 percent.
- Average knockdown increase of 0.4 percent.
- Number of knockdowns increase 19.8 percent in Q4 to 85,249 (2019 Q4: 71,133).
- EBITDA increase to DKK 13.9m (2.0m).
- Auction Turnover Margin improved to 5.7 (1.0) percent.
- Total cost in Q4 is reduced by DKK 2.4m compared to 2019, equal to 4.0 percent.
- Cash flow from operations improved by DKK 7.4m compared Q4 2019.

January – December 2020

- Auction Turnover increase by of 0.8 percent.
- Revenue decrease of 2.7 percent.
- Average knockdown price DKK 2,587 (2,675).
- Number of knockdowns increase by 4,2% to 281,996 (270,530).
- EBITDA for the year improved by DKK 7,0m to DKK 14.7m, compared to DKK 7.7m in 2019.
- Auction Turnover Margin¹ improved to 2.0 (1.1) percent.
- Total cost in 2020 is reduced by DKK 13.0m compared to 2019, equal to 6.1 percent.
- Cash flow from operations improved in 2020 by DKK 37.6m compared to 2019.

Lauritz.com Group A/S key figures

000 DKK	October – December		January – December	
	2020	2019	2020	2019
Auction turnover	243,793	202,704	729,553	723,537
Revenue	70,923	61,403	214,234	220,228
Number of Knockdowns (excl. QXL)	85,249	71,133	281,996	270,530
Average Knockdown price (excl. QXL)	2,860	2,850	2,587	2,675
EBITDA	13,914	2,016	14,714	7,723
Auction Turnover Margin ¹	5.7%	1.0%	2.0%	1.1%
Profit	-2,667	-9,985	-21,842	55,088
Earnings per share	-0.066	-0.245	-0.537	1,353
Cash flow from operations	31,597	24,223	33,688	-3,920

¹ Auction Turnover Margin = EBITDA/Auction Turnover.

For press enquiries, please contact:

Susanne Sandsberg Klubien,

+45 26891909

E-mail: press@lauritz.com

For other enquiries, please contact:

Preben Vinkler Lindgaard

CFO

Preben@lauritz.com

Certified Adviser: Erik Penser Bank AB

Telephone number: +46 8-463 83 00

E-mail: certifiedadviser@penser.se

Market place: Nasdaq First North Growth Market Premier Stockholm

This information is information that Lauritz.com Group A/S is obliged to make public pursuant to the EU Market Abuse Regulation. This statement was submitted for publication through the agency of the contact person set out above, at 09.00 CET on 25 February 2021.