



LAURITZ

INTERIM REPORT

OCTOBER – DECEMBER 2020

Lauritz.com Group A/S

CVR no. 37627542

Company announcement 25 February 2021

2020 Highlights

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.

Management Comments

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 strengthened 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 months 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 period, 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 months (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.

Management Comments

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

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

- 27 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 280.000 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 730m in 2019

This is how it works

Lauritz.com sources items locally to sell globally. Lauritz.com has 27 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 guarantee to avoid falsification and copies.

Assortment

Lauritz.com sold over 280.000 lots on auction in 2020. The wide assortment comprises everything from luxury flea market finds to costly international art works - from DKK 800 and up. The categories cover e.g. modern and antique art and sculptures, furniture, lamps, carpets, ceramics, silver, glass, jewellery, clocks, wine, hunting equipment, collectables... Lauritz.com is exceptionally strong in modern design classics – and probably the leading auction house internationally for 20th century design furniture classics. High volumes are sold daily of the most famous furniture by Scandinavian architects as Arne Jacobsen, Wegner, Finn Juhl, Poul Kjærholm, Bruno Mathsson, Carl Malmsten etc. The modern furniture categories add up to approx. 40 percent of Lauritz.com's auction turnover.

Customers

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

Market position

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

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 42 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.

Auction Turnover

Auction Turnover amounted to DKK 243.8m (202.7), a increase of 20.3 percent compared to last year driven by focused sales and marketing activities.

Revenue

Revenue amounted to DKK 70.9m (61.4), an increase of 15.5 percent compared to Q4 2019. The increase in revenue is driven by increase in commissions and fees on sold items due to higher auction turnover.

EBITDA and Auction Turnover margin

EBITDA amounted to DKK 13.9m (2.0). The increase is primarily due to the increase in revenue, a decline in variable cost (partner commission), and an increase in staff cost from the businesses acquired in 2019 and 2020.

Cost has been reduced by 4.0 percent compared to Q4 last year.

The Auction Turnover Margin improved to 5.7 (1.0) percent.

Operating profit

Operating profit/loss (EBIT) for the period amounted to DKK 8.4m (-4.5), the change is driven by the increase in EBITDA.

Net financials

Net financials were DKK -13.8m (-11.8), of which DKK -9.4m (-4.1m) is due to exchange rate losses primarily due to the bond debt being denominated in Swedish kronor.

Tax

Corporate tax amounted to an income of DKK 2.7m (6.4m), corresponding to an effective tax rate of 49.6 percent (39.0).

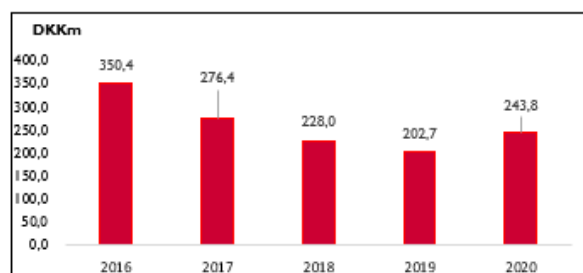
Profit for the period and earnings per share

Profit for the period was DKK -2.7m (-10.0m).

Earnings per share amounted to DKK -0.066 (-0.245).

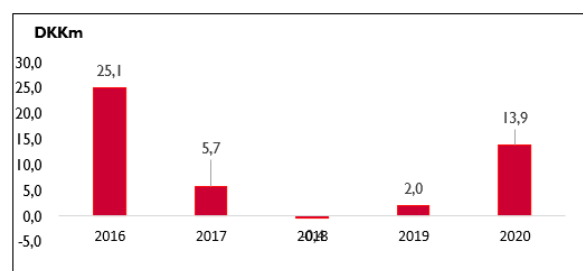
Auction Turnover development

Q4



Operational EBITDA

Q4



Cash flow

Cash Flow from operations for Q4 was DKK 31.6m (24.2). The main driver for the positive development in Q4 cashflow is the improved EBITDA and timing of payments from auction sales, auction settlements and receivables/payables.

Financial position, cash and cash equivalents

At the end of the 4th quarter the equity in the group is DKK -3.9m (12.2) and the group's total assets were DKK 360.9m (329.9). The equity/assets ratio is -1.1 (3.7) percent.

A plan for reestablishing the equity of the company/group was presented at the annual general meeting of the company in May 2020.

Cash and cash equivalents amounted to DKK 51.8m (37.9).

Investments

Investments in Q4 2020 amounted to DKK 0.3m (0.1m), primarily investments in software.

Human resources

The average number of full-time employees (FTE) in Lauritz.com Group A/S and own subsidiaries was 172 (160) in the period.

1 January – 31 December 2020

Auction Turnover

Auction Turnover amounted to DKK 729.6m (723.5), an increase of 0.8 percent. The negative impact of the Corona crisis in the spring was offset by 17 percent growth in the second half of 2020.

Revenue

Revenue amounted to DKK 214.2m (220.2), a decrease of 2.7 percent. The decrease in revenue is driven by the negative impact of the Corona crisis that is nearly offset by the strong growth in Auction Turnover in the second half of 2020.

EBITDA and Auction Turnover margin

EBITDA amounted to DKK 14.7m (7.7). The increase is primarily due to the increase in revenue.

Cost has been reduced by 6.1 percent compared to last year.

The Auction Turnover Margin improved to 2.0 (1.1) percent.

Operating profit

Operating profit/loss for the period amounted to DKK -7.9m (-17.6), the change is primarily due to the increase in EBITDA.

Net financials

Net financials were DKK -22.0m (60.0). The change in net financials compared to last year is mainly due to the Q2 2019 debt reduction of DKK 75.6m, a reduction in the cost of debt of DKK 2.5m, and a change in exchange rate losses of DKK 11.2m.

Tax

Corporate tax amounted to an income of DKK 8.1m (12.7m), corresponding to an effective tax rate of 27.0 (-30.0) percent.

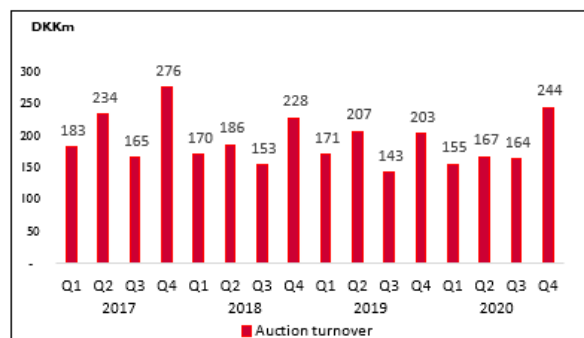
Profit for the period and earnings per share

Profit for the period was DKK -21.8m (55.1). Earnings per share amounted to DKK -0.537 (1.353).

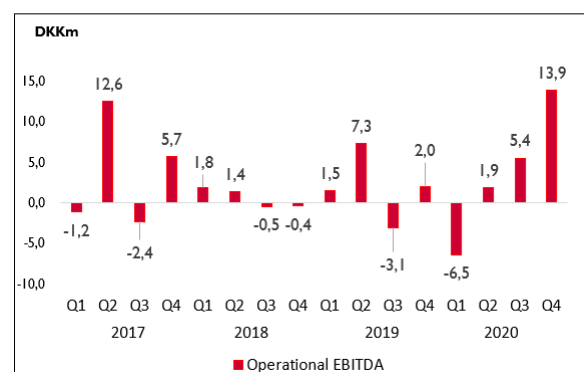
Cash flow

Cash Flow from operations for 2020 was DKK 33.7m (-3.9). The main driver for the positive development in cashflow is timing of payments from auction sales, auction settlements, receivables/payables, and lower payments of financial expenses.

Auction turnover



Operational EBITDA



Financial position, cash and cash equivalents

At the end of the year the equity in the group is DKK -3.9m (12.2) and the group's total assets were DKK 360.9m (329.9). The equity/assets ratio is -1.1 (3.7) percent.

A plan for reestablishing the equity of the company/group was presented at the annual general meeting of the company in May 2020.

Cash and cash equivalents amounted to DKK 51.8m (37.9).

Investments

Investments in 2020 amounted to DKK 7.9m (7.4m), primarily investments in goodwill, and software.

Human resources

The average number of full-time employees in Lauritz.com Group A/S and its subsidiaries (FTE) was 166 (159) during the year.

1 January – 31 December 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

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

Future prospects

The positive trading in the second half year of 2020 was driven by a sound growth in 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 with a good momentum in consignments from private sellers in spite of the Covid-19 challenges in society. Furthermore, we see an increase in forced sales from the professional market as a consequence of Covid-19's negative impact on e.g. retailers during lock-downs.

We expect this to continue for a foreseeable future and effect 2021 positively.

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

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

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 bond debt of DKK 147.9m (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.

As mentioned in the Management comments an M&A process has been ongoing throughout 2020. It has taken longer than expected, but is expected to be concluded in the coming months.

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.

Statement by Management on the Interim Report

The Board of Directors and the Executive Management have today discussed and approved the Interim Report of Lauritz.com Group A/S for the period 1 January to 31 December 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 December 2020 and of the results of its operations and cash flows for the period 1 January to 31 December 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 is not audited or reviewed by the Company's auditor.

Søborg, 25 February 2021

Executive Management: Mette Margrethe Rode Sundstrøm CEO; Preben Vinkler Lindgaard, CFO

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

Company auditor: Deloitte, Statsautoriseret Revisionspartnerselskab

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For more information, please contact:

Preben Vinkler Lindgaard, CFO

E-mail: preben@lauritz.com

Reporting schedule

Interim Report, Q1 2021	6 May 2021
Annual Report 2020	6 May 2021
Interim Report, Q2 2021	26 August 2021
Interim Report, Q3 2021	28 October 2021

The Annual General meeting will be held in Copenhagen on 27 May, 11 am.

Group financial highlights

	FY 2020 DKK'000	FY 2019 DKK'000	FY 2018 DKK'000	FY 2017 DKK'000	FY 2016 DKK'000
Auction turnover ¹	729,553	723,537	738,217	858,893	1,024,232
Statement of comprehensive income					
Revenue	214,234	220,228	227,962	297,120	320,989
Gross profit	134,406	130,365	116,517	192,814	210,138
EBITDA	14,714	7,723	- 2,025	32,104	46,309
Operating profit (EBIT)	- 7,892	- 17,635	- 57,100	- 7,108	31,958
Net financials	- 22,017	60,026	- 12,396	- 12,922	- 16,209
Profit before tax (EBT)	- 29,909	42,391	- 72,043	- 20,030	15,749
Tax on profit for the period	8,067	12,697	4,882	- 1,268	- 5,081
Profit for the period	- 21,842	55,088	- 67,161	- 21,298	10,668
Balance sheet					
Non-current assets	239,942	223,567	184,817	228,230	289,841
Current assets	120,943	106,317	155,860	210,822	206,688
Balance sheet total	360,885	329,884	340,677	439,112	496,529
Share capital	4,079	4,079	4,079	4,079	4,067
Equity	- 3,925	12,164	- 41,642	29,068	62,014
Non-current liabilities	33,219	25,319	16,267	249,962	255,292
Current liabilities	331,591	292,401	366,052	160,082	179,223
Cash flows					
Operating activities	33,688	- 3,920	- 37,321	- 7,581	- 5,167
Investing activities	- 7,856	- 7,488	38,643	- 9,897	90,978
Of this, investments in property, plant and equipment	- 748	131	35,758	- 2,138	- 6,948
Financing activities	- 12,852	- 107	- 9,961	600	- 52,281
Total cash flows	12,980	- 11,515	- 8,639	- 16,878	33,530
Ratios:					
Gross margin	62.7%	59.2%	51.1%	64.9%	65.5%
EBITDA margin	6.9%	3.5%	- 0.8%	10.8%	14.4%
Profit margin	- 3.7%	- 8.0%	- 25.0%	- 2.4%	10.0%
Equity ratio	- 1.1%	3.7%	- 12.2%	7.8%	12.5%
Return on equity	- %	- %	- %	- 44.1%	28.3%
Earnings per share	- 0.537	1.353	- 1.662	- 0.523	0.278
Dividend per share	0	0	0	0	0
Average number of full-time employees	166	159	140	185	204

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

Statement of comprehensive income

Notes	Group				
	Q4 2020 DKK'000	Q4 2019 DKK'000	FY 2020 DKK'000	FY 2019 DKK'000	
3	Revenue	70,923	61,403	214,234	220,228
	Direct costs	- 23,005	- 22,231	- 79,828	- 89,863
	Gross profit	47,918	39,172	134,406	130,365
	Other external expenses	- 8,166	- 13,009	- 34,215	- 43,886
	Staff costs	- 25,838	- 24,147	- 85,477	- 78,756
	EBITDA	13,914	2,016	14,714	7,723
	Depreciation and amortisation	- 5,478	- 6,563	- 22,606	- 25,358
	Operating profit/loss (EBIT)	8,436	4,547	7,892	17,635
4	Financial income	531	749	1,892	81,710
5	Financial expenses	- 14,731	- 12,583	- 23,909	- 21,303
	Share of result in associated companies	-	-	-	- 381
	Profit/Loss before tax (EBT)	5,294	16,381	29,909	42,391
6	Tax on profit/loss for the period	2,627	6,396	8,067	12,697
	Profit/Loss for the period	2,667	9,985	21,842	55,088
	Items that can be reclassified to profit or loss:				
	Exchange adj., foreign companies	8,168	3,436	5,753	- 1,282
	Tax, other comprehensive income	-	-	-	-
	Other comprehensive income	8,168	3,436	5,753	1,282
	Comprehensive income	5,501	6,549	16,089	53,806
12	Earnings per share	- 0.066	- 0.245	- 0.537	- 1.353
12	Earnings per share, diluted	- 0.066	- 0.245	- 0.537	- 1.353

Balance sheet

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Assets		
Notes		
Non-current assets		
7 Software in process of development	722	-
7 Developed software	6,200	12,301
7 Rights acquired	46,283	47,724
7 Goodwill	<u>121,953</u>	<u>112,182</u>
Total intangible assets	<u>175,158</u>	<u>172,207</u>
8 Right-of-use assets	37,530	30,759
8 Other fixtures and fittings, tools and equipment	<u>5,928</u>	<u>5,985</u>
Total property, plant and equipment	<u>43,458</u>	<u>36,744</u>
Deferred tax	19,477	11,246
Deposits	<u>1,849</u>	<u>3,370</u>
Total financial assets	<u>21,326</u>	<u>14,616</u>
Total non-current assets	<u>239,942</u>	<u>223,567</u>
Current assets		
Inventories	<u>122</u>	<u>128</u>
9 Trade receivables	13,303	10,789
9 Contractual receivables	30,541	40,780
Tax receivable	981	1,363
9 Other current receivables	<u>24,197</u>	<u>15,380</u>
Total receivables	<u>69,022</u>	<u>68,312</u>
Cash and cash equivalents	<u>51,799</u>	<u>37,877</u>
Total current assets	<u>120,943</u>	<u>106,317</u>
Total assets	<u>360,885</u>	<u>329,884</u>

Balance sheet

Equity and liabilities

<u>Notes</u>	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Equity		
Share capital	4,079	4,079
Other reserves	- 15,486	- 21,239
Retained earnings	<u>7,482</u>	<u>29,324</u>
Total equity	- <u>3,925</u>	<u>12,164</u>
Liabilities		
Deferred tax	6,876	6,477
Lease liabilities	<u>26,343</u>	<u>18,842</u>
Total non-current liabilities	<u>33,219</u>	<u>25,319</u>
10 Bond debt	147,940	143,100
10 Senior loan	13,446	13,006
Lease liabilities	13,915	13,179
Trade payables	104,410	99,526
Other payables	51,557	23,590
Corporate tax payable	-	-
Total current liabilities	<u>331,591</u>	<u>292,401</u>
Total liabilities	<u>364,810</u>	<u>317,720</u>
Total equity and liabilities	<u>360,885</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	-	-	-	-21,842	-21,842
Other comprehensive income	-	-	5,753	-	5,753
Equity at 31 December 2020	4,079	-76	-15,410	7,482	-3,925
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 FY 2020 DKK'000	Group FY 2019 DKK'000
Operating profit (EBIT)	- 7,892	- 17,635
Depreciation amortisation and impairments	22,419	25,004
Impairments and gain/loss on receivables/payables	- 666	3,721
Increase/decrease in inventories	6	644
Increase/decrease in receivables	10,053	- 7,087
Increase/decrease in trade payables and other payables	16,006	- 16,982
Other adjustments	- 2,543	5,132
Cash flows from ordinary operating activities	37,383	- 7,203
Interest received	1,804	2,542
Interest and financial expenses	- 6,376	- 9,467
Income tax settled incl. joint taxation arrangement	877	10,208
Cash flows from operating activities	33,688	- 3,920
Purchase of property, plant and equipment	- 784	- 812
Sale of property, plant and equipment	-	943
Purchase of intangible assets	- 722	- 4,019
14 Acquisitions and divestments	- 6,350	- 3,600
Cash flows from investing activities	- 7,856	- 7,488
Senior loan, drawdown	-	12,688
Repayment, lease liabilities	- 12,852	- 12,795
Cash flows from financing activities	- 12,852	- 107
Net cash flows for the period	12,980	- 11,515
Net capital resources, beginning of period	37,877	49,962
Exchange rate adjustment of capital resources	942	- 570
Net capital resources, end of period	51,799	37,877
Net capital resources, end of period, are composed as follows:		
Cash and cash equivalents	51,799	37,877
Net capital resources, end of period	51,799	37,877

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.

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. In the second half of 2020 and the beginning of 2021 the group has seen a significant improvement in Auction Turnover and the resulting Revenue, that based on the hard work going throughout the group is expected to continue in the coming years.

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.

In agreement with a group of large bondholders representing 47% of the bonds, it was 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 commenced in April 2020 and was expected to be finalised before the end of 2020. The M&A process has taken longer than expected to conclude, but it is expected that it will be finalised in the coming months.

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 continued positive development in the business activities in the remaining part of 2021 are achieved, are sufficient to secure the future operations for at least one year, so that the report can be prepared on a going concern basis.

For additional information regarding bond debt and senior loan/ refinancing activities, including the M&A process for the group, reference is made to note 18 and 26 of the 2019 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 December are not influenced by unusual circumstances or changes in accounting estimates, except for the description in Note 1.

	Group 2020 DKK'000	Group 2019 DKK'000
3. Revenue		
Auction commissions and fees etc.	208,024	213,400
Other fees, marketing contribution etc.	<u>6,210</u>	<u>6,828</u>
	<u>214,234</u>	<u>220,228</u>
4. Financial income		
Interest income, other	1,714	2,166
Interest income, group enterprises	<u>178</u>	<u>144</u>
Financial income	1,892	2,310
Income from debt reduction, net	-	75,272
Exchange rate gains	<u>-</u>	<u>4,128</u>
	<u>1,892</u>	<u>81,710</u>
5. Financial expenses		
Financial expenses, banks etc.	1,174	532
Interest expenses, lease liabilities	1,992	1,519
Bank charges etc.	630	757
Financial expenses, debt	9,045	11,497
Guarantee commission	<u>2,769</u>	<u>1,406</u>
Interest expenses from financial liabilities	15,610	15,711
Exchange rate, losses	7,164	-
Impairment of financial assets	1,135	4,693
Amortisation of borrowing costs, bond debt	<u>-</u>	<u>899</u>
	<u>23,909</u>	<u>21,303</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 22.1 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	-	63	1,851	4,721
Additions	722	-	-	-
Additions from acquisitions	-	-	-	6,099
Cost at 31 December 2020	<u>786</u>	<u>60,726</u>	<u>71,471</u>	<u>153,994</u>
Amortisation at 1 January 2020	-	48,488	20,697	-
Impairment losses at 1 January 2020	64	-	1,200	30,992
Exchange rate adjustments	-	62	443	1,049
Amortisation for the period	-	6,100	2,848	-
Amortisation and impairment losses at 31 December 2020	<u>64</u>	<u>54,526</u>	<u>25,188</u>	<u>32,041</u>
Carrying amount at 31 December 2020	<u>722</u>	<u>6,200</u>	<u>46,283</u>	<u>121,953</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 28.4m at 31 December 2020 (27.5m).

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 2020, Management 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 budget period 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 and Management assess that the used assumptions are realistic to realize. Impairment recognized for 2020 totals DKK 0m (0).

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 5-15 % in the budget for 2021 compared to 2020, 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 14.0m in 2020 to a level between DKK 20m and DKK 40m in 2021. This increase in EBITDA is primarily due to the growth in revenue (continuing the development seen in Q3 and Q4 of 2020), and also due to a change in business setup with more owned auction houses and a number of cost-cutting initiatives as well as other initiatives in relation to how the business is operated. The scalability of the business results in a significant growth in EBITDA of approximately 12 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 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 2020
Average Auction Turnover-growth for 2021 to 2026	-1 %
Average EBITDA-growth for 2021 to 2026	-1 %
WACC, pre-tax	18 %
Terminal growth	-14 %

In 2019 the value in use only had a small headroom compared to the book value of the assets, following the impairment made in 2018. Due to this the below sensitivities for 2019 are shown as the additional impairment that would materialize through a change in the assumptions behind the value in use calculation performed at 31 December 2019.

	Change in assumption	Additional impairment 2019 (DKK m)
Average Auction Turnover-growth for 2019 to 2021	- 3%	12
Average Auction Turnover-growth for 2022 to 2026	- 2%	55
Average EBITDA-growth for 2022 to 2026	- 3%	30
WACC, pre-tax	+ 1%	10
Terminal growth	- 0.5%	0

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

	Right-of-use Assets	Other fixtures etc.
Cost at 1 January 2020	48,620	25,357
Exchange rate adjustments	3,025	204
Additions	3,270	1,035
Remeasuring of lease liabilities	14,193	-
Disposal	- 2,507	-
Cost at 31 December 2020	<u>66,601</u>	<u>26,596</u>
Depreciation at 1 January 2020	17,861	19,372
Exchange rate adjustments	1,391	151
Depreciation for the period	12,326	1,145
Depreciation related to disposals	- 2,507	-
Depreciation at 31 December 2020	<u>29,071</u>	<u>20,668</u>
Carrying amount at 31 December 2020	<u>37,530</u>	<u>5,928</u>
	Right-of-use Assets	Other fixtures etc.
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 3 years.

9. Receivables

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Trade receivables	13,303	10,789
Contractual receivables	30,541	40,780
Other current receivables	<u>24,197</u>	<u>15,380</u>
	<u>68,041</u>	<u>66,949</u>

Contractual receivables relate to the sale of 6 partnership agreements. The contractual receivables from sale of partnerships agreements are in the range of DKK 1.9m to DKK 18.4m. 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 26.6m (36.0m) is expected to mature after 12 months. Impairment of trade receivables and other receivables is made based on expected credit loss. During 2020 impairment losses of DKK 3.0m 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 recognised impairments.

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

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Lifetime Expected Credit Loss:		
Impairment losses at 1 January	13,951	19,965
Realised impairments losses	- 5,874	- 9,793
Impairment losses for the period	3,018	5,344
Reversed impairments for the period	<u>-</u>	<u>1,565</u>
Impairment losses end of period	<u>11,122</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 of this Q4 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	248	104	-	-796	-444
EUR	6,332	9,280	-	-10,112	5,500
SEK	29,964	14,702	-161,386	-101,895	-218,615
31 December 2020	36,544	24,086	-161,386	-112,803	-213,559
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)**Currency 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 December 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 December 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 diminished significantly. An increase in the interest rate level of 1 percentage point per annum compared to the interest rate level at the balance sheet date would have had a negative impact of approx. DKK 0m (31.12.2019: 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	161,386	-	-	161,386
Lease liabilities	13,937	26,321	-	40,258
Other liabilities	156,290	-	-	156,290
31 December 2020	331,613	26,321	-	357,934
2019 (DKK'000)	0-1 year	1-5 years	5+ years	Total
Bond debt				
and senior loan	156,106	-	-	156,106
Lease liabilities	13,179	18,526	316	32,021
Other liabilities	123,116	-	-	123,116
31 December 2019	292,401	18,526	316	311,243

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 42 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 Credorax, 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 FY 2020 DKK'000	Group FY 2019 DKK'000
Profit/Loss for the period/year	- 21,842	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	- 0.537	1.353
EPS at DKK 0.10 diluted	- 0.537	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 2020, auction houses in Hamburg, Hørsholm and Helsingør**

In April, June, and July 2020 the Group acquired the activities of 3 auction houses in Hamburg, Hørsholm and Helsingør from previous partners, to operate these auction houses ourselves.

	<u>DKK'000</u>
Fixed assets	246
Net assets acquired	246
Goodwill	6,099
Total consideration	6,345

No part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK 246k 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	246
Non-cash settlement	6,099
Total cost of acquisition	6,345

Of the Group's 2020 revenue DKK 7.905k and DKK -821k of the Group's 2020 profit/loss before tax is attributable to the acquired activities.

Had the 2020 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 -0.5 to -1.0m compared to the reported profit/loss before tax for the group.

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

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

	<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.

Notes

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
Blixtz 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 %
Lauritz Shop A/S *	Søborg, Denmark	100 %
QXL.no AS *	Oslo, Norway	100 %

* The company is not audited by Deloitte.

Transactions with related parties

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 2019 restructuring of the bond the main shareholder Blixtz Holding A/S has provided additional security to the bondholders. The issuer of the bonds Lauritz.com A/S pays an annual commission of 2 percent to the main shareholder as consideration for the provided security.

17. Events after the balance sheet date

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

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 2019 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.