

Lauritz.com A/S
CVR no. 24 99 45 70

Interim Report

January 2016 – September 2016

Company announcement of 28 November 2016

July - September 2016

- Revenue amounted to DKK 41.1m (49.3)
- EBITDA amounted to DKK 4.0m (4.3)
- EBITDA margin was 9.7 % (8.7)
- EBIT amounted to DKK 0.0m (0.9)
- EBIT margin was 0.0 % (1.7)
- Profit for the period amounted to DKK -3.6m (2.0)
- Earnings per share amounted to DKK -6.75 (33.8)

January – September 2016

- Revenue amounted to DKK 146.3m (154.4)
- EBITDA amounted to DKK 20.1m (19.1)
- EBITDA margin was 13.7 % (12.4)
- EBIT amounted to DKK 9.6m (10.6)
- EBIT margin was 6.6 % (6.9)
- Profit for the period amounted to DKK 3.4m (-11.3)
- Earnings per share amounted to DKK 6.49 (-188.6)

Our financial performance in the third quarter did not fully reach our expectations. The decrease in revenue and EBITDA was however mainly a result of normal fluctuations and strategic decisions, while our core business continued to show a positive development.

Auction turnover in Q3

The auction turnover in Q3 2016 increased by 3.7 % (DKK 6.7m) and amounted to DKK 188.2m (181.5).

The conversion from physical to online auctions to attract new customer groups globally is in essence the strategy of Lauritz.com. In the light of this, it is satisfying to conclude that our online auction turnover on used items within art, design, antiques and collectibles showed an increase of 7.1 % (DKK 11.1m) compared to the same period last year.

Brand new items on the Lauritz.com platform experienced a fall of 39,3 % (DKK 8.4m). The decrease is the result of a change in valuation principle that was introduced at the end of 2014, as the sellers (producers, wholesalers and retailers) of e.g. branded goods have been concerned whether they can achieve sufficiently high hammer prices. We expect the decrease to phase out during the coming quarters.

Financial performance

Revenue in Q3 2016 amounted to DKK 41.1m compared to DKK 49.3m the same quarter last year. The decrease in revenue for the quarter is mainly explained by a lower fee level from new partnership agreements related to transactions of existing Lauritz.com auction houses and to a higher share of partner-run auction houses compared to Q3 2015. In total the revenue for the first nine months of the fiscal year, 1 January – 30 September 2016, has decreased 8 % compared to the first nine months of 2015.

It is a part of our strategy to convert most of the Lauritz.com-owned auction houses into partner-run auction houses. This results in an attractive mix of one-off revenue fee from new partnership agreements related to transactions of existing Lauritz.com auction houses, lower commissions and fees compared to Lauritz.com-owned auction houses but a higher EBITDA in relation to auction turnover since there are no costs for Lauritz.com related to partner-run auction houses.

During Q3 2016 one Lauritz.com-owned auction house was converted to a partner-run auctionhouse with a new partnership agreement which was signed on 23 September 2016. As of 30 September 2016, two additional auction houses (net) are run by partners, whereas they were fully owned by Lauritz.com as at the end of Q3 2015. This event translates into a net decrease of DKK 11.8m in revenue from new partnership agreements and the lower share of owned auction houses compared to Q3 2015.

The acquisition of Karlstad-Hammarö Auktionsverk AB on 28 June 2016 has on the other hand had a positive impact of DKK 2.1m in revenue on Group level.

The decrease in EBITDA from DKK 4.3m in 2015 to DKK 4.0m in 2016 is mainly explained by the DKK 9m lower fees from new partnership agreements but was partly compensated by the higher margins resulting from the higher share of partner-run auction houses and reduction in costs.

New auction houses and partnership agreements

In 2015, Lauritz.com acquired the traditional auction house Auktionshaus HERR in Cologne with the aim of converting the traditional physical auction house to online auctions at Lauritz.com. This plan has now been executed. Early in 2016 we employed a new branch manager, who quickly showed ambition with respect to becoming a partner. In Q3, we decided to proceed with this opportunity and signed a partnership agreement with the branch manager as a new partner. It is a part of Lauritz.com's expansion plan to spot talent and develop local branch managers employed by Lauritz.com HQ who display the necessary strengths to move from employed manager to partner.

The integration of AB Stockholms Auktionsverk, which was acquired in September 2014, is in line with our expectations, showing positive trends both in online auction turnover and cost optimization.

Karlstad Hammarö Auktionsverk AB, which we acquired in June 2016, performed satisfactorily in Q3 both with regards to auction turnover and earnings.

Lauritz.com owns an approx. 7.000 m² property in Rovsinggade in Copenhagen. Since we are outgrowing our premises in Herlev, Copenhagen, the plan has been to refurbish the building on Rovsinggade to establish a second Lauritz.com auction house in Copenhagen and a new headquarters. In May 2016 Lauritz.com entered into a conditional sale-and-leaseback agreement with Ejendomsselskabet Norden, which wanted to buy the building with Lauritz.com as tenant. However, Ejendomsselskabet Norden decided not to continue with the sale-and-leaseback agreement with reference to the terms and conditions. As a result we have not yet sold the property. There is now renewed interest in the property and we are working on finding a new buyer.

Focus going forward

Lauritz.com's vision is to revolutionize the auction world by democratizing the perception of auctions and inspire modern consumers to sell and buy on online auctions. We are eager to take advantage of our first mover position and continuing to drive the paradigm shift of the international industry, by migrating traditional physical auctions to online auctions, and by presenting a great diversity of objects within art, design and antiquities to a great diversity of customers. The strategy is straight-forward: more auction houses, more customers and more lots on auction at Lauritz.com, in more countries – in order to be accessible for our local sellers and global buyers.

Looking at Q4 2016, we expect to finalize the year with a strong quarter. On 15 November, we obtained very positive knockdowns in connection to the sales of the complete Lundberg collection, which will influence both auction turnover and earnings positively. In Q4 2016, we furthermore have the regular seasonal fine art auctions at Stockholms Auktionsverk within Contemporary and Classical art.

CEO's statement

On 24 November, we entered into a five year partnership agreement with a new partner, who has taken over the operation and activity of Lauritz.com in Herning in Denmark. This transaction will have a positive effect on EBITDA in 2016 of approx. DKK 5m.

Finishing off the year 2016, we are right now preparing for the opening of Lauritz.com in Frankfurt, expected to take place in February 2017.

Finally, we continue negotiating with potential buyers of the property located in Røvsingsgade in Copenhagen. The property will after refurbishment be used as an auction house, in addition to the current one in Copenhagen, as well as headquarter for the company.

As we expect a strong Q4 2016, the previously communicated revenue and EBITDA guidelines remain unchanged.

Mette Rode Sundstrøm

CEO

Lauritz.com was launched in 1999 as a pioneer in online auctions with the concept of combining the best elements from the traditional auction world with modern technology. Lauritz.com became the first traditional auction house worldwide to convert from classical to online auctions. Ever since, we have been on a mission to democratize the international auction world by introducing 'Quality auctions online' within art, design, antiques and home luxury.

Over time, we have built Lauritz.com up as a strong consumer brand in the markets in which we are present with our auction houses. At present, Lauritz.com has 27 auction houses located in Denmark, Sweden, Norway, Germany and Belgium. Here sellers are able to consign items daily to our experts, while bidders can examine items physically. All items are described, valued and photographed objectively before being put on auction. All bidding is carried out online with the exception of a small number of physical auctions annually. Lauritz.com operates through its own auction houses (currently 8) and auction houses operated by partners under partnership agreements (a variation of franchise).

While being accessible to potential sellers in 27 local auction houses, we are also accessible online for global bidders. Lauritz.com registers around 5.7 million online visitors and around 2 million unique visitors each month. The visitors are truly global, coming from more than 200 countries on a quarterly basis. Today we have in the region of 2.5 million customer registrations in the Lauritz.com group.

Strategy for growth

Since the start in 1999, Lauritz.com has grown from auction turnover of DKK 20m in 2000 to DKK 1,084m in 2015, and is now the biggest auction group in the Nordics. During the same period, the revenue has shown a strong and consistent development with an average growth since 2000 of 30.5 % per year.

To further expand the traditional auction business and create growth, Lauritz.com focuses on three main measures; digitalization, internationalization and industrialization. Today, we want to take advantage of Lauritz.com's international first mover position to further enhance our leading status in the Nordic market and provide the appropriate platform for Lauritz.com's future international development.

Geographical expansion through establishment of local Lauritz.com auction houses is our main growth driver, enabling us to attract local sellers to consign items for our global bidders. When Lauritz.com establishes new auction houses, this can be done in one of three ways. Firstly, we can enter into an agreement with a new partner, e.g. with a traditional auction house converting to online auctions on Lauritz.com or with a greenfield start-up. Secondly, we can buy a traditional auction house, which is then completely or partially converted to online auctions. Thirdly, Lauritz.com can offer traditional auction houses an associate model whereby the auction house can sell items at auctions online at Lauritz.com within its existing brand.

As part of our democratic approach, Lauritz.com focuses on a broad assortment of auction items within art, design, antiques and home luxury with a value between DKK 800 and 50,000. We believe there to be considerable potential internationally in this large middle-market segment. We therefore position Lauritz.com between the classified peer-to-peer platforms with very high volume at very low prices and the fine art market with very low volume and very high prices.

Revenue model

Lauritz.com's revenue model is based on buyers and sellers paying for the various services provided by Lauritz.com.

Depending on if the auction house, handling the lot, is owned by Lauritz.com or is a partner house, the contribution to Lauritz.com differs. Own houses' contribution to Lauritz.com is 100 % of the fees and commissions paid by the buyer and seller. If the lot is handled through a partner auction house, the partner auction house receives the majority of the seller's and buyer's commission, which means that the revenue is lower for Lauritz.com.

However, revenue from Lauritz.com-owned auction houses also includes all costs related to the operation of the auction house, whereas there are no costs incurred by Lauritz.com with a partner-run auction house. This in turn leads to a positive EBITDA-margin effect on Group level on revenue from partner-run auction houses.

In addition to the above mentioned revenue streams, Lauritz.com receives income from new partnership agreements that either come from a new partner entering into a partnership agreement on an existing auction house, or a new partner establishing a new auction house and entering into a new partnership agreement. Lauritz.com's partner houses continuously change ownership, generating additional net revenue to Lauritz.com.

1 July – 30 September 2016

Auction turnover, revenue and EBITDA

Auction turnover amounted to DKK 188.2m (181.5).

Revenue amounted to DKK 41.1m (49.3). The development in revenue is explained by a lower level of fees from new partnership agreements related to transactions of existing Lauritz.com auction houses compared to the same quarter last year, representing a decrease of DKK 9m, and a higher share of partner-run auction houses, leading to lower revenue.

Partner-run auction houses generate a lower Lauritz.com revenue due to a split in commissions and fees between the partner and Lauritz.com. Revenue for a Lauritz.com-owned auction house includes the entire commissions and fees. There are, however, no costs incurred by Lauritz.com with a partner-run auction house, which in turn has a positive impact on the EBITDA margin. As of 30 September 2016 two additional auction houses (net) are run by partners, whereas they were fully owned by Lauritz.com as at 31 December 2015.

DKK 2.1m of the revenue relates to Karlstad-Hammarö Auktionsverk AB that was acquired on 28 June 2016.

EBITDA amounted to DKK 4.0m (4.3).

The EBITDA margin amounted to 9.7% (8.7%).

The decrease is mainly explained by the DKK 9.0m lower fees from new partnership agreements, compared to the same quarter last year. However, this was partly compensated by the higher margins resulting from the higher share of partner-run auction houses and reduction in costs.

Net financials

Net financials was DKK -3.9m (0.1). The decrease is mainly explained by a redemption price of DKK 3.1m from the partial redemption of the bond debt.

Tax

DKK 0.3m (1.0), corresponding to an effective tax rate of 22.0 % (23.5).

Profit for the period and earnings per share

Profit for the period was DKK -3.6m (2.0). Earnings per share were DKK -6.75 (33.8).

Financial position, cash and cash equivalents

Equity at the end of the quarter was DKK 55.2m (7.0) and the group's total assets were DKK 409.8m (466.9). The equity/assets ratio increased to 13.5 % (1.5).

Cash and cash equivalents amounted to DKK 50.8m (25.2).

Investments

Investments amounted to DKK 3.1m (3.5).

Shares

The number of shares registered is 530,900.

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

On 24 November 2016, Lauritz.com entered into a five year partnership agreement with a new partner for the existing Lauritz.com branch in Herning. The new partnership agreement will have a positive effect on EBITDA in Q4 2016 of approx. DKK 5m.

Lauritz.com

On occasion, Lauritz.com A/S is referred to as Lauritz.com. In this Report, such references are to Lauritz.com A/S's consolidated financial statements, unless clearly stated otherwise.

Finance

The group is partly funded by a bond debt, which amounted to DKK 240.2m (342.6). The bond is a senior secured bond of SEK 325 m listed on Nasdaq in Stockholm with an 3M Stibor + 7.5 % interest 2014/2019.

The conditions of the bond includes two covenants on Lauritz.com A/S financials.

One covenant is 'net interest bearing debt / EBITDA', which as at 30 September 2016 must not be greater than 5.50. The ratio was 4.04.

The second covenant is 'net finance charges / EBITDA', which as at 30 September must exceed 1.50. The ratio was 1.72.

The covenants for the bonds are described in detail in the terms and conditions for the bond available on www.lauritz.com.

Seasonality

Lauritz.com's net revenue and profitability are affected by the nature of operations, and accordingly, its seasonality where Q2 and Q4 are historically strong quarters.

Parent company

Lauritz.com A/S, being the parent company, is listed with a senior secured bond on Nasdaq in Stockholm and Lauritz.com A/S' primary operations are within online auctions.

1 January – 30 September 2016

Auction turnover, revenue and EBITDA

Auction turnover amounted to DKK 710.1m (771.7).

Revenue amounted to DKK 146.3m (154.4). The development in revenue is explained by a lower level of fees from new partnership agreements related to transactions of existing Lauritz.com auction houses compared to the same period last year, representing a decrease of DKK 6.1m, and a higher share of partner-run auction houses, leading to lower revenue.

Partner-run auction houses generate a lower Lauritz.com revenue due to a split in commissions and fees between the partner and Lauritz.com. Revenue for a Lauritz.com-owned auction houses includes the entire commissions and fees. There are, however, no costs incurred by Lauritz.com with a partner-run auction house, which in turn has a positive impact on the EBITDA margin. As of 30 September 2016 two additional auction houses (net) are run by partners, whereas they were fully owned by Lauritz.com as at 31 December 2015.

DKK 2.1m of the revenue relates to Karlstad-Hammarö Auktionsverk AB that was acquired on 28 June 2016.

EBITDA amounted to DKK 20.1m (19.1).

The EBITDA margin amounted to 13.7 % (12.4).

The increase is mainly explained by the higher margins resulting from the higher share of partner-run auction houses and a reduction in costs. On the other hand EBITDA is also effected by the DKK 6.1m in lower fees from new partnership agreements, compared to the same period last year.

Net financials

Net financials was DKK -8.1m (-25.0). The increase is mainly explained by an unrealized currency exchange rate gain of DKK 14.9m (-2.6) on the bonds issued in SEK while the reporting currency is in DKK.

Tax

DKK 1.9m (3.1), corresponding to an effective tax rate of 22.0 % (23.5).

Profit for the period and earnings per share

Profit for the period was DKK 3.4m (-11.3), and the profit margin was 2.4 % (-7.3). Earnings per share were DKK 6.49 (-188.6).

Cash flow

Cash flow from operating activities was DKK -34.3m (-37.4). The improved cash flow from operating activities for the period is primarily due to a deferred payment related to the acquisition of Karlstad-Hammarö Auktionsverk AB on 28 June 2016.

Financial position, cash and cash equivalents

Equity at the end of the period was DKK 55.2m (7.0) and the group's total assets were DKK 409.8m (466.9). The equity/assets ratio increased to 13.5 % (1.5).

Cash and cash equivalents amounted to DKK 50.8m (25.2).

Investments

Investments amounted to DKK 18.7m (17.2) primarily related to the acquisition of Karlstad-Hammarö Auktionsverk AB and investments in IT.

Shares

The number of shares registered is 530,900.

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

On 24 November 2016, Lauritz.com entered into a five year partnership agreement with a new partner for the existing Lauritz.com branch in Herning. The new partnership agreement will have a positive effect on EBITDA in Q4 2016 of approx. DKK 5m.

Lauritz.com

On occasion, Lauritz.com A/S is referred to as Lauritz.com. In this Report, such references are to Lauritz.com A/S's consolidated financial statements, unless clearly stated otherwise.

Finance

The group is partly funded by a bond debt, which amounted to DKK 240.2m (342.6). The bond is a senior secured bond of SEK 325 m listed on Nasdaq in Stockholm with an 3M Stibor + 7.5 % interest 2014/2019.

The conditions of the bond includes two covenants on Lauritz.com A/S financials.

One covenant is 'net interest bearing debt / EBITDA', which as at 30 September 2016 must not be greater than 5.50. The ratio was 4.04.

The second covenant is 'net finance charges / EBITDA', which as at 30 September 2016 must exceed 1.50. The ratio was 1.72.

The covenants for the bonds are described in detail in the terms and conditions for the bonds available on www.lauritz.com.

Development in the financial position

Seasonality

Lauritz.com's net revenue and profitability are affected by the nature of operations, and accordingly, its seasonality where Q2 and Q4 are historically strong quarters.

Parent company

Lauritz.com A/S, being the parent company, is listed with a senior secured bond on Nasdaq in Stockholm and Lauritz.com A/S' primary operations are within 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 A/S for the period 1 January 2016 to 30 September 2016.

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 30 September 2016 and of the results of its operations and cash flows for the period 1 January 2016 to 30 September 2016.

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, 28 November 2016

Executive Management

Mette Rode Sundstrøm
CEO

Henrik Engmark
COO

Claus Boysen
CFO

Board of Directors

Bengt Sundström
Chairman

John Tyrrestrup

Thomas Schnegelsberg

Josephine Salenstedt

Petra von Rohr

Henrik Blomquist

Company details and financial calendar

Company

Lauritz.com A/S
Dynamovej 11
2860 Søborg, Denmark
Central Business
Registration No: 24 99 45 70

Registered in: Søborg, Denmark
Phone: + 45 44 50 98 00
Fax: + 45 44 50 98 01
Homepage: www.lauritz.com

Contact

Claus Boysen, CFO
Email: claus@lauritz.com

Company auditor

Deloitte
Statsautoriseret Revisionspartnerselskab

Financial calendar:

Financial statement 2016 – 27 February 2017
Interim Report Q1 2017 – 9 May 2017
Interim Report Q2 2017 – 15 August 2017
Interim Report Q3 2017 – 7 November 2017

Group financial highlights

	YTD 30.09.2016 DKK'000	YTD 30.09.2015 DKK'000	FY 2015 DKK'000	FY 2014 DKK'000	FY 2013 DKK'000
Auction turnover ¹	710,068	771,680	1,084,036	1,047,146	868,674

Statement of comprehensive income

Revenue	146,257	154,432	225,152	153,411	117,110
Gross profit	135,102	143,774	207,319	138,490	110,646
EBITDA	20,064	19,145	41,830	23,242	23,792
Operating profit (EBIT)	9,582	10,636	29,655	16,627	18,575
Net financials	- 8,078	- 25,045	- 40,423	- 2,365	- 1,506
Profit before tax (EBT)	1,504	- 14,409	- 10,768	14,262	17,069
Tax on profit for the period	1,940	3,087	2,255	- 3,761	- 2,819
Profit for the period	3,444	- 11,322	- 8,513	10,501	14,250

Balance sheet

Non-current assets	309,683	278,670	298,100	220,001	55,656
Current assets	100,113	188,236	203,465	289,882	169,483
Balance sheet total	409,796	466,906	501,565	509,883	225,139
Share capital	53,090	6,002	6,002	6,000	6,000
Equity	55,211	6,958	13,287	14,550	20,321
Non-current liabilities	251,974	338,869	347,848	350,906	28,862
Current liabilities	102,611	121,079	140,430	144,427	175,956

Cash flows

Operating activities	- 34,331	- 37,359	- 12,705	15,307	23,721
Investing activities	- 18,652	- 17,231	- 22,806	- 207,073	- 39,885
Of this, investments in property, plant and equipment	- 827	- 6,174	- 7,978	- 3,786	- 2,431
Financing activities	58,997	- 1,999	- 1,999	264,039	26,000
Total cash flows	6,014	- 56,589	- 37,510	72,273	9,836

Ratios:

Gross margin	92.4%	92.8%	92.1%	90.3%	94.5%
EBITDA margin	13.7%	12.4%	18.6%	15.2%	20.3%
Profit margin	6.6%	6.6%	13.2%	10.8%	15.9%
Equity ratio	13.5%	1.5%	2.8%	2.9%	9.0%
Return on equity	10.1%	- 105.3%	- 61.2%	60.2%	68.5%
Earnings per share	6.49	- 188.6	- 141.4	175.0	237.5
Dividend per share	-	-	0	33	192
Average number of full-time employees	205	201	204	136	135

¹ Auction turnover reflect activities on www.lauritz.com, www.qxl.dk, www.qxl.no, mobile apps, www.hammaroauktionsverk.com and Stockholms Auktionsverk/Magasin 5. The amount includes hammer prices, buyer's premiums exclusive of VAT and sales through LauritzOneBid.

Statement of comprehensive income

	Q3 30.09.2016 DKK'000	Q3 30.09.2015 DKK'000	YTD 30.09.2016 DKK'000	YTD 30.09.2015 DKK'000
Auction turnover ¹	188,233	181,472	710,068	771,680

Group				
Notes	Q3 30.09.2016 DKK'000	Q3 30.09.2015 DKK'000	YTD 30.09.2016 DKK'000	YTD 30.09.2015 DKK'000
3 Revenue	41,063	49,335	146,257	154,432
Direct costs	- 2,739	- 3,316	- 11,155	- 10,658
Gross profit	38,324	46,019	135,102	143,774
Other operating income	230	117	728	342
Other external expenses	- 13,532	- 16,259	- 43,484	- 47,645
Staff costs	- 21,046	- 25,580	- 72,282	- 77,326
EBITDA	3,976	4,297	20,064	19,145
Depreciation and amortisation	- 4,025	- 3,434	- 10,482	- 8,509
Operating profit (EBIT)	- 49	863	9,582	10,636
4 Financial income	5,265	245	15,641	645
5 Financial expenses	- 9,117	- 123	- 23,719	- 25,690
Profit before tax (EBT)	- 3,901	985	1,504	- 14,409
6 Tax on profit for the period	317	1,048	1,940	3,087
Profit for the period	- 3,584	2,033	3,444	- 11,322
Items that can be reclassified to profit or loss:				
Exchange adj., foreign companies	- 3,543	1,128	- 8,608	5,701
Tax on other comprehensive income	-	-	-	-
Other comprehensive income	- 3,543	1,128	- 8,608	5,701
Comprehensive income	- 7,127	3,161	- 5,164	- 5,621
12 Earnings per share	- 6.75	33.8	6.49	- 188.6
12 Earnings per share, diluted	- 6.75	33.8	6.49	- 188.6

¹ Auction turnover reflect activities on www.lauritz.com, www.qxl.dk, www.qxl.no, mobile apps, www.hammaroauktionsverk.com and Stockholms Auktionsverk/Magasin 5. The amount includes hammer prices, buyer's premiums exclusive of VAT and sales through LauritzOneBid.

Balance sheet

	Group 30.09.2016 DKK'000	Group 31.12.2015 DKK'000
Assets		
Notes		
Non-current assets		
7 Software in process of development	8,307	5,996
7 Fully developed software	11,022	13,988
7 Goodwill	137,806	138,501
7 Rights acquired	<u>58,098</u>	<u>52,647</u>
Total intangible assets	<u>215,233</u>	<u>211,132</u>
8 Land and buildings	53,061	51,969
8 Other fixtures and fittings, tools and equipment	<u>14,415</u>	<u>17,058</u>
Total property, plant and equipment	<u>67,476</u>	<u>69,027</u>
Deferred tax	5,558	912
Deposits	1,130	1,091
9 Other non-current receivables	<u>20,286</u>	<u>15,938</u>
Total financial assets	<u>26,974</u>	<u>17,941</u>
Total non-current assets	<u>309,683</u>	<u>298,100</u>
Current assets		
Inventories	<u>1,870</u>	<u>1,547</u>
9 Trade receivables	19,953	18,341
Receivable from Parent Company	0	113,765
9 Other current receivables	<u>27,476</u>	<u>23,523</u>
Total receivables	<u>47,429</u>	<u>151,629</u>
Cash and cash equivalents	<u>50,814</u>	<u>46,289</u>
Total current assets	<u>100,113</u>	<u>203,465</u>
Total assets	<u>409,796</u>	<u>501,565</u>

Balance sheet

Equity and liabilities

<u>Notes</u>	Group 30.09.2016 DKK'000	Group 31.12.2015 DKK'000
Equity		
Share capital	53,090	6,002
Other reserves	- 4,285	4,323
Retained earnings	<u>6,406</u>	<u>2,962</u>
Total equity	<u>55,211</u>	<u>13,287</u>
Liabilities		
Deferred tax	11,760	9,792
10 Bond debt	<u>240,214</u>	<u>338,056</u>
Total non-current liabilities	<u>251,974</u>	<u>347,848</u>
10 Bond debt	-	13,383
Trade payables	66,515	91,546
Other payables	<u>36,096</u>	<u>35,501</u>
Total current liabilities	<u>102,611</u>	<u>140,430</u>
Total liabilities	<u>354,585</u>	<u>488,278</u>
Total equity and liabilities	<u>409,796</u>	<u>501,565</u>

Statement of changes in equity

	Share capital DKK'000	Other reserves DKK'000	Retained earnings DKK'000	Total equity DKK'000
Equity at 1 January 2015	6,000	-4,898	13,448	14,550
Loss for the period	-	-	-11,322	-11,322
Other comprehensive income	-	5,701	-	5,701
Capital increase, 3 April 2015	2	-	27	29
	6,002	803	2,153	8,958
Dividend distributed	-	-	-2,000	-2,000
Equity at 30 September 2015	6,002	803	153	6,958
Equity at 1 January 2016	6,002	4,323	2,962	13,287
Profit for the period	-	-	3,444	3,444
Other comprehensive income	-	-8,608	-	-8,608
Capital increase, 12 July 2016	47,088	-	-	47,088
	53,090	-4,285	6,406	55,211
Dividend distributed	-	-	-	-
Equity at 30 September 2016	53,090	-4,285	6,406	55,211

On 12 July 2016, a capital increase of DKK 47,088k was made as adopted by Lauritz.com A/S. The capital was increased by way of a cash contribution from Lauritz.com Group A/S.

Cash flow statement

	Group 30.09.2016 DKK'000	Group 30.09.2015 DKK'000
Operating profit (EBIT)	9,582	10,121
Depreciation and amortisation	10,482	8,509
Increase/decrease in inventories	- 323	116
Increase/decrease in receivables	- 5,622	513
Increase/decrease in trade payables and other payables	- 26,737	- 36,556
Other adjustments	- 441	1,442
Cash flows from ordinary operating activities	- 13,059	- 15,855
Interest received	751	645
Interest paid	- 22,023	- 22,149
Income tax paid under a joint taxation arrangement	-	-
Cash flows from operating activities	- 34,331	- 37,359
Purchase of property, plant and equipment	- 2,252	- 6,174
Purchase of intangible assets	- 4,344	- 7,541
14 Acquisitions	- 12,056	- 3,516
Cash flows from investing activities	- 18,652	- 17,231
Repayment of loans	110,732	-
Redemption of bonds	- 98,823	-
Proceeds from cash capital increase	47,088	1
Dividend paid to the Parent's shareholders	-	- 2,000
Cash flows from financing activities	58,997	- 1,999
Net cash flows for the period	6,014	- 56,589
Net capital resources, beginning of period	46,289	81,783
Exchange rate adjustment of capital resources	- 1,489	-
Net capital resources, end of period	50,814	25,194
Net capital resources, end of period, are composed as follows:		
Cash and cash equivalents	50,814	25,194
Interest-bearing short-term bank loans	-	-
Net capital resources, end of period	50,814	25,194

1. Accounting policies

The interim report of Lauritz.com 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.

Except as specified below, the interim financial statements have been prepared consistently with the accounting policies applied to the 2015 consolidated financial statements, which are in accordance with International Financial Reporting Standards as adopted by the EU. We refer to the 2015 annual report for a more detailed description of the accounting policies, including definitions of the disclosed financial ratios calculated in accordance with the definitions provided in "Recommendations and Ratios 2015" as issued by the Danish Association of Financial Analysts.

Changes in accounting policies

Effective from 1 January 2016 the Lauritz.com group has implemented the new or revised Standards applicable for financial years beginning 1 January 2016 or later.

The implementation of new or revised Standards did not result in changes in the accounting policy applied.

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 2016 to 30 September 2016 are not influenced by unusual items or changes in accounting estimates. Furthermore, it was not considered necessary to update the impairment test as conclusions and assumptions applied in the financial statements for 2015 are still estimated to be valid.

	Group 30.09.2016 DKK'000	Group 30.09.2015 DKK'000
3. Revenue		
Auction commissions and fees etc.	139,331	141,405
Fees for conclusion of partnership agreements	<u>6,926</u>	<u>13,027</u>
	<u>146,257</u>	<u>154,432</u>
4. Financial income		
Interest income	475	178
Interest income from group enterprises	<u>276</u>	<u>467</u>
Interest income from financial assets	751	645
Exchange rate gains	<u>14,890</u>	<u>-</u>
	<u>15,641</u>	<u>645</u>
5. Financial expenses		
Interest expenses	244	105
Bank charges etc.	622	831
Redemption price, partial repayment bond debt	3,143	-
Financial expenses, bond debt	18,131	20,640
Amortisation of borrowing costs, bond debt	<u>1,579</u>	<u>1,523</u>
Interest expenses from financial liabilities	23,719	23,099
Exchange rate losses	<u>-</u>	<u>2,591</u>
	<u>23,719</u>	<u>25,690</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 2016 and recognition of a not previously capitalised deferred tax asset of approx. DKK 1.8m. The estimated effective tax rate for Danish enterprises is 22.0 % (2015: 23.5 %). 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.

When demerging the property placed at Rovsingsgade 64-68 on 3 April 2015, no deferred tax was recognised for this property as the Danish tax authorities have stated that instead current tax is incumbent on the property that was sold in 2007 by Ejendomsselskabet Rovsingsgade 60-74 ApS. Ejendomsselskabet Rovsingsgade 60-74 ApS does not consider this correct, and a request for the reopening of the tax assessment thereof is pending. Should a decision be made in favour of Ejendomsselskabet Rovsingsgade 60-74 ApS that the company does not have current tax liabilities regarding the property sold, then deferred tax will instead be incumbent on the property placed at Rovsingsgade 64-68 and in that case Ejendomsselskabet Rovsingsgade 60-74 ApS would pay approx. DKK 13m to Lauritz.com A/S to refund the resulting deferred tax.

7. Intangible assets (DKK'000)

	Software in process of development	Developed software	Acquired rights	Goodwill
Cost at 1 January 2016	9,500	34,086	59,642	138,501
Exchange rate adjustments	-	56	3,471	4,642
Additions from subsidiaries acquired	-	-	11,211	3,947
Additions	2,311	2,033	-	-
Transferred	-	-	-	-
Cost at 30 September 2016	11,811	36,175	67,382	137,806
Amortisation at 1 January 2016	-	20,098	6,995	-
Impairment losses at 1 January 2016	3,504	-	-	-
Exchange rate adjustments	-	30	70	-
Amortisation for the period	-	5,025	2,359	-
Amortisation and impairment losses at 30 September 2016	3,504	25,153	9,284	-
Carrying amount at 30 September 2016	8,307	11,022	58,098	137,806
	Software in process of development	Developed software	Acquired rights	Goodwill
Cost at 1 January 2015	14,104	19,867	57,054	127,913
Exchange rate adjustments	- 56	49	2,588	5,858
Additions from subsidiaries acquired	-	-	-	-
Additions	6,862	2,858	-	4,730
Transferred	- 11,410	11,410	-	-
Cost at 31 December 2015	9,500	34,086	59,642	138,501
Amortisation at 1 January 2015	-	14,888	4,184	-
Impairment losses at 1 January 2015	3,504	-	-	-
Exchange rate adjustments	-	25	9	-
Amortisation for the year	-	5,235	2,802	-
Amortisation and impairment losses at 31 December 2015	3,504	20,098	6,995	-
Carrying amount at 31 December 2015	5,996	13,988	52,647	138,501

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 amortized, see accounting policies. The carrying amount of trademarks without determinable useful lives totals DKK 23.7m at 30 September 2016 (2015: DKK 24.1m).

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, which is why the Group has only one cash-generating unit. The impairment test is therefore made at group level.

At 31 December 2015, Management has tested the carrying amount of goodwill, software in process of development and other intangible assets for impairment. The recoverable amount exceeded then the carrying amount. 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 calculation of value in use are the determination of EBITDA growth, discount rate and terminal value growth rate.

EBITDA growth is determined based on historical 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. For the 2016 budget period, this is equivalent to an annual EBITDA growth rate of approx 15 % from 2016 to 2020.

EBITDA growth is related to the development in auction turnover, equivalent to an annual average growth rate of approx 2-8 % during the budget period from 2016 to 2020. When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approx 15-20 % 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 12.8 % (2015: 13.1 %).

The terminal value growth rate of 2 % is based on estimated economic growth.

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

	Lands and buildings	Other fixtures etc.
Cost at 1 January 2016	52,357	36,669
Exchange rate adjustments	-	565
Additions from subsidiaries acquired	-	369
Additions	1,425	827
Disposal	-	1,542
Cost at 30 September 2016	<u>53,782</u>	<u>35,758</u>
Depreciation at 1 January 2016	388	19,611
Exchange rate adjustments	-	266
Depreciation for the period	333	2,765
Depreciation related to disposals	-	765
Depreciation at 30 September 2016	<u>721</u>	<u>21,343</u>
Carrying amount at 30 September 2016	<u>53,061</u>	<u>14,415</u>
Assets held under finance leases are included in carrying amount at		<u>538</u>

	Lands and buildings	Other fixtures etc.
Cost at 1 January 2015	-	30,897
Exchange rate adjustments	-	345
Additions from subsidiaries acquired	-	400
Additions	52,357	5,221
Disposal	-	194
Cost at 31 December 2015	<u>52,357</u>	<u>36,669</u>
Depreciation at 1 January 2015	-	15,807
Exchange rate adjustments	-	140
Depreciation for the year	388	3,750
Depreciation related to disposals	-	86
Depreciation at 31 December 2015	<u>388</u>	<u>19,611</u>
Carrying amount at 31 December 2015	<u>51,969</u>	<u>17,058</u>
Assets held under finance leases are included in carrying amount at		<u>976</u>

Additions to land and buildings are attributable to the demerger of the property placed at Røvsingsgade 64-68, Copenhagen, effected on 3 April 2015.

9. Receivables

	Group 30.09.2016 DKK'000	Group 31.12.2015 DKK'000
Trade receivables	19,953	18,341
Other receivables, non-current	20,286	15,938
Other receivables, current	<u>27,476</u>	<u>23,523</u>
	<u>67,715</u>	<u>57,802</u>

All trade receivables fall due within 12 months. Non-current receivables relate to the sale of partnership agreements falling due for payment within a period of two to four years.

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

	Group 30.09.2016 DKK'000	Group 31.12.2015 DKK'000
Impairment losses at 1 January	1,158	1,158
Impairment losses for the period	-	-
Realised for the period	-	-
Reversed	<u>-</u>	<u>-</u>
Impairment losses at 30 September	<u>1,158</u>	<u>1,158</u>

No significant single overdue receivables exist at 30 September 2016 for which payment arrangements have not been made or a write-down for bad and doubtful debts has not been made.

10. Bond debt

In 2011, the Group issued corporate bonds, the principal amount of which is DKK 10.0m. The bonds carry interest at a rate of 3.5 % and are redeemed after five years from the date of issue at a price of 135.

The Group issued listed corporate bonds on 17 June 2014 with a principal amount of SEK 375m (or DKK 294.6m) and on 30 September 2014 with a principal amount of SEK 50m (or DKK 39.4m). The bonds carry interest at 3M STIBOR + 750 bps and are redeemed at par after five years from the date of issue. The corporate bond is listed on the NASDAQ OMX Stockholm.

On 18 July 2016, Lauritz.com A/S repaid part of the bond loan for DKK 82,221k, equivalent to SEK 100m and a redemption price of 104 plus interest. After this partial repayment, the principal amount of the bond debt was reduced to SEK 325m.

Lauritz.com A/S has on 16 September 2016 acquired approx. 2.4% of the issued bonds for SEK 7.6m (or DKK 5.9m). The bonds were acquired at rate 99.25.

10. Bond debt (continued)

The fair value of the bonds amounts to DKK 243,037k at 30 September 2016 based on the last trade made on 19 September 2016.

The corporate bonds are subject to specific loan covenants determined as follows for the last 12 months (LTM):

<i>Financial covenants determined at 30 September 2016</i>	Group Q3 2016 DKK'000	EBITDA- ratio
EBITDA, LTM	<u>42,749</u>	
<i>Net interest bearing debt / EBITDA</i>		
Bond debt, non-current	240,214	
Bond debt, current	-	
Other receivables, non-current	- 16,792	
Cash and cash equivalents	<u>- 50,814</u>	
Total net interest bearing debt	<u>172,608</u>	<u>4.04</u>
	<u>TARGET</u>	<u>< 5.50</u>
<i>Net Finance Charges / EBITDA</i>		
Interest income, bank - LTM	- 488	
Financial expenses, bond debt – LTM	25,038	
Other interest expenses - LTM	<u>255</u>	
Total net finance charges	<u>24,805</u>	<u>1.72</u>
	<u>TARGET</u>	<u>> 1.50</u>

The Group is in compliance with applicable financial covenants as at 30 September 2016.

11. Financial 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 30 September 2016 is specified below.

2016 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	636	48	-	-1,092	-408
EUR	2,290	8,935	-	-1,204	10,021
SEK	32,954	11,973	-240,214	-29,190	-224,477
30 September 2016	35,880	20,956	-240,214	-31,486	-214,864

2015 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	309	217	-	-1,061	-535
EUR	1,580	1,315	-	-2,829	66
SEK	32,539	13,994	-338,056	-52,292	-343,815
31 December 2015	34,428	15,526	-338,056	-56,182	-344,284

The bonds issued are issued in SEK and so the principal amount is subject to exchange rate fluctuations between the Company's functional currency (DKK) and SEK. A 5 % change in the SEK rate at 30 September 2016 would have affected comprehensive income and equity by approx. DKK 3m (31.12.2015: DKK 9m). The sensitivity analysis shows the difference between the 30 September 2016 fair value calculated for the Group's assets and liabilities denominated in SEK.

The Group has interest-bearing financial assets and liabilities and so it is affected by interest rate fluctuations. Fluctuations in the level of interest rates affect the Group's floating-rate bond debt. 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 DKK 2m (31.12.2015: DKK 3m) 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.

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 as well as undrawn credit facilities. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within approx. 35 days. In order to maintain the current liquidity level, the Group is therefore dependent on continued growth and positive earnings. Management assesses the Group's liquidity requirements on a regular basis.

The Group is not exposed to significant credit risks 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 very few cases of credit card fraud. Moreover, reputable collaborators are used for managing cash flows, mainly Valitor, ALTAPAY, Danske Bank, SEB and DNB.

The Group regularly assesses its capital structure with a view to ensuring adequate equity with the Company. For 2016 the Group expects to receive dividends from subsidiaries insofar as distribution is considered reasonable. The amount receivable from group enterprises is reduced through distribution of dividend. Expectations for 2016 are that no dividend exceeding the amount receivable from group enterprises will be distributed.

	Group 30.09.2016 DKK'000	Group 30.09.2015 DKK'000
12. Earnings per share (EPS)		
Profit/Loss for the period	<u>3,444</u>	<u>- 11,322</u>
Average number of shares	<u>530,900</u>	<u>60,020</u>
EPS at DKK 100	<u>6.49</u>	<u>- 188.6</u>
EPS at DKK 100 diluted	<u>6.49</u>	<u>- 188.6</u>

13. Dividend

For 2016, DKK 0 in ordinary dividend has been distributed to the shareholders of Lauritz.com A/S, equalling DKK 0 per share (2015: DKK 33 per share).

14. Acquisitions

During the period, the Group has acquired the following enterprises:

Name	Primary activity	Acquisition date	Voting share acquired %
Karlstad-Hammarö Auktionsverk AB	Holding of quality auctions	28.06.2016	100

Furthermore, the Group has acquired the Danish branch in Herning.

	2016
	DKK'000
Property, plant and equipment	369
Rights acquired	11,211
Receivables	1,297
Cash and cash equivalents	2,484
Deferred tax	- 2,467
Trade payables	- 54
Other payables	- 2,247
Net assets acquired	10,593
Goodwill	3,947
Total consideration	14,540

The Group has acquired net assets totalling DKK 10,430k including cash acquired of DKK 2,484k. Net assets acquired are based on preliminary opening balance sheets, which may be adjusted afterwards.

The Group has incurred transaction costs of DKK 230k, classified as other external expenses in the statement of comprehensive income for the period.

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.

14. Acquisitions (continued)

Of the Group's profit for the period, DKK 645k is attributable to Karlstad-Hammarö Auktionsverk AB following the acquisition. Of the Group's revenue, DKK 2,151k is attributable to Karlstad-Hammarö Auktionsverk AB. Had the enterprise been acquired with effect from 1 January 2016, revenue for the period 1 January 2016 to 30 September 2016 would have been approx. DKK 5,976k and profit for the period would have been approx. DKK 2,106k.

15. Contingencies etc.**Contingent liabilities, consolidated financial statements**

The Group has provided security for rent for DKK 395k that expires in 2019.

The Group has adopted other property rental agreements with maximum lease terms running until 2025. Rent totals DKK 54,137k, of which DKK 4,575k falls due in 2016.

Car operating leases have been entered into for the years 2016-2018. The leases have fixed lease payments which are indexed annually. The leases are interminable in the period specified.

The Group participates in an international joint taxation arrangement with Blixt 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 from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies.

16. Related parties**Related parties with a controlling interest**

The following related parties have a controlling interest in Lauritz.com 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
Lauritz.com Group A/S	Søborg, Denmark	Shareholder is holding the majority of voting rights in Lauritz.com A/S

Ownership

Lauritz.com A/S is wholly owned by Lauritz.com Group A/S, Søborg, Denmark.

16. Related parties (continued)

Subsidiaries	Registered office	Ownership interest
AB Stockholms Auktionsverk *	Stockholm, Sweden	100 %
LC Danmark ApS	Søborg, Denmark	100 %
LC II ApS	Søborg, Denmark	100 %
LC III ApS	Søborg, Denmark	100 %
Helsingborgs Auktionsverk AB *	Helsingborg, Sweden	100 %
Karlstad-Hammarö Auktionsverk AB *	Skoghall, Sweden	100 %
LC Sverige AB	Stockholm, Sweden	100 %
Internetauktioner i Helsingborg AB *	Helsingborg, Sweden	100 %
LC Deutschland GmbH	Hamburg, Germany	100 %
QXL Denmark A/S	Søborg, Denmark	100 %
QXL.no AS	Oslo, Norway	100 %

*The company is not audited by Deloitte.

Transactions

On 30 June 2016, Lauritz.com A/S received DKK 110,732k in full repayment of its receivable with the ultimate Parent Company, Blitz Holding A/S. DKK 0.3m in interest has been paid during the period.

17. Events after the balance sheet date

On 24 November 2016, Lauritz.com entered into a five year partnership agreement with a new partner for the existing Lauritz.com branch in Herning. The new partnership agreement will have a positive effect on EBITDA in Q4 2016 of approx. DKK 5m.

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