

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

Interim Report

January 2017 – March 2017

Company announcement 9 May 2017

STRONG GROWTH IN EBITDA

January – March 2017

- Auction Turnover amounted to DKK 191.5m (235.5), corresponding to a decrease of 19 percent.
- Revenue amounted to DKK 56.1m (45.6), corresponding to an increase of 23 percent of which DKK 18m relates to fees from new partnership agreements.
- Number of knockdowns excluding QXL was 78,030 (81,953) and average knockdown price amounted to DKK 2,333 (2,691).
- EBITDA amounted to DKK 15.0m (3.7), corresponding to an increase of 303 percent.
- Auction Turnover Margin¹ amounted to 7.8 (1.6) percent.
- Profit amounted to DKK 4.3m (-2.1), and earnings per share amounted to DKK 8.02 (-34.72).
- 2 partnership agreements were signed.

The Group's key figures

DKK million	January – March		Full year	
	2017	2016	2016	2015
Auction turnover	191,536	235,533	1,073,455	1,084,036
Revenue	56,084	45,607	219,403	225,152
Number of Knockdowns (excl. QXL)	78,030	81,953	314,154	351,490
Average Knockdown price (excl. QXL)	2,333	2,691	3,324	2,976
EBITDA	15,004	3,722	46,282	41,830
Auction Turnover Margin ¹	7.8%	1.6%	4.3%	3.9%
Profit	4,259	-2,084	11,560	-8,513
Earnings per share	8.02	-34.72	21.77	-141.83
Net cash flow	-28,357	-16,168	31,493	-37,510

¹ Auction Turnover Margin = EBITDA/Auction Turnover.

CEO comments

Lauritz.com's revenue during the first quarter 2017 increased 23 percent to DKK 56.1m (45.6). DKK 38,1m of the revenue originates from auction turnover and DKK 18m from sales of partnership agreements in two of our auction houses. To transfer ownership of auction houses in the form of partnership agreements is a natural part of Lauritz.com's business model. It means that the buyers going forward will run the auction houses as partners in accordance with our franchise-like concept. EBITDA increased 303 percent to DKK 15.0m (3.7), mainly as a consequence of the fees these sales generated.

As to auction turnover, Q1 is always a weak quarter for Lauritz.com, although Q1 2017 turned out to be weaker than normal, following a stable development during 2016. Auction turnover amounted to DKK 191.5m and was 19% down compared to Q1 2016. There are several reasons for this development.

We are experiencing decreasing auction turnover on our two secondary business areas; our peer-to-peer platform QXL and new produced items on Lauritz.com. We have previously changed the commission- and cost structure of QXL, which has increased QXL's profitability as planned but also decreased the auction turnover.

Looking at our sales of new produced items, we are to some extent downgrading our focus in this area, since we want to concentrate on our core business of second-hand items online. This was reflected in a decrease of auction turnover within new produced items in Q1.

Lauritz.com has a strong position as the biggest auction house in the Nordics. Our online platforms perform well, with approximately 13.000 new customer registrations and 5,7 million online visits per month. This was also the case in Q1.

The basic challenge in the auction industry is continuously to secure a sufficient amount of items to sell to the buying customers. Therefore, Lauritz.com's growth potential is dependent on our capability to attract items to our auction houses from local sellers to expose these items online to our global buyers.

Our core business of selling second hands items online was stable during 2016. However, auction turnover also on this area decreased in Q1 2017. We are experiencing a shift in customer behaviour, where sellers of items gradually become less prepared to physically visit our auction houses to consign compared to before.

We believe this shift in behaviour to be one explanation to our drop in auction turnover in Q1.

Thus, convenience becomes more important than ever. We are implementing an action plan with different initiatives to upgrade convenience in our services towards our future sellers. We do for example now test a new service where we as a standard offer to visit any potential seller at the home address to pick up items and bring them to our auction houses free of charge. The test so far shows good potential.

Lauritz.com has had a first mover advantage in selling art, design and antiques to a broader audience online. However, we do experience increasing competition from both old and new competitors. The competitors comprise online platforms and retail shops, bigger international or smaller local concepts and at fixed price or on auction. We believe that this development has a negative impact on our in-flow of items from sellers, who now have many alternatives. On the other hand, the increasing interest in second-hand items and the consumers' adaption to online channels create a growing online market. This development is promising and will give room for many online players. We follow the market carefully and will adapt and develop our market approach to secure our market leading position also in the future. At present, we are e.g. preparing improvements of our end-to-end customer experience such as a new payment solution and an enhanced desktop website interface to keep up to speed with our successful apps and mobile website.

Finally, we are strengthening our commercial awareness and sales competences throughout the organisation. Our key competence is still our expertise within art, design and antiques, but we must make sure that we are sufficiently proactive in our market approach. We have therefore in Q1 introduced two country manager positions, with responsibility to drive the auction turnover development in the respective countries. We are furthermore recruiting new branch managers in a number of auction houses to take our local management to the next level, including a more outgoing commercial focus between our experts, which is expected to increase our sourcing of items, and in turn have a positive impact auction turnover.

As earlier communicated, a cost savings plan was initiated in January 2017 in order to optimize earnings in 2017. The plan comprises a reduction of 15% of headquarter costs. We expect to see positive financial effects from these measures over the year. We do also continue a program to optimize efficiency in the whole company.

Lauritz.com is built on a proven concept and a strong international platform with an attractive position in the large middle-market segment. We expect the measures we now take to have a positive long-term impact with regards to both attracting more sellers and buyers and secure future growth and profitability. I feel confident that we will be well positioned to continue our journey in reaching out and democratizing the auction world.



Mette Rode Sundstrøm

CEO

Lauritz.com – a pioneer in the auction industry

Lauritz.com is the biggest auction group in the Nordics, with buyers in 200 countries that trade online.

Lauritz.com has created a paradigm shift in the auction industry. Our vision is to democratise the auction world by inspiring consumers to sell and buy on online auctions, making art, design and antiques accessible for everyone worldwide.

Our first mover advantage, combined with expertise and knowledge within valuations, secure payments services and distribution of sold items, has since the start constituted the foundation for sustainable and profitable expansion.

Lauritz.com registers around 6.2 million online visitors and around 2 million unique visitors each month. Approximately more than 13,000 new customers are registered every month.

We have shown a yearly average auction turnover growth of over 25% since the start in 1999 with an auction turnover in 2016 of over DKK 1,000m. During the same period, EBITDA has shown a strong and consistent development.

Business model

Lauritz.com capitalizes on the trend of digitalization and online trading by consolidating the fragmented and mainly physical auction house market in Europe and converting it into online auctions.

We focus on the large middle-market segment with a value between DKK 800 and 50,000. This segment positions Lauritz.com between peer-to-peer platforms with high volume at low prices and the fine art market with low volume and high prices.

Sourcing of items from local sellers is achieved through a combination of acquiring traditional physical auction houses, starting new auction houses and establishing partner-run auction houses within a franchise-like model.

Currently, Lauritz.com has 27 auction houses located in Denmark, Sweden, Norway, Germany and Belgium and further growth is expected to come from consolidation in current and new markets.

Revenue model

Lauritz.com charges buyers and sellers a commission and a fixed fee on the knockdown.

Owners

Lauritz.com A/S is wholly owned by Lauritz.com Group A/S. Lauritz.com Group A/S is since 22 June 2016 listed on Nasdaq First Premier Stockholm with the ticker LAUR. The largest shareholders of Lauritz.com Group A/S are founder Bengt Sundström, Bure Equity AB, Swedbank Robur Fonder, Catella Fondförvaltning AB, Rite Internet Ventures Holdings AB and CEO Mette Rode Sundstrøm.

Auction turnover

Auction turnover amounted to DKK 191.5m (235.5), corresponding to a decrease of 19 percent. The decrease was due to a lower number of items and lower average knockdown price in Q1 2017 compared to Q1 2016.

The number of knockdowns excluding QXL amounted to 78,030 (81,953) and average knockdown price amounted to DKK 2,333 (2,691).

Revenue

Revenue amounted to DKK 56.1m (45.6), corresponding to an increase of 23 percent. The increase was mainly explained by fees of DKK 18m from new partnership agreements.

2 partnership agreements were signed which means that as of 31 March 1 less auction house (net) was fully owned by Lauritz.com and 1 additional owned by partners compared to 31 December 2016.

EBITDA and Auction Turnover margin

EBITDA amounted to DKK 15.0m (3.7), corresponding to an increase of 303 percent. The increase is mainly explained by the fees from new partnership agreements, amounting to DKK 18m.

The Auction Turnover Margin amounted to 7.8 (1.6) percent. The increase is mainly explained by the increase in EBITDA combined with lower auction turnover in Q1 2017.

Operating profit

Operating profit for the period amounted to DKK 11.2m (0.5).

Net financials

Net financials was DKK -5.6m (-5.4). Net financials mainly consists of interest on the issued bond. The currency exchange rate losses on the bond debt issued in SEK amounted to DKK 0.6m (1.9 gain).

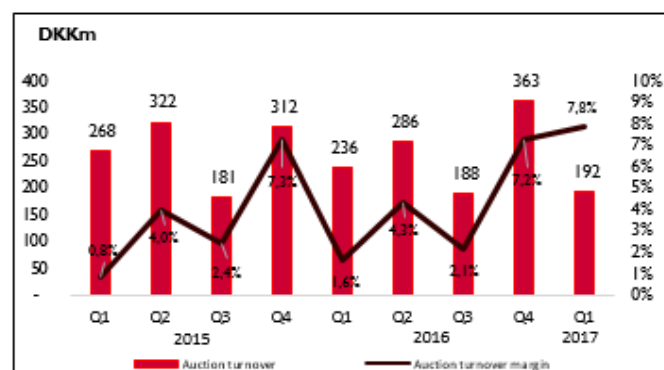
Tax

Tax amounted to DKK -1.4m (2.8), corresponding to an effective tax rate of 24.3 percent (-57.1).

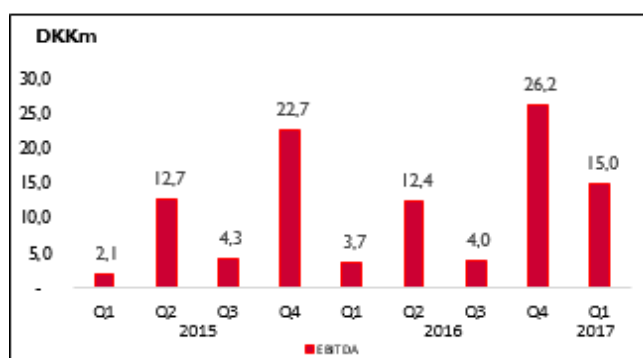
Profit for the period and earnings per share

Profit for the period was DKK 4.3m (-2.1). Earnings per share amounted to DKK 8.02 (-34.72).

Auction turnover and margin development



EBITDA development



Cash flow

Cash flow from operating activities was DKK -25.0m (-0.5). The cash flow in Q1 2017 is affected by increased payments to sellers related to auctions in Q4 2016 and fees from new partnership agreements amounted to DKK 18m, which will be received over the next four years in installments.

Financial position, cash and cash equivalents

Equity at the end of the quarter was DKK 66.3m (63.5) and the group's total assets were DKK 429.2m (482.3). The equity/assets ratio increased to 15.4 percent (2.0).

Cash and cash equivalents amounted to DKK 48.2m (30.0).

Investments

Investments amounted to DKK 3.4m (1.8).

Human resources

The average number of full-time employees in Lauritz.com A/S and its subsidiaries (FTE) was 191 (205) in the period.

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 25 April 2017, Lauritz.com entered into a five year partnership agreement with a partner for the Danish auction house in Esbjerg. The new partnership agreement will have a positive effect on EBITDA of approx. DKK 3m.

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

Future prospects

In 2017, the Group expects to obtain an increased net revenue and an EBITDA margin between 20-25 percent.

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 242.9m (336.5). The bond is a senior secured bond of SEK 325m 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 31 March 2017 must not be greater than 4.00. The ratio was 2.69.

The second covenant is EBITDA/Net finance charges, which as at 31 March 2017 must exceed 1.75. The ratio was 2.82.

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'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 to 31 March 2017.

The Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements governing interim reports of listed companies.

In our opinion, the Interim Report gives a true and fair view of the group's financial position at 31 March 2017 and of the results of its operations and cash flows for the period 1 January to 31 March 2017.

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, 9 May 2017

Executive Management: Mette Rode Sundstrøm, CEO; Henrik Engmark, COO; Claus Boysen, CFO

Board of Directors: Bengt Sundström, Chairman; Mette Rode Sundstrøm, John Tyrrestrup, Thomas Schnegelsberg, Josephine Salenstedt, Petra von Rohr, Henrik Blomquist

Company auditor: Deloitte, Statsautoriseret Revisionspartnerselskab

Company details: Company: Lauritz.com A/S, Dynamovej 11, 2860 Søborg, Denmark, Registration No: 24 99 45 70, Søborg, Denmark, phone: + 45 44 50 98 00, Fax: + 45 44 50 98 01, Homepage: www.lauritz.com

For more information, please contact:

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Presentation of the Year-end report:

On 9 May 2017 at 9.05 a.m. CET, Mette Rode Sundstrøm, CEO will hold a live presentation of the Interim Report. The presentation will be held in English on Lauritz.com's Facebook-site. A link to the presentation will also be accessible from our website www.lauritz.com.

Reporting schedule

Interim Report, Q2 2017 – 15 August 2017
Interim Report, Q3 2017 – 7 November 2017

Group financial highlights

	YTD 31.03.2017 DKK'000	YTD 31.03.2016 DKK'000	FY 2016 DKK'000	FY 2015 DKK'000	FY 2014 DKK'000
Auction turnover ¹	191,536	235,533	1,073,455	1,084,036	1,047,146

Statement of comprehensive income

Revenue	56,084	45,607	219,403	225,152	153,411
Gross profit	53,327	41,759	202,079	207,319	138,490
EBITDA	15,004	3,722	46,282	41,830	23,242
Operating profit (EBIT)	11,213	498	31,931	29,655	16,627
Net financials	- 5,590	- 5,357	- 15,275	- 40,423	- 2,365
Profit before tax (EBT)	5,623	- 4,859	16,656	- 10,768	14,262
Tax on profit for the period	- 1,364	2,775	- 5,096	2,255	- 3,761
Profit for the period	4,259	- 2,084	11,560	- 8,513	10,501

Balance sheet

Non-current assets	330,730	299,529	309,831	298,100	220,001
Current assets	98,422	182,787	184,210	203,465	289,882
Balance sheet total	429,152	482,316	494,041	501,565	509,883
Share capital	53,090	6,002	53,090	6,002	6,000
Equity	66,256	9,747	63,452	13,287	14,550
Non-current liabilities	261,445	346,709	255,292	347,848	350,906
Current liabilities	101,452	125,860	175,297	140,430	144,427

Cash flows

Operating activities	- 24,958	- 518	- 7,750	- 12,705	15,307
Investing activities	- 3,399	- 1,800	90,978	- 22,806	- 207,073
Of this, investments in property, plant and equipment	- 1,214	- 491	- 6,945	- 7,978	- 3,786
Financing activities	-	- 13,850	- 51,735	- 1,999	264,039
Total cash flows	- 28,357	- 16,168	31,493	- 37,510	72,273

Ratios:

Gross margin	95.1%	91.6%	92.1%	92.1%	90.3%
EBITDA margin	26.8%	8.2%	21.1%	18.6%	15.2%
Profit margin	20.0%	1.1%	14.6%	13.2%	10.8%
Equity ratio	15.4%	2.0%	12.8%	2.8%	2.9%
Return on equity	6.6%	- 18.1%	30.1%	- 61.2%	60.2%
Earnings per share	8.02	- 34.72	39.13	- 141.83	175.0
Dividend per share	-	-	0	0	33
Average number of full-time employees	191	205	201	204	136

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

	Q1 31.03.2017 DKK'000	Q1 31.03.2016 DKK'000
Auction turnover ¹	191,536	235,533

		<u>Group</u>	
		Q1 31.03.2017 DKK'000	Q1 31.03.2016 DKK'000
Notes			
3	Revenue	56,084	45,607
	Direct costs	- 2,757	- 3,848
	Gross profit	53,327	41,759
	Other operating income	176	240
	Other external expenses	- 14,643	- 14,419
	Staff costs	- 23,856	- 23,858
	EBITDA	15,004	3,722
	Depreciation and amortisation	- 3,791	- 3,224
	Operating profit (EBIT)	11,213	498
4	Financial income	454	2,067
5	Financial expenses	- 6,044	- 7,424
	Profit before tax (EBT)	5,623	4,859
6	Tax on profit for the period	- 1,364	2,775
	Profit for the period	4,259	2,084
	Items that can be reclassified to profit or loss:		
	Exchange adj., foreign companies	- 1,455	- 1,456
	Tax on other comprehensive income	-	-
	Other comprehensive income	- 1,455	- 1,456
	Comprehensive income	2,804	3,540
12	Earnings per share	8.02	34.72
12	Earnings per share, diluted	8.02	34.72

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 31.03.2017 DKK'000	Group 31.12.2016 DKK'000
Assets		
Notes		
Non-current assets		
7 Software in process of development	10,738	11,671
7 Fully developed software	11,872	10,598
7 Goodwill	140,128	138,287
7 Rights acquired	<u>58,048</u>	<u>56,990</u>
Total intangible assets	<u>220,786</u>	<u>217,546</u>
8 Land and buildings	54,171	54,261
8 Other fixtures and fittings, tools and equipment	<u>14,517</u>	<u>14,165</u>
Total property, plant and equipment	<u>68,688</u>	<u>68,426</u>
Deferred tax	3,050	2,464
Deposits	2,097	1,390
9 Other non-current receivables	<u>36,109</u>	<u>20,005</u>
Total financial assets	<u>41,256</u>	<u>23,859</u>
Total non-current assets	<u>330,730</u>	<u>309,831</u>
Current assets		
Inventories	<u>1,123</u>	<u>1,824</u>
9 Trade receivables	14,164	71,286
9 Other current receivables	<u>34,932</u>	<u>34,659</u>
Total receivables	<u>49,096</u>	<u>105,945</u>
Cash and cash equivalents	<u>48,203</u>	<u>76,441</u>
Total current assets	<u>98,422</u>	<u>184,210</u>
Total assets	<u>429,152</u>	<u>494,041</u>

Balance sheet

Equity and liabilities

<u>Notes</u>	Group 31.03.2017 DKK'000	Group 31.12.2016 DKK'000
Equity		
Share capital	53,090	53,090
Other reserves	- 5,615	- 4,160
Retained earnings	<u>18,781</u>	<u>14,522</u>
Total equity	<u>66,256</u>	<u>63,452</u>
Liabilities		
Deferred tax	18,454	13,450
10 Bond debt	<u>242,991</u>	<u>241,842</u>
Total non-current liabilities	<u>261,445</u>	<u>255,292</u>
10 Bond debt	0	0
Trade payables	63,877	135,051
Other payables	34,553	37,083
Tax payable	<u>3,021</u>	<u>3,163</u>
Total current liabilities	<u>101,451</u>	<u>175,297</u>
Total liabilities	<u>362,896</u>	<u>430,589</u>
Total equity and liabilities	<u>429,152</u>	<u>494,041</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 2016	6,002	4,323	2,962	13,287
Loss for the period	-	-	-2,084	-2,084
Other comprehensive income	-	-1,456	-	-1,456
	6,002	2,867	878	9,747
Dividend distributed	-	-	-	-
Equity at 31 March 2016	6,002	2,867	878	9,747
Equity at 1 January 2017	53,090	-4,160	14,522	63,452
Profit for the period	-	-	4,259	4,259
Other comprehensive income	-	-1,455	-	-1,455
	53,090	-5,615	18,781	66,256
Dividend distributed	-	-	-	-
Equity at 31 March 2017	53,090	-5,615	18,781	66,256

Cash flow statement

	Group 31.03.2017 DKK'000	Group 31.03.2016 DKK'000
Operating profit (EBIT)	11,213	498
Depreciation and amortisation	3,791	3,224
Increase/decrease in inventories	701	7
Increase/decrease in receivables	40,193	4,397
Increase/decrease in trade payables and other payables	- 76,147	- 1,187
Other adjustments	- 278	- 930
Cash flows from ordinary operating activities	- 20,527	5,995
Interest received	454	259
Interest paid	- 4,885	- 6,773
Income tax paid under a joint taxation arrangement	-	-
Cash flows from operating activities	- 24,958	- 518
Purchase of property, plant and equipment	- 1,214	- 491
Purchase of intangible assets	- 2,158	- 1,309
14 Acquisitions	- 27	-
Cash flows from investing activities	- 3,399	- 1,800
Redemption of bonds	-	- 13,850
Dividend paid to the Parent's shareholders	-	-
Cash flows from financing activities	-	- 13,850
Net cash flows for the period	- 28,357	- 16,168
Net capital resources, beginning of period	76,441	46,289
Exchange rate adjustment of capital resources	119	174
Net capital resources, end of period	48,203	29,947
Net capital resources, end of period, are composed as follows:		
Cash and cash equivalents	48,203	29,947
Interest-bearing short-term bank loans	-	-
Net capital resources, end of period	48,203	29,947

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 2016 consolidated financial statements, which are in accordance with International Financial Reporting Standards as adopted by the EU. We refer to the 2016 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 Financial Ratios 2015" as issued by the Danish Association of Financial Analysts.

Changes in accounting policies

Effective from 1 January 2017 the Lauritz.com group has implemented the new or revised Standards and Interpretations applicable for financial years beginning 1 January 2017 or later. The implementation of new or revised Standards and Interpretations has not resulted in any changes in the accounting policies 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 to 31 March 2017 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 2016 are still estimated to be valid.

	Group 31.03.2017 DKK'000	Group 31.03.2016 DKK'000
3. Revenue		
Auction commissions and fees etc.	38,084	45,232
Fees from sales of partnership agreements	<u>18,000</u>	<u>375</u>
	<u>56,084</u>	<u>45,607</u>
4. Financial income		
Interest income	454	121
Interest income from group enterprises	<u>0</u>	<u>138</u>
Interest income from financial assets	454	259
Exchange rate gains	<u>-</u>	<u>1,808</u>
	<u>454</u>	<u>2,067</u>
5. Financial expenses		
Interest expenses	29	51
Bank charges etc.	179	206
Financial expenses, bond debt	4,677	6,633
Amortisation of borrowing costs, bond debt	<u>525</u>	<u>534</u>
Interest expenses from financial liabilities	5,410	7,424
Exchange rate losses	<u>634</u>	<u>-</u>
	<u>6,044</u>	<u>7,424</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 2017. The estimated effective tax rate for Danish enterprises is 22.0 % (2016: 22.0 %). 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 liability.

7. Intangible assets (DKK'000)

	Software in process of development	Developed software	Acquired rights	Goodwill
Cost at 1 January 2017	15,175	37,476	67,171	138,287
Exchange rate adjustments	-	6	2,071	1,123
Additions from subsidiaries acquired	-	-	-	2,065
Disposal	-	-	-	1,347
Additions	2,158	-	-	-
Transferred	- 3,091	3,091	-	-
Cost at 31 March 2017	14,242	40,561	69,242	140,128
Amortisation at 1 January 2017	-	26,878	10,181	-
Impairment losses at 1 January 2017	3,504	-	-	-
Exchange rate adjustments	-	4	7	-
Amortisation for the period	-	1,815	1,006	-
Amortisation and impairment losses at 31 March 2017	3,504	28,689	11,194	-
Carrying amount at 31 March 2017	10,738	11,872	58,048	140,128
	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	-	41	3,682	4,161
Additions from subsidiaries acquired	-	-	11,211	3,947
Additions	6,440	2,584	-	-
Transferred	- 765	765	-	-
Cost at 31 December 2016	15,175	37,476	67,171	138,287
Amortisation at 1 January 2016	-	20,098	6,995	-
Impairment losses at 1 January 2016	3,504	-	-	-
Exchange rate adjustments	-	20	62	-
Amortisation for the year	-	6,760	3,248	-
Amortisation and impairment losses at 31 December 2016	3,504	26,878	10,181	-
Carrying amount at 31 December 2016	11,671	10,598	56,990	138,287

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 23.9m at 31 March 2017 (31.12.2016: DKK 23.8m).

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 2016, 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 2017 budget period, this is equivalent to an annual EBITDA growth rate of approx. 15 % from 2017 to 2021.

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 2017 to 2021. 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 % (2016: 12.8 %).

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 2017	55,094	36,933
Exchange rate adjustments	-	34
Additions from subsidiaries acquired	-	-
Additions	22	1,192
Disposal	-	1,498
Cost at 31 March 2017	<u>55,116</u>	<u>36,661</u>
Depreciation at 1 January 2017	833	22,768
Exchange rate adjustments	-	17
Depreciation for the period	112	753
Depreciation related to disposals	-	1,394
Depreciation at 31 March 2017	<u>945</u>	<u>22,144</u>
Carrying amount at 31 March 2017	<u>54,171</u>	<u>14,517</u>
Assets held under finance leases are included in carrying amount at		<u>412</u>

	Lands and buildings	Other fixtures etc.
Cost at 1 January 2016	52,357	36,669
Exchange rate adjustments	-	536
Additions from subsidiaries acquired	-	369
Additions	2,737	4,208
Disposal	-	3,777
Cost at 31 December 2016	<u>55,094</u>	<u>36,933</u>
Depreciation at 1 January 2016	388	19,611
Exchange rate adjustments	-	248
Depreciation for the year	445	3,843
Depreciation related to disposals	-	438
Depreciation at 31 December 2016	<u>833</u>	<u>22,768</u>
Carrying amount at 31 December 2016	<u>54,261</u>	<u>14,165</u>
Assets held under finance leases are included in carrying amount at		<u>475</u>

9. Receivables

	Group 31.03.2017 DKK'000	Group 31.12.2016 DKK'000
Trade receivables	14,164	71,286
Other receivables, non-current	36,109	20,005
Other receivables, current	<u>34,932</u>	<u>34,659</u>
	<u>85,205</u>	<u>125,950</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 31.03.2017 DKK'000	Group 31.12.2016 DKK'000
Impairment losses at 1 January	1,158	1,158
Impairment losses for the period	870	870
Realised for the period	-	-
Reversed	<u>-</u>	<u>-</u>
Impairment losses at 31 December	<u>2,028</u>	<u>2,028</u>

The Group has no significant credit risks related to a single customer or market. Write-downs for bad and doubtful receivables are made if the receivables based on an individual evaluation, shows indication of impairment.

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 corporate bonds were redeemed by the end of February 2016.

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 226,582k at 31 March 2017 based on the last trade made on 13 March 2017. Of this, Lauritz.com A/S holds bonds with a fair value amounting to DKK 5,460k.

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

<i>Financial covenants determined at 31 March 2017</i>	Group Q1 2017 DKK'000	EBITDA- ratio
EBITDA, LTM	<u>57,564</u>	
<i>Net interest bearing debt / EBITDA</i>		
Bond debt, non-current	242,991	
Bond debt, current	-	
Interest bearing receivables	- 39,787	
Cash and cash equivalents	- <u>48,203</u>	
Total net interest bearing debt	<u>155,001</u>	<u>2.69</u>
	<u>TARGET</u>	<u>< 4.00</u>
<i>EBITDA / Net Finance Charges</i>		
Interest income, bank - LTM	- 1,070	
Financial expenses, bond debt – LTM	20,951	
Other interest expenses - LTM	<u>497</u>	
Total net finance charges	<u>20,378</u>	<u>2.82</u>
	<u>TARGET</u>	<u>> 1.75</u>

The Group is in compliance with applicable financial covenants as at 31 March 2017.

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 31 March 2017 is specified below.

2017 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	647	62	-	-616	93
EUR	2,008	8,691	-	-	10,699
SEK	31,879	10,624	-241,992	-34,852	-234,341
31 March 2017	34,534	19,377	-241,992	-35,468	-223,549

2016 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	736	65	-	-633	168
EUR	2,770	7,815	-	-480	10,105
SEK	55,058	67,095	-241,842	-99,579	-219,268
31 December 2016	58,564	74,975	-241,842	-100,692	-208,995

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 31 March 2016 would have affected comprehensive income and equity by approx. DKK 3m (31.12.2016: DKK 3m). The sensitivity analysis shows the difference between the 31 March 2017 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 approx. DKK 2m (31.12.2016: DKK 2m) 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.

	Group 31.03.2017 DKK'000	Group 31.03.2016 DKK'000
12. Earnings per share (EPS)		
Profit/Loss for the period	4,259	- 2,084
Average number of shares	530,900	60,020
EPS at DKK 100	8.02	- 34.72
EPS at DKK 100 diluted	8.02	- 34.72

13. Dividend

For 2017, DKK 0 in ordinary dividend has been distributed to the shareholders of Lauritz.com A/S, equalling DKK 0 per share (2016: DKK 0 per share).

For the financial year 2016, the Board of Directors has proposed dividend of DKK 0k, corresponding to DKK 0 per share.

14. Acquisitions

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

Name	Primary activity	Acquisition date	Voting share acquired %
Ztuff ApS	Online auctions	14.02.2017	100

2017

DKK'000

Property, plant and equipment	110
Receivables	156
Cash and cash equivalents	691
Trade payables	- 398
Other payables	- <u>1,906</u>
Net assets acquired	- 1,347
Goodwill	<u>1,347</u>
Total consideration	0

The Group has acquired net assets totalling DKK -1,347k including cash acquired of DKK 691k. Net assets acquired are based on preliminary opening balance sheets, which may be adjusted afterwards.

The Group has incurred transaction costs of DKK 143k, 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 -201k is attributable to Ztuff ApS following the acquisition. Of the Group's revenue, DKK 1,222k is attributable to Ztuff ApS. Had the enterprise been acquired with effect from 1 January 2017, revenue for the period 1 January to 31 March 2017 would have been approx. DKK 1,745k and profit for the period would have been approx. DKK -476k.

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

The Group has provided security for rent for DKK 1,553k that expires in 2019.

The Group has adopted other property rental agreements with maximum lease terms running until 2025. Rent totals DKK 49,612k, of which DKK 13,620k falls due in 2017.

Car operating leases have been entered into for the year 2017. 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 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 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
Blixtz 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.

17. Events after the balance sheet date

On 25 April 2017, Lauritz.com entered into a five year partnership agreement with a partner for the Danish auction house in Esbjerg. The new partnership agreement will have a positive effect on EBITDA in 2017 of approx. DKK 3m.

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