

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

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**Interim Report**

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**January – December 2018**

Company announcement 26 February 2019

### Restructuring of corporate bond

- Bondholders have approved the changes to the bond terms on 25 February 2019. The changes will come into effect in 2019.
- The adoption of the redefined terms for the bonds will secure the financial situation for the group of Lauritz.com in the coming years, allowing management to focus on growing and optimizing the business in a market with a considerable further potential.
- Main changes to bond terms:
  - Write-down of debt by DKK 85m from DKK 230m to DKK 145m
  - Reduction of interest rate from 7.5 percent on the full bond debt to 4% on SEK 130m and 7.5% on SEK 70m. Yearly interest payment the first year hereby reduced by DKK 9.7m from DKK 17.4m to DKK 7.7m
  - Extension of the bond by 5.5 years until December 2024, with scheduled yearly redemptions
  - No financial covenants, and waiver of the existing financial covenants
  - Additional security provided to bondholders by main shareholder

### Impairments and changes in accounting estimates

In connection with the preparation of every quarterly statement, we assess if there is a need to write down the value of assets in the balance sheet in order to give a true and fair view of the value of these.

In connection with the Q4 reporting the following adjustments to accounting estimates and Impairments has been made:

- Reassessed the expected value of the Fine Art transaction, resulting in a change in the gain from the sale of the Fine Art business from DKK 40.4m to DKK 8.4m
- Impairment of Goodwill and receivables from sale partnership agreements of DKK 31.5m.
- A reservation of DKK 19.5m is made on receivables from sale of partnership agreements to be prepared for future losses.

The value adjustments included in the Q4 report are a consequence of recent performance and more prudent expectations.

### Equity

As a result of the Impairments and changes in accounting estimates made in connection with the Q4 reporting equity is negative at 31 December 2018.

The Restructuring of the bond will result in the Equity being restored during the first half of 2019, as the DKK 85m write down of the bond debt will impact both the result and the equity positively in 2019, bringing the Equity back to a level around DKK 55m.

## 2018 Highlights

### October – December 2018

- EBITDA in Q4 (excluding revenue from sale of partnership agreements, sales gains and impairments) was DKK 0.4m (10.7m).
- Auction Turnover for the online business decreased by 5.1 percent in Q4. Fine Art Auction Turnover in Q4 is down by 45.1 percent. In total Auction Turnover amounted to DKK 228.2m (277.4), a decrease of 17.7 percent.
- Average knockdown price for Online business was DKK 2,573 (2,725). The number of knockdowns in the Online business was 74,814 (76,824).
- Revenue in like for like business is down 2.6% compared to last year in Q4. Revenue amounted to DKK 35.9m (59.9). The decrease is primarily due to the expected reduction following the sale of auction houses DKK -16.4m, lower income from sale of partnership agreements DKK -6.7m and impact of depreciation of the Swedish krone of DKK -1.1m.
- Cost level in like for like business is reduced by 3-4 percent compared to last year in Q4. The remaining part of the change in cost is due to lower cost following the sale of auction houses, change in accounting for leases and depreciation of the Swedish krone.
- Reported EBITDA for Q4 is DKK -51.7m (17.4m).
- Auction Turnover Margin<sup>1</sup> amounted to -22.6 (6.3) percent. 2018 is impacted by impairments.
- Profit amounted to DKK -86.6m (-12.6) and earnings per share amounted to DKK -163.19 (-23.75).

### January – December 2018

- The result for 2018 impacted significantly by the sale of the Fine Art business in Q1, and impairment of assets in Q4.
- Excluding sales gains and impairments EBITDA in 2018 is DKK 4.4m (13.1m).
- Cost level in like for like business reduced by 7-8 percent comparing with last year, showing the way to a new leaner organization with ability to deliver strong earnings
- Core business Auction Turnover down by 5.7 percent. Auction Turnover amounted to DKK 738.2m (858.9), corresponding to a decrease of 14.1 percent. In addition to the reduction in core business, 6.3 percent is due to lower Auction Turnover in Fine Art business in Sweden, which was sold in Q1 and 2.1 percent is due to the depreciation of the Swedish krone.
- Average knockdown price for the online business increased by 2.7 percent to DKK 2,473 (2,408), and number of knockdowns was 270,472 (302,635) for the online business.
- Revenue amounted to DKK 117.6m (195.7). The reduction is primarily due to lower fees from sale of partnership agreements DKK 0m (28.4m) as well as the divested businesses DKK -31.6m. The remaining reduction is due to lower Auction Turnover impacting Revenue by DKK -13.6m (primarily In Q1 to Q3) and impact of depreciation of the Swedish krone DKK -3.6m
- Cost level in like for like business is reduced by 7-8 percent compared to last year. The remaining part of the change in cost is due to lower cost following the sale of auction houses, change in accounting for leases and depreciation of the Swedish krone.
- Gain from sale of Stockholms Auktionsverk's Fine Art business DKK 8.4m is included in other income.
- Auction Turnover Margin<sup>1</sup> amounted to -1.2 (5.2) percent. 2018 is impacted by impairments.
- Profit amounted to DKK -69.5m (-11.3) and earnings per share amounted to DKK -130.98 (-21.24).
- The property at Rovsingsgade 68 was sold. The transaction had no impact on the result of 2018.

## 2018 Highlights

Lauritz.com A/S key figures	October – December		Full Year	
	2018	2017	2018	2017
DKK million				
Auction turnover	228,178	277,384	738,217	858,893
Revenue	35,928	59,888	117,613	195,683
Revenue, excluding sold activities	35,928	44,167	117,613	157,965
Number of Knockdowns (excl. QXL)	75,847	78,146	272,248	305,402
Average Knockdown price (excl. QXL)	3,016	3,579	2,714	2,820
EBITDA	-51,674	17,442	-8,888	44,692
Auction Turnover Margin <sup>1</sup>	-22,6%	6,3%	-1,2%	5,2%
Profit	-86,635	-12,605	-69,538	-11,278
Earnings per share	-163,19	-23,75	-130,98	-21,24
Net cash flow	30,874	12,942	-8,591	-14,938

<sup>1</sup> Auction Turnover Margin = EBITDA/Auction Turnover.

## Management Comments

### Commercial development 2018

After many years of growth, Lauritz.com experienced a significant drop in Auction Turnover in 2017 due to a more aggressive competition from an increasing number of both traditional and new players within sales of vintage items. In 2018, the core Auction Turnover has shown signs of stabilization with a decrease of 5.5 percent in local currency compared to last year.

Sales- and marketing initiatives have been intensified during 2018, and the increased focus on operations of the business has shown improvements in Q4 (-5.1 percent) compared to Q3 (-7.7 percent).

The positive development is continuing into 2019. Based on the development seen during January and February 2019, we foresee that Q1 2019 has positive outlooks compared to last year.

### Refinancing of Bonds

Lauritz.com has now reached an agreement with the bondholders to refinance the bonds due to be redeemed in June 2019.

The changes are significant, and result in a write down of the outstanding debt by SEK 118m (DKK 85m) to SEK 200m (DKK 145m), a reduction of the interest rate from 7.5 percent on the full amount to 4 percent on SEK 130m, and 7.5 percent on SEK 70m, extension of the final redemption date to 2024 and removal of the financial covenants.

To achieve these improvements additional security has been provided to the bondholders. The main shareholder has agreed to provide additional security through a pledge in the vineyard Chateau Vignelaure.

Furthermore Lauritz.com is obliged to pursue a divestment of certain auction houses, combined with establishing a partnership agreement for these.

### Chairman Bengt Sundström, explains:

We are very happy that the new terms have now been approved by our bondholders. I strongly believe in the future of Lauritz.com. Lauritz.com are about to launch a number of important commercial initiatives to re-establish the convincing growth path that has been our track history from 1999 until 2017. Since 2017, we have been finding our new ways around a more

competitive, but also growing, market of vintage items. In 2018, we have been stabilizing the development of our core business and we are positive about the outlooks for 2019.

As to the coming years, we expect a strong development in the markets for vintage and used items and will apply a progressive and very visible market approach as well as work on developing our pipeline of auction houses interested in partnering up with Lauritz.com into new branches. Furthermore, we are working intensely on a new state-of-the-art auction platform which will in several areas redefine and expand the perception of the international auction market.

### Impairments and changes to accounting estimates

In connection with the preparation of every quarterly statement we assess if there is a need to write down the value of assets in the balance sheet in order to give a true and fair view of the value of these.

In connection with the Q4 reporting the following adjustments to accounting estimates and Impairments has been made:

- Reassessed the expected value of the Fine Art transaction, resulting in a change in the gain from the sale of the Fine Art business from DKK 40.4m to DKK 8.4m
- Impairment of Goodwill and receivables from sale partnership agreements of DKK 31.5m.
- A reservation of DKK 19.5m is made on receivables from sale of partnership agreements to be prepared for future losses.

The value adjustments included in the Q4 report are a consequence of recent performance and more prudent expectations. Especially the performance in the Fine Art Business of Stockholms Aktionsverk has been disappointing after the sales of 51% of this specific business in Q1, leading to a substantially smaller earn-out amount than expected. As to the goodwill and receivables from sales of partnership agreement, the performance in the partner houses have been lower than expected which have influenced the time frame in which the partners will redeem their loans from Lauritz.com.

These impairments impact the result of 2018. The write down of the bond debt will materialize in 2019, and will impact the result and equity

## Management Comments

positively by approximately DKK 80 - 85m during the first half of 2019, bringing Equity to a level around DKK 62m.

The result for 2018 is significantly impacted by the impairments mentioned above. EBITDA for the year is DKK -8.9m and EBT is DKK -72.0m.

Excluding the impairments and gain from sale of the Fine Art business (and partnership agreements) the EBITDA is DKK 4.4m (13.1).

The change in the result from the auction operations is a result of lower revenue, partly offset by cost reductions, divested operations and the change in accounting for leases.

Cost level in like for like business reduced by 7-8 percent comparing with last year, showing the way to a new leaner organization with ability to deliver strong earnings.

The guidance for the result of 2018 was updated in connection with the announcement of the written procedure for the changes to the bonds on 6 February 2019. Compared to the guidance given in connection with the Q3 report, the result is impacted negatively by the impairments and changes in accounting estimated made in the Q4 report as mentioned in the update on 6 February.

### Strategic initiatives

Our strategic review aimed at developing a long-term strategy that secures long-term growth and profitability is ongoing. We are closely reviewing e.g. how to develop our business model, value proposition and product experience on the digitized market for auctions.

The separation of Stockholms Auktionsverk's Fine Art business in Q1 into a new individual company (whereof Lauritz.com Group owns 49%) is aimed at creating an ultimate focus by all our online auction houses in Sweden towards driving the online business in the middle segment market.

Our dedicated employees and partners in combination with high user engagement among our customers, and a well functioning marketplace for online auctions, are true strengths for our business. Significant volumes of items are being sold at Lauritz.com every day and we have a strong position in the online auction industry.

The ambitious commercial initiatives being taken to return Lauritz.com to the growth path followed for many years, except for the last two, are now beginning to show results. This is encouraging, and we are strengthening our efforts further to

motivate and drive sales as well as increasing the number of individual sellers. Below follows some examples of initiatives.

Lauritz.com's brand values are all about a democratic approach to auctions, making auctions accessible and convenient for modern consumers – in a contemporary and trendsetting way. After having launched our successful app and mobile website in recent years, we are now developing a new state-of-the-art, fashionable responsive (desktop) website.

Furthermore, in order to keep a high visibility in the market, we continuously and persistently communicate our standard free pickup-service and personal booking of experts for private home visits towards sellers in advertising campaigns in larger national printed media. The new campaign launched in Q4 2018 is being expanded and will continue in 2019. For digital media we are rolling out a significant increase in digital campaigns.

Parallely, we have launched an initiative to encourage our professional sellers to consign larger lot stocks, like previous season's product inventories or surplus items that are suitable for selling at auctions. The benefits of selling at auction are many for our professional sellers - some of the major benefits are massive exposure and a higher stock turnover rate as well as storage room, logistics and resales all being handled by the auction house.

Also, to give both private and professional sellers more comfort in relation to the price they will achieve in an auction, we are working at a more flexible and individual setup for setting minimum prices and the starting bid for the auction.

The financial analysis has been completed in terms of refinancing the bonds, but we will continue efforts to secure additional equity to strengthen the financial position of the Group, and further strengthen our capital structure.

The results achieved in 2018 and in the first two month of 2019, in securing the financing situation, as well as the signs of a return to growth in Auction Turnover confirm our belief in a successful development in the coming years for Lauritz.com.

**Bengt Sundström, Chairman of the board**

**Preben Lindgaard, CFO**

## ***Lauritz.com – a pioneer in the auction industry***

### **Auctions to the people**

Lauritz.com is an international online platform selling art, design, antiques and home luxury to international buyers. It is our vision to democratize the international auction world by making auctions accessible to everyone. Lauritz.com was the first traditional auction house in the world to convert to online auctions. An early disruption of a very traditional market. As a first mover Lauritz.com has become a game changer driving the paradigm shift from physical to online auctions through digitalization, internationalization and industrialization of the auction industry.

### **Lauritz.com in figures**

- 26 auction houses in 6 countries
- Over 3 million customer registrations
- Over 11.000 new customer registrations monthly
- Up to 5 million visits monthly
- Up to 1.8 million unique visitors monthly
- Visitors from approx. 200 countries
- Around 300.000 lots sold yearly
- Typically over 10.000 lots on auction
- Approx. 1.500 new auctions starting daily
- Lot value from DKK 800 to 15 million

### **This is how it works**

Lauritz.com sources items locally to sell globally. Lauritz.com has 26 physical auction houses in 6 countries. Here local sellers can consign items for auction. Sellers can also interact with the local house by getting an online evaluation, by booking an expert for a home visit or by booking Lauritz.com's pick-up service to transport items from the seller to the auction house. All items are estimated, described and photographed objectively by Lauritz.com's experts. Each lot is put up for an individual timed auction for 5 days, sold to the highest bid and shipped to the buyer. All items are presented on physical viewing in the given local auction house during the auction period. Major collections or more expensive items are high-lighted on special theme actions.

Lauritz.com offers an authenticity guaranty to avoid falsification and copies.

### **Assortment**

Lauritz.com sold over 300.000 lots on auction in 2017. The wide assortment comprises everything from luxury flea market finds to costly international art works - from DKK 800 and up. The categories cover e.g. modern and antique art and sculptures, furniture, lamps, carpets, ceramics, silver, glass, jewellery, clocks, wine, hunting equipment, collectables... Lauritz.com is exceptionally strong in modern design classics – and probably the leading auction house internationally for 20th century design icons. High volumes are sold daily of the most famous furniture by Scandinavian architects as Arne Jacobsen, Wegner, Finn Juhl, Poul Kjærholm etc. The modern furniture categories add up to approx. 40 percent of Lauritz.com's auction turnover.

### **Customers**

Lauritz.com's customer profile stretches from trendsetters to pensioners, students to top executives. Lauritz.com strives to create a universe that appeals to everyone, whatever their taste, budget or age. The division between men and women between customers is approx. 50/50, typically with a middle to higher income, and in age mainly between 30 to 60 years. Lauritz.com has over 3 million customer registrations and up to 5 million visits monthly. Customers come from approx. 200 countries.

### **Market position**

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

## ***Lauritz.com – a pioneer in the auction industry***

### **Business model**

Lauritz.com has a simple business model, based on a healthy premium structure. All auction items are sold in commission (which means that Lauritz.com has no inventory). When an item is sold, the buyer pays 22.5 percent in buyer's premium plus a knockdown fee of DKK 150. The seller pays 15 percent in seller's premium plus a knockdown fee of DKK 150. The buyer pays the knockdown and premiums within 3 days. Lauritz.com pays the seller within 35 days.

### **Geographical expansion**

The main challenge in the auction business is to create a sufficient in-flow of items from local private and professional sellers to present to global buyers. Lauritz.com has a strong track record establishing physical auction houses for this vital local sourcing of items. Lauritz.com can open local auction houses in 3 ways; by opening own operations greenfield, by finding local partners to start in a franchise-like model or by acquiring regional auction houses to convert their traditional physical auctions to online auctions. Germany is considered the next growth market with a potential of up to 20 Lauritz.com houses (at present 3). Furthermore, UK is an attractive market to open on long term for local consignments in the up to 10 major cities.

### **Scalable platforms**

Lauritz.com's platforms - and head-quarter set-up - is highly scalable as to; increasing the number of items on auction, increasing online traffic, establishing new auction houses and opening new countries. Lauritz.com already exist in 6 languages, and more can be added.

### **Business opportunities**

Many opportunities are still to be explored and possibly launched. E.g. management sees a considerable potential in; introducing a 'Buy now' feature, increasing the number of new-produced items on auction (from design producers/retailers), shortening payment time to sellers, a new payment service, optimizing even quicker/cheaper shipment to buying customers, introducing adds on the platforms and offering new products like consumer loans.

### **Owners**

Lauritz.com 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 shareholder of Lauritz.com Group A/S is founder Bengt Sundström.

## Auction Turnover

Auction Turnover amounted to DKK 228.2m (277.4), corresponding to a decrease of 17.7 percent. The reduction is primarily due to lower Auction Turnover in the Fine Art business DKK -29.3m equal to a reduction of -45.0 percent compared to Q4 2017. For the online business Auction Turnover is down DKK 14.4m equal to -5.1 percent compared to Q4 2017, due to a lower number of knockdowns of 74,814 (76,824) and a 5.6 percent decrease in average knockdown price in the online business in Q4 2018 compared to Q4 2017.

## Revenue

Revenue amounted to DKK 35.9m (59.9). The decrease is primarily due to the expected reduction following the sale of 2 auction houses DKK -16.4m, lower income from sale of partnership agreements DKK -6.7m and impact of depreciation of the Swedish krone of DKK -1.1m. The like for like business is down DKK 1.1m compared to last year, equal to -2.6 percent.

## EBITDA and Auction Turnover margin

EBITDA amounted to DKK -51.7m (17.4). The decrease is primarily due to the reduction of the gain from the sale of the Fine Art business DKK -32.0m, impairment of receivables DKK -21.9m lower revenue from sale of partnership agreements DKK -6.7m and lower EBITDA in Q4 from the Fine Art business following the sale DKK -4.6m, partly offset by impact of change in accounting for leases DKK 2.1m.

The Auction Turnover Margin amounted to -22.6 (6.3) percent, the change is primarily due to the impairments made in Q4 2018.

## Operating profit

Operating profit/loss for the period amounted to DKK -86.6m (-12.5), impacted negatively by lower EBITDA and impairment of Goodwill DKK 31.5m.

## Net financials

Net financials was DKK -5.1m (0.2). Net financials mainly consists of interest on the issued bond DKK 4.4m, (4.4) as well as calculated interest on leasing contracts DKK 0.2m in Q4 2018 (new from 2018) and exchange gain/loss on the bond debt. The currency exchange rate gain/loss on the bond debt issued in SEK amounted to DKK -1.0m in Q4 2018 (4.7m).

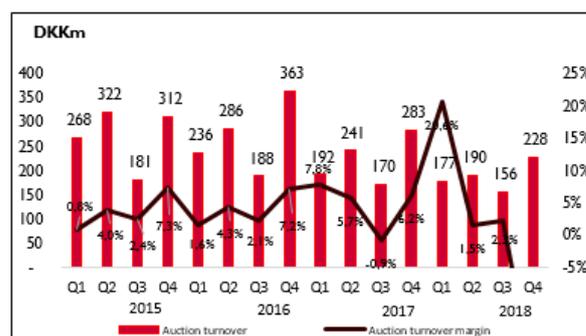
## Tax

Tax amounted to DKK 6.7m (2.8), corresponding to an effective tax rate of 7.1 percent (29.7).

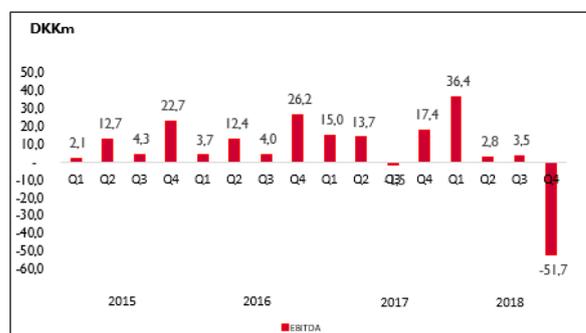
## Profit for the period and earnings per share

Profit for the period was DKK -86.6m (-12.6). Earnings per share amounted to DKK -163.19 (-23.75).

Auction turnover and margin development



EBITDA development



## Cash flow

Net cash Flow for Q4 was DKK 30.9m (31.7). The Cash flow from operating activities in Q4 2018 is mainly impacted by a higher amount payable to sellers at the end of the period.

## Financial position, cash and cash equivalents

Equity will be restored when the DKK 85m reduction of the bond debt becomes effective in 2019. At the end of the quarter equity was DKK -23.2m (45.4) and the group's total assets were DKK 362.3m (446.3). The equity/assets ratio is -6.4 percent (9.8).

Cash and cash equivalents amounted to DKK 50.0m (60.1).

## **1 October – 31 December 2018**

### **Investments**

Investments amounted to DKK 2.9m (2.2m).

### **Human resources**

The average number of full-time employees in Lauritz.com Group A/S and its subsidiaries (FTE) was 132 (170) in the period.

## 1 January – 31 December 2018

### Auction Turnover

Core business Auction Turnover down by 5.7 percent compared to 2017. Auction Turnover amounted to DKK 738.2m (858.9), corresponding to a decrease of 14.1 percent. Excluding currency effects the decrease is 12.0 percent whereof 6.3 percent is due to lower Auction Turnover in the Fine Art business. The remaining 5.7 percent reduction is due to a lower number of knockdowns of 271,143 (302,635) partly offset by a 2.4 percent higher average knockdown price in the online business in 2018 compared to 2017.

### Revenue

Revenue amounted to DKK 117.6m (195.7). The decrease is primarily due to the expected reduction following the sale of auction houses DKK -38.4m, lower income from sale of partnership agreements (DKK -28.4m), QXL DKK -1.4m and lower Auction Turnover in the online business impacting revenue by DKK -13.6m (mainly in Q1 to Q3), and impact of depreciation of the Swedish krone DKK -3.6m.

### Other income

The reassessment of the expected value of the Fine Art transaction has resulted in a reduction of the gain from the sale of the Fine Art business from DKK 40.4m to DKK 8.4m.

### EBITDA and Auction Turnover margin

EBITDA amounted to DKK -8.9m (44.7) for the year. The decrease is mainly explained by lower fees from sale of partnership agreements DKK -28.4m, impairment of receivables of DKK -21.9m and lower EBITDA in 2018 from the Fine Art business following the sale DKK -5.0m, partly offset by the gain from sale of the Fine Art business DKK 8.4m and implementation of IFRS 16 regarding Leasing DKK 9.9m.

The Auction Turnover Margin amounted to -1.2 (5.2) percent. The change is mainly explained by the impairments included in 2018.

### Operating profit

Operating profit for the period amounted to DKK -63.9m (5.6), impacted negatively by lower EBITDA and impairment of Goodwill DKK 31.5m.

### Net financials

Net financials was DKK -8.1m (-12.9). Net financials mainly consists of interest on the issued bond DKK 17.4m, (18.6) as well as calculated

interest on leasing contracts DKK 0.9m in 2018 (new from 2018) and exchange gain/loss on the bond debt. The currency exchange rate gains on the bond debt issued in SEK amounted to DKK 9.4m in 2018 (6.9).

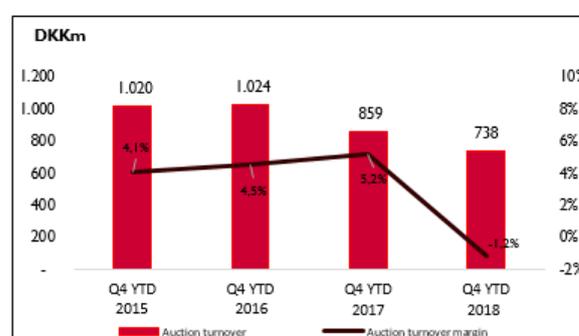
### Tax

Tax amounted to DKK 6.7m (2.9), corresponding to an effective tax rate of 3.4 percent (-53.6).

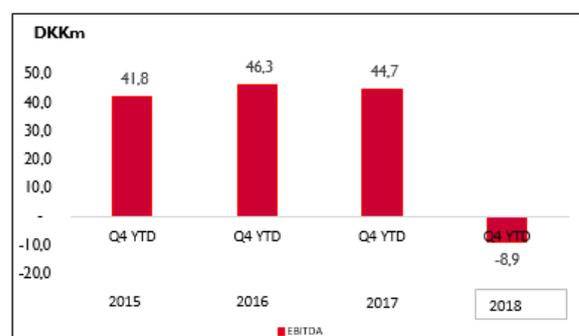
### Profit for the period and earnings per share

Profit for the period was DKK -69.5m (-11.3). Earnings per share amounted to DKK -130.98 (-21.24).

Auction turnover and margin development



EBITDA development



### Cash flow

Net Cash flow was DKK -8.6m (-14.9). The Cash flow from operating activities is heavily impacted by the Fine Art business that was divested in 2018.

## 1 January – 31 December 2018

### Financial position, cash and cash equivalents

Equity will be restored when the DKK 85m reduction of the bond debt becomes effective in 2019. At the end of the quarter equity was DKK -23.2m (45.4) and the group's total assets were DKK 362.3m (446.3). The equity/assets ratio is -6.4 percent (9.8).

Cash and cash equivalents amounted to DKK 50.0m (60.1).

### Investments

Investments amounted to DKK 4.9m (9.9). Divestments including sale of Rovsingsgade and Fine Art affected the cash flow positively by DKK 43.5m.

### Human resources

The average number of full-time employees in Lauritz.com A/S and its subsidiaries (FTE) was 136 (179) in the period.

### Shares

The number of shares registered is 40.792.542.

In April a share buy-back programme in the amount up to DKK 0.85m was initiated (max. 1,250,000 shares). The purpose of the programme is to meet obligations arising from allocations of shares to employees or to the Executive Management.

### Risks and uncertainty factors

Significant operating, external and financial risks and uncertainty factors are described in detail in the prospectus for Lauritz.com that was signed by the Board of Directors 14 June 2016 on page 48-49 and 54-65. Lauritz.com does not consider that any significant risks additional to those described in the prospectus have arisen.

### Event after the end of the period

No events have occurred after the balance sheet date that could have a material influence on the company's financial position, except for the changes to the bond terms.

### Future prospects

Auction Turnover is expected to be at the same level as 2018 DKK 738m.

The EBITDA for 2019 is expected to be DKK 15-25m.

The EBITDA forecast is not taking into account any divestments or other structural changes to the business.

EBT will be impacted positively by the restructuring of the bond debt by approximately DKK 80-85m.

All numbers in future prospects are based on exchange rates at the end of 2018.

### Lauritz.com

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

### Finance

The Group is partly funded by a bond debt, which amounted to DKK 229.7m (237.0). The bond is a senior secured bond of SEK 325m listed on Nasdaq in Stockholm with an 3M Stibor + 7.5 % interest 2014/2019.

In February 2019 an agreement has been reached with the bondholders to restructure the bond as described in Note 11.

Following the changes the bond debt will be reduced by SEK 118m (DKK 85m) to SEK 200m (DKK 145m), and the interest rate will be reduced from 7,5 percent on the full amount to 4 percent on SEK 130m, and 7.5 percent on SEK 70m.

### Seasonality

Lauritz.com's net revenue and profitability are affected by the nature of operations. Following the sale of the Fine Art business the seasonality is changing, with Q1-Q3 being more even and Q4 being a stronger quarter.

### 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 December 2018.

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

In our opinion, the Interim Report gives a true and fair view of the group's financial position at 31 December 2018 and of the results of its operations and cash flows for the period 1 January to 31 December 2018.

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, 26 February 2019

**Executive Management:** Preben Lindgaard, CFO; Thomas Rantzau Steensgaard, CCO

**Board of Directors:** Bengt Olof Tony Sundström, Chairman; Preben Lindgaard; Claus Due Pedersen; Mette Margrethe Rode Sundström; John Tyrrestrup

**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](http://www.lauritz.com)

### For more information, please contact:

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### Reporting schedule

Annual Report 2018 – 03 April 2019

Interim Report, Q1 2019 – 09 May 2019

Interim Report, Q2 2019 – 15 August 2019

Interim Report, Q3 2019 – 30 October 2019

## Group financial highlights

	FY 2018 DKK'000	FY 2017 DKK'000	FY 2016 DKK'000	FY 2015 DKK'000
<b>Auction turnover <sup>1</sup></b>	<b>738,217</b>	<b>858,893</b>	<b>1,024,232</b>	<b>1,019,515</b>

### Statement of comprehensive income

Revenue	117,613	195,683	219,403	225,152
Gross profit	108,719	184,907	202,079	207,319
EBITDA	- 8,888	44,692	46,282	41,830
Operating profit (EBIT)	- 63,866	5,553	31,931	29,655
Net financials	- 8,149	- 12,904	- 15,275	- 40,423
Profit before tax (EBT)	- 72,015	- 7,351	16,656	- 10,768
Tax on profit for the period	- 2,477	- 3,927	- 5,096	2,255
Profit for the period	- 69,538	- 11,278	11,560	- 8,513

### Balance sheet

Non-current assets	252,797	280,873	309,831	298,100
Current assets	109,475	165,458	184,210	203,465
Balance sheet total	362,272	446,331	494,041	501,565
Share capital	53,090	53,090	53,090	6,002
Equity	- 23,234	45,412	63,452	13,287
Non-current liabilities	18,175	249,962	255,292	347,848
Current liabilities	367,331	150,957	175,297	140,430

### Cash flows

Operating activities	- 37,235	- 5,331	- 7,750	- 12,705
Investing activities, net	38,642	- 9,607	90,978	- 22,806
Of this, investments in property, plant and equipment, net	35,758	- 2,138	- 6,945	- 7,978
Financing activities	- 9,998	-	- 51,735	- 1,999
Total cash flows	- 8,591	- 14,938	31,493	- 37,510

### Ratios:

Gross margin	92.4%	94.5%	92.1%	92.1%
EBITDA margin	- 7.6%	22.8%	21.1%	18.6%
Profit margin	- 54.3%	2.8%	14.6%	13.2%
Equity ratio	- 6.4%	10.2%	12.8%	2.8%
Return on equity	- %	- 20.7%	30.1%	- 61.2%
Earnings per share	- 130.98	- 21.24	39.13	- 141.83
Dividend per share	-	-	-	-
Average number of full-time employees	136	182	201	204

<sup>1</sup> Auction turnover reflect activities on www.lauritz.com, 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

	Q4 2018 DKK'000	Q4 2017 DKK'000	Full year 2018 DKK'000	Full year 2017 DKK'000
Auction turnover <sup>1</sup>	228,178	277,384	738,217	858,893

<u>Notes</u>	<u>Group</u>			
	Q4 2018 DKK'000	Q4 2017 DKK'000	Full year 2018 DKK'000	Full year 2017 DKK'000
3 Revenue	35,928	59,888	117,613	195,683
Direct costs	- 3,316	- 3,277	- 8,894	- 10,776
<b>Gross profit</b>	<b>32,612</b>	<b>56,611</b>	<b>108,719</b>	<b>184,907</b>
Other operating income/expenses	- 35,106	157	5,559	673
Other external expenses	- 26,280	- 18,427	- 52,031	- 57,953
Staff costs	- 22,900	- 21,079	- 71,135	- 82,935
<b>EBITDA</b>	<b>- 51,674</b>	<b>17,442</b>	<b>- 8,888</b>	<b>44,692</b>
Depreciation and amortisation	- 36,545	- 27,396	- 54,978	- 39,139
<b>Operating profit/loss (EBIT)</b>	<b>- 88,219</b>	<b>- 9,954</b>	<b>- 63,866</b>	<b>5,553</b>
4 Financial income	3,555	5,285	13,074	8,453
5 Financial expenses	- 8,654	- 5,051	- 21,223	- 21,357
<b>Profit/Loss before tax (EBT)</b>	<b>- 93,318</b>	<b>- 9,720</b>	<b>- 72,015</b>	<b>- 7,352</b>
6 Tax on profit/loss for the period	6,683	2,885	2,477	- 3,927
<b>Profit/Loss for the period</b>	<b>- 86,635</b>	<b>- 12,605</b>	<b>- 69,538</b>	<b>- 11,278</b>
<b>Items that can be reclassified to profit or loss:</b>				
Exchange adj., foreign companies	6,115	- 3,260	892	- 3,502
Tax on other comprehensive income	-	-	-	-
<b>Other comprehensive income</b>	<b>6,115</b>	<b>- 3,260</b>	<b>892</b>	<b>- 3,502</b>
<b>Comprehensive income</b>	<b>- 80,520</b>	<b>- 15,865</b>	<b>- 68,646</b>	<b>- 2,175</b>
12 Earnings per share	- 163.19	- 23.75	- 130.98	2.50
12 Earnings per share, diluted	- 163.19	- 23.75	- 130.98	2.50

<sup>1</sup> Auction turnover reflect activities on www.lauritz.com, 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

	<b>Group 31.12.2018 DKK'000</b>	<b>Group 31.12.2017 DKK'000</b>
<b>Assets</b>		
<b>Notes</b>		
<b>Non-current assets</b>		
7 Software in process of development	3,741	11,206
7 Fully developed software	11,079	6,412
7 Goodwill	102,307	141,287
7 Rights acquired	<u>31,535</u>	<u>52,194</u>
Total intangible assets	<u>148,662</u>	<u>211,099</u>
8 Right-of-use assets	12,937	-
8 Land and buildings	-	-
8 Other fixtures and fittings, tools and equipment	<u>7,793</u>	<u>12,535</u>
Total property, plant and equipment	<u>20,730</u>	<u>12,535</u>
Deferred tax	10,590	4,905
Deposits	2,701	2,294
Investments in associated companies	11,001	-
9 Other non-current receivables	<u>59,113</u>	<u>50,040</u>
Total financial assets	<u>83,405</u>	<u>57,239</u>
<b>Total non-current assets</b>	<b><u>252,797</u></b>	<b><u>280,873</u></b>
<b>Current assets</b>		
Inventories	<u>772</u>	<u>1,018</u>
9 Trade receivables	13,823	28,026
Tax receivable	2,797	-
9 Other current receivables	<u>42,127</u>	<u>41,344</u>
Total receivables	<u>58,747</u>	<u>69,370</u>
Cash and cash equivalents	<u>49,956</u>	<u>60,070</u>
Assets held for sale	<u>0</u>	<u>35,000</u>
<b>Total current assets</b>	<b><u>109,475</u></b>	<b><u>165,458</u></b>
<b>Total assets</b>	<b><u>362,272</u></b>	<b><u>446,331</u></b>

## Balance sheet

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### Equity and liabilities

<u>Notes</u>	<u>Group 31.12.2018 DKK'000</u>	<u>Group 31.12.2017 DKK'000</u>
<b>Equity</b>		
Share capital	53,090	53,090
Other reserves	- 10,030	- 10,922
Retained earnings	- 66,294	3,244
<b>Total equity</b>	<b>- 23,234</b>	<b>45,412</b>
<b>Liabilities</b>		
Deferred tax	11,636	12,942
Lease liabilities	6,538	-
10 Bond debt	<u>0</u>	<u>237,020</u>
Total non-current liabilities	<u>18,174</u>	<u>249,962</u>
10 Bond debt	229,673	-
Lease liabilities	6,728	-
Trade payables	105,582	107,719
Other payables	24,655	34,361
Tax payable	<u>694</u>	<u>8,877</u>
Total current liabilities	<u>367,332</u>	<u>150,957</u>
<b>Total liabilities</b>	<b>385,506</b>	<b>400,919</b>
<b>Total equity and liabilities</b>	<b>362,272</b>	<b>446,331</b>

## Statement of changes in equity

	Share capital DKK'000	Other reserves DKK'000	Retained earnings DKK'000	Total Equity DKK'000
<b>Equity at 1 January 2017</b>	<b>53,090</b>	<b>-4,160</b>	<b>14,522</b>	<b>63,452</b>
Profit/Loss for the period	-	-	1,327	1,327
Other comprehensive income	-	-3,502	-	-3,502
	53,090	-7,662	15,849	61,277
Dividend distributed	-	-	-	-
<b>Equity at 30 September 2017</b>	<b>53,090</b>	<b>-7,662</b>	<b>15,849</b>	<b>61,277</b>
<b>Equity at 1 January 2018</b>	<b>53,090</b>	<b>-10,922</b>	<b>3,244</b>	<b>45,412</b>
Profit/Loss for the period	-	-	-69,538	-69,538
Other comprehensive income	-	892	-	892
	53,090	-10,030	-66,294	-23,234
Dividend distributed	-	-	-	-
<b>Equity at 31 December 2018</b>	<b>53,090</b>	<b>-10,030</b>	<b>-66,294</b>	<b>-23,234</b>

## Cash flow statement

	<b>Group Year 2018 DKK'000</b>	<b>Group Year 2017 DKK'000</b>
<b>Operating profit (EBIT)</b>	- 63,866	5,553
Depreciation and amortisation	54,663	39,139
10 Impairments and losses on receivables	21,773	3,141
Increase/decrease in inventories	246	806
Increase/decrease in receivables	- 5,075	5,830
Increase/decrease in trade payables and other payables	- 13,521	- 33,684
Gain on sale of non-current assets, net	- 8,669	-
Other adjustments	<u>4,176</u>	<u>- 4,446</u>
Cash flows from ordinary operating activities	- 10,273	16,339
Interest received	2,704	1,565
Interest paid	- 18,350	- 19,276
Income tax paid under a joint taxation arrangement	<u>- 11,317</u>	<u>- 3,959</u>
<b>Cash flows from operating activities</b>	<b><u>- 37,235</u></b>	<b><u>- 5,331</u></b>
Purchase of property, plant and equipment	- 360	- 2,138
Purchase of intangible assets	- 4,532	- 6,586
Sale of tangible assets	1,118	326
Sale of assets held for sale	35,000	-
14 Acquisitions and divestments	<u>7,416</u>	<u>- 1,209</u>
<b>Cash flows from investing activities</b>	<b><u>38,642</u></b>	<b><u>- 9,607</u></b>
Repayment, leasing	- 9,998	-
Dividend paid to the Parent's shareholders	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>	<b><u>- 9,998</u></b>	<b><u>-</u></b>
Net cash flows for the period	- 8,591	- 14,938
Net capital resources, beginning of period	60,070	76,441
Exchange rate adjustment of capital resources	<u>- 1,523</u>	<u>- 1,433</u>
<b>Net capital resources, end of period</b>	<b><u>49,956</u></b>	<b><u>60,070</u></b>
Net capital resources, end of period, are composed as follows:		
Cash and cash equivalents	49,956	60,070
Interest-bearing short-term bank loans	<u>-</u>	<u>-</u>
<b>Net capital resources, end of period</b>	<b><u>49,956</u></b>	<b><u>60,070</u></b>

### 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 2017 consolidated financial statements, which are in accordance with International Financial Reporting Standards as adopted by the EU. We refer to the 2017 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" as issued by the Danish Association of Financial Analysts.

#### Changes in accounting policies

Effective from 1 January 2018 Lauritz.com A/S has implemented the new or revised Standards and Interpretations applicable for financial years beginning 1 January 2018 or later. The implementation of new or revised Standards and Interpretations has not resulted in any changes in the accounting policies applied except for the changes related to implementation of IFRS 16 Leases.

Lauritz.com A/S implements IFRS 16 on 1 January 2018 with early adoption. The standard is implemented using the modified retrospective approach, meaning that comparative information is not restated, with Right-of-use Assets equal to leasing debt at implementation.

IFRS 16 replaces IAS 17, and changes the accounting treatment of leases that previously were treated as operating leases. The standard requires all leases, regardless of type and only with a few exceptions, to be recognized in the balance sheet as an asset with a related liability. The Income statement is also affected, as the annual lease costs will consist of both depreciation and interest expenses going forward. Previously, the annual costs relating to operating leases has been recognized as a single expense amount in the Income statement under Other external expenses.

The impact on EBITDA is positive DKK 10.0m for the full year. Impact on profit before tax is DKK 0.3m. Cash Flow from operating activities is impacted positively by DKK 10.0m for the full year is now presented in Cash Flow from financing activities as repayment of lease liabilities.

## 2. Unusual circumstances and changes in accounting estimates

Several financial statement items cannot be measured with certainty, they can only be estimated. Such estimates comprise assessments based on the latest information available at the time of financial reporting. It may be necessary to revise previous estimates due to changes in the affairs and conditions underlying the estimate or due to new information, further experience or subsequent events.

The interim financial statements for the period 1 January to 31 December 2018 are not influenced by unusual items or changes in accounting estimates except for the following made in connection with the Q4 reporting:

- Reassessment of the expected value of the Fine Art transaction, resulting in a change in the gain from the sale of the Fine Art business from DKK 40.4m to DKK 8.4m
- Impairment of Goodwill and receivables from sale partnership agreements of DKK 31.5m.
- A reservation of DKK 19.5m is made on receivables from sale of partnership agreements to be prepared for future losses.

	<b>Group 2018 DKK'000</b>	<b>Group 2017 DKK'000</b>
<b>3. Revenue</b>		
Auction commissions, fees etc.	117,613	167,300
Fees from sales of partnership agreements	<u>0</u>	<u>28,383</u>
	<b><u>117,613</u></b>	<b><u>195,683</u></b>
<b>4. Financial income</b>		
Interest income	2,524	1,565
Interest income from group enterprises	<u>180</u>	<u>0</u>
Interest income from financial assets	<b>2,704</b>	<b>1,565</b>
Exchange rate gains	<u>10,730</u>	<u>6,888</u>
	<b><u>13,074</u></b>	<b><u>8,453</u></b>
<b>5. Financial expenses</b>		
Interest expenses	109	164
Interest expenses, leases	888	-
Bank charges etc.	830	496
Financial expenses, bond debt	17,410	18,616
Amortisation of borrowing costs, bond debt	<u>1,985</u>	<u>2,081</u>
Interest expenses from financial liabilities	<b>21,223</b>	<b>21,357</b>
Exchange rate losses	<u>-</u>	<u>-</u>
	<b><u>21,223</u></b>	<b><u>21,357</u></b>
<b>6. Tax on profit/loss for the period</b>		

The tax recognized 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 2018. The estimated effective tax rate for Danish enterprises is 22.0 % (2017: 22.0 %). For foreign enterprises, the current tax rate in the country in question is used. No tax on other comprehensive income is recognized for the period. For information on the request for the reopening of the tax assessment regarding the property placed at Røvsingsgade 64-68, we refer to the Annual Report 2017, p. 51.



## **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 1.0m at 31 December 2018 (31.12.2017: DKK 23.9m).

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. The impairment test is therefore made at group level.

At 31 December 2018, Management has tested the carrying amount of goodwill, software in process of development and other intangible assets for impairment. Taking into account the recent performance and more prudent expectations the carrying amount exceeded the recoverable amount, resulting in an impairment of DKK 31.5m. 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 2019 budget period, this is equivalent to an annual EBITDA growth rate of approx. 10 percent from 2019 to 2023.

EBITDA growth is related to the development in auction turnover, equivalent to an annual average growth rate of approx. 3 percent during the budget period from 2019 to 2023. When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approx 15-20 percent of budgeted EBITDA. The effect of expected acquisitions is not included at investment level.

The discount rate is determined based on the Company's marginal borrowing rate plus a risk premium that reflects the risk involved in investing in shares and the risk involved in the activity performed, equivalent to a pre-tax discount rate of 12.8 percent (2017: 12.8 percent).

The terminal value growth rate of 2 percent p.a. is based on estimated economic growth.

**7. Intangible assets (continued)****Sensitivity analysis**

A sensitivity analysis has been performed of the main assumptions in the impairment test to identify the impact of a change in the discount rate and the growth rate in the budget period for the cash-generating unit. A summary of sensitivity analysis is shown below (all other assumptions unchanged):

	Change in assumption	Additional impairment
Average EBITDA-growth for 2019 to 2023	-1 %	5.7m
WACC, pre-tax	+1 %	13.6m
Terminal growth	-1 %	11.9m

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

	Right-of-use assets	Lands and buildings	Other fixtures etc.
Cost at 1 January 2018	0	0	36,890
Additions due to changes in accounting policies	22,376	-	-
Exchange rate adjustments	-	-	568
Additions	-	-	360
Disposal	-	-	9,959
<b>Cost at 31 December 2018</b>	<b><u>22,376</u></b>	<b><u>0</u></b>	<b><u>26,722</u></b>
Depreciation at 1 January 2018	0	0	24,355
Exchange rate adjustments	-	-	350
Depreciation for the period	9,439	-	2,372
Depreciation related to disposals	-	-	7,448
<b>Depreciation at 31 December 2018</b>	<b><u>9,439</u></b>	<b><u>0</u></b>	<b><u>22,654</u></b>
<b>Carrying amount at 31 December 2018</b>	<b><u>12,937</u></b>	<b><u>0</u></b>	<b><u>7,793</u></b>

Additions/depreciation related to right-of-use assets arise from the implementation of IFRS 16. Depreciation is straight-line on basis of the underlying contracts which are 1-7 years.

	Lands and buildings	Other fixtures etc.
Cost at 1 January 2017	55,094	36,933
Exchange rate adjustments	-	401
Additions from subsidiaries/activities acquired	-	456
Additions	133	2,005
Disposal	-	2,103
Transfer, assets held for sale	- 55,227	-
<b>Cost at 31 December 2017</b>	<b><u>0</u></b>	<b><u>36,890</u></b>
Depreciation at 1 January 2017	833	22,768
Exchange rate adjustments	-	228
Impairment losses	18,944	-
Depreciation for the year	450	3,236
Depreciation related to disposals	-	1,421
Transfer, assets held for sale	- 20,227	-
<b>Depreciation at 31 December 2017</b>	<b><u>0</u></b>	<b><u>24,355</u></b>
<b>Carrying amount at 31 December 2017</b>	<b><u>0</u></b>	<b><u>12,535</u></b>

## 9. Receivables

	<b>Group 31.12.2018 DKK'000</b>	<b>Group 31.12.2017 DKK'000</b>
Trade receivables	13,823	28,026
Other receivables, non-current	59,113	50,040
Other receivables, current	<u>42,127</u>	<u>41,344</u>
	<b><u>115,063</u></b>	<b><u>119,410</u></b>

All trade receivables fall due within 12 months. Non-current receivables relate to the sale of 10 partnership agreements and half of the contingent consideration (valued as the minimum payment of the Earn Out) of SEK 16.9m (or DKK 12.4m) related to the sale of Stockholms Auktionsverks Fine Art business to be settled 50 percent in 2019 and 50 percent in 2020.

The individual receivables from sale of partnerships agreements are in the range of DKK 1.0m to DKK 22.1m. The receivables from sale of partnership agreements are interest bearing except one (DKK 12.3m), which has been recognized at discounted value (discounted by 4 percent). The repayment of the receivables is based on performance and repaid on a monthly or quarterly basis. Contractually Lauritz.com has various possibilities to collect the receivable up to and including the option of taking over the branch.

The impairment test performed on the receivables from sale of partnership agreements is based on the expected performance, the historic track record for repayments and the expected resale value of the auction house. A large part of the receivables are related to partners buying their auction house in recent years, with expected strong improvements in the first years of their ownership. For some partners the improvements are coming slower than previously expected. As a result hereof the expectations to the development in their performance have been reassessed to a more prudent approach, leading to an increase in the assessed credit risk, which has lead to a reservation of DKK 19.5m that is included in Q4 2018.

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

	<b>Group 31.12.2018 DKK'000</b>	<b>Group 31.12.2017 DKK'000</b>
Impairment losses at 1 January	5,169	2,028
Impairment losses for the period	19,965	3,237
Realised for the period	- 5,169	- 96
Reversed	<u>-</u>	<u>-</u>
<b>Impairment losses at 31 December</b>	<b><u>19,965</u></b>	<b><u>5,169</u></b>

### 9. Receivables (continued)

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

### 10. Bond debt

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 82.2m, 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 percent of the issued bonds for SEK 7.6m (or DKK 5.9m). The bonds were acquired at rate 99.25.

The fair value of the bonds amounts to DKK 210.7m at 31 December 2018 based on the last trade made on 30 August 2017. Of this Lauritz.com A/S holds bonds with a fair value amounting to DKK 5.1m.

On 25 February 2019 bondholders has agreed to a restructuring of the bonds entailing the following changes:

- Write down of the outstanding principal amount from SEK 325m to SEK 200m.
- Amendment of the interest rate from a floating rate of STIBOR +7.5 percent to a blended rate where SEK 70m of the principal amount bears a fixed rate of 7.5 percent and SEK 130m of the principal amount bears a fixed rate of 4 percent. Redemptions will first lead to a reduction of the principal amount that bears the higher interest rate of 7.5 percent.
- Extension of the final redemption date from 17 June 2019 to 17 December 2024, with scheduled yearly redemptions.
- The provisioning of additional security to secure the bonds, primarily in form of a pledge in the vineyard Chateau Vignelaure, owned by the main shareholder in Lauritz.com Group A/S, Bengt Sundström. The agreed changes to the bonds will enter into force when the additional securities has been perfected (registration of pledges etc.).
- Obligation of Lauritz.com A/S to pursue divestment of certain auction houses, including establishment of partnership agreements with royalty payments to Lauritz.com. Any cash obtained from such divestments shall be applied as an extraordinary redemption on the bonds.
- Deletion of the obligation to fulfill the financial covenants, and a waiver of the existing financial covenants for the period until the new terms enter into force.

The changes will only come into force in 2019, and as a result no changes are included in the 2018 financial reporting.

## 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 2018 is specified below.

2018 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	122	100	-	-476	-255
EUR	3,236	11,403	-	-6,265	8,375
SEK	37,440	34,312	-229,673	-74,215	-232,134
<b>31 December 2018</b>	<b>40,798</b>	<b>45,815</b>	<b>-229,673</b>	<b>-80,956</b>	<b>-224,014</b>

2017 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	156	85	-	-507	-266
EUR	1,868	9,289	-	-	11,157
SEK	38,735	29,358	-237,020	-73,061	-241,988
<b>31 December 2017</b>	<b>40,759</b>	<b>38,732</b>	<b>-237,020</b>	<b>-73,568</b>	<b>-231,097</b>

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 percent change in the SEK rate at 31 December 2018 would have affected comprehensive income and equity by approx. DKK 4m (31.12.2017: DKK 4m). The sensitivity analysis shows the difference between the 31 December 2018 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 (31.12.2017: 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 following table detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Group may be required to pay.

<b>2018 (DKK'000)</b>	<b>Less than 6 months</b>	<b>6 months to 1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
Bond debt	229,673	-	-	-	229,673
Other liabilities	135,020	2,650	6,002	525	144,197
<b>31 December 2018</b>	<b>364,693</b>	<b>2,650</b>	<b>6,002</b>	<b>525</b>	<b>373,870</b>

<b>2017 (DKK'000)</b>	<b>Less than 6 months</b>	<b>6 months to 1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
Bond debt	-	-	237,020	-	237,020
Other liabilities	73,568	-	-	-	73,568
<b>31 December 2017</b>	<b>73,568</b>	<b>-</b>	<b>237,020</b>	<b>-</b>	<b>310,588</b>

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within 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. Credit risks related to receivables from sale of partnership agreements are handled contractually, see note 9.

The Group regularly assesses its capital structure with a view to ensuring adequate equity in the Company.

**11. Financial risks (continued)**

The financial analysis initiated in Q4 2017 is ongoing. The refinancing of the bond debt has now been agreed with the bondholders, and will come into force in 2019 following the perfection of certain securities given as part of the agreement, see note 10. Efforts to secure additional equity to strengthen the financial position of the Group to achieve future growth are ongoing.

To achieve this a number of options to raise new capital are being investigated, amongst others for instance a rights issue to existing shareholders or a targeted emission to one or a few new investors. In March 2018 the company has also obtained a Share Issue Arrangement Agreement where it can issue 50m new shares to be sold on the market to any investors over time and thereby raise a substantial amount of new equity.

	<b>Group Year 2018 DKK'000</b>	<b>Group Year 2017 DKK'000</b>
<b>12. Earnings per share (EPS)</b>		
Profit/Loss for the period	- <u>69,538</u>	- <u>11,278</u>
Average number of shares	<u>530,900</u>	<u>530,900</u>
EPS at DKK 100	- <u>130.98</u>	- <u>21.24</u>
EPS at DKK 100 diluted	- <u>130.98</u>	- <u>21.24</u>

**13. Dividend**

For 2018, DKK 0 in ordinary dividend has been distributed to the shareholders of Lauritz.com A/S, equalling DKK 0 per share (2017: DKK 0 per share).

For the financial year 2017, the Board of Directors proposed dividend of DKK 0k, corresponding to DKK 0 per share.

#### 14. Acquisitions and divestments

In March 2018, the Group disposed of Stockholms Auktionsverks Fine Art business. As a result of the performance in 2018, and the expected development, the value of the assets received in connection with the sale of the Fine Art business has been reassessed.

The reassessment of the expected value of the Earn Out and shares received in the sale of the Fine Art business has resulted in a reduction of the gain from the Fine Art sale from DKK 40.4m to DKK 8.4m.

	<b>2018</b>
	<b><u>DKK'000</u></b>
Consideration received in cash and cash equivalents	7,416
Shares in AB Stockholms Auktionsverk (former Gelba Partners AB)	11,623
Contingent consideration	<u>12,753</u>
<b>Total consideration received</b>	<b>31,792</b>
Consideration received	31,792
Goodwill disposal of	- 6,356
Other net assets disposal of	<u>- 17,006</u>
<b>Gain on disposal</b>	<b>8,430</b>

The gain on disposal is classified as other income in the statement of comprehensive income for 2018.

#### 15. Contingencies etc.

##### Contingent liabilities, consolidated financial statements

The Group has entered into leasing contracts regarding company cars for the year 2019. The contracts are regarded as low-value and short-term. Total future payments amounts to DKK 93k. All other lease contracts are recognized on the balance sheet according to IFRS 16.

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 for income taxes etc. for the jointly taxed companies, which is limited to the equity interest by which the entity participates in the Group as well as for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

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

The following related parties have a controlling interest in Lauritz.com A/S:

<b>Name</b>	<b>Registered office</b>	<b>Basis of control</b>
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.

<b>Subsidiaries</b>	<b>Registered office</b>	<b>Ownership interest</b>
Lauritz.com Sverige AB	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 %
Lauritz.com Globen AB	Stockholm, Sweden	100 %
Internetauktioner i Helsingborg AB *	Helsingborg, Sweden	100 %
Lauritz.com Deutschland GmbH	Hamburg, Germany	100 %
QXL Denmark A/S	Søborg, Denmark	100 %
QXL.no AS	Oslo, Norway	100 %

<b>Associated companies</b>	<b>Registered office</b>	<b>Ownership interest</b>
AB Stockholms Auktionsverk *	Stockholm, Sweden	49 %

\* The company is not audited by Deloitte.

**17. Events after the balance sheet date**

No events have occurred after the balance sheet date that could have a material influence on the company's financial position, except for the changes to the bond terms.