Lauritz.com

A bid better

ANNUAL REPORT

JANUARY – DECEMBER 2018

Lauritz.com Group A/S

CVR no. 37627542

Contents

Company details

The company	Lauritz.com Group A/S Dynamovej 11 2860 Søborg Denmark	
	Phone:	+ 45 44 50 98 00
	CVR no.:	37 62 75 42
	Incorporated:	20 April 2016
	Municipality:	Søborg
	Financial year:	1 January - 31 December
	Web site:	www.lauritz.com

Contact

Preben Lindgaard, CFO
E-mail: preben@lauritz.com

Board of Directors

Bengt Olof Tony Sundström, Chairman
Claus Due Pedersen
John Tyrrestrup
Mette Margrethe Rode Sundstrøm
Preben Vinkler Lindgaard

Executive Management

Preben Vinkler Lindgaard, CFO
Thomas Rantzau Stensgaard, CCO

Independent Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab

Financial review completed

During the last 18 month the refinancing of the corporate bonds issued by Lauritz.com A/S has been a priority for the management of the group. The negotiations and approval of the new bond terms has been completed in February 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 considerate further potential.

The 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 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 11.0m
- Impairment of Goodwill 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 updated expectations.

The implementation of IFRS 15 resulted in a change in the recognition of revenue, implying that all fees and commission collected from buyers and sellers from the auction activity at the Lauritz.com auction platforms are now recognized as revenue, including the partner's auction activity as partners for accounting purpose are classified as agents. This change has no effect on this year's profit and loss. Revenue and direct cost is increased by DKK 102m compared to the former accounting practice.

Equity

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

The Restructuring of the bond results in the Equity being restored and improved as illustrated below:

	DKK m
Equity at 31.12.2018	-41.6
Expected impact of change in bond debt	80.0
Proforma Equity at 31.12.2018	38.4

The largest online auction house in northern Europe.

Probably the largest auction house worldwide within design furniture classics.

Auctions to the people!

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

Lauritz.com in figures

- 26 auction houses in 6 countries
- Over 3 million customer registrations
- Over 9.000 new customer registrations monthly
- Up to 3.5 million visits monthly
- Up to 1.6 million unique visitors monthly
- Visitors from approx. 200 countries
- Over 270.000 lots sold yearly
- Typically over 10.000 lots on auction
- Approx. 1.500 new auctions starting daily
- Lot value from DKK 800 to 15 million
- Auction turnover of approx. DKK 738m in 2018

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 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 270.000 lots on auction in 2018. The wide assortment comprises everything from luxury flee market finds to expensive international art works - from DKK 800 and up. The categories cover e.g. modern and antique art and sculptures, furniture, lamps, carpets, ceramics, silver, glass, jewellery, clocks, wine, hunting equipment, collectables… Lauritz.com is exceptionally strong in modern design classics – and probably the leading auction house internationally for 20th century design furniture classics. High volumes are sold daily of the most famous furniture by Scandinavian architects such as Arne Jacobsen, Wegner, Finn Juhl, Poul Kjærholm, Bruno Mathsson, Carl Malmsten etc. The modern furniture categories add up to approx. 40 percent of Lauritz.com's auction turnover.

Customers

Lauritz.com's customer profile stretches from trendsetters to pensioners, students to top executives. Lauritz.com strives to create a universe that appeals to everyone, whatever their taste, budget or age. The division between men and women between customers is approx. 50/50, typically with a middle to higher income, and in age mainly between 30 to 60 years. Lauritz.com has over 3 million customer registrations and up to 3.5 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 a contemporary combination of Ebay and Sotheby's.

Business model

Lauritz.com has a simple business model, based on a healthy premium structure. All auction items are sold in commission (which means that Lauritz.com has no inventory). When an item is sold, the buyer pays 22.5 percent in buyer's premium plus a knockdown fee of DKK 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 key success factor in the auction business is to create a sufficient in-flow of items from local private and professional sellers to present to global buyers. Lauritz.com has a strong track record establishing physical auction houses for this vital local sourcing of items. Lauritz.com can open local auction houses in 3 ways; by opening own operations greenfield, by finding local partners to start in a franchise-like model or by acquiring regional auction houses to convert their traditional physical auctions to online auctions. Germany is considered the next growth market with a potential of up to 20 Lauritz.com houses (at present 3). Furthermore, UK is an attractive market to open on long term for local consignments in up to 10 major cities.

Scalable platforms

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

Business opportunities

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

Market position and competition landscape

As a first mover within online auctions worldwide, Lauritz.com has driven the international paradigm shift from traditional, physical auctions to online auctions through soon 2 decades. Significant volumes of items are being sold at Lauritz.com every day and we have a very strong position in the online auction industry. Over the years, we have created a unique position between classified online market places and traditional auction houses. Our core concept as an international online auction marketplace for design, art and antiques - with a high level of expertise, quality and service – is a successful formula with a great future potential. Today, Lauritz.com holds a strong position as the biggest auction house in the Nordics. Lauritz.com's online platforms perform well, with over 9.000 new customer registrations and up to 3.5 million online visits per month.

The main key success factor 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.

However, at the same time, we do operate in an increasingly competitive landscape with old and new competitors increasing their efforts to reach Lauritz.com's unique position. Lauritz.com has now entered a phase in our development that requires firm actions to stay ahead of upcoming competition. Traditional auction houses have become more focused and aggressive online. New commercial platforms are popping up with fixed-price or auction concepts. Social platforms have started to compete seriously within trading of second hand items. In addition, the retail market of smaller but interesting local vintage shops is growing.

This development has had an unfortunate impact on Lauritz.com's in-flow of items from sellers, who now have more alternatives. The increased competition has influenced Lauritz.com's auction turnover negatively in 2017 and 2018. While our core business of selling second hands items online was stable in 2016, we have experienced a decrease in 2017 and 2018.

In parallel, consumer behavior has gone through a rapid change the last years as a result of the further digitalization. Today, consumers are prioritizing convenience more than ever. Historically, Lauritz.com has been acknowledged as the most convenient auction concept, defined to be accessible and to make life as easy as possible for the customers. We are now adjusting certain of our customer offerings in order to stay ahead of the increasing number of alternative channels that consumers can chose when selling or buying second hand items.

On the other hand, the market for online trade and trading of used items is generally growing, driven by the digitalization and a new customer focus on sustainability, recycling and circular economy. The increasing interest in second-hand items and the consumers' adaption to online channels create an online market with a substantial future potential. This market development is promising and will give room for many online players.

In order to address the intensified competition and demand of convenience, Lauritz.com is constantly working to improve our offerings through different initiatives to upgrade convenience in Lauritz.com's services towards our future sellers and buyers, securing and developing our market leading position also in the future.

Commercial initiatives

The action plan formulated to address the intensified competition and demand of convenience, includes many new ambitious commercial initiatives to return Lauritz.com to the growth path followed for many years, except for the last two. The plan is 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 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 is continuing in 2019. For digital media we are rolling out a significant increase in digital campaigns.

Parallelly, we have launched an initiative to encourage our professional sellers to consign larger lot stocks, such as 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; to optain major brand exposure, to quickly empty surplus stocks, to increase the stock turnover rate, to get access to free storage room (in auction houses). Furither, all logistics are 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 minimum prices and the starting bids.

We keep planning and executing the next step in a demanding, now highly competitive environment. We are confident that the measures we have taken - and the coming actions in the pipeline - will have a positive impact with regards to both attracting more sellers and buyers and securing growth and profitability. On long term basis, we keep reviewing e.g. how to develop our business model, value propositions and product experience on the digitized market for auctions.

Development in organization

The key competence of Lauritz.com is the expertise within art, design and antiquities. However, we are generally changing the expert's roles to work in a more proactive and outgoing way. The goal is that the experts should generate more customer leads themselves by finding and contacting potential sellers for external meetings about future consignments, e.g. professional sellers, collectors, major private customers etc. The conversion of the expert's role is addressed e.g. through courses for the experts at Lauritz.com University.

Furthermore, Lauritz.com is in a process of taking our local management to the next level. We have e.g. recruited new branch managers in our Swedish auction houses. These managers have been casted with a high level commercial profile compared to previous managers who tended to have expert background. Results are beginning to show, and it is expected that the local sourcing of items will accelerate, and in turn have a positive impact on long-term auction turnover.

A CCO position (Chief Commercial Officer) was added to the Management team in January 2018, to re-introduce the suitable sales focus in the organisation. The CCO has a seat in the Group executive management team, together with Lauritz.com's CFO.

Furthermore, Lauritz.com employed a new CFO by January 2018 with a seat in the Group executive board.

Development in auction turnover

During time, Lauritz.com has shown a yearly average auction turnover growth of over 25 percent from the start in 1999 until 2016. During the same period from 1999 to 2016, EBITDA has shown a strong and consistent development.

2017 and 2018 has been years with many changes around Lauritz.com. While our core business of selling second hands items online was stable in 2016, we experienced a decrease through 2017 and 2018. For the full year auction turnover amounted to DKK 738m compared to DKK 859m in 2017. This corresponds to a decrease of 14 percent, mainly due to lower auction turnover in Fine Art. Excluding Fine Art and the depreciation of the Swedish krone the decrease is 5.7 percent.

The development in auction turnover is driven by fewer auction lots sold and by the extraordinarily low auction turnover in Fine Art primarily impacting Q2 and Q4. The reduction in auction turnover for lots sold online was reduced by 12 percent in 2017 and by 5.7 percent in 2018. The stabilization is an effect of the commercial activities mentioned above building further on the convenient services such as e.g. Free pick-up service for sellers, Book an expert at home, improved Online valuation services.

Development in financials

EBITDA for the auction business - excluding sales gains and impairments - is DKK 4.6m (6.2m). The change from last year is a result of lower revenue down DKK 37.2m due to the lower auction turnover (see Development in auction turnover), almost offset by lower payments of fees etc. to partners and cost reductions reducing the change in EBITDA for the auction business to DKK -1.6m compared to last year.

Furthermore, the EBITDA in 2018 was impacted by the sale of the Fine Art business (DKK +11.2m) and the reservation made on the risk associated with receivables from sale of partnership agreements (DKK -19.5m).

During the year expectations were adjusted 1) in connection with the sale of the Fine Art business, 2) in connection with the Q3 reporting and 3) in connection with the release of information about the refinancing of the bond. A decrease in revenue has been expected throughout the year due to the sale of auction houses in 2017 and 2018. Expectations regarding revenue were reduced in connection with the sale of the Fine Art business and following weak performance in Q3. Guidance for EBITDA and EBITDA margin excluding income from sale of Fine Art has been stable until release of the Q3 report where expectations were reduced following weak performance in Q3, and further reduction in EBITDA as a result of expected impairments recognised in Q4 2018.

For the full year auction turnover decreased to DKK 738m compared to DKK 859m in 2017. Net revenue decreased in 2018 to DKK 228.0m compared to DKK 297.1m in 2017.

Lauritz.com is a chain of 26 (26) auction houses – where 7 (8) are owned by Lauritz.com, and 19 (18) by a local partner on a franchise like basis. Sometimes Lauritz.com sells an owned auction house to a new partner. The fees from sales of partnership agreements are a natural part of the business, but can vary greatly from one year to another. In 2018 there was no income from sale of partnership agreements, whereas in 2017 income from sale of partnership agreements amounted to DKK 28.4m driven by the sale of 2 large partnership agreements.

The decrease in revenue is mainly explained by lower fees from sale of partnership agreements DKK 0.0m (DKK 28.4m), depreciation of the Swedish kronor DKK -3.6m and by lower auction turnover impacting revenue negatively by DKK -37.2m.

In March 2018 it was decided to separate the Fine Art business of Stockholms Auktionsverk into a company owned 51% by Gelba Management AB and 49% by Lauritz.com Sverige AB. A structure that both partners was expecting to be beneficial to the Fine Art business. It has shown that the split ownership is not the optimal solution in relation to the daily operations of Stockholms Auktionsverks Fine Art business, resulting in the decision to buy back the shares from our partner in March 2019, so we now own 100 percent of the Fine Art business. The transaction has resulted in a gain of DKK 11.0m in 2018 included in other operating income.

In 2018, EBITDA was DKK -6.1m compared to DKK 32.1m last year. The reduction was mainly due to lower fees from sale of partnership agreements, reservation made on receivables from sale of partnership agreements and lower auction turnover, this was partly offset by the effects of 2 rounds of cost cutting that was carried out in Q1 2017 and in Q1 2018.

The carrying amount of goodwill, software in process of development and other intangible assets has been tested for impairment at 31.12.2018. Taking into account the recent performance and expectations the carrying amount exceeded the recoverable amount, resulting in an impairment of DKK 31.5m (DKK 0.0m).

The Profit/Loss for the year is negative with DKK -67.2m (DKK -21.3).

Net Cash Flow for the year was DKK -8.6m up from DKK -16.9m

Events after the balance sheet date

In February 2019 an agreement has been reached with the bondholders to restructure the bonds as described in note 18. 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 3M STIBOR +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. The financial impact of the restructuring of the bond debt, estimated at DKK 80m after transaction cost and tax, will be included in 2019.

In March 2019 Lauritz.com Sverige AB entered into an agreement to buy back the 51 percent of the shares in Stockholms Auktionsverk AB owned by our partner Gelba Management AB, returning full ownership of the Fine Art business to Lauritz.com. The impact of the change in ownership is covered by the reassessment of the sales gain from the sale of the Fine Art business made in Q4 2018, hence no financial impact in 2019.

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

Corporate governance

Statutory statement of corporate governance, cf. section 107b of the Danish Financial Statements Act

Control and risk management systems in connection with the reporting process

The Board of Directors and the Executive Management are overall responsible for the Group's control and risk management in connection with the reporting process, including compliance with applicable laws and regulations in connection with the financial reporting. The Group's control and risk management systems may provide fair but not absolute certainty that unlawful use of assets, losses and/or significant errors or omissions in connection with the reporting process is reduced.

There is no requirement for the Group to comply with a corporate governance codex.

Control environment

The Board of Directors assesses at least once a year the Group's organisational structure, the risk of fraud and the presence of internal rules and guidelines.

The Executive Management monitors the compliance with applicable laws and regulations and other rules and regulations in connection with the financial reporting on an ongoing basis and reports to the Board of Directors on an ongoing basis.

Risk assessment in connection with the reporting process

The Board of Directors makes at least once a year an overall risk assessment in connection with the reporting process. As part of the risk assessment, the Board of Directors considers the risk of fraud and the measures that need to be taken to reduce and/or eliminate such risks. At the same time, Management's incentive/motive, if any, for fraudulent financial reporting or other fraud is discussed.

Particular risks

The IT-platform is critical for Lauritz.com. IT-related risks can significantly impact the operation of www.lauritz.com. These risks include crashes, loss of data, competitors or others monitor or hack into the system, as well as virus-/cyber-attacks.

Financial risks

As a result of its operations, its investments and its financing, the Group is exposed to changes in foreign exchange rates and the level of interest rates. The Parent controls the financial risks in the Group centrally and coordinates the Group's cash management, including funding and placing of excess liquidity.

The issuance of bonds in Swedish kroner means increased risk of exposure to financial items in connection with changes in foreign exchange rates between Swedish and Danish kroner, as Lauritz.com Group A/S presents its annual report in DKK. This risk is partly offset by part of the business having SEK as functional currency.

The Interest rate on bonds issued in 2014 is based on 3M STIBOR + 750 basis points. The floating interest rate may thus affect the financial items of the company. In connection with the refinancing of the bonds in 2019 the interest rate is being converted to a fixed interest rate, resulting in an elimination of the exposure to changes in market level of interest rates (STIBOR).

The financial risks are assessed on an ongoing basis. During 2018, no hedging transactions have been entered into and there are no open hedging transaction at 31 December 2018.

Capital resources

It is the objective of the Group to have sufficient capital resources to be able to make suitable dispositions in proportion to operations and investments.

Management assesses the capital structure on an ongoing basis with a view to ensuring justifiable equity in the company.

At 31 December 2018, the equity amounts to DKK –41.6m (2017: DKK 29.1m), corresponding to an equity ratio of -12.2 percent (2017: 7.8 percent). Equity will be restored when the reduction of the bond debt becomes effective in 2019, impacting Equity positively by 80m after transaction cost and tax.

Owners

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 (56.1%) and Mette Rode Sundstrøm (5.2%).

Board of Directors' committees

The Board of Directors has appointed an Audit Committee consisting of Bengt Sundström, Chairman of the Board of Directors, and John Tyrrestrup, member of the Board of Directors. Altogether, the Audit Committee has extensive experience within financial areas and audit and accounting experience. The Audit Committee has held one meeting during 2018, going forward, the Committee expects to meet at least three times a year.

The Board of Directors has appointed a Remuneration Committee consisting of Claus Due Pedersen (Chairman) and Bengt Sundström, both are members of the Board of Directors. The aim of the Remuneration Committee is to make recommendations for remunerations and terms of job interviews with Management of the Group. The Remuneration Committee has held three meetings during 2018, going forward, the Committee expects to meet at least three times a year.

The Board of Directors has appointed a Nomination Committee consisting of Bengt Sundström and Claus Due Pedersen. The aim of the Nomination Committee is to make recommendations for the composition of the Board of Directors and Management of the Group. The Nomination Committee has held three meetings during the last year, and going forward, the Committee expects to meet at least three times a year.

Information on board member's other managerial posts

Name	*Managerial post*	*Subcommittees of the Board*
Bengt Olof Tony Sundström, Chairman	Blixtz Holding A/S, Chairman of the Board of Directors Ejendomsselskabet Blixtz ApS, Managing Director Passionsfabrikken ApS, Managing Director Amio.dk ApS, Managing Director Vignelaure S.A.S., Managing Director SNC Soleil de Vignelaure, Managing Director	Audit committee (Chairman) Remuneration committee Nomination committee (Chairman)
John Tyrrestrup	Blixtz Holding A/S, member of the Board of Directors Weco Invest A/S, member of the Board of Directors Weco-Travel International A/S, member of the Board of Directors Weco-Travel Cee A/S, member of the Board of Directors	Audit committee
Mette Margrethe Rode Sundstrøm	Blixtz Holding A/S, Managing Director Stockholms Auktionsverk AB, Managing Director Lauritz.com Sverige AB, Managing Director	None
Preben Vinkler Lindgaard	None	None
Claus Due Pedersen	Domusnord ApS, owner and Commercial Director Due & Fangel ApS, owner and Commercial Director DN Retail ApS owner and Commercial Director	Remuneration committee (chairman) Nomination committee

Statutory corporate social responsibility, cf. Sections 99a of the Danish Financial Statements Act

Business model

For a description of the business model for Lauritz.com, please refer to pages 2-4.

Risks and policies regarding corporate social responsibility

Lauritz.com has evaluated corporate social responsibility risks related to human rights, environment & climate, employee conditions and corruption and bribery. The primary risk concerning human rights is that employees or business partners may feel discriminated or not treated equally. Concerning corruption, the primary risk is that employees may use payments, gifts or other means to illegally influence business partners and clients or vice versa. For employee conditions, the primary risk is that employees may feel demotivated or that employees may suffer from work related illnesses. For environment and climate, the primary risk is related to the energy consumption of our offices, warehouses and in relation to transportation of goods. Overall, we perceive that our risks in these areas are considered low. The primary reason is that we operate in Scandinavia and therefore follow existing rules and laws in relation to human rights, employee conditions, environment and climate and anti-corruption. Therefore, we have also chosen not to have separate policies regarding these areas. We are,however, continuously reviewing the need for developing separate policies in relation to corporate social responsibility.

Statutory corporate social responsibility, cf. Sections 99b of the Danish Financial Statements Act

At the end of 2018, the Board of Directors consisted of five board members elected by the annual general meeting, of which four are males and one is female. The objective is to have both genders represented in the Board of Directors, meaning that the target for the underrepresented gender is at least 20%. As the Board of Directors consists of five members, changes are infrequent and candidates with the right qualifications are scarce this target is evaluated as ambitious. The Executive management level consisting of CCO and CFO has a composition of two males and zero females at the end of 2018. For the next level of management (country managers and branch managers) there was a composition of three male and four females at the end of 2018. As the company has an equal number of men and women in the management positions, we do not have a separate policy regarding underrepresented gender.

At Lauritz.com Group A/S we believe that diversity regarding education, nationality, gender etc. is a strength. We recruit solely on the basis of individual qualifications, and strive to reach a balanced gender representation at all levels of our organisation.

Our non-discriminatory practices are an integrated part of how we recruit and develop our talents. We encourage our employees with management ambitions and talent, regardless of gender, to take on managerial tasks, and we support their development without gender bias. Further we have reviewed the employment conditions to ensure that there is no gender bias stemming from these, and when recruiting for management positions we ensure that qualified candidates of both genders are part of the process.

Despite our position and efforts, we do not yet have a balanced gender representation at the Board and Executive management levels. We will continue the focus on creating equal opportunities and take further relevant initiatives in this field in the future.

Knowledge resources

Lauritz.com prioritizes recruitment of skilled, ambitious people with strong engagement. Employees shall be able to identify with Lauritz.com’s internal description of itself as a Passion Factory, where passion for art, design and antiques goes hand in hand with efficient production and logistics in terms of operation.

Lauritz.com is a knowledge-based company and a requisite for future growth is that Lauritz.com retains present staff and attracts new competences. It is also necessary for Lauritz.com to develop and train staff further, which to a large degree takes place through Lauritz.com’s internal training programme – Lauritz.com University. Key staff includes branch managers, valuation specialists and IT staff.

Environment

Items sold at auction are primarily secondhand, quality items that by virtue of their design language quality material and craftmanship have demonstrated their durability over long periods of time. In its communication, Lauritz.com is conscious of stimulating precisely the concept of recycling, and through its wide-scale sale of used items helps promote reuse and thereby sustainability in our society. Reuse and recycling saves the world's resources, reduces energy consumption for producing new goods and reduces impact on the environment.

Charity

Lauritz.com has been involved in charity for more than 15 years, collaborating with a wide range of large and small organizations, primarily in Denmark and Sweden. Activities here take the form of charity auctions of e.g. art, furniture, design objects and experiences donated by artists, producers of branded goods, shops or celebrities. Lauritz.com always donates buyer's premium as well as seller's commission and hammer fees.
In 2018, approx. DKK 2.7m was raised at Lauritz.com, of which DKK 1.0m was fees.

Guidance for 2019

Revenue is expected to increase by 5-7 percent compared to 2018.
The EBITDA for 2019 is expected to be DKK 15-25m.
EBT for 2019 will be impacted positively by the DKK 80m impact from the restructuring of the bond debt.
All numbers are based on exchange rates at the end of 2018.

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Auction turnover [1]	**738,217**	**858,893**	**1,024,232**	**1,019,515**	**941,456**
Statement of comprehensive income					
Revenue [2]	227,962	297,120	320,989	329,507	274,434
Gross profit	116,517	192,814	210,138	215,324	149,588
EBITDA [3]	- 6,060	32,104	46,309	41,830	23,242
Operating profit (EBIT)	- 61,135	- 7,108	31,958	29,655	16,627
Net financials	- 10,908	- 12,922	- 16,209	- 40,423	- 2,365
Profit before tax (EBT)	- 72,043	- 20,030	15,749	- 10,768	14,262
Tax on profit for the year	4,882	- 1,268	- 5,081	2,255	- 3,761
Profit/Loss for the year	- 67,161	- 21,298	10,668	- 8,513	10,501
Balance sheet					
Non-current assets	173,816	228,230	289,841	282,162	220,001
Current assets	166,861	210,822	206,688	219,403	289,882
Balance sheet total	340,677	439,112	496,529	501,565	509,883
Share capital	4,079	4,079	4,067	3,600	3,600
Equity	- 41,642 [4]	29,068	62,014	13,287	14,550
Non-current liabilities	16,267	249,962	255,292	347,848	350,906
Current liabilities	366,052 [5]	160,082	179,223	140,430	144,427
Cash flows					
Operating activities	- 38,095	- 7,581	- 5,167	- 12,705	15,307
Investing activities	38,642	- 9,897	90,978	- 22,806	- 207,073
Of this, investments in property, plant and equipment	35,758	- 2,138	- 6,945	- 7,978	- 3,786
Financing activities	- 9,186	600	- 52,281	- 1,999	264,039
Total cash flows	- 8,639	- 16,878	33,530	- 37,510	72,273
Ratios:					
Gross margin	51.1 %	64.9 %	65.5 %	65.3 %	54.5 %
EBITDA margin	- 2.7 %	10.8 %	14.4 %	12.7 %	8.5 %
Profit margin	- 26.8 %	- 2.4 %	10.0 %	9.0 %	6.1 %
Equity ratio	- 12.2 %	7.8 %	12.5 %	2.8 %	2.9 %
Return on equity	- 1,068 %	- 44.1 %	28.3 %	- 61.2 %	60.2 %
Earnings per share (EPS Basic), DKK	- 1.662	- 0.523	0.278	- 0.236	0.293
Dividend per share	0	0	0	0	0.056
Average number of full-time employees	140	185	204	204	136

[1] 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.

[2] The effect from change in the accounting policy for revenue due to the implementation of IFRS 15 has been updated for the comparison period 2014-2017

[3] The effect from implementation of IFRS 16 in 2018, has not been reflected in the comparison figures 2014-2017

[4] Equity will be restored when the reduction of the bond debt becomes effective in 2019, see page 2.

[5] Bond debt is included in current liabilities at 31. December 2018, following the change to the bond terms the main part of bond debt will have maturity after 12 month, please see note 18.

Earnings per share are calculated according to IAS 33 (note 18). Key ratios are applied and calculated as follows:

Gross margin	Gross profit x 100 / Revenue
EBITDA margin	Operating profit/loss before depreciation, amortisation and impairment (EBITDA) x 100 / Revenue
Profit margin	Operating profit (EBIT) x 100 / Revenue
Equity ratio	Equity, year-end x 100 / Balance sheet total
Return on equity	Profit for the year x 100 / Equity, average
Earnings per share (EPS Basic)	Profit for the year / Average no of shares in circulation
Dividend per share	Dividend distributed / Average no of shares in circulation
Auction turnover	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.

Management statement

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of Lauritz.com Group A/S for 2018.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2018.

Further, in our opinion the Management review includes a true and fair review of the development in the Group's and the Parent Company's operations and financial matters, of the result for the year and of the Group's and the Parent Company's financial position as well as describes the significant risks and uncertainties affecting the Group and the Parent Company.

We recommend that the Annual Report be approved at the General Meeting.

Copenhagen, 3 April 2019

Executive Management

Preben Vinkler Lindgaard CFO	Thomas Rantzau Stensgaard CCO

Board of Directors

Bengt Olof Tony Sundström Chairman	Claus Due Pedersen	John Tyrrestrup
Mette Margrethe Rode Sundstrøm	Preben Vinkler Lindgaard	

To the shareholders of Lauritz.com Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements og Lauritz.com Group A/S for the financial year 01.01.2018 – 31.12.2018, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2018, and of the results of their operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management review

Management is responsible for the management review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management review and, in doing so, consider whether the management review is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management review is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management review.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Parent or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 3 April 2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Siggaard Hansen
State-Authorised
Public Accountant
mne32208

Notes		Group 2018 DKK'000	Group 2017 DKK'000
2	Revenue	227,962	297,120
	Direct costs	- 111,445	- 104,306
	Gross profit	**116,517**	**192,814**
3	Other operating income	11,217	673
4	Other external expenses	- 63,486	- 68,196
5	Staff costs	- 70,308	- 93,187
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**- 6,060**	**32,104**
6	Depreciation, amortisation and impairment losses	- 55,075	- 39,212
	Operating profit/loss (EBIT)	**- 61,135**	**- 7,108**
7	Financial income	12,910	8,466
8	Financial expenses	- 21,271	- 21,388
9	Share of result in associated companies	- 2,547	-
	Profit/Loss before tax (EBT)	**- 72,043**	**- 20,030**
10	Tax on profit/loss for the year	4,882	- 1,268
	Profit/Loss for the year	**- 67,161**	**- 21,298**
	Items that can be reclassified to profit or loss:		
	Exchange rate adjustments, foreign companies	- 3,473	- 6,762
	Tax on other comprehensive income	-	-
	Other comprehensive income	**- 3,473**	**- 6,762**
	Total comprehensive income	**- 70,634**	**- 28,060**
21	Earnings per share (EPS), DKK	**- 1.662**	**- 0.523**
21	Earnings per share (EPS), diluted DKK	**- 1.662**	**- 0.523**

Assets

Notes		Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
	Non-current assets		
11	Software in process of development	3,741	11,206
11	Developed software	11,199	6,628
11	Goodwill	94,818	137,003
11	Rights acquired	29,542	50,992
	Total intangible assets	139,300	205,829
12	Right-of-use assets	12,937	-
12	Other fixtures and fittings, tools and equipment	7,793	12,535
	Total property, plant and equipment	20,730	12,535
13	Deferred tax	11,084	7,572
14	Deposits	2,702	2,294
14	Investment in associated companies	11,001	-
	Total financial assets	24,787	9,866
	Total non-current assets	**184,817**	**228,230**
	Current assets		
	Inventories	772	1,018
16	Trade receivables	13,823	28,026
16	Contractual receivables	62,085	67,869
25	Receivables from group enterprises	9,178	8,998
	Tax receivable	3,396	-
16	Other current receivables	16,644	9,847
	Total receivables	105,126	114,740
	Cash and cash equivalents	49,962	60,124
15	Assets held for sale	-	35,000
	Total current assets	**155,860**	**210,882**
	Total assets	**340,677**	**439,112**

Equity and liabilities

Notes		Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
	Equity		
	Share capital	4,079	4,079
	Reserves	-19,957	-16,408
	Retained earnings	-25,764	41,397
	Total equity	**-41,642**	**29,068**
	Liabilities		
13	Deferred tax	9,729	12,942
	Lease liabilities	6,538	-
18	Bond debt	-	237,020
	Total non-current liabilities	16,267	249,962
18	Bond debt	229,673	-
	Lease liabilities	6,728	-
	Trade payables	105,885	108,276
19	Other payables	22,404	42,929
	Corporate taxes payable	1,362	8,877
	Total current liabilities	366,052	160,082
	Total liabilities	**382,319**	**410,044**
	Total equity and liabilities	**340,677**	**439,112**

Statement of changes in equity

	Share capital DKK'000	Reserve for treasury shares DKK'000	Reserve for exchange rate adjustments DKK'000	Retained earnings DKK'000	Total Equity DKK'000
Equity at 1 January 2018	4,079	-	-16,408	41,397	29,068
Profit/Loss for the year	-	-	-	-67,161	-67,161
Other comprehensive income	-	-	-3,473	-	-3,473
	4,079	-	-19,881	-25,764	-41,566
Buy-back share program	-	-851	-	-	-851
Remuneration distributed	-	775		-	775
Dividend distributed	-	-	-	-	-
Equity at 31 December 2018	**4,079**	**-76**	**-19,881**	**-25,764**	**-41,642**
Equity at 1 January 2017	**4,067**	**-**	**-4,160**	**62,107**	**62,014**
Adjustment to 2017	-	-	-5,486	-	-5,486
Profit/Loss for the year	-	-	-	-21,298	-21,298
Other comprehensive income	-	-	-6,762	-	-6,762
	4,067	-	-16,408	40,809	28,468
Capital increase 24 July 2017	12	-	-	588	600
Dividend distributed	-	-	-	-	-
Equity at 31 December 2017	**4,079**	**-**	**-16,408**	**41,397**	**29,068**

Equity will be restored when the reduction of the bond debt becomes effective in 2019, impacting Equity positively by 80m after transaction cost and tax, see page 2.

Statement of cash flows

Notes		Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
	Operating profit/loss (EBIT)	**- 61,135**	**- 7,108**
	Depreciation, amortisation and impairment losses	54,759	39,212
	Impairment and losses on receivables	21,773	3,141
	Increase/decrease in inventories	246	806
	Increase/decrease in receivables	3,588	10,936
	Increase/decrease in trade payables and other payables	- 27,373	- 26,672
	Gain on sale of non-current assets, net	- 11,217	-
	Other adjustments	7,742	- 6,195
	Cash flows from ordinary operating activities	**- 11,617**	**14,120**
	Interest received	2,531	1,565
	Interest paid	- 19,286	- 19,307
	Income tax paid	- 8,949	- 3,959
	Cash flows from operating activities	**- 37,321**	**- 7,581**
	Purchase of property, plant and equipment	- 360	- 2,138
	Sale of property, plant and equipment	1,118	326
	Purchase of intangible assets	- 4,532	- 6,876
	Sale of assets held-for-sale	35,000	-
21	Acquisitions and divestments	7,417	- 1,209
	Cash flows from investing activities	**38,643**	**- 9,897**
17	Repayment, lease liabilities	- 9,110	-
	Payment of buy-back of shares	- 851	-
	Proceeds from cash capital increase	-	600
	Cash flows from financing activities	**- 9,961**	**600**
	Net cash flows for the year	- 8,639	- 16,878
	Net capital resources, beginning of year	60,124	78,478
	Exchange rate adjustment of capital resources	- 1,523	- 1,476
	Net capital resources, end of year	**49,962**	**60,124**
	Net capital resources, end of year, are composed as follows:		
	Cash and cash equivalents	49,962	60,124
	Net capital resources, end of year	49,962	60,124

1. Accounting policies

The Annual Report of Lauritz.com Group A/S for the financial year 2018 has been presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of reporting class C under the Danish Financial Statements Act.

The Group has one reporting segment (auctioning), however, as the Group's activities expand, Management regularly assesses internal financial management reporting and whether it would be relevant to report additional segments. The Annual Report is presented in Danish kroner (DKK), which is the presentation currency of the Group's activities and the functional currency of the Parent.

The accounting policies applied are consistent with those applied last year except as specified below.

Equity and value of intangible assets is restated due to a correction of prior period errors, regarding exchange rate adjustments made in the consolidation of subsidiaries. The accumulated impact on equity at 1 January 2017 is DKK 5,486k.

Classification of Contractual Receivables has been changed from non-current assets to current assets, due to the implementation of IFRS 15 and to reflect that contractual receivables relates to the Groups operating cycle, according to IAS 1.66.

Marketing contribution received from auction houses owned by a partner has been reclassified. The change entails that this income is now classified as revenue, previously it has been offset against marketing expenses.

Changes in accounting policies

Effective from 1 January 2018 Lauritz.com Group 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 and IFRS 15 Revenue from contracts with customers.

IFRS 9 Financial instruments (endorsed by the EU)

The group has applied IFRS 9 Financial Instruments from 1 January 2018. The group has chosen to not restate comparatives, as allowed by the standard.

IFRS introduces new requirements for 1) classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting.

The group has reviewed and assessed the financial assets at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has the financial assets continue to be measured at amortised cost under IFRS 9 as they are held to collect the contractual

Accounting policies (continued)

cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss under IAS 39. This means that the group has to recognize a loss allowance for expected credit losses on trade receivables and other receivables (current and non-current).

The effect of the change from the ‘incurred loss’ model in IAS 39 to the ‘expected credit loss’ model in IFRS 9 at 1 January 2018 is immaterial.

The new provision on classification and measurement of financial assets and on hedge accounting does not have any material impact on the financial statements, but further information is disclosed.

IFRS 15 Revenue from contracts with customers (endorsed by the EU)
The group has applied IFRS 15 Revenue from Contracts with Customers from 1 January 2018. IFRS 15 replace IAS 18 and other standards, and the new standard establish a single, comprehensive framework for revenue recognition, providing details on recognizing revenue to reflect the transfer of control of goods to customers at a value that the entity expects to be entitled to.

Lauritz.com Group A/S has performed an analysis of the impact. Based on the analysis, it is assessed that sale of partnership agreements is not changing under the new standard. Further it is assessed that the new standard imply that the part of the fees and commissions collected from buyers and seller and paid on to auction houses owned by a partner, that was previously not included in the Statement of Comprehensive income of the Group as revenue and cost are, now being recognized as revenue and cost. The result is that the amount collected from buyers and sellers is being recognised as revenue, and the amount paid on to partner owned houses is recognised as direct cost. This change has no effect on profit and loss for the year. This years’ revenue and direct cost is increased by DKK 102m (2017: 94m). Comparison figures are adjusted accordingly. Further information regarding revenue has been disclosed in the notes.

IFRS 16 Leases (endorsed by the EU)
Lauritz.com Group A/S has implemented 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 new 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 affected, as the annual lease costs consists of both depreciation and interest expenses. Previously, the

Accounting policies (continued)

annual costs relating to operating leases has been recognized as a single expense amount in the Income statement under Other external expenses. The change from the contingent liability reported under IAS 17 in the 2017 Annual Report of DKK 43.7m to the opening Lease liability in 2018 under IFRS 16 of 40.1m is primarily explained by the discounting of the lease payments (included in contingent liabilities in 2018 at nominal value) back to 1. January 2018 when calculating the value of the right-of-use asset and lease liability at the implementation date.

The change required capitalization of the majority of the Group's operating lease contracts for rental of office space and warehouses. Hence, it affects the financial ratios related to the balance sheet. The lease payments have been devided between a depreciation charge included in operating costs and an interest expense on lease liabilities included in financial expenses.

The impact on EBITDA in 2018 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 9.1m for the full year, as payments on lease contracts is now presented in Cash Flow from financing activities as repayment of lease liabilities (DKK -9.1m) and interest on lease obligation (DKK -0.9m) is presented as paid interest (included in Cash Flow from Operations).

No new relevant accounting standards has been identified for Lauritz.com Group A/S for the years commencing from 1 January 2019.

Critical accounting judgements and key sources of estimation uncertainty

When applying the Group's accounting policies, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily evident from other sources. These estimates and assumptions are based on historic experience and other relevant factors. Actual results may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During annual testing of goodwill and other non-current assets, including tax assets for impairment, or when an indication of impairment exists, an assessment is made as to how those activities of the Group (cash-generating unit) that relate to goodwill would be able to generate sufficient positive future net cash flows to support the value of goodwill, non-current intangible assets and property, plant and equipment relating to those activities. Due to the nature of the business, estimates are made of cash flows for many years ahead, which inherently is subject to some uncertainty. This risk and this uncertainty are reflected in the discount rate applied and in the terminal value growth rate.

Accounting policies (continued)

In calculating write-downs for bad and doubtful debts, Management has made estimates based on information available and other indications.

It may be necessary to change previous estimates due to changes in those circumstances on which the estimates are based, or due to new information or subsequent events.

Consolidated financial statements

The consolidated financial statements include the Parent, Lauritz.com Group A/S, and the subsidiaries that are controlled by the Parent. The Parent is deemed to have control when it has power over the relevant activities of the entity in question and when it has exposure, or rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of variable returns.

Entities in which the group exercises a significant but non-controlling influence are considered associated companies. A significant influence is usually achieved by directly or indirectly owning or controlling 20-50 percent of the voting rights. Agreements and other circumstances are considered when assessing the degree of influence.

The consolidated financial statements are prepared on the basis of the financial statements of Lauritz.com Group A/S and its subsidiaries. The consolidated financial statements are prepared by combining financial statement items of a uniform nature. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. Subsidiaries' financial statement items are recognized in full in the consolidated financial statements.

Business combinations

Newly acquired or newly established enterprises are recognized in the consolidated financial statements from the time of acquiring or establishing such enterprises. Time of acquisition is the date on which control over the enterprise is actually obtained. Divested or wound-up enterprises are recognized in the consolidated statement of comprehensive income up to the time of their divestment or wind-up.

The purchase method is applied on acquisition of new entities over which Lauritz.com Group A/S obtains control. The identifiable assets, liabilities and contingent liabilities of the entities acquired are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or arise out of a contractual right, and their fair value can be calculated reliably. Deferred tax is recognized for any reassessments made.

Accounting policies (continued)

Cost of an enterprise consists of fair value of the consideration agreed. If part of the consideration is contingent upon future events, such part is recognised in cost in so far as the events are likely to occur, and the consideration can be calculated reliably.

Positive differences (goodwill) between the cost of the entity acquired and the fair value of the identifiable assets acquired, net of the amount of liabilities and contingent liabilities, are recognised as goodwill in intangible assets. Goodwill is not amortised, but tested at least once a year for impairment. On acquisition, goodwill is allocated to cash-generating units, which then form the basis of impairment testing.

If the asset's carrying amount is higher than its recoverable amount, it is written down to such lower recoverable amount. Goodwill and fair value adjustments made as part of the acquisition of a foreign entity using a functional currency other than the presentation currency used by Lauritz.com Group A/S are accounted for as assets and liabilities belonging to the foreign entity and translated into Danish kroner (the functional currency) applied by the foreign entity at the transaction date exchange rate. Negative balances (negative goodwill) are recognised in other operating income in the statement of comprehensive income at the date of acquisition.

If uncertainty exists at the date of acquisition as to the measurement of identifiable assets, liabilities or contingent liabilities acquired, initial recognition will be based on preliminary fair values. Should the fair values of identifiable assets, liabilities or contingent liabilities at the date of acquisition then turn out to differ from those previously estimated, goodwill is adjusted up until 12 months after the date of acquisition, and adjustments are subsequently taken to the statement of comprehensive income.

Gains or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of net assets, including goodwill, at the time of sale plus divestment or winding-up expenses.

Foreign currency translation

Foreign currency transactions are translated using the transaction date exchange rate. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date are recognized in the statement of comprehensive income as financial income or financial expenses. If foreign exchange positions are considered hedging of future cash flows, the value adjustments are recognised directly in other comprehensive income.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the balance sheet date and the rate in effect at the time when the payable or the receivable arose are recognized in the statement of comprehensive income as financial income or financial expenses.

Accounting policies (continued)

Non-current assets purchased in foreign currencies are translated applying the transaction date exchange rate.

On recognition in the consolidated financial statements of entities using functional currencies other than Danish kroner, the income statement items are translated using the average exchange rate for the year, whereas the balance sheet items are translated at the balance sheet date exchange rate. Exchange differences arising out of the translation of such entities' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from the transaction date exchange rates to the balance sheet date exchange rates are recognized in other comprehensive income.

Statement of comprehensive income

Revenue

The Auction business of Lauritz.com generates revenue from knockdowns on the auction platforms of the group, consisting of commissions and fees from auctions, seller advertising, marketing contribution received from partner owned auction houses etc. Revenue from auctions etc. is recognised in the statement of comprehensive income once the sale has taken place and the income can be determined reliably and receipt thereof is expected.

Furthermore, revenue is generated through fees from sales of partnership agreements. Revenue from sale of partnership agreements are recognised once a sale is completed, and the income can be determined reliably, and is presented separately in the notes. Revenue is recognised net of VAT and duties and less sales discounts.

Direct costs

Direct costs are composed of the share of commissions and fees paid to partner owned auction houses, and packing and distribution costs as well as other costs related to revenue.

Other operating income

Other operating income comprises income of a secondary nature relative to the Group's activities, including rental income.

Other external expenses

Other external expenses comprise expenses for sale, marketing, administration, premises, bad debts, operating lease expenses, etc.

Staff costs

Staff costs include wages, salaries, pension contributions, fees to the Board of Directors and the Executive Board as well as other social security costs.

Accounting policies (continued)

Share-based payment transactions

Equity-settled sharebased payment transactions with employees are measured by reference to the fair value at the grant date. The cost of equity-settled transactions is recognized as staff costs together with a corresponding increase in equity over the period in which the performance and/or the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and Management's best estimate of the number of equity instruments that will ultimately vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate at the beginning and end of that period.

Financial income and expenses

These items comprise interest income and interest expenses, realised and unrealised capital gains and losses from liabilities and foreign currency transactions as well as amortisation of financial assets and liabilities. Financial income and expenses are recognized at the amounts relating to the financial year.

Profit/loss from investments in subsidiaries (Parent)

Dividends from equity investments are recognized when unconditional entitlement to such dividends arise. This is typically the date on which the annual general meeting approves distribution by the relevant entity.

Tax on profit/loss for the year

The Group participates in a joint taxation arrangement with both Danish and foreign group enterprises.

Current Danish income tax is allocated among the jointly taxed enterprises proportionally to their taxable income (full allocation with a refund concerning tax losses). The jointly taxed enterprises are subject to the Danish Tax Prepayment Scheme.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the statement of comprehensive income by the portion attributable to profit or loss for the year or taken to other comprehensive income by the portion attributable to entries directly in other comprehensive income. Tax recognised in the statement of comprehensive income is classified as tax on profit or loss for the year.

Balance sheet

Intangible assets

On initial recognition, goodwill is recognized at cost in the balance sheet as described under "Business combinations". Subsequently, goodwill is measured at cost less any accumulated impairment losses.
The carrying amount of goodwill is allocated to the Group's cash-generating unit at the time of acquisition. Determination of cash-generating units complies with the management structure and management control of the Group. As a result of integrating the acquired entities in the existing Group, Management estimates that the lowest level of cash-generating units, to which the carrying amount of goodwill may be allocated, is at group level as it is generally impossible to trace and measure the value of goodwill in each of the entities

acquired after a short period of time.

Rights acquired are measured at cost less accumulated amortisation. Rights acquired are amortised on a straight-line basis over their estimated useful lives, which are estimated to be up to 20 years or less depending on the terms of contract.

Software in process of development comprises both externally acquired software and proprietary software qualifying for capitalisation. Software in process of development is not amortised, however, its value is tested on a regular basis, which may result in a write-down.

Completed software is amortised on a straight-line basis using its estimated useful life. The period of amortisation is usually 3 to 5 years.

Intangible assets with indefinite useful lives are not amortised, but are tested at least once a year for impairment. If the assets' carrying amounts exceed their recoverable amounts, they are written down to such lower amount. In the balance sheet, intangible assets with indefinite useful lives are presented in “Rights acquired”.

Right-of-use assets (leased assets)

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to the lease arrangements in which it is the lessee, except for short term leases (under 12 month) and leases of low value assets. For short term and low value asset leases the group recognises the lease payments in operating expenses on a straight line basis over the lease term.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right of use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The right-of-use assets are presented as a separate line in the consolidated balance sheet.

Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies (continued)

The basis of depreciation is cost less estimated residual value. The residual value is the estimated amount that would be earned if selling the asset today net of selling costs, if the asset is of an age and a condition that is expected after the end of useful life.

Depreciation is provided on a straight-line basis from the following assessment of the assets' expected useful lives:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3 to 10 years

The gain or loss arising from the disposal of an item of property, plant and equipment is determined as the difference between the selling price net of selling costs and the carrying amount at the time of sale. Gains or losses are recognised in "Depreciation and amortisation" in the statement of comprehensive income.

Write-down for impairment of non-current assets

The carrying amounts of both intangible assets and items of property, plant and equipment are reviewed annually for any indicators of impairment in addition to that reflected through amortisation and depreciation. However, goodwill and intangible assets with indefinite useful lives are tested annually for impairment, the first time being at the end of the acquisition year.

If any such indication exists, impairment tests are made of each asset and group of assets, respectively. Write-down is made to the lower of recoverable amount and carrying amount.

The recoverable amount is the higher of net selling price and value in use. Value in use is the present value of the estimated net income from using the asset or the group of assets.

Non-current financial assets

Deposits

Deposits are measured at cost.

Investments in group enterprises

Parent

Investments in subsidiaries are recognised and measured at cost in the parent's balance sheet. An impairment test is made if there is any indication of impairment. If cost exceeds recoverable amount, cost is written down to recoverable amount.

Investments in associated companies

Investments in associated companies are recognised as the group's share of the equity value inclusive of goodwill less any impairment losses. Goodwill is an integral part of the value of associated companies and is therefore subject to an impairment test together with the investment as a whole. Impairment losses are reversed to the extent the original value is considered recoverable.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Trade receivables, contract receivables and other receivables

Trade receivables, contract receivables and other receivables are initially recognised at Fair value, plus any direct transaction costs, and subsequently measured at amortised cost using the effective interest method. For other receivables and contract receivables, write down is made for anticipated losses in accordance with IFRS 9 based on specific individual or group assessments. For trade receivables, the loss allowance is measured in accordance with IFRS 9 applying a provision matrix based on the groups historical loss experience adjusted for expected changes in specific or general circumstances.

Assets held for sale

Assets are held for sale, when the carrying amount of an individual non-current asset will be recovered principally through a sale transaction rather than through continuing use. Assets are classified as held for sale, when activities to carry out the sale has been initiated and the assets are expected to be disposed of within 12 months. Liabilities directly associated with assets held for sale are presented separately from other liabilities.

Assets held for sale are measured at the lower of carrying amount immediately before classification as held for sale and fair value less costs to sell and impairment tests are performed immediately before classification as held for sale. Non-current assets are not depreciated or amortised while classified as held for sale.

Equity and liabilities

Equity

Proposed dividend is recognized as a liability at the time of adoption at the annual general meeting (the time of declaration).

Reserves for treasury shares are recognized at purchase value.

Reserves for exchange rate adjustments comprise exchange differences arising from the translation of financial statements of entities with a functional currency other than Danish kroner.

Current tax and deferred tax

The current tax payable or receivable is recognized in the balance sheet, stated as tax computed on this year’s taxable income adjusted for prepaid tax.

Deferred tax is the tax recognised on temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax liabilities as well as deferred tax assets are recognised.

Accounting policies (continued)

Deferred tax is measured based on the current tax rate. Changes in deferred tax resulting from changed tax rates are recognized in the statement of comprehensive income.

Liabilities

Financial liabilities are recognized at the time of borrowing at nominal value less transaction costs incurred, equivalent to the proceeds received. Subsequently, financial liabilities are recognized at amortised cost equal to the capitalised value using the effective interest method to the effect that the difference between the proceeds and the nominal amount is recognized in the statement of comprehensive income over the term of the loan.

The lease liability is initially measured at the present value of the lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the group uses its incremental borrowing rate. The lease liability is presented as a separate line in the consolidated balance sheet.

Other liabilities including debt to suppliers, subsidiaries as well as other payables are measured at amortised cost which usually corresponds to nominal value.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows for the year by operating, investing and financing activities, the year’s changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as profit or loss for the year adjusted for non-cash operating items, working capital changes as well as interest income, interest expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of entities and activities as well as the acquisition and sale of non-current assets.

Cash flows from financing activities comprise changes in the size or composition of share capital and related expenses. Moreover, cash flows from financing activities comprise raising of loans, repayments of interest-bearing debt including debt related to right-of-use assets and payment of dividend.

Cash and cash equivalents comprise cash less any overdraft facilities forming an integral part of cash management.

Financial assets and liabilities

The Group and the Parent classify their financial assets as loans and receivables and their financial liabilities as other financial liabilities.

Accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are stated in current assets. The maturity profile of the Loans and receivables is shown in the notes. In the balance sheet, loans and receivables are classified as “Deposits”, “Trade receivables”, “Contract receivables”, “Receivables from Parent Company” and “Other receivables”.

Other financial liabilities

Financial liabilities are non-derivative financial liabilities that are measured at amortised cost. They are recognized in the balance sheet under non-current liabilities when the time to maturity from the balance sheet date exceeds 12 months. In the event of maturity within 12 months, they are recognized under current liabilities. Other financial liabilities are classified in the balance sheet as “Trade payables” and “Other payables”.

	Group 2018 DKK'000	Group 2017 DKK'000
2. Revenue		
Auction commissions and fees etc.	220,164	260,830
Other revenue - marketing contribution etc.	7,798	7,907
Fees from sales of partnership agreements	-	28,383
	227,962	**297,120**

The Group has no single key costumers.

3. Other operating income

Gain from sale of non-current assets, net	10,978	-
Rental and other income	239	673
	11,217	**673**

The gain from sale of non-current assets is related to the sale of the Fine Art business.

4. Other external expenses

Fees to auditors appointed at the annual general meeting

Audit services	1,102	1,161
Tax services	20	72
Other services	1,059	870
	2,181	**2,103**

Other services consists of advisory services related to financial statements and tax advisory in relation to acquisitions, divestments, and sale of assets.

Other external expenses include impairment losses on receivables of DKK 19,965k (3,237k).

5. Staff costs

Remuneration of the Board of Directors	3,001	3,141
Wages and salaries	53,847	71,433
Defined contribution pension plans, cf. below	3,902	3,654
Other social security costs	6,662	9,454
Other staff costs	2,896	5,505
	70,308	**93,187**
Average number of full-time employees	140	185

The Group has concluded defined contribution pension plans with the majority of the employees in the Danish Group enterprises. According to the concluded agreement, the Group enterprises pay a monthly amount of 5 percent of the concerned employees' basic salary. The contribution recognized in the income statement in this respect has been stated above.

5. Staff costs (continued)

	Group 2018 DKK'000	Group 2017 DKK'000
Remuneration of the Board of Directors and Executive Management		
Remuneration of the Board of Directors	3,001	3,141
Wages and salaries, Executive Management	3,215	9,506
Pensions	104	244
	6,320	**12,891**

Wages and salaries include DKK 775k (2017: DKK 0k) which has been settled with shares. Shares used for the settlements was purchased in a share buy-back program during the period 16 April to 14 June 2018.

The remuneration of the Board of Directors includes a consultancy fee of DKK 2.4m (2.4m) to the Chairman of the Board. The remuneration of Executive Management includes severance pay of DKK 0.0m (5.7m).

6. Depreciation, amortisation and impairment losses

Depreciation, land and buildings	-	450
Depreciation, right-of-use assets	9,439	-
Depreciation, other fixtures, tools and equipment	2,372	3,235
Gains/losses arising from disposal	342	104
Amortisation rights acquired	4,184	3,994
Amortisation, developed software	7,265	8,242
Impairment losses software in process of development	-	3,043
Impairment losses rights acquired	-	1,200
Impairment losses goodwill	31,473	-
Impairment losses land and buildings	-	18,944
	55,075	**39,212**

7. Financial income

Interest income	2,524	1,565
Interest income from group enterprises	4	-
Interest income from financial assets	**2,528**	**1,565**
Exchange rate gains	10,382	6,901
	12,910	**8,466**

Exchange rate gains are primarily related to the bond debt denominated in SEK.

	Group 2018 DKK'000	Group 2017 DKK'000

8. Financial expenses

	Group 2018 DKK'000	Group 2017 DKK'000
Interest expenses	144	178
Interest expenses, leasing	888	-
Bank charges etc.	844	513
Financial expenses, bond debt	17,410	18,616
Amortisation of borrowing costs, bond debt	1,985	2,081
	21,271	**21,388**

9. Share of result in associated companies

The activities of the associated company AB Stockholms Auktionsverk is auctions, focused on physical auctions in the high-end exclusive Fine Art segment.

	Group 2018 DKK'000	Group 2017 DKK'000
Financial figures from associated companies:		
Revenue	12,600	-
Operating profit before interest (EBIT)	- 5,188	-
Profit before tax	- 5,200	-
Share of result before tax in associated companies	- 2,547	-
Share of tax on profit/loss for the year in associated companies	-	-
	- 2,547	**-**

Associated companies are listed in note 25.

10. Tax on profit/loss for the year

	Group 2018 DKK'000	Group 2017 DKK'000
Current tax for the year	2,805	5,619
Deferred tax change for the year	- 7,603	- 4,548
Adjustment to taxes, prior years	- 1,803	154
Adjustment to deferred tax, prior years	2,439	35
Tax on profit/loss for the year	**- 4,882**	**1,268**

Current tax for the financial year is for Danish enterprises computed based on a tax rate of 22.0 % (2017: 22.0 %).

10. Tax on profit/loss for the year (continued)

	Group 2018 DKK'000	Group 2017 DKK'000
Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax (2017: 22.0 %)	- 14,325	- 4,407
Adjustment to taxes, prior years	- 1,803	154
Adjustment to deferred tax, prior years	2,439	161
Adjustment of previously unrecognized tax assets	1,430	5,499
Tax effect of non-deductible expenses/non-taxable income	7,377	15
	- 4,882	**1,268**
Effective tax rate	Negative	6.3 %

Tax on other comprehensive income DKK 0k (2017: DKK 0k).

11. Intangible assets (DKK'000)

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2018	17,753	41,710	66,278	137,003
Exchange rate adjustments	-	-8	-2,105	-4,356
Additions	4,369	-	6,971	-
Disposals	-6,483	-519	-22,937	-6,356
Transferred	-11,834	11,834	-	-
Cost at 31 December 2018	**3,805**	**53,017**	**48,207**	**126,291**
Amortisation at 1 January 2018	-	35,082	14,086	-
Impairment losses at 1 January 2018	6,547	-	1,200	-
Exchange rate adjustments	-	-12	-227	-
Disposals	-6,483	-517	-578	-
Impairments for the year	-	-	-	31,473
Amortisation for the year	-	7,265	4,184	-
Amortisation and impairment losses at 31 December 2018	**64**	**41,818**	**18,665**	**31,473**
Carrying amount at 31 December 2018	**3,741**	**11,199**	**29,542**	**94,818**
Cost at 1 January 2017	15,175	37,476	67,171	138,287
Exchange rate corrections 1 January 2017	-	-	563	-3,027
Exchange rate adjustments	-	-64	-1,456	-3,108
Additions from subsidiaries/activities acquired	-	-	-	8,092
Disposal	-	-	-	-5,187
Additions	6,390	486	-	1,946
Transferred	-3,812	3,812	-	-
Cost at 31 December 2017	**17,753**	**41,710**	**66,278**	**137,003**
Amortisation at 1 January 2017	-	26,878	10,181	-
Impairment losses at 1 January 2017	3,504	-	-	-
Exchange rate adjustments	-	-38	-89	-
Impairment losses	3,043	-	1,200	-
Amortisation for the year	-	8,242	3,994	-
Amortisation and impairment losses at 31 December 2017	**6,547**	**35,082**	**15,286**	**-**
Carrying amount at 31 December 2017	**11,206**	**6,628**	**50,992**	**137,003**

11. Intangible assets (continued)

Software includes development projects for IT systems and processes in progress. Apart from goodwill and trademarks recognised as rights acquired, all other intangible assets are regarded as having determinable useful lives over which the assets are amortised, see accounting policies. The carrying amount of trademarks without determinable useful lives totals DKK 1.0m at 31 December 2018 (2017: DKK 23.9m).
Impairment losses in 2017 are related to an IT platform that was under development, but due to the current market conditions has been put on hold and future plans are being considered. Impairment losses in 2017 on rights acquired relates to a sub-site that has been shut down.

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 unit or enterprise. 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 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, and 2019 at an expected level of DKK 17m (EBITDA minus payment on leasing liabilities).

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.

11. 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 (0.0m)
WACC, pre-tax	+1 %	13.6m (0.0m)
Terminal growth	-1 %	11.9m (0.0m)

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

	Right-of-use assets	**Other fixtures etc.**
Cost at 1 January 2018	-	36,890
Exchange rate adjustments	-	- 569
Additions due to change in accounting policies	40,068	-
Additions	-	360
Disposal	- 17,692	- 9,959
Cost at 31 December 2018	**22,376**	**26,722**
Depreciation at 1 January 2018	-	24,355
Exchange rate adjustments	-	- 350
Depreciation for the year	9,439	2,372
Depreciation related to disposals	-	- 7,448
Depreciation at 31 December 2018	**9,439**	**18,929**
Carrying amount at 31 December 2018	**12,937**	**7,793**

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 with an average of 2-3 years.

12. Property, plant and equipment (DKK'000) (continued)

	Land 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
Disposals	-	- 2,103
Transfer, assets held for sale	- 55,227	-
Cost at 31 December 2017	**0**	**36,890**
Depreciation at 1 January 2017	833	22,768
Exchange rate adjustments	-	- 227
Impairment losses	18,944	-
Depreciation for the year	450	3,235
Depreciation related to disposals	-	- 1,421
Transfer, assets held for sale	- 20,227	-
Depreciation at 31 December 2017	**0**	**24,355**
Carrying amount at 31 December 2017	**0**	**12,535**
Assets held under finance leases are included in carrying amount at		224

In 2017 the transfer to assets held for sale of a net value of DKK 35m are attributable to the property placed at Rovsingsgade 64-68, Copenhagen. In 2017, an impairment loss of DKK 18,944k was recognized prior to the classification as held for sale.

13. Deferred tax

	Group 2018 DKK'000	Group 2017 DKK'000
Deferred tax at 1 January	- 5,370	- 10,971
Exchange rate adjustments	1,562	72
Adjustments, prior years	- 2,439	989
Deferred tax on profit/loss for the year	7,603	4,540
Deferred tax at 31 December	**1,356**	**- 5,370**
Specification of deferred tax:		
Tax loss carry forwards	1,408	4,766
Buildings	-	- 351
Right-of-use assets/lease liabilities	72	-
Other fixtures and fittings	3,606	698
Leasehold improvements	64	66
Rights acquired	- 4,439	- 9,796
Software	- 1,343	664
Goodwill	- 123	- 1,672
Receivables	1,807	-
Other payables	303	255
	1,355	**- 5,370**

Each of the changes in deferred tax is recognized in profit/loss for the year. No deferred tax is incumbent on other comprehensive income. Tax loss carry forwards are expected to be utilized within 3-5 years.

Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	11,084	7,572
Deferred tax (liability)	- 9,729	- 12,942
Deferred tax at 31 December, net	**1,355**	**- 5,370**

When demerging the property placed at Rovsingsgade 64-68 on 3 April 2015, no deferred tax was recognized 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 Blixtz ApS. Ejendomsselskabet Blixtz 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 Blixtz 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 Blixtz ApS would pay approx. DKK 13m to Lauritz.com A/S to refund the resulting tax and deferred tax liability.

14. Financial assets (DKK'000)

	Deposits	Investment in associated companies
Cost at 1 January 2018	2,294	-
Addition	408	14,180
Exchange rate adjustments	-	-632
Disposal	-	-
Cost at 31 December 2018	**2,702**	**13,548**
Adjustments at 1 January 2018	-	-
Share of result	-	2,547
Adjustments at 31 December 2018	**-**	**2,547**
Carrying amount at 31 December 2018	**2,702**	**11,001**
Cost at 1 January 2017	1,390	-
Addition	904	-
Disposal	-	-
Cost at 31 December 2017	**2,294**	**-**
Carrying amount at 31 December 2017	**2,294**	**-**

15. Assets held for sale

	Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
Lands and buildings	-	35,000
	-	**35,000**

For 2017 the assets held for sale are attributable to the fair value of the property placed at Rovsingsgade 64-68, Copenhagen There are no significant liabilities associated with assets held for sale. The property was sold in February 2018 at an amount equal to the carrying amount at 31 December 2017.

	Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
16. Receivables		
Trade receivables	13,823	28,026
Contractual receivables	62,085	67,869
Other receivables	16,644	9,847
	92,552	**105,742**

Trade receivables have reduced due to lower activity level, primarily driven by lower Auction Turnover in the Fine Art business in Q4 2018 compared to Q4 2017.

Contractual receivables relate to the sale of 10 partnership agreements and the contingent consideration (valued as the minimum payment of the Earn Out) of SEK 16.9m (or DKK 12.7m) related to the sale of Stockholms Auktionsverks Fine Art business.

The contractual receivables from sale of partnerships agreements are in the range of DKK 1.0m to DKK 22.3m. 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.

Of the contractual receivables DKK 45.8m (2017: DKK 49.2m) is expected to mature after 12 months.

Impairment of trade receivables and other receivables is made based on expected credit loss. In 2018 a loss of DKK 0,5m has been recognized (2017: DKK 3,2m).

The impairment test performed on the receivables from sale of partnership agreements is based on the expected performance, the historic track record for repayments and the expected resale value of the auction house. A large part of the receivables are related to partners buying their auction house in recent years, with expected strong improvements in the first years of their ownership. Improvements are coming slower than previously expected. As a result hereof the expectations to the development in their performance have been reassessed, leading to an increase in the assessed credit risk of DKK 19.5m which is included in Q4 2018. Besides the impairment recognised for receivables from sale of partnership agreements no significant changes in these receivables have been recognised in 2018.

16. Receivables (continued)

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

	Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
Lifetime Expected Credit Loss:		
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	-	-
Impairment losses at 31 December	19,965	5,169

The Group has no significant credit risks in trade receivables related to a single costumer or market. Impairment of trade receivables is based on a provision matrix based on historical losses adjusted for specific and general changes in circumstances.

The Group has credit risks related to contractual receivables and other receivables as described above. In determining the expected credit losses for these assets impairments are made if the receivables shows indication of impairment.

17. Financial liabilities and financial activities

	Bond debt DKK'000	Lease liabilities DKK'000
Financial liabilities 1 January 2018	237,020	-
Cash flow	-	- 9,110
Non-cash changes:		
Addition from change in accounting policies	-	40,068
Foreign exchange change	- 7,347	-
Disposals from divestment	-	- 17,692
Financial liabilities 31 December 2018	229,673	13,266

18. 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. For information of fair value based on the agreement of the restructured bond SEK 200m, see below.

The group has pledged the shares of Lauritz.com A/S as security for the bond debt.

On 25 February 2019 the bondholders 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 starting in December 2019 with SEK 20m and the final redemption of SEK 30m in December 2024.
- 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.

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

19. Other payables

Other payables include payroll taxes, holiday pay, payable VAT, severance pay and other costs payable. Additionally, a financial lease commitment is included by DKK 0.0m (2017: DKK 0.2m).

20. Financial risks

Currency risks

The Group's currency risks are primarily hedged by matching payments received and made in the same currency. The difference between ingoing and outgoing payments denominated in the same currency is a measure of currency risk. The Group's currency exposure at 31 December 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
31 December 2018	**40,798**	**45,815**	**-229,673**	**-80,956**	**-224,014**
2017 (DKK'000)					
NOK	156	85	-	-507	-266
EUR	1,868	9,289	-	-	11,157
SEK	38,735	29,358	-237,020	-73,164	-242,091
31 December 2017	**40,759**	**38,732**	**-237,020**	**-73,671**	**-231,200**

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 changes to the bond debt from 2019 will reduce the risk related to fluctuations in SEK.

Interest risks

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. We refer to the new conditions of the bond debt interest in note 18 coming into effect from 2019, eliminating the interest risk described above.

20. Financial risks (continued)

Liquidity risks

The following table detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Group may be required to pay.

2018 (DKK'000)	Less than 6 months	6 months to 1 year	1-5 years	5+ years	Total
Bond debt	229,673	-	-	-	229,673
Lease liabilities	4,089	2,650	6,002	525	13,267
Other liabilities	128,289	1,362	-	-	129,651
31 December 2018	**362,051**	**4,012**	**6,002**	**525**	**372,591**

We refer to the new conditions of the bond debt maturity in note 18 coming into effect in 2019.
Based on the new conditions for the bond the maturity profile for the liabilities can be presented as follows:

Proforma 2018 (DKK'000)	Less than 6 months	6 months to 1 year	1-5 years	5+ years	Total
Bond debt	0	14,532	108,990	21,798	145,320
Lease liabilities	4,089	2,650	6,002	525	13,267
Other liabilities	128,289	1,362	-	-	129,651
31 December 2018	**132,378**	**18,544**	**114,992**	**22,323**	**288,238**

2017 (DKK'000)	Less than 6 months	6 months to 1 year	1-5 years	5+ years	Total
Bond debt	-	-	237,020	-	237,020
Other liabilities	160,082	-	-	-	160,082
31 December 2017	**160,082**	**-**	**237,020**	**-**	**397,102**

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.

20. Financial risks (continued)

Credit risks

The Group is not exposed to significant credit risks on trade receivables as all items are handed in on a commission basis, and items from auctions are not handed out until payment has been made. Payments are mostly effected by way of credit cards or bank transfer. The Company has only experienced few cases of credit card fraud. Moreover, reputable collaborators are used for managing cash flows, mainly Valitor, ALTAPAY, Jyske Bank, Danske Bank, SEB and DNB.

Credit risks related to contractual receivables and other receivables are disclosed in note 16.

Other

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

21. Earnings per share (EPS)

	Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
Profit/Loss for the period	- 67,161	- 21,299
Number of shares	40,791,312	40,791,312
Average number of shares in circulation	40,409,360	40,721,912
EPS at DKK 0.10	- 1.662	- 0.523
EPS at DKK 0.10 diluted	- 1.662	- 0.523

22. Dividend

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

For the financial year 2018, the Board of Directors has proposed dividend of DKK 0k, corresponding to DKK 0 per share.

23. Acquisitions and divestments

Acquisition in 2019

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

The purchase price for the 51% is DKK 3.6m and a waiver of the contingent consideration from the disposal in 2018 cf below. The acquisition cost are DKK 0m. The transaction brings the activities sold in 2018 back under control of the Group. Net assets acquired will primarily consist of identified intangible assets and goodwill. A detailed purchase price allocation will be performed in connection with the Q1 2019 report.

Divestment in 2018

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 contingent consideration and shares received in the sale of the Fine Art business resulted in a reduction of the gain from the Fine Art sale from DKK 40.4m to DKK 11.0m.

	2018 DKK'000
Consideration received in cash and cash equivalents	7,416
Shares in AB Stockholms Auktionsverk (former Gelba Partners AB)	14,180
Contingent consideration	12,758
Total consideration received	**34,354**
Consideration received	34,354
Goodwill disposal of	- 6,356
Other net assets disposal of	- 17,020
Gain on disposal	**10,978**

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

23. Acquisitions and divestments (continued)

In 2017, the Group acquired the following enterprises/activities:

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

Furthermore, the Group acquired the Danish branch in Roskilde and the Swedish branch in Malmö.

	2017
	DKK'000
Property, plant and equipment	456
Receivables	194
Cash and cash equivalents	691
Trade payables	- 398
Other payables	- 5,026
Net assets acquired	**- 4,083**
Goodwill	8,092
Total consideration	**4,009**

At 31 December 2017, part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK -4,083k 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 2017.

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.

Of the Group's profit/loss for the year 2017, DKK -222k 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, the Group's revenue for the year would have been affected with approx. DKK 1,745k and the Group's profit/loss for the year would have been affected with approx. DKK -497k.

Of the Group's profit/loss for the year 2017, DKK 865k is attributable to the branches in Roskilde and Malmö following the acquisition. Of the Group's revenue, DKK 11,966k is attributable to the acquired branches. Had the branches been acquired with effect from 1 January 2017, the Group's revenue for the year would have been affected with approx. DKK 19,000k and the Group's profit for the year would have been affected with approx. DKK 1,600k.

23. Acquisitions and divestments (continued)

In 2017, the Group disposed of Ztuff ApS, the Danish branches in Herlev, Roskilde and Esbjerg.

	2017
	DKK'000
Consideration received in cash and cash equivalents	3,336
Deferred sales proceeds	37,300
Total consideration received	**40,636**
Consideration received	40,636
Goodwill disposal of	- 8,092
Net assets disposal of	- 4,161
Gain on disposal	**28,383**

The gain on disposal is classified as revenue in the statement of comprehensive income for 2017.

24. Contingencies etc.

Contingent liabilities, consolidated financial statements

The Group has provided security for rent for DKK 1,502k (2017: 1,502k) that expires in 2019.

The group has pledged all shares of Lauritz.com A/S as security for the bond debt.

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 financial statement of the administration company.

25. Related parties

Related parties with a controlling interest

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

Name	*Registered office*	*Basis of control*
Blixtz Holding A/S	Søborg, Denmark	Shareholder is holding the majority of voting rights in Lauritz.com Group A/S

Subsidiaries	**Registered office**	**Ownership interest**
Lauritz.com A/S	Søborg, Denmark	100 %
Lauritz.com Sverige AB	Stockholm, Sweden	100 %
Lauritz.com Finland OY	Helsinki, Finland	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 %

Associated companies	**Registered office**	**Ownership interest**
AB Stockholms Auktionsverk *	Stockholm, Sweden	49 %

* The company is not audited by Deloitte.

Transactions with related parties

As part of the share buy-back initiated in April 2018, Lauritz.com Group A/S purchased treasury shares. The shares were purchased at the market price of the shares at the time of the purchase, see note 5.

Lauritz.com Group A/S did not enter into significant transactions with members of the Board or the Executive Management, except for compensation and benefits received as a result of their membership of the Board, employment with Lauritz.com Group A/S or shareholdings in Lauritz.com Group A/S.

26. Events after the balance sheet date

In February 2019 an agreement has been reached with the bondholders to restructure the bonds as described in note 18. 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 3M STIBOR +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. The financial impact of the restructuring of the bond debt will be recognized in 2019.

In March 2019 Lauritz.com Sverige AB entered into an agreement to buy back the 51 percent of the shares in Stockholms Auktionsverk AB owned by our partner Gelba Management AB, returning full ownership of the Fine Art business to Lauritz.com. The impact of the change in ownership is covered by the reassessment of the sales gain from the sale of the Fine Art business made in Q4 2018.

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

27. Approval of annual report for publication

At the Board of Directors' meeting on 3 April 2019, the Board of Directors has approved the present annual report for publication.

The annual report will be presented to the shareholders of Lauritz.com Group A/S for their approval at the annual general meeting on 30 April 2019.

Statement of comprehensive income 1 January – 31 December

Notes		Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
1	Other operating income	10,332	2,751
2	Other external expenses	- 4,020	- 2,336
3	Staff costs	- 6,031	- 13,003
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**281**	- **12,588**
	Depreciation and amortisation	- 97	- 73
	Operating profit/loss (EBIT)	**184**	**- 12,661**
4	Financial income	12	13
5	Financial expenses	- 5,223	- 31
	Profit/Loss before tax (EBT)	**- 5,027**	**- 12,679**
6	Tax on profit/loss for the year	- 679	2,659
	Profit/Loss for the year	**- 5,706**	**- 10,020**
	Other comprehensive income	-	-
	Total comprehensive income	**- 5,706**	**- 10,020**

Assets

Notes		Parent Company 31.12.2018 DKK'000	Parent Company 31.12.2017 DKK'000
	Non-current assets		
7	Developed software	120	216
	Total intangible assets	120	216
8	Equity interest in subsidiaries	51,835	56,835
10	Deferred tax	98	2,667
	Total financial assets	51,933	59,502
	Total non-current assets	**52,053**	**59,718**
	Current assets		
	Other current receivables	39	1,513
	Total receivables	39	1,513
	Cash and cash equivalents	6	54
	Total current assets	**45**	**1,567**
	Total assets	**52,098**	**61,285**

Equity and liabilities

Notes		Parent Company 31.12.2018 DKK'000	Parent Company 31.12.2017 DKK'000
	Equity		
9	Share capital	4,079	4,079
	Reserves	- 76	-
	Retained earnings	36,191	41,897
	Total equity	**40,194**	**45,976**
	Liabilities		
10	Deferred tax	-	-
	Total non-current liabilities	-	-
	Trade payables	304	557
11	Other payables	1,513	8,569
	Payables to group enterprises	8,264	6,183
	Payable to parent company	1,344	-
	Corporate taxes payable	479	-
	Total current liabilities	11,904	15,309
	Total liabilities	**11,904**	**15,309**
	Total equity and liabilities	**52,098**	**61,285**

Statement of changes in equity

	Share capital DKK'000	Reserve for treasury shares DKK'000	Retained earnings DKK'000	Total equity DKK'000
Equity at 1 January 2018	**4,079**	**-**	**41,897**	**45,976**
Profit/Loss for the year	-	-	-5,706	-5,706
Other comprehensive income	-	-	-	-
	4,079	-	36,191	40,270
Buy-back share program	-	-851	-	-851
Remuneration distributed	-	775	-	775
Dividend distributed	-	-	-	-
Equity at 31 December 2018	**4,079**	**-76**	**36,191**	**40,194**
Equity at 1 January 2017	**4,067**	**-**	**51,329**	**55,396**
Profit/Loss for the year	-	-	-10,020	-10,020
Other comprehensive income	-	-	-	-
	4,067	-	41,309	45,376
Capital increase 24 July 2017	12	-	588	600
Dividend distributed		-	-	-
Equity at 31 December 2017	**4,079**	**-**	**41,897**	**45,976**

Statement of cash flows

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
Operating profit/loss (EBIT)	**184**	**-12,661**
Depreciation and amortisation	96	73
Increase/decrease in receivables	-	545
Increase/decrease in trade payables and other payables	-2,410	9,762
Other adjustments	599	18
Cash flows from ordinary operating activities	-1,530	-2,263
Interest paid	-35	-31
Income tax paid	2,368	-
Cash flows from operating activities	**803**	**-2,294**
Purchase of intangible assets	-	-289
Cash flows from investing activities	**-**	**-289**
Proceeds from cash capital increase	-	600
Buy-back share program	-851	-
Cash flows from financing activities	**-851**	**600**
Net cash flow for the year	-48	- -1,983
Net capital resources, beginning of year	54	2,037
Net capital resources, end of year	**6**	**54**
Net capital resources, end of year, are composed as follows:		
Cash and cash equivalents	6	54
Interest-bearing short-term bank loans	-	-
Net capital resources, end of year	**6**	**54**

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
1. Other operating income		
Management fees	10,332	2,751
	10,332	**2,751**

2. Fess to auditors appointed at the annual general meeting		
Audit services	93	90
Other services	359	47
	452	**137**

3. Staff costs		
Remuneration of the Board of Directors	2,713	2,850
Wages and salaries	3,005	9,778
Defined contribution pension plans, cf. below	292	244
Other social security costs	21	26
Other staff costs	-	105
	6,031	**13,003**
Average number of full-time employees	4	3

The Parent Company has concluded defined contribution pension plans. According to the concluded agreement, the Parent pays a monthly amount of 5 percent of the concerned employees' basic salary. The contribution recognised in the income statement in this respect has been stated above.

Remuneration of the Board of Directors and Executive Management		
Remuneration of the Board of Directors	2,713	2,850
Wages and salaries, Executive Management	3,214	6,483
Pension	104	244
	6,031	**9,577**

Wages and salaries include 775kDKK (2017: 0kDKK) which has been settled with shares. Shares used for the settlements has been purchased in a share buy-back program running in the period 16 April to 14 June 2018.

The remuneration of the Board of Directors includes a consultancy fee of DKK 2.4m to the Chairman of the Board (2017: 2.4m). The remuneration of Executive Management includes severance pay of DKK 0.0m (2017: 5.7m).

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
4. Financial income		
Exchange rate gains	12	13
	12	**13**
5. Financial expenses		
Interest expenses	35	14
Interest expenses to group enterprises	176	10
Bank charges etc.	12	7
Interest expenses from financial liabilities	**223**	**31**
Impairment losses, investment in subsidiaries	5,000	-
	5,223	**31**
6. Tax on profit/loss for the year		
Current tax for the year	479	-
Adjustment to taxes, prior years	-	- 7
Adjustment to deferred tax	200	- 2,652
	679	**- 2,659**

Current tax for the financial year is computed based on a tax rate of 22.0 % (2017: 22.0 %)

Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax	- 1,106	- 2,789
Adjustment to taxes, prior years	-	-
Tax effect of:		
Non-deductible expenses	1,785	130
Non-taxable income	-	-
	679	**- 2,659**
Effective tax rate	Negative	20.9 %

7. Intangible assets

	Developed software 2018 DKK'000	Developed software 2017 DKK'000
Cost at 1 January	289	-
Additions	-	289
Disposal	-	-
Cost at 31 December	**289**	**289**
Depreciation at 1 January	73	-
Depreciation for the year	96	73
Depreciation alue adjustment at 31 December	**169**	**73**
Carrying amount at 31 December	**120**	**216**

8. Equity interest in subsidiaries

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
Cost at 1 January	56,835	56,835
Capital increases	-	-
Disposal	-	-
Cost at 31 December	**56,835**	**56,835**
Value adjustment at 1 January	-	-
Impairment for the year	- 5,000	-
Value adjustment at 31 December	**- 5,000**	**-**
Carrying amount at 31 December	**51,835**	**56,835**

Based on impairment test performed at group level a corresponding impairment has been recognised.

Group enterprises are specified in note 25 to the consolidated financial statements.

9. Share capital

The share capital consists of 40,791,312 shares with a nominal value of DKK 0.10 each. The shares have been paid in full. The shares have not been divided into classes and no special rights have been attached to the shares.

The share capital can be made up as follows:	**DKK'000**
Contributed capital, controlling interest 20 April 2016	3,600
Capital increase, cash 21 June 2016	467
Capital increase, 24 July 2017	12
Total share capital	**4,079**

On 21 June 2016, the company's share capital was increased by 4,666,667 shares with a nominal value of DKK 0.10 each, corresponding to an increase of the share capital of DKK 466,667 and a premium of DKK 55,365,337. The increase has been made in connection with the listing of the Parent's shares at Nasdaq First North Premier Stockholm.

On 24 July 2017, the company's share capital was increased by 125,875 shares with a nominal value of DKK 0.10 each, corresponding to an increase of the share capital of DKK 12,587.50 and a premium of DKK 587,412.50. The increase has been made in connection with the acquisition of the Lauritz branch in Roskilde, Denmark.

In April-June 2018 the company purchased 1,001,039 shares (2,45% of shares in circulation) at an average share price of 0,85 DKK corresponding to a value of DKK 851k.

In July 2018 and December 2018 911,404 shares were distributed to management as part of a remuneration program corresponding to a value of DKK 775k.

At 31 December the company owns 89,635 treasury shares acquired during April-June 2018 at a total value of DKK 76k. The treasury shares are presented as a reduction of Other reserves under Equity.

10. Deferred tax

	Parent Company 31.12.2018 DKK'000	Parent Company 31.12.2017 DKK'000
Deferred tax at 1 January	2,667	15
Adjustment to deferred tax for prior years	- 2,369	-
Deferred tax on profit/loss for the year	- 200	2,652
Deferred tax at 31 December	**98**	**2,667**

Specification of deferred tax:		
Other fixtures and fittings	21	-
Other payables	77	-
Tax loss carry forwards	-	2,667
	98	**2,667**

Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	98	2,667
Deferred tax (liability)	-	-
Deferred tax at 31 December	**98**	**2,667**

11. Other payables

Other payables include payroll taxes, holiday pay, payable VAT, severance pay and other costs payable.

12. Financial risks

The Parent Company'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 currency exposure of the company at 31 December 2018 is specified below.

(DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
SEK	-	-	-	-6	-6
31 December 2018	**-**	**-**	**-**	**-6**	**-6**
SEK	-	-	-	-103	103
31 December 2017	**-**	**-**	**-**	**-103**	**103**

For further information on financial risks, we refer to note 20 in the consolidated financial statements.

13. Contingencies etc.

Contingent liabilities, Parent Company

The Parent Company 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 Parent Company is therefore liable for income taxes etc. for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies.

The parent company has pledged all shares of Lauritz.com A/S as security for the bond debt in Lauritz.com A/S.

14. Related parties

Transactions

The company has entered into a management agreement with the subsidiary Lauritz.com A/S. In 2018, the management fees and other fees amounted to DKK 10,332k (2017: 2,751k).

15. Events after the balance sheet date

We refer to note 26 in the consolidated financial statements.

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

16. Approval of annual report for publication

We refer to note 27 in the consolidated financial statements.