

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

Interim Report

January – September 2017

Company announcement 7 November 2017

July – September 2017

- Auction Turnover amounted to DKK 170.2m (188.2), corresponding to a decrease of 10 percent.
- Revenue amounted to DKK 32.1m (41.1), corresponding to a decrease of 22 percent. Revenue of DKK 0.7m (4.0) relates to fees from sales of partnership agreements.
- Number of knockdowns excluding QXL amounted to 69,861 (78,242) and average knockdown price to DKK 2,362 (2,294).
- EBITDA amounted to DKK -1.5m (4.0).
- Auction Turnover Margin¹ amounted to -0.9 (2.1) percent.
- Profit amounted to DKK -8.8m (-3.6), and earnings per share amounted to DKK -16.52 (-18.28).
- Erik Norberg started as new CEO 4 September 2017.
- Claus Boysen is leaving his position as CFO effective 7 November, but remains in an advisory role.
- Vibeke Aggerholm has been appointed interim CFO from 7 November.
- Strategic and financial review initiated.

January – September 2017

- Auction Turnover amounted to DKK 603.1m (710.1), corresponding to a decrease of 15 percent.
- Revenue amounted to DKK 135.8m (146.3), corresponding to a decrease of 7 percent. Revenue of DKK 21.7m (6.9) relates to fees from sales of partnership agreements.
- Number of knockdowns excluding QXL amounted to 227,256 (239,892) and average knockdown price to DKK 2,559 (2,809).
- EBITDA amounted to DKK 27.3m (20.1), corresponding to an increase of 36 percent.
- Auction Turnover Margin¹ amounted to 4.5 (2.8) percent.
- Profit amounted to DKK 1.3m (3.4), and earnings per share amounted to DKK 2.50 (17.57).
- 3 partnership agreements were signed.

The Group's key figures

DKK million	July –September		YTD	
	2017	2016	2017	2016
Auction turnover	170,238	188,233	603,066	710,068
Revenue	32,148	41,063	135,795	146,257
Number of Knockdowns (excl. QXL)	69,861	78,242	227,256	239,892
Average Knockdown price (excl. QXL)	2,362	2,294	2,559	2,809
EBITDA	-1,491	3,976	27,250	20,064
Auction Turnover Margin ¹	-0.9%	2.1%	4.5%	2.8%
Profit	-8,771	-3,584	1,327	3,444
Earnings per share	-16.52	-18.28	2.50	17.57
Net cash flow	-	-	-46,619	6,014

¹ Auction Turnover Margin = EBITDA/Auction Turnover.

CEO comments



On September 4th, I took over as CEO. I have since then met a large number of customers, employees and partners to deepen my understanding of how we should develop our business.

Consumers' buying patterns have during the last decade gone through a rapid change as a result of the digitalization. Lauritz.com has taken advantage of this development and created a unique position between online market places and traditional auction houses. The core concept, being an international online auction marketplace for design, art and antiques - with a high degree of expertise and service – is a successful formula, also with great future potential. We do at the same time operate in an increasingly competitive landscape where traditional auction houses as well as new online platforms increase their efforts to reach Lauritz.com's unique position.

Auction turnover in Q3 decreased 10% compared to previous year. We did, however, see small signs of stabilization, following the decline in the first half year of 2017. This is partly an effect of several measures we have taken to improve the customer experience, among others improved valuation and transport services.

Revenue was 22 percent lower in Q3 2017 compared to last year, and amounted to DKK 32.1m. The decrease is mainly explained by the lower auction turnover, a negative net effect on revenue from sold and acquired auction houses, primarily as a result of one big auction house owned in Q3 2016 was not owned in Q3 2017, and that no new partnership agreements were signed in Q3.

EBITDA amounted to DKK -1.5m in Q3 compared to DKK 4.0m the same period last year. The difference is primarily explained by extraordinary costs and the lack of new partnership agreements, while the cost cutting plan that was initiated in the beginning of 2017 to some extent balanced the impact from the lower revenue.

Our dedicated employees and partners in combination with high user engagement among our customers, and a well functioning marketplace for online auctions, are true strengths for our business. Significant volumes of items are being sold at Lauritz.com every day and we do still have a strong position in the online auction industry. Yet, we cannot neglect the changing consumer behaviors and an increasing pace in the digital transformation.

We have therefore initiated a strategic review aiming at developing a long-term strategy that secures long-term growth and profitability. We need to develop our business model, value proposition and product experience, and define our future position on the digitized market for auctions. We will, in addition further develop our governance, efficiency and internal reporting.

Furthermore, we need to create a situation where we have suitable headroom to our financial obligations and provides manoeuvrability for long-term growth. We will therefore initiate a financial analysis to evaluate different financing options. We have as part of this effort appointed Vibeke Aggerholm to lead the financial department during the transformation phase as interim CFO, while current CFO Claus Boysen will leave his position but remain in an advisory role.

The transformation of Lauritz.com will not happen overnight, but I feel confident that the measures we now initiate are necessary to lay the foundation for Lauritz.com's future development.

Erik Norberg

CEO

Lauritz.com – a pioneer in the auction industry

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

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

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

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

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

Business model

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

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

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

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

Revenue model

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

Owners

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

Auction turnover

Auction turnover amounted to DKK 170.2m (188.2), corresponding to a decrease of 10 percent. The decrease was primarily due to a lower number of sold items in Q3 2017 compared to Q3 2016.

The number of knockdowns excluding QXL amounted to 69,861 (78,242) and the average knockdown price amounted to DKK 2,362 (2,294).

Revenue

Revenue amounted to DKK 32.1m (41.1), corresponding to a decrease of 22 percent. Approximately DKK 2.0m of the decrease is explained by the lower auction turnover during the period. The negative net effect on revenue from sold and acquired auction houses amounted to approximately DKK 3.7m. Furthermore, DKK 3.3m of the decrease is explained by lower fees from sales of partnership agreements compared to Q3 2016. No partnership agreements were signed during Q3 2017.

Two auction houses were taken over in Q3, which means that as of 30 September the number of auction houses owned by Lauritz.com had increased from 7 to 9 compared to 30 June 2017.

EBITDA and Auction Turnover margin

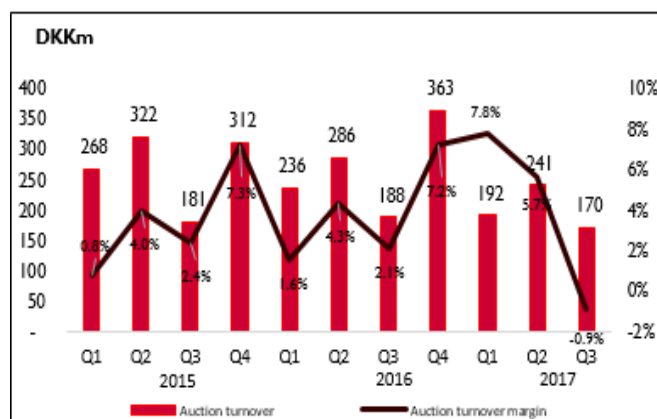
EBITDA amounted to DKK -1.5m (4.0). The decrease is partly explained by the lower revenue compared to the corresponding period in 2016. The decrease is furthermore explained by that no fees from sales of partnership agreements were received during Q3 2017. In Q3 2016, fees amounting to DKK 3.3m were received from sales of partnership agreements. The financial effects were partly offset by the positive effects of Lauritz.com's cost cutting plan initiated in January 2017.

The Auction Turnover Margin amounted to -0.9 (2.1) percent.

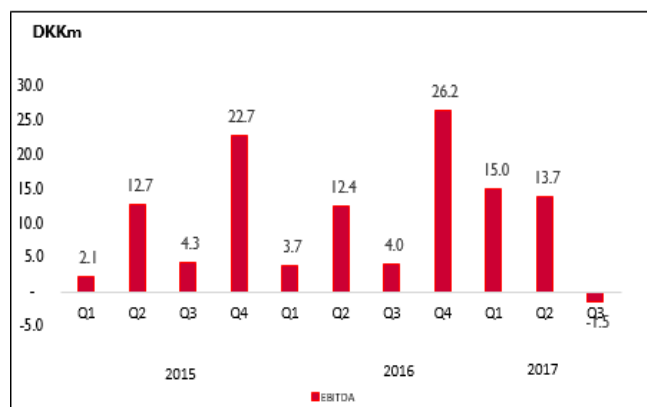
Operating profit

Operating profit for the period amounted to DKK -5.5m (0.0).

Auction turnover and margin development



EBITDA development



Net financials

Net financials was DKK -5.3m (3.9). Net financials consists mainly of interest on the issued bond. The currency exchange rate gains on the bond debt issued in SEK amounted to DKK 0.0m (5.1 gain). Net financials was affected by DKK 3.1m in July 2016 for costs related to the partial redemption of the bond.

Tax

Tax income amounted to DKK 2.0m (0.3), corresponding to an effective tax rate of 18.5 percent (8.1).

Profit for the period and earnings per share

Profit for the period amounted to DKK -8.8m (-3.6).

Earnings per share amounted to DKK -16.52 (-18.28).

Cash flow

Cash flow from operating activities was DKK -21.5m (-56.3). The cash flow in Q3 2017 was positively affected by the lower amount in settlements to sellers from auctions in June 2017 compared to June 2016. Furthermore, Q3 2016 was affected by DKK 3.1m for financial costs related to the partial redemption of the bond.

Financial position, cash and cash equivalents

Equity at the end of the quarter amounted to DKK 61.3m (55.2) and the group's total assets were DKK 427.4m (409.8). The equity/assets ratio increased to 14.3 percent (13.5).

Cash and cash equivalents amounted to DKK 29.4m (50.8).

Investments

Investments amounted to DKK 6.4m (3.2).

Human resources

The average number of full-time employees in Lauritz.com A/S and its subsidiaries (FTE) was 185 (201) in the period.

Other events

On 4 September 2017, Erik Norberg started as new CEO of Lauritz.com A/S.

Auction turnover

Auction turnover amounted to DKK 603.1m (710.1), corresponding to a decrease of 15 percent. The decrease was due to a lower number of sold items and lower average knockdown price during the period compared to the corresponding period 2016.

The number of knockdowns excluding QXL amounted to 227,256 (239,892) and the average knockdown price amounted to DKK 2,559 (2,809).

Revenue

Revenue amounted to DKK 135.8m (146.3), corresponding to a decrease of 7 percent. Approximately DKK 16.9m of the decrease is explained by the lower auction turnover during the period. Furthermore, the negative net effect from sold and acquired auction houses amounted to approximately DKK 8.4m. The decrease was partly offset by fees from sales of partnership agreements of DKK 21.7m (6.9).

Three partnership agreements were signed during the period and two auction houses were taken over in the third quarter, which means that as of 30 September the number of auction houses owned by Lauritz.com had increased from 8 to 9 compared to 1 January 2017.

EBITDA and Auction Turnover margin

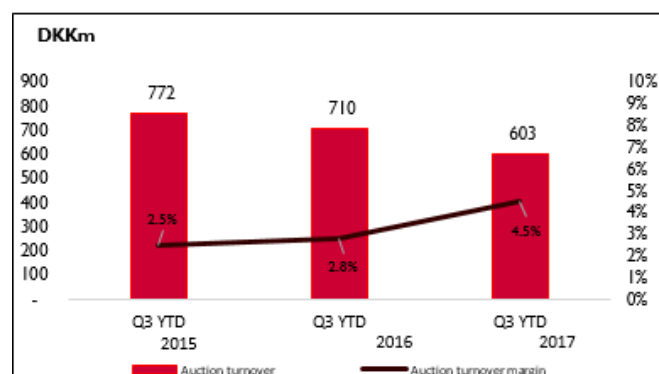
EBITDA amounted to DKK 27.3m (20.1), corresponding to an increase of 36 percent. The increase is mainly explained by the fees from sales of partnership agreements, amounting to DKK 21.7m (6.9) and a decrease in costs in line with Lauritz cost cutting plan initiated in January 2017.

The Auction Turnover Margin amounted to 4.5 (2.8) percent.

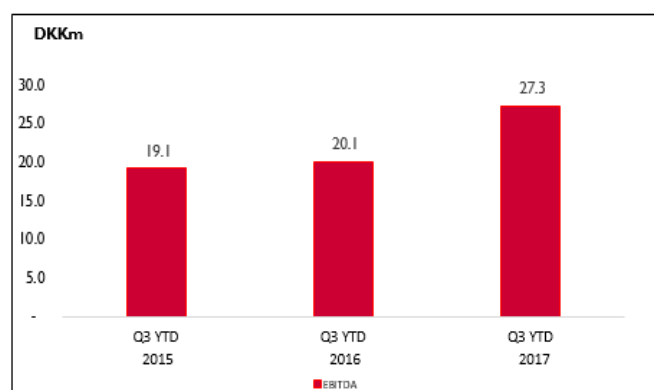
Operating profit

Operating profit for the period amounted to DKK 15.5m (9.6).

Auction turnover and margin development



EBITDA development



Net financials

Net financials was DKK -13.1m (-8.1). Net financials mainly consists of interest on the issued bond. The currency exchange rate gains on the bond debt issued in SEK amounted to DKK 2.2m (14.6 gain).

Tax

Tax expenses amounted to DKK 1.0m (1.9 income), corresponding to an effective tax rate of 44.0 percent (129.0).

Profit for the period and earnings per share

Profit for the period amounted to DKK 1.3m (3.4).

Earnings per share amounted to DKK 2.50 (17.57).

Cash flow

Cash flow from operating activities was DKK -34.8m (-34.3). The high auction turnover in the end of 2016 compared to the end of 2015 lead to a higher amount of payments to sellers in the beginning of 2017, compared to the beginning of 2016. This had a negative impact on the cash flow for the period January-September 2017 compared to the same period previous year. Furthermore, revenue related to fees from sales of partnership agreements amounted in 2017 to DKK 21.7m (6.9), that will be received over the next four years in installments.

Financial position, cash and cash equivalents

Equity at the end of the quarter amounted to DKK 61.3m (55.2) and the group's total assets were DKK 427.4m (409.8). The equity/assets ratio increased to 14.3 percent (13.5).

Cash and cash equivalents amounted to DKK 29.4m (50.8).

Investments

Investments amounted to DKK 11.8m (18.7).

Human resources

The average number of full-time employees in Lauritz.com A/S and its subsidiaries (FTE) was 171 (205) in the period.

Shares

The number of shares registered is 530,900.

Risks and uncertainty factors

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

Events after the end of the period

On November 7th, the Board of Directors decided to initiate a strategic review aiming at developing a long-term strategy for Lauritz.com A/S. Furthermore, the Board of Directors decided to initiate a financial analysis to evaluate different financing options in order to create a situation with suitable headroom to the financial obligations, with manoeuvrability for long-term growth

Claus Boysen is leaving his position as CFO effective 7 November, but will remain in an advisory role. Vibeke Aggerholm has been appointed as interim CFO from the same date.

Future prospects

In 2017, the Group expects a stable net revenue or a decrease in net revenue and an EBITDA margin between 20-25 percent.

Lauritz.com

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

Finance

The Group is partly funded by a bond debt, which amounted to DKK 241.2m (240.2). The bond is a senior secured bond of SEK 325m listed on Nasdaq in Stockholm with an 3M Stibor + 7.5 % interest 2014/2019.

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

One covenant is Net interest bearing debt/EBITDA, which as at 30 September 2017 must not be greater than 4.00. The ratio was 3.12.

The second covenant is EBITDA/Net finance charges, which as at 30 September 2017 must exceed 1.75. The ratio was 2.97.

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

Seasonality

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

Parent company

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

Statement by Management on the Interim Report

The Board of Directors and the Executive Management have today discussed and approved the Interim Report of Lauritz.com A/S for the period 1 January to 30 September 2017.

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

In our opinion, the Interim Report gives a true and fair view of the group's financial position at 30 September 2017 and of the results of its operations and cash flows for the period 1 January to 30 September 2017.

In our opinion, the management commentary contains a fair review of the development of the group's business and financial matters, the results for the period and of the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the group faces.

The Interim Report has not been audited or reviewed by the Company's auditor.

Søborg, 7 November 2017

Executive Management: Erik Norberg, CEO; Henrik Engmark, COO; Claus Boysen, CFO

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

Company auditor: Deloitte, Statsautoriseret Revisionspartnerselskab

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

For more information, please contact:

Erik Norberg, CEO, tel: +45 26 89 87 89

Presentation of the Interim Report:

On 7 November 2017 at 9.05 a.m. CET, Erik Norberg, CEO will hold a presentation of the Interim Report. The presentation will be held in English on Lauritz.com's Facebook-site. A link to the presentation will also be accessible from our website www.lauritz.com.

Group financial highlights

	YTD 30.09.2017 DKK'000	YTD 30.09.2016 DKK'000	FY 2016 DKK'000	FY 2015 DKK'000	FY 2014 DKK'000
Auction turnover ¹	432,828	710,068	1,073,455	1,084,036	1,047,146

Statement of comprehensive income

Revenue	135,795	146,257	219,403	225,152	153,411
Gross profit	128,296	135,102	202,079	207,319	138,490
EBITDA	27,250	20,064	46,282	41,830	23,242
Operating profit (EBIT)	15,507	9,582	31,931	29,655	16,627
Net financials	- 13,138	- 8,078	- 15,275	- 40,423	- 2,365
Profit before tax (EBT)	2,369	1,504	16,656	- 10,768	14,262
Tax on profit for the period	- 1,042	1,940	- 5,096	2,255	- 3,761
Profit for the period	1,327	3,444	11,560	- 8,513	10,501

Balance sheet

Non-current assets	330,839	309,683	309,831	298,100	220,001
Current assets	96,531	100,113	184,210	203,465	289,882
Balance sheet total	427,370	409,796	494,041	501,565	509,883
Share capital	53,090	53,090	53,090	6,002	6,000
Equity	61,277	55,211	63,452	13,287	14,550
Non-current liabilities	258,300	251,974	255,292	347,848	350,906
Current liabilities	107,793	102,611	175,297	140,430	144,427

Cash flows

Operating activities	- 34,777	- 34,331	- 7,750	- 12,705	15,307
Investing activities	- 11,842	- 18,652	90,978	- 22,806	- 207,073
Of this, investments in property,					
Plant and equipment	- 1,743	- 2,252	- 6,945	- 7,978	- 3,786
Financing activities	-	58,997	- 51,735	- 1,999	264,039
Total cash flows	- 46,619	6,014	31,493	- 37,510	72,273

Ratios:

Gross margin	94.5%	92.4%	92.1%	92.1%	90.3%
EBITDA margin	20.1%	13.7%	21.1%	18.6%	15.2%
Profit margin	11.4%	6.6%	14.6%	13.2%	10.8%
Equity ratio	14.3%	13.5%	12.8%	2.8%	2.9%
Return on equity	2.1%	10.1%	30.1%	- 61.2%	60.2%
Earnings per share	2.50	17.57	39.13	- 141.83	175.0
Dividend per share	-	-	0	0	33
Average number of full-time employees	171	205	201	204	136

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

Statement of comprehensive income

	Q3 30.09.2017 DKK'000	Q3 30.09.2016 DKK'000	YTD 30.09.2017 DKK'000	YTD 30.09.2016 DKK'000
Auction turnover ¹	170,238	188,233	603,066	710,068

		Group			
Notes		Q2 30.09.2017 DKK'000	Q3 30.09.2016 DKK'000	YTD 30.09.2017 DKK'000	YTD 30.09.2016 DKK'000
3	Revenue	32,148	41,063	135,795	146,257
	Direct costs	- 2,282	- 2,739	- 7,499	- 11,155
	Gross profit	29,866	38,324	128,296	135,102
	Other operating income	182	230	516	728
	Other external expenses	- 13,420	- 13,532	- 39,706	- 43,484
	Staff costs	- 18,119	- 21,046	- 61,856	- 72,282
	EBITDA	- 1,491	3,976	27,250	20,064
	Depreciation and amortisation	- 4,023	- 4,025	- 11,743	- 10,482
	Operating profit (EBIT)	- 5,514	49	15,507	9,582
4	Financial income	188	5,265	3,168	15,641
5	Financial expenses	- 5,438	- 9,117	- 16,306	- 23,719
	Profit before tax (EBT)	- 10,764	3,901	2,369	1,504
6	Tax on profit for the period	1,993	317	- 1,042	1,940
	Profit for the period	- 8,771	3,584	1,327	3,444
	Items that can be reclassified to profit or loss:				
	Exchange rate adj., foreign comp.	- 11	- 3,543	- 3,502	- 8,608
	Tax on other comprehensive income	-	-	-	-
	Other comprehensive income	- 11	- 3,543	- 3,502	- 8,608
	Comprehensive income	- 8,782	7,127	2,175	5,164
12	Earnings per share	- 16.52	- 18.28	2.50	17.57
12	Earnings per share, diluted	- 16.52	- 18.28	2.50	17.57

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

Balance sheet

	Group 30.09.2017 DKK'000	Group 31.12.2016 DKK'000
Assets		
Notes		
Non-current assets		
7 Software in process of development	14,454	11,671
7 Fully developed software	7,916	10,598
7 Goodwill	145,754	138,287
7 Rights acquired	<u>55,392</u>	<u>56,990</u>
Total intangible assets	<u>223,516</u>	<u>217,546</u>
8 Land and buildings	54,013	54,261
8 Other fixtures and fittings, tools and equipment	<u>13,663</u>	<u>14,165</u>
Total property, plant and equipment	<u>67,676</u>	<u>68,426</u>
Deferred tax	2,314	2,464
Deposits	2,471	1,390
9 Other non-current receivables	<u>34,862</u>	<u>20,005</u>
Total financial assets	<u>39,647</u>	<u>23,859</u>
Total non-current assets	<u>330,839</u>	<u>309,831</u>
Current assets		
Inventories	<u>1,216</u>	<u>1,824</u>
9 Trade receivables	17,984	71,286
9 Other current receivables	<u>47,970</u>	<u>34,659</u>
Total receivables	<u>65,954</u>	<u>105,945</u>
Cash and cash equivalents	<u>29,361</u>	<u>76,441</u>
Total current assets	<u>96,531</u>	<u>184,210</u>
Total assets	<u>427,370</u>	<u>494,041</u>

Balance sheet

Equity and liabilities

<u>Notes</u>	Group 30.09.2017 DKK'000	Group 31.12.2016 DKK'000
Equity		
Share capital	53,090	53,090
Other reserves	- 7,662	- 4,160
Retained earnings	<u>15,849</u>	<u>14,522</u>
Total equity	<u>61,277</u>	<u>63,452</u>
Liabilities		
Deferred tax	17,084	13,450
10 Bond debt	<u>241,216</u>	<u>241,842</u>
Total non-current liabilities	<u>258,300</u>	<u>255,292</u>
10 Bond debt	0	0
Trade payables	71,350	135,051
Other payables	34,197	37,083
Tax payable	<u>2,246</u>	<u>3,163</u>
Total current liabilities	<u>107,793</u>	<u>175,297</u>
Total liabilities	<u>366,093</u>	<u>430,589</u>
Total equity and liabilities	<u>427,370</u>	<u>494,041</u>

Statement of changes in equity

	Share capital DKK'000	Other reserves DKK'000	Retained earnings DKK'000	Total equity DKK'000
Equity at 1 January 2016	6,002	4,323	2,962	13,287
Profit for the period	-	-	3,444	3,444
Other comprehensive income	-	-8,608	-	-8,608
Capital increase, 12 July 2016	47,088	-	-	47,088
	53,090	-4,285	6,406	55,211
Dividend distributed	-	-	-	-
Equity at 30 September 2016	53,090	-4,285	6,406	55,211
Equity at 1 January 2017	53,090	-4,160	14,522	63,452
Profit for the period	-	-	1,327	1,327
Other comprehensive income	-	-3,502	-	-3,502
	53,090	-7,662	15,849	61,277
Dividend distributed	-	-	-	-
Equity at 30 September 2017	53,090	-7,662	15,849	61,277

Cash flow statement

	Group 30.09.2017 DKK'000	Group 30.09.2016 DKK'000
Operating profit (EBIT)	15,507	9,582
Depreciation and amortisation	11,743	10,482
Increase/decrease in inventories	608	- 323
Increase/decrease in receivables	24,247	- 5,622
Increase/decrease in trade payables and other payables	- 72,013	- 26,737
Other adjustments	- 287	- 441
Cash flows from ordinary operating activities	- 20,195	- 13,059
Interest received	1,073	751
Interest paid	- 14,738	- 22,023
Income tax paid under a joint taxation arrangement	- 917	-
Cash flows from operating activities	- 34,777	- 34,331
Purchase of property, plant and equipment	- 1,743	- 2,252
Purchase of intangible assets	- 6,064	- 4,344
14 Acquisitions	- 4,035	- 12,056
Cash flows from investing activities	- 11,842	- 18,652
Repayment of loan	-	110,732
Redemption of bonds	-	- 98,823
Proceeds from cash capital increase	-	47,088
Dividend paid to the Parent's shareholders	-	-
Cash flows from financing activities	-	58,997
Net cash flows for the period	- 46,619	6,014
Net capital resources, beginning of period	76,441	46,289
Exchange rate adjustment of capital resources	- 461	- 1,489
Net capital resources, end of period	29,361	50,814
Net capital resources, end of period, are composed as follows:		
Cash and cash equivalents	29,361	50,814
Interest-bearing short-term bank loans	-	-
Net capital resources, end of period	29,361	50,814

1. Accounting policies

The interim report of Lauritz.com A/S is presented as condensed financial statements pursuant to IAS 34, *Interim Financial Reporting*, as adopted by the EU, and other Danish disclosure requirements. No interim report has been prepared for the Parent. The interim financial statements are presented in Danish kroner (DKK), which is the Parent's functional currency.

The group has one operating segment, "auctioning". As the Group's activities expand, Management regularly assesses internal financial management reporting and whether it would be relevant to report additional segments.

Except as specified below, the interim financial statements have been prepared consistently with the accounting policies applied to the 2016 consolidated financial statements, which are in accordance with International Financial Reporting Standards as adopted by the EU. We refer to the 2016 annual report for a more detailed description of the accounting policies, including definitions of the disclosed financial ratios calculated in accordance with the definitions provided in "Recommendations and Financial Ratios 2015" as issued by the Danish Association of Financial Analysts.

Changes in accounting policies

Effective from 1 January 2017 the Lauritz.com group has implemented the new or revised Standards and Interpretations applicable for financial years beginning 1 January 2017 or later. The implementation of new or revised Standards and Interpretations has not resulted in any changes in the accounting policies applied.

2. Unusual circumstances and changes in accounting estimates

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

The interim financial statements for the period 1 January to 30 September 2017 are not influenced by unusual items or changes in accounting estimates. Furthermore, it was not considered necessary to update the impairment test as conclusions and assumptions applied in the financial statements for 2016 are still estimated to be valid.

Notes

	Group 30.09.2017 DKK'000	Group 30.09.2016 DKK'000
3. Revenue		
Auction commissions and fees etc.	114,104	139,331
Fees from sales of partnership agreements	<u>21,691</u>	<u>6,926</u>
	<u>135,795</u>	<u>146,257</u>
4. Financial income		
Interest income	1,073	475
Interest income from group enterprises	<u>0</u>	<u>276</u>
Interest income from financial assets	1,073	751
Exchange rate gains	<u>2,095</u>	<u>14,890</u>
	<u>3,168</u>	<u>15,641</u>
5. Financial expenses		
Interest expenses	96	244
Bank charges etc.	464	622
Redemption price, partial repayment bond debt	-	3,143
Financial expenses, bond debt	14,178	18,131
Amortisation of borrowing costs, bond debt	<u>1,568</u>	<u>1,579</u>
Interest expenses from financial liabilities	16,306	23,719
Exchange rate losses	<u>-</u>	<u>-</u>
	<u>16,306</u>	<u>23,719</u>

6. Tax on profit/loss for the period

The tax recognized in the income statement for the interim period has been calculated on the basis of the earnings before tax and an estimated effective tax rate for 2017. The estimated effective tax rate for Danish enterprises is 22.0 % (2016: 22.0 %). For foreign enterprises, the current tax rate in the country in question is used. No tax on other comprehensive income has been recognized for the period.

When demerging the property placed at Rovsingegade 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 favor 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 Rovsingegade 64-68 and in that case Ejendomsselskabet Blixtz ApS would pay approx. DKK 13m to Lauritz.com A/S to refund the resulting deferred tax liability.

Notes

7. Intangible assets (DKK'000)

	Software in process of development	Developed software	Acquired rights	Goodwill
Cost at 1 January 2017	15,175	37,476	67,171	138,287
Exchange rate adjustments	-	28	1,379	5
Additions from subsidiaries acquired	-	-	-	8,809
Disposal	-	-	-	1,347
Additions	5,874	190	-	-
Transferred	- 3,091	3,091	-	-
Cost at 30 September 2017	17,958	40,729	68,550	145,754
Amortisation at 1 January 2017	-	26,878	10,181	-
Impairment losses at 1 January 2017	3,504	-	-	-
Exchange rate adjustments	-	19	29	-
Amortisation for the period	-	5,954	3,006	-
Amortisation and impairment losses at 30 September 2017	3,504	32,813	13,158	-
Carrying amount at 30 September 2017	14,454	7,916	55,392	145,754
	Software in process of development	Developed software	Acquired rights	Goodwill
Cost at 1 January 2016	9,500	34,086	59,642	138,501
Exchange rate adjustments	-	41	3,682	4,161
Additions from subsidiaries acquired	-	-	11,211	3,947
Additions	6,440	2,584	-	-
Transferred	- 765	765	-	-
Cost at 31 December 2016	15,175	37,476	67,171	138,287
Amortisation at 1 January 2016	-	20,098	6,995	-
Impairment losses at 1 January 2016	3,504	-	-	-
Exchange rate adjustments	-	20	62	-
Amortisation for the year	-	6,760	3,248	-
Amortisation and impairment losses at 31 December 2016	3,504	26,878	10,181	-
Carrying amount at 31 December 2016	11,671	10,598	56,990	138,287

7. Intangible assets (continued)

Software includes development projects for IT systems and processes in progress. Apart from goodwill and trademarks, all other intangible assets are regarded as having determinable useful lives over which the assets are amortized, see accounting policies. The carrying amount of trademarks without determinable useful lives totals DKK 23.6m at 30 September 2017 (31.12.2016: DKK 23.8m).

Acquired enterprises are integrated in the Group as soon as possible to realize synergy effects in the business areas. Consequently, it is generally not possible after a short period to trace and measure the value of goodwill in the individual units or enterprises, which is why the Group has only one cash-generating unit. The impairment test is therefore made at group level.

At 31 December 2016, Management has tested the carrying amount of goodwill, software in process of development and other intangible assets for impairment. The recoverable amount exceeded then the carrying amount. An impairment test is performed in the event of indication of impairment and at least once a year as part of the presentation of the annual report.

The key assumptions underlying the calculation of value in use are the determination of EBITDA growth, discount rate and terminal value growth rate.

EBITDA growth is determined based on historical EBITDA realized in the period immediately prior to the beginning of the budget period, adjusted for non-recurring expenses, expected market developments and enterprises acquired and divested. For the 2017 budget period, this is equivalent to an annual EBITDA growth rate of approx. 15 % from 2017 to 2021.

EBITDA growth is related to the development in auction turnover, equivalent to an annual average growth rate of approx. 2-8 % during the budget period from 2017 to 2021. When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approx. 15-20 % of budgeted EBITDA. The effect of expected acquisitions is not included at investment level.

The discount rate is determined based on the Company's marginal borrowing rate plus a risk premium that reflects the risk involved in investing in shares and the risk involved in the activity performed, equivalent to a pre-tax discount rate of 12.8 % (2016: 12.8 %).

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

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

	Lands and buildings	Other fixtures etc.
Cost at 1 January 2017	55,094	36,933
Exchange rate adjustments	-	134
Additions from subsidiaries acquired	-	456
Additions	89	1,654
Disposal	-	1,607
Cost at 30 September 2017	<u>55,183</u>	<u>37,302</u>
Depreciation at 1 January 2017	833	22,768
Exchange rate adjustments	-	76
Depreciation for the period	337	2,341
Depreciation related to disposals	-	1,394
Depreciation at 30 September 2017	<u>1,170</u>	<u>23,639</u>
Carrying amount at 30 September 2017	<u>54,013</u>	<u>13,663</u>
Assets held under finance leases are included in carrying amount at		<u>287</u>
	Lands and buildings	Other fixtures etc.
Cost at 1 January 2016	52,357	36,669
Exchange rate adjustments	-	536
Additions from subsidiaries acquired	-	369
Additions	2,737	4,208
Disposal	-	3,777
Cost at 31 December 2016	<u>55,094</u>	<u>36,933</u>
Depreciation at 1 January 2016	388	19,611
Exchange rate adjustments	-	248
Depreciation for the year	445	3,843
Depreciation related to disposals	-	438
Depreciation at 31 December 2016	<u>833</u>	<u>22,768</u>
Carrying amount at 31 December 2016	<u>54,261</u>	<u>14,165</u>
Assets held under finance leases are included in carrying amount at		<u>475</u>

9. Receivables

	Group 30.09.2017 DKK'000	Group 31.12.2016 DKK'000
Trade receivables	17,984	71,286
Other receivables, non-current	34,862	20,005
Other receivables, current	<u>47,970</u>	<u>34,659</u>
	<u>100,816</u>	<u>125,950</u>

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

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

	Group 30.09.2017 DKK'000	Group 31.12.2016 DKK'000
Impairment losses at 1 January	2,028	1,158
Impairment losses for the period	-	870
Realised for the period	- 96	-
Reversed	<u>-</u>	<u>-</u>
Impairment losses at 30 September	<u>1,932</u>	<u>2,028</u>

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

10. Bond debt

In 2011, the Group issued corporate bonds, the principal amount of which is DKK 10.0m. The bonds carry interest at a rate of 3.5 % and are redeemed after five years from the date of issue at a price of 135. The corporate bonds were redeemed by the end of February 2016.

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

On 18 July 2016, Lauritz.com A/S repaid part of the bond loan for DKK 82,221k, equivalent to SEK 100m and a redemption price of 104 plus interest. After this partial repayment, the principal amount of the bond debt was reduced to SEK 325m. Lauritz.com A/S has on 16 September 2016 acquired approx. 2.4% of the issued bonds for SEK 7.6m (or DKK 5.9m). The bonds were acquired at rate 99.25.

10. Bond debt (continued)

The fair value of the bonds amounts to DKK 227,958k at 30 September 2017 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 5,492k.

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

Financial covenants determined at 30 September 2017

	Group Q3 2017 DKK'000	EBITDA- ratio
EBITDA, LTM	<u>53,468</u>	
<i>Net interest bearing debt / EBITDA</i>		
Bond debt, non-current	241,216	
Bond debt, current	-	
Interest bearing receivables	- 45,252	
Cash and cash equivalents	<u>- 29,361</u>	
Total net interest bearing debt	<u>166,603</u>	<u>3.12</u>
	TARGET	< 4.00
<i>EBITDA / Net Finance Charges</i>		
Interest income, bank - LTM	- 1,335	
Financial expenses, bond debt – LTM	18,954	
Other interest expenses - LTM	<u>370</u>	
Total net finance charges	<u>17,989</u>	<u>2.97</u>
	TARGET	> 1.75

The Group is in compliance with applicable financial covenants as at 30 September 2017.

11. Financial risks

The Group's currency risks are primarily hedged by matching payments received and made in the same currency. The difference between ingoing and outgoing payments denominated in the same currency is a measure of currency risk. The Group's currency exposure at 30 September 2017 is specified below.

2017 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	219	116	-	-612	-277
EUR	1,167	9,164	-	-	10,331
SEK	18,721	15,022	-241,216	-37,125	-244,598
30 September 2017	20,107	24,302	-241,216	-37,737	-234,544

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

The bonds are issued in SEK and so the principal amount is subject to exchange rate fluctuations between the Company's functional currency (DKK) and SEK. A 5 % change in the SEK rate at 30 September 2017 would have affected comprehensive income and equity by approx. DKK 4m (31.12.2016: DKK 3m). The sensitivity analysis shows the difference between the 30 September 2017 fair value calculated for the Group's assets and liabilities denominated in SEK.

The Group has interest-bearing financial assets and liabilities and so it is affected by interest rate fluctuations. Fluctuations in the level of interest rates affect the Group's floating-rate bond debt. An increase in the interest rate level of 1 percentage point per annum compared to the interest rate level at the balance sheet date would have had a negative impact of approx. DKK 2m (31.12.2016: DKK 2m) on comprehensive income and equity. A similar decline in the interest rate level would have resulted in an equivalent positive effect on comprehensive income and equity.

11. Financial risks (continued)

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents as well as undrawn credit facilities. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within approx. 35 days. In order to maintain the current liquidity level, the Group is therefore dependent on continued growth and positive earnings. Management assesses the Group's liquidity requirements on a regular basis.

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

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

	Group 30.09.2017 DKK'000	Group 30.09.2016 DKK'000
12. Earnings per share (EPS)		
Profit/Loss for the period	<u>1,327</u>	<u>3,444</u>
Average number of shares	<u>530,900</u>	<u>196,052</u>
EPS at DKK 100	<u>2.50</u>	<u>17.57</u>
EPS at DKK 100 diluted	<u>2.50</u>	<u>17.57</u>

13. Dividend

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

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

14. Acquisitions

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

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

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

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

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 the period.

For this acquisition, the Group paid a purchase price that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired. This positive difference is primarily attributable to expected synergies between the activities of the acquired enterprises and the Group's existing activities, future growth potential and the enterprises' staff. The synergies have not been recognised separately from goodwill as they are not separately identifiable.

14. Acquisitions (continued)

Of the Group's profit for the period, DKK -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 period 1 January to 30 September 2017 would have been affected with approx. DKK 1,745k and the Group's profit for the period would have been affected with approx. DKK -497k.

Of the Group's profit for the period, DKK 765k is attributable to the branches in Roskilde and Malmö following the acquisition. Of the Group's revenue, DKK 3,178k is attributable to the acquired branches. Had the enterprise been acquired with effect from 1 January 2017, the Group's revenue for the period 1 January to 30 September 2017 would have been affected with approx. DKK 10,200k and the Group's profit for the period would have been affected with approx. DKK 1,400k.

15. Contingencies etc.

Contingent liabilities, consolidated financial statements

The Group has provided security for rent for DKK 1,548k that expires in 2019.

The Group has adopted other property rental agreements with maximum lease terms running until 2025. Rent totals DKK 48,985k, of which DKK 5,382k falls due in 2017.

Car operating leases have been entered into for the year 2017. The leases have fixed lease payments which are indexed annually. The leases are interminable in the period specified.

The Group participates in an international joint taxation arrangement with Blixtz Holding A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies.

16. Related parties

Related parties with a controlling interest

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

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

Ownership

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

16. Related parties (continued)

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

*The company is not audited by Deloitte.

17. Events after the balance sheet date

On November 7th, the Board of Directors decided to initiate a strategic review aiming at developing a long-term strategy for Lauritz.com A/S. Furthermore, the Board of Directors decided to initiate a financial analysis to evaluate different financing options in order to create a situation with suitable headroom to the financial obligations, with manoeuvrability for long-term growth.

Claus Boysen is leaving his position as CFO effective 7 November, but will remain in an advisory role.

Vibeke Aggerholm has been appointed as interim CFO from the same date.

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