Lauritz.com

A bid better

Approved at the annual general meeting on 8 may 2018:

Chairman of the meeting
Anders Lavesen

ANNUAL REPORT

JANUARY - DECEMBER 2017

Lauritz.com Group A/S
CVR no. 37627542
Dynamovej 11
2860 Søborg

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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 John Tyrrestrup Mette Margrethe Rode Sundstrøm Preben Lindgaard Thomas Skovlund Schnegelsberg	
Executive Management	Preben Lindgaard, CFO Thomas Rantzau Stensgaard, CCO	
Independent Auditor	Deloitte Statsautoriseret Revisionspartnerselskab	

The largest online auction house in northern Europe.

Probably the largest auction house worldwide within modern design furniture.

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 11.000 new customer registrations monthly
- Up to 5 million visits monthly
- Up to 1.8 million unique visitors monthly
- Visitors from approx. 200 countries
- Over 300.000 lots sold yearly
- Typically over 10.000 lots on auction
- Approx. 1.500 new auctions starting daily
- Lot value from DKK 800 to 15 million
- Auction turnover of approx. DKK 886m in 2017

This is how it works

Lauritz.com sources items locally to sell globally! Lauritz.com has 26 physical auction houses in 6 countries. Here local sellers can consign items for auction. Sellers can also interact with the local house by getting an online evaluation, by booking an expert for a home visit or by booking Lauritz.com's pick-up service to transport items from the seller to the auction house. All items are estimated, described and photographed objectively by Lauritz.com's experts. Each lot is put up for an individual timed auction for 7 days, sold to the highest bid and shipped to the buyer. All items are presented on physical viewing in the given local auction house during the auction period. Major collections or more expensive items are high-lighted on special theme actions. Lauritz.com offers an authenticity guaranty to avoid falsification and copies.

Assortment

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

Customers

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

Market position

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

Business model

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

Geographical expansion

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

Scalable platforms

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

Business opportunities

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

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.

Today, Lauritz.com holds a strong position as the biggest auction house in the Nordics. Lauritz.com's online platforms perform well, with over 11.000 new customer registrations and up to 5 million online visits per month.

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

Lauritz.com has created a unique position between online market places and traditional auction houses. The core concept as an international online auction marketplace for design, art and antiques - with a high degree of expertize and service – is a successful formula, with great future potential.

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 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 in 2017. While our core business of selling second hands items online was stable in 2016, we experienced a decrease in 2017.

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 now will adjust 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. The increasing interest in second-hand items and the consumers' adaption to online channels create an online market with great 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 formulated a comprehensive action plan in the beginning of the year which was implemented during the full year. The plan included different initiatives to upgrade convenience in Lauritz.com's services towards our future sellers and buyers – and has resulted in signs of stabilization in Q3 and Q4 (See Commercial initiatives below).

Lauritz.com will further develop our market approach to secure our market leading position also in the future. Thus, we have initiated an overall strategic review as well as a financial review, aiming at adjusting our long-term strategy, secures long-term growth and profitability.

Commercial initiatives

The action plan formulated to address the intensified competition and demand of convenience, included many new initiatives with a short or long-term scope. Some of the main new customer offerings, implemented through 2017, are listed below. The initiatives have resulted in signs of stabilization in Q3 and Q4.

During summer Lauritz.com launched a new standard service, offering 'Free pick-up service' for sellers. This means that a potential seller can book the local Lauritz.com auction house to pick up items for free at the seller's address and transport the item to the auction house for auctioning. In this way, Lauritz.com increases convenience for local sellers and has overcome a barrier towards sellers who might find it too cumbersome to find and pay for a suitable transport solution themselves. Lauritz.com's free pick-up service has set new standards for the market.

Furthermore, Lauritz.com has launched a new 'Book an expert' service. We encourage potential sellers to book a Lauritz.com expert to come for a visit at seller's address in order to evaluate objects that the seller considers to sell. The visit is primarily in private homes, but can also be in companies, public institutions etc. Once visiting the seller, the expert can explain how easy it is to sell on auction and go through the process in details. Often, a seller shows to have more items than initially expected to sell once the expert is there to advice. Normally, the expert can bring the item/s back to the auction house directly from the visit.

In general, we are changing the expert's roles to work in a more proactive and outgoing way. The goal is that the experts will succeed in generating 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.

In addition, we have run a 'Turn buyer to seller' experiment, exploring the opportunity to increase the number of buying customers (who have never sold) to selling customers. We entered a test collaboration with a tele-marketing company, who reached out to buying customers and offered meetings with local experts at the customer's home address to find out if they are interested in selling items. The results showed positive and the project is to find the right structure (external or internal set-up) in 2018.

Another subject pursued during 2017 is the fact that sellers have become less prepared to sell even cheaper items without a minimum price. We have therefore launched a new feature 'Bid against sellers minimum price' on Lauritz.com. In this way we can offer the seller a minimum price, but still get the auction going from the lowest standard bid.

Finally, we have been preparing other improvements of Lauritz.com's end-to-end customer experience such as a new payment solution and an enhanced desktop website interface to keep up to speed with our successful mobile website and apps.

We keep planning and executing the logical next step in a demanding, now highly competitive environment. We feel confident that the measures we have taken - and the coming actions in the pipeline - will have a positive long-term impact with regards to both attracting more sellers and buyers and securing future growth and profitability.

Development in organization

Short-term focus on financial KPI's during the year has taken important management time and focus away from the business. Lauritz.com is now insisting on concentrating management's efforts on generating commercial activities as the case has been historically.

Lauritz.com is also strengthening the commercial awareness and sales competences throughout the organisation. The key competence of Lauritz.com is the expertise within art, design and antiquities, but we must make sure that we are sufficiently proactive in our market approach. Lauritz.com has therefore during 2017 introduced two country manager positions, with responsibility to drive the action turnover development in the respective countries.

Furthermore, in Q2 Lauritz.com started the recruiting process to find new branch managers in a number of auction houses to take the local management to the next level, including a more outgoing commercial focus between Lauritz.com's experts, which is expected to increase the local sourcing of items, and in turn have a positive impact on long-term auction turnover. Thus, 4 new Branch Managers with proven commercial sales profiles and experienced management skills started in Q3.

In Q1 Lauritz.com's CEO Mette Rode Sundstrøm announced that she had chosen to resign - with a long notice - after 16 years as head of the daily operations, including 12 years as CEO. Mette Rode Sundstrøm has with founder and Chairman Bengt Sundström built up Lauritz.com as the first mover within online auctions internationally. In Mette Rode Sundstrøm's time in operation, Lauritz.com has grown from 2 to 28 auction houses, positioning Lauritz.com as the biggest auction house in the Nordics. In her last full year (2016) Lauritz.com reached an auction turnover of over DKK 1 billion and an all-time high EBITDA of DKK 46.3m. Mette Rode Sundstrøm has in Q3 taken on a new more strategic role in Lauritz.com's Board of Directors with focus on e.g. branding, international strategy and future acquisitions.

The successor Erik Norberg stopped in Q4 after a short period as CEO. The search for a new CEO is ongoing.

Finally, to re-introduce the suitable sales focus in the organisation, a new CCO position (Chief Commercial Officer) has been created in Q1 2018 with seat in the Group executive management team, where Lauritz.com's new CFO also has been appointed in 2018.

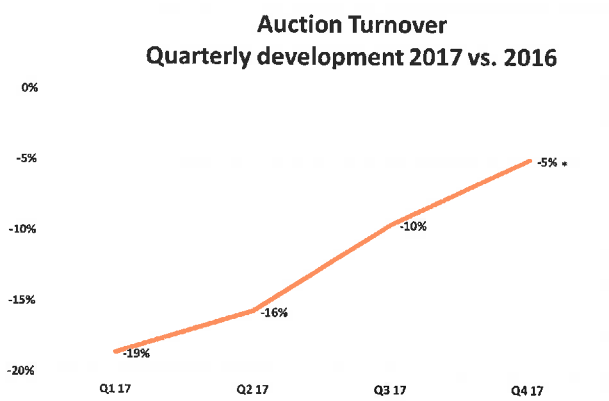
Development in auction turnover

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 has been a year with many changes in and around Lauritz.com.

While our core business of selling second hands items online was stable in 2016, we experienced a decrease in 2017. For the full year auction turnover amounted to DKK 886m compared to DKK 1,073m in 2016. This corresponds to a decrease of 17 percent, mainly due to a new more competitive market situation (see market position and competitive landscape). The decrease was 12 percent excluding the extraordinary Fine Art collection (Lundberg) sold in 2016.

The reduction in auction turnover is driven by fewer auction lots sold and by the unique Lundberg collection sold in 2016 generating auction turnover of approx. DKK 67m (not being repeated in 2017). The reduction in auction turnover was highest in Q1 (-19 percent) and Q2 (-16 percent) and showed signs of stabilization in Q3 (-10 percent) and Q4 (-5 percent, adjusted for the Lundberg collection).



* Q4 Adjusted for Unique art collection sold in Q4 2016

The signs of stabilization is partly an effect of several measures taken in an action plan formulated in Q2 to improve the customer experience (see Commercial Initiatives), launching several new convenient services such as e.g. Free pick-up service for sellers, Book and expert at home, improved online valuation services etc.

Development in financials

The EBITDA in 2017 was impacted negatively, mainly by the lower auction turnover (see Development in auction turnover).

The development in EBITDA compared to previous years and expectations for the year is not satisfactory.

During the year expectations were adjusted downwards in August where the guidance for net Revenue was changed from "increase in net revenue" to "stable or a decrease" following the negative development in auction turnover in Q1 and Q2. EBITDA margin was expected to be between 20 and 25 percent throughout the year as cost were reduced to match the negative development in revenue. In connection with the approval of the Q4 report in February 2018 a more detailed assessment of the valuation of certain assets was performed, which resulted in the EBITDA margin for the year ending below the guidance at 16 percent.

For the full year auction turnover decreased to DKK 886m compared to DKK 1,073m in 2016. Net revenue decreased in 2017 to DKK 195.7m compared to DKK 219.4m in 2016.

When looking isolated at the core business, revenue related to auction commissions and fees showed a decrease in 2017 and was DKK 40.1m lower compared to 2016.

The decrease in revenue is mainly explained by lower auction turnover and by the negative impact on revenue of DKK 12.5m from sold and acquired auction houses compared to 2016.

Lauritz.com is a chain of 26 (27) auction houses – where 8 (8) are owned by Lauritz.com, and 18 (19) 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 2017 income from sale of partnership agreements amounted to DKK 28.4m (2016: DKK 12.0m) driven by the sale of 2 large partnership agreements.

In 2017, EBITDA was DKK 32.1m compared to DKK 46.3m last year. The reduction was mainly due to lower auction turnover, the unique Fine art collection sold in 2016 (revenue of approx. DKK 9m in 2016) and extraordinary costs related to changes in the management team. This was partly offset by higher fees from sale of partnership agreements and the effects of a cost cutting plan that was initiated in the beginning of 2017. In connection with the approval of the Q4 report, the Board approved a more detailed valuation of certain assets. This has resulted in the group not reaching the guidance of an EBITDA margin of 20-25 percent. The realized EBITDA margin is 16 percent.

The operating result for the year is not satisfactory, and Lauritz.com has initiated a number of further cost reductions in January 2018 to match costs to the lower Revenue.

I Q4 2017 it was decided to actively pursue the sale of the property at Rovsingsgade. As a result, the property is classified as Assets held for sale at 31 December 2017, and is valued at the expected Net realisable value based on a sale without a sale/lease-back, which has resulted in an impairment loss of DKK 18.9m related to the property in 2017.

The Profit/Loss for the year is negative with DKK -21.3m (DKK 10.7). The DKK 32.0m reduction compared to last year is primarily due to Impairment of the property in Rovsingsgade DKK -18.9m, impairment of certain assets and lower generated EBITDA.

Events after the balance sheet date

On 27 February 2018, Lauritz.com A/S entered into an agreement regarding the sale of the property in Rovsingsgade 68. The transaction has been finalized, and the final deed has been registered. The sale of the property will not affect the 2018 result of Lauritz.com Group but will improve the cash position by DKK 35m.

On 28 March 2018, Stockholms Auktionsverk AB (under name change to Lauritz.com Sverige AB) entered into an agreement regarding the sale of the Fine Art department at a price of DKK 62.8m (SEK 86.0m), and will result in a gain impacting the EBITDA of the Group positively by approximately DKK 40m.
The sales price is paid partly in cash, contingent consideration and shares. The contingent consideration has a duration of two years and can result in a negative impact on the gain if conditions are not met. Currently the contingent consideration is recognized in full, as it is expected that the conditions will be met.

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

Strategic and financial review

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

To maintain Lauritz.com's position in the market we need to address the changing consumer behaviors and the increasing pace in the digital transformation.

Therefore, we have initiated a strategic review aiming at developing a revised long-term strategy that secures long-term growth and profitability. We are closely reviewing how to develop our business model, value proposition and product experience and to define our future position on the now more competitive digitized market for auctions. In addition, we will further develop our efficiency and minimize our cost structure.

The financial analysis initiated in Q4 2017 is ongoing. Different options are being considered - to ensure both refinancing of the current debt, as well as securing additional equity to strengthen the financial position of the Group to be able to invest in future growth. The target is to achieve a reduction and extension of the interest bearing debt and a raise in the equity level to a minimum target level of 20 percent.

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

We are confident that the above initiatives will materialize within the second half of the fiscal year 2018 to ensure a strong long-term capital situation combined with a reasonable debt level.

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.

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.

The implementation of the EU's General Data Protection Regulation (GDPR) and the future usage and storage of data is critical for Lauritz.com. The risks related to not complying with GDPR include negative impact on the operation of www.lauritz.com, worsening of customer relationships and substantial fines. During 2018 Lauritz.com has been working to be compliant with the GDPR. As deep review of data, systems and processes has been completed. The management team has formed project teams across the organization to update and document according to GDPR. Lauritz.com will be compliant in May according the published guidelines.

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.

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.

The financial risks are assessed on an ongoing basis. During 2017, no hedging transactions have been entered into and there are no open hedging transaction at 31 December 2017.

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.

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 12k and a premium of DKK 588k. The new shares are issued as consideration for the acquisition of the assets of the Lauritz.com auction house in Roskilde, Denmark.

Management assesses the capital structure on an ongoing basis with a view to ensuring justifiable equity in the company. At 31 December 2017, the equity amounts to DKK 34.6m (2016: DKK 62.0m), corresponding to an equity ratio of 7,8 percent (12,5 percent).

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 three meetings during 2017, going forward, the Committee expects to meet at least three times a year.

The Board of Directors has appointed a Remuneration Committee consisting of Thomas Schnegelsberg (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 four meetings during 2017, 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 Thomas Schnegelsberg. 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	None
Preben Lindgaard	None	None
Thomas Schnegelsberg	Prana Holding ApS, Managing Director StenoCare A/S, Managing Director Bagsværd Kost- & Gymnasieskole, Vice Chairman	Remuneration committee (chairman) Nomination committee

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

The Group has no official policies in place that comply with international standards and definitions for corporate social responsibility, including for human rights or for the enterprise's impact on the environment and climate. Please see descriptions regarding environment and charity on page 16.

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

At the end of 2017, the Board of Directors consisted of four board members elected by the annual general meeting, of which three are males and one is female. The objective is still to have at least one female member of the Board of Directors by 2019. For the next management level (the Executive management) consisting of CCO and CFO, there was a composition of two males and zero females at the end of 2017.

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. 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 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 and quality 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 14 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 2017, approx. DKK 2.3m was raised at Lauritz.com, of which DKK 0.9m was fees.

Future developments

Lauritz.com is built on a proven concept and a strong international platform with an attractive position in the large middle-market segment. The current strategic review and financial analysis are creating the foundation for our future. We expect initiatives launched in 2017 and the measures we will continue to take i 2018 to have a positive long-term impact with regards to both attracting more sellers and buyers to Lauritz.com, securing long-term growth and profitability. We believe that we will be well positioned to continue our journey in reaching out and democratizing the auction world.

In 2017, Lauritz.com had over 3 million customer registrations with over 11.000 new customer registrations every months. The number of online visits at Lauritz.com was up to 5 million per month, and up to 1.8 million unique visitors. Over 300.000 lots were sold on online auction. This is a fantastic platform to build on and leverage with regards to both reaching more buyers internationally and expanding our base for sourcing items by adding new local auction houses to serve local sellers to sell on online auctions to global buyers.

Today, Lauritz.com has 26 auction houses where local sellers can consign for auction. Lauritz.com's capability to establish new auction houses and attract more sellers to our current auction houses is key to our long term success. Lauritz.com establishes new auction houses either by acquiring traditional auction houses with physical auctions converting them to online auctions or by starting up with local Lauritz.com partners in a franchise-like concept. To start own auction houses greenfield is also an possibility. In 2017 Lauritz.com opened Finland as a new geographical market for local consignments through an auction House in Helsinki.

Lauritz.com will continue to explore and build the large middle-market segment, which 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. With the sale in Q1 2018 of Stockholms Auktionsverk's Fine Art department, Lauritz.com's organisation can now concentrate fully on our core business of selling quality second-hand items within art, design and antiquities.

In parallel, the Fine art team at Stockholms Auktionsverk - now operating in a separate company of which Lauritz.com still own 49 percent - can operate and focus exclusively on the Fine Art segment. The acknowledged Swedish businessman Per Taube owns 51 percent of the separate company.

The strategic review aiming at adjusting Lauritz.com's long-term strategy to ensure long-term growth and profitability is ongoing (see Strategic and Financial review).

Regarding auction turnover and revenue the large drop year on year seen in the first half 2017 has been reduced in the second half of 2017 by a number of new commercial measures implemented during 2017 (see Commercial initiatives). As a consequence of Lauritz.com's ongoing strategic review, further improvements are under way in 2018 to drive organic growth in a more competitive market, by making selling and buying items at Lauritz.com even more convenient. Thus, the action plan for 2018 includes a number of expected new initiatives towards existing and potential customers, e.g. roll out of a new 'Converting buyer to seller' concept, a new structure for selling top brands within new produced items, an upgraded shipment service for buying customers, a new payment service, fine-tuning of the new 'Book an expert' and 'Free Pick-up' services etc.

Apart from commercial directions, the current strategy plan includes 2 other main topics; to secure the future financing structure and to improve the profitability of the business. Getting these topics handled well are important to return to a growth path with organic growth, as well as through opening more auction houses. The review of the financing structure is ongoing, and we are negotiating several options related to debt as well as equity, which can impact the 2018 result.

In terms of the profitability, we work at a pipeline of further measures to reduce the cost level. The cost level in 2018 is reduced significantly comparing to 2017. When looking at the expected cost level in 2018 it is important to note that costs in 2017 were affected by costs related to changes in the management team, by impairments due to a more detailed assessment of the valuation of certain assets and by high costs for consultants. These costs are not expected to recur in 2018. Furthermore the full year impact of cost savings initiated in 2017 will impact 2018 costs positively compared to 2017, and cost savings that are currently being carried out will further reduce the costs in 2018.

The cost cutting initiatives currently being executed are adapting the organisation to the current revenue level, and include reduction of 15 percent of our staff at the headquarter and reduction of other spending's. The impact of the initiatives will materialise during 2018.

Rounding up, we are proud of Lauritz.com's strong customer orientated culture and efforts in democratising the auction world, making auctions accessible to everyone, everywhere. We are looking forward to re-finding Lauritz.com's growth path to roll out the concept to even more modern consumers in more countries. We have a humble approach to the assignment but are confident that we will succeed.

Guidance for 2018

In 2018, the Group expects a decrease in net revenue. The reduction is partly due to the negative impact on revenue from purchased/sold auction houses and due to not including any sale of partnership agreements. Due to the sale of Stockholms Auktionsverk's Fine Art business in Q2 2018, the revenue from fees and commission are expected to decrease by 10-15 percent. The EBITDA margin for 2018 is expected to be between 20 and 25 percent excluding the gain from the sale of the Fine Art business. Including the gain from the sale of the Fine Art business the EBITDA margin is expected to be between 35 and 40 percent.

The cash flow for 2018 is expected to be positive, although the seasonality of the business will impact the quarterly cash flows, and we expect to comply with applicable financial covenants.

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Auction turnover [1]	**886,490**	**1,073,455**	**1,084,036**	**1,047,146**	**868,674**
Statement of comprehensive income					
Revenue	195,683	219,403	225,152	153,411	117,110
Gross profit	184,907	202,079	207,319	138,490	110,646
EBITDA	32,104	46,309	41,830	23,242	23,792
Operating profit (EBIT)	-7,108	31,958	29,655	16,627	18,575
Net financials	-12,922	-16,209	-40,423	-2,365	-1,506
Profit before tax (EBT)	-20,030	15,749	-10,768	14,262	17,069
Tax on profit for the year	-1,268	-5,081	2,255	-3,761	-2,819
Profit/Loss for the year	-21,298	10,668	-8,513	10,501	14,250
Balance sheet					
Non-current assets	283,756	309,846	298,100	220,001	55,656
Current assets	160,842	186,683	203,465	289,882	169,483
Balance sheet total	444,598	496,529	501,565	509,883	225,139
Share capital	4,079	4,067	3,600	3,600	3,600
Equity	34,554	62,014	13,287	14,550	20,321
Non-current liabilities	249,962	255,292	347,848	350,906	28,862
Current liabilities	160,082	179,223	140,430	144,427	175,956
Cash flows					
Operating activities	-7,581	-5,167	-12,705	15,307	23,721
Investing activities	-9,897	90,978	-22,806	-207,073	-39,885
Of this, investments in property, plant and equipment	-2,138	-6,945	-7,978	-3,786	-2,431
Financing activities	600	-52,281	-1,999	264,039	26,000
Total cash flows	-16,878	33,530	-37,510	72,273	9,836
Ratios:					
Gross margin	94.5 %	92.1 %	92.1 %	90.3 %	94.5 %
EBITDA margin	16.4 %	21.1 %	18.6 %	15.2 %	20.3 %
Profit margin	-3.6 %	14.6 %	13.2 %	10.8 %	15.9 %
Equity ratio	7.8 %	12.5 %	2.8 %	2.9 %	9.0 %
Return on equity	-44.1 %	28.3 %	-61.2 %	60.2 %	68.5 %
Earnings per share (EPS Basic), DKK	-0.523	0.278	-0.236	0.293	0.396
Dividend per share	0	0	0	0.056	0.319
Average number of full-time employees	185	204	204	136	135

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

Earnings per share are calculated according to med IAS 33 (note 18). Key ratios are applied and calculated in accordance with the definitions provided in "Recommendations and Financial Ratios" as issued by the Danish Association of Financial Analysts.

The key ratios are calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Balance sheet total}}$
Return on equity	$\frac{\text{Profit for the year x 100}}{\text{Equity, average}}$
Earnings per share (EPS Basic)	$\frac{\text{Profit for the year}}{\text{Average no of shares in circulation}}$
Dividend per share	$\frac{\text{Dividend distributed}}{\text{Average no of shares in circulation}}$
Auction turnover	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.

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 2017.

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 and liabilities, financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2017.

Further, in our opinion the Management review includes a fair review of the development in the Group's and the Parent Company's operations and financial conditions, 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, 12 April 2018

Executive Management

Preben Lindgaard
CFO

Thomas Rantzau Stensgaard
CCO

Board of Directors

Bengt Olof Tony Sundström
Chairman

John Tyrrestrup

Mette Margrethe Rode Sundstrøm

Preben Lindgaard

Thomas Skovlund Schnegelsberg

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 01.01.2017 – 31.12.2017, 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 31.12.2017, and of the results of their operations and cash flows for the financial year 01.01.2017 - 31.12.2017 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 Entity 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 Entity 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, 12 April 2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Siggaard Hansen State-Authorised Public Accountant mne32208	Bryndís Símonardóttir State-Authorised Public Accountant mne40064

Statement of comprehensive income 1 January - 31 December

	2017 DKK'000	2016 DKK'000
Auction turnover [1]	886,490	1,073,455

Notes		Group 2017 DKK'000	Group 2016 DKK'000
2	Revenue	195,683	219,403
	Direct costs	- 10,776	- 17,324
	Gross profit	**184,907**	**202,079**
3	Other operating income	673	986
4	Other external expenses	- 60,289	- 55,703
5	Staff costs	- 93,187	- 101,053
	EBITDA	**32,104**	**46,309**
6	Depreciation, amortisation and impairment losses	- 39,212	- 14,351
	Operating profit/loss (EBIT)	**- 7,108**	**31,958**
7	Financial income	8,466	13,365
8	Financial expenses	- 21,388	- 29,574
	Profit/Loss before tax (EBT)	**- 20,030**	**15,749**
9	Tax on profit/loss for the year	- 1,268	- 5,081
	Profit/Loss for the year	**- 21,298**	**10,668**
	Items that can be reclassified to profit or loss:		
	Exchange rate adjustments, foreign companies	- 6,762	- 8,483
	Tax on other comprehensive income	-	-
	Other comprehensive income	**- 6,762**	**- 8,483**
	Total comprehensive income	**- 28,060**	**2,185**
19	Earnings per share (EPS), DKK	**- 0.523**	**0.278**
19	Earnings per share (EPS), diluted DKK	**- 0.523**	**0.278**

[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.

Assets

Notes		Group 31.12.2017 DKK'000	Group 31.12.2016 DKK'000
	Non-current assets		
10	Software in process of development	11,206	11,671
10	Fully developed software	6,628	10,598
10	Goodwill	141,287	138,287
10	Rights acquired	52,194	56,990
	Total intangible assets	211,315	217,546
11	Land and buildings	0	54,261
11	Other fixtures and fittings, tools and equipment	12,535	14,165
	Total property, plant and equipment	12,535	68,426
12	Deferred tax	7,572	2,479
13	Deposits	2,294	1,390
15	Other non-current receivables	50,040	20,005
	Total financial assets	59,906	23,874
	Total non-current assets	**283,756**	**309,846**
	Current assets		
	Inventories	1,018	1,824
15	Trade receivables	28,026	71,603
15	Other current receivables	36,674	34,778
	Total receivables	64,700	106,381
	Cash and cash equivalents	60,124	78,478
14	Assets held for sale	35,000	-
	Total current assets	**160,842**	**186,683**
	Total assets	**444,598**	**496,529**

Equity and liabilities

Notes		Group 31.12.2017 DKK'000	Group 31.12.2016 DKK'000
	Equity		
	Share capital	4,079	4,067
	Other reserves	-10,922	-4,160
	Retained earnings	41,397	62,107
	Total equity	**34,554**	**62,014**
	Liabilities		
12	Deferred tax	12,942	13,450
16	Bond debt	237,020	241,842
	Total non-current liabilities	249,962	255,292
16	Bond debt	-	-
	Trade payables	108,276	137,622
17	Other payables	42,929	38,438
	Corporate taxes payable	8,877	3,163
	Total current liabilities	160,082	179,223
	Total liabilities	**410,044**	**434,515**
	Total equity and liabilities	**444,598**	**496,529**

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, as shown in the annual report of Lauritz.com A/S	**6,002**	**4,323**	**2,962**	**13,287**
Effect 1 January of the share exchange	-2,402	-	2,402	-
Equity at 1 January 2016	3,600	4,323	5,364	13,287
Profit/Loss for the year	-	-	10,668	10,668
Other comprehensive income	-	-8,483	-	-8,483
	3,600	-4,160	16,032	15,472
Capital increase 21 June 2016	467	-	55,365	55,832
Capital increase, related costs	-	-	-9,290	-9,290
Dividend distributed	-	-	-	-
Equity at 31 December 2016	**4,067**	**-4,160**	**62,107**	**62,014**
Equity at 1 January 2017	**4,067**	**-4,160**	**62,107**	**62,014**
Profit/Loss for the year	-	-	-21,298	-21,298
Other comprehensive income	-	-6,762	-	-6,762
	4,067	-10,922	40,809	33,954
Capital increase 24 July 2017	12	-	588	600
Dividend distributed	-	-	-	-
Equity at 31 December 2017	**4,079**	**-10,922**	**41,397**	**34,554**

We refer to note 9 in the financial statement for the Parent Company in relation to the capital increases made on 21 June 2016 and on 24 July 2017 as well as note 20 in the financial statement for the Group relating to dividend.

Notes		Group 31.12.2017 DKK'000	Group 31.12.2016 DKK'000
	Operating profit/loss (EBIT)	**- 7,108**	**31,958**
	Depreciation, amortisation and impairment losses	39,212	14,351
	Increase/decrease in inventories	806	- 277
	Increase/decrease in receivables	10,936	- 64,235
	Increase/decrease in trade payables and other payables	- 28,483	43,059
	Other adjustments	- 1,242	- 1,747
	Cash flows from ordinary operating activities	14,120	23,109
	Interest received	1,565	1,013
	Interest paid	- 19,307	- 27,362
	Income tax paid under a joint taxation arrangement	- 3,959	- 1,927
	Cash flows from operating activities	**- 7,581**	**- 5,167**
	Purchase of property, plant and equipment	- 2,138	- 6,945
	Sale of property, plant and equipment	326	1,771
	Purchase of intangible assets	- 6,876	- 9,024
	Payment received from Parent Company, settlement of loan	-	110,732
21	Acquisitions	- 1,209	- 5,556
	Cash flows from investing activities	**- 9,897**	**90,978**
	Redemption of bonds	-	- 98,823
	Proceeds from cash capital increase	600	46,542
	Dividend paid to the Parent's shareholders	-	-
	Cash flows from financing activities	**600**	**- 52,281**
	Net cash flows for the year	- 16,878	33,530
	Net capital resources, beginning of year	78,478	46,289
	Exchange rate adjustment of capital resources	- 1,476	- 1,341
	Net capital resources, end of year	**60,124**	**78,478**
	Net capital resources, end of year, are composed as follows:		
	Cash and cash equivalents	60,124	78,478
	Interest-bearing short-term bank loans	-	-
	Net capital resources, end of year	**60,124**	**78,478**

1. Accounting policies

The Annual Report of Lauritz.com Group A/S for the financial year 2017 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.

Changes in accounting policies

Effective from 1 January 2017 Lauritz.com Group A/S 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.

The following new accounting standards are relevant to Lauritz.com Group A/S for the years commencing from 1 January 2018:

IFRS 9 Financial instruments (endorsed by the EU)

The effect of the change from the 'incurred loss' model in IAS 39 to the 'expected credit loss' model in IFRS 9 is considered immaterial due to the limited credit risk in the Group as result of collateral and other credit enhancements. Due to immaterial effects from implementing IFRS 9, the 2017 financial statements will not be restated. Any effects as of end of 2017 will be recognized in 2018.

The new provision on classification and measurement of financial assets and on hedge accounting will not have any material impact on the financial statements.

IFRS 15 Revenue from contracts with customers (endorsed by the EU)

IFRS 15 replace IAS 18 and other standards, and the new standard will establish a single, comprehensive framework for revenue recognition.

The standard provides 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 will adopt the standard on the effective date, being 1 January 2018.

Accounting policies (continued)

Lauritz.com Group A/S has performed an analysis of the impact, including commissions and fees received from sellers and buyers at auctions and income related to sale of partnership agreements. Based on the analysis, it is assessed that the timing and the amount of revenue from auctions and sale of partnership agreements will not change under the new standard, thus the standard will not have any impact on revenue recognition or measurement compared to current practice.

IFRS 16 Leases (endorsed by the EU)

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

Lauritz.com Group A/S will adopt the standard on 1 January 2018 with early adoption. The standard will be implemented using the modified retrospective approach, meaning that comparative information is not restated. The cumulative effect of initially applying IFRS 16 will be presented as an adjustment to opening retained earnings as of 1 January 2018 under equity.

The changes require capitalization of the majority of the Group's operating lease contracts, representing approximately 12-18% of the total assets. Hence, it will affect the financial ratios related to the balance sheet. The lease payments will be split between a depreciation charge included in operating costs and an interest expense on lease liabilities included in financial expenses. The impact on EBITDA will be positive by an estimated DKK 14-16m, impact on profit before tax will be insignificant.

The change related to IFRS 16 will not impact the result in the calculation of the bond covenants, as lease contracts still has to be treated in accordance with IFRS as applicable on the Issue Date for the bond.

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 for impairment, or when an indication of impairment exists, an assessment is made as to how those activities of the Group (cash-generating units) 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.

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.

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.

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

Accounting policies (continued)

income or financial expenses.

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

Revenue, consisting of commissions and fees from auctions, one-off fees from sales of partnership agreements and seller advertising 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. Revenue is recognised net of VAT and duties and less sales discounts.

Direct costs

Direct costs are composed of 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.

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.

Accounting policies (continued)

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 units 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".

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.

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.

For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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.

Accounting policies (continued)

Non-current financial assets

Investments in group enterprises

Parent

Investments in subsidiaries are recognised and measured at cost in the parents 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.

Deposits

Deposits are measured at cost.

Inventories

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

Trade receivables and other receivables

Trade receivables and other receivables are measured at amortised cost which usually equals nominal value. Write-down for bad and doubtful receivables is made to net realisable value.

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).

Other reserves 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.
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.

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 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.

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 unless the term after the balance sheet date exceeds 12 months. In this event, they are classified as non-current assets. In the balance sheet, loans and receivables are classified as "Non-current receivables", "Deposits", "Trade 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 2017 DKK'000	Group 2016 DKK'000
2. Revenue		
Auction commissions and fees etc.	167,300	207,361
Fees from sales of partnership agreements	28,383	12,042
	195,683	**219,403**
3. Other operating income		
Rental income	673	986
	673	**986**
4. Fees to auditors appointed at the annual general meeting		
Audit services	1,161	858
Tax services	72	89
Other services	870	1,625
	2,103	**2,572**
5. Staff costs		
Remuneration of the Board of Directors	3,141	3,240
Wages and salaries	71,433	77,738
Defined contribution pension plans, cf. below	3,654	3,751
Other social security costs	9,454	10,646
Other staff costs	5,505	5,678
	93,187	**101,053**
Average number of full-time employees	185	204

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.

Remuneration of the Board of Directors and Executive Management

Remuneration of the Board of Directors	3,141	3,240
Wages and salaries, Executive Management	9,750	5,001
	12,891	**8,241**

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

	Group 2017 DKK'000	Group 2016 DKK'000
6. Depreciation, amortisation and impairment losses		
Depreciation, land and buildings and impairment losses land and buildings	19,394	445
Depreciation, other fixtures, tools and equipment	3,236	3,843
Gains/losses arising from disposal	104	55
Amortisation, rights acquired and impairment losses rights acquired	5,194	3,248
Amortisation, fully developed software and impairment losses on software in process of development	11,284	6,760
	39,212	**14,351**
7. Financial income		
Interest income	1,565	737
Interest income from group enterprises	-	276
Interest income from financial assets	**1,565**	**1,013**
Exchange rate gains	6,901	12,352
	8,466	**13,365**

The exchange rate gains in 2017 is primarily related to the bond debt denominated in SEK.

	Group 2017 DKK'000	Group 2016 DKK'000
8. Financial expenses		
Interest expenses	178	629
Bank charges etc.	513	799
Redemption price, partial repayment of bond debt	-	3,143
Financial expenses, bond debt	18,616	22,907
Amortisation of borrowing costs, bond debt	2,081	2,096
Interest expenses from financial liabilities	**21,388**	**29,574**
Exchange rate losses	-	-
	21,388	**29,574**
9. Tax on profit/loss for the year		
Current tax for the year	5,619	178
Adjustment to deferred tax	- 4,548	4,149
Adjustment to taxes, prior years	154	701
Adjustment to deferred tax, prior years	35	53
Tax on profit/loss for the year	**1,268**	**5,081**

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

Current tax for the financial year is for Danish enterprises computed based on a tax rate of 22.0 % (2016: 22.0 %).

	Group 2017 DKK'000	Group 2016 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 (2016: 22.0 %)	-4,407	3,465
Adjustment to deferred tax, prior years	161	701
Recognition of previously unrecognized tax assets	5,499	-1,692
Tax effect of non-deductible expenses/non-taxable income	15	2,607
	1,268	5,081
Effective tax rate	6.3 %	32.3 %

No tax on other comprehensive income has been recognized for the year.

10. Intangible assets (DKK'000)

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2017	15,175	37,476	67,171	138,287
Exchange rate adjustments	-	-64	309	-1,851
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**	**67,480**	**141,287**
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**	**52,194**	**141,287**

10. Intangible assets (continued)

	Software in process of development	Developed software	Rights acquired	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/activities 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**

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 amortised, see accounting policies. Impairment losses 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 on rights acquired relates to a sub-site that has been shut down.
The carrying amount of trademarks without determinable useful lives totals DKK 23.2m at 31 December 2017 (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 2017, 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.

10. Intangible assets (continued)

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 2018 budget period, this is equivalent to an annual average EBITDA growth rate of approx. 10 percent for 2018 to 2022.

EBITDA growth is related to the development in auction turnover, equivalent to an annual average growth rate of approx. 2-5 percent during the budget period 2018 to 2022. 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 in the 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 (2016: 12.8 percent).

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

Sensitivity analysis

A sensitivity analysis has been performed of the main assumptions in the impairment test to identify the lowest and/or the highest discount rate and the lowest growth rate in the budget period for the cash-generating unit without resulting in any impairment losses. A summary of sensitivity analysis is shown below (all other assumptions unchanged):

	Group 2017
Average EBITDA-growth for 2018 to 2022	-2 %
WACC, pre-tax	18 %
Terminal growth	-5 %

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

	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
Disposal	-	-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

	Land and buildings	Other fixtures etc.
Cost at 1 January 2016	52,357	36,669
Exchange rate adjustments	-	-536
Additions from subsidiaries/activities acquired	-	369
Additions	2,737	4,208
Disposal	-	-3,777
Cost at 31 December 2016	**55,094**	**36,933**
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	**833**	**22,768**
Carrying amount at 31 December 2016	**54,261**	**14,165**
Assets held under finance leases are included in carrying amount at		475

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

Transfer to assets held for sale 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.

The assets held under a finance lease concern IT equipment and run for a period that ends in 2018. The annual lease payment totals DKK 271k.

12. Deferred tax

	Group 2017 DKK'000	Group 2016 DKK'000
Deferred tax at 1 January	- 10,971	- 8,880
Exchange rate adjustments	72	93
Additions from subsidiaries acquired	-	88
Recognition of not previously capitalised deferred tax asset	-	1,877
Adjustments, prior years	989	-
Deferred tax on profit/loss for the year	4,540	- 4,149
Deferred tax at 31 December	**- 5,370**	**- 10,971**

	Group 2017 DKK'000	Group 2016 DKK'000
Specification of deferred tax:		
Tax loss carry forwards	4,766	3,231
Buildings	- 351	881
Other fixtures and fittings	698	- 702
Leasehold improvements	66	- 10
Rights acquired	- 9,796	- 12,497
Software	664	- 2,217
Goodwill	- 1,672	- 337
Other payables	255	680
	- 5,370	**- 10,971**

Each of the changes in deferred tax has been 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.

	Group 2017 DKK'000	Group 2016 DKK'000
Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	7,572	2,479
Deferred tax (liability)	- 12,942	- 13,450
Deferred tax at 31 December, net (liability)	**- 5,370**	**- 10,971**

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.

13. Financial assets

	Deposits DKK'000
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**
Cost at 1 January 2016	1,091
Addition	299
Disposal	-
Cost at 31 December 2016	**1,390**
Carrying amount at 31 December 2016	**1,390**

14. Assets held for sale

	Group 31.12.2017 DKK'000	Group 31.12.2016 DKK'000
Lands and buildings	35,000	-
	35,000	-

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.

15. Receivables

Trade receivables	28,026	71,603
Other receivables, non-current	50,040	20,005
Other receivables, current	36,674	34,778
	114,740	**126,386**

All trade receivables fall due within 12 months. Non-current receivables relate to the sale of 10 partnership agreements falling due for payment within a period of four to eight years.

15. Receivables (continued)

The individual receivables from sale of partnerships agreements are in the range of DKK 1.4m to DKK 13.8m. The receivables from sale of partnership agreements are interest bearing except one (DKK 12.3m), which has been recognized at discounted value (discounted by 4 percent). The repayment of the receivables is based on performance and repaid on a monthly or quarterly basis. Contractually Lauritz.com has various possibilities to collect the receivable up to and including the option of taking over the branch.

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

	Group 31.12.2017 DKK'000	Group 31.12.2016 DKK'000
Impairment losses at 1 January	2,028	1,158
Impairment losses for the period	3,237	870
Realised for the period	- 96	-
Reversed	-	-
Impairment losses at 31 December	5,169	2,028

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

16. 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 bonds are listed on the NASDAQ OMX Stockholm.

On 18 July 2016, the Group 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 (or DKK 255.4m).

The Group 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 remaining issued bonds amounts to DKK 223.5m at 31 December 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 5.4m.

16. Bond debt (continued)

The corporate bonds issued by Lauritz.com A/S are subject to specific loan covenants determined as follows for the last 12 months (LTM):

The ratio of net interest bearing debt to EBITDA determined at 31 December 2017 is 2.54, which is within the target up to 31 December 2017, i.e. not greater than 3.00.

The interest coverage ratio of EBITDA to Net Finance Charges is at 31 December 2017 2.60, which is within the target up to 31 December 2017, i.e. exceeding a ratio of 2.50.

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

17. 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 0.2m (2016: DKK 0.5m).

18. Financial risks

The Group's currency risks are primarily hedged by matching payments received and made in the same currency. The difference between ingoing and outgoing payments denominated in the same currency is a measure of currency risk. The Group's currency exposure at 31 December 2017 is specified below.

2017 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	156	85	-	-507	-266
EUR	1,868	9,289	-	-	11,157
SEK	38,735	29,358	-237,020	-73,164	-242,091
31 December 2017	**40,759**	**38,732**	**-237,020**	**-73,671**	**-231,200**

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	56,623	67,095	-241,842	-99,579	-217,703
31 December 2016	**60,129**	**74,975**	**-241,842**	**-100,692**	**-207,430**

18. Financial risks (continued)

The bonds are issued in SEK and the principal amount is subject to exchange rate fluctuations between the Company's functional currency (DKK) and SEK. A 5 % change in the SEK rate at 31 December 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 31 December 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 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.

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.

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	73,671	-	-	-	73,671
31 December 2017	**73,671**	**-**	**237,020**	**-**	**310,691**

2016 (DKK'000)	Less than 6 months	6 months to 1 year	1-5 years	5+ years	Total
Bond debt	-	-	241,842	-	241,842
Other liabilities	100,692	-	-	-	100,692
31 December 2016	**100,692**	**-**	**241,842**	**-**	**342,534**

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

18. Financial risks (continued)

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 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, Danske Bank, SEB and DNB. Credit risks related to receivables from sale of partnership agreements are handled contractually, see note 15.

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

The financial analysis initiated in Q4 2017 is ongoing. Different options to ensure both refinancing of the current debt, as well as securing additional equity to strengthen the financial position of the Group to achieve future growth is being considered. The target is to achieve a reduction and extension of the interest bearing debt and a raise in the equity level to a minimum target level of 20 percent.

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

We are confident that the above initiatives will materialize within the second half of the fiscal year 2018 to ensure a strong long-term capital situation combined with a reasonable debt level.

19. Earnings per share (EPS)	**Group 31.12.2017 DKK'000**	**Group 31.12.2016 DKK'000**
Profit/Loss for the period	-21,298	10,668
Average number of shares	40,721,912	38,333,333
EPS at DKK 0.10	-0.523	0.278
EPS at DKK 0.10 diluted	-0.523	0.278

20. Dividend

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

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

21. Acquisitions and divestments

In 2017, the Group has 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.

21. Acquisitions and divestments (continued)

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.

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.

In 2016, the Group acquired the following enterprises/activities:

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

Furthermore, the Group acquired the Danish branch in Herning.

21. Acquisitions and divestments (continued)

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

At 31 December 2016, part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK 10,593k including cash acquired of DKK 2,484k. Net assets acquired are based on preliminary opening balance sheets, which may be adjusted afterwards.

The Group has incurred transaction costs of DKK 230k, classified as other external expenses in the statement of comprehensive income for 2016.

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 for the year, DKK 967k is attributable to Karlstad-Hammarö Auktionsverk AB following the acquisition. Of the Group's revenue, DKK 4,060k is attributable to Karlstad-Hammarö Auktionsverk AB. Had the enterprise been acquired with effect from 1 January 2016, revenue for the year 2016 would have been approx. DKK 7,756k and profit for the year would have been approx. DKK 2,407k.

22. Contingencies etc.

Contingent liabilities, consolidated financial statements

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

The Group has entered into other property rental agreements with maximum lease terms running until 2025. Rent totals DKK 43,674k (2016: DKK 46,571k), of which DKK 15,210k falls due in 2018.

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

Total future minimum lease payments are allocated as follows:

	Group 2017 DKK'000	Group 2016 DKK'000
Within a year from the balance sheet date	15,396	15,786
Between one and five years from the balance sheet date	27,519	29,893
More than five years from the balance sheet date	945	1,362
	43,860	**47,041**

The Group participates in an international joint taxation arrangement with Blixtz Holding A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable for income taxes etc. for the jointly taxed companies, which is limited to the equity interest by which the entity participates in the Group as well as for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

23. 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

23. Related parties (continued)

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

*The company is not audited by Deloitte.

Transactions

On 30 June 2016, Lauritz.com A/S received DKK 110,732k in full repayment of its receivable with the ultimate Parent Company, Blixtz Holding A/S. DKK 0.3m in interest has been paid during the period. In 2017, a service fee of DKK 60k has been paid to Lauritz.com A/S.

Management remuneration is mentioned in note 5. In 2017, Management of the Group has purchased goods corresponding to a net turnover of DKK 357k (2016: DKK 522k). All purchases have been made at the normal terms and conditions of purchases of the company, including the settlement of the full fee.

24. Events after the balance sheet date

On 27 February 2018, Lauritz.com A/S entered into an agreement regarding the sale of the property in Rovsingsgade 68. The sale is not subject to any conditions, except the legal requirements for real estate transactions such as registration of the final deed. The sale of the property will not affect the 2018 result of Lauritz.com Group but will improve cash position by DKK 35m.

On 28 March 2018, Stockholms Auktionsverk AB (under name change to Lauritz.com Sverige AB) entered into an agreement regarding the sale of the Fine Art department at a price of DKK 62.8m (SEK 86.0m), and will result in a gain impacting the EBITDA of the Group positively by approximately DKK 40m.
The sales price is paid partly in cash, contingent consideration and shares. The contingent consideration has a duration of two years and can result in a negative impact on the gain if conditions are not met. Currently the contingent consideration is recognized in full, as it is expected that the conditions will be met.

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

25. Approval of annual report for publication

At the Board of Directors' meeting on 12 April 2018, 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 8 May 2018.

26. Guidance for 2018

In 2018, the Group expects a decrease in net revenue. The reduction is partly due to the negative impact on revenue from purchased/sold auction houses and due to not including any sale of partnership agreements. Due to the sale of Stockholms Auktionsverk's Fine Art business in Q2 2018, the revenue from fees and commission are expected to decrease by 10-15 percent. The EBITDA margin for 2018 is expected to be between 20 and 25 percent excluding the gain from the sale of the Fine Art business. Including the gain from the sale of the Fine Art business the EBITDA margin is expected to be between 35 and 40 percent.

The cash flow for 2018 is expected to be positive, although the seasonality of the business will impact the quarterly cash flows, and we expect to comply with applicable financial covenants.

Statement of comprehensive income 1 January – 31 December (2016: 20 April - 31 December)

Notes		Parent Company 2017 DKK'000	Parent Company 2016 DKK'000
	Revenue	-	-
	Direct costs	-	-
	Gross profit	-	-
1	Other operating income	2,751	7,300
2	Other external expenses	-2,336	-570
3	Staff costs	-13,003	-6,703
	EBITDA	**-12,588**	**27**
	Depreciation and amortisation	-73	-
	Operating profit/loss (EBIT)	**-12,661**	**27**
4	Financial income	13	-
5	Financial expenses	-31	-935
	Profit/Loss before tax (EBT)	**-12,679**	**-908**
6	Tax on profit/loss for the year	2,659	15
	Profit/Loss for the year	**-10,020**	**-893**
	Other comprehensive income	-	-
	Total comprehensive income	**-10,020**	**-893**

Assets

Notes		Parent Company 31.12.2017 DKK'000	Parent Company 31.12.2016 DKK'000
	Non-current assets		
7	Fully developed software	216	-
	Total intangible assets	216	-
8	Equity interest in subsidiaries	56,835	56,835
10	Deferred tax	2,667	15
	Total financial assets	59,502	56,850
	Total non-current assets	**59,718**	**56,850**
	Current assets		
	Other receivables from group enterprises	-	1,939
	Other current receivables	1,513	119
	Total receivables	1,513	2,058
	Cash and cash equivalents	54	2,037
	Total current assets	**1,567**	**4,095**
	Total assets	**61,285**	**60,945**

Equity and liabilities

Notes		Parent Company 31.12.2017 DKK'000	Parent Company 31.12.2016 DKK'000
	Equity		
9	Share capital	4,079	4,067
	Retained earnings	41,897	51,329
	Total equity	**45,976**	**55,396**
	Liabilities		
10	Deferred tax	-	-
	Total non-current liabilities	-	-
	Trade payables	557	2,571
11	Other payables	8,569	2,978
	Payables to group enterprises	6,183	-
	Corporate taxes payable	-	-
	Total current liabilities	15,309	5,549
	Total liabilities	**15,309**	**5,549**
	Total equity and liabilities	**61,285**	**60,945**

Statement of changes in equity

	Share capital DKK'000	Retained earnings DKK'000	Total equity DKK'000
Equity at 20 April 2016, share exchange	3,600	6,147	9,747
Profit/Loss for the year	-	-893	-893
Other comprehensive income	-	-	-
	3,600	5,254	8,854
Capital increase 21 June 2016	467	55,365	55,832
Capital increase, related costs	-	-9,290	-9,290
Dividend distributed	-	-	-
Equity at 31 December 2016	**4,067**	**51,329**	**55,396**
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 2017 DKK'000	Parent Company 2016 DKK'000
Operating profit/loss (EBIT)	**- 12,661**	**27**
Depreciation and amortisation	73	-
Increase/decrease in receivables	545	- 2,058
Increase/decrease in trade payables and other payables	9,762	5,549
Other adjustments	18	- 922
Cash flows from ordinary operating activities	- 2,263	2,596
Interest received	-	-
Interest paid	- 31	- 13
Income tax paid under a joint taxation arrangement	-	-
Cash flows from operating activities	**- 2,294**	**2,583**
Purchase of intangible assets	- 289	-
Acquisitions	-	-
Dividend received from subsidiaries	-	-
Capital increase in subsidiaries	-	- 47,088
Cash flows from investing activities	**- 289**	**- 47,088**
Proceeds from cash capital increase	600	46,542
Dividend paid to Parent's shareholders	-	-
Cash flows from financing activities	**600**	**46,542**
Net cash flow for the year	- 1,983	2,037
Net capital resources, beginning of year	2,037	0
Net capital resources, end of year	**54**	**2,037**
Net capital resources, end of year, are composed as follows:		
Cash and cash equivalents	54	2,037
Interest-bearing short-term bank loans	-	-
Net capital resources, end of year	**54**	**2,037**

	Parent Company 2017 DKK'000	Parent Company 2016 DKK'000
1. Other operating income		
Management fees and other fees	2,751	7,300
	2,751	**7,300**

Fluctuations of the management fee is due to time spend.

Severance pay is not included in the allocation.

	Parent Company 2017 DKK'000	Parent Company 2016 DKK'000
2. Fess to auditors appointed at the annual general meeting		
Audit services	90	90
Tax services	-	-
Other services	47	736
	137	**826**
3. Staff costs		
Remuneration of the Board of Directors	2,850	1,741
Wages and salaries	9,778	4,821
Defined contribution pension plans, cf. below	244	121
Other social security costs	26	5
Other staff costs	105	15
	13,003	**6,703**
Average number of full-time employees	3	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.

	Parent Company 2017 DKK'000	Parent Company 2016 DKK'000
Remuneration of the Board of Directors and Executive Management		
Remuneration of the Board of Directors	2,850	1,741
Wages and salaries, Executive Management	6,727	3,307
	9,577	**5,048**

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

	Parent Company 2017 DKK'000	Parent Company 2016 DKK'000
4. Financial income		
Exchange rate gains	13	-
	13	**-**
5. Financial expenses		
Interest expenses	14	4
Interest expenses to group enterprises	10	-
Bank charges etc.	7	9
Interest expenses from financial liabilities	**31**	**13**
Exchange rate losses	-	922
	31	**935**
6. Tax on profit/loss for the year		
Current tax for the year	-	-
Adjustment to taxes, prior years	- 7	-
Adjustment to deferred tax	- 2,652	- 15
Tax on profit/loss for the year	**- 2,659**	**- 15**

Current tax for the financial year is for Danish enterprises computed based on a tax rate of 22.0 % (2016: 22.0 %)

	Parent Company 2017 DKK'000	Parent Company 2016 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	- 2,789	- 200
Adjustment to deferred tax	-	-
Tax effect of:		
Non-deductible expenses	130	204
Non-taxable income	-	- 19
	- 2,659	**- 15**
Effective tax rate	- 20.9 %	- 1.6 %

7. Intangible assets (DKK'000)

	Developed software
Cost at 1 January 2017	-
Additions	289
Disposal	-
Cost at 31 December 2017	**289**
Depreciation at 1 January 2017	-
Depreciation for the year	73
Depreciation related to disposals	-
Depreciation at 31 December 2017	**73**
Carrying amount at 31 December 2017	**216**

8. Equity interest in subsidiaries

	Parent Company 2017 DKK'000	Parent Company 2016 DKK'000
Cost at 1 January	56,835	0
Additions in relation to the share exchange at 20 April 2016	-	9,747
Capital increases	-	47,088
Disposal	-	-
Cost at 31 December	**56,835**	**56,835**
Value adjustment at 1 January	-	-
Impairment losses	-	-
Value adjustment at 31 December	-	-
Carrying amount at 31 December	**56,835**	**56,835**

No write-down for impairment on subsidiaries in 2017.

Group enterprises have been specified in note 23 to consolidated financial statements.

9. Share capital

The share capital consists of 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.

10. Deferred tax

	Parent Company 31.12.2017 DKK'000	Parent Company 31.12.2016 DKK'000
Deferred tax at 1 January	15	-
Deferred tax on profit/loss for the year	2,652	15
Deferred tax at 31 December	**2,667**	**15**
Specification of deferred tax:		
Tax loss carry forwards	2,667	15
	2,667	**15**
Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	2,667	15
Deferred tax (liability)	-	-
Deferred tax at 31 December	**2,667**	**15**

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 Parent Company's currency exposure at 31 December 2017 is specified below.

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

12. Financial risks (continued)

2016 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
SEK	1,565	-	-	-	1,565
31 December 2016	**1,565**	-	-	-	**1,565**

For further information on financial risks, we refer to note 18 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.

14. Related parties

Transactions

The company has entered into a management agreement with the subsidiary Lauritz.com A/S. In 2017, the management fee amounted to DKK 2,751k (2016: 5,400k).

15. Events after the balance sheet date

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

16. Approval of annual report for publication

We refer to note 25 in the consolidated financial statements.