



**Lauritz.com**  
A bid better

## ANNUAL REPORT JANUARY – DECEMBER 2016

Lauritz.com Group A/S  
CVR no. 37627542

Generalforsamling: 26.04.2017  
Dirigent: Henrik Møgemose

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## Company details

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

**Contact**

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**Board of Directors**

Bengt Olof Tony Sundström, Chairman  
John Tyrrestrup  
Thomas Skovlund Schnegelsberg  
Josephine Eva Salenstedt  
Petra Birgitta von Rohr  
Henrik Gustaf Knutsson Blomquist

**Executive Management**

Mette Margrethe Rode Sundstrøm, CEO  
Henrik Engmark, COO  
Claus Clemen Boysen, CFO

**Independent Auditor**

Deloitte  
Statsautoriseret Revisionspartnerselskab

### Primary activities

Lauritz.com Group A/S was incorporated on 20 April 2016. The incorporation was done through an exchange of shares with Lauritz.com A/S. On 22 June 2016 Lauritz.com Group was listed on Nasdaq First North Premier in Stockholm.

Lauritz.com's vision is to revolutionize the auction world by democratizing the perception of auctions and inspire modern consumers to sell and buy on online auctions. We are eager to take advantage of our first mover position and continuing to drive the paradigm shift of the international industry, by migrating traditional physical auctions to online auctions, and by presenting a great diversity of objects within art, design and antiquities to a great diversity of customers. The strategy is straightforward: more auction houses, more customers and more lots on auction at Lauritz.com, in more countries – in order to be accessible for our local sellers and global buyers.

Lauritz.com is the Nordics' biggest auction house. Since the hammer fell in the first online auction in 1999, turnover on auctions has grown from DKK 20m in 2000 to DKK 1,073m in 2016. The Lauritz.com Group employs approx. 350 employees around half of whom are valuation specialists, distributed in 27 auction houses in Denmark, Sweden, Norway, Germany and Belgium.

Lauritz.com A/S, which is 100 % owned by Lauritz.com Group A/S, is the concept owner. The auction houses are owned either by Lauritz.com A/S or by partners who have a partnership agreement with Lauritz.com A/S. Earnings in the auction houses consist of commission based on the fee income.

Lauritz.com Group offers online auctions on [www.lauritz.com](http://www.lauritz.com) and on Stockholms Auktionsverk's, Helsingborgs Auktionsverk's and Karlstad-Hammarö Auktionsverk's digital platforms. Sellers can consign daily to specialists in their nearest Lauritz.com Group auction house, where buyers can also view the items at auction. A wide assortment of art, design, antiques and items of home luxury are offered for sale at auction. In addition to online auctions, Stockholms Auktionsverk and Helsingborgs Auktionsverk hold around 10 physical fine art auctions annually.

### Development in activities and financials

The auction turnover for 2016 ended up stable compared to 2015 and amounted to DKK 1,073m (DKK 1,084m). Revenue decreased in 2016 to DKK 219.4m (DKK 225.2m) compared to 2015. The decrease in revenue is mainly explained by DKK 8m lower one-off fees from sales of partnership agreements in 2016 compared to 2015. Lauritz.com is a chain of 27 auction houses – some are owned by Lauritz.com, others by a local partner on a franchise like basis. Sometimes Lauritz.com sells an owned auction house to a new partner. Thus one-off fees from sales of partnership agreements is now and then generated.

When looking isolated at the core business, revenue related to auction commissions and fees showed an increase in 2016 and was DKK 2.2m higher compared to 2015.

## **Management Review**

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On EBITDA level, we have historically every year tried to improve the EBITDA of the previous year. Again, in 2016, we delivered the best EBITDA result ever in the history of Lauritz.com. EBITDA in 2016 increased by 10 percent to DKK 46.3m (2015: DKK 41.8m). This is in line with our EBITDA growth guidance communicated on 19 January 2017, but lower than previously expected. The main reason for the deviation was lower than expected commission levels in the fourth quarter of 2016.

In spite of the stable auction turnover and the highest ever EBITDA, the lack of growth in auction turnover and the lower than expected profitability for the full year 2016 is disappointing.

In 2016, the number of online visits at Lauritz.com increased to around 6.2 million per month, hereof around 2 million unique visitors. Around 13,000 new customers were registered every month. We have a total of 3 million customer registrations.

This is a fantastic platform to build on and leverage with regards to both reaching more buyers internationally and expanding our base for supply of items by adding new local auction houses.

We 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. This is where we continue to see the highest potential.

2016 was in several ways a challenging year, but we believe to take the right measures for continued and profitable success. We thank our many motivated and loyal customers for taking part in our online revolution in the auction industry. We are proud of Lauritz.com's strong culture and our ability to take a new breath in our democratisation of the auction world, making auctions accessible to everyone, everywhere.

### **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 reuse, 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 13 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 donated buyer's premium as well as seller's commission and hammer fees. In 2016, approx. DKK 4.8m was raised at Lauritz.com, of which DKK 1.8m was fees.

### Particular risks

IT-related risks are involved in the operation of www.lauritz.com. These risks include crashes, loss of data, that competitors or others monitor or hack into the system, as well as virus attacks.

### Financial risks

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

The issuance of bonds in Swedish kroner means increased risk of exposure to financial items in connection with changes in foreign exchange rates between Swedish and Danish kroner, as Lauritz.com Group A/S presents its annual report 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.

A few hedging transactions have been entered into during 2016 to hedge currency fluctuations – none open at 31 December 2016, but Management assesses these risks on an ongoing basis.

### Capital resources

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

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.

Management assesses the capital structure on an ongoing basis with a view to ensuring justifiable equity in the company. At 31 December 2016, the equity amounts to DKK 62.0m (2015: DKK 13.3m).

### Events after the balance sheet date

On 27 March 2017, Lauritz.com Group A/S's CEO Mette Rode Sundstrøm has announced that she intends to resign her position. Mette Rode Sundstrøm will remain in her position until a new CEO has been recruited.

On 31 March 2017, Lauritz.com A/S entered into five-year partnership agreements for the two Danish auction houses situated in Søborg and Hørsholm.

The new partnership agreements will have a positive effect on EBITDA for 2017 of approx. DKK 18m.

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

### Future prospects

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

We now take the measures needed to strengthen the foundation to leverage on our strong position on the online auction market. As part of our goal to increase revenue growth and profitability as well as to prepare ourselves for accelerated expansion, we are looking into all business areas. Doing this we will prioritize our core business within used quality items on online auctions, and thereby focus less on other secondary areas such as the peer-to-peer market as well as less valued items.

On the short-term basis, several initiatives have been taken in Q1 2017 to adapt the organisation to the existing revenue level. A cost cutting plan has been executed, including both reduction of 15 % of our staff at the headquarter and reduction of other spendings. The initiatives will have an impact on profitability during 2017.

## Management Review

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We have revised our action plan for 2017. The plan focuses primarily on how to secure long-term growth in auction turnover, but also on how to further develop processes to optimize customer satisfaction, efficiency and increase earnings.

The biggest challenge in the auction business is to attract more sellers and items on auction. Our capability to establish new auction houses and attract more sellers to our current branches is therefore key to our success.

We establish new auction houses either by buying traditional auction houses with physical auctions and convert them to online auctions, or by starting up with local Lauritz.com partners. In 2016, we acquired Karlstad-Hammarö Auktionsverk in Sweden and closed a small auction house in Örebro, which showed unsatisfactory performance. At present, we negotiate with several sellers and potential partners to start up in both our current and in new geographical markets. We expect to open more auction houses in 2017.

As to auction turnover in existing branches, the action plan 2017 presents a long list of initiatives towards existing and potential selling customers, among others an improved pick-up service at seller's home, an elaboration of our CRM program to inspire buyers in Lauritz.com's massive database to also sell on auction, an optimized flow for our online evaluations and a new incentive package for sellers to consign.

As to organisation development, Lauritz.com will in 2017 upgrade our commercial management resources. On HQ level, country managers will be appointed and responsible for securing a local sales focus to acquire items. On branch level, we have changed the cast of the branch manager profile and have initiated recruitment of several new high-level branch managers with a more commercial sales director profile. Finally, we have initiated a leadership programme to further develop management capabilities among our existing branch managers.

In 2017, we will moreover introduce a palette of new features to further improve the customer experience for bidding and buying customers online. We will among others launch a new design of Lauritz.com's very popular app, a new credit card payment system for buyers, a more intelligent search engine, and add additional flexibility to our shipping services.



## Management Review

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

The Group has no policies in place for corporate social responsibility, including for human rights or for the enterprise's impact on the environment and climate.

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

At the end of 2016, the Board of Directors consisted of six board members elected by the annual general meeting, of which four were males and two were females. The objective was having at least one female member of the Board of Directors by 2019. For the next management level (the Executive management) consisting of CEO, COO and CFO, there was a composition of one female and two males in 2016.

### Information on board member's other managerial posts

<i>Name</i>	<i>Managerial post</i>
Bengt Sundström, Chairman	Blixt Holding A/S, Chairman of the Board of Directors Ejendomsselskabet Rovsingsgade 60-74 ApS, Managing Director Passionsfabrikken ApS, Managing Director Amio.dk ApS, Managing Director Vignelaure S.A.S., Managing Director SNC Soleil de Vignelaure, Managing Director
John Tyrrestrup	Blixt 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 Aktieselskabet Virksomhedsbørsen, Chairman of the Board of Directors Lederbørsen A/S, Chairman of the Board of Directors Butiksbørsen A/S, Chairman of the Board of Directors
Thomas Schnegelsberg (independent)	Bagsværd Kost- & Gymnasieskole, Vice Chairman
Josephine Salenstedt	Rite Internet Ventures Holding AB, Partner Skincity Sweden AB – Chairman of the Board of Directors Capron Holding AB – Chairman of the Board of Directors Cidro Finans AB – member of the Board of Directors
Petra von Rohr (independent)	Com Hem, Head of Group Communication Novare Human Capital, member of the Board of Directors
Henrik Blomquist	Mercuri International Group AB, Chairman of the Board of Directors Investment AB Bure, Chairman of the Board of Directors Bure Growth AB, Chairman of the Board of Directors Cavena Image Products AB, Chairman of the Board of Directors MedCap AB, member of the Board of Directors Bure Financial Services AB, member of the Board of Directors

### **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.

#### **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 two meetings during the last year, but 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 two meetings during the last year, but going forward, the Committee expects to meet at least three times a year.

The Board of Directors has appointed Nomination Committee consisting of Bengt Sundström, Joakim Spetz and Patrik Tigerschiöld. 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.

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

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

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

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

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

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

#### **Business model**

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

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

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

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

#### **Revenue model**

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

#### **Owners**

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

## Five-year summary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
<b>Auction turnover <sup>1</sup></b>	<b>1,073,455</b>	<b>1,084,036</b>	<b>1,047,146</b>	<b>868,674</b>	<b>721,310</b>

### Statement of comprehensive income

Revenue	219,403	225,152	153,411	117,110	103,270
Gross profit	202,079	207,319	138,490	110,646	98,048
EBITDA	46,309	41,830	23,242	23,792	25,339
Operating profit (EBIT)	31,958	29,655	16,627	18,575	20,196
Net financials	-16,209	-40,423	-2,365	-1,506	-710
Profit before tax (EBT)	15,749	-10,768	14,262	17,069	19,486
Tax on profit for the year	-5,081	2,255	-3,761	-2,819	-4,866
Profit for the year	10,668	-8,513	10,501	14,250	14,620

### Balance sheet

Non-current assets	309,846	298,100	220,001	55,656	40,928
Current assets	186,683	203,465	289,882	169,483	106,092
Balance sheet total	496,529	501,565	509,883	225,139	147,020
Share capital	4,067	3,600	3,600	3,600	3,600
Equity	62,014	13,287	14,550	20,321	21,290
Non-current liabilities	255,292	347,848	350,906	28,862	29,820
Current liabilities	179,223	140,430	144,427	175,956	95,910

### Cash flows

Operating activities	-5,167	-12,705	15,307	23,721	34,437
Investing activities	90,978	-22,806	-207,073	-39,885	-4,913
Of this, investments in property, plant and equipment	-6,945	-7,978	-3,786	-2,431	-2,436
Financing activities	-52,281	-1,999	264,039	26,000	-27,000
Total cash flows	33,530	-37,510	72,273	9,836	2,524

### Ratios:

Gross margin	92.1 %	92.1 %	90.3 %	94.5 %	94.9 %
EBITDA margin	21.1 %	18.6 %	15.2 %	20.3 %	24.5 %
Profit margin	14.6 %	13.2 %	10.8 %	15.9 %	19.6 %
Equity ratio	12.5 %	2.8 %	2.9 %	9.0 %	14.5 %
Return on equity	28.3 %	-61.2 %	60.2 %	68.5 %	53.5 %
Earnings per share (EPS Basic), DKK	0.278	-0.236	0.293	0.396	0.406
Dividend per share	0	0	0.056	0.319	0.417
Average number of full-time employees	204	204	136	135	116

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

## Five-year summary

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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 2015" as issued by the Danish Association of Financial Analysts.

The key ratios are calculated as follows:

$$\text{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{EBITDA margin} = \frac{\text{EBITDA} \times 100}{\text{Revenue}}$$

$$\text{Profit margin} = \frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$$

$$\text{Equity ratio} = \frac{\text{Equity, year-end} \times 100}{\text{Balance sheet total}}$$

$$\text{Return on equity} = \frac{\text{Profit for the year} \times 100}{\text{Equity, average}}$$

$$\text{Earnings per share (EPS Basic)} = \frac{\text{Profit for the year}}{\text{Average no of shares in circulation}}$$

$$\text{Dividend per share} = \frac{\text{Dividend distributed}}{\text{Average no of shares in circulation}}$$

Auction turnover

Auction turnover reflect activities on [www.lauritz.com](http://www.lauritz.com), [www.qxl.dk](http://www.qxl.dk), [www.qxl.no](http://www.qxl.no), mobile apps, [www.hammaroauktionsverk.com](http://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**

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The Board of Directors and the Executive Management have today discussed and approved the Annual Report of Lauritz.com Group A/S for 2016.

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

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2016.

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

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

Copenhagen, 6 April 2017

### **Executive Management**

Mette Margrethe Rode Sundstrøm  
CEO

Henrik Engmark  
COO

Claus Clemen Boysen  
CFO

### **Board of Directors**

Bengt Olof Tony Sundström  
Chairman

John Tyrrestrup

Thomas Skovlund Schnegelsberg

Josephine Eva Salenstedt

Petra Birgitta von Rohr

Henrik Gustaf Knutsson Blomquist

### **To the shareholders of Lauritz.com Group A/S**

#### **Opinion**

We have audited the consolidated financial statements for the financial year 01.01.2016 – 31.12.2016 and the parent financial statements of Lauritz.com Group A/S for the financial year 20.04.2016 - 31.12.2016, 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 31.12.2016, and of the results of their operations and cash flows for the financial year 01.01.2016 - 31.12.2016 and 20.04.2016 – 31.12.2016 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.

## **Independent auditor's report (continued)**

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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



## **Independent auditor's report (continued)**

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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, 6 April 2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

Kirsten Aaskov Mikkelsen	Lars Siggaard Hansen
State-Authorised	State-Authorised
Public Accountant	Public Accountant

## Statement of comprehensive income 1 January - 31 December

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Auction turnover <sup>1</sup>	1,073,455	1,084,036
<b>Notes</b>	<b>Group</b>	<b>Group</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
2 Revenue	219,403	225,152
Direct costs	- 17,324	- 17,833
<b>Gross profit</b>	<b>202,079</b>	<b>207,319</b>
3 Other operating income	986	441
4 Other external expenses	- 55,703	- 63,794
5 Staff costs	- 101,053	- 102,136
<b>EBITDA</b>	<b>46,309</b>	<b>41,830</b>
6 Depreciation and amortisation	- 14,351	- 12,175
<b>Operating profit (EBIT)</b>	<b>31,958</b>	<b>29,655</b>
7 Financial income	13,365	818
8 Financial expenses	- 29,574	- 41,241
<b>Profit before tax (EBT)</b>	<b>15,749</b>	<b>10,768</b>
9 Tax on profit for the year	- 5,081	2,255
<b>Profit for the year</b>	<b>10,668</b>	<b>8,513</b>
<b>Items that can be reclassified to profit or loss:</b>		
Exchange rate adjustments, foreign companies	- 8,483	9,221
Tax on other comprehensive income	-	-
<b>Other comprehensive income</b>	<b>- 8,483</b>	<b>9,221</b>
<b>Total comprehensive income</b>	<b>2,185</b>	<b>708</b>
18 Earnings per share (EPS), DKK	<b>0.278</b>	<b>0.236</b>
18 Earnings per share (EPS), diluted DKK	<b>0.278</b>	<b>0.236</b>

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

## Balance sheet

	<b>Group 31.12.2016 DKK'000</b>	<b>Group 31.12.2015 DKK'000</b>
<b>Assets</b>		
<b>Notes</b>		
<b>Non-current assets</b>		
10 Software in process of development	11,671	5,996
10 Fully developed software	10,598	13,988
10 Goodwill	138,287	138,501
10 Rights acquired	<u>56,990</u>	<u>52,647</u>
Total intangible assets	<u>217,546</u>	<u>211,132</u>
11 Land and buildings	54,261	51,969
11 Other fixtures and fittings, tools and equipment	<u>14,165</u>	<u>17,058</u>
Total property, plant and equipment	<u>68,426</u>	<u>69,027</u>
12 Deferred tax	2,479	912
13 Deposits	1,390	1,091
14 Other non-current receivables	<u>20,005</u>	<u>15,938</u>
Total financial assets	<u>23,874</u>	<u>17,941</u>
<b>Total non-current assets</b>	<b><u>309,846</u></b>	<b><u>298,100</u></b>
<b>Current assets</b>		
Inventories	<u>1,824</u>	<u>1,547</u>
14 Trade receivables	71,603	18,341
22 Receivables from Parent Company	-	113,765
14 Other current receivables	<u>34,778</u>	<u>23,523</u>
Total receivables	<u>106,381</u>	<u>155,629</u>
Cash and cash equivalents	<u>78,478</u>	<u>46,289</u>
<b>Total current assets</b>	<b><u>186,683</u></b>	<b><u>203,465</u></b>
<b>Total assets</b>	<b><u>496,529</u></b>	<b><u>501,565</u></b>

## Balance sheet

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	<b>Group</b>	<b>Group</b>
<b>Notes</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	4,067	3,600
Other reserves	-4,160	4,323
Retained earnings	<u>62,107</u>	<u>5,364</u>
<b>Total equity</b>	<b><u>62,014</u></b>	<b><u>13,287</u></b>
<b>Liabilities</b>		
12 Deferred tax	13,450	9,792
15 Bond debt	<u>241,842</u>	<u>338,056</u>
Total non-current liabilities	<u>255,292</u>	<u>347,848</u>
15 Bond debt	-	13,383
Trade payables	137,622	91,546
16 Other payables	38,438	35,501
Corporate taxes payable	<u>3,163</u>	<u>-</u>
Total current liabilities	<u>179,223</u>	<u>140,430</u>
<b>Total liabilities</b>	<b><u>434,515</u></b>	<b><u>488,278</u></b>
<b>Total equity and liabilities</b>	<b><u>496,529</u></b>	<b><u>501,565</u></b>

## Statements of changes in equity

	Share capital DKK'000	Other reserves DKK'000	Retained earnings DKK'000	Total equity DKK'000
<b>Equity at 1 January 2015, as shown in the annual report of Lauritz.com A/S</b>	<b>6,000</b>	<b>-4,898</b>	<b>13,448</b>	<b>14,550</b>
Effect 1 January of the share exchange	-2,401	-	2,401	-
Equity at 1 January 2015 after the share exchange	3,599	-4,898	15,849	14,550
Loss for the year	-	-	-8,513	-8,513
Other comprehensive income	-	9,221	-	9,221
	3,599	4,323	7,336	15,258
Capital increase 3 April 2015	1	-	28	29
Dividend distributed	-	-	-2,000	-2,000
<b>Equity at 31 December 2015</b>	<b>3,600</b>	<b>4,323</b>	<b>5,364</b>	<b>13,287</b>
<b>Equity at 1 January 2016, as shown in the annual report of Lauritz.com A/S</b>	<b>6,002</b>	<b>4,323</b>	<b>2,962</b>	<b>13,287</b>
Effect 1 January of the share exchange	-2,402	-	2,402	-
Equity at 1 January 2016 after the share exchange	3,600	4,323	5,364	13,287
Profit 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	-	-	-	-
<b>Equity at 31 December 2016</b>	<b>4,067</b>	<b>-4,160</b>	<b>62,107</b>	<b>62,014</b>

We refer to note 7 in the financial statement for the Parent Company in relation to the capital increase on 21 June 2016 as well as note 19 in the financial statement for the Group relating to dividend.

## Cash flow statement

<u>Notes</u>	<u>Group 31.12.2016 DKK'000</u>	<u>Group 31.12.2015 DKK'000</u>
<b>Operating profit (EBIT)</b>	<b>31,958</b>	<b>29,655</b>
Depreciation and amortisation	14,351	12,175
Increase/decrease in inventories	- 277	- 314
Increase/decrease in receivables	- 64,235	- 9,116
Increase/decrease in trade payables and other payables	43,059	- 16,877
Other adjustments	- 1,747	- 516
Cash flows from ordinary operating activities	23,109	15,007
Interest received	1,013	818
Interest paid	- 27,362	- 26,999
Income tax paid under a joint taxation arrangement	- 1,927	- 1,531
<b>Cash flows from operating activities</b>	<b>- 5,167</b>	<b>- 12,705</b>
Purchase of property, plant and equipment	- 6,945	- 7,978
Sale of property, plant and equipment	1,771	-
Purchase of intangible assets	- 9,024	- 9,720
Payment received from Parent Company, settlement of loan	110,732	-
20 Acquisitions	- 5,556	- 5,108
<b>Cash flows from investing activities</b>	<b>- 90,978</b>	<b>- 22,806</b>
Redemption of bonds	- 98,823	-
Proceeds from cash capital increase	46,542	1
Dividend paid to the Parent's shareholders	-	- 2,000
<b>Cash flows from financing activities</b>	<b>- 52,281</b>	<b>- 1,999</b>
Net cash flows for the year	33,530	- 37,510
Net capital resources, beginning of year	46,289	81,783
Exchange rate adjustment of capital resources	- 1,341	2,016
<b>Net capital resources, end of year</b>	<b>78,478</b>	<b>46,289</b>
Net capital resources, end of year, are composed as follows:		
Cash and cash equivalents	78,478	46,289
Interest-bearing short-term bank loans	-	-
<b>Net capital resources, end of year</b>	<b>78,478</b>	<b>46,289</b>

### 1. Accounting policies

The Annual Report of Lauritz.com Group A/S for the financial year 2016 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 for the effect of the share exchange on 21 June 2016, which effected the Parent Company and no comparative figures are included for 2015 for the Parent Company.

#### **Implementation of new and revised Standards and Interpretations**

The implementation of new or revised Standards and Interpretations effective from 1 January 2016 has not resulted in any changes in accounting policies.

#### **Standards and Interpretations not yet in force**

At the time of publication of this Annual Report, the following material new or revised Standards and Interpretations have not yet become effective, for which reason they have not been incorporated in this Annual Report:

- IFRS 9 - *Financial Instruments: Classification and measurement*
- IFRS 15 - *Revenue from Contracts with Customers*
- IFRS 16 - *Leases*
- Revised IAS 16 and IAS 38, *Clarification of acceptable methods of depreciation.*

In Management's opinion, the Group's future implementation of these Standards and Interpretations will not have any material effect on the Annual Report. However, implementation of IFRS 16 will increase the level of capitalized total property, plant and equipment, financial liabilities and increased reported EBITDA.

### Accounting policies (continued)

#### 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 results in 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

Presentation of consolidated financial statements - Lauritz.com Group A/S was founded on 20 April 2016 by acquisition of the entire share capital in Lauritz.com A/S, which was paid by emission of share capital in the Company. As it is in reality a continuation of the former Lauritz.com A/S Group, the consolidated financial statements are prepared in accordance with the pooling of interests method where the consolidated financial statements for Lauritz.com Group A/S comprise the period 1 January to 31 December 2016 and the comparative figures in the consolidated financial statements comprise the corresponding period in 2015.

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.



**Accounting policies (continued)**

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 recognised in full in the consolidated financial statements.

**Business combinations**

Newly acquired or newly established enterprises are recognised 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 recognised 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 recognised 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.

**Accounting policies (continued)**

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 recognised 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 recognised in the statement of comprehensive income as financial 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 recognised 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.

## **Notes**

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### **Accounting policies (continued)**

#### **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 recognised at the amounts relating to the financial year.

#### **Profit/loss from investments in subsidiaries (Parent)**

Dividends from equity investments are recognised 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 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 recognised 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.

**Accounting policies (continued)****Balance sheet****Intangible assets**

On initial recognition, goodwill is recognised 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.

## **Notes**

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### **Accounting policies (continued)**

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 impairment in addition to that reflected through amortisation and depreciation. However, goodwill and intangible assets with indefinite useful lives are tested annually for impairment, the first time being at the end of the acquisition year.

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

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

#### **Non-current financial assets**

##### **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.

## **Notes**

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### **Accounting policies (continued)**

#### **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.

#### **Equity and liabilities**

##### **Equity**

Proposed dividend is recognised 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 recognised 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 recognised in the statement of comprehensive income.

##### **Liabilities**

Financial liabilities are recognised at the time of borrowing at nominal value less transaction costs incurred, equivalent to the proceeds received. Subsequently, financial liabilities are recognised 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 recognised 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.

### **Accounting policies (continued)**

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 recognised 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 recognised under current liabilities. Other financial liabilities are classified in the balance sheet as "Trade payables" and "Other payables".

## Notes

	<b>Group 2016 DKK'000</b>	<b>Group 2015 DKK'000</b>
<b>2. Revenue</b>		
Auction commissions and fees etc.	207,361	205,130
Fees from sales of partnership agreements	<u>12,042</u>	<u>20,022</u>
	<b><u>219,403</u></b>	<b><u>225,152</u></b>
<b>3. Other operating income</b>		
Rental income	<u>986</u>	<u>441</u>
	<b><u>986</u></b>	<b><u>441</u></b>
<b>4. Fees to auditors appointed at the annual general meeting</b>		
Audit services	858	696
Tax services	89	98
Other services	<u>1,625</u>	<u>636</u>
	<b><u>2,572</u></b>	<b><u>1,430</u></b>
<b>5. Staff costs</b>		
Remuneration of the Board of Directors	3,240	2,425
Wages and salaries	77,738	80,877
Defined contribution plans, cf. below	3,751	3,846
Other social security costs	10,646	11,217
Other staff costs	<u>5,678</u>	<u>3,771</u>
	<b><u>101,053</u></b>	<b><u>102,136</u></b>
Average number of full-time employees	<u>204</u>	<u>204</u>

The Group has concluded defined contribution 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 recognised in the income statement in this respect has been stated above.

### Remuneration of the Board of Directors and Executive Management

Remuneration of the Board of Directors	3,240	2,425
Wages and salaries, Executive Management	<u>5,001</u>	<u>3,230</u>
	<b><u>8,241</u></b>	<b><u>5,655</u></b>

The remuneration of the Board of Directors includes a consultancy fee to the Chairman of the Board.



## Notes

	<b>Group 2016 DKK'000</b>	<b>Group 2015 DKK'000</b>
<b>6. Depreciation and amortisation</b>		
Depreciation, buildings	445	388
Depreciation, other fixtures, tools and equipment	3,843	3,750
Gains/losses arising from disposal	55	-
Amortisation, rights acquired	3,248	2,802
Amortisation, fully developed software	<u>6,760</u>	<u>5,235</u>
	<b><u>14,351</u></b>	<b><u>12,175</u></b>
<b>7. Financial income</b>		
Interest income	737	192
Interest income from group enterprises	<u>276</u>	<u>626</u>
Interest income from financial assets	<b>1,013</b>	<b>818</b>
Exchange rate gains	<u>12,352</u>	<u>-</u>
	<b><u>13,365</u></b>	<b><u>818</u></b>
The exchange rate gains in 2016 is primarily related to the bond debt denominated in SEK.		
<b>8. Financial expenses</b>		
Interest expenses	629	152
Bank charges etc.	799	-
Redemption price, partial repayment of bond debt	3,143	-
Financial expenses, bond debt	22,907	27,547
Amortisation of borrowing costs, bond debt	<u>2,096</u>	<u>2,034</u>
Interest expenses from financial liabilities	<b>29,574</b>	<b>29,733</b>
Exchange rate losses	<u>-</u>	<u>11,508</u>
	<b><u>29,574</u></b>	<b><u>41,241</u></b>
The exchange rate losses in 2015 is primarily related to the bond debt denominated in SEK.		
<b>9. Tax on profit for the year</b>		
Current tax for the year	178	477
Adjustment to deferred tax	4,149	- 2,548
Adjustment to taxes, prior years	701	- 60
Adjustment to deferred tax, prior years	53	-
Effect of the change of the tax rate	<u>-</u>	<u>- 124</u>
<b>Tax on profit for the year</b>	<b><u>5,081</u></b>	<b><u>- 2,255</u></b>

**9. Tax on profit for the year (continued)**

Current tax for the financial year is for Danish enterprises computed based on a tax rate of 22.0 % (2015: 23.5 %).

	<b>Group 2016 DKK'000</b>		<b>Group 2015 DKK'000</b>
Tax on profit for the year is made up as follows:			
Computed 22.0 % tax on profit for the year before tax (2015: 23.5 %)	3,465	-	2,530
Effect of the change of the tax rate	-	-	124
Adjustment to deferred tax, prior years	701		169
Recognition of previously unrecognised tax assets	-	1,692	-
Tax effect of non-deductible expenses/non-taxable income	<u>2,607</u>		<u>277</u>
	<b><u>5,081</u></b>	<b>-</b>	<b><u>2,255</u></b>
Effective tax rate	<u>32.3 %</u>		<u>20.9 %</u>

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

**10. Intangible assets (DKK'000)**

	<b>Software in process of development</b>	<b>Developed software</b>	<b>Rights acquired</b>	<b>Goodwill</b>
Cost at 1 January 2016	9,500	34,086	59,642	138,501
Exchange rate adjustments	-	41	-	3,682
Additions from subsidiaries/activities acquired	-	-	11,211	3,947
Additions	6,440	2,584	-	-
Transferred	<u>- 765</u>	<u>765</u>	<u>-</u>	<u>-</u>
<b>Cost at 31 December 2016</b>	<b><u>15,175</u></b>	<b><u>37,476</u></b>	<b><u>67,171</u></b>	<b><u>138,287</u></b>
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	<u>-</u>	<u>6,760</u>	<u>3,248</u>	<u>-</u>
<b>Amortisation and impairment losses at 31 December 2016</b>	<b><u>3,504</u></b>	<b><u>26,878</u></b>	<b><u>10,181</u></b>	<b><u>-</u></b>
<b>Carrying amount at 31 December 2016</b>	<b><u>11,671</u></b>	<b><u>10,598</u></b>	<b><u>56,990</u></b>	<b><u>138,287</u></b>

## 10. Intangible assets (continued)

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2015	14,104	19,867	57,054	127,913
Exchange rate adjustments	- 56	- 49	2,588	5,858
Additions from subsidiaries/activities acquired	-	-	-	-
Additions	6,862	2,858	-	4,730
Transferred	- 11,410	11,410	-	-
<b>Cost at 31 December 2015</b>	<b>9,500</b>	<b>34,086</b>	<b>59,642</b>	<b>138,501</b>
Amortisation at 1 January 2015	-	14,888	4,184	-
Impairment losses at 1 January 2015	3,504	-	-	-
Exchange rate adjustments	-	- 25	9	-
Amortisation for the year	-	5,235	2,802	-
<b>Amortisation and impairment losses at 31 December 2015</b>	<b>3,504</b>	<b>20,098</b>	<b>6,995</b>	<b>-</b>
<b>Carrying amount at 31 December 2015</b>	<b>5,996</b>	<b>13,988</b>	<b>52,647</b>	<b>138,501</b>

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. The carrying amount of trademarks without determinable useful lives totals DKK 23.8m at 31 December 2016 (2015: DKK 24.8m).

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

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

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

**10. Intangible assets (continued)**

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

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

The discount rate is determined based on the Company's marginal borrowing rate plus a risk premium that reflects the risk involved in investing in shares and the risk involved in the activity performed, equivalent to a pre-tax discount rate of 12.8 % (2015: 13.1 %).

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

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

	<b>Land and buildings</b>	<b>Other fixtures etc.</b>
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
<b>Cost at 31 December 2016</b>	<b><u>55,094</u></b>	<b><u>36,933</u></b>
Depreciation at 1 January 2016	388	19,611
Exchange rate adjustments	-	248
Depreciation for the year	445	3,843
Depreciation related to disposals	-	438
<b>Depreciation at 31 December 2016</b>	<b><u>833</u></b>	<b><u>22,768</u></b>
<b>Carrying amount at 31 December 2016</b>	<b><u>54,261</u></b>	<b><u>14,165</u></b>
Assets held under finance leases are included in carrying amount at		<u>475</u>

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

	Land and buildings	Other fixtures etc.
Cost at 1 January 2015	-	30,897
Exchange rate adjustments	-	345
Additions from subsidiaries/activities acquired	-	400
Additions	52,357	5,221
Disposal	-	194
<b>Cost at 31 December 2015</b>	<b><u>52,357</u></b>	<b><u>36,669</u></b>
Depreciation at 1 January 2015	-	15,807
Exchange rate adjustments	-	140
Depreciation for the year	388	3,750
Depreciation related to disposals	-	86
<b>Depreciation at 31 December 2015</b>	<b><u>388</u></b>	<b><u>19,611</u></b>
<b>Carrying amount at 31 December 2015</b>	<b><u>51,969</u></b>	<b><u>17,058</u></b>
Assets held under finance leases are included in carrying amount at		<u>976</u>

Additions to land and buildings are attributable to the demerger of the property placed at Rovsingsgade 64-68, Copenhagen effected on 3 April 2015.

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.

## Notes

### 12. Deferred tax

	<b>Group 2016 DKK'000</b>	<b>Group 2015 DKK'000</b>
Deferred tax at 1 January	- 8,880	- 11,670
Exchange rate adjustments	93	118
Additions from subsidiaries acquired	88	-
Recognition of not previously capitalised deferred tax asset	1,877	-
Effect of the change of the tax rate	-	124
Deferred tax on profit for the year	<u>- 4,149</u>	<u>2,548</u>
<b>Deferred tax at 31 December</b>	<b><u>- 10,971</u></b>	<b><u>- 8,880</u></b>
Specification of deferred tax:		
Tax loss carry forwards	3,231	3,295
Buildings	881	262
Other fixtures and fittings	- 702	637
Leasehold improvements	- 10	14
Rights acquired	- 12,497	- 10,234
Software	- 2,217	- 2,375
Goodwill	- 337	- 479
Other payables	<u>680</u>	<u>-</u>
	<b><u>- 10,971</u></b>	<b><u>- 8,880</u></b>

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

Deferred tax is recognised as follows in the balance sheet:

Deferred tax (asset)	2,479	912
Deferred tax (liability)	<u>- 13,450</u>	<u>- 9,792</u>
<b>Deferred tax at 31 December, net (liability)</b>	<b><u>- 10,971</u></b>	<b><u>- 8,880</u></b>

When demerging the property placed at Rovsinggade 64-68 on 3 April 2015, no deferred tax was recognised for this property as the Danish tax authorities have stated that instead current tax is incumbent on the property that was sold in 2007 by Ejendomsselskabet Rovsinggade 60-74 ApS. Ejendomsselskabet Rovsinggade 60-74 ApS does not consider this correct, and a request for the reopening of the tax assessment thereof is pending. Should a decision be made in favour of Ejendomsselskabet Rovsinggade 60-74 ApS that the company does not have current tax liabilities regarding the property sold, then deferred tax will instead be incumbent on the property placed at Rovsinggade 64-68 and in that case Ejendomsselskabet Rovsinggade 60-74 ApS would pay approx. DKK 13m to Lauritz.com A/S to refund the resulting deferred tax liability.

## Notes

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### 13. Financial assets

**Deposits  
DKK'000**

Cost at 1 January 2016	1,091
Addition	299
Disposal	-
<b>Cost at 31 December 2016</b>	<b><u>1,390</u></b>

**Carrying amount at 31 December 2016** **1,390**

Cost at 1 January 2015	6,675
Addition	9
Disposal	- 5,593
<b>Cost at 31 December 2015</b>	<b><u>1,091</u></b>

**Carrying amount at 31 December 2015** **1,091**

### 14. Receivables

	<b>Group 31.12.2016 DKK'000</b>	<b>Group 31.12.2015 DKK'000</b>
Trade receivables	71,603	18,341
Other receivables, non-current	20,005	15,938
Other receivables, current	<u>34,778</u>	<u>23,523</u>
	<b><u>126,386</u></b>	<b><u>57,802</u></b>

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

**14. Receivables (continued)**

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

	<b>Group 31.12.2016 DKK'000</b>	<b>Group 31.12.2015 DKK'000</b>
Impairment losses at 1 January	1,158	1,158
Impairment losses for the period	870	-
Realised for the period	-	-
Reversed	-	-
Impairment losses at 31 December	<b>2,028</b>	<b>1,158</b>

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

**15. Bond debt**

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

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

On 18 July 2016, the Group repaid part of the bond loan for DKK 82,221k, equivalent to SEK 100m and a redemption price of 104 plus interest. After this partial repayment, the principal amount of the bond debt was reduced to SEK 325m (or DKK 255.4m).

The Group has on 16 September 2016 acquired approx. 2.4% of the issued bonds for SEK 7.6m (or DKK 5.9m). The bonds were acquired at rate 99.25.

The fair value of the bonds amounts to DKK 234,670k at 31 December 2016 based on the last trade made on 29 December 2016.



### 15. 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 2016 is 3.10, which is within the target up to 31 December 2016. i.e. not greater than 4.00.

The interest coverage ratio of EBITDA to Net Finance Charges is at 31 December 2016 2.04, which is within the target up to 31 December 2016, i.e. exceeding a ratio of 1.75.

The Group is in compliance with applicable financial covenants as at 31 December 2016.

### 16. Other payables

Under the item other payables, personal income taxes, holiday pay etc., payable VAT and other costs payable are included. Additionally, a financial lease commitment is included by DKK 0.5m (2015: DKK 1.0m).

### 17. 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 2016 is specified below.

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
<b>31 December 2016</b>	<b>60,129</b>	<b>74,975</b>	<b>-241,842</b>	<b>-100,692</b>	<b>-207,430</b>

  

2015 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	309	217	-	-1,061	-535
EUR	1,580	1,315	-	-2,829	66
SEK	32,539	13,994	-338,056	-52,292	-343,815
<b>31 December 2015</b>	<b>34,428</b>	<b>15,526</b>	<b>-338,056</b>	<b>-56,182</b>	<b>-344,284</b>

**17. 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 2016 would have affected comprehensive income and equity by approx. DKK 3m (31.12.2015: DKK 9m). The sensitivity analysis shows the difference between the 31 December 2016 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 (31.12.2015: DKK 3m) 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 Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents as well as undrawn credit facilities. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within approx. 35 days. In order to maintain the current liquidity level, the Group is therefore dependent on continued growth and positive earnings. Management assesses the Group's liquidity requirements on a regular basis.

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

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

## Notes

<b>18. Earnings per share (EPS)</b>	<b>Group 31.12.2016 DKK'000</b>	<b>Group 31.12.2015 DKK'000</b>
Profit/Loss for the period	10,668	- 8,513
Average number of shares	38,333,333	36,000,000
EPS at DKK 0.10	0.278	- 0.236
EPS at DKK 0.10 diluted	0.278	- 0.236

## 19. Dividend

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

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

## 20. Acquisitions

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

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

Furthermore, the Group acquired the Danish branch in Herning.

	<b>2016 DKK'000</b>
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
<b>Net assets acquired</b>	<b>10,593</b>
Goodwill	3,947
<b>Total consideration</b>	<b>14,540</b>

**20. Acquisitions (continued)**

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 period, 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.

In 2015, the Group acquired the following enterprises/activities:

Name	Primary activity	Acquisition date	Voting share acquired %
Kunst & Auktionshaus W.G. Herr	Holding of quality auctions	06.01.2015	100

Furthermore, the Group acquired the branches in Århus, Aalborg and Hamburg.

	<b>2015</b>
	<b>t.kr.</b>
Property, plant and equipment	400
Rights acquired	0
Receivables	0
Cash and cash equivalents	0
Other payables	- 22
<b>Net assets required</b>	<b>378</b>
Goodwill	4.730
<b>Total consideration</b>	<b>5.108</b>

**20. Acquisitions (continued)**

The Group has acquired net assets totalling DKK 378k including cash acquired of DKK 0k.

The Group has incurred transaction costs of DKK 88k, classified as other external expenses in the statement of comprehensive income for 2015.

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 -516k is attributable to W.G. Herr following the acquisition. Of the Group's revenue, DKK 3,263k is attributable to W.G. Herr. Had the enterprise been acquired with effect from 1 January 2015, revenue for the year 2015 would have been approx. DKK 3,263k and profit for the year would have been approx. DKK -516k.

Of the Group's profit for the year, DKK 924 is attributable to the branches in Århus, Aalborg and Hamburg following the acquisition. Of the Group's revenue, DKK 17,154 is attributable to the acquired branches. Had the branches been acquired with effect from 1 January 2015, revenue for the year 2015 would have been approx. DKK 28,068k and profit for the year would have been approx. DKK 1,000k.

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

The Group has provided security for rent for DKK 389k that expires in 2019.

The Group has adopted other property rental agreements with maximum lease terms running until 2025. Rent totals DKK 46,571k, of which DKK 15,474k falls due in 2017.

Car operating leases have been entered into for the years 2017-2020. 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:

	<b>Group 2016 DKK'000</b>	<b>Group 2015 DKK'000</b>
Within a year from the balance sheet date	312	308
Between one and five years from the balance sheet date	<u>158</u>	<u>29</u>
	<b><u>470</u></b>	<b><u>337</u></b>

**21. Contingencies etc. (continued)****Contingent liabilities, consolidated financial statements**

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

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

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

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

<b>Subsidiaries</b>	<b>Registered office</b>	<b>Ownership interest</b>
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.

### 22. Related parties (continued)

Management remuneration is mentioned in note 5. In 2016, Management of the Group has purchased goods corresponding to a net turnover of DKK 522k (2015: DKK 556k). All purchases have been made at the normal terms and conditions of purchases of the company, including the settlement of the full fee.

### 23. Events after the balance sheet date

On 27 March 2017, Lauritz.com Group A/S's CEO Mette Rode Sundstrøm has announced that she intends to resign her position. Mette Rode Sundstrøm will remain in her position until a new CEO has been recruited.

On 31 March 2017, Lauritz.com A/S entered into five-year partnership agreements for the two Danish auction houses situated in Søborg and Hørsholm.

The new partnership agreements will have a positive effect on EBITDA for 2017 of approx. DKK 18m.

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

### 24. Approval of annual report for publication

At the Board of Directors' meeting on 6 April 2017, 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 26 April 2017.

## Statement of comprehensive income 20 April - 31 December

<u>Notes</u>	<b>Parent Company 2016 DKK'000</b>
Revenue	-
Direct costs	-
<b>Gross profit</b>	<b>-</b>
1 Other operating income	7,300
2 Other external expenses	- 570
3 Staff costs	- 6,703
<b>EBITDA</b>	<b>27</b>
Depreciation and amortisation	-
<b>Operating profit (EBIT)</b>	<b>27</b>
Financial income	-
4 Financial expenses	- 935
<b>Profit before tax (EBT)</b>	<b>- 908</b>
5 Tax on profit for the year	15
<b>Profit for the year</b>	<b>- 893</b>
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>- 893</b>



## Balance sheet

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### Assets

Parent  
Company  
31.12.2016  
DKK'000

### Notes

#### Non-current assets

6	Equity interest in subsidiaries	56,835
8	Deferred tax	<u>15</u>
	Total financial assets	<u>56,850</u>

#### Total non-current assets

56,850

#### Current assets

	Receivables from group enterprises	1,939
	Other current receivables	<u>119</u>
	Total receivables	<u>2,058</u>

	Cash and cash equivalents	<u>2,037</u>
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#### Total current assets

4,095

#### Total assets

60,945

## Balance sheet

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### Equity and liabilities

Parent  
Company  
31.12.2016  
DKK'000

### Notes

#### Equity

7	Share capital	4,067
	Retained earnings	<u>51,329</u>
	<b>Total equity</b>	<b><u>55,396</u></b>

#### Liabilities

8	Deferred tax	<u>-</u>
	Total non-current liabilities	<u>-</u>
	Trade payables	2,571
9	Other payables	2,978
	Corporate taxes payable	<u>-</u>
	Total current liabilities	<u>5,549</u>

**Total liabilities** **5,549**

**Total equity and liabilities** **60,945**

## Statement of changes in equity

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	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 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	-	-	-
<b>Equity at 31 December 2016</b>	<b>4,067</b>	<b>51,329</b>	<b>55,396</b>

## Cash flow statement

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	<b>Parent Company 2016 DKK'000</b>
<b>Operating profit (EBIT)</b>	<b>27</b>
Increase/decrease in receivables	- 2,058
Increase/decrease in trade payables and other payables	5,549
Other adjustments	- 922
Cash flows from ordinary operating activities	2,596
Interest received	-
Interest paid	- 13
Income tax paid under a joint taxation arrangement	-
<b>Cash flows from operating activities</b>	<b><u>2,583</u></b>
Purchase of intangible assets	-
Acquisitions	-
Dividend received from subsidiaries	-
Capital increase in subsidiaries	- 47,088
<b>Cash flows from investing activities</b>	<b><u>- 47,088</u></b>
Redemption of bonds	-
Proceeds from cash capital increase	46,542
Dividend paid to Parent's shareholders	-
<b>Cash flows from financing activities</b>	<b><u>46,542</u></b>
Net cash flow for the year	2,037
Net capital resources, beginning of year	<u>0</u>
<b>Net capital resources, end of year</b>	<b><u>2,037</u></b>
Net capital resources, end of year, are composed as follows:	
Cash and cash equivalents	2,037
Interest-bearing short-term bank loans	-
<b>Net capital resources, end of year</b>	<b><u>2,037</u></b>

**1. Other operating income**

Management fees and other fees	7,300
	<u>7,300</u>

**2. Fess to auditors appointed at the annual general meeting**

Audit services	90
Tax services	-
Other services	736
	<u>826</u>

**3. Staff costs**

Remuneration of the Board of Directors	1,741
Wages and salaries	4,821
Defined contribution plans, cf. below	121
Other social security costs	5
Other staff costs	15
	<u>6,703</u>

Average number of full-time employees	<u>3</u>
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The Parent Company has concluded defined contribution plans. According to the concluded agreement, the Parent pays a monthly amount of 5 percent of the concerned employees' basic salary. The contribution recognised in the income statement in this respect has been stated above.

**Remuneration of the Board of Directors and Executive Management**

Remuneration of the Board of Directors	1,741
Wages and salaries, Executive Management	3,307
	<u>5,048</u>

The remuneration of the Board of Directors and Executive Management covers the period from June to December 2016. The remuneration of the Board of Directors includes a consultancy fee to the Chairman of the Board.

## Notes

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Parent  
Company  
2016  
DKK'000

### 4. Financial expenses

Interest expenses	4
Bank charges etc.	<u>9</u>
Interest expenses from financial liabilities	<b>13</b>
Exchange rate losses	<u>922</u>
	<b><u>935</u></b>

### 5. Tax on profit for the year

Current tax for the year	0
Adjustment to deferred tax	<u>- 15</u>
Tax on profit for the year	<b><u>- 15</u></b>

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

Parent  
Company  
2016  
DKK'000

Tax on profit for the year is made up as follows:

Computed 22.0 % tax on profit for the year before tax	- 200
Adjustment to taxes	-
Adjustment to deferred tax	-
Tax effect of:	
Non-deductible expenses	204
Non-taxable income	<u>- 19</u>
	<b><u>- 15</u></b>
Effective tax rate	<u>- 1.65 %</u>

## 6. Equity interest in subsidiaries

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

No write-down for impairment on subsidiaries in 2016.

Group enterprises have been specified in note 22 to consolidated financial statements.

## 7. 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:

	<b>DKK'000</b>
Contributed capital, controlling interest 20 April 2016	3,600
Capital increase, cash 21 June 2016	<u>467</u>
<b>Total share capital</b>	<b><u>4,067</u></b>

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.

## Notes

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### 8. Deferred tax

Parent  
Company  
31.12.2016  
DKK'000

Deferred tax at 1 January	
Deferred tax on profit for the year	15
<b>Deferred tax at 31 December</b>	<b>15</b>

#### Specification of deferred tax:

Tax loss carry forwards	15
	<b>15</b>

Deferred tax is recognised as follows in the balance sheet:

Deferred tax (asset)	15
Deferred tax (liability)	-
<b>Deferred tax at 31 December</b>	<b>15</b>

### 9. Other payables

Under the item other payables, personal income taxes, holiday pay etc., payable VAT and other costs payable are included.

### 10. 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 2016 is specified below.

2016 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt	Other liabilities	Net position
NOK	-	-	-	-	-
EUR	-	-	-	-	-
SEK	1,565	-	-	-	-
<b>31 December 2016</b>	<b>1,565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

For further information on financial risks, we refer to note 17 in the consolidated financial statements.



### 11. 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.

### 12. Related parties

#### Transactions

The company has entered into a management agreement with the subsidiary Lauritz.com A/S. In 2016, the agreement comprises the period from June to December, amounting to DKK 5,400k.

### 13. Events after the balance sheet date

On 27 March 2017, Lauritz.com Group A/S's CEO Mette Rode Sundstrøm has announced that she intends to resign her position. Mette Rode Sundstrøm will remain in her position until a new CEO has been recruited.

On 31 March 2017, Lauritz.com A/S entered into five-year partnership agreements for the two Danish auction houses situated in Søborg and Hørsholm.

The new partnership agreements will have a positive effect on EBITDA for 2017 of approx. DKK 18m.

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

### 14. Approval of annual report for publication

We refer to note 24 in the consolidated financial statements.