

**CATAWIKI B.V.,
AT ASSEN**

Annual Report 2019

TUESDAY



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COMPANIES HOUSE

Adopted by the General Meeting on 4 June 2020

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CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

(Before appropriation of result)

Assets	31 December 2019		31 December 2018		
	No te	€	€	€	€
Fixed assets					11,460,545
Tangible fixed assets	5	1,154,212		1,421,204	
Current assets					572,254
Trade receivables	6	529,591			
Other receivables	7	1,297,215			
Cash and cash equivalents	8	17,350,354			
			18,395,389		
			19,177,160		
				19,891,610	
					9,280,015
			20,331,372		
				21,312,814	
Liabilities	Note	€	€	€	€
Group equity	9		8,537,759		
Provisions	10		432,841		
Current liabilities					
Trade creditors			1,278,793		2,445,300
Taxes and social securities	11		2,531,525		2,002,151
Other liabilities and accruals	12		7,550,454		4,832,564
				11,360,772	
				20,331,372	
					21,312,814

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

		<u>2019</u>		<u>2018</u>	
	Note	€	€	€	€
Net revenue	15		56,361,520		45,356,884
Employee expenses	16	30,969,204		31,351,094	
Amortization and depreciation	17	415,759		531,109	
Other operating expenses	18	<u>29,410,911</u>		<u>25,711,841</u>	
Total costs			<u>60,795,874</u>		<u>57,594,044</u>
Operating result			(4,434,354)		(12,237,160)
Financial income and expenses	20		<u>(85,861)</u>		<u>61,464</u>
Result from ordinary operations before tax			(4,520,215)		(12,175,696)
Taxation on result from ordinary operations	21		<u>(102,158)</u>		<u>(84,695)</u>
Result after taxation			<u>(4,622,373)</u>		<u>(12,260,391)</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

		<u>2019</u>		<u>2018</u>	
	Note	€	€	€	€
Cash flow from operating activities					
Operating result			(4,434,354)		(12,237,160)
<i>Adjustments for:</i>					
Amortization and depreciation	5	415,759		531,109	
Movement in provisions	10	(139,413)		537,254	
Share based payment expenses	22	<u>1,340,583</u>		<u>1,374,200</u>	
			1,616,929		2,442,563
<i>Movements in working capital:</i>					
Receivables		(330,585)		2,865,780	
Current liabilities (excluding finance balances)		<u>2,088,292</u>		<u>(5,760,847)</u>	
			<u>1,757,707</u>		<u>(2,895,067)</u>
Cash generated from operations			(1,059,718)		(12,689,664)
Corporate income tax paid		(41,870)		(91,971)	
Interest paid		(138,300)		(4,541)	
Interest received		6,266		376	
Foreign exchange result		<u>(18,903)</u>		<u>128,128</u>	
			<u>(192,807)</u>		<u>31,992</u>
Net cash generated from operating activities			(1,252,525)		(12,657,672)

Cash flow from investment activities

Investment in tangible fixed assets	5	(148,767)	(992,521)
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Cash flow from financing activities

Proceeds from issuance of shares		355,255	0
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Net cash flows		(1,046,037)	(13,650,193)
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Exchange gains / (losses) on cash at banks and in hands		1,002	(433)
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Net increase / (decrease) in cash at banks and in hand		(1,045,035)	(13,650,626)
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The movement in cash at banks and in hand can be broken down as follows:

	2019	2018
Balance as at 1 January	18,395,389	32,046,015
Movements during the financial year	(1,045,035)	(13,650,626)
Balance at 31 December	17,350,354	18,395,389

STATEMENT OF TOTAL RESULT OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2019

		<u>2019</u>		<u>2018</u>	
	Note	€	€	€	€
Consolidated net result after taxation			(4,622,373)		(12,260,391)
Currency translation differences in foreign subsidiaries	26	<u>4,557</u>		<u>383</u>	
Total of direct movements in Group equity			<u>4,557</u>		<u>383</u>
Total result of the Group			<u>(4,617,816)</u>		<u>(12,260,008)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General notes

1.1 Activities

The activities of Catawiki B.V., registered in Assen, and its group companies consist regarding the articles of association of:

- developing a marketplace for special objects;
- establishing, in any way to participate in, to manage, to supervise businesses and companies;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the issue of bonds, debt instruments, or other securities, and the initiation of related agreements;
- providing advice and providing services to businesses and companies with which it forms a group and to third parties;
- the provision of guarantees, to bind the company and to pledge its assets to the company for the benefit of businesses and companies with which it forms a group and on behalf of third parties;
- obtaining, to administrate, use and dispose of registered goods and items of property in general;
- to trade in currencies, securities and financial assets generally;
- to develop and trade in patents, trademarks, licenses, know-how and other industrial property rights;
- to conduct all types of industrial, financial and commercial activities;

and all that is connected therewith or to this end can be beneficial, in the broadest sense of the word.

1.2 Going concern

The financial statements are drawn up based on the assumption of going concern. The equity and cash funds of Catawiki are in the view of the management adequate for the foreseeable future.

1.3 Registered office

The company's trade name is 'Catawiki'. Catawiki B.V. is registered at the trade register under number 01131735. The registered office is located at Overcingellaan 5 in Assen.

1.4 Estimates

In applying the principles and policies for drawing up the financial statements, the directors of Catawiki make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Section 362, sub 1, Book 2 of the Dutch Civil Code the nature of these estimates and judgments, including related assumptions, is disclosed in the Notes to the relevant financial statements item. The most important estimates are the provision for bad debtors and the share-based payments-plan.

1.5 Consolidation

The consolidation includes the financial information of Catawiki, its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which Catawiki exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies and other entities in which Catawiki exercises control or whose central management it conducts are consolidated in full.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment.

The consolidated companies are listed below:

Catawiki Services NL B.V. at Assen (100%);
Catawiki Services BE B.V.B.A. at Brussels (100%);
Catawiki Services DE G.m.b.H. at Frankfurt am Main (100%);
Benaulim Services ES S.L. at Madrid (100%);
Catawiki Services FR S.à.r.l. at Paris (100%);
Catawiki Services IT S.r.l. at Milan (100%);
Catawiki UK Limited at London (100%).

1.6 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of Catawiki and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

1.7 Accounting principles for the cash flow statement

The cash flow statement has been prepared using the indirect method. The funds in the cash flow statement consist of cash and short-term debt. Cash flows in foreign currencies are converted at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Catawiki UK Limited is exempt from audit by virtue of section 479A of the Companies Act 2006

2. General principles

2.1 General

The financial statements are drawn up in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The consolidated financial statements have been prepared based on the historical cost. Valuation of assets and liabilities and determination of the result take place under the historical cost convention.

2.2 Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

2.3 Foreign currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of Catawiki.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date.

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. The exchange differences resulting from the conversion as of balance sheet date, taking into account possible hedge transactions, are recorded in the income statement.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

2.4 Operational leasing

The Company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the Company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

2.5 Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debt) and derivative financial instruments (derivatives). The notes to the specific items of the balance sheet disclose the fair value of the related instruments if this deviates from the carrying amount. At balance sheet date Catawiki does not make use of financial derivatives.

3. Accounting principles applied to valuation of assets and liabilities

3.1 Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

3.2 Financial fixed assets

3.2.1 Participations

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Catawiki can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the income statement.

3.2.2 Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Catawiki has tax losses carried forward. These losses relate to operating losses in previous years and this year. Catawiki has determined that it cannot recognise deferred tax assets on tax losses carried forward.

3.3 Impairment of non-current assets

On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

3.4 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs. The fair value and amortised cost equal the face value. The trade receivables include commission and exclude the auction value of objects and shipping costs. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

3.5 Cash and cash equivalents

Cash and cash equivalents represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities.

Cash and cash equivalents are carried at nominal value. The cash is valued at face value. If cash is not freely disposable, then this has been taken into account upon valuation.

3.6 Provisions

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made. Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

3.7 Current liabilities

Upon initial recognition, the loans and liabilities recorded are stated at fair value and then valued at amortised cost. The current liabilities include the balance of the still to be paid value of the objects to sellers from item sales, plus shipping costs, net of commission auctions insofar the related cash has not been transferred to the 3rd party account to which the company has no access.

4. Principles for the determination of the result

4.1 General

The result is the difference between the realizable value of the services provided and the costs and other expenses during the year. The results on transactions are recognised in the year in which they are realised.

4.2 Net revenue

The net revenue consists of the seller and buyer charged commissions and other (commission) income during the reporting period after deducting discounts, rebates, shipping costs and value added taxes.

4.3 Other operating expenses

Other operating expenses include selling, general and administrative expenses and comprise costs chargeable to the year that are not directly attributable to the services sold.

4.4 Employee expenses

4.4.1 Short-term employee costs

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

4.4.2 Pensions

Since 2016 Catawiki operates a defined contribution pension plan in the Netherlands, which requires contributions made to a separately administered fund which is arranged through a Dutch insurance company. The costs of providing contributions under the defined contribution plan is limited to the amount that Catawiki agreed to contribute to the fund. Contributions are expensed as incurred and presented in the income statement. The assets and liabilities of such plans are not included in the balance sheet of Catawiki.

4.4.3 Share-based payments

As an incentive to its employees, Catawiki has decided to create the possibility for certain employees who contribute to the success of Catawiki to earn the right to acquire Depositary Receipts for Shares in the capital of the Company upon the terms and subject to the conditions of an Employee Stock Option Agreement.

The Board may from time to time invite one or more employees who are, at the Board's sole and absolute discretion, eligible to be granted Stock Options to subscribe for Depositary Receipts issued by the Stichting Administratiekantoor Benaalim in respect of Shares. Furthermore, the Board shall with respect to each such Qualified Employee determine the number of Stock Options to be granted together with the applicable Stock Option Exercise Price and Stock Option Exercise Period. By executing a Stock Option Agreement, the Optionee accepts that his/her Stock Options are exercisable as follows:

- a. until the date of the first anniversary of the Effective Date, none of the Stock Options are exercisable; only as from the first anniversary of the Effective Date 25% of the aggregate number of his/her Stock Options shall vest and become exercisable;
- b. the remaining 75% of the aggregate number of his/her Stock Options shall vest and become exercisable proportionally on a monthly basis in the period between the first anniversary of the Effective Date and the fourth anniversary of the Effective Date; consequently, as from the fourth anniversary of the Effective Date 100% of the aggregate number of his/her Stock Options shall have vested and become exercisable.

The value of the employee services received in exchange for the grant of the Stock Options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the Stock Options granted. During the vesting period, the total amount to be expensed is recorded on a straight-line basis in the income statement.

If the granted Stock Options on shares are settled in shares, the amount is recognised in the income statement and in equity. Receipts from the settlement of vested Stock Options on shares are added to equity.

4.4.4 Grants received

Catawiki has received a WBSO grant from the government. The grant is recognized in the income statement.

4.5 Amortization and depreciation

The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost based on the expected life cycle.

4.6 Financial income and expenses

4.6.1 Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking into account the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

4.6.2 Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised, unless hedge accounting is applied.

4.7 Income tax

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual accounts and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realization is likely.

The allocation of corporate income tax to the partnerships included in the fiscal unity is realised as if the participating interests are independently taxable.

5. Tangible fixed assets

	<i>Equipment</i>	<i>Leasehold improvements</i>	<i>Total</i>
	€	€	€
Balance as at 1 January 2019			
Purchase price	1,286,761	1,351,925	2,638,686
Cumulative depreciation	<u>(995,494)</u>	<u>(221,988)</u>	<u>(1,217,482)</u>
Book value	<u>291,267</u>	<u>1,129,937</u>	<u>1,421,204</u>

Movements

Investments	126,287	22,480	148,767
Depreciation	<u>(106,155)</u>	<u>(309,604)</u>	<u>(415,759)</u>
Balance	<u>20,132</u>	<u>(287,124)</u>	<u>(266,992)</u>

Balance as at 31 December 2019

Historical costs	1,413,048	1,374,405	2,787,453
Cumulative depreciation	<u>(1,101,649)</u>	<u>(531,592)</u>	<u>(1,633,241)</u>
Book value	<u>311,399</u>	<u>842,813</u>	<u>1,154,212</u>

Depreciation rates

Equipment	3 years
Leasehold improvements	5 years

6. Trade receivables

	31-12-2019	31-12-2018
	€	€
Trade debtors	3,638,518	3,333,521
Less: provision for cancellations	<u>-234,861</u>	<u>-408,465</u>
	3,403,657	2,925,056
Less: provision for bad debt	<u>-2,874,066</u>	<u>-2,164,655</u>
	<u>529,591</u>	<u>760,401</u>

7. Other receivables

	31-12-2019	31-12-2018
	€	€
Prepayments and other receivables	<u>1,297,215</u>	<u>735,820</u>
	<u>1,297,215</u>	<u>735,820</u>

8. Cash and cash equivalents

Cash and cash equivalents are at free disposal with the exemption of an amount of € 2,204,436 (2018: € 942,672) related to the value of the auctioned lots (after deduction of the amount of commission) to be paid to merchants.

9. Group equity

Please refer to the notes to the company balance sheet on page 34/37 of this report for an explanation of the equity.

10. Provisions

	<i>Claims and Litigations</i>	<i>Onerous contract</i>	<i>Total</i>
	€	€	€
Balance as at 1 January 2019	204,980	367,274	572,254
Usage	0	(124,835)	(124,835)
Additions	36,556	214,182	250,738
Release	(22,877)	(242,439)	(265,316)
Balance as at 31 December 2019	<u>218,659</u>	<u>214,182</u>	<u>432,841</u>

Included in the provision for claims and litigations are provisions for claims from third parties and employees, with respect to the ordinary business activities of Catawiki. Due to expansion of the Amsterdam office, a part of the Office in Assen is no longer in use. Hence, a provision for an onerous contract for the lease agreement until September 2022 has been recorded. A provision made in 2018 for the office in Amsterdam has been released because a new tenant was found for the office.

11. Taxes and social securities

	31-12-2019	31-12-2018
	€	€
Value Added Tax	2,003,496	1,619,363
Current income tax payable	128,002	39,783
Other taxes and social securities	<u>400,027</u>	<u>343,005</u>
	<u>2,531,525</u>	<u>2,002,151</u>

12. Other liabilities and accruals

	31-12-2019	31-12-2018
	€	€
Payable to merchants	2,204,436	942,672
Accruals and other payables	<u>5,346,018</u>	<u>3,889,892</u>
	<u>7,550,454</u>	<u>4,832,564</u>

The amount of €2,204,435 (2018: € 942,672) relates to the value of the auctioned lots (after deduction of the amount of commission) to be paid to merchants. This normally will be paid within two weeks.

Guarantees

Bank guarantees for an amount of € 65,835 have been issued related to the rent of offices/buildings.

Credit facility

During 2019 the company entered into a term loan facility agreement with a maximum amount of € 7 million. At the balance sheet date, no amounts have been drawn under this facility. The facility is available until 1 July 2020.

13. Financial instruments and risk management

13.1 General

The principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the operations of Catawiki. The principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

Catawiki is exposed to foreign currency risk, interest rate risk, credit risk and liquidity risk. The management oversees the management of these risks.

It is the policy of Catawiki that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

13.2 Market risk

13.2.1 Foreign currency risk

The Company is exposed to foreign currency risk (pounds and dollars). This risk has not been covered because of limited amounts and low risk.

13.2.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no external long-term debt and is therefore not exposed to the interest rate risk.

13.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Catawiki is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

13.4 Liquidity risk

Liquidity risk from balances with banks and financial institutions is managed by the management in accordance with the policy of Catawiki. Investments of surplus funds are made only within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Catawiki monitors its risk of a shortage of funds using a liquidity planning tool.

14. Contingent assets and liabilities

14.1 Operational leasing

The obligations from operational leases at the end of the reporting period can be specified as follows:

Obligations to pay:

Within one year	1,330,866
Between one and five years	<u>577,922</u>
Total	<u>1,908,788</u>

14.2 Fiscal unity

Catawiki Services NL B.V. is included in the fiscal unity for corporate income tax and value added tax purposes together with Catawiki B.V. Pursuant to the Collection of State Taxes Act ('Invorderingswet'), the Company and its consolidated subsidiaries are each severally liable for taxes payable in this respect by the combination.

15. Net revenue

The revenues increased in 2019 compared to 2018 by 24,3%. All revenues are generated in the Netherlands and relate to seller and buyer charged commission.

16. Employee expenses

	2019	2018
	€	€
Wages and salaries	22,865,273	23,270,937
Share based payment expenses	1,340,583	1,292,346
Social security charges	3,611,235	3,904,528
Pension costs	677,349	634,460
Grants received (S&O)	(524,692)	(535,228)
Other employee costs	<u>2,999,456</u>	<u>2,784,051</u>
	<u>30,969,204</u>	<u>31,351,094</u>

Emoluments of directors and non-executive directors

The director remuneration includes periodically paid remuneration, such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term, such as pensions, bonus payments and granted options, to the extent that these items were charged to the Company and all subsidiaries of the Company. The costs for granted shares are recognised over the vesting period of the stock options and therefore cover several years. The percentage of vesting of stock options will determine the final income for the directors.

The emoluments (including pension obligations) of the executive director is not disclosed based on the exemption as stated in Section 383, Book 2 of the Dutch Civil Code. Non-executive directors were not compensated. No stock options were granted to the non-executive board members in 2017-2019.

Staff

During 2019, on average 451 FTE were employed at the Company (2018: 484).

The breakdown is as follows:

	2019	2018
The Netherlands	355	386
Foreign countries	<u>96</u>	<u>98</u>
	<u>451</u>	<u>484</u>

	2019	2018
Experts and Sales	203	190
Support	110	113
Product & Development	82	93
Other	56	88
	<u>451</u>	<u>484</u>

17. Depreciation

	2019	2018
	€	€
Equipment	106,155	309,121
Leasehold improvements	<u>309,604</u>	<u>221,988</u>
	<u>415,759</u>	<u>531,109</u>

18. Other operating expenses

	2019	2018
	€	€
Accommodation expenses	1,523,563	2,217,566
Operating costs	2,755,573	2,584,522
Selling and distribution expenses	23,767,891	19,481,752
General expenses	<u>1,363,884</u>	<u>1,428,001</u>
	<u>29,410,911</u>	<u>25,711,841</u>

Selling and distribution expenses

	2019	2018
	€	€
General marketing costs	14,628,020	12,097,806
Translation costs	2,375,737	2,428,001
Payment costs	3,371,014	2,704,080
Bad debt expense	3,078,400	1,870,029
Other selling and distribution expenses	314,720	381,836
	<u>23,767,891</u>	<u>19,481,752</u>

19. Audit fees

The total audit fees relating to the reporting period amount to € 70,000 (2018: € 70,000). No non-audit services were provided by the auditor.

20. Financial income and expenses

	2019	2018
	€	€
Interest and similar income	50,319	377
Interest and similar expenses	(117,277)	(67,041)
Exchange differences	<u>(18,903)</u>	<u>128,128</u>
	<u>(85,861)</u>	<u>61,464</u>

21. Taxation on result from ordinary operations

	2019	2018
	€	€
Result from ordinary business activities before tax	(4,520,215)	(12,175,696)
Corporate income tax current financial year	<u>102,158</u>	<u>84,695</u>
Tax on result from ordinary business activities	<u>102,158</u>	<u>84,695</u>
Effective tax rate	-2.26%	-0.70%
Applicable tax rate	25.00%	25.00%

The effective tax rate deviates from the applicable tax rate mainly as a result of current year's losses for which no deferred tax assets could be recognised due to uncertainty regarding the recoverability of such assets.

Catawiki has € 55,688,000 (2018: € 50,280,000) of tax losses carried forward. These losses relate to operating losses in 2019 and previous years. Due to uncertainty about sufficient future profits, Catawiki has determined that it cannot recognise deferred tax assets on tax losses carried forward and on temporary differences. Temporary differences arise as certain intangible assets are capitalised for fiscal purposes.

22. Share based payments

22.1 Share options granted

During the financial year, 703,913 stock options were granted. These stock options span a period of 4 years and 25% cannot be exercised during the first year. 75% can be exercised on a monthly basis after the first year, until the end of the fourth year. Each stock option entitles the holder to one ordinary share. The exercise price of each stock option is € 5.71, € 7.03 or € 27.95 respectively. The stock option expires 10 years after grant date. The fair value of the options was based on the following elements:

- market price;
- the option valuation model and the used data;
- if and how market conditions have been used in the determination of the fair value.

The related expenses for the Company of € 1,340,583 (2018: € 1,292,346) are recognised under salaries and wages.

22.2 Share options exercised

55,714 share options were exercised during the year.

The movements in share options outstanding in 2019 can be specified as follows:

Managing director and employees

Outstanding as at 1 January 2019	619,694
Options granted	703,913
Options exercised	(55,714)
Options forfeited	(72,681)
	<hr/>
Outstanding as at 31 December 2019	1,195,212

23. Subsequent events

In March and April 2020, Catawiki has drawn an amount of € 7 million in two tranches under the available credit facility. Recognising the uncertain environment, the company decided to strengthen its balance sheet, and underpin confidence in its 2020 strategy across its technology and geographical roadmaps.

Looking at recent events at the time of completing these annual accounts, the COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. Catawiki has taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing and working from home). Catawiki will continue to follow the various national institutes policies and advice and in parallel will do its utmost to continue its operations in the best and safest way possible without jeopardizing the health of its people.

At this stage, the impact on the business and results is limited, mainly impacting the growth rate. Catawiki is carefully considering its expenditures and investments for future growth to mitigate potential negative effects of the COVID-19 outbreak.

Whilst uncertain, we do not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

COMPANY BALANCE SHEET AS OF 31 DECEMBER 2019

(Before appropriation of result)

Assets	31 December 2019	31 December 2018
	€	€
Fixed assets		
Tangible fixed assets	1,154,212	1,421,204
Financial fixed assets	491,978	398,535
	<u>1,646,190</u>	<u>1,819,739</u>
Current assets		
Trade receivables	529,591	760,401
Other receivables	1,135,208	718,683
Cash and cash equivalents	<u>16,947,324</u>	<u>18,053,593</u>
	<u>18,612,123</u>	<u>19,532,677</u>
	<u>20,258,313</u>	<u>21,352,416</u>

Liabilities	31 December 2019	31 December 2018
	€	€
Equity		
Issued share capital	67,112	66,555
Share premium reserve	69,951,769	69,596,514
Share based payments reserve	5,260,095	3,919,512
Currency translation reserve	4,940	1,748
Other reserves	(62,123,784)	(49,863,393)
Result after taxation	<u>(4,622,373)</u>	<u>(12,260,391)</u>
	<u>8,537,759</u>	<u>11,460,545</u>
Provisions		
	432,841	572,254
Current liabilities		
Trade creditors	2,445,624	3,014,274
Taxes and social securities	2,207,742	1,909,621
Other liabilities and accruals	<u>6,634,347</u>	<u>4,395,722</u>
	<u>11,287,713</u>	<u>9,319,617</u>
	<u>20,258,313</u>	<u>21,352,416</u>

Catawiki B.V.

COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

		<u>2019</u>	<u>2018</u>
	Note	€	€
Share of result of participations	26	90,252	266,417
Income from operations after corporation tax		<u>(4,712,625)</u>	<u>(12,526,808)</u>
Result after taxation		<u>(4,622,373)</u>	<u>(12,260,391)</u>

NOTES TO THE COMPANY BALANCE SHEET AND INCOME STATEMENT

24. General note

The company financial statements have been prepared in accordance with the statutory provisions of Part 9 of Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with note 3.2 to the consolidated financial statements.

For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.

Since the income statement for 2019 of Catawiki B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2 of the Dutch Civil Code.

25. Tangible fixed assets

For more detailed information, reference is made to note 6 of the consolidated financial statements.

26. Financial fixed assets

Movements in financial assets can be broken down as follows:

	Participations	
	€	€
	2019	2018
Balance as at 1 January	398,535	131,735
Result from participations	90,252	266,417
Currency translation effect	3,191	383
	<hr/>	<hr/>
Balance as at 31 December	491,978	398,535
	<hr/>	<hr/>

Catawiki B.V. has direct interests in the following participations:

Name, registered office	Share in issued capital as %
Catawiki Services NL B.V., Assen, the Netherlands	100
Catawiki Services BE B.V.B.A., Brussels, Belgium	1

There are no accumulated impairment losses to date.

27. Trade receivables

	31-12-2019	31-12-2018
	€	€
Trade receivables	<u>529,591</u>	<u>760,401</u>
	<u>529,591</u>	<u>760,401</u>

27.1 Trade receivables

For more detailed information, reference is made to note 7 of the consolidated financial statements.

28. Other receivables

	31-12-2019	31-12-2018
	€	€
Prepayments and other receivables	<u>1,135,208</u>	<u>718,683</u>
	<u>1,135,208</u>	<u>718,683</u>

29. Cash and cash equivalents

Cash and cash equivalents are at free disposal with the exemption of an amount of € 2,204,436 (2018: € 942,672) related to the value of the auctioned lots (after deduction of the amount of commission) to be paid to merchants.

30. Equity

	Share capital	Share premium	Currency translation reserves	Share based payments reserve
	€	€	€	€
Balance as at 1 January 2018	66,555	69,596,514	1,365	2,545,312
Movements				
Profit appropriation	0	0	0	0
Result for financial year	0	0	0	0
Granted share (option) plans	0	0	0	1,374,200
Other movements	0	0	383	0
Balance as at 31 December 2018	<u>66,555</u>	<u>69,596,514</u>	<u>1,748</u>	<u>3,919,512</u>

	Other reserves	Undistributed result	Total
	€	€	€
Balance as at 1 January 2018	(30,205,881)	(19,657,512)	22,346,353
Movements			
Profit appropriation	(19,657,512)	19,657,512	0
Result for financial year	0	(12,260,391)	(12,260,391)
Granted share (option) plans	0	0	1,374,200
Other movements	0	0	383
Balance as at 31 December 2018	<u>(49,863,393)</u>	<u>(12,260,391)</u>	<u>11,460,545</u>

	Share capital	Share premium	Currency translation reserves	Share based payments reserve
	€	€	€	€
Balance as at 1 January 2019	66,555	69,596,514	1,748	3,919,512
Movements				
Profit appropriation	0	0	0	0
Issued share capital	557	355,255	0	0
Result for financial year	0	0	0	0
Granted share (option) plans	0	0	0	1,340,583
Other movements	0	0	3,192	0
Balance as at 31 December 2019	67,112	69,951,769	4,940	5,260,095

	Other reserves	Undistributed result	Total
	€	€	€
Balance as at 1 January 2019	(49,863,393)	(12,260,391)	11,460,545
Movements			
Profit appropriation	(12,260,391)	12,260,391	0
Issued share capital	0	0	355,812
Result for financial year	0	(4,622,373)	(4,622,373)
Granted share (option) plans	0	0	1,340,583
Other movements	0	0	3,192
Balance as at 31 December 2019	(62,123,784)	(4,622,373)	8,537,759

30.1 Issued share capital

	31-12-2019	31-12-2018
	€	€
Subscribed and paid up ordinary shares A1, A2 and A3	27,660	27,660
Preference shares B1, B2, C1, C2 and C-A	38,666	38,666
Non-voting shares	786	229
	<u>67,112</u>	<u>66,555</u>

At the end of 2019 the Company has the following types of shares:

- 1 share without voting rights (non-voting shares);
- 2 A1 ordinary shares;
- 3 A2 ordinary shares;
- 4 A3 ordinary shares;
- 5 B1 preference shares;
- 6 B2 preference shares;
- 7 C1 preference shares;
- 8 C2 preference shares;
- 9 C-A preference shares.

The shares each have a nominal value of € 0.01.

For details on outstanding stock option rights, please refer to the note 22.

30.2 Share premium reserve

In the shareholders agreement is a reservation with regard to the allocation of the contributed surplus of the various shareholders.

30.3 Currency translation reserve

	2019
	€
Balance as at 1 January	1,748
Addition	<u>3,192</u>
Balance as at 31 December	<u>4,940</u>

30.4 Share premium reserve share based payments

2019

€

Balance as at 1 January	3,919,512
Addition	<u>1,340,583</u>
Balance as at 31 December	<u>5,260,095</u>

For details on outstanding stock option rights, please refer to the note 22.

30.5 Proposed appropriation of result

The board of directors proposes to deduct the 2019 loss of € 4,626,765 from the other reserves. The General Meeting will be asked to approve the appropriation of the 2019 result.

31. Provisions

For more detailed information, reference is made to note 11 of the consolidated financial statements.

32. Trade creditors

	31-12-2019	31-12-2018
	€	€
Trade creditors	1,255,850	2,405,006
Payable to group companies	<u>1,189,774</u>	<u>609,268</u>
	<u>2,445,624</u>	<u>3,014,274</u>

33. Taxes and social securities

	31-12-2019	31-12-2018
	€	€
Value Added Tax	2,204,436	942,672
Other taxes and social securities	<u>4,429,911</u>	<u>3,453,050</u>
	<u>6,634,347</u>	<u>4,395,722</u>

34. Other liabilities and accruals

	31-12-2019	31-12-2018
	€	€
Payable to Merchants	2,204,436	942,672
Accruals and other payables	<u>4,429,911</u>	<u>3,453,050</u>
	<u>6,634,347</u>	<u>4,395,722</u>

An amount of € 2,204,436 (2018: € 942,672) related to the value of the auctioned lots (after deduction of the amount of commission) to be paid to merchants is included in the accruals and deferred income. This will normally be paid within two weeks.

GUARANTEES

Bank guarantees for an amount of € 65,835 have been issued related to the rent of offices/buildings.

35. Contingent assets and liabilities

Long-term financial obligations

Lease

For more detailed information, reference is made to note 14 of the consolidated financial statements.

36. Staff

During 2019, on average 355 FTE were employed at the company (2018: 386). All employees were working in the Netherlands.

37. Audit fees

For more detailed information, reference is made to note 19 of the consolidated financial statements.

38. Events after balance sheet events

For the disclosure of the events after balance sheet date refer to note 23 in the consolidated financial statements.

Signing of the financial statements

Assen, May 20, 2020

Executive director:

R. Vora (CEO)

Non-executive directors:

B. P. Neider

W.F. Sijthoff

M. C. Gibson

R.M. Schoenmakers

OTHER INFORMATION

Statutory appropriation of profit

The text of article 19 of the statutes is (the unofficial English translation of article 19 of the statutes, a document prepared in Dutch):

19.1 *The company shall separately record share premium (such share premium thus recorded, a Class Reserve) for each class of Shares, for the exclusive benefit of the holders of Shares of the applicable class, and thus recorded share premium bears the same letter as the corresponding Shares. If upon or after issuance of Shares more than the nominal value of such Shares is paid, in cash or in kind, the excess shall be considered to be share premium for the exclusive benefit of holders of Shares of the applicable class.*

19.2 *The allocation of profits accrued in a financial year shall be determined by the General Meeting. If the General Meeting does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved and added to the general profit reserve.*

19.3 *The General Meeting has the authority to make distributions. If the company is required by law to maintain reserves, this authority only applies to the extent that the equity exceeds these reserves. No resolution of the General Meeting to distribute shall have effect without the consent of the Board. The Board may withhold such consent only if it knows or reasonably should expect that after the distribution, the company will be unable to continue the payment of its due debts.*

19.4 *The General Meeting may resolve to partially or entirely terminate the Class Reserve of the applicable class, subject to the prior or simultaneous approval of the Class Meeting of the Class concerned.*

Independent auditor's report

To the shareholders and the Board of Catawiki B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2019 of Catawiki B.V., based in Assen.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Catawiki B.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company balance sheet as at 31 December 2019.
2. The consolidated and company profit and loss account for 2019.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Catawiki B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the impact of the coronavirus

The coronavirus also impacts Catawiki B.V. Management disclosed the current impact and her plans to deal with these events or circumstances in note 23 Subsequent events of the financial statements. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contain other information that consists of:

- Report of the Executive Board.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.



Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- *Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- Obtaining 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 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 company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.



We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Amsterdam, 20 May 2020

Deloitte Accountants B.V.

Signed on the original: E.J. Scheffer