LAURITZ

ANNUAL REPORT

JANUARY – DECEMBER 2021

Lauritz.com Group A/S
CVR no. 37627542
Company announcement 8 April 2022

Approved at the annual General Meeting
on May 19th, 2022

Preben Vinkler Lindgaard
Chairman of the meeting

Content

Company details

The company	Lauritz.com Group A/S	
	Dynamovej 11C	
	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
	Website:	www.lauritz.com
Contact	Preben Vinkler Lindgaard, CFO	
	E-mail: preben@lauritz.com	
Board of Directors	Bengt Sundström, Chairman	
	Claus Due Pedersen	
	Tue Byskov Bøtkjær	
	Preben Vinkler Lindgaard	
Executive Management	Mette Margrethe Rode Sundstrøm, CEO	
	Preben Vinkler Lindgaard, CFO	
Independent Auditor	Beierholm	
	Statsautoriseret Revisionspartnerselskab	

The leading auction house worldwide within design furniture classics.

Auctions to the people!

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

This is how it works

Lauritz.com sources items locally to sell globally. Lauritz.com has 12 physical auction houses. Here local sellers can consign items for auction. Sellers can interact with the local house by getting an online evaluation, by booking an expert for a home visit or by booking Lauritz.com's pick-up service to transport items from the seller to the auction house. All items are estimated, described, and photographed objectively by Lauritz.com's experts. Each lot is put up for an individual timed auction for 5 days, sold to the highest bid and shipped to the buyer. All items are presented on physical viewing in the given local auction house during the auction period. Major collections or more expensive items are high-lighted on special theme actions. Lauritz.com offers an authenticity guaranty to avoid falsification and copies.

Assortment

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

Customers

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

Market position

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

Business model

Lauritz.com has a simple business model, based on a healthy premium structure. All auction items are sold in commission (which means that Lauritz.com has no inventory). When an item is sold, the buyer pays 22.5 percent in buyer's premium plus a knockdown fee of DKK 95. The seller pays 15 percent in seller's premium plus a knockdown fee of DKK 150. The buyer pays the knockdown and premiums within 3 days. Lauritz.com pays the seller within 42 days.

Geographical expansion

The main key success factor in the auction business is to create a sufficient in-flow of items from local private and professional sellers to present to global buyers. Lauritz.com has a strong track record establishing physical auction houses for this vital local sourcing of items. Lauritz.com can open local auction houses in 3 ways; by opening own operations greenfield, by finding local partners to start in a franchise-like model or by acquiring regional auction houses to convert their traditional physical auctions to online auctions.

Scalable platforms

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

Sustainability

The sustainable aspect within decoration keeps growing even bigger year by year. Whereas obtaining international goals for climate changes can seem abstract, many consumers have by now realized – or start discovering – that you can actually make a sustainable difference in your own way in your own home.

In our view, the auction business is one of the most sustainable businesses through history.

For centuries traditional auction houses have facilitated the sales of second-hand items, while Lauritz.com's platform was the first worldwide to convert sales of vintage items from physical to online auctions in 1999. The daily auctions represent a sound sustainable cycle as we make vintage treasures change hands when they leave selling customers' home to move in with a happy buying customer across generations, decades, and centuries.

Through times, auction customers have sold and bought furniture, crafts, and art mainly from an esthetical point of view and because of the interesting story behind each creation. In 2021, we are privileged to also welcome an additional audience; a new 'generation' of customers, understood as a new mindset community (not age). This new generation is replacing part of their purchase of new-produced products with quality vintage objects, purely because of an insisting climate agenda.

Development in EBITDA

In 2021 auction turnover growth is 2.6 percent and revenue growth for the continuing business is 6.6 percent compared to 2020, whereas operating cost has remained under control with an increase of 1.2 percent. The improvements have resulted in an improvement in EBITDA in 2021 by DKK 6.5m for the continuing business of Lauritz.com group, bringing EBITDA to DKK 0.9m (-5.6m). Net operating cash flow for the continuing business is DKK 5.0m (16.9m). The change is mainly driven by the improvement in EBITDA and changes in working capital items.

Financing

Towards the end of 2019 a review of the capital structure of the group has been carried out, resulting in the M&A process that commenced in April 2020 and was finalised in May 2021.

The outcome of the process is that Stockholms Auktionsverk, Karlstad Hammarö Auktionsverk and 3 auction houses in Germany have been sold. Most of the proceeds from the sale has been used to reduce the debt of the group by approximately DKK 60m (bond debt SEK 45m, accrued interest on bond SEK 16m and Senior loan SEK 21m) in June 2021. In May 2022 after receiving the last part of the sales proceeds (SEK 15m) a further payment to reduce the bond debt by SEK 15m will be made, after which the remaining bond debt will be DKK 102m (SEK 140m). Further, the terms of the remaining bond debt have been adjusted, lowering the interest rate, and changing the amortization making the bond debt a standing loan until the maturity date in December 2024.

Impact on financial reporting due to the sale of activities

The presentation of the business in the financial statements is impacted by the sale as the sold business is presented as discontinued operations in the statement of comprehensive income, balance sheet and statement of cash flow. The sold part of the business was reclassified to discontinued operations and the value of the assets included as assets available for sale has been impaired to reflect the achieved sales price

The sale of Stockholms Auktionsverk, the auction house in Karlstad Hammarö and 3 auction houses in Germany result in an accounting loss as the book value of the sold activities is higher than the achieved sales price, resulting in an total loss of DKK 24m. This loss was recognised in part in 2020 as a DKK 19m impairment of discontinued activities.

Equity

The accounting loss from the sale of activities is resulting in the Equity of the parent company of the group being negative by DKK 7.1m and the equity in the consolidated figures being negative by DKK 43.1m.

Management has assessed the equity situation according to the Danish company act and is expecting to reestablish the Equity of the parent company through operating profits over the next years, and/or through additional equity financing.

Commercial initiatives

Our continued focus on sales management, business control and execution both internally in the headquarter and in all auction-houses is showing results.

The comprehensive optimization process that all auction houses have gone through in terms of logistics and handling of the auction supply chain, has released resources for intensified sales activities focusing on the local evaluation and sourcing of items for auction.

In terms of marketing activities, we are continuously intensifying our digital footprint, showing positive effects and strengthening our position within international, national, and local communities interested in selling and buying sustainable vintage items of high quality within art, design, and collectables.

Development in organization

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

To bring Lauritz.com to the next level as to turnover and earnings on shorter and longer terms, including expected roll out of new business areas, a future central management team has been defined. The new Country Manager Denmark and the new CTO onboarded during the first half of 2021 and a new CMO in February 2022.

Market position and competition landscape

As a first mover within online auctions worldwide, Lauritz.com has driven the international paradigm shift from traditional, physical auctions to online auctions through 2 decades. Significant volumes of items are being sold at Lauritz.com every day with a very strong position in the online auction industry. Over the years, we have created a unique position between classified online marketplaces and traditional auction houses. Our core concept as an international online auction marketplace for design, art, and antiques - with a high level of expertise, quality, and service – is a successful formula with a great future potential.

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

We operate in an increasingly competitive landscape with old and new competitors increasing their efforts to reach Lauritz.com's unique position. Lauritz.com has now entered a phase in our development that requires firm actions to stay ahead of upcoming competition. Traditional auction houses have become more focused and aggressive online. New commercial platforms are popping up with fixed-price or auction concepts.

Social platforms are now competing seriously within trading of second-hand items. In addition, the retail market of smaller but interesting local vintage shops is growing.

In parallel, consumer behavior has gone through a rapid change the last years as result of the further digitalization. Today, consumers are prioritizing convenience more than ever. Historically, Lauritz.com has been acknowledged as the most convenient auction concept, defined to be accessible and to make life as easy as possible for the customers. Through 2020, we have been adjusting certain of our customer offerings, in order to stay ahead of the increasing number of alternative channels that consumers can chose when selling or buying second-hand items.

In 2020, Lauritz.com refound the historical growth track that has characterized the company for so many years as both first mover and market leader. After challenging years in 2018 and 2019, e.g., due to increased competition, Lauritz.com managed to stabilize the in-flow of items for auction in 2019 and to kick-start a steady growth in 2020, continuing through 2021 and into 2022.

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

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

Development in financials

For the full year auction turnover increased to DKK 418,7m (408,1m). The growth is partly due to improvements in commercial activities and partly due the rebound from the impact of the first weeks of the Covid-19 crisis in March to May 2020.

Net revenue increased by 6.6 percent in 2021 to DKK 129.4m (121.4m). The increase in revenue is driven by the higher auction turnover and by increase in commission rates and fees on sold items.

The DKK 8.0m increase in revenue, and a DKK 1,5m increase in cost results in an improvement in EBITDA of DKK 6.5m compared to last year, bringing EBITDA to DKK 0.9m (-5.6m).

In the annual test of the carrying amount of goodwill, software in process of development and other intangible assets at 31.12.2021 no need for impairment has been identified.

The sale of the Carve-out business has resulted in an impairment loss of DKK 24m, recognized primarily in the 2020 income from discontinued operations.

The Total comprehensive income for the year for the continuing and discontinuing business combined shows a result of DKK -19.9m (-37.2m). Net Cash Flow for the year was DKK -13.9m (13.0m).

Parent company

The parent company has impaired the value of shares in subsidiaries and receivable from subsidiaries, resulting in the equity becoming negative as mentioned on page 4. Management has assessed the Equity situation and the plan for reestablishing the equity has been prepared.

Events after the balance sheet date

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

Guidance for 2022

Regarding guidance for 2021 earnings was within the guidance with EBITDA of DKK 0.9m. Auction Turnover growth was 2.6 percent and Revenue growth was 6.6 percent.

Guidance for 2022 is unchanged at:
Growth in Auction Turnover of 0-10 percent
Growth in Revenue of 5-15 percent
EBITDA of DKK 3-8m.

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Auction turnover [1]	**418,700**	**408,121**	**395,382**	**738,217**	**858,893**
Statement of comprehensive income [2]					
Revenue	129,435	121,432	128,835	227,962	297,120
Gross profit	61,365	54,620	52,012	116,517	192,814
EBITDA	911	- 5,559	- 3,004	- 2,025	32,104
Operating profit (EBIT)	- 7,514	- 14,356	- 14,209	- 57,100	- 7,108
Net financials	- 6,261	- 20,501	61,945	- 12,396	- 12,922
Profit before tax (EBT)	- 13,775	-34,857	47,736	- 72,043	- 20,030
Tax on profit for the year	5,672	6,510	7,389	4,882	- 1,268
Profit/Loss for the year, continued operations	- 8,103	- 28,347	55,125	N/A	N/A
Profit/Loss for the year, discont. operations	- 27,125	- 14,688	- 37	N/A	N/A
Profit/loss for the year, total	- 35,228	- 43,035	55,088	- 67,161	- 21,298
Balance sheet [3]					
Non-current assets	70,722	71,536	223,567	184,817	228,230
Current assets	75,505	67,913	113,981	155,860	210,822
Current assets, available for sale	-	202,280	N/A	N/A	N/A
Balance sheet total	146,227	341,729	337,548	340,677	439,112
Share capital	4,079	4,079	4,079	4,079	4,079
Equity	- 44,860	- 25,035	12,164	- 41,642	29,068
Non-current liabilities	112,033	5,946	25,319	16,267	249,962
Current liabilities	79,054	250,997	300,065	366,052	160,082
Current liabilities, available for sale	-	109,821	N/A	N/A	N/A
Cash flow [4]					
Operating activities	- 12,106	13,156	- 8,761	- 37,321	- 7,581
Investing activities	63,206	- 1,099	- 4,403	38,643	- 9,897
Of this, investments in property, plant and equipment	- 507	- 477	- 384	35,758	- 2,138
Financing activities	-48,218	- 1,762	10,366	- 9,961	600
Cash flow, continuing operations	2,882	10,295	- 2,798	N/A	N/A
Cash flow, discontinued operations	- 16,816	2,685	- 8,717	N/A	N/A
Total cash flow for the year	- 13,934	12,980	- 11,515	- 8,639	- 16,878

[1] Auction turnover reflect activities on www.lauritz.com, mobile apps, www.hammaroauktionsverk.com and Stockholms Auktionsverk/Magasin 5. Auction turnover includes hammer prices and buyer's premiums exclusive of VAT. Auction turnover for 2019-2021 showing continuing operations. 2017-2018 are not adjusted for discontinued operations.

[2] 2019 and 2021 Profit/Loss of continued operations only. 2017-2018 are not adjusted for discontinued operations.

[3] 2020 and 2021 Balance sheet excluding discontinued operations. 2017-2019 are not adjusted for discontinued operations.

[4] Cash flow 2017-2018 are not adjusted for discontinued operations.

	2021	2020	2019	2018	2017
Ratios [5]					
Gross margin	47.4 %	44.6 %	40.4 %	51.1 %	64.9 %
EBITDA margin	0.7 %	- 4.5 %	- 2.3 %	- 0.8 %	10.8 %
Profit margin	- 5.8 %	- 11.7 %	- 11.0 %	- 25.0 %	- 2.4 %
Equity ratio	- 30.7 %	- 7.3 %	3.7 %	- 12.2 %	7.8 %
Return on equity	- %	- %	- %	- %	- 44.1 %
Earnings per share (EPS Basic), DKK:					
EPS Basic, continued operations	- 0.199	- 0.696	1.354	- 1.662	- 0.523
EPS Basic, discontinued operations	- 0.666	- 0.361	- 0.001	-	-
Dividend per share	0	0	0	0	0
Average number of full-time employees:					
Continuing operations	60	55	44	140	185
Discontinued operations	111	110	113	-	-

[5] Ratios for 2017-2018 are not adjusted for discontinued operations.

Earnings per share are calculated according to IAS 33 (note 20). Key ratios are applied and calculated as follows:

Gross margin $$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

EBITDA margin $$\frac{\text{Operating profit/loss before depreciation, amortisation and impairment (EBITDA) x 100}}{\text{Revenue}}$$

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

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

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

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

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

Management statement

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of Lauritz.com Group A/S for 2021.

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 2021 and of the results of the Group's and the Parent Company's operations and cash flow for the financial year 2021.

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, 8 April 2022

Executive Management

Mette Margrethe Rode Sundstrøm CEO	Preben Vinkler Lindgaard CFO

Board of Directors

Bengt Sundström Chairman	Claus Due Pedersen
Tue Byskov Bøtkjær	Preben Vinkler Lindgaard

To the shareholders of Lauritz.com Group A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Lauritz.com Group A/S for the financial year 1 January 2021 - 31 December 2021, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to the Consolidated Financial Statements and the Parent Company Financial Statements, including a summary of significant accounting policies, for the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company 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 Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and the Parent Company operations and cash flows for the financial year 1 January 2021 - 31 December 2021 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 (ISA's) 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 Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to pro-vide a basis for our opinion.

Material uncertainty regarding going concern assumption

Without modifying our opinion, we draw attention to the information in note 1 Going concern in which the Management accounts for the uncertainty which exists regarding the company's ability to continue as a going concern. We agree with the Management as to the description of uncertainties and the choice of accounting policies.

Statement regarding the management's review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's 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 Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed; we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management's Review.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 the Consolidated Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company 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 Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 ISA’s 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 based on these Consolidated Financial Statements and Parent Company Financial Statements.

As part of an audit conducted in accordance with ISA’s and the additional requirements applicable in Denmark, we exercise professional judgment 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 Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of ex-pressing an opinion on the effectiveness of the Group’s and the Parent Company’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 Company 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 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 Audi-tor’s Report to the related disclosures in the Consolidated Financial Statements and the Parent Company 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company 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.

Aalborg, 8 April 2022
Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Martin Ødum Madsen
State Authorized Public Accountant
MNE no. mne45893

Statement of comprehensive income 1 January - 31 December

Notes		Group 2021 DKK'000	Group 2020 DKK'000
2	Revenue	129,435	121,432
	Direct costs	- 68,070	- 66,812
	Gross profit	**61,365**	**54,620**
3	Other external expenses	- 22,624	- 24,340
4	Staff costs	- 37,830	- 35,839
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**911**	**- 5,559**
5	Depreciation, amortisation, and impairment losses	- 8,425	- 8,797
	Operating profit/loss (EBIT)	**- 7,514**	**- 14,356**
6	Financial income	3,853	1,764
7	Financial expenses	- 10,114	- 22,265
	Profit/Loss before tax (EBT)	- **13,775**	- **34,857**
8	Tax on profit/loss for the year	5,672	6,510
	Profit/Loss for the year, continuing operations	- 8,103	- 28,347
9	Profit/Loss for the year, discontinued operations	- 27,125	- 14,688
	Profit/loss for the year, total	**- 35,228**	**- 43,035**
	Items that can be reclassified to profit or loss:		
	Other comprehensive income, from continuing operations	-	-
	Other comprehensive income, from discontinued operations:		
	Exchange adj., released to profit or loss	15,327	5,836
	Tax on other comprehensive income	-	-
	Other comprehensive income for the year	**15,327**	**5,836**
	Total comprehensive income for the year	**- 19,901**	**- 37,199**
	Earnings per share, continuing operations:		
20	Earnings per share (EPS), DKK	- 0,199	- 0,696
20	Earnings per share (EPS), diluted DKK	- 0,199	- 0,696
	Earnings per share, total:		
20	Earnings per share (EPS), DKK	- 0,865	- 1,057
20	Earnings per share (EPS), diluted DKK	- 0,865	- 1,057

Assets

Notes		Group 31.12.2021 DKK'000	Group 31.12.2020 DKK'000
	Non-current assets		
10	Software in process of development	-	622
10	Developed software	2,585	6,200
10	Rights acquired	-	2,149
10	Goodwill	40,546	40,546
	Total intangible assets	43,131	49,517
11	Right-of-use assets	5,486	5,811
11	Other fixtures and fittings, tools, and equipment	4,127	3,796
	Total property, plant, and equipment	9,613	9,607
12	Deferred taxes	15,893	10,563
13	Deposits	2,085	1,849
	Total financial assets	17,978	12,412
	Total non-current assets	**70,722**	**71,536**
	Current assets		
	Inventories	116	112
14	Trade receivables	645	1,451
14	Contractual receivables	32,161	30,252
24	Receivables from group enterprises	17,860	17,698
	Tax receivable	-	-
14	Other current receivables	3,988	110
	Total receivables	54,654	49,511
15	Cash and cash equivalents	20,735	18,290
	Total current assets	**75,505**	**67,913**
25	Assets, available for sale	-	202,280
	Total assets	**146,227**	**341,729**

Balance sheet

Equity and liabilities

Notes		Group 31.12.2021 DKK'000	Group 31.12.2020 DKK'000
	Equity		
	Share capital	4,079	4,079
	Reserves	-	- 15,403
	Retained earnings	- 48,939	- 13,711
	Total equity	**- 44,860**	**- 25,035**
	Liabilities		
12	Deferred taxes	901	1,220
17	Bond debt	101,640	-
16	Lease liabilities	4,174	4,726
	Other payables	5,318	-
	Total non-current liabilities	112,033	5,946
17	Bond debt	10,890	147,940
17	Senior loan	-	13,446
16	Lease liabilities	1,845	1,415
	Trade payables	44,308	45,077
18	Other payables	22,011	43,119
	Corporate taxes payable	-	-
	Total current liabilities	79,054	250,997
25	Liabilities, available for sale	-	109,821
	Total liabilities	**191,087**	**366,764**
	Total equity and liabilities	**146,227**	**341,729**

Statement of changes in Consolidated Group Equity

	Share capital DKK'000	Reserve for treasury shares DKK'000	Reserve for exchange rate adjustments DKK'000	Retained earnings DKK'000	Total Equity DKK'000
Equity at 1 January 2021	4,079	-76	-15,327	-13,711	-25,035
Profit/Loss for the year	-	-	-	-35,228	-35,428
Share payment program		76			76
Other comprehensive income	-	-	15,327	-	15,327
Equity at 31 December 2021	**4,079**	**-**	**-**	**-48,939**	**-44,860**
Equity at 1 January 2020	4,079	-76	-21,163	29,324	12,164
Profit/Loss for the year	-	-	-	-43,035	-43,035
Other comprehensive income	-	-	5,836	-	5,836
Equity at 31 December 2020	**4,079**	**-76**	**-15,327**	**-13,711**	**-25,035**

Statement of cash flow

Notes		Group 31.12.2021 DKK'000	Group 31.12.2020 DKK'000
	Operating profit/loss (EBIT)	**- 7,514**	**- 14,356**
	Depreciation amortisation and impairment losses	8,499	9,112
	Impairment and losses on receivables/payables	-	503
	Increase/decrease in inventories	- 4	- 21
	Increase/decrease in receivables	12,583	18,054
	Increase/decrease in trade payables and other payables	- 8,667	7,630
	Other adjustments	30	- 4,028
	Cash flow from ordinary operating activities	4,927	16,894
	Interest received	1,388	1,853
	Interest and financial expenses paid	- 18,405	- 5,644
	Income tax settlements	- 16	53
	Cash flow from operating activities	**- 12,106**	**13,156**
	Purchase of property, plant, and equipment	- 507	- 477
	Purchase of intangible assets	-	- 622
23	Acquisitions and divestments	63,713	-
	Cash flow from investing activities	**63,206**	**- 1,099**
16	Repayment, lease liabilities	- 1,732	- 1,762
17	Repayment, bonds	- 33,111	-
17	Repayment, senior loan	- 13,375	-
	Cash flow from financing activities	**- 48,218**	**- 1,762**
	Net change in cash flow for the year	**2,882**	**10,295**
	Net capital resources, beginning of year	18,290	7,995
	Exchange rate adjustment of capital resources	- 437	-
	Net capital resources, end of year	**20,735**	**18,290**
	Net capital resources, end of year, are composed as follows:		
15	Cash and cash equivalents	20,735	18,290
	Net capital resources, end of year	**20,735**	**18,290**

For information about the cash flow for discontinued operations we refer to note 9.

1. Going Concern

Management of the group has throughout 2020 and 2021 been working to secure sufficient financing to secure the growth and operations of the group. The sale of 'Stockholms Auktionsverk', the auction house in 'Karlstad Hammarö' and 3 auction houses in Germany in May 2021 was a major part of this, securing a reduction of the debt, and improved terms and conditions on the groups bond debt, which should secure that the group can realise the plans for the coming financial year. The changes to the terms and conditions for the bond terms finalized in May 2021 include a reduction of the interest and no annual amortization on the bond which mature in December 2024, making room for operating and developing the business. Further, the group is no longer in breach of the terms and conditions of the bond.

Cash resources are limited and contingent on a continuation of the improvement in the Groups remaining activity and a change to a situation with positive operating cash flow and results. The markets for auctioning and online sale of vintage and luxury items are growing, and the group is working hard to take its share of the market through strong initiatives in marketing and in new business areas under development.

Management is continuing the work on securing further capital for the longer term, looking into financing based on refinancing the bond debt as well as based on equity.

Based on the above-mentioned conditions for the Group, management has assessed that the cash resources of the group are sufficient to secure the future operations for at least one year, so that the report can be prepared on a going concern basis.

	Group 2021 DKK'000	Group 2020 DKK'000
2. Revenue		
Auction commissions and fees etc.	123,706	115,784
Other revenue - marketing contribution etc.	5,729	5,648
	129,435	**121,432**

The Group has no single key costumers.

	Group 2021 DKK'000	Group 2020 DKK'000
3. Other external expenses		
Fees to auditors appointed at the annual general meeting		
Audit services	610	942
Tax services	-	87
Other services	11	626
	621	**1,655**

Other services in 2020 consist of advisory services related to financial statements and tax advisory in relation to acquisitions, divestments, and sale of assets. 2021 fees to auditors include fees for only the continuing operations. 2020 fees to auditors include fees for continuing and discontinued operations.

Other external expenses include impairment losses on receivables of DKK -425k (651k).

4. Staff costs		
Wages and salaries	34,330	32,910
Defined contribution pension plans, cf. below	1,196	1,220
Other social security costs	439	305
Other staff costs	1,864	1,404
	37,830	**35,839**
Average number of full-time employees	60	55

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

Wages and salaries include subsidies and compensations of DKK 0.1m (1.2m) mainly related to COVID-19 relief packages.

4. Staff costs (continued)

Remuneration of the Board of Directors and Executive Management

	Group 2021 DKK'000	Group 2020 DKK'000
Remuneration of the Board of Directors	418	500
Wages and salaries, Board of Directors	692	1,200
Wages and salaries, Executive Management	3,920	6,379
Redundancy cost, Executive Management	-	1,064
Pensions, Executive Management	171	261
	5,201	**9,404**

Executive management is defined as publicly registered management. Wages and salaries for Board of Directors and executive management include compensation for management roles in other group Companies.

Wages and salaries, Board of Directors is a consultancy fee of DKK 0.7m (1.2m) to the Chairman of the Board.

5. Depreciation amortisation and impairment losses

	Group 2021 DKK'000	Group 2020 DKK'000
Depreciation, right-of-use assets	1,935	1,731
Depreciation, other fixtures, tools, and equipment	177	287
Gains/losses arising from disposal	- 73	- 220
Amortisation rights acquired	2,149	899
Amortisation, developed software	4,237	6,100
	8,425	**8,797**

6. Financial income

	Group 2021 DKK'000	Group 2020 DKK'000
Interest income	1,193	1,674
Interest income from group enterprises	177	90
Interest income from financial assets	**1,370**	**1,764**
Exchange rate gains	2,483	-
	3,853	**1,764**

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

	Group 2021 DKK'000	Group 2020 DKK'000
7. Financial expenses		
Financial expenses, banks etc.	628	836
Financial expenses, lease liabilities	320	329
Bank charges etc.	624	630
Financial expenses, debt	5,495	9,045
Guarantee commission	2,895	2,869
Financial expenses from financial liabilities	9,962	13,709
Exchange rate loss	-	6,752
Impairment losses receivables, current accounts	152	1,804
	10,114	**22,265**

	Group 2021 DKK'000	Group 2020 DKK'000
8. Tax on profit/loss for the year		
Current tax for the year	-	-
Deferred taxes change for the year	- 5,639	- 6,922
Adjustment to current taxes, prior years	15	- 289
Adjustment to deferred taxes, prior years	- 48	701
Tax on profit/loss for the year	**- 5,672**	**- 6,510**

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

	Group 2021 DKK'000	Group 2020 DKK'000
Taxes on profit/loss for the year:		
Computed 22.0 % tax on profit/loss for the year before tax (22.0 %)	- 3,005	- 7,669
Adjustment to current taxes, prior years	15	- 289
Adjustment to deferred taxes, prior years	- 48	701
Adjustment of unrecognized tax assets	1,735	- 94
Tax effect of non-deductible expenses/non-taxable income	- 4,369	841
	- 5,672	**- 6,510**
Effective tax rate	Negative	Negative

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

9. Discontinued operations

	2021 DKK'000	2020 DKK'000
Revenue	32,613	92,802
Direct costs	- 4,195	- 13,016
Gross profit	**28,418**	**79,786**
Result from divestment of activities, note 15	- 5,351	-
Other external expenses	- 6,088	- 13,600
Staff costs	- 18,219	- 49,229
Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**- 1,240**	**16,957**
Depreciation, amortisation, and impairment losses*	- 4,574	- 32,542
Operating profit/loss (EBIT)	**- 5,814**	**- 15,585**
Financial income	9	40
Financial expenses	- 16,477	- 2,324
Profit/Loss before tax (EBT)	- **22,282**	- **17,869**
Taxes on profit/loss for the year	- 4,843	3,181
Profit/Loss for the year, from discontinued operations	**- 27,125**	**- 14,688**
Earnings per share, from discontinued operations		
Earnings per share (EPS), DKK	- 0,666	- 0,361
Earnings per share (EPS), diluted DKK	- 0,666	- 0,361

2021 includes discontinued operations from January 2021 to the sale in May 2021.

*) 2020 includes impairment of available for sale assets of DKK 19.2m.

	2021 DKK'000	2020 DKK'000
Cashflow, discontinued activities:		
Cashflow from operational activities	- 12,762	12,342
Cashflow from investment activities	-	- 559
Cashflow from financing activities	- 4,054	- 9,098
Net cashflow for the period/year	**- 16,816**	**2,685**
Net capital resources, beginning of year	33,509	29,882
Exchange rate adjustment of capital resources	- 129	942
Net capital resources, end of the period (divested), note 15	**16,564**	**33,509**

10. Intangible assets (DKK'000)

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2021	686	60,726	14,177	40,546
Exchange rate adjustments	-	47	-	-
Disposals	-	- 1,107	-	-
Transferred	- 622	622	-	-
Cost at 31 December 2021	**64**	**60,288**	**14,177**	**40,546**
Amortisation at 1 January 2021	-	54,526	10,828	-
Impairment losses at 1 January 2021	64	-	1,200	-
Exchange rate adjustments	-	47	-	-
Amortisation for the year	-	4,237	2,149	-
Disposals	-	- 1,107	-	-
Amortisation and impairment losses at 31 December 2021	**64**	**57,703**	**14,177**	**-**
Carrying amount at 31 December 2021	**-**	**2,585**	**-**	**40,546**
Cost at 1 January 2020	64	60,789	69,620	143,174
Exchange rate adjustments	-	- 63	1,851	4,721
Additions from acquisitions	-	-	-	6,099
Additions	622	-	-	-
Transferred to available for sale	-	-	- 57,294	- 113,448
Cost at 31 December 2020	**686**	**60,726**	**14,177**	**40,546**
Amortisation at 1 January 2020	-	48,488	20,696	-
Impairment losses at 1 January 2020	64	-	1,200	30,992
Exchange rate adjustments	-	- 62	444	1,049
Amortisation for the year	-	6,100	2,848	-
Impairment for the year	-	-	-	19,235
Transferred to available for sale	-	-	- 13,160	- 51,276
Amortisation and impairment losses at 31 December 2020	**64**	**54,526**	**12,028**	**-**
Carrying amount at 31 December 2020	**622**	**6,200**	**2,149**	**40,546**

10. Intangible assets (continued)

Software includes development projects for IT systems and processes in progress. Apart from goodwill and trademarks, all other intangible assets are regarded as having determinable useful lives over which the assets are amortised, see accounting policies. The carrying amounts of trademarks without determinable useful lives totals DKK 0.0m at 31 December 2021 (0.0m).

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. The impairment test is therefore made at group level.

At 31 December 2021, Management has tested the carrying amount of goodwill, software in process of development and other intangible assets for impairment. 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 discounted cashflow calculation of value in use are the determination of Auction Turnover growth, EBITDA growth, discount rate and terminal value growth rate for the 2022 period and the forecast period 2023-2027 and the terminal period.

The assessment of growth rate in Auction Turnover is by nature subject to material uncertainty which naturally impacts the forecasted EBITDA. The Impairment test is based on a successful return to growth, although at a lower growth rate than seen previously and Management assess that the used assumptions are realistic to realize. Impairment recognized for 2021 totals DKK 0m (0m).

Auction Turnover and EBITDA growth is determined based on historical performance, and Auction Turnover and 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.

Impairment test is based on a turnaround where Auction Turnover increases by 5-15 % in 2022 compared to 2021, and by 5-10% per year in the forecast period 2023 until 2027. Cost development in the forecast period is moderate and primarily driven by increase in commission to partners as well as staff cost and variable cost in own auction houses driven by the higher activity level, whereas the growth in cost for rent of premises is low as the growth in activity can be handled in the physical locations currently in use.

EBITDA is expected to grow from DKK 2.7m in 2021 to a level between DKK 3m and DKK 8m in 2022. This increase in EBITDA is primarily due to growth in Revenue, and further strengthened by a change in business setup with more owned auction houses and a number of cost-cutting initiatives and other initiatives in relation to how the business is operated.

Growth in Auction Turnover is driving value creation in the business. Economies of scale are quite high, resulting in an yearly growth in EBITDA of 15-25 percent, bringing EBITDA to a level between DKK 20m and 25m at the end of the forecast period.

10. Intangible assets (continued)

When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approximately 10-15 percent of budgeted EBITDA. The effect of expected acquisitions is not included at investment level.

The discount rate is determined based on the Company's marginal borrowing rate plus a risk premium that reflects the risk involved in investing in shares and the risk involved in the activity performed, equivalent to a pre-tax discount rate of 11.5 percent (11.5).

The terminal value growth rate of 0.5 percent (0.5) p.a. is based on estimated economic growth.

Sensitivity analysis

Following the sale of activities, the headroom in the impairment test has increased.

The assessment of the assumptions applied when preparing the impairment test is by nature subject to material uncertainty.

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

	Group
	2021
Average Auction Turnover-growth for 2023 to 2027	- 1 %
Average EBITDA-growth for 2023 to 2027	- 5 %
WACC, pre-tax	29 %
Terminal growth	Can not result in impairment on its own

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

	Right-of-use assets	Other fixtures etc.
Cost at 1 January 2021	9,121	19,960
Additions	516	507
Remeasuring of value of assets	941	-
Disposals/expired	- 2,687	- 561
Cost at 31 December 2021	**7,891**	**19,906**
Depreciation at 1 January 2021	3,310	16,164
Depreciation for the year	1,935	177
Depreciation related to disposals	- 2,840	- 562
Depreciation at 31 December 2021	**2,405**	**15,779**
Carrying amount at 31 December 2021	**5,486**	**4,127**
Cost at 1 January 2020	48,620	25,357
Exchange rate adjustments	3,025	204
Additions	3,270	1,035
Remeasuring of value of assets	14,193	-
Disposals	- 2,507	-
Transferred to available for sale	- 57,480	- 6,636
Cost at 31 December 2020	**9,121**	**19,960**
Depreciation at 1 January 2020	17,861	19,372
Exchange rate adjustments	1,391	151
Depreciation for the year	12,326	1,145
Depreciation related to disposals	- 2,507	-
Transferred to available for sale	- 25,761	- 4,504
Depreciation at 31 December 2020	**3,310**	**16,164**
Carrying amount at 31 December 2020	**5,811**	**3,796**

Right-of-use asset value is based on the present value of rental agreements for showrooms, warehouses, office space and other facilities. Depreciation is straight-line on basis of the underlying contracts with an average of 3 years.

	Group 2021 DKK'000	Group 2020 DKK'000
12. Deferred taxes		
Deferred taxes at 1 January	9,343	4,769
Deferred taxes at 1 January, assets held for sale	-	- 1,647
Exchange rate adjustments	- 38	-
Adjustments, prior years	48	- 701
Deferred tax on profit/loss for the year	5,639	6,922
Deferred taxes at 31 December	**14,992**	**9,343**

Specification of deferred taxes:		
Tax losses carry forwards	41,687	33,297
Tax losses carry forwards, not recognised	- 33,647	- 30,968
Right-of-use assets/lease liabilities	96	22
Other fixtures and fittings	4,178	4,191
Leasehold improvements	89	77
Rights acquired	2,060	1,587
Software	- 78	- 665
Goodwill	- 555	- 555
Receivables	1,212	2,096
Other liabilities/payables	- 50	261
	14,992	**9,343**

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

Deferred tax is recognized as follows in the balance sheet:		
Deferred taxes (assets)	15,873	10,563
Deferred taxes (liabilities)	- 881	- 1,220
Deferred taxes at 31 December, net	**14,992**	**9,343**

13. Deposits (DKK'000)

	Deposits
Cost at 1 January 2021	1,849
Additions	236
Disposals	-
Cost at 31 December 2021	**2,085**
Carrying amount at 31 December 2021	**2,085**
Cost at 1 January 2020	3,370
Disposals	- 1,521
Cost at 31 December 2020	**1,849**
Carrying amount at 31 December 2020	**1,849**

	Group 31.12.2021 DKK'000	Group 31.12.2020 DKK'000
14. Receivables		
Trade receivables	645	1,451
Contractual receivables	32,161	30,252
Other receivables	21,848	17,808
	54,654	**49,511**

Contractual receivables relate to the sale of 5 partnership agreements and 1 sale of shares. The contractual receivables from sale of partnerships agreements are in the range of DKK 1.9m to DKK 12.2m. Receivables from sale of partnership agreements are interest bearing. The repayment of the receivables is based on performance and repaid on a monthly or quarterly basis. Contractually Lauritz.com has various possibilities to collect the receivable up to and including the option of taking over the branch. The receivable related to the sale of shares is non-interest bearing and has no contingencies.

Of the contractual receivables DKK 14.7m (26.6m) is expected to mature after 12 months. Impairment of trade receivables and other receivables is made based on expected credit loss. During 2021 impairment losses of DKK 0.0m (2.1m) has been recognized, of which DKK 0.0m (1.8m) is recognised as financial expenses.

The impairment test performed on the receivables from sale of partnership agreements is based on the expected performance, the historic track record for repayments and the expected resale value of the auction house.

The impairment losses included in receivables have developed as follows:

Lifetime Expected Credit Loss:		
Impairment losses at 1 January	3,893	13,951
Realised impairments losses	- 2,912	- 5,847
Impairment losses for the period	-	2,145
Transferred to discontinued activities	-	- 6,356
Impairment losses at 31 December	981	3,893

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

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

15. Cash and Cash equivalents

Cash and cash equivalents include restricted cash amounting to DKK 0.5m (0.5m).

16. Financial liabilities and financial activities

	Group 31.12.2020 DKK'000	Group 31.12.2020 DKK'000
Financial liabilities include:		
Bond debt, non-current	101,640	-
Bond debt, current	10,890	147,940
Senior loan	-	13,446
Financial liabilities	**112,530**	**161,386**
Lease liabilities, non-current	4,174	4,726
Lease liabilities, current	1,845	1,415
Lease liabilities	**6,019**	**6,141**

The financial activities are:

	Financial liabilities DKK'000	Lease liabilities DKK'000
Financial liabilities 1 January 2021	161,386	6,141
Cash flow from settlements	- 46,486	- 1,732
Non-cash changes:		
Exchange rate and other adjustments	- 2,370	153
Added new liabilities	-	516
Remeasure of liabilities	-	941
Financial liabilities 31 December 2021	**112,530**	**6,019**
Financial liabilities 1 January 2020	156,106	32,021
Financial liabilities 1 January 2020, available for sale	-	- 24,987
Cash flow from settlements	-	- 1,569
Non-cash changes:		
Exchange rate adjustments	5,280	75
Remeasure of liabilities	-	601
Financial liabilities 31 December 2020	**161,386**	**6,141**

17. Bond debt and Senior loan/ refinancing activities of the group

The Group has a bond originally issued in 2014.

The main terms of the bond debt at 31.12.2021 (the balance sheet date) are:

- Outstanding principal amount SEK 155m (SEK 200m).
- Fixed interest rate of 4.0 percent on the principal amount SEK 155m.
- Next redemption in May 2022 for SEK 15m (after receiving the last part of the sales proceeds (SEK 15m) from the divestment of activities in May 2021).
- Final redemption date of SEK 140m is 17 December 2024, no yearly redemptions.
- Interest for the period 17 December 2020 to 17 December 2021 to be paid at maturity of the bond in December 2024.
- Security EUR 10m to secure the bonds, primarily in form of a pledge in the vineyard Chateau Vignelaure, owned by the main shareholder in Lauritz.com Group A/S, Bengt Sundström.

In June 2019, a senior loan facility was issued to Lauritz.com A/S. The main terms of the senior loan are:

- Senior Loan Facility is denominated in SEK equivalent of up to 25mDKK superseding the bond debt.
- Fixed interest rate of 7.5 percent pro annum.

The senior loan was repaid in May 2021 in connection with the divestment of activities.

18. Other payables

Other payables include payroll taxes, holiday pay, payable VAT, severance pay, and other costs payable.
The group has received extended payments terms and credit from the government related to Covid-19 relief programs.

19. Financial risks

Currency risks

The Group's currency risks for the continuing operations are primarily related to the bond debt denominated in SEK. The remaining currency exposure is primarily in DKK. The difference between ingoing and outgoing payments denominated in the same currency is a measure of currency risk.

The bonds issued are in SEK. The principal amount is subject to exchange rate fluctuations between the Company's functional currency (DKK) and SEK. A 5 percent change in the SEK rate at 31 December 2021 would affect income and equity by approx. DKK 4.9m (4.4m).

Interest risks

The Group has interest-bearing financial assets and liabilities and so it is affected by interest rate fluctuations. Following the restructuring of the bond debt, which included a change to fixed interest rates on the bond debt, the impact of fluctuations in the level of interest rates on the groups comprehensive income and equity has diminished significantly and is primarily related to interest on cash in bank accounts.

19. Financial risks (continued)

Liquidity risks

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

2021 (DKK'000)	**0-1 year**	**1-2 years**	**2-3 years**	**3+ years**	**Total**
Bond principal	10,890	-	106.958	-	117,848
Bond interest (2022-2024)	4,270	4,270	3,910	-	12,450
Lease liabilities	1,845	1,531	1,550	1,093	6,019
Other liabilities	69,837	-	-	-	69,837
31 December 2021	**86,842**	**5,801**	**112,418**	**1,093**	**206,154**
2020 (DKK'000)					
Bond principal and senior loan	161,386	-	-		161,386
Lease liabilities	1,415	1,415	1,415	1,896	6,141
Other liabilities incl. interest	88,196	-	-		88,196
31 December 2020	**250,997**	**1,415**	**1.415**	**1,896**	**255,723**

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within 42 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.

Credit risks

The Group is not exposed to significant credit risks on trade receivables as all items are handed in on a commission basis, and items from auctions are not handed out until payment has been made. Payments are mostly affected 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 flow, mainly Valitor, ALTAPAY, Jyske Bank, Danske Bank, SEB and DNB. Credit risks related to contractual receivables and other receivables are disclosed in note 14.

Other

The Group regularly assesses its capital structure with a view to ensuring adequate equity in the Group. Reference is made to note 17 and management's current activities regarding refinancing of the Group.

20. Earnings per share (EPS)

	Group 31.12.2021 DKK'000	Group 31.12.2020 DKK'000
EPS, continuing operations		
Profit/Loss for the year, continuing operations	- 8,103	- 28,347
Number of shares	40,792,542	40,792,542
Average number of shares in circulation	40,747,610	40,702,907
EPS at DKK 0.10	- 0.199	- 0.696
EPS at DKK 0.10 diluted	- 0.199	- 0.696
EPS total		
Profit/Loss for the year, total	- 33,428	- 43,035
Number of shares	40,792,542	40,792,542
Average number of shares in circulation	40,747,610	40,702,907
EPS at DKK 0.10	- 0.865	- 1.057
EPS at DKK 0.10 diluted	- 0.865	- 1.057

21. Dividend

During 2021, DKK 0 in ordinary dividend has been distributed to the shareholders of Lauritz.com Group A/S, equalling DKK 0 per share (2020: DKK 0 per share).

For the financial year 2021, the Board of Directors is proposing a dividend of DKK 0k, corresponding to DKK 0 per share.

22. Contingencies etc.

Contingent liabilities, consolidated financial statements

The Group has issued a letter of support to the subsidiaries Lauritz.com Globen AB and Lauritz Shop A/S. This is not expected to have any impact on comprehensive income or equity.

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

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

23. Acquisitions and divestments

Acquisitions in 2021, auction house in Köln

On 4 January 2021 the Group acquired the activities of the Lauritz.com auction house in Köln from previous partner, to operate this auction house ourselves or divest.

	DKK'000
Fixed assets	106
Other receivables	219
Cash and cash equivalents	17
Other payables	-342
Net assets acquired	**0**
Goodwill	-
Total consideration	**0**

No part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK 0k including cash acquired of DKK 0k. The Group has incurred transaction costs of DKK 0k.

Cash payment	-
Total cost of acquisition	**-**

Of the Group's 2021 revenue DKK 1,434k and DKK -43k of the Group's 2021 profit/loss before tax is attributable to the acquired activities.

Had the 2021 acquisitions been made at the beginning of the year the revenue for the group would be the same as reported, and the profit/loss before tax of the group for the period would not be impacted.
The activities acquired in Köln were part of the activities divested in May 2021.

23. Acquisitions and divestments (continued)

Divestments in 2021, auction activities in Stockholms Auktionsverk, Karlstad Hammarö and 3 German auction houses

In May 2021 the Group finalised the divestment of auction activities in Stockholms Auktionsverk, Karlstad Hammarö and 3 German auction houses.

	DKK'000
Booked values of divested activities, at disposal in May 2021:	
Goodwill	61,579
Acquired rights	43,383
Right of use assets	29,738
Other tangible assets	2,103
Deposits	490
Inventories	24
Receivables from sales	6,108
Receivables inter-group	33,573
Other receivables	2,573
Prepayments corporate taxes	709
Cash and bank	16,564
Liabilities leasing	- 32,453
Deferred taxes	- 1,666
Trade payables	- 35,455
Other payables	- 13,596
Net assets divested	**113,674**
Cash settlement at closing	75,994
Receivable (deferred payment May 2022 15m SEK)	11,037
Debt transfer to buyer	33,573
Total consideration	**120,604**
Cost of sale total	12,281
Result from sale of activities	**- 5,351**

No part of the total consideration is recognized as contingent consideration. The Group has divested net assets totalling DKK 113.7m including cash of DKK 16.6m.

The Group has incurred transaction costs of DKK 12.3m.

23. Acquisitions and divestments (continued)

Acquisitions in 2020, auction houses in Hamburg, Hørsholm and Helsingør

In April, June, and July 2020 the Group acquired the activities of 3 auction houses in Hamburg, Hørsholm, and Helsingør from previous partners, to operate these auction houses ourselves.

	DKK'000
Fixed assets	246
Net assets acquired	**246**
Goodwill	6,099
Total consideration	**6,345**

No part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK 246k including cash acquired of DKK 0k. The Group has incurred transaction costs of DKK 0k. The Group acquired the business at a total cost that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired. This positive difference is primarily attributable to expected future growth potential and earnings. The synergies have not been recognised separately from goodwill as they are not separately identifiable.

Cash payment	246
Non-cash settlement	6,099
Total cost of acquisition	**6,345**

Cost of acquisition continued activities DKK 4,400k, and discontinued activities 1,945k.

Of the Group's 2020 revenue DKK 7.905k and DKK -821k of the Group's 2020 profit/loss before tax is attributable to the acquired activities.

Had the 2020 acquisitions been made at the beginning of the year the revenue for the group would be the same as reported, and the profit/loss before tax of the group for the period would be impacted by approximately DKK -0.5 to -1.0m compared to the reported profit/loss before tax for the group.

24. Related parties

Related parties with a controlling interest

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

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

Related individuals

Bengt Sundström, Chairman of The Board of Directors (since 2016)

Mette Margrethe Rode Sundstrøm, CEO (since 2021), Member of the Board of Directors (since 2017)

Preben Vinkler Lindgaard, CFO, Member of The Board of Directors (since 2018)

Tue Byskov Bøtkær, Member of The Board of Directors (since 2021)

Transactions with related parties

Lauritz.com Group A/S did not enter into significant transactions with members of the Board or the Executive Management, except for compensation and benefits received, including a consultancy fee as a result of their membership of the Board or employment with Lauritz.com as disclosed in note 4.

As part of the debt restructuring in 2019 certain assets has been pledged with EUR 10m by the parent Group Blixtz Holding. This agreement includes guarantee commission paid by the Group at DKK 2.9m (DKK 2.9m).

The Group has interest-bearing long-term receivables from parent companies (Blixtz Holding A/S, Ejendomsselskabet Blixtz Aps) at DKK 17.9m (DKK 17.7m) related to the purchase of a property and related to the joint taxation. The group has received interest from parent companies od DKK 0,1m (0,1m).

Subsidiaries	**Registered office**	**Ownership interest**
Lauritz.com A/S	Søborg, Denmark	100 %
LC Danmark ApS	Søborg, Denmark	100 %
Lauritz Shop A/S *	Søborg, Denmark	100 %
QXL.no AS *	Oslo, Norway	100 %
Lauritz.com Globen AB (dormant)*	Stockholm, Sweden	100 %
Lauritz.com SE1 AB (dormant)*	Helsingborg, Sweden	100 %
Lauritz.com SE 2 AB (dormant)*	Helsingborg, Sweden	100 %

Entities divested on 12 May 2021:

Lauritz.com Sverige AB*	Stockholm, Sweden
AB Stockholms Auktionsverk*	Stockholm, Sweden
Lauritz.com Finland OY *	Helsinki, Finland
Lauritz.com Deutschland GmbH *	Hamburg, Germany
Lauritz.com Köln GmbH *	Köln, Germany
Karlstad-Hammarö Auktionsverk AB *	Skoghall, Sweden

* The company is not audited by Beierholm.

25. Assets and liabilities available for sale

	31.12.2021 DKK'000	31.12.2020 DKK'000
Rights acquired	-	44,134
Goodwill	-	62,172
Total intangible assets	-	106,306
Right-of-use assets	-	31,719
Other fixtures and fittings, tools, and equipment	-	2,132
Total property, plant, and equipment	-	33,851
Deferred tax	-	11,004
Total financial assets	-	11,004
Inventory	-	10
Trade receivables	-	11,279
Tax receivable	-	688
Other current receivables	-	5,633
Total receivables	-	17,600
Cash and cash equivalents	-	33,509
Total assets available for sale	**-**	**202,280**
Liabilities		
Deferred tax	-	6,158
Lease liabilities	-	21,617
Total non-current liabilities	-	27,775
Lease liabilities	-	12,500
Trade payables	-	59,789
Other payables	-	9,757
Total current liabilities	-	82,046
Total liabilities available for sale	**-**	**109,821**

Assets and liabilities available for sale at 31.12.2020 was divested in May 2021 at the values recognised in note 23.

27. Events after the balance sheet date

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

28. Approval of annual report for publication

At the Board of Directors' meeting on 8 April 2022, 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 19 May 2022.

29. Accounting policies

The Annual Report of Lauritz.com Group A/S for the financial year 2021 has been presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of reporting middle 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 for 2020.

Changes in accounting policies

No new accounting standards, amended standards or interpretations of relevance for Lauritz.com Group A/S has been identified for the year commencing 1 January 2021.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are not expected to impact the financial statements of Lauritz.com Group A/S. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Correction of errors in prior periods

The classification of assets, as well as the revenue and direct cost between continuing and discontinuing operations at 31.12.2020 has been restated due to a correction of a material error. The result for the year and equity of the group is unchanged. The 2020 revenue and the direct cost of continuing operations decrease by DKK 1.0m and the revenue and direct cost of the discontinued operations increase by DKK 1.0m. The assets available for sale decrease by DKK 16.784k and intangible assets increase by DKK 16,784k in the balance sheet at 31.12.2020. Total EPS and EPS for continued and discontinued operations are unchanged. The corrections have no impact to earlier periods.

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. The Group has not identified any critical accounting judgements. The estimates and assumptions are based on historic experience and other relevant factors. Actual results may vary from these estimates.

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

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

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

Gains or losses on divestments of subsidiaries and associates are stated as the difference between the sales price or settlement price and the fair value of any remaining equity and the book value of net assets on the time of sale or winding up, including goodwill, less any minority interests. Gains or losses are recognized in the statement of comprehensive income as well as accumulated foreign currency translation adjustments previously recognized in other comprehensive income. Business Units that have been divested of in the financial year or are expected to be divested within the following 12 months, are in the profit and loss classified as discontinued operations, and in the balance-sheet classified as assets and liabilities held for sale.

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

Consolidated financial statements

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

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

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

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

Business combinations

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

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

Accounting policies (continued)

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

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

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

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

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

Foreign currency translation

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

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

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

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

Accounting policies (continued)

Statement of comprehensive income

Revenue

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

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

Direct costs

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

Other operating income

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

Other external expenses

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

Staff costs

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

Share-based payment transactions

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

Financial income and expenses

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

Profit/loss from investments in subsidiaries (Parent)

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

Tax on profit/loss for the year

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

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

Accounting policies (continued)

Danish Tax Prepayment Scheme.

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

Balance sheet

Intangible assets

On initial recognition, goodwill is recognized at cost in the balance sheet as described under "Business combinations". Subsequently, goodwill is measured at cost less any accumulated impairment losses. The carrying amount of goodwill is allocated to the Group's cash-generating unit at the time of acquisition.

Determination of cash-generating units complies with the management structure and management control of the Group. As a result of integrating the acquired entities in the existing Group, Management estimates that the lowest level of cash-generating units, to which the carrying amount of goodwill may be allocated, is at group level as it is generally impossible to trace and measure the value of goodwill in each of the entities acquired after a short period of time.

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

Software in process of development comprises both externally acquired software and proprietary software qualifying for capitalisation. Software in process of development is not amortised, however, its value is tested on a regular basis, which may result in a write-down. Completed software is amortised on a straight-line basis using its estimated useful life. The period of amortisation is usually 3 to 5 years.

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

Right-of-use assets (leased assets)

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

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

Property, plant, and equipment

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

Accounting policies (continued)

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

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

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

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

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

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

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

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

Non-current financial assets
Deposits
Deposits are measured at cost.

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

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

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

Trade receivables, contract receivables and other receivables
Trade receivables, contract receivables and other receivables are initially recognised at Fair value, plus any direct transaction costs, and subsequently measured at amortised cost using the effective interest method.

For other receivables and contract receivables, write down is made for anticipated losses in accordance with IFRS 9 based on specific individual or group assessments. For trade receivables, the loss allowance is measured in accordance with IFRS 9 applying a provision matrix based on the groups historical loss experience adjusted for expected changes in specific or general circumstances.

Assets and liabilities held for sale
Assets classified as held for sale comprise assets and liabilities, the value of which are highly probable to be recovered through a sale within 12 months rather than through continued use. Assets and liabilities classified as held for sale are measured at the carrying amount at the time of classification as 'held for sale' or at market value, less selling costs, whichever is lower. The carrying amount is measured in accordance with the Group's accounting policies. No depreciation or amortisation is recognized on intangible assets and property, plant, and equipment from the time of classification as 'held for sale'

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

Reserves for treasury shares are recognized at purchase value.

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

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

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

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

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

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

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

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

Accounting policies (continued)

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

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

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

Discontinued operations comprise all revenue and expenses and gain and losses for operations either being held for sale, or which have already been disposed of. Discontinued operations are reported separately from the continued operations in the financial statements. Comparative figures are restated to segregate the continuing and discontinuing assets, liabilities, income, expenses, and cash flows.

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. The maturity profile of the Loans and receivables is shown in the notes. In the balance sheet, loans and receivables are classified as “Deposits”, “Trade receivables”, “Contract receivables”, “Receivables from Parent Company” and “Other receivables”.

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

Notes		Parent Company 2021 DKK'000	Parent Company 2020 DKK'000
1	Other operating income	5,900	24,452
2	Other external expenses	- 608	- 617
3	Staff costs	- 5,354	- 9,825
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	- **62**	**14,010**
	Depreciation and amortisation	-	- 23
	Operating profit/loss (EBIT)	**- 62**	**13,987**
4	Financial income	3,349	89
5	Financial expenses	- 90	- 33,433
	Profit/Loss before tax (EBT)	**3,197**	**- 19,357**
6	Tax on profit/loss for the year	- 68	- 3,092
	Profit/Loss for the year	**3,129**	**- 22,449**
	Other comprehensive income	-	-
	Total comprehensive income	**3,129**	**- 22,449**

Assets

Notes		Parent Company 31.12.2021 DKK'000	Parent Company 31.12.2020 DKK'000
	Non-current assets		
7	Developed software	-	-
	Total intangible assets	-	-
8	Equity interest in subsidiaries	-	-
10	Deferred tax	-	60
	Total financial assets	-	60
	Total non-current assets	**-**	**60**
	Current assets		
	Receivable from group companies	3	750
	Other current receivables	142	108
	Total receivables	145	858
	Cash and cash equivalents	105	82
	Total current assets	**250**	**940**
	Total assets	**250**	**1,000**

Equity and liabilities

Notes		Parent Company 31.12.2021 DKK'000	Parent Company 31.12.2020 DKK'000
	Equity		
9	Share capital	4,079	4,079
	Reserves	-	- 76
	Retained earnings	- 11,161	- 14,290
	Total equity	**- 7,082**	**- 10,287**
	Liabilities		
10	Deferred tax	20	-
	Trade payables	16	16
	Payable to group companies	-	2,583
	Corporate taxes payable	-	-
11	Other payables	7,296	8,688
	Total current liabilities	7,332	11,287
	Total liabilities	**7,332**	**11,287**
	Total equity and liabilities	**250**	**1,000**

	Share capital DKK'000	Reserve for treasury shares DKK'000	Retained earnings DKK'000	Total Equity DKK'000
Parent Company				
Equity at 1 January 2021	**4,079**	**-76**	**-14,290**	**-10,287**
Profit/Loss for the year			3,129	3,129
Share based salary program	-	76	-	76
Equity at 31 December 2021	**4,079**	**-**	**-11,161**	**-7,082**
Equity at 1 January 2020	**4,079**	**-76**	**8,159**	**12,162**
Profit/Loss for the year	-	-	-22,449	-22,449
Equity at 31 December 2020	**4,079**	**-76**	**-14,290**	**-10,287**

	Parent Company 2021 DKK'000	Parent Company 2020 DKK'000
Operating profit/loss (EBIT)	**- 62**	**13,987**
Depreciation, amortization, and impairment	-	23
Increase/decrease in receivables	4,049	- 917
Increase/decrease in trade payables and other payables	- 1,426	- 13,009
Other adjustments	76	2
Cash flow from ordinary operating activities	2,637	86
Financial income received	100	89
Financial expenses paid	- 90	- 190
Income tax paid, including joint taxation	- 2,624	53
Cash flow from operating activities	**23**	**38**
Purchase of intangible assets	-	-
Cash flow from investing activities	**-**	**-**
Buy-back share program	-	-
Cash flow from financing activities	**-**	**-**
Net cash flow for the year	23	38
Net capital resources, beginning of year	82	44
Net capital resources, end of year	**105**	**82**
Net capital resources, end of year, are composed as follows:		
Cash and cash equivalents	105	82
Net capital resources, end of year	**105**	**82**

	Parent Company 2021 DKK'000	Parent Company 2020 DKK'000
1. Other operating income		
Management fees, group companies	5,900	24,452
	5,900	**24,452**

Management fee in 2020 include adjustment related to prior years of DKK 13.1m.

2. Fess to auditors appointed at the general assembly.		
Audit services	75	99
Other services	-	112
	75	**211**

3. Staff costs		
Wages and salaries	5,108	9,491
Defined contribution pension plans, cf. below	224	283
Other social costs	25	24
Other staff costs	- 3	27
	5,354	**9,825**
Average number of full-time employees	3	4

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

Wages and salaries include a consultancy fee of DKK 0.7m to the Chairman of the Board (1.2m).

Remuneration of the Board of Directors and Executive Management, parent		
Remuneration of the Board of Directors	209	250
Wages and salaries, Board of Directors	692	1,200
Wages and salaries, Executive Management	3,920	2,816
Pension, Executive Management	171	156
	4,992	**4,422**

	Parent Company 2021 DKK'000	Parent Company 2020 DKK'000
4. Financial income		
Interest income from group enterprises	100	89
Impairment gain, receivable from subsidiaries	3,249	-
	3,349	**89**
5. Financial expenses		
Interest and other financial expenses	86	185
Interest expenses to group enterprises	-	-
Bank charges etc.	4	5
Interest expenses from financial liabilities	**90**	**190**
Impairment losses, investment in subsidiaries	-	25,412
Impairment losses, receivable from subsidiaries	-	7,831
	90	**33,433**
6. Tax on profit/loss for the year		
Corporate tax, current year	-	2,636
Deferred tax, current year	68	454
Corporate tax, change to prior year	- 12	- 52
Deferred tax, change to prior year	12	54
	68	**3,092**

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

Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax	703	- 4,259
Changes to prior year	-	2
Tax effect of non-deductible expenses	- 635	7,349
	68	**3,092**
Effective tax rate	2.1 %	16.0 %

7. Intangible assets

	Developed software 2021 DKK'000	Developed software 2020 DKK'000
Cost at 1 January	289	289
Cost at 31 December	**289**	**289**
Depreciation at 1 January	289	266
Depreciation for the year	-	23
Depreciations at 31 December	**289**	**289**
Carrying amount at 31 December	**-**	**-**

8. Equity interest in subsidiary

	Parent Company 2020 DKK'000	Parent Company 2020 DKK'000
Cost at 1 January	56,835	56,835
Cost at 31 December	**56,835**	**56,835**
Value adjustment at 1 January	- 56,835	- 31,423
Impairment for the year	-	- 25,412
Value adjustment at 31 December	**- 56,835**	**- 56,835**
Carrying amount at 31 December	**-**	**-**

Group enterprises are specified in note 24 to the consolidated financial statements.

The parent company has pledged all shares of Lauritz.com A/S as security for the bond debt in Lauritz.com A/S. An impairment loss has been recognized for 2020 and 2019 due to negative results and equity reported in the subsidiary.

9. Share capital

The share capital of the parent company consists of 40,792,542 shares with a nominal value of DKK 0.10 each. The shares have been paid in full. The shares have not been divided into classes and no special rights have been attached to the shares.

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

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

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

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

In July 2021 89,635 shares were distributed to management as part of a remuneration program corresponding to a value of DKK 76k.

31 December 2021, the company owns 0 (89,635) treasury shares acquired during April-June 2018 at a total value of DKK 0 (76k).

10. Deferred tax

	Parent Company 31.12.2021 DKK'000	Parent Company 31.12.2020 DKK'000
Deferred tax at 1 January	60	568
Adjustment to deferred tax for prior years	- 12	- 54
Deferred tax on profit/loss for the year	- 68	- 454
Deferred tax at 31 December	**- 20**	**60**
Specification of deferred tax:		
Other fixtures and fittings	36	60
Tax loss carried forward	- 56	-
	- 20	**60**
Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	-	60
Deferred tax (liability)	- 20	-
Deferred tax at 31 December	**- 20**	**60**

11. Other payables

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

12. Contingencies etc.

Contingent liabilities, Parent Company

The Parent Company participates in a national 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.

13. Related parties

Transactions

The company has entered into a management agreement with the subsidiary Lauritz.com A/S. The management fees and other fees amounted to DKK 5,900k (24,452k).

We refer to note 24 in the consolidated financial statements.

14. Events after the balance sheet date

We refer to note 27 in the consolidated financial statements.

15. Approval of annual report for publication

We refer to note 28 in the consolidated financial statements.