Blixtz Holding A/S

CVR no. 75 55 98 28

Annual Report

January – December 2018

Approved at the Annual General Meeting on 10 July 2019.

Bengt Oluf Tony Sundstrøm

Chairman of the meeting

Contents

Company details

The company	Blixtz Holding A/S c/o Accounting.dk ApS Hørkær 26, 3. 2730 Herlev Denmark	
	CVR no.:	75 55 98 28
	Incorporated:	11 September 1984
	Municipality:	Herlev
	Financial year:	1 January - 31 December
Board of Directors	Bengt Olof Tony Sundström, Chairman John Tyrrestrup Claus Clemen Boysen	
Executive Management	Mette Margrethe Rode Sundstrøm, CEO	
Independent Auditor	Deloitte Statsautoriseret Revisionspartnerselskab	

Main activity

The main activity of Blixtz Holding A/S is to be a holding company for Lauritz.com Group A/S, Ejendomsselskabet Blixtz ApS, Göholms skog och lantbruk AB, Goodwill Mountain (Pty) Ltd. and underlying operating companies.

Development of activities and financial conditions

The result for the year for Blixtz Holding A/S (the parent company) shows a loss of DKK -47,377 thousand against a loss in 2017 of DKK -91,330. The result for the year is primarily influenced by fair value adjustments on equity investments in subsidiaries of DKK 47,707 thousand. The result is considered unsatisfactory.

The Blixtz Holding Group realized for the year revenue of DKK 228,244 thousand (2017: DKK 297,523 thousand), a total EBITDA of DKK -5,937 thousand (2017: DKK 20,407 thousand) and a profit before tax (EBT) of DKK -128,727 thousand (2017: DKK -35,691 thousand). The Group's result before tax is influenced by an impairment of goodwill of DKK 84,153 thousand. The result is considered unsatisfactory.

The expected development

In 2019 and based on the Group’s current structure, a decrease in revenue and an EBITDA margin of 20-25% are expected.

Uncertainty regarding recognition and measurement

At 31 December 2018, Blixtz Holding A/S has recognized a receivable of DKK 74 million from Ejendomsselskabet Blixtz ApS.

It is Management’s assessment that the future performance of Ejendomsselskabet Blixtz ApS will be positive, but due to the limited activity of the company, there is uncertainty regarding the duration of the repayment of the debt. In connection with the presentation of the annual report of Ejendomsselskabet Blixtz ApS, Blixtz Holding A/S has issued a subordination agreement for the receivable from Ejendomsselskabet Blixtz ApS

Financial resources

It is the Group's objective to have sufficient financial resources to continue to act appropriately in terms of operations and investments. Management assesses on a current basis the Group's liquidity needs. Management also regularly assesses the capital structure in order to ensure sound equity in the Company.

Corporate social responsibility, cf. the Danish Financial Statements Act § 99a

The Group is fully aware of the UN Global Compact and the Group strives to work in accordance with the ten principles, including the focus on respect for human rights, labour and employee rights, environment and climate, and dissociate from all forms of corruption. The Group has not established individual, formalised policies in these areas as it is the Group’s assessment that there are no significant risks related to the Group’s business areas as well as suppliers etc. This assessment is mainly based on the fact that the Group operates solely in Denmark, Sweden and France.

Statutory statement of management diversity in accordance with the Danish Financial Statements Act § 99b

At the end of 2018, the Board of Directors consists of three elected members at the general meeting, hereof three men and 0 women. The objective is to have at least one female member by the end of 2019. The underlying management level (Executive Board) comprise the CEO. The seat is filled by one woman.

The Group considers diversity in relation to education, nationality, gender, etc. as a strength. The Group recruits solely on the basis of individual qualifications and seeks to achieve a balanced gender composition at all levels of the organisation.

Events after the balance sheet date

In February 2019, an agreement has been reached with the Lauritz.com A/S' bond holders to restructure the bonds as described in note 18. Following the changes, the bond debt will be reduced by SEK 118 million (DKK 85 million) to SEK 200 million (DKK 145 million) and the interest rate will be reduced from 3M STIBOR + 7.5 percent on the full amount to 4 percent on SEK 130 million and 7.5 percent on SEK 70 million, extension of the final redemption date to 2024 and removal of the financial covenants. The financial impact of the restructuring of the bond debt will be recognized in 2019.Restructuring of the bonds will have a positive impact of approximately DKK 80 million.

In March 2019, Lauritz.com Sverige AB entered into an agreement to buy back the 51 percent of the shares in Stockholms Auktionverk AB owned by our partner Gelba Management AB, returning full ownership of the Fine Art business to Lauritz.com. The impact of the change in ownership is covered by the reassessment of the sales gain from the sale of the Fine Art business made in Q4 2018.

It is the Management's expectation in connection with the submission of the tax return for 2018 to dissolve the international joint taxation. For which reason the annual report for 2018 has been prepared taking this into account by which the recapture of tax loss at 31 December 2018 is recognized as current tax payable whereas at 31 December 2017 it was recognized as deferred tax.

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

	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
Statement of comprehensive income					
Revenue [1]	228,244	297,523	323,008	331,378	275,826
Gross profit	116,995	193,339	212,284	217,283	151,220
EBITDA [2]	- 5,937	20,407	38,233	40,004	17,123
Operating profit (EBIT)	- 115,301	- 20,527	22,791	26,943	8,950
Net financials	- 10,879	- 15,164	- 20,538	- 43,286	- 3,701
Profit before tax (EBT)	- 128,727	- 35,691	2,253	- 16,343	5,249
Tax on profit for the year	21,305	- 3,443	- 4,204	3,133	2,341
Profit/Loss for the year	- 107,468	- 39,134	- 1,951	- 19,476	7,590
Balance sheet					
Non-current assets	322,080	390,433	479,481	486,613	430,165
Current assets	167,666	229,521	204,991	110,430	149,302
Balance sheet total	489,746	619,954	684,472	579,043	579,467
Share capital	2,000	2,000	2,000	2,000	2,000
Equity	30,683	112,258	164,632	1,048	11,403
Non-current liabilities	85,375	327,607	333,924	406,003	400,182
Current liabilities	373,688 [3]	180,089	185,916	171,992	167,882
Cash flows					
Operating activities	- 37,351	- 5,047	- 17,178	- 31,221	14,860
Investing activities	43,981	- 12,995	- 25,310	- 24,302	- 156,066
Investments in property, plant and equipment	- 1,138	- 9,667	- 8,094	- 9,815	- 5,708
Financing activities	- 15,731	865	70,619	24,172	214,704
Total cash flows	- 9,101	- 17,177	28,131	- 31,351	73,498
Ratios:					
Gross margin [1]	51.3 %	65.0 %	65.7 %	65.6 %	54.8 %
EBITDA margin	- 2.6 %	10.4 %	17.3 %	17.6 %	11.3 %
Profit margin	- 50.5 %	- 10.5 %	10.3 %	11.9 %	5.7 %
Equity ratio	5.7 %	18.8 %	24.1 %	0.2 %	2.0 %
Return on equity	- 143.0 %	- 27.7 %	- 2.4 %	- 312.8 %	51.3 %
Dividend per share	0	0	500	0	3,500
Average number of full-time employees	158	204	220	220	150

[1] The effect from change in the accounting policy for revenue due to the implementation of IFRS 15 has been updated for the comparison period 2014-2017

[2] The effect from implementation of IFRS 16 in 2018, has not been reflected in the comparison figures 2014-2017

[3] Bond debt is primarily included in current liabilities at 31. December 2018, following the change to the bond terms the main part of bond debt will have maturity after 12 months, see note 19.

Key ratios are applied and calculated as follows:

Gross margin	Gross profit x 100 / Revenue
EBITDA margin	Operating profit/loss before depreciation, amortisation and impairment (EBITDA) x 100 / Revenue
Profit margin	Operating profit (EBIT) x 100 / Revenue
Equity ratio	Equity, year-end x 100 / Balance sheet total
Return on equity	Profit for the year x 100 / Equity, average
Dividend per share	Dividend distributed / 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 Blixtz Holding A/S for 2018.

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 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2018.

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, 10 July 2019

Executive Management

Mette Margrethe Rode Sundstrøm
CEO

Board of Directors

Bengt Olof Tony Sundström
Chairman

Claus Clemen Boysen

John Tyrrestrup

To the shareholder of Blixtz Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Blixtz Holding A/S for the financial year 01.01.2018 – 31.12.2018, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management review

Management is responsible for the management review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management review and, in doing so, consider whether the management review is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management review is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management review.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and the Parent’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in prepa-ring the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Parent or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 10 July 2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Siggaard Hansen
State-Authorised
Public Accountant
mne32208

Statement of comprehensive income 1 January - 31 December

Notes		Group 2018 DKK'000	Group 2017 DKK'000
2	Revenue	228,244	297,523
	Direct costs	- 111,249	- 104,184
	Gross profit	**116,995**	**193,339**
3	Other operating income	25,679	12,051
4	Other external expenses	- 71,978	- 68,484
5	Staff costs	- 75,873	- 99,874
	Other operating expenses	- 760	- 8,718
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**- 5,937**	**20,407**
6	Depreciation, amortisation and impairment losses	- 109,349	- 40,933
	Operating profit/loss (EBIT)	**- 115,286**	**- 20,527**
7	Financial income	12,634	8,527
8	Financial expenses	- 23,574	- 23,691
9	Share of result in associated companies	- 2,547	-
	Profit/Loss before tax (EBT)	**- 128,773**	**- 35,691**
10	Tax on profit/loss for the year	21,305	- 3,443
	Profit/Loss for the year	**- 107,468**	**- 39,134**
	Items that may be reclassified to profit/loss:		
	Exchange rate adjustments, foreign companies	- 3,457	- 6,754
	Tax on other comprehensive income	-	-
	Other comprehensive income, that may be reclassified	**- 3,457**	**- 6,754**
	Items that will not be reclassified to profit/loss:		
	Gains/losses on property revaluation	40,870	-
	Tax on other comprehensive income	- 11,444	-
	Other comprehensive income, not to be reclassified	**29,426**	**- 6,754**
	Other comprehensive income, net of tax	**25,969**	**- 6,754**
	Total comprehensive income	**- 81,499**	**- 45,888**

Statement of comprehensive income 1 January - 31 December

Notes		Group 2018 DKK'000	Group 2017 DKK'000
	Profit/Loss for the year, attributable to:		
	Owners of the Company	-77,941	-29,757
	Non-controlling interests	-29,527	-9,377
		-107,468	**-39,134**
	Other comprehensive income, attributable to:		
	Owners of the Company	14,576	-3,785
	Non-controlling interests	11,393	-2,969
		25,969	**-6,754**

Balance sheet

Assets

Notes		Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
	Non-current assets		
11	Software in process of development	3,741	11,206
11	Developed software	11,199	6,628
11	Goodwill	94,818	189,656
11	Rights acquired	29,707	50,888
	Total intangible assets	139,465	258,378
12	Right-of-use assets	12,937	-
12	Land and buildings	116,775	76,797
12	Other fixtures and fittings, tools and equipment	33,418	38,843
	Total property, plant and equipment	163,130	115,640
13	Investment properties	-	5,481
14	Deferred tax	5,775	8,631
15	Deposits	2,709	2,303
15	Investment in associated companies	11,001	-
	Total financial assets	19,485	10,934
	Total non-current assets	**322,080**	**390,433**
	Current assets		
	Inventories	19,491	19,493
	Investments	74	74
17	Trade receivables	14,994	29,297
17	Contractual receivables	62,085	67,869
	Tax receivable	3,396	-
17	Other current receivables	17,054	11,866
	Total receivables	97,603	109,106
	Cash and cash equivalents	50,572	61,247
16	Assets held for sale	-	39,675
	Total current assets	**167,666**	**229,521**
	Total assets	**489,746**	**619,954**

Balance sheet

Equity and liabilities

Notes		Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
	Equity		
	Share capital	2,000	2,000
	Retained earnings	10,122	77,493
	Equity, attributable to owners of the company	**12,122**	**79,493**
	Equity, non-controlling interests	**18,561**	**32,765**
	Total equity	**30,683**	**112,258**
	Liabilities		
14	Deferred tax	31,052	37,368
18	Lease liabilities	6,538	-
18	Bank debt	32,785	38,219
19	Bond debt	15,000	252,020
	Total non-current liabilities	**85,375**	**327,607**
18	Bank debt	-	336
19	Bond debt	229,673	-
18	Lease liabilities	6,728	-
	Trade payables	108,356	111,950
20	Other payables	27,455	63,629
	Corporate taxes payable	1,476	2,076
	Total current liabilities	373,688	177,991
16	Liabilities associated with assets held for sale	-	2,098
	Total current liabilities	**373,688**	**180,089**
	Total liabilities	**459,063**	**507,696**
	Total equity and liabilities	**489,746**	**619,954**

Statement of changes in equity

	Share capital DKK'000	Reserve for treasury shares DKK'000	Reserve for exchange rate adjustments DKK'000	Properties revaluation reserves DKK'000	Retained earnings DKK'000	Total Equity DKK'000
Equity at 1 January 2018	2,000	-	-16,400	-	126,658	112,258
Profit/Loss for the year	-	-	-	-	-107,468	-107,468
Other comprehensive income	-	-	-3,457	29,426	-	25,969
	2,000	-	-19,857	29,426	19,190	30,759
Buy-back share program	-	-851	-	-	-	-851
Remuneration distributed	-	775	-	-	-	775
Dividend to shareholders	-	-	-	-	-	-
Equity at 31 December 2018	**2,000**	**-76**	**-19,857**	**29,426**	**19,190**	**30,683**
Equity at 1 January 2017	**2,000**	**-**	**-4,160**	**-**	**166,792**	**164,632**
Adjustment to 2017	-	-	-5,486	-	-	-5,486
Profit/Loss for the year	-	-	-	-	-39,134	-39,134
Other comprehensive income	-	-	-6,754	-	-	-6,754
	2,000	-	-16,400	-	127,658	113,258
Dividend to shareholders	-	-	-	-	-1,000	-1,000
Equity at 31 December 2017	**2,000**	**-**	**-16,400**	**-**	**126,658**	**112,258**

Statement of cash flows

Notes		Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
	Operating profit/loss (EBIT)	**- 115,286**	**- 20,527**
	Depreciation, amortisation and impairment losses	109,349	40,933
	Impairment and losses on receivables	21,773	3,141
	Increase/decrease in inventories	2	- 769
	Increase/decrease in receivables	2,083	14,297
	Increase/decrease in trade payables and other payables	- 41,868	- 12,172
	Gain on sale of non-current assets, net	- 11,217	-
	Other adjustments	18,951	- 6,092
	Cash flows from ordinary operating activities	**- 16,213**	**18,811**
	Interest received	2,527	1,624
	Interest paid	- 21,589	- 21,523
	Income tax paid	- 2,076	- 3,959
	Cash flows from operating activities	**- 37,351**	**- 5,047**
	Purchase of property, plant and equipment	- 1,138	- 9,667
	Sale of property, plant and equipment	2,450	2,612
	Purchase of intangible assets	- 4,423	- 6,981
	Sale of assets held-for-sale	39,675	-
	Sale of financial assets	-	2,250
21	Acquisitions and divestments	7,417	- 1,209
	Cash flows from investing activities	**43,981**	**- 12,995**
	Dividend distributed	-	- 1,000
	Repayment of debt, net	- 5,770	- 299
	Proceeds from borrowings	-	2,164
17	Repayment, lease liabilities	- 9,110	-
	Payment of buy-back of shares	- 851	-
	Cash flows from financing activities	**- 15,731**	**865**
	Net cash flows for the year	- 9,101	- 17,177
	Net capital resources, beginning of year	61,247	79,901
	Exchange rate adjustment of capital resources	- 1,574	- 1,477
	Net capital resources, end of year	**50,572**	**61,247**
	Net capital resources, end of year, are composed as follows:		
	Cash and cash equivalents	50,572	61,247
	Net capital resources, end of year	50,572	61,247

1. Accounting policies

The Annual Report of Blixtz Holding A/S for the financial year 2018 has been presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of reporting class C under the Danish Financial Statements Act.

The 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.

Equity and value of intangible assets is restated due to a correction of prior period errors, regarding exchange rate adjustments made in the consolidation of subsidiaries. The accumulated impact on equity at 1 January 2017 is DKK 5,486k.

Classification of Contractual Receivables has been changed from non-current assets to current assets, due to the implementation of IFRS 15 and to reflect that contractual receivables relates to the Groups operating cycle, according to IAS 1.66.

Marketing contribution received from auction houses owned by a partner has been reclassified. The change entails that this income is now classified as revenue, previously it has been offset against marketing expenses.

The accounting policies applied are consistent with those applied last year except as specified below.

Changes in accounting policies

Effective from 1 January 2018 Blixtz Holding A/S has implemented the new or revised Standards and Interpretations applicable for financial years beginning 1 January 2018 or later. The implementation of new or revised Standards and Interpretations has not resulted in any changes in the accounting policies applied except for the changes related to implementation of IFRS 16 Leases.

IFRS 9 Financial instruments (endorsed by the EU)

The group has applied IFRS 9 Financial Instruments from 1 January 2018. The group has chosen to not restate comparatives, as allowed by the standard.

IFRS introduces new requirements for 1) classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting.

The group has reviewed and assessed the financial assets at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has the financial assets continue to be measured at amortised cost under IFRS 9 as they are held to collect the contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss under IAS 39. This means that the group has to recognize a loss allowance for expected credit losses on trade receivables and other receivables (current and non-current).

The effect of the change from the ‘incurred loss’ model in IAS 39 to the ‘expected credit loss’ model in IFRS 9 at 1 January 2018 is immaterial.

The new provision on classification and measurement of financial assets and on hedge accounting does not have any material impact on the financial statements, but further information is disclosed.

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

The Group has applied IFRS 15 Revenue from Contracts with Customers from 1 January 2018. IFRS 15 replace IAS 18 and other standards, and the new standard establish a single, comprehensive framework for revenue recognition, providing details on recognizing revenue to reflect the transfer of control of goods to customers at a value that the entity expects to be entitled to.

The Group has performed an analysis of the impact. Based on the analysis, it is assessed that sale of partnership agreements is not changing under the new standard. Further it is assessed that the new standard imply that the part of the fees and commissions collected from buyers and seller and paid on to auction houses owned by a partner, that was previously not included in the Statement of Comprehensive income of the Group as revenue and cost are, now being recognized as revenue and cost. The result is that the amount collected from buyers and sellers is being recognized as revenue, and the amount paid on to partner owned houses is recognized as direct cost. This change has no effect on profit and loss for the year. This years’ revenue and direct cost is increased by DKK 102m. Comparison figures are adjusted accordingly. Further information regarding revenue has been disclosed in the notes.

IFRS 16 Leases (endorsed by the EU)

Blixtz Holding A/S has implemented IFRS 16 on 1 January 2018 with early adoption. The standard is implemented using the modified retrospective approach, meaning that comparative information is not restated, with Right-of-use Assets equal to leasing debt at implementation.

IFRS 16 replaces IAS 17, and changes the accounting treatment of leases that previously were treated as operating leases. The new standard requires all leases, regardless of type and only with a few exceptions, to be recognized in the balance sheet as an asset with a related liability. The Income statement is affected, as the annual lease costs consists of both depreciation and interest expenses. Previously, the annual costs relating to operating leases has been recognized as a single expense amount in the Income statement under Other external expenses. The change from the contingent liability reported under IAS 17 in the 2017 Annual Report of DKK 43.7m to the opening Lease liability in 2018 under IFRS 16 of 40.1m is primarily explained by the discounting of the lease payments (included in contingent liabilities in 2018 at nominal value) back to 1. January 2018 when calculating the value of the right-of-use asset and lease liability at the implementation date.

The change required capitalization of the majority of the Group's operating lease contracts for rental of office space and warehouses. Hence, it affects the financial ratios related to the balance sheet. The lease payments have been divided between a depreciation charge included in operating costs and an interest expense on lease liabilities included in financial expenses.

The impact on EBITDA in 2018 is positive DKK 10.0m for the full year. Impact on profit before tax is DKK -0.3m. Cash Flow from operating activities is impacted positively by DKK 9.1m for the full year, as payments on lease contracts is now presented in Cash Flow from financing activities as repayment of lease liabilities (DKK -9.1m) and interest on lease obligation (DKK -0.9m) is presented as paid interest (included in Cash Flow from Operations).

No new relevant accounting standards has been identified for Blixtz Holding A/S for the years commencing from 1 January 2019.

Critical accounting judgements and key sources of estimation uncertainty

When applying the Group's accounting policies, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily evident from other sources. These estimates and assumptions are based on historic experience and other relevant factors. Actual results may vary from these estimates.

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

During annual testing of goodwill and other non-current assets, 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 flows to support the value of goodwill, non-current intangible assets and property, plant and equipment relating to those activities. Due to the nature of the business, estimates are made of cash flows for many years ahead, which inherently is subject to some uncertainty. This risk and this uncertainty are reflected in the discount rate applied and in the terminal value growth rate.

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

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

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

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 Blixtz Holding 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 Blixtz Holding 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 Blixtz Holding 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.

Accounting policies (continued)

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

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

Statement of comprehensive income

Revenue

The Auction business of Lauritz.com generates revenue from knockdowns on the auction platforms of the group, consisting of commissions and fees from auctions, seller advertising, marketing contribution received prom 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 are 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 and sale of wine.

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.

Accounting policies (continued)

Share-based payment transactions

Equity-settled sharebased 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 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 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

Accounting policies (continued)

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 held for use in the production or supply of (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously

recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.
Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

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

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

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

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

Buildings	50 years
Other fixtures and fittings, tools and equipment	3 to 10 years

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

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 held for sale

Assets are held for sale, when the carrying amount of an individual non-current asset will be recovered principally through a sale transaction rather than through continuing use. Assets are classified as held for sale, when activities to carry out the sale has been initiated and the assets are expected to be disposed of within 12 months. Liabilities directly associated with assets held for sale are presented separately from other liabilities.

Assets held for sale are measured at the lower of carrying amount immediately before classification as held for sale and fair value less costs to sell and impairment tests are performed immediately before classification as held for sale. Non-current assets are not depreciated or amortised while classified as held for sale.

Equity and liabilities

Equity

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

Reserves for treasury shares are recognized at purchase value.

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to profit or loss.

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.

Accounting policies (continued)

Cash flow statement

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

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

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

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

Cash and cash equivalents comprise cash less any overdraft facilities forming an integral part of cash management.

Financial assets and liabilities

The Group and the Parent classify their financial assets as loans and receivables and their financial liabilities as other financial liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are stated in current assets. 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".

	Group 2018 DKK'000	Group 2017 DKK'000
2. Revenue		
Auction commissions and fees etc.	220,164	260,830
Other revenue - marketing contribution etc.	8,080	8,310
Fees from sales of partnership agreements	-	28,383
	228,244	**297,523**

The Group has no single key customers.

3. Other operating income		
Gain from sale of non-current assets, net	10,978	-
Rental and other income, including sale of wine	14,701	12,051
	25,679	**12,051**

The gain from sale of non-current assets is related to the sale of the Fine Art business.

4. Other external expenses		
Fees to auditors appointed at the annual general meeting		
Audit services	1,387	1,439
Tax services	177	380
Other services	1,262	1,092
	2,826	**2,911**

Other services consist of advisory services related to financial statements and tax advisory in relation to acquisitions, divestments, and sale of assets.

Other external expenses include impairment losses on receivables of DKK 19,965k (3,237k).

5. Staff costs		
Remuneration of the Board of Directors	3,001	3,141
Wages and salaries	58,053	76,885
Defined contribution pension plans, cf. below	3,902	3,654
Other social security costs	8,007	10,690
Other staff costs	2,910	5,504
	75,873	**99,874**
Average number of full-time employees	158	204

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

5. Staff costs (continued)

	Group 2018 DKK'000	Group 2017 DKK'000
Remuneration of the Board of Directors and Executive Management		
Remuneration of the Board of Directors	3,001	3,141
Wages and salaries, Executive Management	3,215	9,506
Pensions	104	244
	6,320	**12,891**

Wages and salaries include DKK 775k (2017: DKK 0k) which has been settled with shares. Shares used for the settlements was purchased in a share buy-back program during the period 16 April to 14 June 2018.

The remuneration of the Board of Directors includes a consultancy fee of DKK 2.4m (2.4m) to the Chairman of the Board. The remuneration of Executive Management includes severance pay of DKK 0.0m (5.7m).

6. Depreciation, amortisation and impairment losses

	Group 2018 DKK'000	Group 2017 DKK'000
Depreciation, land and buildings	581	826
Depreciation, right-of-use assets	9,439	-
Depreciation, other fixtures, tools and equipment	3,637	4,810
Gains/losses arising from disposal	332	1,915
Amortisation rights acquired	3,969	3,153
Amortisation, developed software	7,265	8,242
Impairment losses software in process of development	-	3,043
Impairment losses rights acquired	-	-
Impairment losses goodwill	84,126	-
Impairment losses land and buildings	-	18,944
	109,349	**40,933**

7. Financial income

	Group 2018 DKK'000	Group 2017 DKK'000
Interest income	2,527	1,624
Interest income from group enterprises	-	-
Interest income from financial assets	**2,527**	**1,624**
Exchange rate gains	10,107	6,903
	12,634	**8,527**

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

	Group 2018 DKK'000	Group 2017 DKK'000
8. Financial expenses		
Interest expenses	2,005	1,470
Interest expenses, leasing	888	-
Bank charges etc.	911	695
Financial expenses, bond debt	17,785	19,445
Amortisation of borrowing costs, bond debt	1,985	2,081
	23,574	**23,691**

9. Share of result in associated companies

The activities of the associated company AB Stockholms Auktionsverk is auctions, focused on physical auctions in the high-end exclusive Fine Art segment.

Financial figures from associated companies:		
Revenue	12,600	-
Operating profit before interest (EBIT)	- 5,188	-
Profit before tax	- 5,200	-
Share of result before tax in associated companies	- 2,547	-
Share of tax on profit/loss for the year in associated companies	-	-
	- 2,547	**-**

Associated companies are listed in note 25.

10. Tax on profit/loss for the year		
Current tax for the year	1,476	-
Deferred tax change for the year	- 10,343	3,601
Effect of changed tax rate	- 425	-
Adjustment to taxes, prior years	- 1,802	137
Adjustment to deferred tax, prior years	- 10,211	- 295
Tax on profit/loss for the year	**- 21,305**	**3,443**

Current tax for the financial year is for Danish enterprises computed based on a tax rate of 22.0 % (2017: 22.0 %).

Notes

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

	Group 2018 DKK'000	Group 2017 DKK'000
Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax (2017: 22.0 %)	- 19,217	- 7,743
Adjustment to taxes, prior years	- 1,802	137
Adjustment to deferred tax, prior years	- 10,211	3,601
Effect of changed tax rate	- 425	
Recognition of previously unrecognized tax asset	- 2,800	6,487
Adjustment of previously unrecognized tax assets	1,430	733
Tax effect of non-deductible expenses/non-taxable income	11,719	228
	- 21,305	**3,443**
Effective tax rate	16.5 %	9.6 %

Tax on other comprehensive income DKK 11,444k (2017: DKK 0k).

The Danish tax authorities has waived the assessment regarding the demerging of the property placed at Rovsingsgade 64-68 on 3 April 2015. This has a positive impact at the result for 2018, as approx. DKK 12,5m earlier presented as a deferred tax liability is reversed.

11. Intangible assets (DKK’000)

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2018	17,753	44,474	62,270	189,656
Exchange rate adjustments	-	-8	-2,105	-4,356
Additions	4,369	-	7,025	-
Disposals	-6,483	-519	-22,937	-6,356
Transferred	-11,834	11,834	-	-
Cost at 31 December 2018	**3,805**	**53,017**	**44,253**	**178,944**
Amortisation at 1 January 2018	-	37,846	11,382	-
Impairment losses at 1 January 2018	6,547	-	-	-
Exchange rate adjustments	-	-12	-227	-
Disposals	-6,483	-517	-578	-
Impairments for the year	-	-	-	84,126
Amortisation for the year	-	7,265	3,969	-
Amortisation and impairment losses at 31 December 2018	**64**	**41,818**	**14,546**	**84,126**
Carrying amount at 31 December 2018	**3,741**	**11,199**	**29,707**	**94,818**
Cost at 1 January 2017	15,175	40,240	63,054	190,940
Exchange rate corrections 1 January 2017	-	-	567	-3,027
Exchange rate adjustments	-	-64	-1,456	-3,108
Additions from subsidiaries/activities acquired	-	-	-	8,092
Disposal	-	-	-	-5,187
Additions	6,390	486	105	1,946
Transferred	-3,812	3,812	-	-
Cost at 31 December 2017	**17,753**	**44,474**	**62,270**	**189,656**
Amortisation at 1 January 2017	-	29,642	8,314	-
Impairment losses at 1 January 2017	3,504	-	-	-
Exchange rate adjustments	-	-38	-85	-
Impairment losses	3,043	-	-	-
Amortisation for the year	-	8,242	3,153	-
Amortisation and impairment losses at 31 December 2017	**6,547**	**37,846**	**11,382**	**-**
Carrying amount at 31 December 2017	**11,206**	**6,628**	**50,888**	**189,656**

11. Intangible assets (continued)

Software includes development projects for IT systems and processes in progress. Apart from goodwill and trademarks recognised as rights acquired, all other intangible assets are regarded as having determinable useful lives over which the assets are amortised, see accounting policies. The carrying amount of trademarks without determinable useful lives totals DKK 1.0m at 31 December 2018 (2017: DKK 23.9m).
Impairment losses in 2017 are related to an IT platform that was under development, but due to the current market conditions has been put on hold and future plans are being considered. Impairment losses in 2017 on rights acquired relates to a sub-site that has been shut down.

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 unit or enterprise. The impairment test is therefore made at Lauritz.com Group A/S level.

At 31 December 2018, Management has tested the carrying amount of goodwill, software in process of development and other intangible assets for impairment. Taking into account the recent performance and expectations the carrying amount exceeded the recoverable amount, resulting in an impairment of DKK 84.1m. An impairment test is performed in the event of indication of impairment and at least once a year as part of the presentation of the Annual Report.

The key assumptions underlying the calculation of value in use for Lauritz.com Group A/S are the determination of EBITDA growth, discount rate and terminal value growth rate.

EBITDA growth is determined based on historical EBITDA realized in the period immediately prior to the beginning of the budget period, adjusted for non-recurring expenses, expected market developments and enterprises acquired and divested. For the 2019 budget period, this is equivalent to an annual EBITDA growth rate of approx. 10 percent from 2019 to 2023, and 2019 at an expected level of DKK 17m (EBITDA minus payment on leasing liabilities).

EBITDA growth is related to the development in Auction Turnover, equivalent to an annual average growth rate of approx. 3 percent during the budget period from 2019 to 2023. When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approx. 15-20 percent of budgeted EBITDA. The effect of expected acquisitions is not included at investment level.

The discount rate is determined based on the Company’s marginal borrowing rate plus a risk premium that reflects the risk involved in investing in shares and the risk involved in the activity performed, equivalent to a pre-tax discount rate of 12.8 percent (2017: 12.8 percent).

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

11. Intangible assets (continued)

Sensitivity analysis

A sensitivity analysis has been performed of the main assumptions in the impairment test to identify the impact of a change in the discount rate and the growth rate in the budget period for the cash-generating unit. A summary of sensitivity analysis is shown below (all other assumptions unchanged):

	Change in assumption	Additional impairment
Average EBITDA-growth for 2019 to 2023	-1 %	5.7m (0.0m)
WACC, pre-tax	+1 %	13.6m (0.0m)
Terminal growth	-1 %	11.9m (0.0m)

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

	Right-of-use assets	Land and buildings	Other fixtures etc.
Cost or valuation at 1 January 2018	-	89,939	71,663
Exchange rate adjustments	-	- 392	- 602
Additions due to change in accounting policies	40,068	-	-
Revaluation increase	-	40,870	-
Additions	-	81	1,057
Disposal	- 17,695	-	- 10,130
Cost or valuation at 31 December 2018	**22,376**	**130,498**	**61,988**
Depreciation at 1 January 2018	-	13,142	32,820
Exchange rate adjustments	-	-	- 354
Depreciation for the year	9,439	581	3,637
Depreciation related to disposals	-	-	- 7,533
Depreciation at 31 December 2018	**9,439**	**13,723**	**28,570**
Carrying amount at 31 December 2018	**12,937**	**116,775**	**33,418**

Additions/depreciation related to right-of-use assets arise from the implementation of IFRS 16. Depreciation is straight-line on basis of the underlying contracts with an average of 2-3 years.

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

	Land and buildings	Other fixtures etc.
Cost or valuation at 1 January 2017	140,993	72,350
Exchange rate adjustments	-	-401
Additions from subsidiaries/activities acquired	-	456
Additions	4,173	5,494
Disposals	-	-6,236
Transfer, assets held for sale	-55,227	-
Cost or valuation at 31 December 2017	**89,939**	**71,663**
Depreciation at 1 January 2017	13,599	29,694
Exchange rate adjustments	-	-227
Impairment losses	18,944	-
Depreciation for the year	826	4,810
Depreciation related to disposals	-	-1,457
Transfer, assets held for sale	-20,227	-
Depreciation at 31 December 2017	**13,142**	**32,820**
Carrying amount at 31 December 2017	**76,797**	**38,843**
Assets held under finance leases are included in carrying amount at		224

In 2017 the transfer to assets held for sale of a net value of DKK 35m are attributable to the property placed at Rovsingsgade 64-68, Copenhagen. In 2017, an impairment loss of DKK 18,944k was recognized prior to the classification as held for sale.

13. Investment properties

	Group 2018 DKK'000	Group 2017 DKK'000
Fair value at 1 January	5,481	17,353
Disposal	-5,481	-
Fair value adjustments for the year	-	-7,197
Transfer, assets held for sale	-	-4,675
Fair value at 31 December	**-**	**5,481**

14. Deferred tax

	Group 2018 DKK'000	Group 2017 DKK'000
Deferred tax at 1 January	- 28,737	- 36,079
Exchange rate adjustments	1,562	69
Adjustments, prior years	2,391	7,636
Adjustment of recapture balance of subsidiaries	-	- 658
Effect of changed tax rate	425	-
Deferred tax on profit/loss for the year	10,343	295
Deferred tax on other comprehensive income	- 11,261	295
Deferred tax at 31 December, net	**- 25,277**	**- 28,737**
Specification of deferred tax:		
Tax loss carry forwards	18,802	18,948
Recapture balance of subsidiaries	-	- 8,189
Buildings	- 31,653	- 29,799
Right-of-use assets/lease liabilities	72	-
Other fixtures and fittings	3,640	812
Leasehold improvements	64	-
Rights acquired	- 4,425	- 10,766
Software	- 1,343	-
Goodwill	- 115	-
Receivables	- 2,585	-
Other payables	- 7,734	257
	- 25,277	**- 28,737**

Each of the changes in deferred tax is recognized in profit/loss or other comprehensive income for the year.

Tax loss carry forwards are expected to be utilized within 3-5 years.

Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	5,775	8,631
Deferred tax (liability)	- 31,052	- 37,368
Deferred tax at 31 December, net	**- 25,277**	**- 28,737**

15. Financial assets (DKK'000)

	Deposits	Investment in associated companies
Cost at 1 January 2018	2,303	-
Addition	408	14,180
Exchange rate adjustments	- 2	- 632
Disposal	-	-
Cost at 31 December 2018	**2,709**	**13,548**
Adjustments at 1 January 2018	-	-
Share of result	-	
2,547		
Adjustments at 31 December 2018	**-**	**2,547**
Carrying amount at 31 December 2018	**2,709**	**11,001**
Cost at 1 January 2017	1,390	-
Addition	913	-
Disposal	-	-
Cost at 31 December 2017	**2,303**	**-**
Carrying amount at 31 December 2017	**2,303**	**-**

16. Assets held for sale

	Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
Lands and buildings	-	39,675
	-	**39,675**

For 2017 the assets held for sale are attributable to the fair value of the property placed at Rovsingsgade 64-68, Copenhagen as well as investment property. The investment property carried a mortgage debt of DKK 2,1m. Beside this there are no significant liabilities associated with assets held for sale. The properties are sold in 2018 at an amount equal to the carrying amount at 31 December 2017.

17. Receivables

	Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
Trade receivables	14,994	29,297
Contractual receivables	62,085	67,869
Other receivables	17,054	11,866
	94,133	**109,032**

Trade receivables have reduced due to lower activity level, primarily driven by lower Auction Turnover in the Fine Art business in Q4 2018 compared to Q4 2017.

Contractual receivables relate to the sale of 10 partnership agreements and the contingent consideration (valued as the minimum payment of the Earn-Out) of SEK 16.9m (or DKK 12.7m) related to the sale of Stockholms Auktionsverks Fine Art business.

The contractual receivables from sale of partnerships agreements are in the range of DKK 1.0m to DKK 22.3m. Receivables from sale of partnership agreements are interest bearing except one (DKK 12.3m), which has been recognized at discounted value (discounted by 4 percent). The repayment of the receivables is based on performance and repaid on a monthly or quarterly basis. Contractually there are various possibilities to collect the receivable up to and including the option of taking over the branch.

Of the contractual receivables DKK 45.8m (2017: DKK 49.2m) is expected to mature after 12 months.

Impairment of trade receivables and other receivables is made based on expected credit loss. In 2018 a loss of DKK 0,5m has been recognized (2017: DKK 3,2m).

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. A large part of the receivables are related to partners buying their auction house in recent years, with expected strong improvements in the first years of their ownership. Improvements are coming slower than previously expected. As a result hereof the expectations to the development in their performance have been reassessed, leading to an increase in the assessed credit risk of DKK 19.5m which is included in Q4 2018. Besides the impairment recognised for receivables from sale of partnership agreements no significant changes in these receivables have been recognised in 2018.

17. Receivables (continued)

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

	Group 31.12.2018 DKK'000	Group 31.12.2017 DKK'000
Lifetime Expected Credit Loss:		
Impairment losses at 1 January	5,169	2,028
Impairment losses for the period	19,965	3,237
Realised for the period	- 5,169	- 96
Reversed	-	-
Impairment losses at 31 December	**19,965**	**5,169**

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 made if the receivables show indication of impairment.

18. Financial liabilities and financial activities

	Bank debt DKK'000	Bond debt DKK'000	Lease liabilities DKK'000
Financial liabilities 1 January 2018	38,555	252,020	-
Cash flow	- 5,770	-	- 9,110
Non-cash changes:			
Addition from change in accounting policies	-	-	40,068
Foreign exchange change	-	- 7,347	-
Disposals from divestment	-	-	- 17,692
Financial liabilities 31 December 2018	**32,785**	**244,673**	**13,266**

19. Bond debt

Blixtz Holding A/S issued unlisted corporate bonds on 1 July 2016 with a principal amount of DKK 15m. The bonds carry interest at 5 percent and are redeemed at par after five years from the date of issue.

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

On 18 July 2016, Lauritz.com A/S repaid part of the bond loan for DKK 82.2m, equivalent to SEK 100m and a redemption price of 104 plus interest. After this partial repayment, the principal amount of the bond debt was reduced to SEK 325m. Lauritz.com A/S has on 16 September 2016 acquired approx. 2.4 percent of the issued bonds for SEK 7.6m (or DKK 5.9m). The bonds were acquired at rate 99.25.

The fair value of the bonds amounts to DKK 210.7m at 31 December 2018 based on the last trade made on 30 August 2017. Of this Lauritz.com A/S holds bonds with a fair value amounting to DKK 5.1m. For information of fair value based on the agreement of the restructured bond SEK 200m, see below.

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

On 25 February 2019 the bondholders agreed to a restructuring of the bonds entailing the following changes:

- Write down of the outstanding principal amount from SEK 325m to SEK 200m.
- Amendment of the interest rate from a floating rate of STIBOR +7.5 percent to a blended rate where SEK 70m of the principal amount bears a fixed rate of 7.5 percent and SEK 130m of the principal amount bears a fixed rate of 4 percent. Redemptions will first lead to a reduction of the principal amount that bears the higher interest rate of 7.5 percent.
- Extension of the final redemption date from 17 June 2019 to 17 December 2024, with scheduled yearly redemptions starting in December 2019 with SEK 20m and the final redemption of SEK 30m in December 2024.
- The provisioning of additional security 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. The agreed changes to the bonds will enter into force when the additional securities has been perfected (registration of pledges etc.).
- Obligation of Lauritz.com A/S to pursue divestment of certain auction houses, including establishment of partnership agreements with royalty payments to Lauritz.com. Any cash obtained from such divestments shall be applied as an extraordinary redemption on the bonds.
- Deletion of the obligation to fulfill the financial covenants, and a waiver of the existing financial covenants for the period until the new terms enter into force.

These changes will come into force from 2019, and as a result no changes are included in the 2018 financial reporting.

20. Other payables

Other payables include payroll taxes, holiday pay, payable VAT, severance pay and other costs payable. Additionally, a financial lease commitment is included by DKK 0.0m (2017: DKK 0.2m).

21. Financial risks

Currency risks

The Group's currency risks are primarily hedged by matching payments received and made in the same currency. The difference between ingoing and outgoing payments denominated in the same currency is a measure of currency risk. The Group's currency exposure at 31 December 2018 is specified below.

2018 (DKK'000)	Cash and cash equivalents	Receivables	Bank debt	Bond debt	Other liabilities	Net position
NOK	122	100	-	-	-476	-254
EUR	3,364	12,803	-32,785	-	-8,525	-25,143
ZAR	105	-	-	-	-59	46
SEK	37,683	34,312	-	-229,673	-74,767	-232,445
31 December 2018	**41,274**	**47,215**	**-32,785**	**-229,673**	**-83,827**	**-257,795**

2017 (DKK'000)	Cash and cash equivalents	Receivables	Bank debt	Bond debt	Other liabilities	Net position
NOK	156	85	-	-	-507	-266
EUR	2,250	10,973	-38,556	-	-3,066	-28,398
ZAR	517	-	-	-	-69	448
SEK	38,832	30,332	-	-237,020	-74,810	-242,666
31 December 2017	**41,756**	**41,390**	**-38,556**	**-237,020**	**-78,452**	**-270,883**

The listed bonds are issued in SEK and so the principal amount is subject to exchange rate fluctuations between the Company's functional currency (DKK) and SEK. A 5 percent change in the SEK rate at 31 December 2018 would have affected comprehensive income and equity by approx. DKK 4m (31.12.2017: DKK 4m). The sensitivity analysis shows the difference between the 31 December 2018 fair value calculated for the Group's assets and liabilities denominated in SEK. The changes to the bond debt from 2019 will reduce the risk related to fluctuations in SEK.

Interest risks

The Group has interest-bearing financial assets and liabilities and so it is affected by interest rate fluctuations. Fluctuations in the level of interest rates affect the Group's floating-rate bond debt. An increase in the interest rate level of 1 percentage point per annum compared to the interest rate level at the balance sheet date would have had a negative impact of approx. DKK 2m (31.12.2017: DKK 2m) on comprehensive income and

21. Financial risks (continued)

equity. A similar decline in the interest rate level would have resulted in an equivalent positive effect on comprehensive income and equity. We refer to the new conditions of the bond debt interest in note 18 coming into effect from 2019, eliminating the interest risk described above.

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.

2018 (DKK'000)	Less than 6 months	6 months to 1 year	1-5 years	5+ years	Total
Bond debt	229,673	-	15,000	-	244,673
Lease liabilities	4,089	2,650	6,002	525	13,266
Other liabilities	168,596	1,476	-	-	170,072
31 December 2018	**369,863**	**4,012**	**21,002**	**525**	**395,402**

We refer to the new conditions of the bond debt maturity in note 19 coming into effect in 2019.

2017 (DKK'000)	Less than 6 months	6 months to 1 year	1-5 years	5+ years	Total
Bond debt	-	-	252,020	-	252,020
Other liabilities	175,915	2,076	-	-	177,991
31 December 2017	**175,915**	**2,076**	**252,020**	**-**	**430,011**

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within approx. 35 days. In order to maintain the current liquidity level, the Group is 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 effected by way of credit cards or bank transfer. The Company has only experienced few cases of credit card fraud. Moreover, reputable collaborators are used for managing cash flows, mainly Valitor, ALTAPAY, Jyske Bank, Danske Bank, SEB and DNB.

Credit risks related to contractual receivables and other receivables are disclosed in note 17.

21. Financial risks (continued)

Other

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

22. Dividend

For 2018, DKK 0 in ordinary dividend has been distributed to the shareholders of Blixtz Holding A/S, equalling DKK 0 per share (2017: DKK 0 per share).

For the financial year 2018, the Board of Directors has proposed dividend of DKK 0k, corresponding to DKK 0 per share.

23. Acquisitions and divestments

Acquisition in 2019

In March 2018 Lauritz.com separated Stockholms Auktionssverks Fine Art business into a company owned 51% by Gelba Management AB and 49% by Lauritz.com Sverige AB. A structure that both partners was expecting to be beneficial to the Fine Art business as well as to the Online business that remained under 100% Lauritz.com ownership. It has shown that the split ownership is not the optimal solution in relation to the daily operations of Stockholms Auktionsverks Fine Art business, resulting in the decision to buy back the shares from our partner.

The purchase price for the 51% is DKK 3.6m and a waiver of the contingent consideration from the disposal in 2018 cf below. The acquisition cost are DKK 0m. The transaction brings the activities sold in 2018 back under control of the Group. Net assets acquired will primarily consist of identified intangible assets and goodwill. A detailed purchase price allocation will be performed in connection with the Q1 2019 report.

24. Acquisitions and divestments

Divestment in 2018

March 2018, the Group disposed of Stockholms Auktionsverks Fine Art business. As a result of the performance in 2018, and the expected development, the value of the assets received in connection with the sale of the Fine Art business has been reassessed.

The reassessment of the expected value of the contingent consideration and shares received in the sale of the Fine Art business resulted in a reduction of the gain from the Fine Art sale from DKK 40.4m to DKK 11.0m.

	2018
	DKK'000
Consideration received in cash and cash equivalents	7,416
Shares in AB Stockholms Auktionsverk (former Gelba Partners AB)	14,180
Contingent consideration	12,758
Total consideration received	**34,354**
Consideration received	34,354
Goodwill disposal of	- 6,356
Other net assets disposal of	- 17,020
Gain on disposal	**10,978**

The gain on disposal is classified as other income in the statement of comprehensive income for 2018.

In 2017, the Group acquired the following enterprises/activities:

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

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

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

24. Acquisitions and divestments (continued)

At 31 December 2017, part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK -4,083k including cash acquired of DKK 691k. Net assets acquired are based on preliminary opening balance sheets, which may be adjusted afterwards.

The Group has incurred transaction costs of DKK 143k, classified as other external expenses in the statement of comprehensive income for 2017.

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

Of the Group's profit/loss for the year 2017, DKK -222k is attributable to Ztuff ApS following the acquisition. Of the Group's revenue, DKK 1,222k is attributable to Ztuff ApS. Had the enterprise been acquired with effect from 1 January 2017, the Group's revenue for the year would have been affected with approx. DKK 1,745k and the Group's profit/loss for the year would have been affected with approx. DKK -497k.

Of the Group's profit/loss for the year 2017, DKK 865k is attributable to the branches in Roskilde and Malmö following the acquisition. Of the Group's revenue, DKK 11,966k is attributable to the acquired branches. Had the branches been acquired with effect from 1 January 2017, the Group's revenue for the year would have been affected with approx. DKK 19,000k and the Group's profit for the year would have been affected with approx. DKK 1,600k.

In 2017, the Group disposed of Ztuff ApS, the Danish branches in Herlev, Roskilde and Esbjerg.

	2017
	DKK'000
Consideration received in cash and cash equivalents	3,336
Deferred sales proceeds	37,300
Total consideration received	**40,636**
Consideration received	40,636
Goodwill disposal of	- 8,092
Net assets disposal of	- 4,161
Gain on disposal	**28,383**

The gain on disposal is classified as revenue in the statement of comprehensive income for 2017.

25. Contingencies etc.

Contingent liabilities, consolidated financial statements

The Group has provided security for rent for DKK 1,502k (2017: 1,502k) that expires in 2019.

Land and buildings with a carrying amount of DKK 116,8m (2017: 76,8m) have been pledged to secure borrowings of the Group.

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

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

26. Related parties

Related parties with a controlling interest

The following related parties have a controlling interest in Blixtz Holding A/S:

Name	*Registered office*	*Basis of control*
Bengt Olof Tony Sundström	Klampenborg	Shareholder is holding the majority of voting rights in Blixtz Holding A/S

Subsidiaries	**Registered office**	**Ownership interest**
Lauritz.com Group A/S	Søborg, Denmark	56 %
Lauritz.com A/S	Søborg, Denmark	100 %
Lauritz.com Sverige AB	Stockholm, Sweden	100 %
Lauritz.com Finland OY	Helsinki, Finland	100 %
LC Danmark ApS	Søborg, Denmark	100 %
LC II ApS	Søborg, Denmark	100 %
LC III ApS	Søborg, Denmark	100 %
Helsingborgs Auktionsverk AB *	Helsingborg, Sweden	100 %
Karlstad-Hammarö Auktionsverk AB *	Skoghall, Sweden	100 %
Lauritz.com Globen AB	Stockholm, Sweden	100 %
Internetauktioner i Helsingborg AB *	Helsingborg, Sweden	100 %
Lauritz.com Deutschland GmbH	Hamburg, Germany	100 %
QXL Denmark A/S	Søborg, Denmark	100 %
QXL.no AS	Oslo, Norway	100 %
Ejendomsselskabet Blixtz ApS	Herlev, Denmark	100 %
Vignelaure S.A.S.	Rians, France	100 %
Göholms skog och lantbruk AB *	Ronneby, Sweden	100 %
Goodwill Mountain (Pty) Ltd. *	Cape Town, South Africa	100 %
Passionsfabrikken ApS	Herlev, Denmark	100 %

Associated companies	**Registered office**	**Ownership interest**
AB Stockholms Auktionsverk *	Stockholm, Sweden	49 %

* The company is not audited by Deloitte.

Transactions with related parties

As part of the share buy-back initiated in April 2018, Lauritz.com Group A/S purchased treasury shares. The shares were purchased at the market price of the shares at the time of the purchase, see note 5.

Blixtz Holding A/S did not enter into significant transactions with members of the Board or the Executive Management, except for compensation and benefits received as a result of their membership of the Board, employment with Lauritz.com Group A/S or shareholdings in Lauritz.com Group A/S.

27. Events after the balance sheet date

In February 2019 an agreement has been reached with the bondholders to restructure the bonds as described in note 18. Following the changes the bond debt will be reduced by SEK 118m (DKK 85m) to SEK 200m (DKK 145m), and the interest rate will be reduced from 3M STIBOR +7.5 percent on the full amount to 4 percent on SEK 130m and 7.5 percent on SEK 70m, extension of the final redemption date to 2024 and removal of the financial covenants. The financial impact of the restructuring of the bond debt will be recognized in 2019.

In March 2019 Lauritz.com Sverige AB entered into an agreement to buy back the 51 percent of the shares in Stockholms Auktionsverk AB owned by our partner Gelba Management AB, returning full ownership of the Fine Art business to Lauritz.com. The impact of the change in ownership is covered by the reassessment of the sales gain from the sale of the Fine Art business made in Q4 2018.

No other 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 10 July 2019, the Board of Directors has approved the present annual report for publication.

The annual report will be presented to the shareholders of Blixtz Holding A/S for their approval at the annual general meeting on 10 July 2019.

Statement of comprehensive income 1 January – 31 December

Notes		Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
	Revenue	196	122
	Gross Profit	**196**	**122**
1	Other external expenses	- 1,300	- 1,021
2	Staff costs	-	- 1,249
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**- 1,104**	**- 2,148**
3	Depreciation and amortisation	- 50	- 1,883
	Operating profit/loss (EBIT)	**- 1,154**	**- 4,031**
4	Financial income	4,317	4,257
5	Financial expenses	- 50,117	- 91,241
	Profit/Loss before tax (EBT)	**- 46,954**	**- 91,015**
6	Tax on profit/loss for the year	- 423	- 315
	Profit/Loss for the year	**- 47,377**	**- 91,330**
	Other comprehensive income	-	-
	Total comprehensive income	**- 47,377**	**- 91,330**

Assets

Notes		Parent Company 31.12.2018 DKK'000	Parent Company 31.12.2017 DKK'000
	Non-current assets		
7	Rights acquired	-	-
	Total intangible assets	-	-
8	Other fixtures and fittings, tools and equipment	1,838	1,899
	Total property, plant and equipment	1,838	1,899
9	Equity interest in subsidiaries	25,722	69,037
12	Deferred tax	47	-
	Receivables for group enterprises	-	4,393
	Total financial assets	25,769	73,429
	Total non-current assets	**27,607**	**75,328**
	Current assets		
	Receivables for group enterprises	75,969	80,545
	Corporate taxes receivables	-	477
	Other current receivables	17	32
	Total receivables	75,986	81,054
	Cash and cash equivalents	62	141
	Total current assets	**76,048**	**81,195**
	Total assets	**103,655**	**156,523**

Equity and liabilities

Notes		Parent Company 31.12.2018 DKK'000	Parent Company 31.12.2017 DKK'000
	Equity		
10	Share capital	2,000	2,000
	Retained earnings	70,436	117,813
	Total equity	**72,436**	**119,813**
	Liabilities		
	Bank debt	2,985	8,420
11	Bond debt	15,000	15,000
12	Deferred tax	-	7,588
	Total non-current liabilities	17,985	31,008
	Trade payables	388	452
13	Other payables	4,788	5,250
	Corporate taxes payable	8,058	-
	Total current liabilities	13,234	5,702
	Total liabilities	**31,219**	**36,710**
	Total equity and liabilities	**103,655**	**156,523**

Statement of changes in equity

	Share capital DKK'000	Retained earnings DKK'000	Total Equity DKK'000
Equity at 1 January 2018	**2,000**	**117,813**	**119,813**
Profit/Loss for the year	-	-47,377	-47,377
Other comprehensive income	-	-	-
	2,000	70,436	72,436
Dividend to shareholders	-	-	-
Equity at 31 December 2018	**2,000**	**70,436**	**72,436**

	Share capital DKK'000	Retained earnings DKK'000	Total Equity DKK'000
Equity at 1 January 2017	**2,000**	**210,143**	**212,143**
Profit/Loss for the year	-	-91,330	-91,330
Other comprehensive income	-	-	-
	2,000	118,813	120,813
Dividend to shareholders	-	-1,000	-1,000
Equity at 31 December 2017	**2,000**	**117,813**	**119,813**

Statement of cash flows

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
Operating profit/loss (EBIT)	**-1,154**	**-4,031**
Depreciation and amortisation	50	1,883
Increase/decrease in receivables	3,291	3,988
Increase/decrease in trade payables and other payables	-527	3,623
Other adjustments	446	-15,077
Cash flows from ordinary operating activities	2,106	-9,614
Interest received	4,317	4,780
Interest paid	-1,077	-1,788
Income tax paid	-	-
Cash flows from operating activities	**5,346**	**-6,622**
Purchase of property, plant and equipment	-	-89
Sale of property, plant and equipment	10	2,285
Purchase of financial assets	-	-38
Sale of financial assets	-	2,250
Cash flows from investing activities	**10**	**-4,408**
Repayment of debt, net	-5,435	2,439
Dividend distributed	-	-1,000
Cash flows from financing activities	**-5,435**	**1,439**
Net cash flow for the year	-79	-775
Net capital resources, beginning of year	141	916
Net capital resources, end of year	**62**	**141**
Net capital resources, end of year, are composed as follows:		
Cash and cash equivalents	62	141
Interest-bearing short-term bank loans	-	-
Net capital resources, end of year	**62**	**141**

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
1. Fess to auditors appointed at the annual general meeting		
Audit services	125	115
Other services	331	500
	456	**615**

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
2. Staff costs		
Remuneration of the Board of Directors	-	1,248
Wages and salaries	-	-
Other social security costs		1
	-	**1,249**
Average number of full-time employees	-	1

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

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
3. Depreciation and amortisation		
Depreciation, other fixtures, tools and equipment	50	71
Gains/losses arising from disposal	-	1,812
	50	**1,883**

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
4. Financial income		
Interest income from group enterprises	4,317	4,255
Interest income from financial assets	**4,317**	**4,255**
Exchange rate gains	-	2
	4,317	**4,257**

5. Financial expenses

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
Interest expenses	428	341
Financial expenses, bond debt	375	742
Interest expenses to group enterprises	207	-
Bank charges etc.	67	182
Interest expenses from financial liabilities	**1,077**	**1,265**
Impairment losses, receivables from group enterprises	5,693	15,439
Impairment losses, investment in subsidiaries	43,176	74,450
Losses, arising from disposal of investments in subsidiaries	5	-
Impairment losses, other investments	-	87
Exchange rate losses	166	-
	50,117	**91,241**

6. Tax on profit/loss for the year

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
Current tax for the year	8,058	-
Adjustment to taxes, prior years	-	- 17
Joint taxation for the year		- 477
Adjustment to deferred tax	- 7,635	809
	423	**315**

Current tax for the financial year is computed based on a tax rate of 22.0 % (2017: 22.0 %)

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax	- 10,330	- 20,023
Adjustment to taxes, prior years	-	- 17
Tax effect of:		
Non-deductible expenses	10,752	20,355
Non-taxable income	-	-
	423	**315**
Effective tax rate	0.9 %	0.3 %

7. Rights acquired assets

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
Cost at 1 January	145	145
Additions	-	-
Disposals	-	-
Cost at 31 December	**145**	**145**
Depreciation at 1 January	145	145
Depreciation for the year	-	-
Depreciation at 31 December	**145**	**145**
Carrying amount at 31 December	**-**	**-**

8. Other fixtures and fittings, tools and equipment

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
Cost at 1 January	2,099	6,107
Additions	-	89
Disposals	- 170	- 4,097
Cost at 31 December	**1,929**	**2,099**
Depreciation at 1 January	200	129
Depreciation for the year	50	71
Depreciation related to disposals	- 159	-
Depreciation at 31 December	**91**	**200**
Carrying amount at 31 December	**1,838**	**1,899**

9. Equity interest in subsidiaries

	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
Cost at 1 January	143,487	143,448
Additions	-	39
Disposals	- 139	-
Cost at 31 December	**143,348**	**143,487**
Value adjustment at 1 January	- 74,450	-
Value adjustment for the year	- 43,176	- 74,450
Value adjustment at 31 December	**- 117,626**	**- 74,450**
Carrying amount at 31 December	**25,722**	**69,037**

Based on impairment test performed at Lauritz.com Group A/S level a corresponding impairment has been recognised.
Group enterprises are specified in note 26 to the consolidated financial statements.

10. Share capital

The share capital consists of 2,000 shares with a nominal value of DKK 1,000 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 has not changed during the last five years.

11. Bond debt

The company issued unlisted corporate bonds on 1 July 2016 with a principal amount of DKK 15m. The bonds carry interest at 5 percent and are redeemed at par after five years from the date of issue.

12. Deferred tax

	Parent Company 31.12.2018 DKK'000	Parent Company 31.12.2017 DKK'000
Deferred tax at 1 January	- 7,588	- 6,778
Adjustment to deferred tax for prior years	-	-
Adjustment of recapture balance subsidiaries	8,189	- 658
Deferred tax on profit/loss for the year	- 554	- 152
Deferred tax at 31 December	**47**	**- 7,588**
Specification of deferred tax:		
Other fixtures and fittings	34	23
Other payables	13	14
Recapture balance of subsidiaries	-	- 8,189
Tax loss carry forwards	-	564
	47	**- 7,588**
Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	47	-
Deferred tax (liability)	-	- 7,588
Deferred tax at 31 December	**47**	**- 7,588**

13. Other payables

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

14. Financial risks

The Parent Company's currency risks are primarily hedged by matching payments received and made in the same currency. The difference between ingoing and outgoing payments denominated in the same currency is a measure of currency risk. The currency exposure of the company at 31 December 2018 is specified below.

14. Financial risks (continued)

2018 (DKK'000)	Cash and cash equivalents	Receivables	Bank debt	Bond debt	Other liabilities	Net position
EUR	-	-	-2,985	-	-	-2,985
SEK	2	803	-	-	-	805
31 December 2018	**2**	**803**	**-2,985**	**-**	**-**	**-2,180**

2017 (DKK'000)	Cash and cash equivalents	Receivables	Bank debt	Bond debt	Other liabilities	Net position
EUR	-	-	-8,420	-	-	-8,420
SEK	22	-	-	-	-	22
31 December 2017	**22**	**-**	**-8,420**	**-**	**-78,452**	**-8,398**

For further information on financial risks, we refer to note 21 in the consolidated financial statements.

15. Contingencies etc.

Contingent liabilities, Parent Company

The Parent Company participates in an international joint taxation arrangement 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.

16. Related parties

A loan has been granted to Ejendomsselskabet Blixtz ApS amounting to DKK 74m. The loan carries a market-based interest amounting to an interest payment of DKK 3,4m in 2018 (2017: DKK 3,7m).

As security for the loan Ejendomsselskabet Blixtz ApS has pledged all shares of Vignelaure S.A.S

17. Events after the balance sheet date

We refer to note 27 in the consolidated financial statements.

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

18. Approval of annual report for publication

We refer to note 28 in the consolidated financial statements.