Blixtz Holding A/S

CVR no. 75 55 98 28

Annual Report

January – December 2020

Approved at the Annual General Meeting on 20 July 2021.

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, Vignelaure SAS, 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 profit of DKK 0.2m against a profit in 2019 of DKK 4.2m. The result is considered unsatisfactory.

The Blixtz Holding Group realized for the year revenue of DKK 122.4m (2019: DKK 128.8m), a total EBITDA of DKK -2.1m (2019: DKK -0.7m) and a result before tax (EBT) of DKK -34.1m (2019: DKK 47.8m). The result is considered unsatisfactory.

Financing

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

The outcome of the process is that Stockholms Auktionsverk, Karlstad Hammarö Auktionsverk and 3 auction houses in Germany have been sold. Most of the proceeds from the sale will be used to reduce the debt of the group by approximately DKK 60m (bond debt SEK 45m, accrued interest on bond SEK 16m and Senior loan SEK 21m) in June 2021 and a further DKK 11m (SEK 15m) in May 2022, after which the remaining bond debt will be DKK 102m (SEK 140m). Further, the terms of the remaining bond debt have been adjusted, lowering the interest rate, and changing the amortization making the bond debt a standing loan until the maturity date in December 2024.

Impact on 2020 financial reporting due to the sale of activities

In the financial statements for 2020 the sale of the Carve-out business is presented as discontinued operations in the statement of comprehensive income and cash flow statement, and as assets/liabilities available for sale in the balance sheet. The sold business has been reclassified and the value of the assets available for sale has been impaired to reflect the achieved sales price.

The sale of the Carve-out subsidiaries results in an accounting loss as the book value of the sold business is higher than the realised sales price, resulting in an impairment loss of DKK 19m including expected sales cost of DKK 12m. This loss is included in 2020 in Result from discontinued operations.

The expected development

In 2021 and based on the Group’s current structure, an increase in revenue of 10-20 percent and an EBITDA margin of 10-15% are expected.

Uncertainty regarding recognition and measurement

For information regarding Blixtz Holding A/S financing and cash position see note 1, including managements initiated activities to strengthen the Groups financing and cash position.

For information regarding material uncertainty related to measurement of intangible assets see note 11.

For information regarding measurement of the revaluation of the value of the vineyard Vignelaure, see note 15.

At 31 December 2020, the parent company Blixtz Holding A/S has recognized a receivable of DKK 76m 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

Events after the balance sheet date

In April, an agreement for the Carve-out sale has been signed, and a written procedure amongst the bondholders regarding the sale, and changes to the bond terms and conditions has approved the suggested changes. In May, the Carve-out sale and changes to the bond terms and conditions has been completed.

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

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Statement of comprehensive income [1]					
Revenue	122,402	128,835	228,244	297,523	323,008
Gross profit	54,721	52,127	116,995	193,339	212,284
EBITDA	- 2,053	- 648	- 5,937	20,407	38,233
Operating profit (EBIT)	- 12,766	- 13,697	- 115,301	- 20,527	22,791
Net financials	- 21,349	61,538	- 10,940	- 15,164	- 20,538
Profit before tax (EBT)	- 34,115	47,841	- 128,773	- 35,691	2,253
Tax on profit for the year	6,379	8,455	21,305	- 3,443	- 4,204
Profit/Loss for the year, continued operations	- 27,736	56,296	N/A	N/A	N/A
Profit/Loss for the year, discontinued operat.	- 14,688	- 37	N/A	N/A	N/A
Profit/Loss for the year	- 42,424	56,259	- 107,468	- 39,134	- 1,951
Balance sheet [2]					
Non-current assets	246,312	223,478	322,080	390,433	479,481
Current assets	297,803	306,434	167,666	229,521	204,991
Current assets, available for sale	219,064	N/A	N/A	N/A	N/A
Balance sheet total	544,115	529,912	489,746	619,954	684,472
Share capital	2,000	2,000	2,000	2,000	2,000
Equity	84,568	121,147	30,683	112,258	164,632
Non-current liabilities	95,028	38,423	85,375	327,607	333,924
Current liabilities	364,519	300,295	373,688	180,089	185,916
Current liabilities, available for sale	109,821	N/A	N/A	N/A	N/A
Cash flows [3]					
Operating activities	31,535	- 2,588	- 37,351	- 5,047	- 17,178
Investing activities	- 4,912	- 8,627	43,981	- 12,995	- 25,310
Of this, investments in property, plant and equipment	- 3,731	- 1,822	- 1,138	- 9,667	- 8,094
Financing activities	- 10,860	- 107	- 15,731	865	70,619
Cash flow, continuing operations	13,078	- 2,605	N/A	N/A	N/A
Cash flow, discontinued operations	2,685	- 8,717	N/A	N/A	N/A
Total cash flows	15,763	- 11,322	- 9,101	- 17,177	28,131

[1] 2019 and 2020 Profit/Loss of continued operations only. 2016-2018 are not adjusted for discontinued operations.

[2] 2020 Balance sheet excluding discontinued operations. 2016-2019 are not adjusted for discontinued operations.

[3] Cash flow 2016-2018 are not adjusted for discontinued operations.

Ratios [4]					
Gross margin	44.7 %	40.5 %	51.3 %	65.0 %	65.7 %
EBITDA margin	- 1.7 %	- 0.5 %	- 2.6 %	10.4 %	17.3 %
Profit margin	- 10.4 %	- 10.6 %	- 50.5 %	- 10.5 %	10.3 %
Equity ratio	15.5 %	22.9 %	5.7 %	18.8 %	24.1 %
Return on equity	- 27.0 %	74.1 %	- 143.0 %	- 27.7 %	- 2.4 %
Dividend per share	0	0	0	0	500
Average number of full-time employees:					
Continuing operations	74	61	158	204	220
Discontinued operations	110	113	-	-	-

[4] Ratios for 2016-2018 are not adjusted for discontinued operations.

Key ratios are applied and calculated as follows:

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

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

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

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

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

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

Management statement

The Board of Directors and the Executive Management have today discussed and approved the Annual Report of Blixtz Holding A/S for 2020.

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 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2020.

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, 20 July 2021

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 01.01.2020 – 31.12.2020, 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 31.12.2020, and of the results of their operations and cash flows for the financial year 01.01.2020 - 31.12.2020 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.

Material uncertainty related to going concern

We would like to draw attention to the information contained in note 1, where Management describe their basis for conclusion for preparing the annual report on a going concern assumption.

The going concern of the company is conditional on an assumption that the company can continue the development in revenue for the remaining part of the year realized in 1 quarter 2021. The uncertainty related to estimation of future revenue and the consequent impact on cash in-flow in combination with the company's limited cash and financing resources available, results in a situation where material uncertainty related to going concern exists.

Management has presented the financial statements on a going concern basis. We concur with Management's assessment and therefore our opinion has not been modified with respect to this matter.

Statement on the management review
Management is responsible for the management review.

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

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

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

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and the Parent’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the 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, 20 July 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Eskild Nørregaard Jakobsen
State-Authorised
Public Accountant
Mne11681

Statement of comprehensive income 1 January - 31 December

Notes		Group 2020 DKK'000	Group 2019 DKK'000
2	Revenue	122,402	128,835
	Direct costs	- 67,681	- 76,708
	Gross profit	**54,721**	**52,127**
3	Other operating income	16,436	14,991
4	Other external expenses	- 30,459	- 31,997
5	Staff costs	- 41,653	- 35,606
	Other operating expenses	- 1,098	- 163
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**- 2,053**	**- 648**
6	Depreciation, amortisation and impairment losses	- 10,713	- 13,049
	Operating profit/loss (EBIT)	**- 12,766**	**- 13,697**
7	Financial income	2,868	81,013
8	Financial expenses	- 24,217	- 19,475
	Profit/Loss before tax (EBT)	- **34,115**	**47,841**
10	Tax on profit/loss for the year	6,379	8,455
	Profit/Loss for the year, continuing operations	- 27,736	56,296
9	Profit/Loss for the year, discontinued operations	- 14,688	- 37
	Profit/Loss for the year, total	**- 42,424**	**56,259**
	Items that may be reclassified to profit/loss:		
	Other comprehensive income, from continuing operations	-	-
	Other comprehensive income, from discontinued operations:		
	Exchange rate adjustments, foreign companies	5,845	- 1,308
	Tax on other comprehensive income	-	-
	Other comprehensive income, that may be reclassified	**5,845**	**- 1,308**

Statement of comprehensive income 1 January - 31 December

Notes		Group 2020 DKK'000	Group 2019 DKK'000
	Items that will not be reclassified to profit/loss:		
	Revaluation on property	-	49,323
	Tax on other comprehensive income	-	-13,810
	Other comprehensive income, not to be reclassified	**-**	**35,513**
	Other comprehensive income, net of tax	**5,845**	**34,205**
	Total comprehensive income	**-36,579**	**90,464**
	Profit/Loss for the year, attributable to:		
	Owners of the Company	-23,515	32,094
	Non-controlling interests	-18,909	24,165
		-42,424	**56,259**
	Other comprehensive income, attributable to:		
	Owners of the Company	3,283	34,768
	Non-controlling interests	2,562	-563
		5,845	**34,205**

Balance sheet

Assets

Notes		Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
	Non-current assets		
11	Software in process of development	622	-
11	Developed software	6,200	12,301
11	Rights acquired	2,749	48,106
11	Goodwill	23,762	112,182
	Total intangible assets	33,333	172,589
12	Right-of-use assets	5,811	30,759
12	Land and buildings	164,375	165,472
12	Other fixtures and fittings, tools and equipment	29,994	30,963
	Total property, plant and equipment	200,180	227,194
13	Deferred tax	10,942	5,918
14	Deposits	1,857	3,378
14	Investment in associated companies	-	-
	Total financial assets	12,799	9,296
	Total non-current assets	**246,312**	**409,079**
	Current assets		
	Inventories	19,253	19,838
	Investments	74	74
16	Trade receivables	2,585	12,158
16	Contractual receivables	30,252	40,780
	Tax receivable	-	-
16	Other current receivables	4,702	9,299
	Total receivables	37,613	62,311
17	Cash and cash equivalents	21,873	38,684
15,25	Assets, available for sale	219,064	-
	Total current assets	**297,803**	**120,833**
	Total assets	**544,115**	**529,912**

Balance sheet

Equity and liabilities

Notes		Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
	Equity		
	Share capital	2,000	2,000
	Retained earnings	69,670	89,902
	Equity, attributable to owners of the company	**71,670**	**91,902**
	Equity, non-controlling interests	**12,898**	**29,245**
	Total equity	**84,568**	**121,147**
	Liabilities		
13	Deferred tax	42,256	41,613
18	Lease liabilities	4,726	18,842
18	Bank debt	33,046	33,015
18	Bond debt	15,000	15,000
	Total non-current liabilities	**95,028**	**108,470**
18	Senior Loan	13,446	13,006
18	Bond debt	147,940	143,100
18	Lease liabilities	1,415	13,179
18	Bank debt	1,895	481
	Trade payables	46,895	101,795
19	Other payables	38,780	24,304
	Payables related parties and shareholder	4,327	4,430
	Corporate taxes payable	-	-
	Total current liabilities	254,698	300,295
15,26	Liabilities associated with assets available for sale	109,821	-
	Total current liabilities	**364,519**	**300,295**
	Total liabilities	**459,547**	**408,765**
	Total equity and liabilities	**544,115**	**529,912**

Statement of changes in equity

	Share Capital	Retained earnings	Reserve for exchange rate adjustments	Properties revaluation reserves	Equity attributable to owners of the company	Equity, Non-controlling interests	Total Equity
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January 2020	2,000	41,071	-16,108	64,939	91,902	29,245	121,147
Profit/Loss for the year	-	-23,515	-	-	-23,515	-18,909	-42,424
Other comprehensive income	-	-	3,283	-	3,283	2,562	5,845
	2,000	**17,556**	**-12,825**	**64,939**	**71,670**	**12,898**	**84,568**
Dividend to shareholders	-	-	-	-		-	-
Equity at 31 December 2020, Total	**2,000**	**17,556**	**-12,825**	**64,939**	**71,670**	**12,898**	**84,568**

	Share Capital	Retained earnings	Reserve for exchange rate adjustments	Properties revaluation reserves	Equity attributable to owners of the company	Equity, Non-controlling interests	Total Equity
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January 2019	2,000	8,977	-15,363	29,426	25,040	5,643	30,683
Profit/Loss for the year	-	32,094	-	-	32,094	24,165	56,259
Other comprehensive income	-	-	-745	35,513	34,768	-563	34,205
	2,000	**41,071**	**-16,108**	**64,939**	**91,902**	**29,245**	**121,147**
Dividend to shareholders	-	-	-	-	-	-	-
Equity at 31 December 2019, Total	**2,000**	**41,071**	**-16,108**	**64,939**	**91,902**	**29,245**	**121,147**

Statement of cash flows

Notes		Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
	Operating profit/loss (EBIT)	**- 12,766**	**- 13,691**
	Depreciation, amortisation and impairment losses	10,713	13,049
	Impairment and losses on receivables/payables	503	3,721
	Increase/decrease in inventories	585	- 347
	Increase/decrease in receivables	19,421	- 10,699
	Increase/decrease in trade payables and other payables	- 2,567	- 2,301
	Other adjustments	6,104	5,364
	Cash flows from ordinary operating activities	**21,993**	**- 4,904**
	Interest received	2,868	2,167
	Interest and financial expenses paid	- 5,668	- 3,216
	Income tax paid	-	- 1,476
9	Cash flow from operating activities, discontinued operations	12,342	4,841
	Cash flows from operating activities	**31,535**	**- 2,588**
	Purchase of property, plant and equipment	- 3,731	- 1,822
	Sale of property, plant and equipment	-	299
	Purchase of intangible assets	- 622	- 4,019
22	Acquisitions and divestments	-	-
9	Cash flow from investing activities, discontinued operations	- 559	- 3,085
	Cash flows from investing activities	**- 4,912**	**- 8,627**
18	Drawdown, senior loan	-	15,000
18	Repayment, senior loan	-	- 2,312
18	Repayment, lease liabilities	- 1,762	- 2,322
9	Cash flow from financing activities, discontinued operations	- 9,098	- 10,473
	Cash flows from financing activities	**- 10,860**	**- 107**
	Net cash flows for the year	15,763	- 11,322
	Net capital resources, beginning of year	38,684	50,572
	Exchange rate adjustment of capital resources	935	- 566
	Net capital resources, end of year	**55,382**	**38,684**
	Net capital resources, end of year, are composed as follows:		
	Cash and cash equivalents	21,873	8,802
25	Cash and cash equivalents, discontinued operations	33,509	29,882
	Net capital resources, end of year	**55,382**	**38,684**

1. Management's assessment of the development for the coming year and management's assessment of the going concern assumption

Management of the Blixtz group and Lauritz.com group has throughout 2020 and 2021 been working to secure sufficient financing to secure the growth and operations of the group. The Carve-out sale of the activities in Sweden, Finland and Germany in May 2021 has secured the Group's bond financing until December 2024, securing a significant reduction of the group's debt through cash repayment and a strengthening of the liquidity of the group.

The Carve-out sale results in:

- Repayment of the senior loan.
- Repayment of part of the bond debt, reducing this to DKK 102m (SEK 140m).
- Reduction of the interest on the bond debt to 4 percent, and no payment of interest in 2021.
- Bond debt standing until maturity in December 2024, annual installments removed.
- The group is no longer in breach of the terms and conditions of the bond.
- Surplus cash from the Carve-out sale strengthening the liquidity of the group.

The markets for auctioning and online sale of vintage and luxury items are growing, and the group is working hard to increase its share of the market through strong initiatives in marketing and in new business areas under development. The developments in the market can change due to circumstances beyond the control of the group such as changes in market dynamics and customer behaviour, which can result in growth lower or higher than the current expectation. The impact of exiting the period with Covid-19 restrictions increase the uncertainty as to changes in the market.

The growth in Auction Turnover for the continuing operation seen in the second half of 2020 and the first part of 2021 of approximately 17 percent compared to the same period the year before is expected to reduce to around 10 percent for the rest of 2021 but can be impacted by changes in market dynamics etc. Costs are expected to increase due to commissions paid to partners growing in line with Auction Turnover, whereas other costs are remaining stable. If we see a change in market dynamics etc. that impacts us negatively, measures will be taken to address this quickly. Measures that can be taken, depending on the development, will likely be within the areas of sales, marketing, cost reductions, cash management and possibly equity financing.

The assumptions mentioned above give a growth for the full year in the upper part of the expected growth in Auction Turnover, Revenue and EBITDA included in the guidance for 2021. The uncertainties in relation to reaching the expectations for the year are primarily related to realising the expected growth in Auction Turnover. The liquidity for the group is fluctuating during the year, and for 2 shorter periods during the year liquidity reserves are low but sufficient under the assumptions mentioned above. In case of negative developments in the market initiatives can be implemented to increase the liquidity during these short periods.

Based on the above-mentioned re-financing of the bond debt, and the development in Auction Turnover and earnings, management has assessed that the cash resources of the group are sufficient to secure the future operations for at least one year, so that the annual report can be prepared on a going concern basis.

	Group 2020 DKK’000	Group 2019 DKK’000
2. Revenue		
Auction commissions and fees etc.	116,754	122,561
Other revenue - marketing contribution etc.	5,648	6,274
	122,402	**128,835**

The Group has no single key customers.

	Group 2020 DKK’000	Group 2019 DKK’000
3. Other operating income		
Rental and other income, including sale of wine	16,436	14,991
	16,436	**14,991**

	Group 2020 DKK’000	Group 2019 DKK’000
4. Other external expenses		
Fees to auditors appointed at the annual general meeting		
Audit services	1,227	1,298
Tax services	516	449
Other services	819	1,566
	2,562	**3,313**

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 651k (-972k).

	Group 2020 DKK’000	Group 2019 DKK’000
5. Staff costs		
Wages and salaries	37,377	31,186
Defined contribution pension plans, cf. below	1,220	1,032
Other social security costs	1,662	1,706
Other staff costs	1,394	1,683
	41,653	**35,606**
Average number of full-time employees	74	62

The Group has 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.

Wages and salaries include subsidies and compensation of DKK 1.2m mainly related to COVID-19 relief packages.

5. Staff costs (continued)

	Group 2020 DKK'000	Group 2019 DKK'000
Remuneration of Key Management, Lauritz.com Group A/S		
Remuneration of the Board of Directors	500	541
Wages and salaries, Board of Directors	1,200	1,200
Wages and salaries, Executive Management	6,397	4,765
Redundancy cost, Executive Management	1,064	-
Pensions, Executive Management	261	231
	9,422	**6,737**

Key management is defined as Board of Directors and Executive Management. Wages and salaries, Board of Directors and Executive Management includes a consultancy fee of DKK 1.2m (1.2m) to the Chairman of the Board.

Remuneration of Executive Management, Blixtz Holding A/S

According to the Danish Financial Statement Act paragraph 98b, section 3 remuneration to Executive Management has not been disclosed. The Board of directors has not received remuneration for 2020 (2019).

6. Depreciation, amortisation and impairment losses

Depreciation, land and buildings	993	832
Depreciation, right-of-use assets	1,731	2,131
Depreciation, other fixtures, tools and equipment	1,210	3,862
Gains/losses arising from disposal	- 220	205
Amortisation rights acquired	899	3,110
Amortisation, developed software	6,100	6,562
Impairment losses rights acquired	-	-
Impairment losses goodwill	-	-
Impairment losses land and buildings	-	-
	10,713	**13,049**

7. Financial income

Interest income	2,868	2,167
Interest income from group enterprises	-	-
Interest income from financial assets	**2,868**	**2,167**
Income from debt reduction, net	-	75,272
Exchange rate gains	-	3,574
	2,868	**81,013**

Net income from 2019 debt reduction includes incurred cost of 7,650k.

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

	Group 2020 DKK'000	Group 2019 DKK'000
8. Financial expenses		
Interest expenses	1,937	691
Interest expenses, lease liabilities	329	218
Bank charges etc.	670	760
Financial expenses, debt	12,664	12,214
Financial expenses from financial liabilities	15,600	13,883
Impairment losses receivables, current accounts	1,804	4,693
Exchange rate loss	6,813	-
Amortisation of borrowing costs, bond debt	-	899
	24,217	**19,475**

9. Discontinued operations

	2020 DKK'000	2019 DKK'000
Revenue	91,832	91,393
Direct costs	- 12,046	- 13,040
Gross profit	**79,786**	**78,353**
Other external expenses	- 13,600	- 18,651
Staff costs	- 49,229	- 48,975
Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**16,957**	**10,727**
Depreciation, amortisation, and impairment losses*	- 32,542	- 14,153
Operating profit/loss (EBIT)	**- 15,585**	**- 3,426**
Financial income	40	42
Financial expenses	- 2,324	- 1,580
Share of result in associated companies	-	- 381
Profit/Loss before tax (EBT)	- **17,869**	- **5,345**
Tax on profit/loss for the year	3,181	5,308
Profit/Loss for the year, from discontinued operations	**- 14,688**	**-37**

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

9. Discontinued operations (continued)

	2020 DKK'000	2019 DKK'000
Cashflow, discontinued activities:		
Cashflow from operational activities	12,342	4,841
Cashflow from investment activities	- 559	- 3,085
Cashflow from financing activities	- 9,098	- 10,473
Net cashflow for the year	**2,685**	**- 8,717**
Net capital resources, beginning of year	29,882	39,169
Exchange rate adjustment of capital resources	942	- 570
Net capital resources, end of year	**33,509**	**29,882**

10. Tax on profit/loss for the year	Group 2020 DKK'000	Group 2019 DKK'000
Current tax for the year	131	317
Deferred tax change for the year	- 6,922	- 2,120
Adjustment to taxes, prior years	- 289	2,339
Adjustment to deferred tax, prior years	701	- 8,991
Tax on profit/loss for the year	**- 6,379**	**- 8,455**

Current tax for the financial year is for Danish enterprises based on a tax rate of 22.0 % (2019: 22.0 %).

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

Computed 22.0 % tax on profit/loss for the year before tax (2017: 22.0 %)	- 7,505	8,128
Adjustment to taxes, prior years	- 289	2,339
Adjustment to deferred tax, prior years	701	- 8,991
Recognition of previously unrecognized tax asset	- 127	1,304
Adjustment of previously unrecognized tax assets	0	- 15
Tax effect of non-deductible expenses/non-taxable income	841	- 11,220
	- 6,379	- 8,455
Effective tax rate	Negative	Negative

Tax on other comprehensive income DKK 0k (2019: DKK 13,810k).

11. Intangible assets (DKK'000)

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2020	64	60,789	65,666	195,827
Exchange rate adjustments	-	- 63	1,851	4,721
Additions from acquisitions	-	-	-	6,099
Additions	622	-	-	-
Transferred	-	-	-	-
Transfer, assets available for sale	-	-	- 57,294	- 130,232
Cost at 31 December 2020	**686**	**60,726**	**10,223**	**76,415**
Amortisation at 1 January 2020	-	48,488	17,560	-
Impairment losses at 1 January 2020	64	-	-	83,645
Exchange rate adjustments	-	- 62	444	1,049
Impairments for the year	-	-	-	19,235
Amortisation for the year	-	6,100	2,630	-
Transfer, assets available for sale	-	-	- 13,160	- 51,276
Amortisation and impairment losses at 31 December 2020	**64**	**54,526**	**7,474**	**52,653**
Carrying amount at 31 December 2020	**622**	**6,200**	**2,749**	**23,762**
Cost at 1 January 2019	3,805	53,017	45,654	178,944
Exchange rate adjustments	-	12	- 245	- 1,908
Additions from acquisitions	-	-	14,587	18,791
Additions	4,019	-	7,071	-
Transferred	- 7,760	7,760	-	-
Cost at 31 December 2019	**64**	**60,789**	**65,666**	**195,827**
Amortisation at 1 January 2019	-	41,818	14,546	-
Impairment losses at 1 January 2019	64	-	-	84,126
Exchange rate adjustments	-	12	- 96	- 481
Amortisation for the year	-	6,658	3,110	-
Amortisation and impairment losses at 31 December 2019	**64**	**48,488**	**17,560**	**83,645**
Carrying amount at 31 December 2019	**-**	**12,301**	**48,106**	**112,182**

11. Intangible assets (continued)

The intangible assets are related to the activities of Lauritz.com Group A/S.

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 amounts of trademarks without determinable useful lives totals DKK 0.0m at 31 December 2020 (DKK 21.9m).

Acquired enterprises are integrated in the Lauritz.com 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 2020, Management has tested the carrying amount of goodwill, software in process of development and other intangible assets for impairment. An impairment test is performed in the event of indication of impairment and at least once a year as part of the presentation of the Annual Report.

The key assumptions underlying the calculation of value in use for Lauritz.com Group A/S are the determination of EBITDA growth, discount rate and terminal value growth rate for the 2021 period (where we expect to be back to normal activity level after the Corona crisis) and the forecast period 2022-2026 and the terminal period.

The assessment of growth rate in Auction Turnover is by nature subject to material uncertainty which naturally impacts the forecasted EBITDA. The Impairment test is based on a successful return to growth, although at a much lower rate than seen previously and Management assess that the used assumptions are realistic to realize. Impairment recognized for 2020 totals DKK 0m (0m).

Auction Turnover and EBITDA growth is determined based on historical performance, and Auction Turnover and EBITDA realized in the period immediately prior to the beginning of the budget period, adjusted for non-recurring expenses, expected market developments and enterprises acquired and divested.

Impairment test is based on a turnaround where Auction Turnover increases by 5-15 % in 2021 compared to 2020 (no recurrence of the initial impact at the outbreak of Covid-19), and by 5-10% per year in the forecast period 2022 until 2026. Cost development in the forecast period is moderate and primarily driven by increase in commission to partners as well as staff cost and variable cost in own auction houses driven by the higher activity level, whereas the growth in cost for rent of premises is low as the growth in activity can be handled in the physical locations currently in use.

EBITDA is expected to grow from DKK -2.1m in 2020 to a level between DKK 0m and DKK 10m in 2021. This increase in EBITDA is primarily due to growth in Revenue, and further strengthened by a change in business setup with more owned auction houses and several cost-cutting initiatives and other initiatives in relation to how the business is operated.

11. Intangible assets (continued)

Growth in Auction Turnover is driving value creation in the business. Economies of scale are quite high, resulting in an average yearly growth in EBITDA of 20-30 percent, bringing EBITDA to a level between DKK 20m and 30m at the end of the forecast period.

When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approximately 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 Group's marginal borrowing rate plus a risk premium that reflects the risk involved in investing in shares and the risk involved in the activity performed, equivalent to a pre-tax discount rate of 11.5 percent (11.5).
The terminal value growth rate of 0.5 percent (0.5) p.a. is based on estimated economic growth.

Sensitivity analysis

Following the sale of activities, the headroom in the impairment test has increased. The assessment of the assumptions applied when preparing the impairment test is by nature subject to material uncertainty.
A sensitivity analysis has been performed of the main assumptions in the impairment test to identify the lowest and/or the highest discount rate and the lowest growth rate in the forecast period for the cash-generating unit without resulting in any impairment losses. A summary of sensitivity analysis is shown below (all other assumptions unchanged):

	Group
	2020
Average Auction Turnover-growth for 2021 to 2026	3 %
Average EBITDA-growth for 2021 to 2026	8 %
WACC, pre-tax	28 %
Terminal growth	Can not result in impairment on its own

In 2019 the value in use only had a small headroom compared to the book value of the assets, following the impairment made in 2018. Due to this the below sensitivities for 2019 are shown as the additional impairment, that would materialize through a change in the assumptions behind the value in use calculation performed at 31 December 2019.

	Change in Assumption	**Additional impairment 2019 (DKK m)**
Average Auction Turnover-growth from 2019 to 2021	- 3%	12
Average Auction Turnover-growth for 2022 to 2026	- 2%	55
Average EBITDA-growth for 2022 to 2026	- 3%	30
WACC, pre-tax	+ 1%	10
Terminal growth	- 0.5%	0

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

	Right-of-use assets	Land and buildings	Other fixtures etc.
Cost and valuation at 1 January 2020	48,620	180,030	60,923
Exchange rate adjustments	3,025	- 314	184
Additions	3,270	210	3,521
Remeasuring of value of assets	14,193	-	-
Disposal	- 2,507	-	- 379
Transfer, assets available for sale	- 57,480	-	- 6,636
Cost or valuation at 31 December 2020	**9,121**	**179,926**	**57,613**
Depreciation at 1 January 2020	17,861	14,558	29,960
Exchange rate adjustments	1,391	-	144
Depreciation for the year	12,326	993	2,282
Depreciation related to disposals	- 2,507	-	- 263
Transfer, assets available for sale	-	-	- 4,504
Depreciation at 31 December 2020	**3,310**	**15,551**	**27,619**
Carrying amount at 31 December 2020	**5,811**	**164,375**	**29,994**
Cost and valuation at 1 January 2019	22,376	130,498	61,988
Exchange rate adjustments	- 2,739	- 205	- 154
Additions from acquisitions	12,108	-	1,115
Revaluation increase	-	49,323	-
Additions	8,440	414	1,408
Remeasuring of value of assets	11,381	-	-
Disposal	- 2,946	-	- 3,434
Cost or valuation at 31 December 2019	**48,620**	**180,030**	**60,923**
Depreciation at 1 January 2019	9,439	13,723	28,570
Exchange rate adjustments	- 1,054	3	- 19
Depreciation for the year	12,209	832	3,862
Depreciation related to disposals	- 2,733	-	- 2,453
Depreciation at 31 December 2018	**17,861**	**14,558**	**29,960**
Carrying amount at 31 December 2019	**30,759**	**165,472**	**30,963**

Right-of-use assets is based on the present value of rental agreements for showrooms, warehouses, office space and other facilities. Depreciation is straight-line on basis of the underlying contracts with an average of 2-3 years.

13. Deferred tax

		Group 2020 DKK'000		Group 2019 DKK'000
Deferred tax at 1 January	-	35.695	-	25,277
Exchange rate adjustments	-	193		314
Adjustments, prior years	-	701	-	838
Transfer, assets available for sale	-	1,647		-
Deferred tax on profit/loss for the year		6,922		3,916
Deferred tax on other comprehensive income		-		13,810
Deferred tax at 31 December, net	**-**	**31.314**	**-**	**35,695**
Specification of deferred tax:				
Tax losses carry forwards		2,329		2.529
Buildings	-	40,657	-	40,247
Other timing differences other assets and liabilities	-	7,014		2,023
	-	**31,314**	**-**	**35,695**

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

Deferred tax is recognized as follows in the balance sheet:				
Deferred tax (asset)		10,942		5,918
Deferred tax (liability)	-	42,256	-	41,613
Deferred tax at 31 December, net	**-**	**31,314**	**-**	**35,695**

14. Financial assets (DKK'000)

	Deposits	Investment in associated companies
Cost at 1 January 2020	3,378	-
Exchange rate adjustments	-	-
Addition	-	-
Disposal	- 1,521	-
Cost at 31 December 2020	**1,857**	**-**
Carrying amount at 31 December 2020	**1,857**	**-**
Cost at 1 January 2019	2,709	13,548
Exchange rate adjustments	1	- 363
Addition	668	-
Transfer to subsidiary	-	- 13,185
Cost at 31 December 2019	**3,378**	**-**
Adjustments at 1 January 2019	-	2,547
Exchange rate adjustments	-	- 69
Share of result for the period 1 January – 5 March 2019, 49%	-	381
Transfer to subsidiary	-	- 2,859
Adjustments at 31 December 2019	**-**	**-**
Carrying amount at 31 December 2019	**3,378**	**-**

In March 2019 51% of the shares in AB Stockholms Auktionsverk was purchased making the company a fully owned subsidiary.

15. Assets held for sale

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Lands and buildings	-	161,541
Rights acquired	-	1,319
Other fixtures and fittings, tools and equipment	-	22,741
Investments	-	74
Inventories	-	18,949
Trade and other receivables	-	4,275
Cash and cash equivalents	-	96
Total assets classified as held for sale	**-**	**208,995**
Deferred tax liabilities	-	40,247
Bank debt	-	30,281
Trade and other payables	-	1,884
Total liabilities associated with assets classified as held for sale	**-**	**72,412**
Net assets classified as held for sale	**-**	**136,583**

Net assets held for sale are as per 31 December 2019 attributable to the property and activity of Chateau Vignelaure placed in Rians, France. Before transfer to assets held for sale the property has been revaluated to the expected fair value of the property. Revaluation value is based on a third-party valuation performed by a real estate agent specialized in valuation of vineyards. The revaluation is in 2019 recognized as other comprehensive income amounting DKK 49.3m before tax.

The sales process was terminated in 2020 and the 2019-figures in the group balance sheet and notes are adjusted accordingly.

16. Receivables

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Trade receivables	2,585	12,158
Contractual receivables	30,252	40,780
Other receivables	4,702	9,299
	37,539	**62,237**

Contractual receivables relate to Lauritz.com Group A/S' sale of 6 partnership agreements. The contractual receivables from sale of partnerships agreements are in the range of DKK 1.9m to DKK 18.4m (1.0m to 19.9m). Receivables from sale of partnership agreements are interest bearing. The repayment of the receivables is based on performance and repaid on a monthly or quarterly basis. Contractually Lauritz.com has various possibilities to collect the receivable up to and including the option of taking over the branch.

Of the contractual receivables DKK 26.6m (36.0m) is expected to mature after 12 months. Impairment of trade receivables and other receivables is made based on expected credit loss. During 2020 impairment losses of DKK 2.1m has been recognized (3.8m), of which DKK 1.8m (4.7m) is recognised as financial expenses.

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

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

Lifetime Expected Credit Loss:		
Impairment losses at 1 January	13,951	19,965
Realised impairments losses	- 5,847	- 9,793
Impairment losses for the period	2,145	5,344
Reversed impairments for the period	-	- 1,565
Impairment losses at 31 December	**10,249**	**13,951**

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 receivable show indication of impairment.

17. Cash and Cash equivalents

Cash and cash equivalents include restricted cash amounting to DKK 0.0m (19.8m).

18. Financial liabilities and financial activities

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Financial liabilities include:		
Bond debt, non-current	15,000	15,000
Bond debt, current	147,940	143,100
Senior loan	13,446	13,006
Bond debt & Senior loan debt	**176,386**	**171,106**
Lease liabilities, non-current	4,726	18,842
Lease liabilities, current	1,415	13,179
Lease liabilities	**6,141**	**32,021**

The financial activities are:

	Bond debt & Senior loan debt DKK'000	Lease liabilities DKK'000
Financial liabilities 1 January 2020	171,106	32,021
Financial liabilities 1 January 2020, available for sale	-	- 24,987
Cash flow from settlements	-	- 1,569
Non-cash changes:		
Exchange rate adjustments	5,280	75
Remeasure of liabilities	-	601
Financial liabilities 31 December 2020	**176,386**	**6,141**
Financial liabilities 1 January 2019	244,673	13,266
Cash flow from drawdowns	15,000	-
Cash flow from settlements	- 2,312	- 12,795
Non-cash changes:		
Exchange rate adjustments	- 4,232	- 159
Additions from acquisitions	-	18,572
Additions	-	1,976
Remeasure of liabilities	-	11,161
Amortization of borrowing costs	899	-
Debt restructuring	- 82,922	-
Financial liabilities 31 December 2019	**171,106**	**32,021**

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

The parent company 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.

As from June 2021 the bond terms are changed. The final redemption date is 30 June 2024. Annual interest payment is 2.5 percent and the accrued remaining interest payment is due on redemption date in June 2024.

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

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

The senior loan has been repaid in May 2021 in connection with the sale of activities.

The Group has a bond originally issued in 2014.

The main terms of the bonds at 31.12.2020 (the balance sheet date) are:

- Outstanding principal amount SEK 200m.
- Fixed interest rates of 7.5 percent on SEK 70m of the principal amount and 4.0 percent on SEK 130m of the principal amount. Redemptions will first lead to a reduction of the principal amount that bears the higher interest rate of 7.5 percent.
- Final redemption date is 17 December 2024, with scheduled yearly redemptions.
- Security EUR 10m to secure the bonds, primarily in form of a pledge in the vineyard Chateau Vignelaure, owned by the main shareholder in Lauritz.com Group A/S, Bengt Sundström.

  As from May 2021 the bond terms are changed to:
- Redemption SEK 45m has been paid in June 2021 reducing the outstanding principal amount to SEK 155m, and further redemption of SEK 15m in May 2022 reducing the outstanding principal to SEK 140m. Redemptions are funded by the sale of activities finalized in May 2021.
- Fixed interest rates of 4 percent on the outstanding principal effective from 17 December 2020.
- Interest for the period 17 December 2020 to 17 December 2021 to be paid at maturity of the bond in December 2024.
- Final redemption date is 17 December 2024, no yearly redemptions.
- Security EUR 10m to secure the bonds, primarily in form of a pledge in the vineyard Chateau Vignelaure, owned by the main shareholder in Lauritz.com Group A/S, Bengt Sundström.

19. Other payables

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

20. Financial risks

Currency risks

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 2020 is specified below.

2020 (DKK'000)	Cash and cash equivalents	Receivables	Bank debt	Bond debt and senior loan	Other liabilities	Net position
NOK	248	104	-	-	-796	-444
EUR	5,579	11,023	-34,941	-	-4,699	-23,038
ZAR	45	-	-	-	-56	-11
SEK	701	1,606	-	-161,386	-3,587	-162,666
31 December 2020	**6,573**	**12,733**	**-34,941**	**-161,386**	**-9,138**	**-186,159**

2019 (DKK'000)	Cash and cash equivalents	Receivables	Bank debt	Bond debt and senior loan	Other liabilities	Net position
NOK	122	92	-	-	-890	-676
EUR	2,724	19,475	-33,495	-	-8,127	-19,423
ZAR	53	-	-	-	-28	25
SEK	28,332	12,128	-	-156,106	-99,038	-214,684
31 December 2019	**31,231**	**31,695**	**-33,495**	**-156,106**	**-108,083**	**-234,759**

The bonds and senior loan issued are 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 2020 would, including the effects on intangible assets denominated in foreign currencies, affect comprehensive income and equity by approx. DKK 2m (4m). The above table shows the difference between the 31 December 2020 fair value calculated for the Group's monetary assets and liabilities denominated in foreign currencies.

Interest risks

The Group has interest-bearing financial assets and liabilities and so it is affected by interest rate fluctuations. Following the restructuring of the bond debt and senior loan in Lauritz.com Group A/S, which included a change to fixed interest rates on the bond debt, the impact of fluctuations in the level of interest rates on the groups comprehensive income and equity has diminished significantly.

20. Financial risks (continued)

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 0m (2019: 0m) on comprehensive income and equity. A similar decline in the interest rate level would have resulted in an equivalent positive effect on comprehensive income and equity. We refer to the conditions of the bond debt interest in note 18.

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.

20020 (DKK'000)	**0-1 year**	**1-5 years**	**5+ years**	**Total**
Bond debt and senior loan	163,386	15,000	-	178,386
Lease liabilities	1,415	4,726	-	6,141
Other liabilities	87,507	-	-	87,507
31 December 2020	**252,308**	**19,726**	**-**	**272,034**

2019 (DKK'000)	**0-1 year**	**1-5 years**	**5+ years**	**Total**
Bond debt and senior loan	156,106	15,000	-	171,106
Lease liabilities	13,179	18,526	316	32,021
Other liabilities	130,529	-	-	130,529
31 December 2019	**299,814**	**33,526**	**316**	**333,656**

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within 42 days. 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. Reference is made to note 18 and management's current activities regarding refinancing of the Group.

20. Financial risks (continued)

We refer to the new conditions and installment plan of the bond debt in note 18 coming into effect in 2021. Based on the new conditions for the bond, the maturity profile for the liabilities can be presented as follows:

Proforma 2020 (DKK'000)	**0-1 year**	**1-5 years**	**5+ years**	**Total**
Bond debt and senior loan	46,733	114,654	-	161,386
Lease liabilities	1,415	4,726	-	6,141
Other liabilities	88,196	-	-	88,196
31 December 2020	**136,344**	**119,380**	**-**	**255,723**

Credit risks

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

Credit risks related to contractual receivables and other receivables are disclosed in note 16.

Other

The Group regularly assesses its capital structure with a view to ensuring adequate equity in the Group. Reference is made to note 18 and management's current activities regarding refinancing of the Group.

21. Dividend

In 2020, DKK 0 in ordinary dividend has been distributed to the shareholders of Blixtz Holding A/S, equalling DKK 0 per share (2019: DKK 0 per share).

For the financial year 2020, the Board of Directors has proposed dividend of DKK 0k, corresponding to DKK 0 per share.

22. Acquisitions and divestments

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

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

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

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

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

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

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

Acquisitions in 2019, AB Stockholms Auktionsverk

In March 2018 Lauritz.com separated Stockholms Auktionssverk's Fine Art business into a separate company, AB Stockholms Auktionsverk, 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 Auktionsverk's Fine Art business, resulting in the decision to buy back the shares from our partner in March 2019.

22. Acquisitions and divestments (continued)

	DKK'000
Fixed assets	966
Right-of-use assets, leased space	13,620
Other receivables	1,210
Cash and cash equivalents	3,638
Lease liabilities	- 13,620
Trade payables	- 800
Other payables	- 5,167
Net assets acquired	**- 153**
Brand value	14,587
Goodwill	11,349
Total consideration	**25,783**

No part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK -153k including cash acquired of DKK 3,638k. Net assets acquired are based on received balance sheets and has been adjusted afterwards. The Group has incurred transaction costs of DKK 0k.

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.

Value of associated company 31 December 2018, 49%	11,001
Currency rate adjustment	- 294
Share of result for the period 1 January – 5 March 2019, 49%	- 381
Value of associated company 5 March 2019, 49%	10,326
Settlement of receivable	11,922
Cash payment for 51% shares	3,536
Total cost of acquisition	**25,783**

Of the Group's revenue DKK 16,045k and DKK -4,446k of the Group's profit/loss before tax is attributable to the acquired Swedish activities.

22. Acquisitions and divestments (continued)

Acquisitions in 2019, Danish activities

In March and May 2019, the Group acquired the activities of 2 auction houses in Herning and Aarhus from previous partners, to operate these auction houses ourselves.

	DKK'000
Fixed assets	150
Right-of-use assets, leased space	4,952
Deposits	289
Other receivables	40
Lease liabilities	- 4,952
Other payables	- 412
Net assets acquired	**67**
Goodwill	7,442
Total consideration	**7,509**

No part of the total consideration is recognized as contingent consideration. The Group has acquired net assets totalling DKK 67k including cash acquired of DKK 0k. The Group has incurred transaction costs of DKK 0k.

The Group acquired the business at a total cost that exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired. This positive difference is primarily attributable to expected future growth potential and earnings. The synergies have not been recognised separately from goodwill as they are not separately identifiable.

Cash payment	67
Non-cash settlement	7,442
Total cost of acquisition	**7,509**

Of the Group's revenue DKK 4,376k and DKK -2,277k of the Group's profit/loss before tax is attributable to the acquired Danish activities.

Had the 2019 acquisitions been made at the beginning of the year the revenue for the group would be the same as reported, and the profit/loss before tax of the group for the period would be impacted negatively by approximately DKK 0.4 to 0.5m compared to the reported profit/loss before tax for the group.

23. Contingencies etc.

Contingent liabilities, consolidated financial statements

Lands and buildings and other fixtures with a carrying amount of DKK 184,6m (2019: 184,3m) have been pledged to secure borrowings of the Group. The pledge amounts to DKK 105m. (2019: 105m) For further information see note 18.

The Swiss bank Van Lanschot has a pledge in the Lauritz.com Group A/S-shares for the existing bank debt with a carrying amount of DKK 3.2m (2019: 3.2m).

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

The Group participates in a national 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.

24. 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 %
LC Danmark ApS	Søborg, Denmark	100 %
Lauritz Shop A/S *	Søborg, Denmark	100 %
QXL.no AS *	Oslo, Norway	100 %
Lauritz.com SE1 AB (dormant)*	Helsingborg, Sweden	100 %
Lauritz.com SE2 AB (dormant) *	Helsingborg, Sweden	100 %
Lauritz.com Globen AB (dormant) *	Stockholm, Sweden	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 %
Companies available for sale:		
Lauritz.com Sverige AB	Stockholm, Sweden	100 %
AB Stockholms Auktionsverk	Stockholm, Sweden	100 %
Lauritz.com Finland OY *	Helsinki, Finland	100 %
Lauritz.com Deutschland GmbH *	Hamburg, Germany	100 %
Karlstad-Hammarö Auktionsverk AB *	Skoghall, Sweden	100 %

* The company is not audited by Deloitte.

Related individuals

Bengt Olof Tony Sundström, Chairman of The Board of Directors (since 2005)

Mette Margrethe Rode Sundstrøm, CEO (since 2005)

John Tyrrestrup, Member of The Board of Directors (since 2005)

Claus Clemen Boysen, Member of The Board of Directors (since 2013)

24. Related parties (continued)

Transactions with related parties

Blixtz Holding A/S did not enter significant transactions with members of the Board or the Executive Management, except for compensation and benefits received because of their membership of the Board, employment with Lauritz.com Group A/S or shareholdings in Lauritz.com Group A/S. See note 5.

25. Assets available for sale

	Disposal Group 31.12.2020
	DKK'000
Rights acquired	44,134
Goodwill	78,956
Total intangible assets	123,090
Right-of-use assets (buildings)	31,719
Other fixtures and fittings, tools, and equipment	2,132
Total tangible assets	33,851
Deferred tax	11,004
Total financial assets	11,004
Inventory	10
Trade receivables	11,279
Tax receivable	688
Other current receivables	5,633
Total receivables	17,600
Cash and cash equivalents	33,509
Total assets available for sale	**219,064**

Assets available for sale include all the auction business of Stockholms Auktionsverk in Sweden and Finland, the auction house in Karlstad-Hammerö, and the auction houses in Germany. The sale agreement was signed in April 2021.

26. Liabilities available for sale

	Disposal Group 31.12.2020 DKK'000
Liabilities	
Deferred tax	6,158
Lease liabilities	21,617
Total non-current liabilities	27,775
Lease liabilities	12,500
Trade payables	59,789
Other payables	9,757
Total current liabilities	82,046
Total liabilities available for sale	109,821

Liabilities available for sale include all the auction business of Stockholms Auktionsverk in Sweden and Finland, the auction house in Karlstad-Hammerö, and the auction houses in Germany. The sale agreement was signed in April 2021.

27. Events after the balance sheet date

In April, an agreement for the Carve-out sale has been signed, and a written procedure amongst the bondholders regarding the sale, and changes to the bond terms and conditions has approved the suggested changes. In May, the Carve-out sale and changes to the bond terms and conditions has been completed.

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 20 July 2021, 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 20 July 2021.

29. Accounting policies

The Annual Report of Blixtz Holding A/S for the financial year 2020 has been presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of reporting middle class C under the Danish Financial Statements Act.

The Annual Report is presented in Danish kroner (DKK), which is the presentation currency of the Group's activities and the functional currency of the Parent.

The accounting policies applied are consistent with those applied for 2019.

Changes in accounting policies

No new relevant accounting standards has been identified for Blixtz Holding A/S for the years commencing from 1 January 2021.

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.

Estimation of fair value for the property Vignelaure is based on a third-party valuation performed by a real estate agent specialized in vineyards. Estimation of fair value is subject to uncertainty due to the nature of the asset and the market conditions. For further information regarding historical cost price and revaluation see note 12, 15 and statement of changes in equity.

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

28. Accounting policies (continued)

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

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

Consolidated financial statements

The consolidated financial statements include the Parent, 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.

28. Accounting policies (continued)

The identifiable assets, liabilities and contingent liabilities of the entities acquired are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or arise out of a contractual right, and their fair value can be calculated reliably. Deferred tax is recognized for any reassessments made.

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

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

If the asset's carrying amount is higher than its recoverable amount, it is written down to such lower recoverable amount. Goodwill and fair value adjustments made as part of the acquisition of a foreign entity using a functional currency other than the presentation currency used by 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

28. Accounting policies (continued)

that arise between the rate at the balance sheet date and the rate in effect at the time when the payable or the receivable arose are recognized in the statement of comprehensive income as financial income or financial expenses.

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

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

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.

28. Accounting policies (continued)

Staff costs

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

Share-based payment transactions

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

Financial income and expenses

These items comprise interest income and interest expenses, realised and unrealised capital gains and losses from liabilities and foreign currency transactions as well as amortisation 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

28. Accounting policies (continued)

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

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

Software in process of development comprises both externally acquired software and proprietary software qualifying for capitalisation. Software in process of development is not amortised, however, its value is tested on a regular basis, which may result in a write-down.

Completed software is amortised on a straight-line basis using its estimated useful life. The period of amortisation is usually 3 to 5 years.

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

Right-of-use assets (leased assets)

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

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

Property, plant and equipment

Land and buildings 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

28. Accounting policies (continued)

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 recognized 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 recognized 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.

28. Accounting policies (continued)

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.

28. Accounting policies (continued)

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 terms 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.

28. 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".

Statement of comprehensive income 1 January – 31 December

Notes		Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
	Revenue	101	115
	Gross Profit	**101**	**115**
1	Other external expenses	- 470	- 817
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**- 369**	**- 702**
2	Depreciation and amortisation	- 38	- 38
	Operating profit/loss (EBIT)	**- 407**	**- 740**
8	Result from interests in subsidiaries	- 272	4,215
3	Financial income	2,204	2,268
4	Financial expenses	- 1,128	- 1,451
	Profit/Loss before tax (EBT)	**397**	**4,292**
5	Tax on profit/loss for the year	- 176	- 110
	Profit/Loss for the year	**221**	**4,182**
	Other comprehensive income	-	-
	Total comprehensive income	**221**	**4,182**

Balance sheet

Assets

Notes		Parent Company 31.12.2020 DKK'000	Parent Company 31.12.2019 DKK'000
	Non-current assets		
6	Rights acquired	-	-
	Total intangible assets	-	-
7	Other fixtures and fittings, tools and equipment	1,762	1,800
	Total property, plant and equipment	1,762	1,800
8	Equity interest in subsidiaries	29,665	29,937
11	Deferred tax	45	55
14	Receivables group enterprises	78,267	76,915
	Total financial assets	107,977	16,907
	Total non-current assets	**109,739**	**108,707**
	Current assets		
	Corporate taxes receivables	-	-
	Other current receivables	764	113
	Total receivables	764	113
	Cash and cash equivalents	20	401
	Total current assets	**784**	**514**
	Total assets	**110,523**	**109,221**

Balance sheet

Equity and liabilities

Notes		Parent Company 31.12.2020 DKK'000	Parent Company 31.12.2019 DKK'000
	Equity		
9	Share capital	2,000	2,000
	Retained earnings	74,839	74,618
	Total equity	**76,839**	**76,618**
	Liabilities		
	Bank debt	3,246	3,215
10	Bond debt	15,000	15,000
11	Deferred tax	-	-
	Total non-current liabilities	18,246	18,215
	Trade payables	803	374
12	Other payables	2,311	1,772
	Payables group enterprises	7,831	7,693
	Payables related parties and shareholder	4,327	4,430
	Corporate taxes payable	166	119
	Total current liabilities	15,438	14,388
	Total liabilities	**33,684**	**32,603**
	Total equity and liabilities	**110,523**	**109,221**

Statement of changes in equity

	Share capital DKK'000	Retained earnings DKK'000	Total Equity DKK'000
Equity at 1 January 2020	**2,000**	**74,618**	**76,618**
Profit/Loss for the year	-	221	221
Other comprehensive income	-	-	-
	2,000	74,839	76,839
Dividend to shareholders	-	-	-
Equity at 31 December 2020	**2,000**	**74,839**	**76,839**
Equity at 1 January 2019	**2,000**	**70,436**	**72,436**
Profit/Loss for the year	-	4,182	4,182
Other comprehensive income	-	-	-
	2,000	74,618	76,618
Dividend to shareholders	-	-	-
Equity at 31 December 2019	**2,000**	**74,618**	**76,618**

Statement of cash flows

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
Operating profit/loss (EBIT)	**- 407**	**- 740**
Depreciation and amortisation	38	38
Increase/decrease in receivables	- 2,243	- 1,892
Increase/decrease in trade payables and other payables	298	403
Other adjustments	718	271
Cash flows from ordinary operating activities	- 1,596	- 1,920
Interest received	1,562	2,268
Interest paid	- 378	- 239
Income tax paid	-	-
Cash flows from operating activities	**- 412**	**109**
Purchase of property, plant and equipment	-	-
Sale of property, plant and equipment	-	-
Purchase of financial assets	-	-
Sale of financial assets	-	-
Cash flows from investing activities	**-**	**-**
Repayment of loans and borrowings	-	-
Proceeds from loans and borrowings	31	230
Dividend paid	-	-
Cash flows from financing activities	**31**	**230**
Net cash flow for the year	- 381	339
Net capital resources, beginning of year	401	62
Net capital resources, end of year	**20**	**401**
Net capital resources, end of year, are composed as follows:		
Cash and cash equivalents	20	401
Interest-bearing short-term bank loans	-	-
Net capital resources, end of year	**20**	**401**

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
1. Fess to auditors appointed at the annual general meeting		
Audit services	100	100
Other services	200	647
	300	**747**

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
2. Depreciation and amortisation		
Depreciation, other fixtures, tools and equipment	38	38
Gains/losses arising from disposal	-	-
	38	**38**

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
3. Financial income		
Interest income from group enterprises	898	2,019
Interest income from financial assets	**898**	**2,019**
Guarantee commission from group enterprises	288	249
Impairment reversal, receivables from group enterprises	880	-
Exchange rate gains	138	-
	2,204	**2,268**

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
4. Financial expenses		
Interest expenses	236	90
Financial expenses, bond debt	750	750
Interest expenses to group enterprises	102	107
Bank charges etc.	40	42
Interest expenses from financial liabilities	**1,128**	**989**
Impairment losses, receivables from group enterprises	-	425
Losses, arising from disposal of investments in subsidiaries	-	-
Impairment losses, other investments	-	-
Exchange rate losses	-	37
	1,128	**1,451**

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
5. Tax on profit/loss for the year		
Current tax for the year	166	119
Adjustment to taxes, prior years	-	-1
Joint taxation for the year	-	-
Adjustment to deferred tax	10	-8
	176	**110**

Current tax for the financial year is computed based on a tax rate of 22.0 % (2019: 22.0 %)

Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax	87	944
Adjustment to taxes, prior years	-	-1
Tax effect of:		
Non-deductible expenses	89	-835
Non-taxable income	-	-
	176	**110**
Effective tax rate	44.3 %	2.6 %

6. Rights acquired assets

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	**-**	**-**

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000

7. Other fixtures and fittings, tools and equipment

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
Cost at 1 January	1,929	1,929
Additions	-	-
Disposals	-	-
Cost at 31 December	**1,929**	**1,929**
Depreciation at 1 January	129	91
Depreciation for the year	38	38
Depreciation related to disposals	-	-
Depreciation at 31 December	**167**	**129**
Carrying amount at 31 December	**1,762**	**1,800**

8. Equity interest in subsidiaries

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
Cost at 1 January	143,348	143,348
Additions	-	-
Disposals	-	-
Cost at 31 December	**143,348**	**143,348**
Value adjustment at 1 January	- 113,411	- 117,626
Value adjustment for the year	- 272	4,215
Value adjustment at 31 December	**- 113,683**	**- 113,411**
Carrying amount at 31 December	**29,665**	**29,937**

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

9. 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.

10. 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. As from June 2021 the bond terms are changed. The final redemption date is 30 June 2024. Annual interest payment is 2.5 percent and the accrued remaining interest payment is due on redemption date in June 2024.

11. Deferred tax	**Parent Company 31.12.2020 DKK'000**	**Parent Company 31.12.2019 DKK'000**
Deferred tax at 1 January	55	47
Adjustment to deferred tax for prior years	-	-
Deferred tax on profit/loss for the year	- 10	8
Deferred tax at 31 December	**45**	**55**
Specification of deferred tax:		
Other fixtures and fittings	36	42
Rights acquired	9	13
Tax losses carry forwards	-	-
	45	**55**
Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	45	55
Deferred tax (liability)	-	-
Deferred tax at 31 December	**45**	**55**

12. Other payables

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

13. 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 2020 is specified below.

2020 (DKK'000)	Cash and cash equivalents	Receivables	Bank debt	Bond debt	Other liabilities	Net position
EUR	-	-	-3,246	-	-	-3,246
SEK	2	875	-	-	-	877
31 December 2020	**2**	**875**	**-3,246**	**-**	**-**	**-2,369**

2019 (DKK'000)	Cash and cash equivalents	Receivables	Bank debt	Bond debt	Other liabilities	Net position
EUR	-	-	-3,215	-	-	-3,215
SEK	7	778	-	-	-	785
31 December 2019	**7**	**778**	**-3,215**	**-**	**-**	**-2,430**

For further information on financial risks, we refer to note 20 in the consolidated financial statements.

14. Contingencies etc.

Contingent liabilities

The Parent Company participates in a national 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.

Pledges

The parent company has issued a letter of support to the subsidiary Ejendomsselskabet Blixtz ApS. This is not expected to have any impact on comprehensive income or equity.

The Parent Company has pledged equity interests in Lauritz.com Group A/S and Ejendomsselskabet Blixtz ApS as security for the bond debt with a carrying amount of DKK 28.8m (2019: 29.9).
The Swiss bank Van Lanschot has a pledge in the Lauritz.com Group A/S-shares for bank debt with a carrying amount of DKK 3.2m (2019: 3.2m).

15. Related parties

A loan has been granted to Ejendomsselskabet Blixtz ApS amounting to DKK 76m. The loan carries a market-based interest amounting to an interest payment of DKK 0,8m in 2020 (2019: DKK 1,5m).

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

16. 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.

17. Approval of annual report for publication

We refer to note 28 in the consolidated financial statements.