Blixtz Holding A/S

CVR no. 75 55 98 28

Annual Report

January – December 2019

Approved at the Annual General Meeting on 20 July 2020.

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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 4.3m against a loss in 2018 of DKK -47.4m. The result for the year is primarily influenced by a reversal of impairment on equity investments in subsidiaries of DKK 4.2m. The result is considered satisfactory.

The Blixtz Holding Group realized for the year revenue of DKK 220.2m (2018: DKK 228.2m), a total EBITDA of DKK -10.1m (2018: DKK -5.9m) and a profit before tax (EBT) of DKK 42.5m (2018: DKK -128.8m). The Group's result before tax is influenced by a gain from the restructuring of the bonds issued by Lauritz.com A/S of DKK 75.3m. The result is considered unsatisfactory.

A revaluation to fair value of vineyard Vignelaure has been performed in 2019 amounting to DKK 161.5m (2018: DKK 120.7m) with a fair value adjustment before tax of DKK 49.3m (2018: DKK 40.9.m).

The expected development

The spread of the Corona virus with uncertainty as to duration and magnitude of the outbreak is resulting in lack of visibility as to the expectation for the year.

In 2020 and based on the Group’s current structure, a decrease in revenue 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 and 15, 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 and 27.

At 31 December 2019, the parent company Blixtz Holding A/S has recognized a receivable of DKK 76 million from Ejendomsselskabet Blixtz ApS. It is Management’s assessment that the future performance of Ejendomsselskabet Blixtz ApS will be positive, but due to the limited activity of the company, there is uncertainty regarding the duration of the repayment of the debt.

In connection with the presentation of the annual report of Ejendomsselskabet Blixtz ApS, Blixtz Holding A/S has issued a subordination agreement for the receivable from Ejendomsselskabet Blixtz ApS

Financial resources

Towards the end of 2019 a review of the capital structure of the group has been carried out. The conclusion is that the current structure needs to be improved by securing a sustainable long-term solution for the capital structure of the group. Furthermore, a solution needs to be found in relation to the bondholders as the bond is no longer listed and the redemption to be made in December 2019 has been postponed.

Because of this, and in agreement with a group of large bondholders representing 47% of the bonds issued by Lauritz.com A/S, it has been decided to appoint an internationally acknowledged M&A consultant to actively pursue the strategic possibilities for strengthening the capital base of Lauritz.com A/S and redeem the bond debt.

This process has commenced in April 2020 and is expected to be finalised before the end of 2020.

Until the end of 2020 the abovementioned group of bondholders has agreed not to propose or support any proposal to initiate an enforcement of the security provided in favour of bondholders, provided that the process with the M&A consultant proceeds according to plan.

The Group Management has initiated a sales process for the vineyard, Vignelaure SAS. As a consequence thereof the related assets and liabilities associated to Vignelaure SAS has been recognized as assets held for sale.

Events after the balance sheet date

In March 2020, the spread of the Corona virus is impacting the outlook for the business of the Group. A number of initiatives have been taken to minimize the financial impact. We monitor the situation closely, contingency plans are in place and all relevant precautions are taken for the Group.

The impact of the Corona crisis so far has been a drop in Lauritz.com Auction Turnover of 31 percent in the period from March 10 to March 31, and a 10 percent drop in Auction Turnover in April in the main markets. The negative impact on earnings in Q1 2020 from the Corona crisis is approximately DKK 4-5m.

Based on the development seen in Q2 we are expecting that the Corona crisis will continue to impact Lauritz.com A/S' Auction Turnover for 2020, however on a manageable level. Revenue and result is very difficult to forecast since numerous factors are unknown at this time.

In April, and in agreement with a group of large bondholders owning 47% of the bond, the management of Lauritz.com Group A/S appointed an M&A consultant to actively pursue the strategic possibilities for strengthening the capital base of Lauritz.com A/S and redeem the bond debt.

Until the end of 2020 the abovementioned group of bondholders has agreed not to propose or support any proposal to initiate an enforcement of the security provided in favour of bondholders, provided that the process with the M&A consultant proceeds according to plan.

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

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Statement of comprehensive income					
Revenue	220,228	228,244	297,523	323,008	331,378
Gross profit	130,480	116,995	193,339	212,284	217,283
EBITDA	10,079	- 5,937	20,407	38,233	40,004
Operating profit (EBIT)	- 17,123	- 115,301	- 20,527	22,791	26,943
Net financials	60,000	- 10,940	- 15,164	- 20,538	- 43,286
Profit before tax (EBT)	42,496	- 128,773	- 35,691	2,253	- 16,343
Tax on profit for the year	13,763	21,305	- 3,443	- 4,204	3,133
Profit/Loss for the year	56,259	- 107,468	- 39,134	- 1,951	- 19,476
Balance sheet					
Non-current assets	223,478	322,080	390,433	479,481	486,613
Current assets	306,434	167,666	229,521	204,991	110,430
Balance sheet total	529,912	489,746	619,954	684,472	579,043
Share capital	2,000	2,000	2,000	2,000	2,000
Equity	121,147	30,683	112,258	164,632	1,048
Non-current liabilities	38,423	85,375	327,607	333,924	406,003
Current liabilities	370,342	373,688	180,089	185,916	171,992
Cash flows					
Operating activities	- 2,813	- 37,351	- 5,047	- 17,178	- 31,221
Investing activities	- 8,498	43,981	- 12,995	- 25,310	- 24,302
Investments in property, plant and equipment	- 1,822	- 1,138	- 9,667	- 8,094	- 9,815
Financing activities	- 107	- 15,731	865	70,619	24,172
Total cash flows	- 11,418	- 9,101	- 17,177	28,131	- 31,351
Ratios:					
Gross margin	59.2 %	51.3 %	65.0 %	65.7 %	65.6 %
EBITDA margin	4.6 %	- 2.6 %	10.4 %	17.3 %	17.6 %
Profit margin	- 7.8 %	- 50.5 %	- 10.5 %	10.3 %	11.9 %
Equity ratio	22.9 %	5.7 %	18.8 %	24.1 %	0.2 %
Return on equity	74.1 %	- 143.0 %	- 27.7 %	- 2.4 %	- 312.8 %
Dividend per share	0	0	0	500	0
Average number of full-time employees	174	158	204	220	220

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 2019.

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 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2019.

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 2020

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 01.01.2019 – 31.12.2019, 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 31.12.2019, and of the results of their operations and cash flows for the financial year 01.01.2019 - 31.12.2019 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.

Emphasis of matter regarding material uncertainty related to measurement of the Group's intangible assets

We would like to draw attention to the information contained in note 11 of the consolidated financial statements, which states that Executive Management of Blixtz Holding A/S has prepared an impairment test of the Group's intangible assets of DKK 172.6m. The intangible assets relate to the activities of Lauritz.com Group. The impairment test's value in use of the intangible assets is close to the carrying amount and is based on optimistic assumptions for the development in key assumptions as revenue growth and growth in EBITDA for the period 2021-2026. Executive Management has therefore illustrated in note 11 the sensitivity associated with the assumptions used for the impairment test. The current measurement of the Group's intangible assets is therefore subject to material uncertainty. As specified in note 11, it is Board of Directors and Executive Management's assessment that the assumptions used for the impairment test are achievable and therefore no write-down for impairment of the Group's intangible assets has been made. 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 2020

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 2019 DKK'000	Group 2018 DKK'000
2	Revenue	220,228	228,244
	Direct costs	- 89,748	- 111,249
	Gross profit	**130,480**	**116,995**
3	Other operating income	14,991	25,679
4	Other external expenses	- 50,648	- 71,978
5	Staff costs	- 84,581	- 75,873
	Other operating expenses	- 163	- 760
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**10,079**	**- 5,937**
6	Depreciation, amortisation and impairment losses	- 27,202	- 109,349
	Operating profit/loss (EBIT)	**- 17,123**	**- 115,286**
7	Financial income	81,055	12,634
8	Financial expenses	- 21,055	- 23,574
9	Share of result in associated companies	- 381	- 2,547
	Profit/Loss before tax (EBT)	**42,496**	**- 128,773**
10	Tax on profit/loss for the year	13,763	21,305
	Profit/Loss for the year	**56,259**	**- 107,468**
	Items that may be reclassified to profit/loss:		
	Exchange rate adjustments, foreign companies	- 1,308	- 3,457
	Tax on other comprehensive income	-	-
	Other comprehensive income, that may be reclassified	**- 1,308**	**- 3,457**
	Items that will not be reclassified to profit/loss:		
	Revaluation on property	49,323	40,870
	Tax on other comprehensive income	- 13,810	- 11,444
	Other comprehensive income, not to be reclassified	**35,513**	**29,426**
	Other comprehensive income, net of tax	**34,205**	**25,969**
	Total comprehensive income	**90,464**	**- 81,499**

Statement of comprehensive income 1 January - 31 December

Notes		Group 2019 DKK'000	Group 2018 DKK'000
	Profit/Loss for the year, attributable to:		
	Owners of the Company	32,094	-77,941
	Non-controlling interests	24,165	-29,527
		56,259	**-107,468**
	Other comprehensive income, attributable to:		
	Owners of the Company	34,768	27,494
	Non-controlling interests	-563	-1,525
		34,205	**25,969**

Balance sheet

Assets

Notes		Group 31.12.2019 DKK'000	Group 31.12.2018 DKK'000
	Non-current assets		
11	Software in process of development	-	3,741
11	Developed software	12,301	11,199
11	Rights acquired	46,787	29,707
11	Goodwill	112,182	94,818
	Total intangible assets	171,270	139,465
12	Right-of-use assets	30,759	12,937
12	Land and buildings	3,931	116,775
12	Other fixtures and fittings, tools and equipment	8,222	33,418
	Total property, plant and equipment	42,912	163,130
13	Deferred tax	5,918	5,775
14	Deposits	3,378	2,709
14	Investment in associated companies	-	11,001
	Total financial assets	9,296	19,485
	Total non-current assets	**223,478**	**322,080**
	Current assets		
	Inventories	889	19,491
	Investments	-	74
16	Trade receivables	10,900	14,994
16	Contractual receivables	40,780	62,085
	Tax receivable	-	3,396
16	Other current receivables	6,282	17,054
	Total receivables	57,962	97,603
17	Cash and cash equivalents	38,588	50,572
15	Assets held for sale	208,995	-
	Total current assets	**306,434**	**167,666**
	Total assets	**529,912**	**489,746**

Balance sheet

Equity and liabilities

Notes		Group 31.12.2019 DKK'000	Group 31.12.2018 DKK'000
	Equity		
	Share capital	2,000	2,000
	Retained earnings	89,902	23,040
	Equity, attributable to owners of the company	**91,902**	**25,040**
	Equity, non-controlling interests	**29,245**	**5,643**
	Total equity	**121,147**	**30,683**
	Liabilities		
13	Deferred tax	1,366	31,052
18	Lease liabilities	18,842	6,538
18	Bank debt	3,215	32,785
18	Bond debt	15,000	15,000
	Total non-current liabilities	**38,423**	**85,375**
18	Senior Loan	13,006	-
18	Bond debt	143,100	229,673
18	Lease liabilities	13,179	6,728
	Trade payables	101,042	108,356
19	Other payables	23,173	22,848
	Payables related parties and shareholder	4,430	4,607
	Corporate taxes payable	-	1,476
	Total current liabilities	297,930	373,688
15	Liabilities associated with assets held for sale	72,412	-
	Total current liabilities	**370,342**	**373,688**
	Total liabilities	**408,765**	**459,063**
	Total equity and liabilities	**529,912**	**489,746**

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 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**

	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 2018	2,000	86,994	-13,415	0	75,579	36,679	112,258
Profit/Loss for the year	-	-77,941	-	-	-77,941	-29,527	-107,468
Other comprehensive income	-	-	-1,948	29,426	27,478	-1,509	25,969
	2,000	**9,053**	**-15,363**	**29,426**	**25,116**	**5,643**	**30,759**
Buy-back share program	-	-851	-	-	-851	-	-851
Remuneration distributed	-	775	-	-	775	-	775
Dividend to shareholders	-	-	-	-	-	-	-
Equity at 31 December 2018, Total	**2,000**	**8,977**	**-15,363**	**29,426**	**25,040**	**5,643**	**30,683**

Statement of cash flows

Notes		Group 31.12.2019 DKK'000	Group 31.12.2018 DKK'000
	Operating profit/loss (EBIT)	**-17,123**	**-115,286**
	Depreciation, amortisation and impairment losses	26,671	109,349
	Impairment and losses on receivables	-972	21,773
	Increase/decrease in inventories	-347	2
	Increase/decrease in receivables	11,366	2,083
	Increase/decrease in trade payables and other payables	-12,775	-41,868
	Gain on sale of non-current assets, net	-	-11,217
	Other adjustments	5,139	18,951
	Cash flows from ordinary operating activities	**11,959**	**-16,213**
	Interest received	2,167	2,527
	Interest paid	-15,463	-21,589
	Income tax paid	-1,476	-2,076
	Cash flows from operating activities	**-2,813**	**-37,351**
	Purchase of property, plant and equipment	-1,822	-1,138
	Sale of property, plant and equipment	943	2,450
	Purchase of intangible assets	-4,019	-4,423
	Sale of assets held-for-sale	-	39,675
	Sale of financial assets	-	-
22	Acquisitions and divestments	-3,600	7,417
	Cash flows from investing activities	**-8,498**	**43,981**
	Repayment of debt, net	-	-5,770
18	Drawdown, senior loan	15,000	-
18	Repayment, senior loan	-2,312	-
18	Repayment, lease liabilities	-12,795	-9,110
	Payment of buy-back of shares	-	-851
	Cash flows from financing activities	**-107**	**-15,731**
	Net cash flows for the year	-11,418	-9,101
	Net capital resources, beginning of year	50,572	61,247
	Exchange rate adjustment of capital resources	-570	-1,574
	Net capital resources, end of year	**38,588**	**50,572**
	Net capital resources, end of year, are composed as follows:		
	Cash and cash equivalents	38,588	50,572
	Net capital resources, end of year	38,588	50,572

1. Financial situation of the Blixtz Holding A/S

As Lauritz.com Group is in a turnaround process and is in breach of the terms of the bonds issued by Lauritz.com A/S, the Lauritz.com Group needs to strengthen its capital structure.

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

Management of Blixtz Holding A/S is working on concrete plans to obtain sufficient financing to secure the growth and operations of the group. The plans include financing based on equity as well as loans and a sale of the vineyard Vignelaure, which should secure that the Group can realise the plans for the coming financial years.

As mentioned in Lauritz.com Group statements released on 17 December 2019 and 4 January 2020 it is expected that the new financial structure will include changes to the amortisation of the bond.

In agreement with a group of large bondholders representing 47% of the bonds, it has been decided to appoint an internationally acknowledged M&A consultant to actively pursue the strategic possibilities for strengthening the capital base of Lauritz.com and redeem the bond debt. This process has commenced in April 2020 and is expected to be finalised before the end of 2020.

Until the end of 2020 the above mentioned group of bondholders has agreed not to propose or support any proposal to initiate an enforcement according to the bond debt agreement including enforcement of the security provided in favour of bondholders, provided that the process with the M&A consultant proceeds according to plan.

Material uncertainty relates to the Lauritz.com Groups future financial and liquidity set-up as the refinancing activities has not been finalised and therefore contingent on a successful M&A process and managements continuous activities within the financing and liquidity area.

Based on the above mentioned conditions, management in Blixtz Holding A/S has based on the initiated plans, assessed that the cash resources of the group are sufficient to secure the future operations for the Blixtz Holding activities and therefore the annual report for Blixtz Holding A/S is prepared on a going concern basis.

For additional information regarding bond debt and senior loan/refinancing activities, including the initiated M&A process for the group, reference is made to note 18 and 25.

	Group 2019 DKK'000	Group 2018 DKK'000
2. Revenue		
Auction commissions and fees etc.	213,400	220,164
Other revenue - marketing contribution etc.	6,828	8,080
	220,228	**228,244**

The Group has no single key customers.

3. Other operating income		
Gain from divestment of non-current assets, net	-	10,978
Rental and other income, including sale of wine	14,991	14,701
	14,991	**25,679**

4. Other external expenses		
Fees to auditors appointed at the annual general meeting		
Audit services	1,298	1,387
Tax services	449	177
Other services	1,566	1,262
	3,313	**2,826**

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 -972k (19,965k).

5. Staff costs		
Wages and salaries	67,441	61,054
Defined contribution pension plans, cf. below	3,882	3,902
Other social security costs	10,756	8,007
Other staff costs	2,502	2,910
	84,581	**75,873**
Average number of full-time employees	174	158

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.

5. Staff costs (continued)

	Group 2019 DKK'000	Group 2018 DKK'000
Remuneration of Key Management, Lauritz.com Group A/S		
Remuneration of the Board of Directors	541	578
Wages and salaries, Executive Management	5,965	5,638
Pensions, Executive Management	231	209
	6,737	**6,426**

Key management is defined as Board of Directors and Executive Management. Wages and salaries for Board of Directors and executive management include DKK 0k (775k) which has been settled with shares. Shares used for the settlements was purchased in a share buy-back program during the period 16 April to 14 June 2018.

Wages and salaries, Board of Directors and Executive Management includes a consultancy fee of DKK 1.2m (2.4m) 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 2019 (2018).

6. Depreciation, amortisation and impairment losses

	Group 2019 DKK'000	Group 2018 DKK'000
Depreciation, land and buildings	832	581
Depreciation, right-of-use assets	12,209	9,439
Depreciation, other fixtures, tools and equipment	3,862	3,637
Gains/losses arising from disposal	531	332
Amortisation rights acquired	3,110	3,969
Amortisation, developed software	6,658	7,265
Impairment losses rights acquired	-	-
Impairment losses goodwill	-	84,126
Impairment losses land and buildings	-	-
	27,202	**109,349**

7. Financial income

	Group 2019 DKK'000	Group 2018 DKK'000
Interest income	2,167	2,527
Interest income from group enterprises	-	-
Interest income from financial assets	**2,167**	**2,527**
Income from debt reduction, net	75,272	-
Exchange rate gains	3,616	10,107
	81,055	**12,634**

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 2019 DKK'000	Group 2018 DKK'000

8. Financial expenses

Interest expenses	898	2,005
Interest expenses, lease liabilities	1,519	888
Bank charges etc.	799	911
Impairment losses receivables, current accounts	4,693	-
Financial expenses, bond debt	12,247	17,785
Amortisation of borrowing costs, bond debt	899	1,985
	21,055	**23,574**

9. Share of result in associated companies

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

In March 2019, the Group re-acquired the full ownership of AB Stockholms Auktionsverk. For additional information see note 22.

Financial figures from associated companies:

Revenue	29	12,600
Operating profit before interest (EBIT)	- 776	- 5,188
Profit before tax	- 778	- 5,200
Share of result before tax in associated companies	- 381	- 2,547
Share of tax on profit/loss for the year in associated companies	-	-
	- 381	**- 2,547**

10. Tax on profit/loss for the year

Current tax for the year	120	1,476
Deferred tax change for the year	- 3,916	- 10,343
Effect of changed tax rate	-	- 425
Adjustment to taxes, prior years	- 10,716	- 1,802
Adjustment to deferred tax, prior years	749	- 10,211
Tax on profit/loss for the year	**- 13,763**	**- 21,305**

Current tax for the financial year is for Danish enterprises based on a tax rate of 22.0 % (2018: 22.0 %).

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

	Group 2019 DKK'000	Group 2018 DKK'000
Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax (2017: 22.0 %)	9,984	- 19,217
Adjustment to taxes, prior years	749	- 1,802
Adjustment to deferred tax, prior years	- 10,716	- 10,211
Effect of changed tax rate	-	- 425
Recognition of previously unrecognized tax asset	1,304	- 2,800
Adjustment of previously unrecognized tax assets	46	1,430
Tax effect of non-deductible expenses/non-taxable income	- 15,130	11,719
	- 13,763	**- 21,305**
Effective tax rate	- 32.4 %	- 16.5 %

Tax on other comprehensive income DKK 13,810k (2018: DKK 11,444k).

11. Intangible assets (DKK'000)

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2019	3,805	53,017	44,253	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	-	-
Transfer, assets held for sale	-	-	-1,401	-
Cost at 31 December 2019	**64**	**60,789**	**64,265**	**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
Impairments for the year	-	-	-	-
Amortisation for the year	-	6,658	3,110	-
Transfer, assets held for sale	-	-	-82	-
Amortisation and impairment losses at 31 December 2019	**64**	**48,488**	**17,478**	**83,645**
Carrying amount at 31 December 2019	**-**	**12,301**	**46,787**	**112,182**

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2018	17,753	44,474	62,270	189,656
Exchange rate adjustments	-	-8	-2,105	-4,356
Additions	4,369	-	7,025	-
Disposals	-6,483	-519	-22,937	-6,356
Transferred	-11,834	11,834	-	-
Cost at 31 December 2018	**3,805**	**53,017**	**44,253**	**178,944**
Amortisation at 1 January 2018	-	37,846	11,382	-
Impairment losses at 1 January 2018	6,547	-	-	-
Exchange rate adjustments	-	-12	-227	-
Disposals	-6,483	-517	-578	-
Impairments for the year	-	-	-	84,126
Amortisation for the year	-	7,265	3,969	-
Amortisation and impairment losses at 31 December 2018	**64**	**41,818**	**14,546**	**84,126**
Carrying amount at 31 December 2018	**3,741**	**11,199**	**29,707**	**94,818**

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 21.9m at 31 December 2019 (DKK 1.0m).

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 2019, 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 2019 totals DKK 0m (31.5m).

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 8-10 % in 2021 compared to 2019, and by 4-5% 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 10.1m in 2019 to a level between DKK 15m and DKK 25m in 2021. This increase in EBITDA is due to a change in business setup with more owned auction houses and a number of cost-cutting initiatives and other initiatives in relation to how the business is operated. The scalability of the business results in a significant growth in EBITDA of approximately 15 percent per year in the forecast period.

Growth in Auction Turnover is driving value creation in the business of the Group, as economies of scale are quite high, resulting in the difference in growth rates for Auction Turnover and EBITDA.

11. Intangible assets (continued)

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 (12.2).

The terminal value growth rate of 0.5 percent (2.0) p.a. is based on estimated economic growth.

Based on the performed impairment test no impairment has been identified. The value has a small headroom compared to the book value of the assets, following the impairment made in 2018.

Sensitivity analysis

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 impact of a change in the discount rate and the growth rate in the budget period for the cash-generating unit.

The below sensitivities are shown as the additional impairment that would materialize through a change in the assumptions behind the value in use calculation.

A summary of sensitivity analysis is shown below (all other assumptions unchanged):

	Change in assumptions	Additional impairment 2019 (DKK m)	Additional impairment 2018 (DKK m)
Average EBITDA-growth for 2022 to 2026	- 3%	30	-
Average EBITDA-growth for 2020 to 2024	- 1%	-	6
WACC, pre-tax	+ 1%	10	14
Terminal growth	- 0.5%	0	12

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

	Right-of-use assets	Land and buildings	Other fixtures etc.
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
Transfer, assets held for sale	-	- 176,091	- 32,429
Cost or valuation at 31 December 2019	**48,620**	**3,939**	**28,494**
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
Transfer, assets held for sale	-	- 14,550	- 9,688
Depreciation at 31 December 2018	**17,861**	**8**	**20,272**
Carrying amount at 31 December 2019	**30,759**	**3,931**	**8,222**
Cost and valuation at 1 January 2018	-	89,939	71,663
Exchange rate adjustments	-	- 392	- 602
Additions due to change in accounting policies	40,068	-	-
Revaluation increase	-	40,870	-
Additions	-	81	1,057
Disposal	- 17,695	-	- 10,130
Cost or valuation at 31 December 2018	**22,376**	**130,498**	**61,988**
Depreciation at 1 January 2018	-	13,142	32,820
Exchange rate adjustments	-	-	- 354
Depreciation for the year	9,439	581	3,637
Depreciation related to disposals	-	-	- 7,533
Depreciation at 31 December 2018	**9,439**	**13,723**	**28,570**
Carrying amount at 31 December 2018	**12,937**	**116,775**	**33,418**

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 2019 DKK'000	Group 2018 DKK'000
Deferred tax at 1 January	- 25,277	- 28,737
Exchange rate adjustments	314	1,562
Adjustments, prior years	- 838	2,391
Effect of changed tax rate	-	425
Transfer, assets held for sale	40,247	-
Deferred tax on profit/loss for the year	3,916	10,343
Deferred tax on other comprehensive income	- 13,810	- 11,261
Deferred tax at 31 December, net	**4,552**	**- 25,277**

Specification of deferred tax:		
Tax losses carry forwards	19,570	18,802
Buildings (transferred to held for sale category)	-	- 31,653
Right-of-use assets/lease liabilities	72	72
Other fixtures and fittings	4,190	3,640
Leasehold improvements	65	64
Rights acquired	- 3,588	- 4,425
Software	- 1,357	- 1,343
Goodwill	- 377	- 115
Receivables	- 3,915	- 2,585
Other payables	- 10,108	- 7,734
	4,552	**- 25,277**

Each of the changes in deferred tax is recognized in profit/loss or other comprehensive income for the year.
Tax loss carry forwards are expected to be utilized within 5 years.

Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	5,918	5,775
Deferred tax (liability)	- 1,366	- 31,052
Deferred tax at 31 December, net	**4,552**	**- 25,277**

14. Financial assets (DKK'000)

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

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 31.12.2019 DKK'000	Group 31.12.2018 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 attributable to the property and activity of 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 recognized as other comprehensive income amounting DKK 49.3m before tax. It is expected that the sale of the property is completed within 12 months.

16. Receivables

	Group 31.12.2019 DKK'000	Group 31.12.2018 DKK'000
Trade receivables	10,900	14,994
Contractual receivables	40,780	62,085
Other receivables	6,282	17,054
	57,962	**94,133**

Contractual receivables relate to Lauritz.com Group A/S' sale of 8 partnership agreements and credit granted to partners on current accounts. The contractual receivables from sale of partnerships agreements are in the range of DKK 1.0m to DKK 19.9m (1.0m to 22.3m). Receivables from sale of partnership agreements and current accounts 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 36.0m (45.8m) is expected to mature after 12 months. Impairment of trade receivables and other receivables is made based on expected credit loss. In 2019 impairment losses of DKK 5.3m has been recognized (20.0m) and previously recognised impairments of DKK 1.5m (0m) has been released. The net impairment losses DKK 3.8m (20.0m) is recognised as DKK -0.9m (15.9m) on external expenses and DKK 4.7m (4.1m) as financial expenses.

The impairment test performed on contractual receivables 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 impairment recognised in 2018 and 2019.

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

Lifetime Expected Credit Loss:		
Impairment losses at 1 January	19,965	5,169
Realised impairments losses	- 9,793	- 5,169
Impairment losses for the period	5,344	19,965
Reversed impairments for the period	- 1,565	-
Impairment losses at 31 December	**13,951**	**19,965**

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. 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 19.8m (24.4m).

18. Financial liabilities and financial activities

	Group 31.12.2019 DKK'000	Group 31.12.2018 DKK'000
Financial liabilities include:		
Bond debt, non-current	15,000	15,000
Bond debt, current	143,100	229,673
Senior loan	13,006	-
Bond debt & Senior loan debt	**171,106**	**244,673**
Lease liabilities, non-current	18,842	6,538
Lease liabilities, current	13,179	6,728
Lease liabilities	**32,021**	**13,266**

The financial activities for the period are:

	Bond debt & Senior loan debt DKK'000	Lease liabilities DKK'000
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**
Financial liabilities 1 January 2018	252,020	-
Cash flow from settlements	-	- 9,110
Non-cash changes:		
Addition from change in accounting policies (IFRS 16 leases)	-	40,068
Foreign exchange change	- 7,347	-
Disposals from divestment	-	- 17,692
Financial liabilities 31 December 2018	**244,673**	**13,266**

18. Bond debt and Senior loan / refinancing activities of Lauritz.com Group A/S

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.

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.
- Scheduled quarterly redemptions with final redemption in December 2020.

The Group has restructured the bond originally issued in Lauritz.com A/S in 2014. The new bond terms were accepted by bondholders on June 28, 2019. The main terms of the bonds 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.
- Additional 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 mentioned in Lauritz.com A/S statements released on 17 December 2019 and 4 January 2020 it is expected that the new financial structure will include changes to the amortisation of the bond. Repayment of SEK 20m on the bond debt and interest of SEK 2.7m that was scheduled for 17 December 2019, and repayment on the Super Senior Loan SEK 2.2m as well as guarantee commission to Blixtz Holding/Vignelaure S.A.S. SEK 4m to be paid at 17 March 2020 have not been paid according to the bond agreement. This represents a breach of the bond agreement, which according to the bond agreement becomes payable on demand. Bond debt has therefore been classified as current, though bond holders have not demanded payment of the bond debt and interest as a consequence of the breach.

In agreement with a group of large bondholders representing 47% of the bonds, it has been decided to appoint an internationally acknowledged M&A consultant to actively pursue the strategic possibilities for strengthening the capital base of Lauritz.com and redeem the bond debt.

This process has commenced in April 2020 and is expected to be finalised before the end of 2020.

Until the end of 2020 the abovementioned group of bondholders has agreed not to propose or support any proposal to initiate an enforcement of the security provided in favour of bondholders, provided that the process with the M&A consultant proceeds according to plan.

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 2019 is specified below.

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**

Part of the amounts listed in EUR are recognized as assets held for sale.

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

The listed bonds and senior loan are issued in SEK and so the principal amount is subject to exchange rate fluctuations between the Company's functional currency (DKK) and SEK. A 5 percent change in the SEK rate at 31 December 2019 would, including the effects of intangible assets denominated in foreign currencies, affect comprehensive income and equity by approx. DKK 2m (2018: DKK 4m). The above table shows the difference between the 31 December 2019 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 listed 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 is reduced 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 (2018: 2m) 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.

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**

2018 (DKK'000)	0-1 year	1-5 years	5+ years	Total
Bond debt	229,673	15,000	-	244,673
Lease liabilities	6,728	6,013	525	13,266
Other liabilities	137,287	-	-	137,287
31 December 2018	**373,688**	**21,013**	**525**	**395,266**

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within approx. 35 days. In order to maintain the current liquidity level, the Group is therefore dependent on continued growth and positive earnings. Management assesses the Group's liquidity requirements on a regular basis. Reference is made to note 18 and management's current activities regarding refinancing of the Group.

Credit risks

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

20. Financial risks (continued)

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 2019, DKK 0 in ordinary dividend has been distributed to the shareholders of Blixtz Holding A/S, equalling DKK 0 per share (2018: DKK 0 per share).

For the financial year 2019, the Board of Directors has proposed dividend of DKK 0k, corresponding to DKK 0 per share.

22. Acquisitions and divestments

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.

	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.

22. Acquisitions and divestments (continued)

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.

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.

22. Acquisitions and divestments (continued)

	DKK'000
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.

Divestments in 2018

In March 2018, the Group disposed of Stockholms Auktionsverk's Fine Art business. As a result of the performance in 2018, and the expected development, the value of the assets received in connection with the sale of the Fine Art business was reassessed in December 2018.

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

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

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

23. Contingencies etc.

Contingent liabilities, consolidated financial statements

Lands and buildings and other fixtures recognized as assets held for sale with a carrying amount of DKK 184,3m (2018: 116,8m) have been pledged to secure borrowings of the Group. The pledge amounts to DKK 105m. (2018: 30m) For further information see note 15.

The Group has issued a letter of support to the subsidiaries Ejendomsselskabet Blixtz ApS, LC Globen AB; QXL Denmark A/S and LC Deutschland GmbH. 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 %
Lauritz.com Sverige AB	Stockholm, Sweden	100 %
Lauritz.com Finland OY *	Helsinki, Finland	100 %
LC Danmark ApS	Søborg, Denmark	100 %
Helsingborgs Auktionsverk AB *	Helsingborg, Sweden	100 %
Karlstad-Hammarö Auktionsverk AB *	Skoghall, Sweden	100 %
Lauritz.com Globen AB	Stockholm, Sweden	100 %
Internetauktioner i Helsingborg AB *	Helsingborg, Sweden	100 %
Lauritz.com Deutschland GmbH *	Hamburg, Germany	100 %
QXL Denmark A/S	Søborg, Denmark	100 %
QXL.no AS *	Oslo, Norway	100 %
Ejendomsselskabet Blixtz ApS	Herlev, Denmark	100 %
Vignelaure S.A.S.	Rians, France	100 %
Göholms skog och lantbruk AB *	Ronneby, Sweden	100 %
Goodwill Mountain (Pty) Ltd. *	Cape Town, South Africa	100 %
Passionsfabrikken ApS *	Herlev, Denmark	100 %

* 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

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

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

25. Events after the balance sheet date

In March 2020, the spread of the Corona virus is impacting the outlook for the business of the Group. A number of initiatives have been taken to minimize the financial impact. We monitor the situation closely, contingency plans are in place and all relevant precautions are taken for the Group.

The impact of the Corona crisis so far has been a drop in Lauritz.com Auction Turnover of 31 percent in the period from March 10 to March 31, and a 10 percent drop in Auction Turnover in April in our main markets. The negative impact on earnings in Q1 2020 from the Corona crisis is approximately DKK 4-5m.

Based on the development seen in April we are expecting that the Corona crisis will continue to impact our Auction Turnover in Q2, however on a manageable level. Revenue and result is very difficult to forecast since numerous factors are unknown at this time.

In April, and in agreement with a group of large bondholders owning 47% of the bond, the management of Lauritz.com Group A/S has appointed an M&A consultant to actively pursue the strategic possibilities for strengthening the capital base of Lauritz.com and redeem the bond debt.

Until the end of 2020 the abovementioned group of bondholders has agreed not to propose or support any proposal to initiate an enforcement of the security provided in favour of bondholders, provided that the process with the M&A consultant proceeds according to plan.

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

26. Approval of annual report for publication

At the Board of Directors' meeting on 20 July 2020, 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 2020.

27. Accounting policies

The Annual Report of Blixtz Holding A/S for the financial year 2019 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. Net impairment losses on current account receivables is re-classified from external expenses to financial expenses for 2019 and 2018.

The accounting policies applied are consistent with those applied for 2018.

Changes in accounting policies

No new relevant accounting standards has been identified for Blixtz Holding A/S for the years commencing from 1 January 2020.

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. 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.

27. Accounting policies (continued)

Consolidated financial statements

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

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

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

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

Business combinations

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

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

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.

27. Accounting policies (continued)

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

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

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

Foreign currency translation

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

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

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.

27. Accounting policies (continued)

Statement of comprehensive income

Revenue

The Auction business of Lauritz.com generates revenue from knockdowns on the auction platforms of the group, consisting of commissions and fees from auctions, seller advertising, marketing contribution received prom partner owned auction houses etc. Revenue from auctions etc. is recognised in the statement of comprehensive income once the sale has taken place and the income can be determined reliably and receipt thereof is expected.

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

Direct costs

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

Other operating income

Other operating income comprises income of a secondary nature relative to the Group's activities, including rental income and sale of wine.

Other external expenses

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

Staff costs

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

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.

27. Accounting policies (continued)

Financial income and expenses

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

Profit/loss from investments in subsidiaries (Parent)

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

Tax on profit/loss for the year

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

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

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

Balance sheet

Intangible assets

On initial recognition, goodwill is recognized at cost in the balance sheet as described under “Business combinations”. Subsequently, goodwill is measured at cost less any accumulated impairment losses.
The carrying amount of goodwill is allocated to the Group’s cash-generating unit at the time of acquisition. Determination of cash-generating units complies with the management structure and management control of the Group. As a result of integrating the acquired entities in the existing Group, Management estimates that the lowest level of cash-generating units, to which the carrying amount of goodwill may be allocated, is at group level as it is generally impossible to trace and measure the value of goodwill in each of the entities 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.

27. Accounting policies (continued)

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

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

Right-of-use assets (leased assets)

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

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

Property, plant and equipment

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

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

27. Accounting policies (continued)

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

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

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

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

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

Write-down for impairment of non-current assets

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

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

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

Non-current financial assets

Deposits

Deposits are measured at cost.

Investments in group enterprises

Parent

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

27. Accounting policies (continued)

Investments in associated companies

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

Inventories

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

Trade receivables, contract receivables and other receivables

Trade receivables, contract receivables and other receivables are initially recognised at Fair value, plus any direct transaction costs, and subsequently measured at amortised cost using the effective interest method. For other receivables and contract receivables, write down is made for anticipated losses in accordance with IFRS 9 based on specific individual or group assessments. For trade receivables, the loss allowance is measured in accordance with IFRS 9 applying a provision matrix based on the groups historical loss experience adjusted for expected changes in specific or general circumstances.

Assets held for sale

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

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

Equity and liabilities

Equity

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

Reserves for treasury shares are recognized at purchase value.

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

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

27. Accounting policies (continued)

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.

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.

27. Accounting policies (continued)

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 2019 DKK'000	Parent Company 2018 DKK'000
	Revenue	115	196
	Gross Profit	**115**	**196**
1	Other external expenses	- 817	- 1,300
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**- 702**	**- 1,104**
2	Depreciation and amortisation	- 38	- 50
	Operating profit/loss (EBIT)	**- 740**	**- 1,154**
8	Result from interests in subsidiaries	4,215	- 43,176
3	Financial income	2,268	4,317
4	Financial expenses	- 1,451	- 6,941
	Profit/Loss before tax (EBT)	**4,292**	**- 46,954**
5	Tax on profit/loss for the year	- 110	- 423
	Profit/Loss for the year	**4,182**	**- 47,377**
	Other comprehensive income	-	-
	Total comprehensive income	**4,182**	**- 47,377**

Balance sheet

Assets

Notes		Parent Company 31.12.2019 DKK'000	Parent Company 31.12.2018 DKK'000
	Non-current assets		
6	Rights acquired	-	-
	Total intangible assets	-	-
7	Other fixtures and fittings, tools and equipment	1,800	1,838
	Total property, plant and equipment	1,800	1,838
8	Equity interest in subsidiaries	29,937	25,722
11	Deferred tax	55	47
	Receivables group enterprises	-	-
	Total financial assets	29,992	25,769
	Total non-current assets	**31,792**	**27,607**
	Current assets		
14	Receivables group enterprises	76,915	75,969
	Corporate taxes receivables	-	-
	Other current receivables	113	17
	Total receivables	77,028	75,986
	Cash and cash equivalents	401	62
	Total current assets	**77,429**	**76,048**
	Total assets	**109,221**	**103,655**

Equity and liabilities

Notes		Parent Company 31.12.2019 DKK'000	Parent Company 31.12.2018 DKK'000
	Equity		
9	Share capital	2,000	2,000
	Retained earnings	74,618	70,436
	Total equity	**76,618**	**72,436**
	Liabilities		
	Bank debt	3,215	2,985
10	Bond debt	15,000	15,000
11	Deferred tax	-	-
	Total non-current liabilities	18,215	17,985
	Trade payables	374	388
12	Other payables	1,772	181
	Payables group enterprises	7,693	-
	Payables related parties and shareholder	4,430	4,607
	Corporate taxes payable	119	8,058
	Total current liabilities	14,388	13,234
	Total liabilities	**32,603**	**31,219**
	Total equity and liabilities	**109,221**	**103,655**

Statement of changes in equity

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

Statement of cash flows

	Parent Company 2019 DKK'000	Parent Company 2018 DKK'000
Operating profit/loss (EBIT)	**-740**	**-1,154**
Depreciation and amortisation	38	50
Increase/decrease in receivables	-1,892	3,291
Increase/decrease in trade payables and other payables	1,153	-527
Other adjustments	271	446
Cash flows from ordinary operating activities	-1,170	2,106
Interest received	2,268	4,317
Interest paid	-989	-1,077
Income tax paid	-	-
Cash flows from operating activities	**109**	**5,346**
Purchase of property, plant and equipment	-	-
Sale of property, plant and equipment	-	10
Purchase of financial assets	-	-
Sale of financial assets	-	-
Cash flows from investing activities	**-**	**10**
Repayment of loans and borrowings	-	-5,435
Proceeds from loans and borrowings	230	-
Dividend paid	-	-
Cash flows from financing activities	**230**	**-5,435**
Net cash flow for the year	339	-79
Net capital resources, beginning of year	62	141
Net capital resources, end of year	**401**	**62**
Net capital resources, end of year, are composed as follows:		
Cash and cash equivalents	401	62
Interest-bearing short-term bank loans	-	-
Net capital resources, end of year	**401**	**62**

	Parent Company 2019 DKK'000	Parent Company 2018 DKK'000
1. Fess to auditors appointed at the annual general meeting		
Audit services	100	125
Other services	647	331
	747	**456**
2. Depreciation and amortisation		
Depreciation, other fixtures, tools and equipment	38	50
Gains/losses arising from disposal	-	-
	38	**50**
3. Financial income		
Interest income from group enterprises	2,019	4,317
Interest income from financial assets	**2,019**	**4,317**
Guarantee commission from group enterprises	249	-
Exchange rate gains	-	-
	2,268	**4,317**
4. Financial expenses		
Interest expenses	90	428
Financial expenses, bond debt	750	375
Interest expenses to group enterprises	107	207
Bank charges etc.	42	67
Interest expenses from financial liabilities	**989**	**1,077**
Impairment losses, receivables from group enterprises	425	5,693
Losses, arising from disposal of investments in subsidiaries	-	5
Impairment losses, other investments	-	-
Exchange rate losses	37	166
	1,451	**6,941**

	Parent Company 2019 DKK'000	Parent Company 2018 DKK'000
5. Tax on profit/loss for the year		
Current tax for the year	119	8,058
Adjustment to taxes, prior years	-1	-
Joint taxation for the year	-	-
Adjustment to deferred tax	-8	-7,635
	-110	**423**

Current tax for the financial year is computed based on a tax rate of 22.0 % (2018: 22.0 %)

	Parent Company 2019 DKK'000	Parent Company 2018 DKK'000
Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax	-944	-10,330
Adjustment to taxes, prior years	-1	-
Tax effect of:		
Non-deductible expenses	835	10,752
Non-taxable income	-	-
	-110	**423**
Effective tax rate	2.6 %	0.9 %

6. Rights acquired assets

	Parent Company 2019 DKK'000	Parent Company 2018 DKK'000
Cost at 1 January	145	145
Additions	-	-
Disposals	-	-
Cost at 31 December	**145**	**145**
Depreciation at 1 January	145	145
Depreciation for the year	-	-
Depreciation at 31 December	**145**	**145**
Carrying amount at 31 December	**-**	**-**

	Parent Company 2019 DKK'000	Parent Company 2018 DKK'000
7. Other fixtures and fittings, tools and equipment		
Cost at 1 January	1,929	2,099
Additions	-	-
Disposals	-	- 170
Cost at 31 December	**1,929**	**1,929**
Depreciation at 1 January	91	200
Depreciation for the year	38	50
Depreciation related to disposals	-	- 159
Depreciation at 31 December	**129**	**91**
Carrying amount at 31 December	**1,800**	**1,838**

	Parent Company 2019 DKK'000	Parent Company 2018 DKK'000
8. Equity interest in subsidiaries		
Cost at 1 January	143,348	143,487
Additions	-	-
Disposals	-	- 139
Cost at 31 December	**143,348**	**143,348**
Value adjustment at 1 January	- 117,626	- 74,450
Value adjustment for the year	4,215	- 43,176
Value adjustment at 31 December	**- 113,411**	**- 117,626**
Carrying amount at 31 December	**29,937**	**25,722**

Based on impairment test performed in 2018 at Lauritz.com Group A/S level a corresponding impairment has been recognised. In 2019 a reversal of impairment recognized in previous years has been recognized.

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.

11. Deferred tax	**Parent Company 31.12.2019 DKK'000**	**Parent Company 31.12.2018 DKK'000**
Deferred tax at 1 January	47	- 7,588
Adjustment to deferred tax for prior years	-	-
Adjustment of recapture balance subsidiaries	-	8,189
Deferred tax on profit/loss for the year	8	- 554
Deferred tax at 31 December	**55**	**47**
Specification of deferred tax:		
Other fixtures and fittings	42	34
Rights acquired	13	13
Recapture balance of subsidiaries	-	-
Tax losses carry forwards	-	-
	55	**47**
Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	55	47
Deferred tax (liability)	-	-
Deferred tax at 31 December	**55**	**47**

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 2019 is specified below.

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**

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

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 29.9m (2018: 25.7).

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 1,5m in 2019 (2018: DKK 3,4m).

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 25 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 26 in the consolidated financial statements.