LAURITZ

ANNUAL REPORT

JANUARY – DECEMBER 2020

Lauritz.com Group A/S
CVR no. 37627542
Company announcement 14 June 2021

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Company details

The company	Lauritz.com Group A/S	
	Dynamovej 11C	
	2860 Søborg	
	Denmark	
	Phone:	+ 45 44 50 98 00
	CVR no.:	37 62 75 42
	Incorporated:	20 April 2016
	Municipality:	Søborg
	Financial year:	1 January - 31 December
	Website:	www.lauritz.com

Contact

Preben Vinkler Lindgaard, CFO
E-mail: preben@lauritz.com

Board of Directors

Bengt Sundström, Chairman
Claus Due Pedersen
Preben Vinkler Lindgaard

Executive Management

Mette Margrethe Rode Sundstrøm, CEO
Preben Vinkler Lindgaard, CFO

Independent Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab

The leading auction house worldwide within design furniture classics.

Auctions to the people!

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

Lauritz.com in figures (continuing business)

- 14 auction houses in 3 countries
- Over 1.5 million customer registrations
- Over 9.000 new customer registrations monthly
- Up to 2.5 million visits monthly
- Up to 1.1 million unique visitors monthly
- Visitors from approx. 200 countries
- Over 144.000 lots sold yearly
- Typically, around 10.000 lots on auction
- Approx. 1.500 new auctions starting daily
- Lot value from DKK 800 to 15 million
- Auction turnover of DKK 424m in 2020

This is how it works

Lauritz.com sources items locally to sell globally. Lauritz.com has 14 physical auction houses in 3 countries. Here local sellers can consign items for auction. Sellers can interact with the local house by getting an online evaluation, by booking an expert for a home visit or by booking Lauritz.com's pick-up service to transport items from the seller to the auction house. All items are estimated, described and photographed objectively by Lauritz.com's experts. Each lot is put up for an individual timed auction for 5 days, sold to the highest bid and shipped to the buyer. All items are presented on physical viewing in the given local auction house during the auction period. Major collections or more expensive items are high-lighted on special theme actions. Lauritz.com offers an authenticity guaranty to avoid falsification and copies.

Assortment

Lauritz.com (continuing business) sold over 144.000 lots on auction in 2020. The wide assortment comprises everything from luxury flee market finds to expensive international art works - from DKK 800 and up. The categories cover art, design, antiques, and cool collectables – e.g., paintings, sculptures, furniture, lamps, carpets, ceramics, silver, glass, jewellery, clocks, wine, hunting equipment etc. Lauritz.com is exceptionally strong in modern design classics – and probably the leading auction house internationally for 20th century design furniture classics.

High volumes are sold daily of the most famous furniture by Scandinavian architects such as Arne Jacobsen, Wegner, Finn Juhl, Poul Kjærholm, Bruno Mathsson, Carl Malmsten etc. The modern furniture categories add up to approx. 40 percent of Lauritz.com's auction turnover.

Customers

Lauritz.com's customer profile stretches from trendsetters to pensioners, students to top executives. Lauritz.com strives to create a universe that appeals to everyone, whatever their taste, budget, or age. The division between men and women between customers is approx. 50/50, typically with a middle to higher income, and in age mainly between 30 to 60 years. Lauritz.com has over 1.5 million customer registrations and up to 2.5 million visits monthly. Customers come from approx. 200 countries.

Market position

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

Business model

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

Geographical expansion

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

Scalable platforms

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

Sustainability

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

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

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

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

M&A process

The M&A process initiated in April 2020 has been finalised in May 2021 with a sale of Stockholms Auktionsverk, Karlstad Hammarö Auktionsverk and 3 auction houses in Germany (the “Carve-out”). The activities sold in the Carve-out are reported as discontinued operations in the annual report. Following the sale, the group is now fully focussed on the development of the Lauritz brand internationally.

Return to growth

The business has returned to growth from July 2020. The growth is driven by all parts of the business, with the steady growth momentum continuing in 2021. This development is driven by increase in Auction Turnover impacting revenue and EBITDA positively. The turnaround has consisted of multiple optimisations implemented throughout all business activities of the sold activities as well as the continuing Lauritz.com business in order to manifest and further develop Lauritz.com’s unique position in an increasingly competitive market. In 2020 the business of Lauritz.com group showed its strong resilience navigating through challenging times and delivering considerable growth despite the Covid-19 crisis.

Auction Turnover and revenue development

For the full year auction turnover (for the continuing and discontinued operations combined) amounted to DKK 730m (724m). This corresponds to an increase of 0.8 percent. For the second half of the year the Auction Turnover was DKK 407m (346m), corresponding to a growth of 18 percent.

Revenue (for the continuing and discontinued operations combined) amounted to DKK 214m (220m), a decrease of 2.7 percent. The main driver of the decrease in revenue is incentives towards sellers. For the second half of the year the Revenue was DKK 119mm (107m) with a growth of 11 percent driven by the increase in Auction Turnover.

Improvement in EBITDA

In 2020 we have seen an improvement in EBITDA (for the continuing and discontinued operations combined) compared to last year. EBITDA for 2020 is DKK 11.4m (7.7m). The year is divided with its first half impacted negatively by the initial phase of the Covid-19 outbreak, and the second half of the year with growth in Revenue and EBITDA. For the second half of 2020 EBITDA is DKK 19.3m (2.8m). The improvement is driven by the growth in Revenue in the second half, and cost reductions from higher efficiency in the operations of 3 percent. For the full year, the improvement in EBITDA is lower primarily due to the impact of the Covid-19 outbreak impacting the first half of the year.

When looking at the continuing business the development is following the same pattern as for the whole group, with improvements in the second half of 2020, where Auction Turnover is growing by 16 percent compared to 2019, and EBITDA in the second half of the year improved by DKK 4.3m to DKK 1.2m (-3.1m).

Financing

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

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

Impact on 2020 financial reporting due to the sale of activities

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

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

Equity

The sales price achieved from the sale of the Carve-out subsidiaries is below the book value of the sold assets, resulting in an impairment in connection with the sale of DKK 19m. The impairment is included in the 2020 result and Equity at 31.12.2020, resulting in the Equity of the parent company of the group being negative by DKK 10.3m and the equity in the consolidated figures being negative by DKK 25.0m.

The sale of the Carve-out business has resulted in a significant reduction in the debt of the group, changes to the amortization of the debt, reduced interest on the bond debt and part of the cash received in connection with the sale remaining in the Group. Consequently, the cash flow for the coming years is secured. Thereby the group can now focus on pursuing the current growth and on developing the Lauritz.com brand further including the launch of new commercial initiatives.

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

Commercial initiatives

Several commercial initiatives are showing positive effect on the results. Among them, a continued increased focus on sales management, business control and execution both internally in the headquarters and in relation to the individual auction houses.

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

Apart from targeting more private sellers, we are continuously targeting professional sellers to consign larger lot stocks or one-off sales within both vintage items and newly produced items.

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

Development in organization

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

To bring Lauritz.com to the next level driving turnover and earnings on shorter and longer terms, including expected roll out of new business areas, a future central management team has been defined. Thus, a new Country Manager Denmark has onboarded the central management team in January 2021, a new CTO joined in April, while a new CMO is planned to join by September.

Ownership of branches

During 2020 we have taken over ownership of the showrooms in Hamburg (April), Hørsholm and Helsingør (June/July). In January 2021, the showroom in Köln was also taken over.

Market position and competition landscape

As a first mover within online auctions worldwide, Lauritz.com has driven the international paradigm shift from traditional, physical auctions to online auctions through 2 decades. Significant volumes of items are being sold at Lauritz.com every day with a very strong position in the online auction industry. Over the years, we have created a unique position between classified online marketplaces and traditional auction houses. Our core concept as an international online auction marketplace for design, art, and antiques - with a high level of expertise, quality, and service – is a successful formula with a great future potential. Today, Lauritz.com holds a strong position as one of the biggest auction houses in the Nordics. Lauritz.com's online platforms perform well, with over 9.000 new customer registrations and up to 2.5 million online visits per month.

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

We operate in an increasingly competitive landscape with old and new competitors increasing their efforts to reach Lauritz.com's unique position. Lauritz.com has now entered a phase in our development that requires firm actions to stay ahead of upcoming competition. Traditional auction houses have become more focused and aggressive online. New commercial platforms are popping up with fixed-price or auction concepts. Social platforms are now competing seriously within trading of second-hand items. In addition, the retail market of smaller but interesting local vintage shops is growing.

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

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

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

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

Development in financials

For the full year auction turnover increased to DKK 730m (724m). Net revenue decreased in 2020 to DKK

214.2m (220.2m). The decrease in revenue is mainly explained by campaigns with higher incentives to sellers. EBITDA for the auction business - excluding sales gains and impairments - is DKK 11.4m (7.7m). The improvement from last year is a result of lower cost down by DKK 9.7m, partly offset by lower revenue of DKK 6.0m equal to 2.7 percent, resulting in an improvement in EBITDA for the auction business of DKK 3.7m compared to last year. For the continuing business EBITDA is DKK -5.5m (DKK -3.0m). The changes from 2020 is a result of lower revenue, down by DKK 6.4m primarily driven by a drop in March and April of DKK 4.8m, partly offset by cost reductions of DKK 3.9m

The last guidance given during the year for 2020 was in the Q3 report issued on 29 October 2020. As communicated on 22 January 2021 we achieved the guidance on 2 of 3 parameters. Auction turnover increased by 0.8 percent (guidance 0-5 percent), EBITDA for the year was DKK 11.4m (guidance 10-20m) and Revenue decreased with 3% (guidance increase of 0-5 percent).

In the annual test of the carrying amount of goodwill, software in process of development and other intangible assets at 31.12.2020 for the continuing operations no need for impairment has been identified.

The 2019 restructuring of the bond debt completed in June 2019 resulted in a gain of DKK 75.3m impacting the 2019 financial items positively. The sale of the Carve-out business has resulted in an impairment loss of DKK 19m, impacting the 2020 income from discontinued operations.

The Profit/Loss for the year for the continuing and discontinuing business combined shows a result of DKK -43.0m (55.1m). Net Cash Flow for the year was DKK 13.0m (-11.5m).

Proforma combined result for continuing and discontinued activities can be illustrated like this:

	Continued operations 2020 mDKK	Discon-tinued 2020 mDKK	Total 2020 mDKK	Continued operations 2019 mDKK	Discon-tinued 2019 mDKK	Total 2019 mDKK
Auction turnover	**408.1**	**321.5**	**729.6**	**395.4**	**328.1**	**723.5**
Revenue	122.4	91.8	214.2	128.8	91.4	220.2
Direct cost	- 67.8	- 12.0	- 79.8	- 76.8	- 13.0	- 89.8
Gross profit	54.6	79.8	134.4	52.0	78.4	130.4
Other external expenses	- 24.3	- 13.6	- 37.9	- 25.2	- 18.7	- 43.9
Staff cost	- 35.8	- 49.3	- 85.1	- 29.8	- 48.9	- 78.7
EBITDA	- 5.5	16.9	11.4	- 3.0	10.7	7.7
Depreciation, amortization, and impairment	- 8.8	- 32.5	- 41.3	- 11.2	- 14.2	- 25.4
Operating profit (EBIT)	- 14.3	- 15.6	- 29.9	- 14.2	- 3.4	- 17.6
Net financials	- 20.5	- 2.3	- 22.8	61.9	- 1.9	60.0
Profit before tax (EBT)	- 34.8	- 17.9	- 52.7	47.7	- 5.3	42.4
Tax on profit for the year	6.5	3.2	9.7	7.4	5.3	12.7
Profit/Loss for the year	- 28.3	- 14.7	- 43.0	55.1	0.0	55.1

Parent company

The parent company has impaired the value of shares in subsidiaries and receivable from subsidiaries, resulting in the equity becoming negative as mentioned on page 3. Management has assessed the Equity situation and the plan for reestablishing the equity has been prepared.

Events after the balance sheet date

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

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

Guidance for 2021

Guidance for the 2021 development in the continuing business is unchanged at (see Note 1 for additional information on assumptions behind the guidance):

Growth in Auction Turnover of 5-15 percent
Growth in Revenue of 10-20 percent
EBITDA of DKK 0-8m.

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Auction turnover [1]	**408,121**	**395,382**	**738,217**	**858,893**	**1,024,232**
Statement of comprehensive income [2]					
Revenue	122,402	128,835	227,962	297,120	320,989
Gross profit	54,620	52,012	116,517	192,814	210,138
EBITDA	- 5,559	- 3,004	- 2,025	32,104	46,309
Operating profit (EBIT)	- 14,356	- 14,209	- 57,100	- 7,108	31,958
Net financials	- 20,501	61,945	- 12,396	- 12,922	- 16,209
Profit before tax (EBT)	- 34,857	47,736	- 72,043	- 20,030	15,749
Tax on profit for the year	6,510	7,389	4,882	- 1,268	- 5,081
Profit/Loss for the year, continued operations	- 28,347	55,125	N/A	N/A	N/A
Profit/Loss for the year, discont. operations	- 14,688	- 37	N/A	N/A	N/A
Profit/loss for the year, total	- 43,035	55,088	- 67,161	- 21,298	10,668
Balance sheet [3]					
Non-current assets	54,752	223,567	184,817	228,230	289,841
Current assets	49,623	113,981	155,860	210,822	206,688
Current assets, available for sale	219,064	N/A	N/A	N/A	N/A
Balance sheet total	341,729	337,548	340,677	439,112	496,529
Share capital	4,079	4,079	4,079	4,079	4,067
Equity	- 25,035	12,164	- 41,642	29,068	62,014
Non-current liabilities	5,946	25,319	16,267	249,962	255,292
Current liabilities	250,997	300,065	366,052	160,082	179,223
Current liabilities, available for sale	109,821	N/A	N/A	N/A	N/A
Cash flow [4]					
Operating activities	13,156	- 8,761	- 37,321	- 7,581	- 5,167
Investing activities	- 1,099	- 4,403	38,643	- 9,897	90,978
Of this, investments in property, plant and equipment	- 477	- 384	35,758	- 2,138	- 6,945
Financing activities	- 1,762	10,366	- 9,961	600	- 52,281
Cash flow, continuing operations	10,295	- 2,798	N/A	N/A	N/A
Cash flow, discontinued operations	2,685	- 8,717	N/A	N/A	N/A
Total cash flow	12,980	- 11,515	- 8,639	- 16,878	33,530

[1] Auction turnover reflect activities on www.lauritz.com, mobile apps, www.hammaroauktionsverk.com and Stockholms Auktionsverk/Magasin 5. Auction turnover includes hammer prices and buyer's premiums exclusive of VAT. Auction turnover for 2019-2020 showing continuing operations. 2016-2018 are not adjusted for discontinued operations.

[2] 2019 and 2020 Profit/Loss of continued operations only. 2016-2018 are not adjusted for discontinued operations.

[3] 2020 Balance sheet excluding discontinued operations. 2016-2019 are not adjusted for discontinued operations.

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

	2020	2019	2018	2017	2016
Ratios [5]					
Gross margin	44.6 %	40.4 %	51.1 %	64.9 %	65.5 %
EBITDA margin	- 4.5 %	- 2.3 %	- 0.8 %	10.8 %	14.4 %
Profit margin	- 11.7 %	- 11.0 %	- 25.0 %	- 2.4 %	10.0 %
Equity ratio	- 7.3 %	3.7 %	- 12.2 %	7.8 %	12.5 %
Return on equity	- %	- %	- %	- 44.1 %	28.3 %
Earnings per share (EPS Basic), DKK:					
EPS Basic, continued operations	- 0.696	1.354	- 1.662	- 0.523	0.278
EPS Basic, discontinued operations	- 0.361	- 0.001	-	-	-
Dividend per share	0	0	0	0	0
Average number of full-time employees:					
Continuing operations	55	44	140	185	204
Discontinued operations	110	113	-	-	-

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

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

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{Operating profit/loss before depreciation, amortisation and impairment (EBITDA) x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Balance sheet total}}$
Return on equity	$\frac{\text{Profit for the year x 100}}{\text{Equity, average}}$
Earnings per share (EPS Basic)	$\frac{\text{Profit for the year}}{\text{Average no of shares in circulation}}$
Dividend per share	$\frac{\text{Dividend distributed}}{\text{Average no of shares in circulation}}$

Management statement

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

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, and financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2020.

Further, in our opinion the Management review includes a true and fair review of the development in the Group's and the Parent Company's operations and financial matters, of the result for the year and of the Group's and the Parent Company's financial position as well as describes the significant risks and uncertainties affecting the Group and the Parent Company.

We recommend that the Annual Report be approved at the General Meeting.

Copenhagen, 14 June 2021

Executive Management

Mette Margrethe Rode Sundstrøm
CEO

Preben Vinkler Lindgaard
CFO

Board of Directors

Bengt Sundström
Chairman

Claus Due Pedersen

Preben Vinkler Lindgaard

To the shareholders of Lauritz.com Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements og Lauritz.com Group A/S for the financial year 01.01.2020 – 31.12.2020, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020, and of the results of their operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

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

Material uncertainty related to going concern

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

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

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

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

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

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

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

Based on the work we have performed, we conclude that the management review is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance

with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management review.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of

assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the parent financial statements.

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

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

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

Copenhagen, 14 June 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Eskild Nørregaard Jakobsen
State-Authorised Public Accountant
Identification No (MNE) mne11681

Statement of comprehensive income 1 January - 31 December

Notes		Group 2020 DKK'000	Group 2019 DKK'000
2	Revenue	122,402	128,835
	Direct costs	- 67,782	- 76,823
	Gross profit	**54,620**	**52,012**
3	Other external expenses	- 24,340	- 25,235
4	Staff costs	- 35,839	- 29,781
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**- 5,559**	**- 3,004**
5	Depreciation, amortisation, and impairment losses	- 8,797	- 11,205
	Operating profit/loss (EBIT)	**- 14,356**	**- 14,209**
6	Financial income	1,764	81,701
7	Financial expenses	- 22,265	- 19,756
	Profit/Loss before tax (EBT)	- **34,857**	**47,736**
8	Tax on profit/loss for the year	6,510	7,389
	Profit/Loss for the year, continuing operations	- 28,347	55,125
9	Profit/Loss for the year, discontinued operations	- 14,688	- 37
	Profit/loss for the year, total	**- 43,035**	**55,088**
	Items that can be reclassified to profit or loss:		
	Other comprehensive income, from continuing operations	-	-
	Other comprehensive income, from discontinued operations:		
	Exchange rate adjustments, foreign companies	5,836	- 1,282
	Tax on other comprehensive income	-	-
	Other comprehensive income for the year	**5,836**	**- 1,282**
	Total comprehensive income for the year	**- 37,199**	**53,806**
	Earnings per share, continuing operations		
20	**Earnings per share (EPS), DKK**	**- 0,696**	**1,354**
20	**Earnings per share (EPS), diluted DKK**	**- 0,696**	**1,354**

Balance sheet

Assets

Notes		Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
	Non-current assets		
10	Software in process of development	622	-
10	Developed software	6,200	12,301
10	Rights acquired	2,149	47,724
10	Goodwill	23,762	112,182
	Total intangible assets	32,733	172,207
11	Right-of-use assets	5,811	30,759
11	Other fixtures and fittings, tools, and equipment	3,796	5,985
	Total property, plant, and equipment	9,607	36,744
12	Deferred tax	10,563	11,246
13	Deposits	1,849	3,370
	Total financial assets	12,412	14,616
	Total non-current assets	**54,752**	**223,567**
	Current assets		
	Inventories	112	128
14	Trade receivables	1,451	10,789
14	Contractual receivables	30,252	40,780
24	Receivables from group enterprises	17,698	16,979
	Tax receivable	-	1,363
14	Other current receivables	110	6,065
	Total receivables	49,511	75,976
15	Cash and cash equivalents	18,290	37,877
	Total current assets	**67,913**	**113,981**
25	Assets, available for sale	219,064	-
	Total assets	**341,729**	**337,548**

Balance sheet

Equity and liabilities

Notes		Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
	Equity		
	Share capital	4,079	4,079
	Reserves	-15,403	-21,239
	Retained earnings	-13,711	29,324
	Total equity	**-25,035**	**12,164**
	Liabilities		
12	Deferred tax	1,220	6,477
16	Lease liabilities	4,726	18,842
	Total non-current liabilities	5,946	25,319
17	Bond debt	147,940	143,100
17	Senior loan	13,446	13,006
16	Lease liabilities	1,415	13,179
	Trade payables	45,077	99,526
18	Other payables	43,119	31,254
	Corporate taxes payable	-	-
	Total current liabilities	250,997	300,065
26	Liabilities, available for sale	109,821	-
	Total liabilities	**366,764**	**325,384**
	Total equity and liabilities	**341,729**	**337,584**

Statement of changes in Consolidated Group Equity

	Share capital DKK'000	Reserve for treasury shares DKK'000	Reserve for exchange rate adjustments DKK'000	Retained earnings DKK'000	Total Equity DKK'000
Equity at 1 January 2020	4,079	-76	-21,163	29,324	12,164
Profit/Loss for the year	-	-	-	-43,035	-43,035
Other comprehensive income	-	-	5,836	-	5,836
Equity at 31 December 2020	**4,079**	**-76**	**-15,327**	**-13,711**	**-25,035**
Equity at 1 January 2019	4,079	-76	-19,881	-25,764	-41,642
Profit/Loss for the year	-	-	-	55,088	55,088
Other comprehensive income	-	-	-1,282	-	-1,282
Equity at 31 December 2019	**4,079**	**-76**	**-21,163**	**29,324**	**12,164**

Statement of cash flows

Notes		Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
	Operating profit/loss (EBIT)	**- 14,356**	**- 14,209**
	Depreciation amortisation and impairment losses	9,112	10,851
	Impairment and losses on receivables/payables	503	3,721
	Increase/decrease in inventories	- 21	677
	Increase/decrease in receivables	18,054	- 7,263
	Increase/decrease in trade payables and other payables	7,630	- 11,515
	Other adjustments	- 4,028	6,414
	Cash flow from ordinary operating activities	16,894	- 11,324
	Interest received	1,853	2,500
	Interest and financial expenses paid	- 5,644	- 7,506
	Income tax settlements	53	7,569
9	Cash flow from operating activities, discontinued operations	12,342	4,841
	Cash flow from operating activities	**25,498**	**- 3,920**
	Purchase of property, plant and equipment	- 477	- 683
	Sale of property, plant and equipment	-	299
	Purchase of intangible assets	- 622	- 4,019
22	Acquisitions and divestments	-	-
9	Cash flow from investing activities, discontinued operations	- 559	- 3,085
	Cash flow from investing activities	**- 1,658**	**- 7,488**
16	Repayment, lease liabilities	- 1,762	- 2,322
17	Drawdown, senior loan	-	15,000
17	Repayment, senior loan	-	- 2,312
9	Cash flow from financing activities, discontinued operations	- 9,098	- 10,473
	Cash flow from financing activities	**- 10,860**	**- 107**
	Net change in cash flow for the year	**12,980**	**- 11,515**
	Net capital resources, beginning of year	37,877	49,962
	Exchange rate adjustment of capital resources	942	- 570
	Net capital resources, end of year	**51,799**	**37,877**
	Net capital resources, end of year, are composed as follows:		
15	Cash and cash equivalents	18,290	7,995
25	Cash and cash equivalents, discontinued operations	33,509	29,882
	Net capital resources, end of year	**51,799**	**37,877**

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

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

The Carve-out sale results in:

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

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

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

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

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

2. Revenue

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

The Group has no single key costumers.

3. Other external expenses

Fees to auditors appointed at the annual general meeting

	Group 2020 DKK'000	Group 2019 DKK'000
Audit services	942	733
Tax services	87	20
Other services	626	1,137
	1,655	**1,890**

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

Other external expenses include impairment losses on receivables of DKK 651k (-972k).

4. Staff costs

	Group 2020 DKK'000	Group 2019 DKK'000
Wages and salaries	32,910	26,744
Defined contribution pension plans, cf. below	1,220	1,032
Other social security costs	305	338
Other staff costs	1,404	1,667
	35,839	**29,781**
Average number of full-time employees	55	44

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

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

	Group 2020 DKK'000	Group 2019 DKK'000
4. Staff costs (continued)		
Remuneration of the Board of Directors and Executive Management		
Remuneration of the Board of Directors	500	541
Wages and salaries, Board of Directors	1,200	1,200
Wages and salaries, Executive Management	6,379	4,765
Redundancy cost, Executive Management	1,064	-
Pensions, Executive Management	261	231
	9,404	**6,737**

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

Wages and salaries, Board of Directors is a consultancy fee of DKK 1.2m (1.2m) to the Chairman of the Board. The increase in Wages and salaries, Executive Management is only due to the employment of a CEO in Q4 2019, with 3 month of salary in 2019 and salary for the full year in 2020.

	Group 2020 DKK'000	Group 2019 DKK'000
5. Depreciation amortisation and impairment losses		
Depreciation, right-of-use assets	1,731	2,131
Depreciation, other fixtures, tools, and equipment	287	1,363
Gains/losses arising from disposal	- 220	205
Amortisation rights acquired	899	944
Amortisation, developed software	6,100	6,562
	8,797	**11,205**

	Group 2020 DKK'000	Group 2019 DKK'000
6. Financial income		
Interest income	1,674	2,124
Interest income from group enterprises	90	144
Interest income from financial assets	**1,764**	**2,268**
Income from debt reduction, net	-	75,272
Exchange rate gains	-	4,161
	1,764	**81,701**

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

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

	Group 2020 DKK'000	Group 2019 DKK'000
7. Financial expenses		
Financial expenses, banks etc.	836	325
Financial expenses, lease liabilities	329	218
Bank charges etc.	630	718
Financial expenses, debt	9,045	11,497
Guarantee commission	2,869	1,406
Financial expenses from financial liabilities	13,709	14,164
Exchange rate loss	6,752	-
Impairment losses receivables, current accounts	1,804	4,693
Amortisation of borrowing costs, bond debt	-	899
	22,265	**19,756**

8. Tax on profit/loss for the year

	Group 2020 DKK'000	Group 2019 DKK'000
Current tax for the year	-	198
Deferred tax change for the year	- 6,922	- 2,138
Adjustment to current taxes, prior years	- 289	3,453
Adjustment to deferred tax, prior years	701	- 8,902
Tax on profit/loss for the year	**- 6,510**	**- 7,389**

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

Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax (22.0 %)	- 7,669	8,499
Adjustment to current taxes, prior years	- 289	- 8,902
Adjustment to deferred tax, prior years	701	3,453
Adjustment of previously unrecognized tax assets	- 94	-15
Tax effect of non-deductible expenses/non-taxable income	841	- -10,424
	- 6,510	**- 7,389**
Effective tax rate	Negative	Negative

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

9. Discontinued operations

	2020 DKK'000	2019 DKK'000
Revenue	91,832	91,393
Direct costs	- 12,046	- -13,040
Gross profit	**79,786**	**78,353**
Other external expenses	- 13,600	- 18,651
Staff costs	- 49,229	- 48,975
Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**16,957**	**10,727**
Depreciation, amortisation, and impairment losses*	- 32,542	- 14,153
Operating profit/loss (EBIT)	**- 15,585**	**- 3,426**
Financial income	40	42
Financial expenses	- 2,324	- 1,580
Share of result in associated companies	-	- 381
Profit/Loss before tax (EBT)	**- 17,869**	**- 5,345**
Tax on profit/loss for the year	3,181	5,308
Profit/Loss for the year, from discontinued operations	**- 14,688**	**-37**
Earnings per share, from discontinued operations		
Earnings per share (EPS), DKK	- 0,361	- 0,001
Earnings per share (EPS), diluted DKK	- 0,361	- 0,001

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

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

10. Intangible assets (DKK’000)

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2020	64	60,789	69,620	143,174
Exchange rate adjustments	-	-63	1,851	4,721
Additions from acquisitions	-	-	-	6,099
Additions	622	-	-	-
Transferred to available for sale	-	-	-57,294	-130,232
Cost at 31 December 2020	**686**	**60,726**	**14,177**	**23,762**
Amortisation at 1 January 2020	-	48,488	21,896	-
Impairment losses at 1 January 2020	64	-	1,200	30,992
Exchange rate adjustments	-	-62	443	1,049
Amortisation for the year	-	6,100	2,848	-
Impairment for the year	-	-	-	19,235
Transferred to available for sale	-	-	-13,160	-51,276
Amortisation and impairment losses at 31 December 2020	**64**	**54,526**	**12,028**	**-**
Carrying amount at 31 December 2020	**622**	**6,200**	**2,149**	**23,762**

	Software in process of development	Developed software	Rights acquired	Goodwill
Cost at 1 January 2019	3,805	53,017	48,207	126,291
Exchange rate adjustments	-	12	-245	-1,908
Additions from acquisitions	-	-	14,587	18,791
Additions	4,019	-	7,071	-
Transfer	-7,760	7,760	-	-
Cost at 31 December 2019	**64**	**60,789**	**69,620**	**143,174**
Amortisation at 1 January 2019	-	41,818	17,465	-
Impairment losses at 1 January 2019	64	-	1,200	31,473
Exchange rate adjustments	-	12	-96	-481
Amortisation for the year	-	6,658	3,327	-
Amortisation and impairment losses at 31 December 2019	**64**	**48,488**	**21,896**	**30,992**
Carrying amount at 31 December 2019	**-**	**12,301**	**47,724**	**112,182**

10. Intangible assets (continued)

Software includes development projects for IT systems and processes in progress. Apart from goodwill and trademarks, all other intangible assets are regarded as having determinable useful lives over which the assets are amortised, see accounting policies. The carrying amounts of trademarks without determinable useful lives totals DKK 0.0m at 31 December 2020 (27.5m).

Acquired enterprises are integrated in the Group as soon as possible to realize synergy effects in the business areas. Consequently, it is generally not possible after a short period to trace and measure the value of goodwill in the individual units or enterprises. The impairment test is therefore made at group level.

At 31 December 2020, Management has tested the carrying amount of goodwill, software in process of development and other intangible assets for impairment. An impairment test is performed in the event of indication of impairment and at least once a year as part of the presentation of the Annual Report.

The key assumptions underlying the discounted cashflow calculation of value in use are the determination of Auction Turnover growth, EBITDA growth, discount rate and terminal value growth rate for the 2021 period 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 lower growth rate than seen previously and Management assess that the used assumptions are realistic to realize. Impairment recognized for 2020 totals DKK 0m (0m).

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

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

EBITDA is expected to grow from DKK -5.6m in 2020 to a level between DKK 0m and DKK 8m in 2021. This increase in EBITDA is primarily due to growth in Revenue, and further strengthened by a change in business setup with more owned auction houses and a number of cost-cutting initiatives and other initiatives in relation to how the business is operated.

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

10. Intangible assets (continued)

When determining investments, the effect of EBITDA growth is included based on historical experience, equivalent to an investment level of approximately 15-20 percent of budgeted EBITDA. The effect of expected acquisitions is not included at investment level.

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

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

Sensitivity analysis

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

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

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

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

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

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

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

	Right-of-use assets	Other fixtures etc.
Cost at 1 January 2020	48,620	25,357
Exchange rate adjustments	3,025	204
Additions	3,270	1,035
Remeasuring of value of assets	14,193	-
Disposals	- 2,507	-
Transferred to available for sale	- 57,480	- 6,636
Cost at 31 December 2020	**9,121**	**19,960**
Depreciation at 1 January 2020	17,861	19,372
Exchange rate adjustments	1,391	151
Depreciation for the year	12,326	1,145
Depreciation related to disposals	- 2,507	-
Transferred to available for sale	- 25,761	- 4,504
Depreciation at 31 December 2020	**3,310**	**16,164**
Carrying amount at 31 December 2020	**5,811**	**3,796**
Cost at 1 January 2019	22,376	26,722
Exchange rate adjustments	- 2,739	- 134
Additions from acquisitions	12,108	1,115
Additions	8,440	812
Remeasuring of value of assets	11,381	-
Disposals	- 2,946	- 3,158
Cost at 31 December 2019	**48,620**	**25,357**
Depreciation at 1 January 2019	9,439	18,929
Exchange rate adjustments	- 1,054	- 15
Depreciation for the year	12,209	2,673
Depreciation related to disposals	- 2,733	- 2,215
Depreciation at 31 December 2019	**17,861**	**19,372**
Carrying amount at 31 December 2019	**30,759**	**5,985**

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

	Group 2020 DKK'000	Group 2019 DKK'000
12. Deferred tax		
Deferred tax at 1 January	4,769	1,355
Deferred tax at 1 January, assets held for sale	-1,647	-
Exchange rate adjustments	-	318
Adjustments, prior years	- 701	- 838
Deferred tax on profit/loss for the year	6,922	3,934
Deferred tax at 31 December	**9,343**	**4,769**

Specification of deferred tax:		
Tax losses carry forwards	33,297	36,809
Tax losses carry forwards, not recognised	- 30,968	- 34,284
Right-of-use assets/lease liabilities	22	277
Other fixtures and fittings	4,191	4,148
Leasehold improvements	77	65
Rights acquired	1,587	- 3,602
Software	- 665	- 1,337
Goodwill	- 555	- 385
Receivables	2,096	477
Other liabilities/payables	261	2,601
	9,343	**4,769**

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

Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	10,563	11,246
Deferred tax (liability)	- 1,220	- 6,477
Deferred tax at 31 December, net	**9,343**	**4,769**

13. Financial assets (DKK'000)

	Deposits	Investment in associated companies
Cost at 1 January 2020	3,370	-
Addition	-	-
Disposal	- 1,521	-
Cost at 31 December 2020	**1,849**	**-**
Carrying amount at 31 December 2020	**1,849**	**-**
Cost at 1 January 2019	2,702	13,548
Exchange rate adjustments	-	- 363
Addition	668	-
Transfer to subsidiary	-	- 13,185
Cost at 31 December 2019	**3,370**	**-**
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	**3,370**	**-**

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

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
14. Receivables		
Trade receivables	1,451	10,789
Contractual receivables	30,252	40,780
Other receivables	110	6,065
	31,813	**57,634**

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

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

The impairment test performed on the receivables from sale of partnership agreements is based on the expected performance, the historic track record for repayments and the expected resale value of the auction house. A large part of the receivables is related to partners buying their auction house in recent years, with expected strong improvements in the first years of their ownership. Improvements are coming slower than previously expected, resulting in the recognised impairments.

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

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Lifetime Expected Credit Loss:		
Impairment losses at 1 January	13,951	19,965
Realised impairments losses	- 5,847	- 9,793
Impairment losses for the period	2,145	5,344
Reversed impairments for the period	-	- 1,565
Impairment losses at 31 December	10,249	13,951

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

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

15. Cash and Cash equivalents

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

16. Financial liabilities and financial activities

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Financial liabilities include:		
Bond debt, current	147,940	143,100
Senior loan	13,446	13,006
Financial liabilities	**161,386**	**156,106**
Lease liabilities, non-current	4,726	18,842
Lease liabilities, current	1,415	13,179
Lease liabilities	**6,141**	**32,021**

The financial activities are:

	Financial liabilities DKK'000	Lease liabilities DKK'000
Financial liabilities 1 January 2020	156,106	32,021
Financial liabilities 1 January 2020, available for sale	-	- 24,987
Cash flow from settlements	-	- 1,569
Non-cash changes:		
Exchange rate adjustments	5,280	75
Remeasure of liabilities	-	601
Financial liabilities 31 December 2020	**161,386**	**6,141**
Financial liabilities 1 January 2019	229,673	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	**156,106**	**32,021**

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

The Group has a bond originally issued in 2014.

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

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

As from May 2021 the bond terms are changed to:

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

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

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

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

18. Other payables

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

19. 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 is specified below.

2020 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt and senior loan	Other liabilities	Net position
NOK	248	104	-	-796	-444
EUR	2,684	7,836	-	-1,805	8,715
SEK	105	1,606	-161,386	-3,394	-163,069
31 December 2020	**3,037**	**9,546**	**-161,386**	**-5,995**	**-154,798**

2019 (DKK'000)	Cash and cash equivalents	Receivables	Bond debt and senior loan	Other liabilities	Net position
NOK	122	92	-	-890	-676
EUR	2,628	15,200	-	-6,243	11,585
SEK	28,083	12,128	-156,106	-98,678	-214,573
31 December 2019	**30,833**	**27,420**	**-156,106**	**-105,811**	**-203,664**

The bonds and senior loan issued are in SEK and so the principal amount is subject to exchange rate fluctuations between the Company's functional currency DKK, and SEK. A 5 percent change in the SEK rate at 31 December 2020 would, including the effects on intangible assets denominated in foreign currencies, affect comprehensive income and equity by approx. DKK 2m (4m). The above table shows the difference between the 31 December 2020 fair value calculated for the Group's monetary assets and liabilities denominated in foreign currencies.

Interest risks

The Group has interest-bearing financial assets and liabilities and so it is affected by interest rate fluctuations. Following the restructuring of the bond debt and senior loan, which included a change to fixed interest rates on the bond debt, the impact of fluctuations in the level of interest rates on the groups comprehensive income and equity has diminished significantly. 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 (0m) on comprehensive income and equity. A similar decline in the interest rate level would have resulted in an equivalent positive effect on comprehensive income and equity. We refer to the conditions of the bond debt interest in note 17.

19. Financial risks (continued)

Liquidity risks

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

2020 (DKK'000)	0-1 year	1-5 years	5+ years	Total
Bond debt and senior loan	161,386	-	-	161,386
Lease liabilities	1,415	4,726	-	6,141
Other liabilities	88,196	-	-	88,196
31 December 2020	**250,977**	**4,726**	**-**	**255,723**

2019 (DKK'000)				
Bond debt and senior loan	156,106	-	-	156,106
Lease liabilities	13,200	18,505	316	32,021
Other liabilities	130,780	-	-	130,780
31 December 2019	**300,086**	**18,505**	**316**	**318,907**

The Group aims to have adequate cash resources to continuously carry out transactions appropriately as regards operations and investments. The Group's cash reserve consists of cash and cash equivalents. The Group's liquidity is mainly based on operating profits and the difference between the time of payment and the time of settlement. The time allowed for payment by buying customers is three days, and payment to selling customers takes place within 42 days. To maintain the current liquidity level, the Group is therefore dependent on continued growth and positive earnings. Management assesses the Group's liquidity requirements on a regular basis. Reference is made to note 17 and management's current activities regarding refinancing of the Group.

We refer to the new conditions and installment plan of the bond debt in note 17 coming into effect in 2021. Based on the new conditions for the bond, the maturity profile for the liabilities can be presented as follows:

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

19. Financial risks (continued)

Credit risks

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

Credit risks related to contractual receivables and other receivables are disclosed in note 14.

Other

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

20. Earnings per share (EPS)

	Group 31.12.2020 DKK'000	Group 31.12.2019 DKK'000
Profit/Loss for the period, continuing operations	- 28,347	55,125
Number of shares	40,792,312	40,792,312
Average number of shares in circulation	40,702,907	40,702,907
EPS at DKK 0.10	- 0.696	1.354
EPS at DKK 0.10 diluted	- 0.696	1.354

21. Dividend

During 2020, DKK 0 in ordinary dividend has been distributed to the shareholders of Lauritz.com Group A/S, equalling DKK 0 per share (2019: DKK 0 per share).

For the financial year 2020, the Board of Directors is proposing a dividend of DKK 0k, corresponding to DKK 0 per share.

22. Acquisitions and divestments

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

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

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

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

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

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

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

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

22. Acquisitions and divestments (continued)

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.

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**

22. Acquisitions and divestments (continued)

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.

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

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

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

23. Contingencies etc.

Contingent liabilities, consolidated financial statements

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

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

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

24. Related parties

Related parties with a controlling interest

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

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

Subsidiaries	**Registered office**	**Ownership interest**
Lauritz.com A/S	Søborg, Denmark	100 %
LC Danmark ApS	Søborg, Denmark	100 %
Lauritz Shop A/S *	Søborg, Denmark	100 %
QXL.no AS *	Oslo, Norway	100 %
Lauritz.com SE1 AB (dormant)*	Helsingborg, Sweden	100 %
Lauritz.com Globen AB (dormant)*	Stockholm, Sweden	100 %
Lauritz.com SE 2 AB (dormant)*	Helsingborg, Sweden	100 %
Companies available for sale:		
Lauritz.com Sverige AB	Stockholm, Sweden	100 %
AB Stockholms Auktionsverk	Stockholm, Sweden	100 %
Lauritz.com Finland OY *	Helsinki, Finland	100 %
Lauritz.com Deutschland GmbH *	Hamburg, Germany	100 %
Karlstad-Hammarö Auktionsverk AB *	Skoghall, Sweden	100 %

* The company is not audited by Deloitte.

Related individuals

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

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

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

Transactions with related parties

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

As part of the debt restructuring in 2019 certain assets has been pledged with EUR 10m by the parent Group Blixtz Holding. This agreement includes guarantee commission paid by the Group at DKK 2.9m (DKK 1.4m).

The Group has interest-bearing long-term receivables from parent companies (Blixtz Holding A/S, Ejendomsselskabet Blixtz Aps) at DKK 17.7m (DKK 17.0m) related to the purchase of a property and related to the joint taxation. The group has received interest from parent companies od DKK 0,1m (0,1m).

25. Assets available for sale

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

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

26. Liabilities available for sale

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

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

27. Events after the balance sheet date

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

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

28. Approval of annual report for publication

At the Board of Directors' meeting on 14 June 2021, the Board of Directors has approved the present annual report for publication.

The annual report will be presented to the shareholders of Lauritz.com Group A/S for their approval at the annual general meeting on 25 June 2021.

29. Accounting policies

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

The Group has one reporting segment (auctioning), however, as the Group's activities expand, Management regularly assesses internal financial management reporting and whether it would be relevant to report additional segments. The Annual Report is presented in Danish kroner (DKK), which is the presentation currency of the Group’s activities and the functional currency of the Parent.

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

Changes in accounting policies
No new relevant accounting standards has been identified for Lauritz.com Group A/S for the years commencing from 1 January 2021.

Critical accounting judgements and key sources of estimation uncertainty
When applying the Group’s accounting policies, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily evident from other sources. The Group has not identified any critical accounting judgements. The estimates and assumptions are based on historic experience and other relevant factors. Actual results may vary from these estimates.

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

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

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

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

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

Accounting policies (continued)

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

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

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

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

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

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

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

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

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

Accounting policies (continued)

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.

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 from partner owned auction houses etc. Revenue from auctions etc. is recognised in the statement of comprehensive income once the sale has taken place and the income can be determined reliably and receipt thereof is expected.

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

Direct costs

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

Accounting policies (continued)

Other operating income

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

Other external expenses

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

Staff costs

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

Share-based payment transactions

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

if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate at the beginning and end of that period.

Financial income and expenses

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

Profit/loss from investments in subsidiaries (Parent)

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

Tax on profit/loss for the year

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

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

Accounting policies (continued)

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

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

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

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

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

Right-of-use assets (leased assets)

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

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

Property, plant, and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting policies (continued)

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

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

Reserves for treasury shares are recognized at purchase value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are stated in current assets. The maturity profile of the Loans and receivables is shown in the notes. In the balance sheet, loans and receivables are classified as “Deposits”, “Trade receivables”, “Contract receivables”, “Receivables from Parent Company” and “Other receivables”.

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

Notes		Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
1	Other operating income	24,452	6,000
2	Other external expenses	- 617	- 858
3	Staff costs	- 9,825	- 6,855
	Operating profit/loss before depreciation, amortisation and impairment (EBITDA)	**14,010**	**- 1,713**
	Depreciation and amortisation	- 23	- 97
	Operating profit/loss (EBIT)	**13,987**	**1,810**
4	Financial income	89	3
5	Financial expenses	- 33,433	- 26,679
	Profit/Loss before tax (EBT)	**- 19,357**	**- 28,486**
6	Tax on profit/loss for the year	- 3,092	454
	Profit/Loss for the year	**- 22,449**	**- 28,032**
	Other comprehensive income	-	-
	Total comprehensive income	**- 22,449**	**- 28,032**

Assets

Notes		Parent Company 31.12.2020 DKK'000	Parent Company 31.12.2019 DKK'000
	Non-current assets		
7	Developed software	-	23
	Total intangible assets	-	23
8	Equity interest in subsidiaries	-	25,412
10	Deferred tax	60	568
	Total financial assets	60	25,980
	Total non-current assets	**60**	**26,003**
	Current assets		
	Receivable from group companies	750	7,664
	Other current receivables	108	145
	Total receivables	858	7,809
	Cash and cash equivalents	82	44
	Total current assets	**940**	**7,853**
	Total assets	**1,000**	**33,856**

Equity and liabilities

Notes		Parent Company 31.12.2020 DKK'000	Parent Company 31.12.2019 DKK'000
	Equity		
9	Share capital	4,079	4,079
	Reserves	- 76	- 76
	Retained earnings	- 14,290	8,159
	Total equity	**- 10,287**	**12,164**
	Liabilities		
	Trade payables	16	558
	Payable to group companies	2,583	18,317
	Corporate taxes payable	-	-
11	Other payables	8,688	2,819
	Total current liabilities	11,287	21,694
	Total liabilities	**11,287**	**21,694**
	Total equity and liabilities	**1,000**	**33,856**

	Share capital DKK'000	Reserve for treasury shares DKK'000	Retained earnings DKK'000	Total Equity DKK'000
Parent Company				
Equity at 1 January 2020	**4,079**	**-76**	**8,159**	**12,162**
Profit/Loss for the year	-	-	-22,449	-22,449
Equity at 31 December 2020	**4,079**	**-76**	**-14,290**	**-10,287**
Equity at 1 January 2019	**4,079**	**-76**	**36,191**	**40,194**
Profit/Loss for the year	-	-	-28,032	-28,032
Equity at 31 December 2019	**4,079**	**-76**	**8,159**	**12,162**

	Parent Company 2019 DKK'000	Parent Company 2019 DKK'000
Operating profit/loss (EBIT)	**13,987**	**- 1,810**
Depreciation, amortization, and impairment	23	97
Increase/decrease in receivables	- 917	- 7,664
Increase/decrease in trade payables and other payables	- 13,009	10,810
Other adjustments	2	- 218
Cash flows from ordinary operating activities	86	585
Financial income received	89	-
Financial cost paid	- 190	- 52
Income tax paid	53	- 495
Cash flows from operating activities	**38**	**38**
Purchase of intangible assets	-	-
Cash flows from investing activities	**-**	**-**
Buy-back share program	-	-
Cash flows from financing activities	**-**	**-**
Net cash flow for the year	38	38
Net capital resources, beginning of year	44	6
Net capital resources, end of year	**82**	**44**
Net capital resources, end of year, are composed as follows:		
Cash and cash equivalents	82	44
Net capital resources, end of year	**82**	**44**

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
1. Other operating income		
Management fees, group companies	24,452	6,000
	24,452	**6,000**

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

2. Fess to auditors appointed at the general assembly.		
Audit services	99	97
Other services	112	233
	211	**330**

3. Staff costs		
Wages and salaries	9,491	6,557
Defined contribution pension plans, cf. below	283	247
Other social costs	24	37
Other staff costs	27	14
	9,825	**6,855**
Average number of full-time employees	4	4

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

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

Remuneration of the Board of Directors and Executive Management		
Remuneration of the Board of Directors	250	271
Wages and salaries, Executive Management	4,016	2,574
Pension, Executive Management	156	126
	4,422	**2,971**

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
4. Financial income		
Interest income from group enterprises	89	-
Exchange rate gains	-	3
	89	**3**
5. Financial expenses		
Interest and other financial expenses	185	48
Interest expenses to group enterprises	-	201
Bank charges etc.	5	6
Interest expenses from financial liabilities	**190**	**256**
Impairment losses, investment in subsidiaries	25,412	26,423
Impairment losses, receivable from subsidiaries	7,831	-
	33,433	**26,679**
6. Tax on profit/loss for the year		
Corporate tax, current year	2,636	-
Deferred tax, current year	454	- 454
Corporate tax, change to prior year	- 52	-
Deferred tax, change to prior year	54	-
	3,092	**- 454**

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

Tax on profit/loss for the year is made up as follows:		
Computed 22.0 % tax on profit/loss for the year before tax	- 4,259	- 6,267
Changes to prior year	2	
Tax effect of non-deductible expenses	7,349	5,813
	3,092	**- 454**
Effective tax rate	16.0 %	1,6 %

7. Intangible assets

	Developed software 2020 DKK'000	Developed software 2019 DKK'000
Cost at 1 January	289	289
Cost at 31 December	**289**	**289**
Depreciation at 1 January	266	169
Depreciation for the year	23	97
Depreciations at 31 December	**289**	**266**
Carrying amount at 31 December	**-**	**23**

8. Equity interest in subsidiary

	Parent Company 2020 DKK'000	Parent Company 2019 DKK'000
Cost at 1 January	56,835	56,835
Cost at 31 December	**56,835**	**56,835**
Value adjustment at 1 January	- 31,423	- 5,000
Impairment for the year	- 25,412	- 26,423
Value adjustment at 31 December	**- 56,835**	**- 31,423**
Carrying amount at 31 December	**-**	**25,412**

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

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

9. Share capital

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

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

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

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

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

In July 2018 and December 2018 911,404 shares were distributed to management as part of a remuneration program corresponding to a value of DKK 775k.

31 December 2020, the company owns 89,635 treasury shares acquired during April-June 2018 at a total value of DKK 76k. The treasury shares are presented as a reduction of other reserves under Equity.

10. Deferred tax

	Parent Company 31.12.2020 DKK'000	Parent Company 31.12.2019 DKK'000
Deferred tax at 1 January	568	98
Adjustment to deferred tax for prior years	-54	16
Deferred tax on profit/loss for the year	-454	454
Deferred tax at 31 December	**60**	**568**
Specification of deferred tax:		
Other fixtures and fittings	60	58
Tax loss carried forward	-	510
	60	**568**
Deferred tax is recognized as follows in the balance sheet:		
Deferred tax (asset)	60	568
Deferred tax (liability)	-	-
Deferred tax at 31 December	**60**	**568**

11. Other payables

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

12. Contingencies etc.

Contingent liabilities, Parent Company

The Parent Company participates in a national joint taxation arrangement with Blixtz Holding A/S serving as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent Company is therefore liable for income taxes etc. for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties, and dividends for the jointly taxed companies.

13. Related parties

Transactions

The company has entered into a management agreement with the subsidiary Lauritz.com A/S. The management fees and other fees amounted to DKK 24,452k (6,000k).

We refer to note 24 in the consolidated financial statements.

14. Events after the balance sheet date

We refer to note 27 in the consolidated financial statements.

15. Approval of annual report for publication

We refer to note 28 in the consolidated financial statements.