



Astralis Esport ApS

Otto Busses Vej 7, 2
2450 Copenhagen
CVR No. 37275506

Annual report 2020

The Annual General Meeting adopted the
annual report on 07.05.2021

Nikolaj Nyholm

Chairman of the General Meeting

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Entity details

Entity

Astralis Esport ApS
Otto Busses Vej 7, 2
2450 Copenhagen

CVR No.: 37275506
Date of foundation: 03.12.2015
Registered office: Copenhagen
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Nikolaj Nyholm, Chairman
Anders Hørsholt
Jakob Hansen
Jakob Lund Kristensen

Executive Board

Anders Hørsholt, CEO
Jakob Hansen, CFO
Jakob Lund Kristensen, CRO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Astralis Esport ApS for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 07.05.2021

Executive Board

Anders Hørsholt
CEO

Jakob Hansen
CFO

Jakob Lund Kristensen
CRO

Board of Directors

Nikolaj Nyholm
Chairman

Anders Hørsholt

Jakob Hansen

Jakob Lund Kristensen

Independent auditor's report

To the shareholder of Astralis Esport ApS

Opinion

We have audited the financial statements of Astralis Esport ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's report. We are independent of the Entity 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.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity'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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Entity'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 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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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 commentary.

Copenhagen, 07.05.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant
Identification No (MNE) mne10944

Muhammad Ismaeel Rasul

State Authorised Public Accountant
Identification No (MNE) mne46641

Management commentary

Primary activities

The Entity's primary activity is to run an E-sport Counter-Strike team "Astralis" and its participation in tournaments.

Development in activities and finances

The team opened the year as the best team in the world and ended the year in the same position. The team won 4 major trophies.

The financial result for 2020 is a loss of DKK 6,618 thousand against a profit of DKK 2,938,490 in 2019.

As of 31 December 2020, the Entity has negative equity. As stated in Note 1, the ultimate parent, Astralis Group A/S, has issued a support letter valid until 31 December 2021 which secures the operations and financing throughout 2021. As a result, Management has assessed and concluded that the Entity is a going-concern.

The COVID-19 pandemic had an impact on the E-sport industry as a whole. However, being digital means that the Entity still can operate and the team can participate in tournaments in adjusted formats.

Events after the balance sheet date

No events have occurred after the balance sheet date that might effect the assessment of the financial statements for 2020.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		37,101,319	39,221,408
Other external expenses		(16,720,285)	(11,533,274)
Gross profit/loss		20,381,034	27,688,134
Staff costs	2	(26,145,004)	(32,731,055)
Depreciation, amortisation and impairment losses		(148,631)	0
Operating profit/loss		(5,912,601)	(5,042,921)
Other financial income	3	77,561	8,724,896
Other financial expenses	4	(982,455)	(743,485)
Profit/loss for the year		(6,817,495)	2,938,490
Proposed distribution of profit and loss:			
Retained earnings		(6,817,495)	2,938,490
Proposed distribution of profit and loss		(6,817,495)	2,938,490

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired rights		493,552	0
Intangible assets		493,552	0
Fixed assets		493,552	0
Trade receivables		17,914,620	16,839,130
Receivables from group enterprises		0	94,327
Other receivables		1,208,581	2,157,163
Prepayments		1,185,363	0
Receivables		20,308,564	19,090,620
Cash		10,750,244	10,274,017
Current assets		31,058,808	29,364,637
Assets		31,552,360	29,364,637

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		71,428	71,428
Retained earnings		(19,831,841)	(13,014,346)
Equity		(19,760,413)	(12,942,918)
Other payables		1,678,987	5,958,560
Non-current liabilities other than provisions		1,678,987	5,958,560
Trade payables		69,494	1,822,545
Payables to group enterprises		41,602,899	13,919,458
Other payables	5	7,961,393	19,233,497
Deferred income		0	1,373,495
Current liabilities other than provisions		49,633,786	36,348,995
Liabilities other than provisions		51,312,773	42,307,555
Equity and liabilities		31,552,360	29,364,637
Going concern	1		
Contingent assets	6		
Contingent liabilities	7		

Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	71,428	(13,014,346)	(12,942,918)
Profit/loss for the year	0	(6,817,495)	(6,817,495)
Equity end of year	71,428	(19,831,841)	(19,760,413)

Notes

1 Going concern

At 31 December 2020, the Entity has negative equity, which is funded by loans from the ultimate parent Astralis Group A/S.

In addition, the ultimate parent Astralis Group A/S has issued a support letter valid until 31 December 2021 which secures the operations and financing throughout 2021. As a result, Management has assessed and concluded that the Entity is a going concern.

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	26,090,969	32,680,994
Other social security costs	54,035	50,061
	26,145,004	32,731,055
Average number of full-time employees	7	5

3 Other financial income

	2020	2019
	DKK	DKK
Financial income from group enterprises	0	1,593
Other interest income	1,404	0
Exchange rate adjustments	76,157	64,795
Remission of debt etc	0	8,658,508
	77,561	8,724,896

In 2019, prior to the Entity being acquired by Astralis Group A/S. The former majority shareholder BLAST ApS accepted to waive debt of DKK 8.7 million, which amount was recognised and presented as income from remission of debt in 2019.

4 Other financial expenses

	2020	2019
	DKK	DKK
Financial expenses from group enterprises	551,681	50,139
Other interest expenses	95,493	686,147
Exchange rate adjustments	335,281	7,199
	982,455	743,485

5 Other payables

	2020	2019
	DKK	DKK
VAT and duties	0	1,152,331
Wages and salaries, personal income taxes, social security costs, etc payable	7,637,459	17,117,241
Holiday pay obligation	0	887,025
Other costs payable	323,934	76,900
	7,961,393	19,233,497

Part of the holiday pay obligation is classified and presented as long-term due to the new Danish Holiday Act.

6 Contingent assets

The Entity has a non-recognised deferred tax asset of DKK 6.1 million relating to tax loss carryforwards.

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Astralis Group A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Income statement

Revenue

Revenue from prize money is recognised in the income statement when the tournament is completed.

Revenue from sponsorships is recognised in the income statement over the duration of the contracts.

Revenue from merchandise is recognised when the merchandise is delivered to the customer.

Revenue from stickers is recognised when the stickers are acquired from the customers online.

Revenue from royalties is recognised in the income statement over the duration of the contracts.

Fixed revenue from participation in leagues is recognised in the income statement over the duration of the league period and variable revenue is recognised when earned and amount has been finally determined.

Revenue is recognised net of VAT and is measured at fair value of the consideration. Some sponsorships are arranged as value-in-kind sponsorships where the sponsors provide goods or services (value in kind) instead of cash as part of the sponsorship agreement. Value-in-kind arrangements are accounted for at the agreed fair value and is recognized as revenue over the sponsorship period and as expenses when goods or services are consumed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including corporate expenses, marketing costs etc.

Staff costs

Staff costs comprise salaries and wages including prize money passed on to players as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise amortisation losses for the financial year.

Other financial income

Other financial income comprises interest income, including interest income from receivables from group enterprises, remission of debt and exchange gains.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and exchange losses.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise acquired rights to contract with players.

Intellectual property rights acquired are measured at cost less accumulated amortisation, and are amortised over 2 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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Kim Takata Mücke

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Nikolaj Nyholm

Bestyrelsesformand

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Anders Hørsholt

Adm. direktør

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Anders Hørsholt

Bestyrelsesmedlem

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Muhammad Ismaeel Rasul

Revisor

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