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ASTRALIS CS APS
OTTO BUSSES VEJ 7 2., 2450 KØBENHAVN SV
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 24 April 2024**

Jakob Hansen

CVR NO. 37 27 55 06

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COMPANY DETAILS

| | |
|---------------------------|---|
| Company | Astralis CS ApS Otto Busses Vej 7 2. 2450 Copenhagen S |
| | CVR No.: 37 27 55 06 Established: 3 December 2015 Municipality: Copenhagen Financial Year: 1 January - 31 December |
| Board of Directors | Jakob Hansen, chairman Anders Hørsholt Nikolaj Nyholm |
| Executive Board | Nikolaj Nyholm Jakob Hansen |
| Auditor | BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V |

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Astralis CS ApS for the financial year 1 January - 31 December 2023.

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 Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Copenhagen, 24 April 2024

Executive Board

Nikolaj Nyholm

Jakob Hansen

Board of Directors

Jakob Hansen
Chairman

Anders Hørsholt

Nikolaj Nyholm

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Astralis CS ApS

Opinion

We have audited the Financial Statements of Astralis CS ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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 judgment and maintain professional skepticism 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 Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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 Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that 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 Management Commentary.

Copenhagen, 24 April 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Kim Mücke
State Authorised Public Accountant
MNE no. mne10944

Troels Stenholm
State Authorised Public Accountant
MNE no. mne47806

MANAGEMENT COMMENTARY

Principal activities

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

Development in activities and financial and economic position

Gross profit for the year is DKK 6,671k compared to a gross profit of DKK 28,693k in 2022. Loss for the year is DKK 12,774k compared to a profit of DKK 5,990k in 2022.

End 2023, the parent (Astralis Management ApS) provided an equity contribution to recapitalise the Company. In addition, as stated in Note 6, the ultimate parent Astralis A/S has issued a support letter valid until 31 December 2024 which secures the operations and financing throughout 2024.

As a result, Management has assessed and concluded that the Company is a going concern.

Significant events after the end of the financial year

No events have occurred after the balance sheet date that might effect the assessment of the financial statements for 2023.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

| | Note | 2023 DKK '000 | 2022 DKK '000 |
|---|------|------------------|------------------|
| NET REVENUE | | 35,478 | 44,738 |
| Other operating income..... | | 399 | 0 |
| Other external expenses..... | | -29,206 | -16,045 |
| GROSS PROFIT | | 6,671 | 28,693 |
| Staff costs..... | 1 | -20,505 | -22,049 |
| Depreciation, amortisation and impairment losses..... | | -1,966 | -186 |
| OPERATING LOSS | | -15,800 | 6,458 |
| Other financial income..... | 2 | 154 | 493 |
| Other financial expenses..... | 3 | -728 | -961 |
| LOSS BEFORE TAX | | -16,374 | 5,990 |
| Tax on loss for the year..... | 4 | 3,600 | 0 |
| LOSS FOR THE YEAR | | -12,774 | 5,990 |
| PROPOSED DISTRIBUTION OF PROFIT/LOSS | | | |
| Retained earnings..... | | -12,774 | 5,990 |
| TOTAL | | -12,774 | 5,990 |

BALANCE SHEET AT 31 DECEMBER

| ASSETS | Note | 2023 DKK '000 | 2022 DKK '000 |
|---|------|------------------|------------------|
| Intangible fixed assets acquired..... | | 15,947 | 4,277 |
| Intangible assets | 5 | 15,947 | 4,277 |
| NON-CURRENT ASSETS | | 15,947 | 4,277 |
| Trade receivables..... | | 7,221 | 6,986 |
| Receivables from group enterprises..... | | 2,997 | 3,240 |
| Other receivables..... | | 2,654 | 3,390 |
| Corporation tax receivable..... | | 3,600 | 0 |
| Prepayments..... | | 3 | 3 |
| Receivables | | 16,475 | 13,619 |
| Cash and cash equivalents | | 1,864 | 4,065 |
| CURRENT ASSETS | | 18,339 | 17,684 |
| ASSETS | | 34,286 | 21,961 |

BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES | Note | 2023 DKK '000 | 2022 DKK '000 |
|-------------------------------------|-------|------------------|------------------|
| Share Capital..... | | 71 | 71 |
| Retained earnings..... | | 4,101 | 1,437 |
| EQUITY..... | | 4,172 | 1,508 |
| Other non-current liabilities..... | | 0 | 1,240 |
| Non-current liabilities..... | | 0 | 1,240 |
| Trade payables..... | | 8,123 | 30 |
| Debt to group companies..... | | 16,762 | 17,489 |
| Other liabilities..... | | 4,460 | 1,694 |
| Deferred income..... | | 769 | 0 |
| Current liabilities..... | | 30,114 | 19,213 |
| LIABILITIES..... | | 30,114 | 20,453 |
| EQUITY AND LIABILITIES..... | | 34,286 | 21,961 |
| Contingencies etc. | 6 | | |
| Going concern assumptions | 7 | | |

EQUITY

| | Share Capital | Retained earnings | Total |
|--|---------------|-------------------|--------------|
| Equity at 1 January 2023..... | 71 | 1,437 | 1,508 |
| Proposed loss allocation..... | | -12,774 | -12,774 |
| Transactions with owners | | | |
| Group contribution..... | | 15,438 | 15,438 |
| Equity at 31 December 2023..... | 71 | 4,101 | 4,172 |

NOTES

| | 2023 DKK '000 | 2022 DKK '000 | Note |
|---|------------------|---|----------|
| Staff costs | | | 1 |
| Average number of full time employees | 18 | 12 | |
| Wages and salaries..... | 19,714 | 21,907 | |
| Pensions..... | 0 | 6 | |
| Social security costs..... | 444 | 136 | |
| Other staff costs..... | 347 | 0 | |
| | 20,505 | 22,049 | |
| Other financial income | | | 2 |
| Group enterprises..... | 66 | 125 | |
| Other interest income..... | 88 | 368 | |
| | 154 | 493 | |
| Other financial expenses | | | 3 |
| Group enterprises..... | 513 | 893 | |
| Other interest expenses..... | 215 | 68 | |
| | 728 | 961 | |
| Tax on loss for the year | | | 4 |
| Calculated tax on taxable income of the year..... | -3,600 | 0 | |
| | -3,600 | 0 | |
| Intangible assets | | | 5 |
| | | Intangible fixed assets acquired | |
| Cost at 1 January 2023..... | | 4,463 | |
| Additions..... | | 13,636 | |
| Cost at 31 December 2023..... | | 18,099 | |
| Amortisation at 1 January 2023..... | | 186 | |
| Amortisation for the year..... | | 1,966 | |
| Amortisation at 31 December 2023..... | | 2,152 | |
| Carrying amount at 31 December 2023..... | | 15,947 | |

NOTES**Note****Contingencies etc.****6****Contingent assets**

The Company has a non-recognized tax asset of DKK 2,707k relating primarily to tax loss carryforwards, which can be used by the Company or other group related entities. Capitalisation awaits that the Company and/or other group related entities become profitable on a sustainable basis.

Contingent liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Astralis A/S, which serves as management Company for the joint taxation.

Going concern assumptions**7**

As a result of the loss for the year, end 2023, the parent (Astralis Management ApS) provided an equity contribution to recapitalise the equity of the Company.

In addition Astralis A/S has issued a support letter valid until 31 December 2024 which secures the operations and financing throughout 2024. As a result, Management has concluded that the Company is a going concern.

ACCOUNTING POLICIES

The Annual Report of Astralis CS ApS for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danish enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

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

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

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.

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.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including corporate expenses, it-costs etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Financial income and expenses

Financial income comprises interest income and exchange gains and other financial income. Financial expenses comprises interest expenses, including interest expenses on payables to group enterprises and exchange losses.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Acquired rights etc comprise contracts with players.

Acquired rights are measured at cost less accumulated amortisation, which are amortised over the contract period.

Impairment of fixed assets

The carrying amount of intangible fixed assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Prepayments

Prepayments include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

The amortised cost of current liabilities corresponds usually to the nominal value.

Deferred income

Deferred income include payments received regarding income in subsequent years.