

RFRSH ApS
Otto Busses Vej 5 A, 2.
2450 København SV
Business Registration No
38074466

**Annual report 08.10.2016
- 31.12.2017**

The Annual General Meeting adopted the annual report on 13.06.18

Chairman of the General Meeting

Name: Nikolaj Nyholm

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Entity details

Entity

RFRSH ApS
Otto Busses Vej 5 A, 2.
2450 København SV

Central Business Registration No (CVR): 38074466

Registered in: København

Financial year: 08.10.2016 - 31.12.2017

Board of Directors

René Efraim Rechtman, Chairman
Simon Schmincke
Jimmy Fussing Nielsen
Nikolaj Nyholm

Executive Board

Nikolaj Nyholm

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of RFRSH ApS for the financial year 08.10.2016 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 08.10.2016 - 31.12.2017.

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, 13.06.18

Executive Board

Nikolaj Nyholm

Board of Directors

René Efraim Rechtman
Chairman

Simon Schmincke

Jimmy Fussing Nielsen

Nikolaj Nyholm

Independent auditor's report

To the shareholders of RFRSH ApS

Opinion

We have audited the financial statements of RFRSH ApS for the financial year 08.10.2016 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 08.10.2016 - 31.12.2017 in 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.

Material uncertainty related to going concern

The Company concluded a Seed Investment round in its first year. The Company incurred a net loss of DKK 27.1 million for the year ended 31 December 2017 due to significant establishment costs and development activities. As stated in Note 1, the Company must raise a Series A round in 2018. If fundraising is not completed this may cast significant doubt on the Company's ability to continue its development activities and carry-out its commercial and marketing strategies for 2018. Our opinion is not modified in respect of this matter.

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

Independent auditor's report

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.

Independent auditor's report

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, 13.06.18

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Kim Takata Mücke
State Authorised Public Accountant
Identification No (MNE) mne10944

Management commentary

Primary activities

RFRSH ApS ("RFRSH" or "the Company") is a media rights company, which has developed, owns and runs BLAST Pro Series, a global esports tournament, as well as a range of live, original and reality content productions. RFRSH provides winning commercial and marketing strategies for companies looking to enter and succeed in the growing and challenging esports market.

RFRSH represents, manages and runs commercial operations for some of the world's best CS:GO teams of which the company holds partial ownership of Astralis and Heroic.

Development in activities and finances

The financial result of the Company's first full fiscal year is a loss on TDKK 27.104. This result is in line with expectations and the result of significant establishment costs and investment in facilities, organization and development of the global Counter-Strike tournament BLAST Pro Series.

Main points and achievements of the fiscal year

- Built strong relationships with the three teams under our management and strengthened the sports and commercial positions of the teams and brands.
- Developed and implemented the RFRSH Performance Model around the teams resulting in big tournament wins and strong positions in the World Rankings with Astralis in the number 1 spot during first half of 2017.
- Successfully developed and executed the first ever BLAST Pro Series in sold-out Royal Arena, Copenhagen, breaking several records on linear TV, with millions watching online.
- Secured a range of strong commercial partnerships around teams and BLAST Pro Series, including Unibet, Audi, Panzer Glass and Microsoft.
- Successfully raised a significant Seed Investment round
- Strengthened the organization with 20 experts, managers and general employees in the HQ
- Built a strong digital presence of the teams on Social Media
- Secured a mainstream breakthrough of Counter-Strike in Denmark, creating the base for a wider international acknowledgement of esports

Main developments post 31.12.17

- Planned and designed the next series of events in 3 formats to suit all relevant venue sizes
- Partnered up with strong and innovative co-producers to further develop BLAST Pro Series on a global scale
- Established Media Production, Programming and Distribution organization in London, hired 8 people there, 32 in total.
- Made strong commercial relationship with linear broadcasters like Globo (Brazil) and TV2 who will broadcast all BLAST Pro Series live in 2018 and co-develop new reality formats with us.
- Started fundraising for Series A financing
- Building even stronger relations with own and international top teams, evaluating future structure of team management and ownership
- Secured significant income in connection with player transfers

Management commentary

Expectations for 2018 is a further investment in establishing RFRSH, teams and BLAST Pro Series as the preferred choices of esports entertainment in live-, reality, VOD productions, broadcasts and events. Over the second half of 2018 it is expected that results from the investments will materialize and affect the result positively, but it is still expected that 2018 will be an investment year with significant growth in all areas.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>
Gross profit/loss		(18.718.528)
Staff costs	2	(8.434.295)
Depreciation, amortisation and impairment losses		<u>(77.826)</u>
Operating profit/loss		(27.230.649)
Other financial income		258.248
Other financial expenses		<u>(131.958)</u>
Profit/loss before tax		(27.104.359)
Tax on profit/loss for the year	3	<u>0</u>
Profit/loss for the year		<u>(27.104.359)</u>
Proposed distribution of profit/loss		
Retained earnings		<u>(27.104.359)</u>
		<u>(27.104.359)</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>
Leasehold improvements		1.089.561
Property, plant and equipment		<u>1.089.561</u>
Investments in group enterprises		5.763.107
Deposits		200.000
Fixed asset investments	4	<u>5.963.107</u>
Fixed assets		<u>7.052.668</u>
Trade receivables		2.867.273
Receivables from group enterprises		9.120.355
Prepayments		52.361
Receivables		<u>12.039.989</u>
Cash		<u>7.852.053</u>
Current assets		<u>19.892.042</u>
Assets		<u>26.944.710</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>
Contributed capital		112.102
Retained earnings		<u>23.181.769</u>
Equity		<u>23.293.871</u>
Prepayments received from customers		996.123
Payables to group enterprises		1.102.757
Other payables		<u>1.551.959</u>
Current liabilities other than provisions		<u>3.650.839</u>
Liabilities other than provisions		<u>3.650.839</u>
Equity and liabilities		<u>26.944.710</u>
Going concern	1	
Contingent liabilities	5	

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Contributed upon formation	50.000	0	50.000
Increase of capital	62.102	50.286.128	50.348.230
Profit/loss for the year	<u>0</u>	<u>(27.104.359)</u>	<u>(27.104.359)</u>
Equity end of year	<u>112.102</u>	<u>23.181.769</u>	<u>23.293.871</u>

Notes

1. Going concern

The Company is in its early stages where funds are used for development, commercial and marketing activities and building up an organization. In its first year, the Company obtained seed financing and incurred a net loss of DKK 27.1 million, which in all material respects were according to expectations. As planned, the Company must raise a Series A round which will secure that the Company can continue its planned level of activities for the forthcoming periods. Management has assessed and concluded that the Company is a going-concern.

	2016/17
	DKK
2. Staff costs	
Wages and salaries	7.936.379
Other social security costs	70.587
Other staff costs	<u>427.329</u>
	<u>8.434.295</u>
Average number of employees	<u>12</u>

3. Deferred tax

The Company has a non-recognised deferred tax asset of TDKK 5.442 related to tax losses to be carried forward. The Company does not expect positive taxable income the coming years that could support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Notes

	Invest- ments in group enterprises DKK	Deposits DKK
4. Fixed asset investments		
Additions	5.763.107	200.000
Cost end of year	5.763.107	200.000
Carrying amount end of year	5.763.107	200.000

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Astralis Esport ApS	København	ApS	55,0
Heroic IVS	København	IVS	80,0
Blast Pro Copenhagen 2017 IVS	København	IVS	100,0

5. Contingent liabilities

Commitments under rental agreements or leases until expiry equal of TDKK 200.

The Company participates in a Danish joint taxation arrangement in which the Company serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the joint taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. 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 transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and external expenses.

Revenue

Revenue from the sales of services is recognised concurrently with the delivery of the services.

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

Revenue from ticket sales and other revenue from for events is recognised in the income statement when the events take place.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprise consumed direct costs related to venue and events to achieve the revenue for the year.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for IT, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment for the financial year, calculated on the basis of the residual values and useful lives of the individual assets as well as gains and losses from the sale of as property, plant and equipment.

Accounting policies

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, and currency gains.

Other financial expenses

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

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is administration company of the joint taxation arrangement with its Danish subsidiaries. The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Leasehold improvements are measured at cost less accumulated depreciation.

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.

Leasehold improvements

5 years

Estimated useful lives and residual values are reassessed annually.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

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

Cash

Cash comprises bank deposits.

Accounting policies

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from sponsorships.