



BLAST ApS

Lergravsvej 57, 1.
2300 Copenhagen
CVR No. 38074466

Annual report 2020

The Annual General Meeting adopted the
annual report on 02.07.2021

Nick Skovsen

Chairman of the General Meeting

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Entity details

Entity

BLAST ApS

Lergravsvej 57, 1.

2300 Copenhagen

CVR No.: 38074466

Date of foundation: 08.10.2016

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

René Efraim Rechtman, Chairman

Jimmy Fussing Nielsen

Erik Balck Sørensen

Johan Harald Gedda

Simon Schmincke

Robert Marc Douek

Executive Board

Robert Marc Douek, Managing Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of BLAST 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, 02.07.2021

Executive Board

Robert Marc Douek
Managing Director

Board of Directors

René Efraim Rechtman
Chairman

Jimmy Fussing Nielsen

Erik Balck Sørensen

Johan Harald Gedda

Simon Schmincke

Robert Marc Douek

Independent auditor's report

To the shareholders of BLAST ApS

Opinion

We have audited the financial statements of BLAST 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 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

As described in Note 1 and in the Management commentary, BLAST ApS is expected to secure additional funding and make significant investments in the business areas of the Group in 2021. Management is in dialogue with current investors and potential investors/lenders, which is expected to secure further funding to the Company in the foreseeable future. We refer to Note 1 which describes the assumptions applied by Management in determining that it is appropriate to prepare the financial statements on a going-concern basis. Our opinion has not been modified with respect to 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 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, 02.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant
Identification No (MNE) mne10944

Management commentary

Primary activities

BLAST ApS ("BLAST" 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. BLAST provides winning commercial and marketing strategies for companies looking to enter and succeed in the growing and challenging esports market.

Development in activities and finances

The financial result for 2020 is a loss of TDKK 85.597 (2019: loss of TDKK 79.792). This result is in line with expectations during the COVID-19 year and the result of significant establishment costs and investment in facilities, organization and development of the global Counter-Strike tournament BLAST Premier Series.

In 2020, the Company has secured significant funding and have made significant investments in the business areas of the Company. The Company introduced different tournaments like Blast Rising, Blast Valorant, Blast Dota and the Amazon Music production on Twitch. This has allowed the business to secure additional revenue to maintain growth in the business for the coming years. During the Covid-19, Blast was able to retain the Sponsors and Media Right portfolio, moving from an arena-based format to an online streaming platform. Also in 2020, the Company purchased VIPR ApS (Blast Tech ApS) to bring development and innovation of the gaming platform in-house.

In 2021, the Company is expected to secure additional funding and make significant investments in the business areas of the Company. This will allow the Company to maintain the 7 events within Blast Premier and introduce other tournaments and productions.

The COVID-19 outbreak has been challenging for the esports industry. However, as esports is digital, BLAST continue to deliver great entertainment by moving to online competitions and thereby creating new business opportunities.

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		47,811,496	66,321,436
Cost of sales		(65,863,757)	(107,416,053)
Other external expenses		(31,125,169)	(25,945,624)
Gross profit/loss		(49,177,430)	(67,040,241)
Staff costs	2	(7,973,072)	(10,657,080)
Depreciation, amortisation and impairment losses		(4,238,399)	(5,585,662)
Other operating expenses		(22,543,961)	(1,606,008)
Operating profit/loss		(83,932,862)	(84,888,991)
Income from investments in group enterprises		0	(3,200,131)
Other financial income		827,386	415,504
Other financial expenses		(2,491,040)	(355,965)
Profit/loss before tax		(85,596,516)	(88,029,583)
Tax on profit/loss for the year		0	8,237,817
Profit/loss for the year		(85,596,516)	(79,791,766)
Proposed distribution of profit and loss:			
Retained earnings		(85,596,516)	(79,791,766)
Proposed distribution of profit and loss		(85,596,516)	(79,791,766)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	3	7,588,227	0
Development projects in progress	3	0	11,392,371
Intangible assets		7,588,227	11,392,371
Other fixtures and fittings, tools and equipment		7,660,637	0
Property, plant and equipment		7,660,637	0
Investments in group enterprises		36,512,071	8,771
Deposits		343,000	330,000
Other financial assets		36,855,071	338,771
Fixed assets		52,103,935	11,731,142
Trade receivables		15,510,831	9,998,273
Receivables from group enterprises		34,745,182	0
Other receivables		850,847	1,243,857
Income tax receivable		0	5,500,000
Prepayments		1,108,102	1,861,929
Receivables		52,214,962	18,604,059
Cash		16,780,470	3,083,876
Current assets		68,995,432	21,687,935
Assets		121,099,367	33,419,077

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		240,074	141,839
Reserve for development expenditure		5,918,817	8,886,049
Retained earnings		36,574,702	(10,557,079)
Equity		42,733,593	(1,529,191)
Finance lease liabilities		5,736,241	0
Loan from Vækstfonden		20,414,584	0
Other payables		736,125	289,990
Non-current liabilities other than provisions		26,886,950	289,990
Trade payables		5,566,248	14,899,592
Payables to group enterprises		852,506	1,288,880
Other payables		35,760,298	18,469,806
Deferred income		9,299,772	0
Current liabilities other than provisions		51,478,824	34,658,278
Liabilities other than provisions		78,365,774	34,948,268
Equity and liabilities		121,099,367	33,419,077
Going concern	1		
Contingent assets	4		
Contingent liabilities	5		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	141,839	8,886,049	(10,557,079)	(1,529,191)
Increase of capital	98,235	0	129,761,065	129,859,300
Transfer to reserves	0	(2,967,232)	2,967,232	0
Profit/loss for the year	0	0	(85,596,516)	(85,596,516)
Equity end of year	240,074	5,918,817	36,574,702	42,733,593

Notes

1 Going concern

BLAST ApS have in 2020 secured significant funding and have made significant investments in the business areas of the Company.

The Company is expected to secure additional funding through a B-series investment round in July 2021. The Company expects to secure a 14.0mEUR funding from current and new investors to fund the further development of the Company's business.

In addition, Management is in dialogue with current investors and potential investors/lenders to obtain further funding, which Management assess is both realistic and achievable based on the current dialogue. Additionally, Management has plans for corrective actions, if fundraising should be delayed.

On this basis, Management concludes that it is appropriate to adopt the going-concern basis in preparing the financial statements for 2020.

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	7,492,844	9,882,391
Pension costs	198,548	673,412
Other social security costs	61,900	84,290
Other staff costs	219,780	16,987
	7,973,072	10,657,080
Number of employees at balance sheet date	22	25

On 12 June 2017, the Board of Directors in BLAST ApS has been authorised by the general assembly to issue and execute a warrant programme for the Board of Directors, Executive Management, Senior Management and to employees employed by BLAST ApS.

The key elements of the programme are:

- Warrant programme gives the Board of Directors the right to grant warrants, which entitles the warrant holders to subscribe shares to a price of DKK 5.00 per share in BLAST ApS for up to nominal DKK 47,339.17 equal to 4,733,917 shares of DKK 0.01 each of which 3.822.660 warrants have been granted at 31 Dec. 2020.
- The issued warrants vest over a 48-month period.

3 Development projects

Development projects in progress relate to the development of the concept and design of the Blast Premier. The Company has designed in-game advertising; bespoke gaming platforms configured to individual sponsors to architectural stage drawings. The cost of development projects comprises of costs primarily to external suppliers.

The assumptions related to the measurement and recognition of development projects are based on the future earnings potential from the globalisation and future expansion of the BLAST Premier in the coming years.

In 2020 the carrying amount of Blast ApS' development project has only been subject to amortization, since recoverable amount is considered to be at least equal to the carrying value.

4 Contingent assets

The Company has a non-recognised deferred tax asset of DKK 39.8m primarily related to tax losses to be carried forward. Due to current earnings history the Company has determined that it cannot recognise the deferred tax asset.

5 Contingent liabilities

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.

Commitments under rental agreements until expiry equal TDKK 770.

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.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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

Revenue

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

Revenue from ticket sales and other revenue from events are 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 direct costs related to prize money, venue and events to achieve the revenue for the year.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for IT, marketing costs, etc.

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 any gains and losses from the sale of property, plant and equipment.

Other operating expenses

Other operating expenses is related to the minimum revenue share for the teams participating in BLAST Premier.

Income from investments in group enterprises

Income from investments in group enterprises comprise loss from sale of subsidiaries and loss on debt remission of intercompany receivables in connection with the sale of subsidiaries.

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 an 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**Development projects**

Development projects comprises the development of the concept and design of BLAST Pro Series and BLAST Premier.

Development projects on clearly defined and identifiable product and processes, for which the utilisation, adequate resources and a potential future market and development opportunity can be established, are recognised as intangible assets.

Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equaling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects only comprises costs that are directly attributable to the development project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 3 years.

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

Property, plant and equipment

Other fixtures and fittings, tools 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.

Other fixtures and fittings, tools and equipment 2 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.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises bank deposits.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value. The item includes minimum revenue share to the teams participating in BLAST Premier.

Deferred income

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