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BLAST ApS

Lergravsvej 57, 1.
2300 København S
CVR No. 38074466

Annual report 2019

The Annual General Meeting adopted the annual report on 01.10.2020

Nick Skovsen
Chairman of the General Meeting

Contents

Entity details

Entity

BLAST ApS

Lergravsvej 57, 1.

2300 København S

CVR No.: 38074466

Date of foundation: 08.10.2016

Registered office: København

Financial year: 01.01.2019 - 31.12.2019

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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

København, 01.10.2020

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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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.

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.

København, 01.10.2020

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 2019 is a loss of TDKK 79.792 (2018: loss of TDKK45.323). 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.

In 2019, the Company have secured significant funding and have made significant investments in the business areas of the Company. The Company succesfully scaled BLAST Series from three events to seven events, including sold-out arenas in a majority of venues. The Company increased revenue significantly by agreeing bigger and longer deals with both teams participants and sponsorships.

BLAST is now the trading and primary legal name of the Company after it was renamed in August 2019, following the successful disposal of the teams business (Astralis, Origen and the intermediary holding company, Rfrsh Teams) to Astralis Group A/S.

Events after the balance sheet date

In 2020, BLAST ApS are expecting to make significant investments to further develop the Company's business areas.

In May 2020, the Company raised 12.5mEUR in a new funding to further accelerate the growth and expansion of the BLAST brand in 2020.

The coronavirus outbreak has occurred after the balance sheet date and is challenging for various industries, including the esports industry. However, as esports is digital by design it has the potential to offset some of the negative impact as BLAST continue to deliver great entertainment by moving to online competitions and thereby creating new business opportunities. We look forward to welcoming our audience back to our live events when possible and safe.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Revenue		66,321,436	31,660,296
Cost of sales		(107,416,053)	(44,704,010)
Other external expenses		(25,945,624)	(15,118,999)
Gross profit/loss		**(67,040,241)**	**(28,162,713)**
Staff costs	2	(10,657,080)	(13,999,997)
Depreciation, amortisation and impairment losses		(5,585,662)	(681,049)
Other operating expenses		(1,606,008)	0
Operating profit/loss		**(84,888,991)**	**(42,843,759)**
Income from investments in group enterprises		(3,200,131)	0
Other financial income		415,504	599,248
Other financial expenses		(355,965)	(5,816,803)
Profit/loss before tax		**(88,029,583)**	**(48,061,314)**
Tax on profit/loss for the year	3	8,237,817	2,738,351
Profit/loss for the year		**(79,791,766)**	**(45,322,963)**
Proposed distribution of profit and loss:			
Retained earnings		(79,791,766)	(45,322,963)
Proposed distribution of profit and loss		**(79,791,766)**	**(45,322,963)**

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Development projects in progress	5	11,392,371	0
Intangible assets	4	**11,392,371**	**0**
Other fixtures and fittings, tools and equipment		0	488,932
Leasehold improvements		0	494,359
Property, plant and equipment		**0**	**983,291**
Investments in group enterprises		8,771	5,764,856
Deposits		330,000	205,100
Other financial assets		**338,771**	**5,969,956**
Fixed assets		**11,731,142**	**6,953,247**
Trade receivables		9,998,273	4,333,905
Receivables from group enterprises		0	14,404,206
Other receivables		1,243,857	0
Income tax receivable		5,500,000	2,738,351
Prepayments		1,861,929	215,968
Receivables		**18,604,059**	**21,692,430**
Cash		**3,083,876**	**43,660,250**
Current assets		**21,687,935**	**65,352,680**
Assets		**33,419,077**	**72,305,927**

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		141,839	166,946
Reserve for development expenditure		8,886,049	0
Retained earnings		(10,557,079)	58,488,102
Equity		**(1,529,191)**	**58,655,048**
Other payables		289,990	0
Non-current liabilities other than provisions		**289,990**	**0**
Prepayments received from customers		0	2,829,978
Trade payables		14,899,592	7,992,129
Payables to group enterprises		1,288,880	0
Other payables		18,469,806	2,828,772
Current liabilities other than provisions		**34,658,278**	**13,650,879**
Liabilities other than provisions		**34,948,268**	**13,650,879**
Equity and liabilities		**33,419,077**	**72,305,927**
Going concern	1		
Contingent assets	6		
Contingent liabilities	7		

Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	166,946	0	58,488,102	58,655,048
Increase of capital	39,198	0	19,632,640	19,671,838
Decrease of capital	(64,305)	0	(6)	(64,311)
Transfer to reserves	0	8,886,049	(8,886,049)	0
Profit/loss for the year	0	0	(79,791,766)	(79,791,766)
Equity end of year	**141,839**	**8,886,049**	**(10,557,079)**	**(1,529,191)**

Notes

1 Going concern

BLAST ApS have in 2019 secured significant funding and have made significant investments in the business areas of the Company. In addition, during 2019 the Company sold its loss-making teams-activities.

In May 2020, the Company secured 12.5mEUR funding from current and new investors to fund the further development of the Company's business.

On this basis, Management concludes that it is appropriate to adopt the going-concern basis in preparing the financial statements for 2019.

2 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	9,882,391	13,076,306
Pension costs	673,412	480,529
Other social security costs	84,290	162,080
Other staff costs	16,987	281,082
	10,657,080	**13,999,997**

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 48,791.79 equal to 4.879.179 shares of DKK 0.01 each of which 1,076,295 warrants have been granted at 31 Dec. 2019
- The issued warrants vest over a 60-month period.

3 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	(5,500,000)	(2,738,351)
Adjustment concerning previous years	(2,737,817)	0
	(8,237,817)	**(2,738,351)**

Current tax is related to reimbursement of tax losses from development cost according to Danish tax credit system. The Company has received the 5.5mDKK in July 2020.

4 Intangible assets

	Development projects in progress DKK
Additions	15,994,742
Cost end of year	**15,994,742**
Impairment losses for the year	(4,602,371)
Amortisation and impairment losses end of year	**(4,602,371)**
Carrying amount end of year	**11,392,371**

5 Development projects

Development projects in progress relate to the development of the concept and design of the Blast Pro Series. 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 Pro Series in the coming years. Since the BLAST Pro Series is still in its early stages, the level of future earnings are subject to significant uncertainty, and Management has assessed that an impairment loss of 4.6mDKK was required in 2019. Based on the general interest in e-sports, including counter-strike, and experience obtained from the BLAST Premier Series and the financial potential in the e-sports industry. Management has assessed that, after the recording of impairment of 4.6mDKK, the carrying amount of development projects at least is equal to the recoverable amount.

Amortisation will start from 01.01.2020.

6 Contingent assets

The Company has a non-recognised deferred tax asset of DKK 12.9m 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.

7 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 taxedcompanies.

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. This item also includes write-downs 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 any gains and losses from the sale of property, plant and equipment.

Other operating expenses
Other operating expenses is related to research and developing future relationships to be able to enter potentially lucrative markets.

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
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.

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.

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.