

Astralis Management ApS



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Otto Busses Vej 7,2
2450 København SV
CVR no. 39990970

Annual report 2022

The annual General Meeting adopted the
annual report on 15.06.2023

Nikolaj Nyholm
Chairman of the General Meeting

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Company details

Company

Astralis Management ApS
Otto Busses Vej 7, 2.
2450 Copenhagen SV

CVR no: 39990970

Registered office: Copenhagen
Financial year: 01.01.2022 – 31.12.2022

Board of Directors

Nikolaj Nyholm, Chairman
Anders Hørsholt
Jakob Hansen

Executive Board

Anders Hørsholt, CEO
Jakob Hansen, CFO

Auditors

BDO Statsautoriseret Revisionsaktieselskab
Havneholmen 29
1561 København V

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Astralis Management ApS for the financial year 01.01.2022 – 31.12.2022.

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 financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 – 31.12.2022.

In our opinion, 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, 15 June 2023

Executive Board

Anders Hørsholt
CEO

Jakob Hansen
CFO

Board of Directors

Nikolaj Nyholm
Chairman

Anders Hørsholt

Jakob Hansen

Independent auditor's report

To the Shareholder of Astralis Management ApS

Opinion

We have audited the Financial Statements of Astralis Management ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company operations for the financial year 1 January - 31 December 2022 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 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 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.
- 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, 15 June 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

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

Troels Stenholm
State-Authorised Public Accountant
Identification No (MNE) mne47806

Management commentary

Primary activities

The Company's primary activity is to represent, manage and run the commercial operations for the four E-sport teams (Counter-strike, League of Legends, FIFA and Fortnite) within the Astralis brand.

Development in activities and finances

Gross profit for the year is DKK 19,921k, which is an increase of DKK 204k compared to 2021. Loss for the year is DKK 686k compared to a profit of DKK 6,725k in 2021. The result is considered to be satisfactory and according to expectations.

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 2022.

Income statement for 2022

	<u>Notes</u>	<u>DKK'000</u>
	2022	2021
Revenue	48,287	29,489
Other operating income	0	6,692
Other external expenses	<u>(28,366)</u>	<u>(16,464)</u>
Gross profit	<u>19,921</u>	<u>19,717</u>
Staff costs	2 (16,191)	(12,003)
Depreciation, amortisation and impairment losses	3 <u>(3,351)</u>	<u>(592)</u>
Operating profit	<u>379</u>	<u>7,122</u>
Financial income	4 2,301	1,960
Financial expenses	5 <u>(2,705)</u>	<u>(2,251)</u>
Profit/loss before tax	<u>(25)</u>	<u>6,831</u>
Tax on profit/loss for the year	6 <u>(661)</u>	<u>106</u>
Profit/loss for the year	<u>(686)</u>	<u>6,725</u>
Proposed distribution of profit/loss	<u>(686)</u>	<u>6,725</u>
Retained earnings	<u>(686)</u>	<u>6,725</u>

Balance sheet at 31 December 2022

	<u>Notes</u>	<u>DKK'000</u>
		2022 2021
Goodwill		98 3,386
Intangible assets	7	<u>98</u> <u>3,386</u>
Leasehold improvements		157 336
Equipment		550 559
Property, plant and equipment	8	<u>707</u> <u>895</u>
Investments in group enterprises	9	143,472 31,232
Deposits		302 284
Financial assets		<u>143,774</u> <u>31,516</u>
Fixed assets		<u>144,579</u> <u>35,797</u>
Trade receivables		5,879 13,806
Receivables from group enterprises	10	17,072 91,705
Other receivables		121 18
Prepayments		18 59
Receivables		<u>23,090</u> <u>105,588</u>
Cash		<u>2,411</u> <u>5,711</u>
Current assets		<u>25,501</u> <u>111,299</u>
Assets		<u>170,080</u> <u>147,096</u>

Balance sheet at 31 December 2022

	<u>Notes</u>	<u>DKK'000</u>
	2022	2021
Contributed capital	51	51
Retained earnings	<u>6,323</u>	<u>7,009</u>
Equity	<u>6,374</u>	<u>7,060</u>
Trade payables	1,308	201
Payables to group enterprises	155,742	129,325
Other payables	5,995	10,404
Joint taxation	<u>661</u>	<u>106</u>
Current liabilities	<u>163,706</u>	<u>140,036</u>
Liabilities	<u>163,706</u>	<u>140,036</u>
Equity and liabilities	<u>170,080</u>	<u>147,096</u>
Capital resources	1	
Contingent liabilities	11	

Statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Equity DKK'000
Equity beginning of year	51	7,009	7,060
Loss for the year	<u>0</u>	<u>(686)</u>	<u>(686)</u>
Equity end of year	<u>51</u>	<u>6,323</u>	<u>6,374</u>

Notes

1. Capital resources

The Company has a significant amount of liabilities at 31 December 2022, primarily in the form of funding from its parent Astralis A/S.

Astralis A/S has issued a letter of support valid until 31 December 2023, which secures the operations and financing throughout 2023. As a result, Management has assessed and concluded that the Company is a going concern.

DKK'000

2. Staff costs

	2022	2021
Wages and salaries	14,656	11,073
Pension costs	1,244	736
Other staff costs	<u>291</u>	<u>194</u>
	<u>16,191</u>	<u>12,003</u>
Average number of employees	<u>25</u>	<u>21</u>

DKK'000

3. Depreciation, amortisation and impairment losses

	2022	2021
Amortisation of goodwill	3,386	242
Depreciation of leasehold improvements	226	221
Depreciation of equipment	219	129
Reversal of accrual for earn-out	<u>(480)</u>	<u>0</u>
	<u>3,351</u>	<u>592</u>

DKK'000

4. Other financial income

	2022	2021
Financial income from group enterprises	2,079	1,906
Exchange rate adjustments	<u>222</u>	<u>54</u>
	<u>2,301</u>	<u>1,960</u>

	<u>DKK'000</u>	
	2022	2021
5. Other financial expenses		
Financial expenses to group enterprises	2,674	2,204
Other interest expenses	<u>31</u>	<u>47</u>
	<u>2,705</u>	<u>2,251</u>

	<u>DKK'000</u>	
	2022	2021
6. Tax on profit/loss for the year		
Joint taxation contribution for the year	661	197
Adjustment previous years, joint taxation contribution	<u>0</u>	<u>(91)</u>
	<u>661</u>	<u>106</u>

	<u>DKK'000</u>	
	2022	2021
7. Goodwill		
Cost beginning of year	3,628	0
Addition from acquired companies	-- <u>98</u>	<u>3,628</u>
Cost end of period	<u>3,726</u>	<u>3,628</u>
Amortisation beginning of year	(242)	0
Amortisation for the year	<u>(3,386)</u>	<u>(242)</u>
Amortisation end of year	<u>(3,628)</u>	<u>(242)</u>
Carrying amount	<u>98</u>	<u>3,386</u>

DKK'000

8. Property, plant and equipment

	Leasehold Equipment improvements	
Cost beginning of year	1,104	688
Additions	<u>47</u>	<u>210</u>
Cost end of year	1,151	898
Depreciation, beginning of year	(768)	(129)
Depreciation for the year	<u>(226)</u>	<u>(219)</u>
Depreciation, end of year	(994)	(348)
Carrying amount	<u>157</u>	<u>550</u>

DKK'000

9. Investments in group enterprises

Cost beginning of year	31,232	31,186
Addition from acquired companies	424	46
Capital increases and group contributions	<u>111,816</u>	<u>0</u>
Cost end of year	<u>143,472</u>	<u>31,232</u>

DKK'000

10. Receivables from Group Enterprises

The Company has issued subordination declarations relating to receivables from group enterprises valid for a period until 31 December 2023.

11. Contingent liabilities

The Company has entered into operating lease commitments amounting to DKK 295k at 31 December 2022.

The Company participates in Danish joint taxation arrangement where Astralis A/S serves as the administration entity. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore secondarily liable for income taxes etc. for the jointly taxed entities, which is limited to the interest by which the Company 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 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.

Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Income statement

Revenue

Revenue from service fees is recognised in the income statement as the services are provided.

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

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 operating income

Other operating income primarily cover gains from sale of intangible and tangible assets.

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 salaries and wages as well as social security contributions, pension contributions, etc. for the Company's staff.

Depreciation, amortization and impairment losses.

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

Other financial income

Other financial income comprises interest income and exchange gains and other financial income.

Other financial expenses

Other financial expenses comprises interest expenses, including interest expenses on payables to group enterprises and exchange 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 recognized in the income statement by the portion attributable to the profit for the year and recognized directly in the equity by the portion attributable to entries directly in equity.

The Company is part of the joint taxation arrangement with Astralis A/S as administration company. 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**Goodwill**

On initial recognition, goodwill is recognised and measured as the difference between the purchase price – including the value of non-controlling interests in the acquired enterprise and the fair value of any existing investment in the acquired enterprise – and the fair values of the acquired assets, liabilities and contingent liabilities. On recognition, goodwill is allocated to corporate activities that generate independent payments (cash generating units). The definition of a cash-generating unit is in line with the Group's managerial structure as well as the internal financial management reporting. Goodwill is amortised straight-line over its estimated useful life which is determined to be 10 years.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

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.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Leasehold improvements	2 years
Equipment	3 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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 aqualling 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.

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.