

Astralis Management ApS



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

Annual report 2021
The annual General Meeting adopted the
annual report on 08.06.2022

Nikolaj Nyholm
Chairman of the General Meeting

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Entity details

Entity

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

CVR no: 39990970

Registered office: Copenhagen
Financial year: 01.01.2021 – 31.12.2021

Board of Directors

Nikolaj Nyholm, Chairman
Anders Hørsholt
Jakob Hansen
Jakob Lund Kristensen

Executive Board

Anders Hørsholt, CEO
Jakob Hansen, CFO
Jakob Lund Kristensen, CRO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

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 01.01.2021 – 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 – 31.12.2021.

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, 08.06.2022

Executive Board

Anders Hørsholt
CEO

Jakob Hansen
CFO

Jakob Lund Kristensen
CRO

Board of Directors

Nikolaj Nyholm
Chairman

Anders Hørsholt

Jakob Hansen

Jakob Lund Kristensen

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 01.01.2021 – 31.12.2021, which comprise the income statement, balance sheet, statement of the 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable 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 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. Misstatement 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, 08.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR no. 33963556

Kim Takata Mücke

State-Authorised Public Accountant

Identification No (MNE) mne10944

Jens Serup

State-Authorised Public Accountant

Identification No (MNE) mne45825

Management commentary

Primary activities

The Entity'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 T.DKK 19,717, which is an increase of T.DKK 7,681 compared to 2020. Profit for the year is T.DKK 6,725 compared to a profit of T.DKK 3,688 in 2020. 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 2021.

Income statement for 2021

	<u>Notes</u>	<u>DKK'000</u>
	2021	2020
Revenue	29,489	24,905
Other operating income	6,692	3,141
Other external expenses	<u>(16,464)</u>	<u>(16,010)</u>
Gross profit	<u>19,717</u>	<u>12,036</u>
Staff costs	2 (12,003)	(7,068)
Depreciation, amortisation and impairment losses	3 <u>(592)</u>	<u>(547)</u>
Operating profit	<u>7,122</u>	<u>4,421</u>
Financial income	4 1,960	1,327
Financial expenses	5 <u>(2,251)</u>	<u>(2,060)</u>
Profit before tax	<u>6,831</u>	<u>3,688</u>
Tax on profit for the period	6 <u>(106)</u>	<u>0</u>
Profit for the period	<u>6,725</u>	<u>3,688</u>
Proposed distribution of profit	<u>6,725</u>	<u>3,688</u>
Retained earnings	<u>6,725</u>	<u>3,688</u>

Balance sheet at 31 December 2021

	<u>Notes</u>	<u>DKK'000</u>	
		2021	2020
Goodwill		<u>3,386</u>	<u>0</u>
Intangible assets	7	<u>3,386</u>	<u>0</u>
Leasehold improvements		336	557
Equipment		<u>559</u>	<u>0</u>
Property, plant and equipment	8	<u>895</u>	<u>557</u>
Investments in group enterprises	9	31,232	31,186
Deposits		<u>284</u>	<u>223</u>
Financial assets		<u>31,516</u>	<u>31,409</u>
Fixed assets		<u>35,797</u>	<u>31,966</u>
Trade receivables		13,806	1,203
Receivables from group enterprises		91,705	82,403
Other receivables		18	28
Prepayments		<u>59</u>	<u>138</u>
Receivables		<u>105,588</u>	<u>83,772</u>
Cash		<u>5,711</u>	<u>2,330</u>
Current assets		<u>111,299</u>	<u>86,102</u>
Assets		<u>147,096</u>	<u>118,068</u>

Balance sheet at 31 December 2021

	<u>Notes</u>	<u>DKK'000</u>
	2021	2020
Contributed capital	51	51
Retained earnings	<u>7,009</u>	<u>284</u>
Equity	<u>7,060</u>	<u>335</u>
Other payables	<u>0</u>	<u>1,847</u>
Non-current liabilities	<u>0</u>	<u>1,847</u>
Trade payables	201	631
Payables to group enterprises	129,325	110,981
Other payables	10,404	4,274
Joint taxation	<u>106</u>	<u>0</u>
Current liabilities	<u>140,036</u>	<u>115,886</u>
Liabilities	<u>140,036</u>	<u>117,733</u>
Equity and liabilities	<u>147,096</u>	<u>118,068</u>
Capital resources	1	
Contingent liabilities	10	

Statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Equity DKK'000
Equity beginning of year	51	284	335
Profit for the year	<u>0</u>	<u>6,725</u>	<u>6,725</u>
Equity end of year	<u>51</u>	<u>7,009</u>	<u>7,060</u>

Notes

1. Capital resources

The Entity has a significant amount of liabilities at 31 December 2021, 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 2022, which secures the operations and financing throughout 2022. As a result, Management has assessed and concluded that the Entity is a going-concern.

DKK'000

2. Staff costs

	2021	2020
Wages and salaries	11,073	6,672
Pension costs	736	286
Other staff costs	<u>194</u>	<u>110</u>
	<u>12,003</u>	<u>7,068</u>
Average number of employees	<u>21</u>	<u>16</u>

DKK'000

3. Depreciation, amortization and impairment losses

	2021	2020
Depreciation of goodwill	242	0
Depreciation of leasehold improvements	221	547
Depreciation of equipment	<u>129</u>	<u>0</u>
	<u>592</u>	<u>547</u>

DKK'000

4. Other financial income

	2021	2020
Financial income from group enterprises	1,906	1,324
Other interest income	0	3
Exchange rate adjustments	<u>54</u>	<u>0</u>
	<u>1,960</u>	<u>1,327</u>

	<u>DKK'000</u>	
	2021	2020
5. Other financial expenses		
Financial expenses to group enterprises	2,204	1,801
Other interest expenses	47	258
Exchange rate adjustments	<u>0</u>	<u>1</u>
	<u>2,251</u>	<u>2,060</u>

	<u>DKK'000</u>	
	2021	2020
6. Tax on loss for the period		
Joint taxation for the year	197	0
Adjustment previous years, joint taxation contribution	<u>(91)</u>	<u>0</u>
	<u>106</u>	<u>0</u>

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

DKK'000

8. Property, plant and equipment

	Leasehold Equipment	
Cost beginning of period	1,104	0
Additions	<u>0</u>	<u>688</u>
Cost end of period	1,104	688
Amortisation beginning of period	(547)	0
Amortisation for the period	<u>(221)</u>	<u>(129)</u>
Amortisation end of period	(768)	(129)
Carrying amount	<u>336</u>	<u>559</u>

DKK'000

9. Investments in group enterprises

Cost beginning of period	31,186
Addition from acquired companies	<u>46</u>
Cost end of period	<u>31,232</u>

10. Contingent liabilities

The Entity 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 Entity is therefore secondarily liable for income taxes etc. for the jointly taxed entities, which is limited to the Entity interest by which the entity 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 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 Entity'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 entity 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.

Deferred income

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