

Astralis LoL ApS



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Otto Busses Vej 7,2
2450 København SV
CVR no. 40010521

Annual report 2022

The annual General Meeting adopted the
annual report on 15.03.2023

Nikolaj Nyholm

Chairman of the General Meeting

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Entity details

Entity

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

CVR no: 40010521

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 LoL 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 Entity'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, 15.03.2023

Executive Board

Anders Hørsholt
CEO

Jakob Hansen
CFO

Board of Directors

Nikolaj Nyholm
Chairman

Anders Hørsholt

Jakob Hansen

Independent auditor's report

To the Shareholders of Astralis LOL ApS

Opinion

We have audited the Financial Statements of Astralis LOL 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 March 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 Entity's primary activity is to run E-sport league of Legends team and its participation in tournaments.

Development in activities and finances

Gross profit for the year is DKK 8,089 thousand, which is an increase of DKK 2,115 thousand compared to 2021. Loss for the year is DKK 95 thousand compared to a loss of DKK 4,306 thousand in 2021. The result is considered to be according to expectations.

In November 2022 the Parent company Astralis Management ApS, gave a group contribution equaling DKK 87,741 thousand in order to reestablish the equity of the company.

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	15,349	16,375
Other external expenses	<u>(7,260)</u>	<u>(10,401)</u>
Gross profit/loss	<u>8,089</u>	<u>5,974</u>
Staff costs	1 (6,430)	(8,599)
Depreciation, amortisation and impairment losses	<u>(0)</u>	<u>(0)</u>
Operating profit/loss	<u>1,659</u>	<u>2,625</u>
Financial income	24	7
Financial expenses	2 <u>(2,624)</u>	<u>(2,830)</u>
Profit/loss before tax	<u>(941)</u>	<u>(5,448)</u>
Tax on loss for the period	3 <u>846</u>	<u>1,142</u>
Profit/loss for the period	<u>(95)</u>	<u>(4,306)</u>
Proposed distribution of profit/loss		
Retained earnings	<u>(95)</u>	<u>(4,306)</u>
	<u>(95)</u>	<u>(4,306)</u>

Balance sheet at 31 December 2022

	<u>Notes</u>	<u>DKK'000</u>
	2022	2021
Acquired rights	<u>32,665</u>	<u>32,665</u>
Intangible assets	4 <u>32,665</u>	<u>32,665</u>
Receivables from group enterprises	0	17
Deposits	<u>0</u>	<u>111</u>
Financial assets	<u>0</u>	<u>128</u>
Non-current assets	<u>32,665</u>	<u>32,793</u>
Trade receivables	5,402	6,042
Receivables from group enterprises	5,539	1,866
Other receivables	37	861
Prepayments	3	133
Joint taxation contribution receivables	<u>846</u>	<u>1,142</u>
Receivables	<u>11,827</u>	<u>10,044</u>
Cash	<u>1,387</u>	<u>4,300</u>
Current assets	<u>13,214</u>	<u>14,344</u>
Assets	<u>45,879</u>	<u>47,137</u>

Balance sheet at 31 December 2022

	<u>Notes</u>	<u>DKK'000</u>
	2022	2021
Contributed capital	61	59
Retained earnings	<u>14,070</u>	<u>(72,649)</u>
Equity	<u>14,131</u>	<u>(72,590)</u>
Payables related to league tournaments rights	<u>0</u>	<u>9,411</u>
Non-current liabilities other than provision	<u>0</u>	<u>9,411</u>
Payables related to league tournaments rights	8,964	8,250
Trade payables	261	107
Payables to group enterprises	22,373	101,385
Other payables	<u>150</u>	<u>574</u>
Current liabilities other than provisions	<u>31,748</u>	<u>110,316</u>
Liabilities other than provisions	<u>31,748</u>	<u>119,727</u>
Equity and liabilities	<u>45,879</u>	<u>47,137</u>
Contingent assets	5	
Contingent liabilities	6	

Statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Equity DKK'000
Equity beginning of year	59	(72,649)	(72,590)
Capital increase	2	73	75
Group contribution	0	86,741	86,741
Loss for the year	<u>0</u>	<u>(95)</u>	<u>(95)</u>
Equity end of year	<u>61</u>	<u>14,070</u>	<u>14,131</u>

Notes

	<u>DKK'000</u>	
1. Staff costs	2022	2021
Wages and salaries	6,220	8,473
Pension cost	31	19
Other social security costs	161	107
Other staff costs	<u>18</u>	<u>0</u>
	6,430	8,599
 Average number of employees	 <u>13</u>	 <u>12</u>

	<u>DKK'000</u>	
2. Financial expenses	2022	2021
Financial expenses from group enterprises	1,983	1,869
Other interest expenses	619	946
Exchange rate adjustments	<u>22</u>	<u>15</u>
	2,624	2,830

Other interest expenses primarily consist of interest on payables to League of Legends European Championship Limited.

	<u>DKK'000</u>	
3. Tax on loss for the period	2022	2021
Joint taxation contribution for the year	846	524
Adjustment previous years, joint taxation contribution	<u>0</u>	<u>618</u>
	846	1,142

4. Intangible assets

	2022	2021
Cost beginning of period	69,969	70,528
Adjustment to cost price	<u>0</u>	<u>(559)</u>
Cost end of period	69,969	69,969
Amortisation beginning of period	(37,304)	(37,304)
Amortisation for the period	<u>0</u>	<u>(0)</u>
Amortisation end of period	(37,304)	(37,304)
Carrying amount	<u>32,665</u>	<u>32,665</u>

On 19 November 2018, Astralis LOL ApS entered into an agreement with League of Legends European Championship Limited regarding the participation in the League of Legends European Championship. The payment for the participation was agreed to totally EUR 10.5 million. Astralis LOL ApS paid EUR 7.0 million in 2019, EUR 1.0 million in 2021, EUR 1.25 million in 2022 and a remaining amount of EUR 1.25 million is outstanding to be paid in one instalment in 2023.

In determining the cost for the participation in the League of Legends European Championship, Management has discounted the deferred payments.

Management has performed an impairment assessment of the acquired right for impairment at 31 December 2022. Management has concluded that the carrying value at the asset is considered fully recoverable due to the trading values seen in the market for the European League of Legends franchise spot far exceed the carrying value, and consistently with 2021 the scrap value for the European League of Legends franchise spot is considered to be higher than the book value, and hence no amortization has been recognized for the franchise spot neither in 2021 nor in 2022.

5. Contingent assets

The Company has a non-recognized tax asset of DKK 14,3 million relating primarily to tax loss carryforwards, which can be used by the Company or other group related entities. Capitalisation awaits that the Company and/or other group related entities become profitable on a sustainable basis.

6. Contingent liabilities

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 Entity is therefore secondarily liable for income taxes etc. for the jointly taxed entities, which is limited to the Company 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.

Income statement

Revenue

Revenue from participation in leagues is recognised in the income statement over the duration of the league period and variable revenue is recognised when earned and amount has been finally determined.

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

Revenue from prize money is recognised in the income statement when the tournament is completed.

Revenue is recognised net of VAT and is measured at fair value of the consideration.

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 including prize money passed on to players 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, discounting impact on debt for acquired rights and exchange losses.

Balance sheet

Acquired rights etc

Acquired rights comprise rights to participate in the League of Legends European Championship.

Acquired rights are measured at cost less accumulated amortisation, and are amortised over four years which reflect the minimum contractual commitment period.

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

With effect from 2021 amortization of the European League of Legends tournament has stopped since residual value is estimated to far exceed carrying value.

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.