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ASTRALIS LOL APS

C/O ASTRALIS, OTTO BUSSES VEJ 7 2., 2450 KØBENHAVN SV

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 24 April 2024**

Jakob Hansen

CVR NO. 40 01 05 21

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Management's Statement.....	4
Independent Auditor's Report.....	5-6
Management Commentary	
Management Commentary.....	7
Financial Statements 1 January - 31 December	
Income Statement.....	8
Balance Sheet.....	9-10
Equity.....	11
Notes.....	12-14
Accounting Policies.....	15-16

COMPANY DETAILS

Company	Astralis LoL ApS c/o Astralis, Otto Busses Vej 7 2. 2450 Copenhagen S
	CVR No.: 40 01 05 21 Established: 30 October 2018 Municipality: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Jakob Hansen Nikolaj Nyholm Anders Hørsholt
Executive Board	Nikolaj Nyholm Jakob Hansen
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Astralis LoL ApS for the financial year 1 January - 31 December 2023.

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 assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 24 April 2024

Executive Board

Nikolaj Nyholm

Jakob Hansen

Board of Directors

Jakob Hansen

Nikolaj Nyholm

Anders Hørsholt

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 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

INDEPENDENT AUDITOR'S REPORT

- 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, 24 April 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Kim Mücke
State Authorised Public Accountant
MNE no. mne10944

Troels Stenholm
State Authorised Public Accountant
MNE no. mne47806

MANAGEMENT COMMENTARY

Principal activities

The Company's primary activity was to run E-sport league of Legends team and its participation in tournaments. The Company's current activity is holding a minority shareholding in AK-Game SAS.

Development in activities and financial and economic position

Gross profit for the year is DKK 163,306k compared to a profit of DKK 8,089k in 2022. Profit of the year is DKK 136,474k compared to a loss of DKK 95k in 2022. The result for the year is significantly impacted by other income of DKK 153,586k.

In October 2023, we announced a transfer of our Franchise rights in the League of Legends European Championship (LEC) at a total agreed valuation of DKK 194 million to a newly created French subsidiary AK-Game SAS. Subsequently, Karmine Corp SAS acquired 66,67 % of the shares in AK-Game SAS for DKK 129 million.

The sale is completed in tranches from 2023-2025, and Astralis will retain a capital interest in AK-Game SAS of 33,33 % when all tranches are received. The Agreement contains provisions for Astralis to trigger additional share transfers, up to 100% of the shares to Karmine Corp SAS by 2030 at the latest.

The net gain before tax from the sale in 2023 was DKK 153.6 million with aggregated cash flow effect from 2023 to 2025 of DKK 112 million.

After the sale of the franchise rights, the Company's activity is limited to holding a minority shareholding in AK-Game SAS.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK '000	2022 DKK '000
NET REVENUE		16,036	15,349
Other operating income.....	1	153,586	0
Other external expenses.....		-6,316	-7,260
GROSS PROFIT		163,306	8,089
Staff costs.....	2	-5,978	-6,430
OPERATING PROFIT		157,328	1,659
Other financial income.....	3	632	24
Other financial expenses.....	4	-572	-2,624
PROFIT BEFORE TAX		157,388	-941
Tax on profit for the year.....	5	-20,914	846
PROFIT FOR THE YEAR		136,474	-95
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		136,474	-95
TOTAL		136,474	-95

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK '000	2022 DKK '000
Intangible fixed assets acquired.....		0	32,665
Intangible assets.....	6	0	32,665
Other investments.....		64,033	0
Financial non-current assets.....	7	64,033	0
NON-CURRENT ASSETS.....		64,033	32,665
Trade receivables.....		6,859	5,402
Receivables from group enterprises.....		32,249	5,539
Other receivables.....	8	94,709	37
Joint tax contribution receivable.....		0	846
Prepayments.....		0	3
Receivables.....		133,817	11,827
Cash and cash equivalents.....		3,043	1,387
CURRENT ASSETS.....		136,860	13,214
ASSETS.....		200,893	45,879

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK '000	2022 DKK '000
Share Capital.....		61	61
Retained earnings.....		150,544	14,070
EQUITY.....		150,605	14,131
Trade payables.....		0	261
Debt to group companies.....		19,731	22,373
Joint tax contribution payable.....		20,914	0
Other liabilities.....		9,643	9,114
Current liabilities.....		50,288	31,748
LIABILITIES.....		50,288	31,748
EQUITY AND LIABILITIES.....		200,893	45,879
 Contingencies etc.	 9		

EQUITY

	Share Capital	Retained earnings	Total
Equity at 1 January 2023.....	61	14,070	14,131
Proposed profit allocation.....		136,474	136,474
Equity at 31 December 2023.....	61	150,544	150,605

NOTES

	2023	2022	Note
	DKK '000	DKK '000	
Other operating income			1
In October 2023, we announced a transfer of our Franchise rights in the League of Legends European Championship (LEC) at a total agreed valuation of DKK 194 million to a newly created French subsidiary AK-Game SAS. Subsequently, Karmine Corp SAS acquired 66,67 % of the shares in AK-Game SAS for DKK 129 million.			
The sale is completed in tranches from 2023-2025, and Astralis will retain a capital interest in AK-Game SAS of 33,33 % when all tranches are received. The Agreement contains provisions for Astralis to trigger additional share transfers, up to ceding 100% of the shares to Karmine Corp SAS by 2030 at the latest.			
The net gain before tax from the sale in 2023 was DKK 153.6 million with aggregated cash flow effect from 2023-to 2025 of DKK 112 million.			
Staff costs			2
Average number of full time employees	9	13	
Wages and salaries.....	5,733	6,220	
Pensions.....	0	31	
Social security costs.....	8	161	
Other staff costs.....	237	18	
	5,978	6,430	
Other financial income			3
Group enterprises.....	232	23	
Other interest income.....	400	1	
	632	24	
Other financial expenses			4
Group enterprises.....	437	1,983	
Other interest expenses.....	135	641	
	572	2,624	
Tax on profit/loss for the year			5
Calculated tax on taxable income of the year.....	20,914	-846	
	20,914	-846	

NOTES

		Note
Intangible assets		6
	Intangible fixed assets acquired	
Cost at 1 January 2023.....	69,969	
Disposals.....	-69,969	
Cost at 31 December 2023.....	0	
Amortisation at 1 January 2023.....	37,304	
Reversal of amortisation of assets disposed of	-37,304	
Amortisation at 31 December 2023.....	0	
Carrying amount at 31 December 2023.....	0	

Financial non-current assets		7
	Other investments	
Additions.....	64,033	
Cost at 31 December 2023.....	64,033	
Carrying amount at 31 December 2023.....	64,033	

The Company holds a 33.33% shareholding in AK-Game SAS, France. The shareholding is measured at the fair value as agreed in the sales agreement concerning the sale of the LEC Franchise Rights.

The Company has entered into a put-option agreement about the 33.33% shareholding in AK-Game SAS, where the Company can sell the shares in 2030, at a price equal to value determined in the LEC Franchise Rights sales agreement increased by an inflation factor.

The Company is not involved in the operations of AK-Game SAS. On this basis and considering the terms of the put-option agreement, the Company considers the shareholding to be a financial investment measured at fair value where fair value is based on the terms of the put-option agreement.

Other receivables	8
Other receivables due in more than one year from the balance sheet date amount to DKK 48.2 million.	

NOTES**Note****Contingencies etc.****9****Contingent assets**

The Company has a non-recognized tax asset of DKK 1,965k 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.

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Astralis A/S, which serves as management Company for the joint taxation.

ACCOUNTING POLICIES

The Annual Report of Astralis LoL ApS for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danish enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net 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 operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including gain from sale of intangible assets.

Other external expenses

Other external expenses include sales and marketing costs, it, premises and various administrative and corporate 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.

Financial income and expenses

Financial income and expenses include interest income and expenses, currency gains and losses, interest expenses on payables to group enterprises, discounting impact on debt for acquired rights etc.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets

Until October 2023, intangible assets consisted of acquired rights to participate in the League of Legends European Championship, which until it was sold in 2023 was measured at cost less accumulated amortisation, though where amortisation had ceased in 2021, since from that year the residual value was considered to be higher than the carrying value of the franchise right.

Gain or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Gain and loss are recognised in the Income Statement under other operating income or other operating expenses.

ACCOUNTING POLICIES

Financial non-current assets

Other investments are measured at fair value.

Impairment of fixed assets

The carrying amount of intangible fixed assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Prepayments

Prepayments include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.