



Origen Esports ApS

Otto Busses Vej 5 A, 2., 2450 København SV
CVR No. 40010521

**Annual report 30.10.2018 -
31.12.2019**

The Annual General Meeting adopted the
annual report on 31.03.2020

Jette Nygaard-Andersen
Chairman of the General Meeting

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Entity details

Entity

Origen Esports ApS

Otto Busses Vej 5 A, 2.

2450 København SV

CVR No.: 40010521

Registered office: København

Financial year: 30.10.2018 - 31.12.2019

Board of Directors

Jette Nygaard-Andersen, Chairman

Christian Swane Mourier

Claus Zibrandtsen

Executive Board

Nikolaj Nyholm

Anders Hørsholt

Jakob Lund Kristensen

Jakob Hansen

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 Origen Esports ApS for the financial year 30.10.2018 - 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 30.10.2018 - 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.

Copenhagen, 31.03.2020

Executive Board

Nikolaj Nyholm

Anders Hørsholt

Jakob Lund Kristensen

Jakob Hansen

Board of Directors

Jette Nygaard-Andersen

Chairman

Christian Swane Mourier

Claus Zibrandtsen

Independent auditor's report

To the shareholder of Origen Esports ApS

Opinion

We have audited the financial statements of Origen Esports ApS for the financial year 30.10.2018 - 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 30.10.2018 - 31.12.2019 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.

Copenhagen, 31.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant

Identification No (MNE) mne10944

Management commentary

Primary activities

The Company's primary activity is to run the Esport League of Legends team Origen and its participation in tournaments.

Development in activities and finances

On 19 November 2018, Origen Esports 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 amounts to totally EUR 10.5 million. Origen's five players and coach, all with different international backgrounds, ensured its first major accomplishment by finishing #2 in the first season. The Company presented the new 2020 roster in November 2019.

The financial result of the Company's fiscal year is a loss of DKK 34.587 thousand. The negative result is primarily driven by amortisation of the franchise slot and financing cost relating to the deferred payments for the franchise slot.

As of 31 December 2019, the Company has negative equity. As stated in Note 1, the ultimate parent Astralis Group A/S has issued a support letter valid until 31 March 2021 which secures the operations and financing throughout 2020. As a result, Management has assessed and concluded that the Company is a going-concern.

Events after the balance sheet date

The coronavirus outbreak has occurred after the balance sheet date and is challenging for various industries, including the esports industry. However, being digital means that the Company still can operate. For the moment LEC is temporary on hold.

Income statement for 2018/19

	Notes	2018/19 DKK
Revenue		8,019,704
Other external expenses		(10,045,112)
Gross profit/loss		(2,025,408)
Staff costs	2	(13,658,742)
Depreciation, amortisation and impairment losses		(19,694,068)
Operating profit/loss		(35,378,218)
Other financial income	3	9,300,543
Other financial expenses	4	(8,235,965)
Profit/loss for the year		(34,313,640)
Proposed distribution of profit and loss:		
Retained earnings		(34,313,640)
Proposed distribution of profit and loss		(34,313,640)

Balance sheet at 31.12.2019

Assets

	2018/19	
	Notes	DKK
Acquired rights		50,833,579
Intangible assets	5	50,833,579
Receivables from group enterprises		11,975
Deposits		110,562
Other financial assets		122,537
Fixed assets		50,956,116
Trade receivables		2,978,299
Receivables		2,978,299
Cash		1,025,718
Current assets		4,004,017
Assets		54,960,133

Equity and liabilities

	2018/19	
	Notes	DKK
Contributed capital		58,754
Retained earnings		(34,313,640)
Equity		(34,254,886)

Payables to group enterprises		63,401,634
Other payables	6	13,844,297
Non-current liabilities other than provisions		77,245,931

Trade payables		1,040,509
Other payables	7	10,928,579
Current liabilities other than provisions		11,969,088

Liabilities other than provisions		89,215,019
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Equity and liabilities		54,960,133
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Going concern	1
Contingent assets	8
Contingent liabilities	9

Statement of changes in equity for 2018/19

	Contributed capital DKK	Retained earnings DKK	Total DKK
Contributed upon formation	50,000	0	50,000
Increase of capital	8,754	0	8,754
Profit/loss for the year	0	(34,313,640)	(34,313,640)
Equity end of year	58,754	(34,313,640)	(34,254,886)

Notes

1 Going concern

At 31 December 2019, the Company has negative equity.

The ultimate parent Astralis Group A/S has issued a support letter valid until 31 March 2021 which secures the operations and financing throughout 2020. As a result, Management has assessed and concluded that the Company is a going-concern.

2 Staff costs

	2018/19 DKK
Wages and salaries	13,453,812
Pension costs	6,000
Other social security costs	60,388
Other staff costs	138,542
	13,658,742
Average number of full-time employees	9

3 Other financial income

	2018/19 DKK
Other interest income	4,169
Exchange rate adjustments	874
Remission of debt etc	9,295,500
	9,300,543

Since its formation in October 2018 and during 2019, the Company had accumulated debt to its former majority shareholder, BLAST ApS, of DKK 9.3 million. Prior to the Company being acquired by Astralis Group A/S, BLAST ApS accepted to waive debt of DKK 9.3 million, which amount has been recognised and presented as income from remission of debt.

4 Other financial expenses

	2018/19 DKK
Financial expenses from group enterprises	1,987,889
Other interest expenses	5,636,952
Exchange rate adjustments	95,901
Other financial expenses	515,223
	8,235,965

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

5 Intangible assets

	Acquired rights DKK
Additions	70,527,647
Cost end of year	70,527,647
Amortisation for the year	(19,694,068)
Amortisation and impairment losses end of year	(19,694,068)
Carrying amount end of year	50,833,579

The Company has 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 amounts to totally EUR 10.5 million. Origen Esports ApS paid EUR 7.5 million in 2019 and a remaining amount of EUR 3 million are outstanding to be paid in instalments in 2020-2021.

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 2019. Management assesses that new entrants to the League would be asked to pay a price equivalent to the price paid by the Company. In addition, Management has noted that participation rights to the similar North American League has been traded at amounts exceeding book value. Management has concluded that the carrying value is considered fully recoverable.

6 Other payables

Non-current other payables consist of payable to League of Legends European Championship and holiday obligation.

7 Other payables

	2018/19 DKK
VAT and duties	33,725
Wages and salaries, personal income taxes, social security costs, etc payable	1,138,061
Holiday pay obligation	877,140
Other costs payable	8,879,653
	10,928,579

8 Contingent assets

The Company has a non-recognised deferred tax asset of DKK 8.6 million relating primarily to tax loss carryforwards. Capitalisation awaits that the Company becomes profitable.

9 Contingent liabilities

The Company participates in a Danish joint taxation arrangement where Astralis Group A/S serves as the administration company. 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 Company 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 taxed entities.

Before being acquired by Astralis Group A/S, the Company participated in a joint taxation with its former parent company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company are, therefore, liable for income taxes etc. for period where they participated in the joint taxation with the former parent company.

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 is the Company's first financial year.

Income statement

Revenue

Fixed 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, marketing 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, amortisation and impairment losses

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

Other financial income

Other financial income comprises interest income, income from remision of debt and exchange gains and other financial income.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, discounting impact on debt for acquired rights and exchange losses.

Balance sheet

Intellectual property 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.

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Cash

Cash comprises bank deposits

Other financial liabilities

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

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Jette Nygaard-Andersen

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Dirigent

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NEM ID 

Kim Takata Mücke

Revisor

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IP: 87.63.xxx.xxx

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Jakob Hansen

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Claus Zibrandtsen

Bestyrelsesmedlem

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Anders Hørsholt

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Nikolaj Nyholm

Direktionsmedlem

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Christian Swane Mourier

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Jakob Lund Kristensen

Direktionsmedlem

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