



CHRISTENSEN  
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET  
REVISIONSAKTIESELSKAB

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# OG Esports A/S

c/o Christensen Kjarulff, Store Kongensgade 68, 1264 København K

Company reg. no. 40 03 58 85

## Annual report

20 November 2018 - 30 September 2019

The annual report was submitted and approved by the general meeting on the

14.02.2020

Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.



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## Management's report

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The board of directors and the executive board have today presented the annual report of OG Esports A/S for the financial year 20 November 2018 to 30 September 2019.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 30 September 2019 and of the company's results of its activities and cash flows in the financial year 20 November 2018 to 30 September 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 17 January 2020

### Executive board

Johan Sundstein  
CEO

Charlie Félix Albert Debs

### Board of directors

Sébastien Félix Albert Debs  
Chairman

Xavier Oswald

Charlie Félix Albert Debs

Johan Sundstein

Eivind Sundstein



## **Independent auditor's report**

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**To the shareholders of OG Esports A/S**

### **Opinion**

We have audited the annual accounts of OG Esports A/S for the financial year 20 November 2018 to 30 September 2019, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 September 2019 and of the results of the company's operations and cash flows for the financial year 20 November 2018 to 30 September 2019 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### **The management's responsibilities for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.



## **Independent auditor's report**

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As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.



## **Independent auditor's report**

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In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Copenhagen, 17 January 2020

**Christensen Kjarulff**  
Statsautoriseret Revisionsaktieselskab  
Company reg. no. 15 91 56 41



Elan Schapiro  
State Authorised Public Accountant  
mnc33765



## Company data

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### **The company**

OG Esports A/S  
c/o Christensen Kjørulff  
Store Kongensgade 68  
1264 København K

Web site            <https://ogs.gg/>

Company reg. no.    40 03 58 85

Established:        20 November 2018

Domicile:           Copenhagen

Financial year:     20 November 2018 - 30 September 2019  
1st financial year

### **Board of directors**

Sébastien Félix Albert Debs, Chairman  
Xavier Oswald  
Charlie Félix Albert Debs  
Johan Sundstein  
Eivind Sundstein

### **Executive board**

Johan Sundstein, CEO  
Charlie Félix Albert Debs

### **Auditors**

Christensen Kjørulff  
Statsautoriseret Revisionsaktieselskab  
Store Kongensgade 68  
1264 København K

### **Subsidiary**

OG Esports France SAS, Paris



## Financial highlights

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EUR in thousands.

2018/19

### Profit and loss account:

Net turnover	15.420
Gross profit	15.059
Results from operating activities	1.806
Net financials	3
Results for the year	364

### Balance sheet:

Balance sheet sum	13.542
Equity	418

### Cash flow:

Operating activities	371
Investment activities	-1
Financing activities	54
Cash flow in total	423

### Employees:

Average number of full time employees	9
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### Key figures in %:

Gross margin	97,7
Profit margin	11,7
Acid test ratio	103,2
Solvency ratio	3,1
Return on equity	174,2

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The financial highlights for 2018/19 only comprise the period 20 November 2018 - 30 September 2019.





## Financial highlights

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The key figures appearing from the survey have been calculated as follows:

<b>Gross margin</b>	$\frac{\text{Gross results} \times 100}{\text{Net turnover}}$
<b>Profit margin (EBIT margin)</b>	$\frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$
<b>Acid test ratio</b>	$\frac{\text{Current assets} \times 100}{\text{Short-term liabilities}}$
<b>Equity share</b>	$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$
<b>Return on equity</b>	$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$



## Management's review

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### **The principal activities of the company**

The principal activities of the company are to operate within e-sports and related business.

### **Unusual matters**

No unusual matters occurred during the financial year.

### **Uncertainties as to recognition or measurement**

No unusual matters as to recognition or measurement occurred during the financial year.

### **Development in activities and financial matters**

The net turnover for the year is EUR 15.420.000. The results from ordinary activities after tax are EUR 364.000. Considering our performance and financial objectives, the Management considers the results to be very satisfactory.

Even though cash prizes and therefore our DotA team's performance have a clear impact on the result, and therefore, cannot be considered as fully reliable for forecasts, the financials remain very healthy and scalable. They are completely in line with our forecasts and objectives.

We are working towards internalizing the merchandising activity and approaching this revenue line as an entire segment of our activity. Going away from a licensing business model has been very successful.

### **Own shares**

The enterprise does not hold own shares.

### **Special risks**

#### *Operating risks*

Our most important operating risks relate to the team's performance. In order to limit this risk, it is necessary to limit our dependence to one team's performance.

We look at entering a new major title, but also diversify our revenue lines while confirming and scaling our performance model.

The structuration of the group under the OG brand is also an efficient protection.

#### *Financial risks*

Our financial risks relate to the operating risks, as most of our financing comes from sponsorship agreements and prize money. Therefore, the answers to these risks are the same as the above.

#### *Exchange rate risks*

Foreign cash-flows are affected by exchange rates and interest rates. It is our policy to continuously monitor and reduce currency risks and the currency risk is therefore assessed as very limited.



## Management's review

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### *Interest risks*

Our interest-bearing financing is limited and the interest risk is therefore considered immaterial compared with our activity level.

### **The expected development**

We expect next year to remain on that dynamic, diversifying revenue lines and keeping our finances healthy.

In consideration of the above, and the very favourable context around Counter Strike: Global Offensive - another one of the 3 biggest titles in esports along with DotA 2 – we're convinced that it is the right moment for an expansion on such a major game. After a very rigorous study of the scene and its opportunities, we understand that the CS:GO scene is at a turning point in its history and are preparing all the needed resources (human, financial etc.) to seize the opportunity.

Among other, the structuration of the OG Esports Group according to the business needs, the different teams, is an important work in progress.

We consider merchandising, physical or digital, as one of the main future revenue lines and are working on building all the proper foundations for an international brand selling in all parts of the world.

### **Events subsequent to the financial year**

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.



## Profit and loss account

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All amounts in EUR.

<u>Note</u>	20/11 2018 - 30/9 2019
Net turnover	15.420.254
Direct costs	-130.588
Other external costs	<u>-230.168</u>
<b>Gross results</b>	<b>15.059.498</b>
1 Staff costs	<u>-13.253.884</u>
<b>Operating profit</b>	<b>1.805.614</b>
Other financial income	6.169
Other financial costs	<u>-3.108</u>
<b>Results before tax</b>	<b>1.808.675</b>
2 Tax on ordinary results	<u>-1.444.256</u>
<b>3 Results for the year</b>	<b><u>364.419</u></b>



## Balance sheet

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All amounts in EUR.

<b>Assets</b>		<u>30/9 2019</u>
<u>Note</u>		
<b>Fixed assets</b>		
4	Equity investments in group enterprises	<u>1.000</u>
	Financial fixed assets in total	<u>1.000</u>
	<b>Fixed assets in total</b>	<u><b>1.000</b></u>
<b>Current assets</b>		
	Trade debtors	13.092.390
	Amounts owed by group enterprises	15.558
	Other debtors	<u>6.383</u>
	Debtors in total	<u>13.114.331</u>
	Available funds	<u>426.858</u>
	<b>Current assets in total</b>	<u><b>13.541.189</b></u>
	<b>Assets in total</b>	<u><b>13.542.189</b></u>



## Balance sheet

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All amounts in EUR.

<b>Equity and liabilities</b>		
<u>Note</u>		<u>30/9 2019</u>
<b>Equity</b>		
5	Contributed capital	53.647
	Results brought forward	<u>364.419</u>
	<b>Equity in total</b>	<b><u>418.066</u></b>
 <b>Liabilities</b>		
	Trade creditors	61.203
	Corporate tax	0
	Other debts	<u>13.062.920</u>
	Short-term liabilities in total	<u>13.124.123</u>
	<b>Liabilities in total</b>	<b><u>13.124.123</u></b>
	<b>Equity and liabilities in total</b>	<b><u>13.542.189</u></b>

### 6 Related parties



## Statement of changes in equity

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All amounts in EUR.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 20 November 2018	53.647	0	53.647
Profit or loss for the year brought forward	<u>0</u>	<u>364.419</u>	<u>364.419</u>
	<b><u>53.647</u></b>	<b><u>364.419</u></b>	<b><u>418.066</u></b>



## Cash flow statement

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All amounts in EUR.

	20/11 2018
	<u>- 30/9 2019</u>
Results for the year	364.419
7 Adjustments	1.441.195
8 Change in working capital	<u>9.792</u>
Cash flow from operating activities before net financials	1.815.406
Interest received and similar amounts	82
Interest paid and similar amounts	<u>-645</u>
Cash flow from ordinary activities	1.814.843
Paid foreign withholding tax	<u>-1.444.256</u>
<b>Cash flow from operating activities</b>	<b><u>370.587</u></b>
Purchase of financial fixed assets	<u>-1.000</u>
<b>Cash flow from investment activities</b>	<b><u>-1.000</u></b>
Cash capital increase	<u>53.647</u>
<b>Cash flow from financing activities</b>	<b><u>53.647</u></b>
<b>Changes in available funds</b>	<b>423.234</b>
Available funds 20 November 2018	0
Exchange rate adjustments (available funds)	<u>3.624</u>
<b>Available funds 30 September 2019</b>	<b><u>426.858</u></b>
<b>Available funds</b>	
Available funds	<u>426.858</u>
<b>Available funds 30 September 2019</b>	<b><u>426.858</u></b>





## Notes

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All amounts in EUR.

	20/11 2018 - 30/9 2019
<b>1. Staff costs</b>	
Salaries and wages	13.253.884
	<u>13.253.884</u>
Executive board	85.500
Board of directors	16.500
	<u>102.000</u>
Average number of employees	<u>9</u>
<b>2. Tax on ordinary results</b>	
Tax of the results for the year, parent company	398.024
Lost foreign withholding tax	1.046.232
	<u>1.444.256</u>
<b>3. Proposed distribution of the results</b>	
Allocated to results brought forward	364.419
<b>Distribution in total</b>	<u>364.419</u>
<b>4. Equity investments in group enterprises</b>	
Additions during the year	1.000
<b>Book value 30 September 2019</b>	<u>1.000</u>

### The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year	Book value at OG Esports A/S
OG Esports France SAS, Paris	100 %	<u>0</u>	<u>0</u>	<u>1.000</u>
		<u>0</u>	<u>0</u>	<u>1.000</u>



## Notes

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All amounts in EUR.

30/9 2019

### 5. Contributed capital

The contributed capital consists of 500.000 shares with a nominal value of EUR 0,13. No shares have special rights.

### 6. Related parties

#### Other related parties

Sébastien Félix Albert Debs, 26 Rue Meslay, Paris, France	Board member
Xavier Oswald, 6 Villa Brune, Paris, France	Board member
Charlie Félix Albert Debs, 76 Place De La Libération, Gaillac, France	Board member
Johan Sundstein, Avenida 5 de outubro, Lisbon, Portugal	Board member
Eivind Sundstein, Sprogøvej 7, 03. tv., Frederiksberg, Denmark	Board member
BDNT ApS, Sprogøvej 7, 3 tv., Frederiksberg, Denmark	Associated enterprise
BLAST SAS, 3 Rue de Téhéran, Paris France	Associated enterprise

#### Transactions

All transactions with related parties are made on market terms.

### 7. Adjustments

Other financial income	-6.169
Other financial costs	3.108
Tax on ordinary results	<u>1.444.256</u>
	<u><b>1.441.195</b></u>

### 8. Change in working capital

Change in debtors	-13.114.331
Change in trade creditors and other liabilities	<u>13.124.123</u>
	<u><b>9.792</b></u>



## **Accounting policies used**

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The annual report for OG Esports A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The annual report is presented in euro (EUR). The annual report comprises the first financial year, and consequently, comparative figures are not included.

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

## **The profit and loss account**

### **Net turnover**

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

### **Direct costs**

Direct costs include costs directly assembled with the net turnover.

### **Other external costs**

Other external costs comprise costs for sales, advertisement, administration and premises.



## Accounting policies used

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### **Staff costs**

Staff costs include salaries and wages including cash prizes, holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

Dividend from equity investments in group enterprises is recognised in the financial year where the dividend is declared.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

## The balance sheet

### **Writedown of fixed assets**

The book values of equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exists.

### **Financial fixed assets**

#### **Equity investments in group enterprises**

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.



## **Accounting policies used**

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### **Debtors**

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### **Available funds**

Available funds comprise cash at bank.

### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities**

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

## **The cash flow statement**

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

### **Cash flow from operating activities**

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.



## **Accounting policies used**

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### **Cash flow from investment activities**

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

### **Cash flow from financing activities**

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

### **Available funds**

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.