31. marts 2020

Som dirigent

Henning Aasmul-Olsen

ASTRALIS GROUP

ANNUAL REPORT 2019

WE ARE ASTRALIS GROUP

CONTENT

OUR STORY AND BUSINESS AT A GLANCE

Astralis Group is a Copenhagen-based company with an international focus and outlook, holding a robust track record of developing esports teams and brands with consistent performance and value.

Astralis Group is a Copenhagen-based company with a global focus and outlook, holding a robust track record of developing esports teams and brands with consistent performance and value.

Astralis Group was established in 2019, but the activities have a history that can be traced back to 2016 where Nikolaj Nyholm, Co-CEO, and Jakob Lund Kristensen, CCO, founded RFRSH ApS. Following a management buyout in August 2019, the Astralis and Origen team activities became the starting point of a new dedicated team owner focus at Astralis Group.

Astralis Group is the indirect sole owner of three esports teams across different esports titles – Astralis (Counter-Strike), Origen (League of Legends), and Future FC (FIFA). The first two teams are known for their record-breaking competitive performance and the latter for its high-ranking team members.

Our stakeholders
Astralis Group operates in the esports ecosystem, consisting of several stakeholders, of whom Astralis Group is closely interlinked with four:

Players – both casual players and professionals, get inspiration to improve their performance by watching Astralis Group's teams, and act as a talent pool for potential future players.

Leagues and tournaments – which are the main platforms where Astralis Group's teams attract large audiences to watch and follow, take home titles and prizes, simultaneously promoting and strengthening the teams' brands.

Commercial partner brands – connecting and engaging with Astralis Group's broad and loyal audience with products and content tailored to the individual team.

Publishers – setting the rules of competitions and hold power in terms of game format and content, which Astralis Group's team must constantly adapt to stay #1, emphasizing the viability of the performance model.

Our equity story
We define the reason to invest in Astralis Group by these five core strengths:

Dedicated focus
Astralis Group is committed to building top competitive and global esports brands. Being a leader in esports, we are able to fulfil our vision of building the most loyal, emotionally connected global community in esports by attracting talented players, sponsors, and audiences - professional, endemic and mainstream alike.

Proven performance model
The performance model is the organizational setup through which Astralis Group is building top-performing teams. Our performance model relies on a method of scouting, training, and working with players as professional athletes in optimal surroundings. This includes an established internal infrastructure of coaches, technical staff, and support processes that improves the long-term competitive performance and builds a strong base around the teams and emerging talent.

Balanced team portfolio
Astralis Group establishes team brands as a portfolio, enabling the brands collectively to reach the widest possible fanbase. To build the brands, resources and processes are pooled within the company. Our branding model builds on each team to establish and its values and voice toward their specific audience. Teams within Astralis Group build relationships with different audiences, allowing them to position themselves best toward these, while collectively reaching an ever larger mainstream audience.

Scalable business model
Astralis Group has built a flexible and scalable business model which makes it possible to grow into the new areas of esports, reaching new markets and a broader audience. Also, this will make us attractive to new players, teams, partners and sponsors, and we will be able to expand into new media and new types of tournaments and merchandise. Our common resources, management and processes are laying the ground for an effective brand building and expansion.

Highly experienced management
The management of Astralis Group consists of a Board of Directors, an Executive Management group and Senior Management. All are highly skilled and professional managers, covering different, specific parts of the overall and day-to-day business operation; from laying the strategy of Astralis Group, through building brands and brand engagement, to hiring, monitoring and training players and teams within the three current business areas.

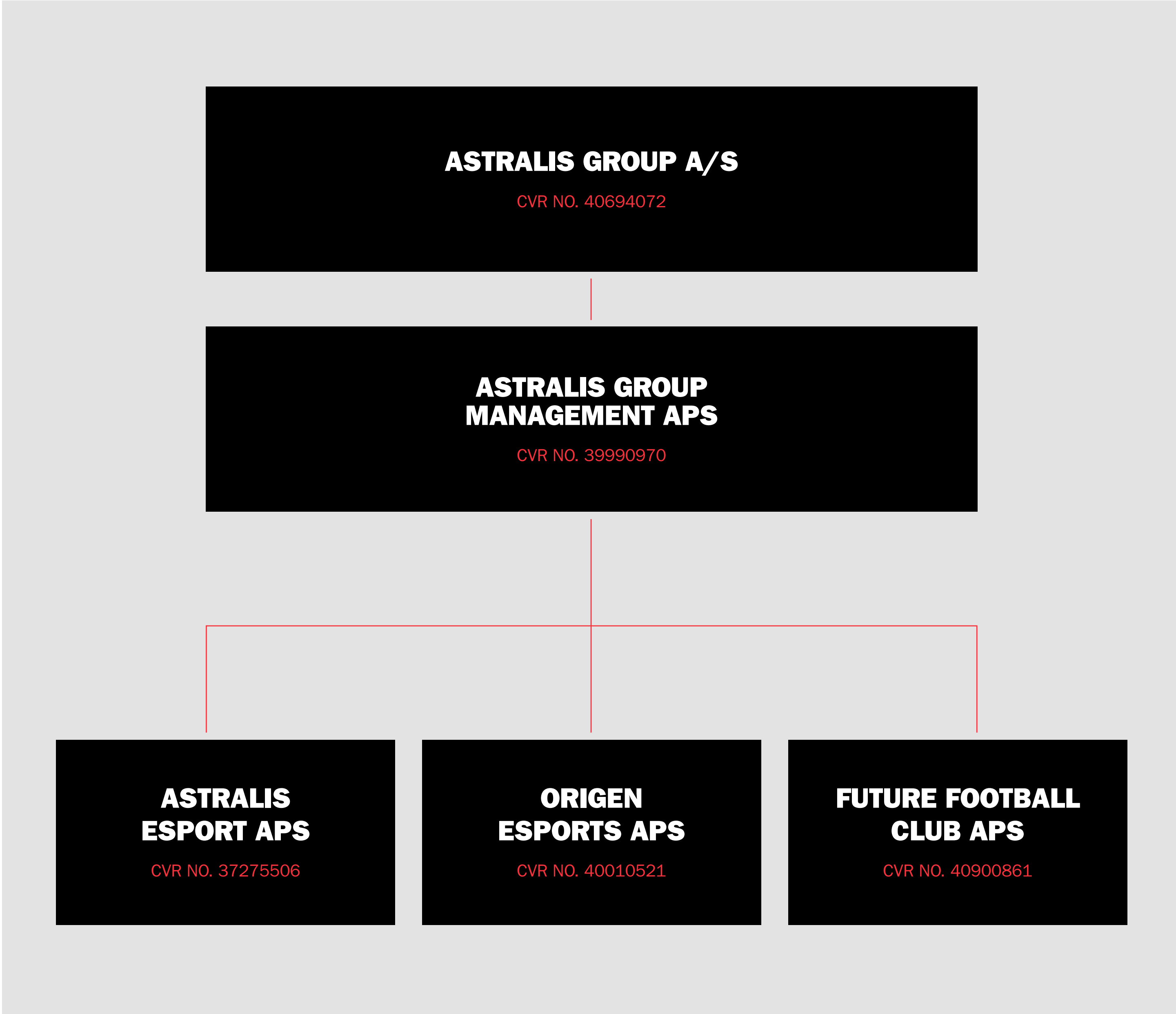
Astralis Group A/S was founded on 31 July 2019 and the legal group was established 14 August 2019 where Astralis Group A/S acquired Astralis Group Management ApS and subsidiaries.

Astralis Group Management ApS was founded 30 October 2018 as RFRSH Teams ApS and renamed Astralis Group Management ApS 8 November 2019.

Astralis Esport ApS was founded 4 December 2015 as Spirit of Amiga ApS and renamed Astralis Esport ApS 21 january 2016.

Origen Esports ApS was founded 30 October 2018 as NewCo Esport ApS and Origen Esports ApS 24 May 2019.

Future Football Club ApS the newest company in the group was founded 28 October 2019.



LETTER TO SHAREHOLDERS

2019 was a significant year for Astralis Group. In July the company was officially founded and has constituted a legal group from 14 August 2019 after a management buyout of the teams. In December we were officially listed on the Nasdaq First North Growth Market with an oversubscription of 77.55 pct.

Astralis Group is a global leader in the fast-growing international esports industry with an approx. 450 million viewers in 2019. We build high-performing teams, global brands, engaging media channels and solid, innovative commercial partnerships.

Astralis Group consists of the three team brands Astralis in Counter-Strike, Origen in League of Legends and Future FC in FIFA. The teams appeal to separate segments of fans and spectators while collectively reaching a larger mainstream audience.

The main asset for value creation in Astralis Group is our commercial platform which builds on our teams' performance and the strength of each individual brand, enabling us to reach and engage a growing, global audience.

Value is created either directly through merchandise and other fan products or indirectly through commercial partnerships and media deals.

Teams and performance

In 2019 **Astralis** won their 3rd consecutive Major and 4th Major title in total, which is unparalleled in Counter-Strike history. The team won a total of 6 tournaments in 2019, cementing their position as the best team in the world.

The result before tax for Astralis Esport was DKK 2.9 million in 2019 (full year).

Following an impressive debut in LEC, the European leg of the global League of Legends tournament, where **Origen** was only surpassed by one team in the Spring Season, the team ended just one match short of reaching the global finals. In November three players were replaced and a new, strong roster was built, so far tied for first place in the 2020 season.

The result before tax for Origen Esports was DKK -29.3 million in 2019 (full year).

Established in October 2019, **Future FC** is the youngest addition to the Astralis Group portfolio. Future FC has 3 players participation in the global FIFA system of tournaments: Fatih Üstün from Denmark (on the national team), Roee Feldman from Israel (on the national team) and Stephanie Luana da Silva Santos from Brazil (one of only 2 female professionals in FIFA). The players have performed to expectations and spent most of 2019 getting used to working under the Astralis Group performance model.

The result before tax Future Football Club was DKK 1.0 million in 2019 (Oct-Dec).

Astralis Group Management operates the performance team that supports all teams and players in the group as well as being the management company of the Juventus FC Pro Evolution Soccer team.

Commercial

On the commercial side, on behalf of the teams, Astralis Group entered into or extended a range of commercial partnerships with global, regional and local brands throughout 2019: Jack & Jones, Unibet, Secretlab, Turtle Beach, Logitech, OMEN by HP, Nocco, Synsam and Audi.

Results – full year amounts

The result for Astralis Group Management was DKK -9.3 million in 2019.

The full year net revenue for the group was DKK 48.6 million in 2019, which is DKK 5.6 million higher than the financial guidance given in the prospectus for the Initial Public Offering of DKK 40-43 million. The negative EBITDA of DKK -22.7 million was

"We are global pioneers in the billion dollar esports industry and already stand on solid ground. We have the best performing Counter-Strike team of all time and millions of dedicated fans around the world"

NIKOLAJ NYHOLM, FOUNDER AND CO-CEO

slightly lower than the guidance given in the prospectus with a range between DKK -20-22.5 million.

The positive development in revenue is primarily related to higher than expected Prize Money won by the Astralis team.

The result before tax for the year was DKK -34.6 million which is in line with expectations.

Outlook
The projections of the financial targets for the Group for the financial year ending 31 December 2020 is a net revenue in the range of DKK 60-70 million and EBITDA in the range of DKK -3.5 to -5 million.

2020 is set to be a very interesting year for Astralis Group and the teams.

Entering a long term strategic league partnership and becoming co-owners of ESL Pro League as well as signing with BLAST Premier for the 2020 season, is expected to contribute positively to the Astralis business. A more structured league plays well into the performance culture in Astralis and a fixed seasonal program will benefit both fans, broadcasters and commercial partners, creating an overall stronger product. The Astralis fanbase on Social Media grew by 61 pct in 2019 and this development is expected to continue in 2020.

Through significant additions to the roster and a deeper understanding of the performance model, Origen is strengthening the team's position in the European LEC franchise league and aims to qualify for the World Championship for the first time. Origen's fan base is an impressive 967,000, and during 2019 engagement rates grew solidly. Through a renewed focus on content and media in Spanish, we expect to grow the fan base in Origen's main markets in 2020. Future FC and our engagement in FIFA and PES Football is expected to show results in 2020, commercially, media wise and with regards to the fan base.

Nikolaj Nyholm
Co-CEO

Anders Hørsholt
Co-CEO

Jette Nygaard-Andersen
Chairman

NIKOLAJ NYHOLM,
CO-CEO

ANDERS HØRSHOLT,
CO-CEO

JETTE NYGAARD-ANDERSEN,
CHAIRMAN

KEY FINANCIAL HIGHLIGHTS

Statutory Consolidated Financial Statements – 31 July 2019 - 31 December 2019

(DKKm)	Note	2019	€ 2019
Revenue		26,786	3,586
External expenses		(7,312)	(979)
Staff costs		(24,692)	(3,305)
Gross loss (EBITDA)		**(5,218)**	**(698)**
Depreciation and amortisation		(13,200)	(1,767)
Operating loss (EBIT)		**(18,418)**	**(2,465)**
Financial income		47	6
Financial expenses		(6,979)	(934)
Loss before tax		**(25,350)**	**(3,393)**
Tax on loss for the period		1,418	189
Loss for the period		**(23,932)**	**(3,204)**
Proposed distribution of loss			
Retained earnings		(23,932)	(3,204)
		(23,932)	**(3,204)**
Non-current assets		116,770	15,632
Current assets		112,590	15,072
Assets		**229,360**	**30,704**
Equity		**166,906**	**22,344**
Ratios			
Solvency ratio in %		73%	73%

Consolidated Financial Statements*– Full year

(DKKm)	Note	2019	€ 2019
Revenue		48,633	6,510
External expenses		(21,784)	(2,916)
Staff costs		(49,534)	(6,631)
Gross loss (EBITDA)		**(22,685)**	**(3,037)**
Depreciation and amortisation		(17,637)	(2,361)
Operating loss (EBIT)		**(40,322)**	**(5,398)**
Financial income		18,957	2,538
Financial expenses		(13,278)	(1,778)
Loss before tax		**(34,643)**	**(4,638)**
Tax on loss for the period		0	0
Loss for the period		**(34,643)**	**(4,638)**
Loss for the period attributable to:			
Astralis Group Management ApS' shareholders		(31,193)	(4,176)
Non-controlling interests		(3,450)	(462)
		(34,643)	**(4,638)**

* Consolidated financial statements for the underlying operating sub-group; Astralis Group Management ApS and subsidiaries for the financial period 1 January 2019 – 31 December 2019.

FINANCIAL REVIEW

Astralis Group A/S was founded on 31 July 2019 and has only constituted a legal group from 14 August 2019 where Astralis Group A/S acquired Astralis Group Management ApS and subsidiaries.

Management of Astralis Group A/S has concluded that consolidated financial statements for the period 31 July – 31 December 2019 would not provide sufficient meaningful information about the financial performance for the year ending 31 December 2019.

To provide meaningful financial information, Astralis Group A/S has therefore provided two sets of financial statements in the annual report:

1. Statutory consolidated financial statements as of 31 December 2019 for Astralis Group A/S and its subsidiaries which provides consolidated information about Astralis Group A/S' financial performance for the period 31 July 2019 – 31 December 2019.

2. Consolidated financial statements for the underlying operating sub-group; Astralis Group Management ApS and subsidiaries for the financial period 1 January 2019 – 31 December 2019 shown separately in the Astralis Group Management ApS Financial Statements section.

Both sets of consolidated financial statements have been prepared in accordance with the Danish Financial Statements Act.

There is convergence between the half year report for the second half of 2019 and the period covered in the statutory consolidated financials. Therefore the half year report for the second half of 2019 is also commented in below section under Astralis Group A/S.

For the balance sheet and cash flow, the review will only be based on the statutory financial statement.

Astralis Group A/S
The Management of Astralis Group A/S has prepared and presents herein the statutory consolidated financial statements as of 31 December 2019 for Astralis Group A/S and its subsidiaries which provides consolidated information about Astralis Group A/S' financial performance for the period 31 July 2019 – 31 December 2019. Astralis Group A/S acquired Astralis Group Management ApS on 14 August 2019, whereby the statutory consolidated financial statements effectively cover 4.5 months of operations.

Revenue
Total revenue for 2019 was DKK 26.8 million which was DKK 2.8 million higher than expectation. The higher revenue was mainly driven by Astralis Esport with DKK 22.0 million in revenue. Strong performance by the team at the end of 2019 meant higher than expected revenue from prize money.

External costs, staff costs and depreciation and amortisation
External costs were DKK 7.3 million in 2019 which was in line with expectations for the period. Staff costs were DKK 24.7 million, which was higher than expectations due to the higher amount of prize money paid to players in Astralis Esport. Depreciation and amortisation were DKK 13.2 million and is primarily related to amortisation of the franchise slot in the European League of Legends franchise league.

Gross loss (EBITDA)
EBITDA for 2019 was DKK -5.2 million which was DKK 0.7 million lower than the expectation. EBITDA for Astralis Esports was DKK 1.7 million, for Origen Esports DKK -4.3 million and DKK 1.0 million for Future FC. In addition, corporate costs and non-allocated costs accounted for DKK -3.6 million.

Net financials
In 2019, net financials amounted to a loss of DKK 6.9 million.

Income tax
Income tax in 2019 was an income of DKK 1.4 million in 2019 representing tax effect from amortisation of intangible assets identified as part of the purchase price allocation from the acquisition of Astralis Group Management ApS.

Loss for the period
The result for 2019 was DKK -23.9 million.

The Board proposes to transfer the loss for the year to the Company's reserves.

Astralis Group Management ApS
The Management of Astralis Group A/S has prepared and presents herein the Consolidated financial statements for the underlying operating sub-group; Astralis Group Management ApS and subsidiaries for the financial period 1 January 2019 – 31 December 2019 shown separately in the Astralis Group Management ApS Financial Statements section.

Revenue
Total revenue for 2019 was DKK 48.6 million which was DKK 5.6 million higher than the expectation. The higher revenue was mainly driven by Astralis Esport with DKK 39.2 million in revenue (DKK 4.8 million higher than expected). Strong performance by the team at the end of 2019 meant higher than expected revenue from prize money.

External costs, staff costs and depreciation and amortisation
External costs were DKK 21.8 million in 2019 which was in line with expectations for the period. Staff costs were DKK 49.5 million which was higher than expectations due to the higher amount of prize money paid to players in Astralis Esport. Depreciation and amortisation were DKK 17.6 million and is primarily related to amortisation of the franchise slot in the European League of Legends franchise league.

EBITDA
EBITDA for 2019 was DKK -22.7 million slightly lower than the expectation. EBITDA for Astralis Esports were -5.0 million, for Origen Esports -13.6 million and DKK 1.0 million for Future FC. In addition, corporate costs and non-allocated costs accounted for DKK -5.1 million.

Net financials
In 2019, net financials amounted to a gain of DKK 5.7 million for the year being a combination of interest expenses and other financial costs of totally DKK -13.3 million and income of DKK 19.0 million from sizing the debt owed to the previous parent company; BLAST ApS, just prior to Astralis Group A/S acquiring Astralis Group Management ApS.

Loss for the period
The result for the year was DKK -34.6 million.

Balance sheet – Astralis Group A/S
Intangible assets
Intangible assets amount to DKK 116.5 million as of 31 December 2019. This is related to of the franchise slot in the European League of Legends franchise league DKK 69.1 million and player rights, goodwill and trademarks related to the acquisition of Astralis Group Management, DKK 26.1 million, 13.7 million and 7.6 million, respectively.

Current Assets
Current assets at the end of 2019 were DKK 112.6 million of which DKK 88.4 million were in cash and DKK 20.1 million in trade receivables.

Non-current liabilities
Non-current liabilities at the end of 2019 were 21.4 million of which DKK 4.7 million were related to credit institutions, DKK 13.5 million related to the European League of Legends franchise league and DKK 2.9 million related to Other Payables.

Current liabilities
Current liabilities at the end of 2019 were DKK 41.0 million of which DKK 8.9 million were related to the European League of Legends franchise league and DKK 32.1 million represents operational liabilities.

Equity
The Group's equity amounts to DKK 166.9 million as of 31 December 2019.

Cash Flow
Operations
In 2019 the cash flow from operating activities was DKK -15.1 million.

Investments
In 2019 the cash flow from investments was DKK -31.4 million, used to acquire Astralis Group Management ApS on 14 August 2019.

Financing
In 2019 the cash flow from financing activities was DKK 130.8 million representing pre-IPO proceeds obtained from early investors of DKK 62.5 million and IPO-proceeds of DKK 139.7 million net of IPO costs. Following the IPO, the Group has repaid financial loans with DKK 50.2 million.

Capital Resources
As a result of the completed IPO in December 2019 the majority of pre-IPO debt has been repaid and the management considers the capital resources sufficient to complete the planned activities and investments in 2020. The capital resources are also sufficient to execute the remaining financial liabilities and ensure sufficient capital resources at the end of 2020.

Subsequent events
In February 2020 Astralis Group's Counter-Strike team Astralis entered a long-term contract with ESL regarding participation in the Global Counter-Strike league, ESL Pro League and hereby fulfilling the expectation of participation in a new league structure. In the IPO prospectus it had been anticipated that the Group's participation in a new league could result in an investment of up to EUR 2 million. No investment was required for the participation in the ESL Pro League.

OUR RESULTS – TEAMS

The Astralis Group consists of the three team brands Astralis, Origen and Future FC and the Management Company Astralis Group Management.

All amounts mentioned below represent full year amounts, unless otherwise indicated, and since Astralis Group was formed in 2019, no comparison to 2018 has been provided.

Astralis
Astralis consist of five players, led by a coach. Astralis has become the most successful team in Counter-Strike history, breaking records through their total number of Major wins, the total number of grand tournaments wins, and through holding their position as #1 longer than any other team in history.

Astralis has more than 386,000 followers on Instagram and 274,000 on Twitter, excluding the players' accounts. Astralis was the most watched Counter-Strike esports team in 2019, with more than 50 million hours watched through online video platforms such as Twitch and YouTube.

Since their launch in 2016, Astralis has won a total of 16 grand tournaments, of which 4 were Major titles (including the three most recent in a row). The fourth and latest Major win came in September 2019 in the Starladder Berlin Counter-Strike Major.

Astralis finished off the year by winning the BLAST Pro Series: Global Final 2019 and the first prize of USD 350,000.

Net revenue in Astralis was DKK 39.2 million in 2019, which was DKK 4.8 million higher than the expectation for 2019. The main reason for the higher revenue was the successful end to 2019 where more than USD 800,000 in prize money was won in the last quarter of 2019.

Total operating expenses for 2019 were DKK 44.3 million affected by a higher payout of prize money to the players. EBITDA for 2019 was DKK -5.0 million which was DKK 1.5 million lower than expected.

Origen
Following the acquisition of the brand in November 2018, Origen was re-launched in 2019 as part of Riot's new LEC franchise league for Europe. Origen has accumulated a substantial fan base on Twitter of 741,000 as of 31 December 2019, the second highest number for all LEC teams, and has, during the first season, attracted approximately 71,000 new followers on Instagram.

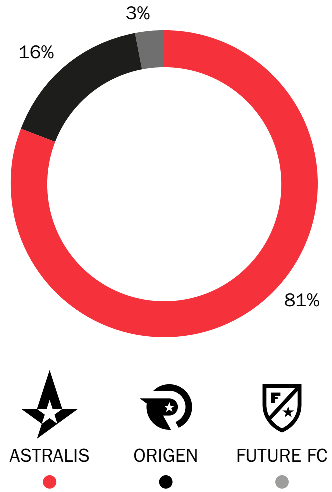
Origen's five players and coach, all with different international backgrounds, ensured its first major accomplishment by finishing #2 in the first season, spring 2019, of the newly established League of Legends European Championship, LEC. Astralis Group presented the new 2020 roster in November 2019.

Net revenue in Origen was DKK 8 million in 2019 which was slightly lower than expectation for 2019.

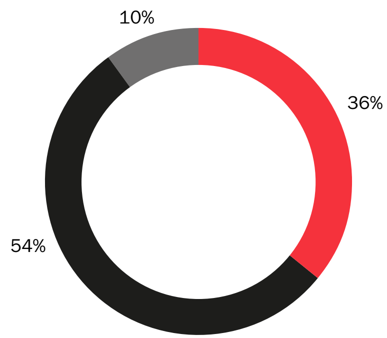
Total operating expenses for 2019 were DKK 21.6 million which was DKK 1.2 million lower than expectation for 2019. EBITDA for 2019 was DKK -13.6 million which was DKK 1.2 better than expectations.

Future Football Club
Future FC is a FIFA team officially announced by the Astralis Group on 1 October 2019. It is the newest team under the Astralis Group umbrella. The first signed international

Astralis Group – Revenue business area
%



Astralis Group – Revenue split
%



- Prize money and other revenue from tournament participation
- Sponsorship
- Merchandise and stickers
- Other Revenue

top players was the Danish-Turkish prodigy Fatih Üstün; the 17-year old Israeli national champion Roee Feldman, who despite his young age already has demonstrated his talent by beating some of the best players in the world; and the top female player in Brazil on the verge of her international break-through, Stephanie Luana da Silva Santos.

Net revenue in Future FC from 1 October 2019 was DKK 1.4 million in 2019 which was slightly better than expectation for 2019.

Total operating expenses for the period 1 October – 31 December 2019 were DKK 0.4 million and EBITDA for the period was DKK 1.0 million which was also slightly better than expectation for 2019.

Astralis Group Management

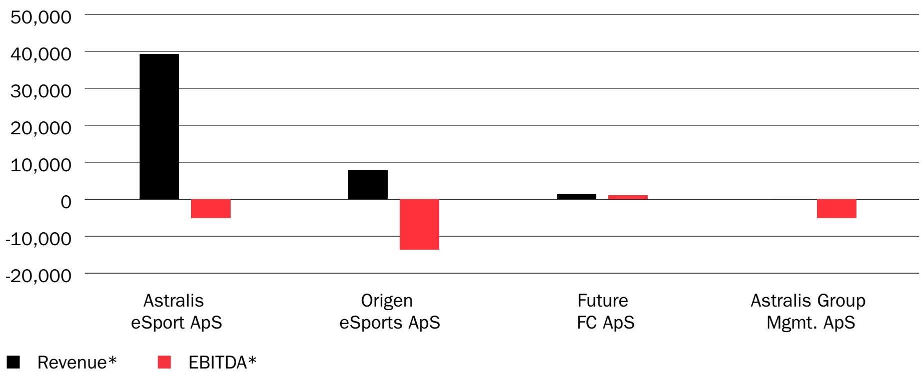
The performance, brands, and organization of Astralis Group's three teams are managed by Astralis Group Management which is responsible for the performance team supporting the teams, commercial partnerships and the back-office functions.

Net revenue in Astralis Group Management was DKK 2.0 million in 2019 which was in line with the expectation for 2019.

Total operating expenses for 2019 were DKK 7.0 million and EBITDA for 2019 was DKK -5.1 million which was also in line with expectations.

Revenue

DKKm



* Consolidated financial statements

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OUTLOOK

The financial targets for Astralis Group for the financial year ending 31 December 2020 is a net revenue in the range between DKK 60 million – DKK 70 million and an EBITDA in the range between DKK -3.5 million – DKK -5 million.

The financial targets for 2020 is based on the following assumptions:

- Revenue from sponsorships is expected to double from 2019 to 2020.
- Prize money earnings for 2020 are expected to be at the same level as in 2019 assuming a continuous high performance and success of the Group's esports team in different leagues.
- League revenue shares across teams are expected to grow between 40 and 100 %, driven by the growing esports market and increasing revenue and profit sharing pools provided from the various leagues and tournaments that Astralis Group's teams participate in
- The Group projects that the team-specific operating cost will increase with 20% from 2019 to 2020

Team brand outlook
The Astralis Group's Value Creation Engine consists of three core elements: The performance model, the brand-building capabilities, and the commercial platform that builds valuable relationships with business partners and the fan base.

- Scaling of the performance model with the introduction of new teams and players and thereby improving its efficiency.
- Broadening the brand portfolio by acquiring and building engaging brands that reach a broad audience.
- A continuous strengthening of the commercial platform, building valuable relationships with the fans of each team through existing and new digital and physical channels.

Astralis
Performance: Astralis is the most winning Counter-Strike team throughout history.
The goal for the season is to continue to improve the performance of the team and the individual players to secure the best possible basis for defending the Major titles and matching the winnings of 2019.

We expect the new, more structured international tournament schedule will have a positive effect as it enables us to plan further ahead and work in greater detail with the players' and team's performance. Other teams with a similar approach will also benefit.

We expect to build out the team's Copenhagen training facilities.

Origen
Performance: With a new line-up, the performance work around Origen has been focused on creating new structures and optimizing teamwork. Next step is to implement additional elements from the established Astralis Group performance model and keep the upwards momentum going.

The ultimate goal for the 2020 season is qualifying for the massive World Championship in November in Shanghai with all the best teams competing in some of Chinas biggest stadiums.

We expect to build out the team's Copenhagen training facilities.

Future FC
FIFA is a more individual game and with players located in different countries, our performance training is individual and has a specific focus around the players' mental balance and tactical insights.

For Future FC an overall goal is to reach a broader recognition of esports through an easily relatable game and by engaging with the traditional football scene online and offline. The team and players are therefore also focused upon creating an aspiration for young people around the globe to be best at what they do.

We expect to build out the team's Copenhagen training facilities and to improve the digital set-up around the team and players where they are located.

BUSINESS MODEL

RESOURCES

Strong growth strategy

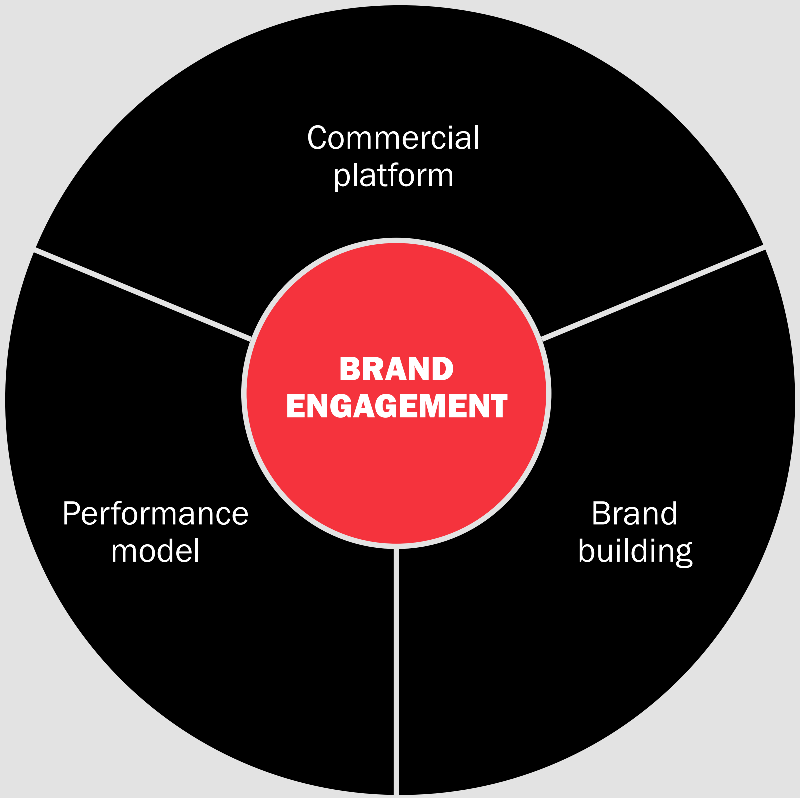
Access to capital

Investments in team & brand development

Experienced management team

Partner relations & community

VALUE CREATION ENGINE



IMPACT

Strong teams & training facilities

Commercial yield

Strong brand & fan community

Job creation & compentence building

Strong investment case

WE CREATE VALUE THROUGH PERFORMANCE, DEDICATED FANS AND THREE STRONG BRANDS

Our business model defines the way we create value and results. It determines the key resources we bring into our business, products and processes and the impact we create for teams, sponsors, partners, fans, investors and society.

Resources create the foundation
Our available resources are the basis of our business. Ahead of our listing in December 2019, we defined a strong growth strategy, and today we have the access to capital to back it up. We are investing in our teams and brands and have onboarded an experienced management team to steer Astralis Group on our growth journey. Furthermore, we have established strong relations to our partners and have a leading position in the community of game developers, players and fans.

Astralis Group's Value Creation Engine
The Astralis Group's Value Creation Engine consists of three core elements: The performance model, the brand-building capabilities, and the commercial platform that builds valuable relationships with business partners and the fan base.

1) **Performance model:** The performance model is the organizational setup through which Astralis Group builds top-performing teams. The performance model relies on a method of scouting, training, and working with players as professional athletes in optimal surroundings with an established internal infrastructure of coaches and support processes that improves the long-term competitive performance and build a strong base around the teams and emerging talent.

2) **Brand building:** Creating highly engaging brands is in Astralis Group's DNA, embracing each team's unique brand story and brand messaging and tailoring this to specific audiences. Astralis Group's branding capabilities are responsible for its highly engaged and loyal fan base – reaching both the committed gaming fans as well as a broader, mainstream audience.

3) **Commercial platform:** Astralis Group effectively creates value by engaging its large audience through three main revenue streams: Sponsorships, merchandise, and league and tournament revenue share derived from media rights, league-wide sponsorships, and certain in-game purchases.

The impact of our business
Our impact defines how we influence and create value for key stakeholders. We are creating strong teams and players with access to excellent training facilities. Our sponsorships, merchandise, prize money and media presence are creating commercial yield. We are increasing our brand reputation and position in fan communities, and we are creating jobs and building competencies. In all, this will continue to maintain a strong investment case.

STRATEGIC MEASURES TO MEET FUTURE OPPORTUNITIES

Astralis Group has developed a three-year growth strategy, 2019-21, which is anchored in the company's leading market position in esports.

Astralis Group's future success is dependent on several internal and external factors:

- We operate in a strong esports market, which creates a plethora of opportunities for Astralis Group which is well-positioned to leverage with its highly professional approach to esports. However, the esports industry is not yet a mature industry and the future of the market, and thereby also Astralis Group, is dependent on decisions and initiatives made by other actors in the esports ecosystems.
- We are dependent on the game publishers' continued success when developing new games and updating existing games. The publishers can have a powerful position in terms of dictating future league and tournament structures. When leagues are organized and controlled by publishers, Astralis Group is dependent on the publishers' ability to create commercial successful leagues.
- We are dependent on the media companies that distribute esports content. The media companies' ability to increase the monetisation of viewers via live-streaming and video-on-demand will influence Astralis Group's revenue.
- Internally, the biggest challenge for Astralis Group is to successfully monetise its fan base to increase revenue. Increased monetisation is associated with uncertainties and is dependent on our ability to further monetise current revenue streams and successfully launch future initiatives including direct to consumer and media offerings. Monetising its fan base may be more resource-consuming than expected.

The strategy ahead
The strategic focus of Astralis Group is directly related to the business model. It is focused on:

Scaling and perfecting the performance model: We will continuously improve the efficiency of the performance model by building new team brands in new game titles and by scouting for young players to build in-house talent. We have the ambition to apply the performance model in broader geographic settings, with teams not bound by the current headquarters in Denmark.

Broadening the brand portfolio and expanding mainstream engagement: Our objective is to broaden the brand portfolio through new game titles – acquired or built. We will add new titles if there is a match with the portfolio in terms of the game-specific characteristics and audience. Game-specific evaluation criteria include cross-generational legacy of the game, geographic popularity, league and tournament structures, and by the game's viewability and ability to engage across both online video platforms and traditional broadcasters. The audience-related assessment of the potential brands includes the geographical and demographical reach as well as the viewing habits of the audience.

We plan to accelerate the process of building brands through introducing new media channels through which each brand can communicate their brand story through tailored content available through on-demand video platforms.

Optimising the commercial platform: Our objective is to strengthen the current ways of engaging with Astralis Group's different fan bases, as well as introducing new initiatives to connect with the audiences. Our ambition is that current revenue streams will be enhanced as follows:

- **Sponsorship**s – increasing the value through higher reach and broadening the inventory by developing new digital assets and activations while also offering local offerings in key markets like Denmark, Spain, and North America.
- **Merchandise** – utilizing retail partnerships to expand merchandise offerings to new markets and develop special lines made available only through direct channels.
- **League and tournaments membership** – increased revenue from current league participation and investing into league participation with increased revenue and profit shares to the teams.
- **Direct-to-fan offerings** – introducing new digital and physical products that engage with the Astralis Group fanbase.
- **Media initiatives** – engaging fans through new channels with tailored content for the separate teams.

More details about our strategy, objectives and specific KPIs can be found in our listing prospectus at our website: www.astralisgroup.net/investor.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TURTLE BEACH
UNIBET
JACK&JONES
SECRET LAB
OMEN

THE MARKET

Market trends
The esports industry, a subset of the video gaming market, shares several characteristics with professional traditional athletics sporting events. As with the latter, esports is centered around competitive (electronic) sports events on a professional level, played either by individual (single) players or in teams (multiplayer), with the playing field being either computer, console, or mobile.

The large amount of different gaming genres and titles make esports as diverse as traditional sports, and likewise, the games are often played as a tournament in front of a live audience while simultaneously being broadcasted through TV networks and through online channels like Twitch and YouTube.

Esports audiences are generally young millennials or generation Z (56% under 35). Viewership habits differ within titles, where some games are better enjoyed with prior gaming knowledge (e.g., League of Legends), and others having a simple storyline and gameplay, which caters to mainstream audiences (e.g., Counter-Strike and FIFA).

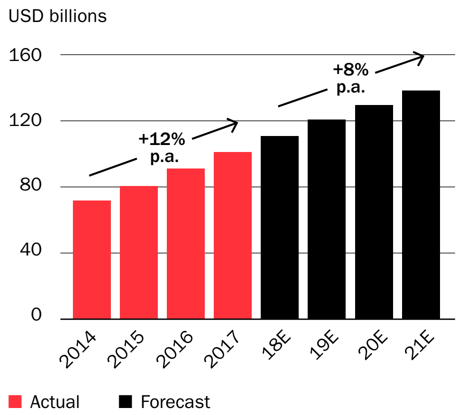
Revenues in the esports industry are generated from viewers through sponsorships, merchandise, and media rights, and are expected to grow by 14.9% p.a. reaching USD 1.56 billion in 2023, primarily driven by increases in viewership and revenues per viewer.

Astralis Group is well-positioned to benefit from this, with its leadership status and proven record of the performance model, brand building capabilities, and commercial platform.

Defining the playing field
Esports is a part of the gaming industry value pool. Gaming encapsulates the full gaming value chain from hardware manufacturing to service providers. In comparison, esports captures everything related to organizing, participating in, and broadcasting competitive gaming events (e.g., tournaments and leagues, online and offline)

Stemming from differences in their value chains, esports and gaming also differ in terms of main revenue pools. Major revenue streams for gaming include software (i.e., games), hardware (devices, peripherals), distribution through physical and online channels, and service provision (e.g., online platforms). Esports obtain revenues through

The gaming market size
Source: McKinsey & Company, 2017



Players & audience	Publishers	Teams	League & events	Venues	Media	Brands
Industry is at its roots a consumer industry, where **the players & the mainstream adience are the ultimate source of revenue;** they pay for games, content and addon services, form teams and play in leagues, attend and watch events, and buy products and services from the sponsors	**Publichers use esports primarily to market and monetise their games;** only few are vertically integrated and organise their own event	**Teams play in tournaments** to win prize money, fans and sponsor contracts. Sometimes team owners pay the leagues to become franchisees thereby gaining a stable revenue share	League operators **organise and commercialise sports events and leagues**	Venues **provide a physical or online space for the events**	**Media companies distributes the content to large audience,** mostly via live-streaming and video-on-demand	**Brands sponsor and advertise across different ecosystem players** - teams, leagues and media channels

media rights, sponsorship, advertising, merchandise, and ticket sales.

Video gaming
Video gaming consumer spend reached USD 103 billion already in 2017 and is expected to grow with a CAGR of 8% from 2018 to 2021, reaching the forecasted size of USD 141 billion in 2021.

Gaming revenues are unequally spread across geographies, with Asia-Pacific (APAC) at the forefront with USD 64 billion and with a five-year CAGR of 16% between 2013-18. The second largest regions are North America and EMEA, with 2018 market size of USD 22 and 21.8 billion, respectively. South America has been the smallest market in 2018 with USD 5.6 billion, but with a 14% CAGR between 2013-2023.

The significant growth in the gaming market is predominantly driven by mainstream interest, changing consumer preferences towards new technologies and titles, and the professionalization of esports.

- Gaming is attracting mainstream audiences through new means of viewing esports (Twitch, YouTube), a shift towards games being streamed (Microsoft xCloud, Google Stadia, Apple Arcade), and gaming moving towards Free to Play (F2P) with in-game purchases.
- Consumer preferences are changing in interacting with games, with increased interest for Virtual Reality (VR) and Augmented Reality (AR), in addition to games gaining rapid popularity overnight (PlayerUnknown's Battlegrounds, Fortnite).
- Esports is becoming professionalized, driving growth in the gaming industry. In esports, a subset of the gaming industry, a growing aspiring professional segment is focusing on competitive games and optimizing performance, and this process is followed by big online and linear TV sports channels broadcasting tournaments.

The esports ecosystem consists of 7 key actors
The esports ecosystem consists of seven key actors, where players and the audience are at the roots – they purchase games, consume content, and demand add-on services, watch esports events, and purchase products connected to the teams.

Team owners, like Astralis Group, are closely interlinked with the players, leagues, brands, and publishers, as they are in the epicenter of the esports ecosystem.

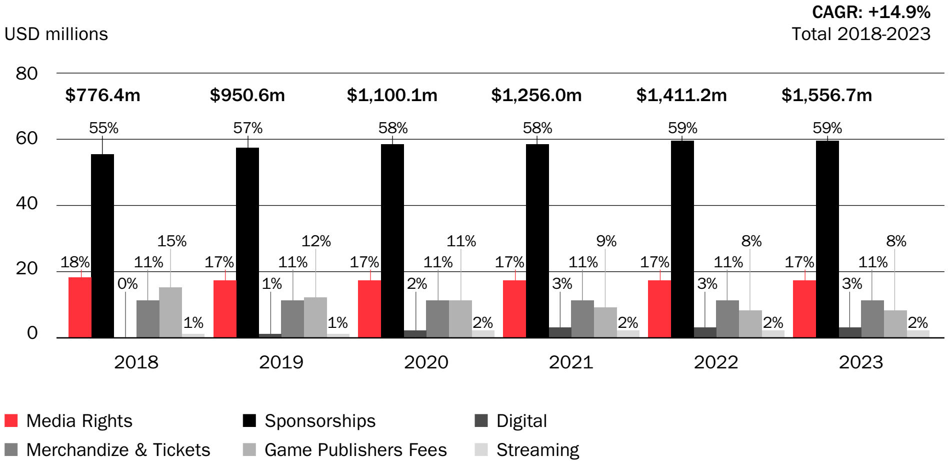
The esports ecosystem
In terms of prize money ("Teams" in figure prior page) the structure differs for each game. In Counter-Strike the league and tournament structure is fragmented. The organizers of the leagues and tournaments are attracting the best teams by offering high prize money pools. In Counter-Strike industry commercial terms generally dictate that the roster receives all or the grand part of prize money awarded.

Previously the tournament structure in League of Legends was similar to the structure in Counter-Strike. With the tournament structures becoming more aligned along four regional franchised leagues (China, Europe, Korea, and North America), there is less focus on prize money and prize pools in League of Legends are generally lower. With the security of income from league revenue sharing, revenue streams to the team owners and the roster are more stable, allowing for commercial terms that generally dictate a more equal split of winnings.

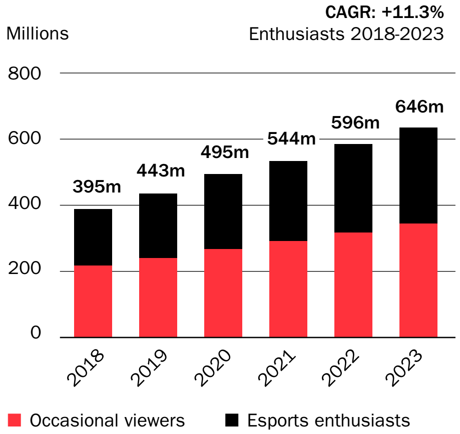
Within FIFA, the tournaments are more fragmented than League of Legends tournaments, however Electronic Arts still sets a framework for the tournaments, so as not to be as fragmented as in Counter-Strike. Often in FIFA the team owners and players split the prize winnings.

As industry forces are working for the league/tournament structure in Counter-Strike and FIFA to become more structured, this allows more secure income streams for Astralis Group over time.

Global esports revenues
Source: NewZoo, 2019



Esports audience growth
Source: NewZoo, 2019



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The large and growing esports market
Based on the latest industry reports the 2019 esports market reached USD 0.95 billion, expected to grow by 14.9% yearly from 2018 to 2023, reaching USD 1.56 billion by 2023. Esports revenues are composed of three main revenue streams: Brand investments, game publisher fees, and merchandise and tickets.

Brand-related revenues (e.g., media rights and commercial partnerships/sponsorships) are currently the largest share of the revenue pool at approximately 74% and are expected to gain further share to reach up to 76% of total esports revenues by 2023.

Merchandise and tickets are expected to become second largest revenue stream, expected to hold a steady share of 11% of total revenues between 2019 and 2023. Game publisher fees were 12% of total revenues in 2019 but are expected to decrease in relative share to 8% in 2023.

Esports approaching 450 million viewers in 2019
Esports tournaments have been attracting a broader audience in recent years, shown by increasing viewership year-on-year. Esports reached 443 million viewers in 2019, and is expected to continue growing by an +11,3% CAGR to 2023, reaching 646 million viewers. Esports viewers are comprised of “occasional” and “enthusiast” viewers, where in 2019, enthusiast viewers were 45,0% of total viewers, and by 2023, their share is expected to slightly increase to 45.7%.

Esports audience growth
Esports tournaments have also been attracting a larger public interest, as shown by the large crowds at selected events (during the whole duration of the tournament):

- 2015 League of Legends Championship (Paris, London, Brussels and Berlin) – 43 thousand live viewers, and 36 million unique online viewers.
- 2016 League of Legends World Championship (San Francisco, Chicago, New York) – 47 thousand live views and 43 million unique online viewers.
- 2017 CFS World Championship (Xi’an) – 37 million unique online viewers.
- 2017 Intel Extreme Masters Katowice (Katowice) – 173 thousand live viewers, 46 million unique online viewers.
- 2018 Worlds Grand Final (Incheon Munhak Stadium, South Korea) – 23 thousand live viewers, 205 million peak online viewers.

Esports revenues driven by increased viewership and monetisation
The expected 14.9% per annum growth between 2018-2023 in esports revenue is driven by increased viewership and level of monetization.

Esports viewership reached 443 million viewers in 2019 and is expected to grow at 11.3% to reach 646 million viewers in 2023. Simultaneously, revenue per total viewers, currently at USD 2.15, is forecasted to increase 6.5% per annum reaching USD 2.41 in 2023.

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RISK MANAGEMENT

Key risks are centered around commercial agreements and performance. Astralis Group operates in a growing and complex esports industry. Effective risk management is key to maintaining and building on our position as one of the world's leading esports brands.

Risk management governance
The Board of Directors assesses the risks associated with Astralis Group business and operations and the company's risk framework and control systems will include a whistleblowing function to be established during 2020.

The Executive Management Team is responsible for risk management execution, and all employees are responsible for identifying and managing risks related to their areas.

Risk management activities and status
The process of quantifying, assessing, executing and monitoring risks will be strengthened in 2020. Key elements of the risk and control agenda include timely involvement of management and adequate processes and resources to mitigate and reduce risks.

Key risks
Astralis Group has identified the following key risks for 2020.

Commercial agreements
Astralis Group is dependent upon entering sponsorship and commercial agreements, including the ability to negotiate and renegotiate the agreements with favorable terms for the teams. Typically, commercial partnership contract terms are two to five years and commercial partnership agreements have been signed with both gaming-related partner brands and non-endemic brands representing a broad range of industries e.g. automotive (Audi), apparels (Jack & Jones), betting (Unibet), and technology (Omen by HP). Esports branding has the ability to be even more powerful than traditional sports, because of the interactivity of the media.

Fast shifts in audience preferences could occur causing declining sponsorship revenues having a material adverse effect on overall revenue and operating results.

An economic downturn and adverse economic conditions may also affect the advertising and sponsorship market negatively, reducing the duration of promotional/advertising investments. Merchandise sales may also be affected negatively.

Performance
If a situation arises where the teams are unable to maintain their top positions for a longer period of time, it will have a potential negative effect on all revenue streams and results of operations.

Astralis Group is dependent of continued popularity in the games in which they operate. If spectators choose to watch and follow other games and competitions where Astralis Group does not (indirectly) operate, it will have a negative effect on revenue streams and results of operations. Astralis Group has chosen to operate in games with legacy and historical track record to minimize the risk of decreasing popularity.

Continued audience affinity
The commercial success of the individual teams of Astralis Group is dependent on a large audience base for the games in which it operates. If the audiences of the games in which Astralis Group operates decreases – for example as a result of the general popularity of the game decreasing or league organizers' inability to sustain interest amongst audiences – the commercial sustainability of individual teams may be adversely impacted. Such an adverse impact may have a negative effect on revenue streams and, as a consequence hereof, operating results.

New legislation
The introduction of new legislation has the capacity to impact the operations of Astralis Group and its subsidiaries. This includes, but is not limited to, legislation that seeks to censor certain video games (e.g. FPS games such as Counter-Strike). Likewise, a lack of new legislation may pose the risk of limiting industry potential such as a slowdown in the liberalization of sportsbook betting which has the capacity to increase the overall value of the esports industry.

Global pandemic
The chances of a global pandemic are growing and with the latest Covid19 outbreak we are seeing the potential impact in esports, latest with the decision to play the Intel Extreme Masters XIV - Katowice 2020 without spectators. A global pandemic also has the potential to impact sponsorship revenue if both existing or potential sponsors aren't able to utilize their sponsorship in certain markets or if Astralis Group is unable to fulfill its obligations towards agreements.

GOVERNANCE

Board of Directors
The Board of Directors is responsible for Astralis Group's overall and strategic management and supervises its activities, management, and organization. The current Board of Directors comprises of three members, of which one is Chairman.

The names, positions, date of election and number of shares held by Astralis Group's Board of Directors are available in the table below.

The Chairman is independent in relation to Astralis Group, the management and the majority shareholders.

Name	Position	Date of election	Dependence
Jette Nygaard-Andersen	Chairman	8 November 2019	Independent
Christian Swane Mourier	Deputy Chairman	8 November 2019	
Claus Zibrandtsen	Member	8 November 2019	

Audit Committee
The Board has established an Audit Committee at the end of the 2019 and the Board appoints members and chairs in this committee from within the Board. The member of the Audit Committee is Christian Swane Mourier. The first meeting in the audit Committee was held in 2020 in preparation for the 2019 annual report. The Audit Committee will review and assess Astralis Group's financial reporting process, internal controls and risk management systems and the independent audit.

Executive Management is responsible for maintaining controls and an effective risk management system and ensuring necessary steps are taken to address the risks identified in relation to financial reporting.

Risk assessment
The Board and the Executive Management team assess risks on an ongoing basis, including risks related to financial reporting, and assess measures to manage, reduce or eliminate identified risks. The Audit Committee will review selected high-risk areas on a frequent basis, including significant accounting estimates and material changes to accounting policies.

At least once a year, the Audit Committee will oversee a review of current internal controls to determine whether they are effective in relation to the risks identified in the financial reporting process.

Astralis Groups's independent auditors are appointed for a term of one year at the Annual General Meeting following the recommendation of the Board. Prior to recommendation, the Board assesses, in consultation with the Executive Management team, the independence, competencies and other matters pertaining to the auditors.

Players
All players in Astralis Group are in principle available to play for official national teams subject to an agreement on commercial rights between the national association and Astralis Group.

Out of our current three teams, only Future FC works in a game with official national teams and consequently Astralis Group has three players that are electable for their respective national teams: Fatih Üstün (Denmark), Roee Feldman (Israel) and Stephanie Luana da Silva Santos (Brazil).

At this stage Fatih Üstün and Roee Feldman are considered national team players by their respective associations.

Additional information
The Corporate Governance Statement for 2019, cf. section 107b of the Danish Financial Statements Act, is available at our website: www.astralisgroup.net/review.

BOARD OF DIRECTORS

Jette Nygaard-Andersen (Chair)

Member since 2019
Independent

Expiry of election period
2020

Date of birth
22 October 1968

Profession
Professional Board member

Experience
Jette Nygaard-Andersen has over 20 years of international experience from executive roles, leading businesses and teams within the TMT industry, primarily in Media & Entertainment and Digital. The last 7 years, Jette has been driving digital transformation and revenue diversification, innovating on back of new technology enablers and changing consumer behaviours, building new digital business models as well as investing in and developing fast growing, digital nextgen media companies. Jette has extensive experience from both strategic and operational leadership roles, since 2003 within the MTG group, as well as from Non-Executive Director roles in listed and non-listed companies, and Jette has worked successfully in both in corporate and entrepreneurial environments.

Other positions
- Board member in Coloplast A/S (since 2015)
- Board member in GVC Holdings PLC (since 2019)

Christian Swane Mourier

Member since 2019

Expiry of election period
2020

Date of birth
30 January 1977

Profession
CEO at Mourier-Gruppen ApS

Experience
Christian Swane Mourier has a demonstrated history of working in corporate finance, having worked in auditing at KPMG and thereafter in M&A at Clearwater as well as LLM Partners. Christian is also experienced in entrepreneurship and venture capital.

Other positions
- Director at JJCM Rungsted ApS (since March 2019)
- Director at CSM COT 10 ApS (since 2017)
- Vice-chairman of Dentalteamet Holding A/S (since March 2019)
- Vice-chairman of Tandlægen.dk Holding A/S (since March 2019)
- Board member in Semler Invest A/S (since April 2018)
- Board member in Autonomous Mobility A/S (since April 2018)
- Board member in Connected Cars A/S (since April 2018)
- Board member in CFCO A/S (since April 2018)
- Board member in Aula Holding IV ApS (since 2016)
- Board member in Semler Holding A/S (since 2014)
- Board member in Semler Gruppen A/S (since 2014)

Claus Zibrandtsen

Member since 2019

Expiry of election period
2020

Date of birth
29 November 1989

Profession
CEO at InQvation ApS

Experience
As CEO of InQvation, Claus Zibrandtsen has established a successful community for tech start-ups. Moreover, he has led a number of seed and venture investments in Danish and foreign start-up's such as Goodiebox ApS, Cortrium ApS, Passendo ApS and Tailor Shaped ApS (Son of a Tailor). On the side, Claus Zibrandtsen has his own start-up, namely Jocks ApS, which he has developed since 2018. Claus Zibrandtsen's key competencies include tech innovation, business development and leadership.

Other positions
- Director Peclan Holding ApS (since October 2019)
- Director at Jocks ApS (since May 2018)
- Director at InSPRING ApS (since January 2018)
- Director at CZ Invest 1 ApS (since December 2017)
- Director at CZ Invest 2 ApS (since December 2017)
- Director at InQvation ApS (since February 2017)
- Board member in Konduto ApS (since May 2019)
- Board member in Passendo ApS (since April 2019)
- Board member in Onomondo ApS (since March 2019)
- Board member in Lulu Aviation ApS (since January 2019)
- Board member in Cortrium ApS (since August 2018)
- Board member in Zafe ApS (since April 2018)
- Board member in inQvation ApS (since 2017)

INVESTOR RELATIONS

The Company's share capital is DKK 567,597.77 divided into 56,759,777 shares of DKK 0.01 each. The Shares belong to the same share class and are paid in full. All Shares in Astralis Group A/S have the same rights.

Shares are listed at Nasdaq First North Growth Market Denmark. As of 31 December 2019, the share price was 7.19 DKK with a market value of 408.1 million DKK. There are approximately 7,300 name listed investors in Astralis Group.

The following investors have 5 % or more of the share capital:

- Beatnik ApS, Valby Langgade 11, 2., 2500 Valby, 14,849,986 shares the equivalent of 26.16 % of the total share capital

- Jlk Holding ApS, Skipper Clements Allé 7, 1., 2300 København S, 7,996,144 shares the equivalent of 14.09 % of the total share capital

The Executive Management and Board of Directors of Astralis Group A/S holds in total 25,791,685 shares as of 6 March 2020.

Changes to the Articles of Association require that at least two-thirds of the share capital are represented at the annual general meeting and that any proposals to changes of the Articles of Association are approved by two thirds of the voting share capital represented at the annual general meeting.

Share price development
The company’s share price upon listing 9 December 2019 was 8.95 DKK. The share was traded in the interval of 8.95 and 6.00 DKK during 2019 and closed on the 30 December 2019 at a price of 7.19 DKK.

Annual general meeting
Annual General Meeting is to be held Tuesday 31 March 2020 at 8:00 a.m at Tivoli Congress Center, Arni Magnussons Gade 2, 1577 Copenhagen.

FINANCIAL STATEMENTS

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of Astralis Group A/S for the financial year 31 July - 31 December 2019.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2019 and of the results of their operations as well as the consolidated cash flows for the financial year 31 July - 31 December 2019.

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, 6 March 2020

Executive Management

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 shareholders of Astralis Group A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Astralis Group A/S for the financial year 31 July – 31 December 2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2019, and of the results of their operations and the consolidated cash flows for the financial year 31 July – 31 December 2019 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 consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 6 March 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kim Takata Mücke
State-Authorised Public Accountant
MNE no 10944

ASTRALIS GROUP A/S FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the period 31 July – 31 December 2019

(DKK'000)	Note	2019
Revenue	3	26,786
External expenses		(7,312)
Staff costs	4	(24,692)
Gross loss (EBITDA)		**(5,218)**
Depreciation and amortisation		(13,200)
Operating loss (EBIT)		**(18,418)**
Financial income		47
Financial expenses	5	(6,979)
Loss before tax		**(25,350)**
Tax on loss for the period	6	1,418
Loss for the period		**(23,932)**
Proposed distribution of loss		
Retained earnings		(23,932)
		(23,932)

CONSOLIDATED BALANCE SHEET
at 31 December 2019

ASSETS

(DKK'000)	Note	2019
Goodwill		13,661
Trademark		7,618
Player rights		26,075
League tournaments rights	7	69,105
Intangible assets		**116,459**
Deposits		311
Financial assets		**311**
Non-current assets		**116,770**
Trade receivables	8	20,102
Other receivables		4,048
Receivables		**24,150**
Cash		**88,440**
Current assets		**112,590**
Assets		**229,360**

CONSOLIDATED BALANCE SHEET
at 31 December 2019

EQUITY AND LIABILITIES

(DKK'000)	Note	2019
Contributed capital		568
Free reserves		166,338
Equity		**166,906**
Payables related to league tournaments rights		13,518
Deferred tax		246
Loans from credit institutions		4,694
Other payables		2,951
Non-current liabilities		**21,409**
Payables related to league tournaments rights		8,879
Trade payables		3,297
Debt to related parties		200
Other payables	9	27,296
Deferred income		1,373
Current liabilities		**41,045**
Liabilities		**62,454**
Equity and liabilities		**229,360**

Introduction and general information	1
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 31 July – 31 December 2019

(DKK'000)	Note	Contributed capital	Retained earnings	Total Equity
Contribution upon formation 31 July 2019		40	0	40
Capital increases before Initial Public Offering		360	77,274	77,634
Capital increase - Initial Public Offering		168	149,455	149,623
Costs related to Initial Public Offering		0	(11,285)	(11,285)
Purchase of non-controlling interests		0	(25,174)	(25,174)
Loss for the period		0	(23,932)	(23,932)
Equity 31 Dec. 2019		**568**	**166,338**	**166,906**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period 31 July – 31 December 2019

(DKK'000)	Note	2019
Operating loss (EBIT)		(18,418)
Depreciation and amortisation		13,200
Non-cash items		861
Working capital changes		(6,668)
Cash flows from ordinary primary activities		**(11,025)**
Financial income received		47
Financial expenses paid		(4,072)
Cash flows from operating activities		**(15,050)**
Acquisition of Astralis Group Management ApS	2	(31,387)
Cash flows from investing activities		**(31,387)**
Contribution upon formation		40
Capital increases in cash before IPO		62,502
Capital increase in cash – IPO, net of costs		139,688
Purchase of non-controlling interest		(10,042)
Repayment of financial loans		(50,167)
Repayment of payables related to league tournaments rights		(11,175)
Cash flows from financing activities		**130,846**
Increase in cash and cash equivalents		**84,409**
Cash and cash equivalents at beginning of period		0
Cash acquired from acquisition of Astralis Group Management ApS		4,031
Cash and cash equivalents at end of period		**88,440**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

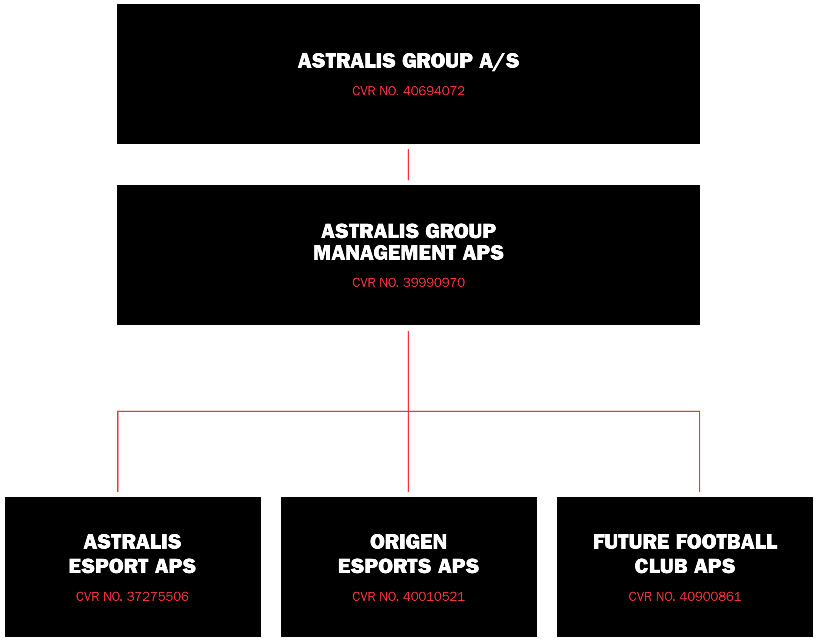
CONTENTS

NOTE 1 INTRODUCTION AND GENERAL INFORMATION

Astralis Group A/S was founded on 31 July 2019.

Astralis Group A/S acquired Astralis Group Management ApS with its subsidiaries, Astralis Esport ApS and Origen Esports ApS. Astralis Group Management ApS founded Future Football Club ApS on 28 October 2019.

At 31 December 2019, the Group structure is as follows:



NOTE 2 ACQUISITION OF ASTRALIS GROUP MANAGEMENT APS

On 14 August 2019, Astralis Group A/S acquired 98.5% of Astralis Group Management ApS from Blast ApS (former majority shareholder of Astralis Group Management ApS) and on 8 August 2019, Astralis Group A/S acquired 1.5% from a minority shareholder.

The purchase price has been allocated to identifiable assets and liabilities of Astralis Group Management ApS as set out in the table below.

(DKK'000)	14 August 2019
Trademark	7,915
Player rights	29,800
League tournaments rights	78,225
Deposits	311
Trade receivables	10,068
Deferred tax*	11,204
Other receivables	1,513
Cash	4,031
Assets	**143,067**
Payables related to acquired rights	32,367
Loans from credit institutions	4,492
Convertible loans and other loans	50,167
Trade payables	847
Other payables and deferred income	25,133
Deferred tax*	12,868
Liabilities	**125,874**
Net assets	**17,193**
Purchase price	31,387
Goodwill	**14,194**

* The allocation of the purchase price to identifiable assets and liabilities results in the identification of a deferred tax liability of DKK 12.9 million. At the take-over date, Astralis Group Management ApS and subsidiaries had a deferred tax asset from primarily tax losses carried forward, which for the purposes of the purchase price allocation has been fully recognized on the consolidated financial statements as part of the purchase price allocation since the amount can be absorbed in full by the deferred tax liability.

NOTE 2 ACQUISITION OF ASTRALIS GROUP MANAGEMENT APS (continued)

The purchase price was finally paid on 23 October 2019 and is as such to be considered final, except for any earn-out element. If, prior to or within 24 months of full payment of the purchase price, Astralis Group A/S and/or its subsidiaries agrees to complete or completes an exit as an event of the below noted, Astralis Group A/S shall pay an earnout to Blast ApS:

- a direct or indirect sale/transfer of the shares and/or voting rights in Astralis Group A/S or its sub-sidiaries,
- a direct or indirect sale/transfer of all or substantively all of the assets of Astralis Group A/S or its subsidiaries,
- an IPO of Astralis Group A/S to the extent shares owned by Nikolaj Nyholm and Jakob Lund Kristensen are sold within the earnout-period, or
- the licensing of all or a material part of the intellectual property rights of Astralis Group A/S.

Up until the day of release of the consolidated financial statements, Management has not identified and does not expect any events that triggers the earnout, and the consolidated financial statements does not reflect any expected earn-out payments.

The purchase price allocation is based on Management judgement in determining the fair value of underlying identifiable assets and liabilities based on various assumptions, such as cash flow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurement to these assumptions, combined or individually, can be significant and change in future periods. The purchase price allocation is not considered final until 12 months after the acquisition. Any adjustments after 12 months will be recognised in the income statement.

Astralis Group A/S has taken over from Blast ApS the obligations under a comfort letter to provide the liquidity necessary for Astralis Esport ApS to meet its obligations as they became due. Simultaneously, Astralis Esport ApS released and confirmed to hold Blast ApS harmless of obligations of Blast ApS according to the previous comfort letter made by Blast ApS to Astralis Esport ApS.

NOTE 3 REVENUE

(DKK'000)	2019
Sponsorships	13,775
Prize money and other revenue from tournament participation	10,065
Merchandise and stickers	2,946
	26,786

NOTE 4 STAFF COSTS

(DKK'000)	2019
Wages and salaries including prize money to players	21,483
Pensions	2,153
Other social security costs	1,056
	24,692
Average number of employees	19
Number of employees, end of period	32

On 31 October 2019, the Board of Directors in Astralis Group A/S has been authorised by the general assembly to issue and execute a warrant programme for the Board of Directors, Executive Management, Senior Management and to employees employed by Astralis Group A/S and subsidiaries. On 8 November 2019, the general assembly amended the warrant programme. The key elements of the programme are:

- Warrant programme gives the Board of Directors the right to grant warrants, which entitles the warrant holders to subscribe share capital in Astralis Group A/S for up to nominal DKK 21,052.63 equal to 2,105,263 shares of DKK 0.01 each of which 1,028,710 and 149,385 warrants have been granted at 31 Dec. 2019.
- 182,476 warrants (subsequently changed to 1,028,710 warrants following a bonus issue) were issued to members of the Executive Board, Senior Management and to employees giving the warrant holders a right to subscribe shares at a price of DKK 22.952 per share (subsequently changed to DKK 4.07 per share). The issued warrants vest over a 48-month period with a few exceptions and with vesting condition of continued employment.
- 149,385 warrants were issued to the Board of Directors giving the warrant holders right to subscribe shares at par. The issued warrants vest over a 12-month or 24-month period.

NOTE 5 FINANCIAL EXPENSES

(DKK'000)	2019
Interest on payables related to acquired rights	1,249
Interest on convertible loans	322
Interest on loans from credit institutions	234
Interest on other loans	3,327
Exchange rate losses	30
Other financial expenses	1,817
	6,979

NOTE 6 TAX

The Group has a non-recognised deferred tax asset of DKK 27.5 million relating primarily to tax loss carryforwards. Capitalisation awaits that the Group becomes profitable.

NOTE 7 LEAGUE TOURNAMENTS RIGHTS

(DKK'000)	2019
Cost beginning of period	0
Addition from acquired companies	77,751
Cost end of period	**77,751**
Amortisation beginning of period	0
Amortisation for the period	8,646
Amortisation end of period	**8,646**
Carrying amount	**69,105**

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 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 Origen Esports ApS. 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.

NOTE 8 TRADE RECEIVABLES

(DKK'000)	2019
Prize money	10,578
Sponsorships	7,477
Other	2,047
	20,102

The Group has not recorded any provision for bad debts. Losses (if any) on prize money will – in all material respects - be deducted from payable prize money to the Group's players and will as such only have a marginal impact on profit/loss.

NOTE 9 OTHER PAYABLES

(DKK'000)	2019
Wages and salaries, payroll taxes, social security costs, etc. payable	12,156
Holiday pay obligation	3,872
Prize money payables	9,421
Other costs payables	4,798
	30,247
Other payables are presented as follows in the balance sheet:	
Non-current liabilities	2,951
Current liabilities	27,296
	30,247

NOTE 10 CONTINGENT LIABILITIES

The Group has operating lease commitments amounting to DKK 0.3 million at 31 December 2019.

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

NOTE 11 ACCOUNTING POLICIES

The consolidated financial statements of Astralis Group A/S for the period are prepared in accordance with the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency of the Group.

Consolidation principles
The consolidated financial statements are prepared based on the interim financial statements of the Parent and its subsidiaries by aggregating uniform items. Intra-group income, expenses, shareholdings and balances are eliminated.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the asset can be measured reliably. Assets are derecognised from the balance sheet when it is no longer probable that future economic benefits will flow to the Group.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liability can be measured reliably. Liabilities are derecognised from the balance sheet when it is no longer probable that future economic benefits will flow out of the Group.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item. Consideration is made for events occurring during the period from the balance sheet date until the presentation of the consolidated financial statements and that confirm or invalidate affairs and conditions existing at the balance sheet date.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, transactions made in a different currency than the Group's functional currency are translated applying the exchange rate at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Balance sheet

Business combinations
Acquired enterprises are recognised in the balance sheet from the time of acquisition. The time of acquisition is the date when control of the enterprise is transferred to the Group. On acquisitions of enterprises of which the Group obtains control, the purchase method is applied according to which their identified assets, liabilities and contingent liabilities are measured at their fair values on the acquisition date.

The purchase price consists of the fair value of the consideration paid for the enterprise. If the final consideration is conditional upon one or more future events, the consideration will be recognised at the fair value on acquisition. Any subsequent adjustment of contingent consideration is recognised directly in the income statement, unless the adjustment is the result of new information about conditions prevailing on the acquisition date, and this information becomes available up to 12 months after the acquisition date. Transaction costs are recognised directly in the income statement when incurred.

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.

Other intangible assets
Other intangible assets are acquired through business combinations and consists of brand value, customer relations, player rights and league tournaments rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over the following estimated useful lives.

Trademarks	10 years
Player rights	3 years
League tournaments rights	4 years

NOTE 11 ACCOUNTING POLICIES (continued)

Receivables
Receivables are measured at amortised cost.

Cash
Cash comprises bank deposits.

Borrowings
At the time of borrowing, non-current financial liabilities are measured at the proceeds received, net of loan costs. Subsequently, non-current financial liabilities are measured at amortised cost where the difference between the net proceeds received at the time of borrowing and the nominal amount to be settled in the future is recognised as a financial expense in the income statement over the term of the loan applying the effective interest method.

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

Deferred income
Deferred income is related to sponsorships received relating to subsequent financial periods and is recognised as revenue over the contract period.

Income statement

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

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

Revenue from merchandise is recognised when the merchandise is delivered to the customer.

Revenue from stickers is recognised when the stickers are acquired from the customers online.

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

Other external expenses
Other external expenses include corporate expenses, marketing costs and direct external costs relating to training of players, costs of travel and accommodation related to tournaments, value-in-kind sponsorship expenses, equipment to players, etc. to achieve the revenue for the period.

Staff costs
Staff costs comprise salaries and wages including prize money passed on to staff as well as social security contributions, pension contributions, etc. for the Group's staff.

Depreciation and amortisation
Depreciation and amortisation relating to non-current assets comprise depreciation and amortisation for the period.

Financial income
Financial income comprise interest income and exchange gains.

Financial expenses
Financial expenses comprise interest expenses, including interest expenses and discounting impact on debt for acquired rights, convertible loans and other loans and payables, and exchange losses.

Tax on loss for the period
Tax for the period, which consists of current tax for the period and changes in deferred tax, is recognised in the income statement by the portion attributable to profit or loss for the period and recognised directly in equity by the portion attributable to entries directly in equity.

Statement of cash flows

The statement of cash flows is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial period.

Cash and cash equivalents include non-restricted and readily available bank deposits.

Cash flows from operating activities are presented as the operating loss adjusted for non-cash operating items and working capital changes attributable to the operating activities.

Cash flows from investing activities comprise payments in connection with investments in intangible, tangible and financial assets, including follow-up investments.

Cash flow from financing activities includes payments to and from shareholders and the raising and repayment of non-current and current financial debt.

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT
for the period 31 July – 31 December 2019

(DKK'000)	Note	2019
Revenue		761
Other external expenses		(361)
Staff costs	1	(724)
Gross loss		**(324)**
Financial income		266
Financial expenses	2	(1,547)
Loss before tax		**(1,605)**
Tax on loss for the period	3	0
Loss for the period		**(1,605)**
Proposed distribution of profit/loss		
Retained earnings		(1,605)
		(1,605)

BALANCE SHEET
at 31 December 2019

ASSETS

(DKK'000)	Note	2019
Investments in subsidiaries	4	30,932
Financial assets		**30,932**
Non-current assets		**30,932**
Receivables from group enterprises		110,378
Other receivables		1,349
Receivables		**111,727**
Cash		**75,699**
Current assets		**187,426**
Assets		**218,358**

BALANCE SHEET
at 31 December 2019

EQUITY AND LIABILITIES

(DKK'000)	Note	2019
Contributed capital		568
Reserves		213,839
Equity		**214,407**
Trade payables		718
Other payables		3,233
Current liabilities		**3,951**
Liabilities		**3,951**
Equity and liabilities		**218,358**

STATEMENT OF CHANGES IN EQUITY

for the period 31 July – 31 December 2019

(DKK'000)	Note	Contributed capital	Retained earnings	Total
Contribution upon formation		40	0	40
Capital increases before Initial Public Offering		360	77,274	77,634
Proceeds from Initial Public Offering		168	149,455	149,623
Costs related to Initial Public Offering		0	(11,285)	(11,285)
Loss for the year		0	(1,605)	(1,605)
Equity end of year		**568**	**213,839**	**214,407**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

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NOTE 1 STAFF COSTS

(DKK'000)	2019
Wages and salaries	717
Pensions	6
Other staff costs	1
	724
Average number of employees	3

NOTE 2 FINANCIAL EXPENSES

(DKK'000)	2019
Misc. financial expenses	1,547
	1,547

NOTE 3 DEFERRED TAX

The Company has a non-recognised deferred tax asset of DKK 0.1 million relating primarily to tax loss carryforwards. Capitalisation awaits that the Company becomes profitable.

NOTE 4 INVESTMENT IN SUBSIDIARIES

On 14 August 2019, Astralis Group A/S acquired 98.5% of Astralis Group Management ApS from Blast ApS (former majority shareholder of Astralis Group Management ApS) and on 8 August 2019, Astralis Group A/S acquired 1.5% from a minority shareholder.

The purchase price was finally paid on 23 October 2019 and is as such to be considered final, except for any earn-out element. If, prior to or within 24 months of full payment of the purchase price, Astralis Group A/S and/or its subsidiaries agrees to complete or completes an exit as an event of the below noted, Astralis Group A/S shall pay an earnout to Blast ApS:

- a direct or indirect sale/transfer of the shares and/or voting rights in Astralis Group A/S or its subsidiaries,
- a direct or indirect sale/transfer of all or substantively all of the assets of Astralis Group A/S or its subsidiaries,
- an IPO of Astralis Group A/S to the extent shares owned by Nikolaj Nyholm and Jakob Lund Kristensen are sold within the earnout-period, or
- the licensing of all or a material part of the intellectual property rights of Astralis Group A/S.

NOTE 4 INVESTMENT IN SUBSIDIARIES (continued)

Up until the day of release of the parent financial statements, Management has not identified and does not expect any events that triggers the earnout, and the parent financial statements do not reflect any expected earn-out payments.

Considering that the market value of Astralis Group A/S at 31 Dec. 2019 exceeds the equity value as stated in the parent balance sheet at 31 Dec. 2019, Management has concluded that this implies that the recoverable value of its subsidiaries exceeds the book value of investments in subsidiaries at 31 Dec. 2019.

Astralis Group A/S has taken over from Blast ApS the obligations under a comfort letter to provide the liquidity necessary for Astralis Esport ApS to meet its obligations as they became due. Simultaneously, Astralis Esport ApS released and confirmed to hold Blast ApS harmless of obligations of Blast ApS according to the previous comfort letter made by Blast ApS to Astralis Esport ApS.

NOTE 5 CONTINGENT LIABILITIES

The Company has issued comfort letters in favour of Astralis Group Management ApS, Astralis Esport ApS, Origen Esports ApS subsidiaries of Astralis Group Management. The obligations under the comfort letter will be valid in the period up to 31 March 2021.

The Company is the administration company in a Danish joint taxation arrangement. 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 subsidiaries as well as secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed subsidiaries.

NOTE 6 ACCOUNTING POLICIES

The financial statements of the Parent, are presented in accordance with the provisions of the Danish Financial Statements Act for class B entities.

The Parent financial statements are presented in Danish kroner (DKK), which is also the functional currency for the Parent.

In respect of recognition and measurement, the Parent's acounting policies are generally consistent with the Group's accounting policies. The instances in which the Parent's accounting policies deviate from those of the Group are described below.

Income statement

Revenue

Revenue represents fee from management services, which is recognised in the income statement as the services are provided.

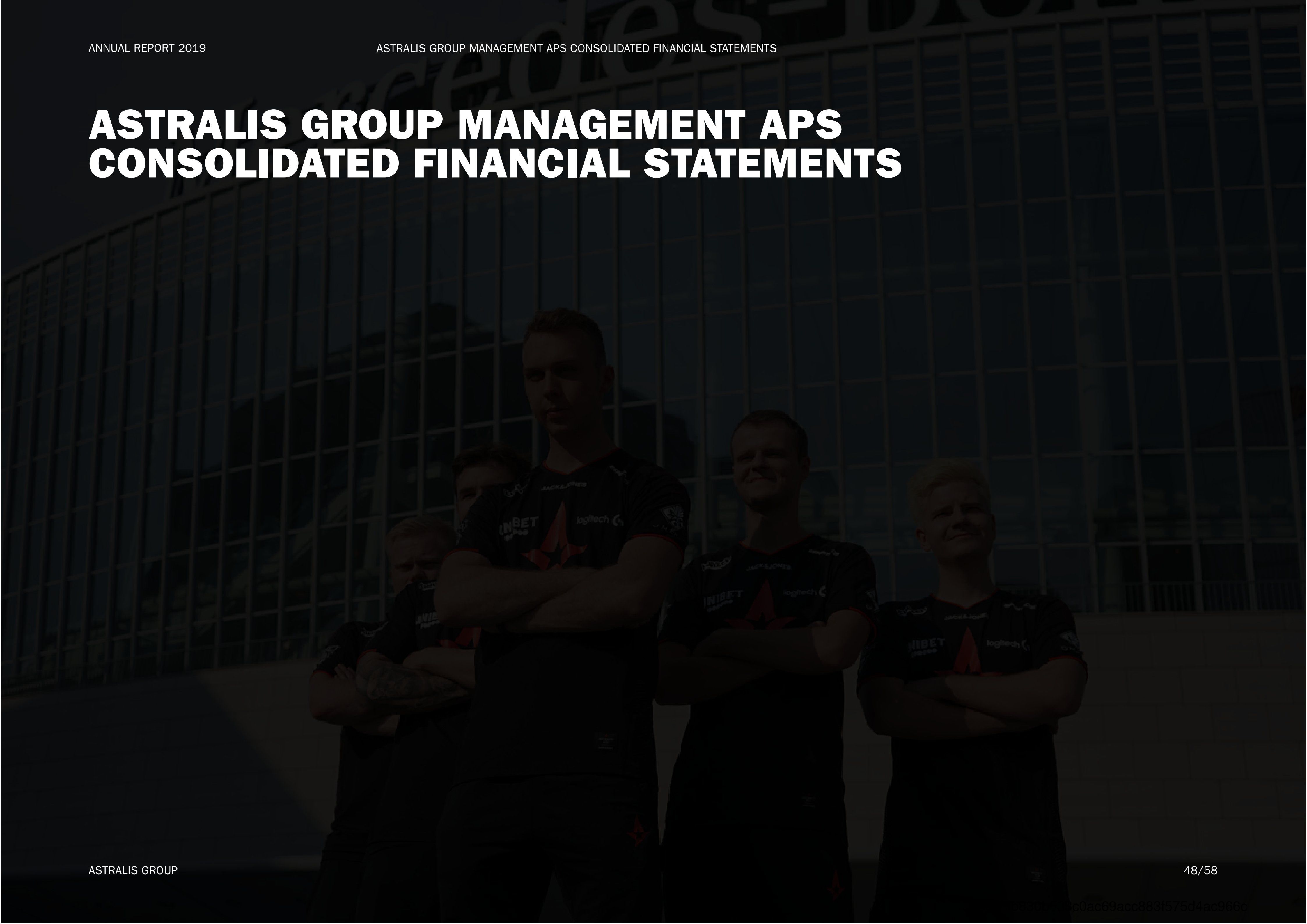
Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Balance sheet

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.

ASTRALIS GROUP MANAGEMENT APS CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED INCOME STATEMENT
for the period 1 January – 31 December 2019

(DKK'000)	Note	2019
Revenue	3	48,633
External expenses	4	(21,784)
Staff costs		(49,534)
Gross loss (EBITDA)		**(22,685)**
Depreciation and amortisation		(17,637)
Operating loss (EBIT)		**(40,322)**
Financial income	5	18,957
Financial expenses	6	(13,278)
Loss before tax		**(34,643)**
Tax on loss for the period		0
Loss for the period		**(34,643)**
Loss for the period attributable to:		
Astralis Group Management ApS' shareholders		(31,193)
Non-controlling interests		(3,450)
		(34,643)

CONSOLIDATED BALANCE SHEET
at 31 December 2019

ASSETS

(DKK'000)	Note	2019
League tournaments rights		50,834
Intangible assets		**50,834**
Deposits		310
Financial assets		**310**
Non-current assets		**51,144**
Trade receivables		20,102
Other receivables		2,699
Receivables		**22,801**
Cash		**12,741**
Current assets		**35,542**
Assets		**86,686**

CONSOLIDATED BALANCE SHEET
at 31 December 2019

EQUITY AND LIABILITIES

(DKK'000)	Note	2019
Contributed capital		51
Negative reserves		(82,000)
Equity attributable to Astralis Group Management ApS' shareholders		**(81,949)**
Equity attributable to non-controlling interests		0
Equity		**(81,949)**
Payables related to league tournaments rights		13,518
Loans from credit institutions		4,694
Other payables		2,951
Non-current liabilities		**21,163**
Payables related to league tournaments rights		8,879
Trade payables		2,578
Debt to related parties		110,378
Payables to group enterprises		200
Other payables		24,064
Deferred income		1,373
Current liabilities		**147,472**
Liabilities		**168,635**
Equity and liabilities		**86,686**

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Management's assessment of going concern	2	
Transactions with related parties	7	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 1 January – 31 December 2019

(DKK'000)	Note	Contributed capital	Reserves	Astralis Group Management ApS shareholders	Non-con-trolling interests	Total Equity
Equity at 1 January 2019		50	(13,073)	(13,023)	(7,962)	(20,985)
Capital increases		1	91	92	0	92
Transactions with non-controlling interests		0	(37,825)	(37,825)	11,412	(26,413)
Loss for the period		0	(31,193)	(31,193)	(3,450)	(34,643)
Equity at 31 December 2019		**51**	**(82,000)**	**(81,949)**	**0**	**(81,949)**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period 1 January – 31 December 2019

(DKK'000)	Note	2019
Operating loss (EBIT)		(40,322)
Depreciation and amortisation		17,637
Working capital changes		4,538
Non-cash items		848
Cash flows from ordinary primary activities		**(17,299)**
Financial income received		61
Financial expenses paid		(824)
Cash flows from operating activities		**(763)**
Payments for investments in intangible assets		(53,612)
Cash flows from investing activities		**(53,612)**
Proceeds from convertible loans and other loans		47,243
Financing from former majority shareholder		4,854
Financing from group enterprises		30,618
Cash flows from financing activities		**82,715**
Increase in cash and cash equivalents		**11,041**
Cash and cash equivalents at beginning of period		1,700
Cash and cash equivalents at end of period		**12,741**

NOTES TO ASTRALIS GROUP MANAGEMENT APS CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

NOTE 1 INTRODUCTION AND GENERAL INFORMATION

Astralis Group Management ApS was formed on 30 October 2018 with its first statutory financial year covering the period from 30 October 2018 to 31 December 2019. The parent company; Astralis Group A/S, was formed on 31 July 2019 and it acquired Astralis Group Management ApS on 14 August 2019, whereby statutory consolidated information for Astralis Group A/S does not cover a full 12 months period. To support the statutory consolidated financial statements for Astralis Group A/S covering the period 31 July to 31 December 2019, consolidated financial statements for Astralis Group Management ApS and its subsidiaries have been prepared to allow for meaningful information of the financial performance of the Group covering the period 1 January to 31 December 2019. Since Astralis Group Management ApS was formed on 30 October 2018, comparative figures have not been included.

The accounting policies are the same as for the consolidated financial statements of Astralis Group A/S. Below selected notes for the consolidated income statement has been provided, whereas for balance sheet items reference is made to the consolidated financial statements for Astralis Group A/S.

On 30 October 2018 – on the date of its formation, Astralis Group Management ApS became the owner of 57.5% of the share capital of Astralis Esport ApS through a non-cash contribution. On this basis, for consolidation purposes, Astralis Group Management ApS is regarded to be a continuation of Astralis Esport ApS, and Astralis Esport ApS is included in the consolidated financial statements on the basis of historical financial information of Astralis Esport ApS. Hence no revaluations of the underlying identifiable assets and liabilities of Astralis Group Esport ApS as of 30 October 2018 have been reflected in the consolidated financial statements.

NOTE 2 MANAGEMENT'S ASSESSMENT OF GOING CONCERN

Since the establishment of the Group, the Group has incurred losses and reports a negative equity of DKK 81,949 million at 31 December 2019.

Astralis Group Management ApS and subsidiaries have been subsidiaries of Astralis Group A/S since 14 August 2019.

At 31 December 2019, the Group has cash funds of DKK 12.7 million and financial debt of DKK 167.3 million of which DKK 110.4 million is owed to the Group's parent Astralis Group A/S.

In December 2019, Astralis Group A/S became a listed company and obtained proceeds from the Initial Public Offering of DKK 138.2 million. Astralis Group A/S has submitted a letter of support to Astralis Group Management ApS and subsidiaries, in which it has guaranteed to provide adequate financial support to Astralis Group Management ApS and subsidiaries, at least until March 2021. Based on this, Management has concluded that it is appropriate to present the consolidated financial statements as of 31 December 2019 on a going concern basis.

NOTE 3 REVENUE

(DKK'000)	2019
Sponsorships	26,436
Prize money and other revenue from tournament participation	17,421
Merchandise and stickers	4,776
	48,633

NOTE 4 STAFF COSTS

(DKK'000)	2019
Wages and salaries	43,225
Pension costs	2,179
Other social security costs	4,130
	49,534
Average number of employees	19
Number of employees, end of period	28

NOTE 5 FINANCIAL INCOME

(DKK'000)	2019
Income from remission of debt	18,915
Exchange gains	42
	18,957

Since its formation in October 2018 and during 2019, the Group had accumulated debt to its former majority shareholder, BLAST ApS, of DKK 18.9 million. Prior to the Group being acquired by Astralis Group A/S, BLAST ApS accepted to waive debt of DKK 18.9 million, which amount has been recognised and presented as income from remission of debt.

NOTE 6 FINANCIAL EXPENSES

(DKK'000)	2019
Interest on payables related to acquired rights	4,765
Interest on convertible loans	744
Interest on loans from credit institutions	629
Interest on other loans	6,176
Exchange rate losses	107
Other interest expenses	857
	13,278

NOTE 7 TRANSACTIONS WITH RELATED PARTIES

Until 14 August 2019, the majority shareholder of the Group was BLAST ApS. From 14 August 2019, Astralis Group A/S has acquired the majority shareholding in Astralis Group Management ApS from BLAST ApS.

During the period from 1 January 2019 to 14 August 2019, the Group had the following transactions with BLAST ApS:

- The Group has paid fees for management and administration services rendered by BLAST ApS.
- The Group has invoiced BLAST ApS for the Group's share of sponsorship revenues as sponsorship agreements have legally been entered into with BLAST ApS.
- Intercompany financing, cash management and joint taxation.
- Prior to the sale to Astralis Group Management ApS, BLAST ApS waived intercompany debt of DKK 18.9 million.

At 31 December 2019, the Group had debt to the following related parties:

- The Group owed DKK 110.4 million to Astralis Group A/S
- The Group owed DKK 0.2 million to a company owned by a memer of Executive Management. This was repaid in January 2020.

COMPANY INFORMATION AND CONTACT DATA

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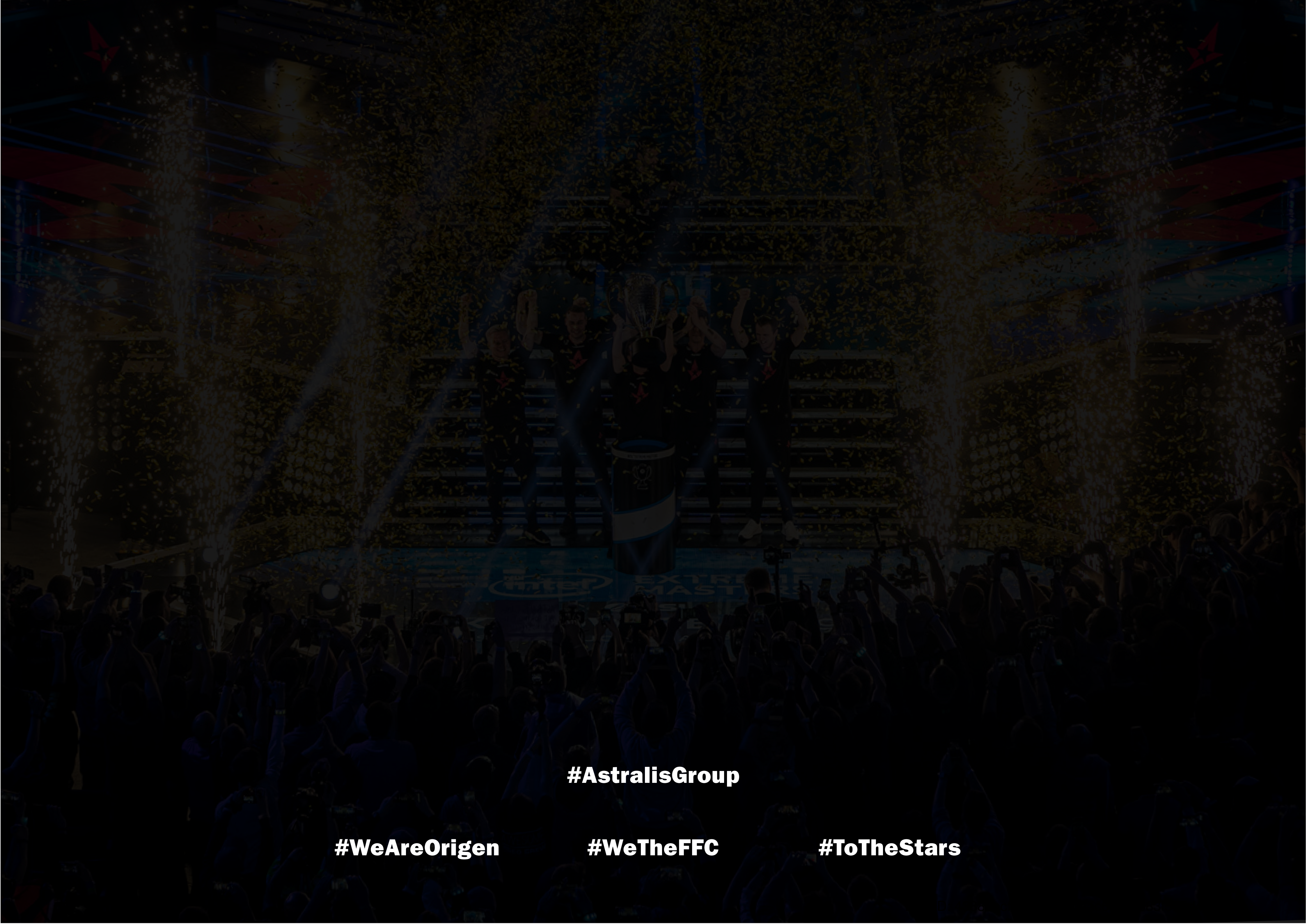

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