



ASTRALIS GROUP

FINANCIAL REPORT

– FOR THE PERIOD JANUARY 1 TO JUNE 30, 2020

ASTRALIS GROUP A/S · CVR no. 40694072 · Otto Busses Vej 7 · DK-2450 Copenhagen SV



LETTER TO SHAREHOLDERS

2020 has so far been a year of mixed emotions. On the one hand, the **robustness of the esports industry** has been cemented; while other live sports were forced to shut down during the early phases of COVID-19, esports matches were played online and **viewership – online & TV - and fan bases exploded**. On the other hand, COVID-19 **negatively affected the advertising ecosystem**, which, for a period, has slowed down the growth of the business.

For the past year, our primary focus has been to **build lasting enterprise value by securing permanent franchise positions in the dominant leagues** for the game titles in which we operate. The financial value of our slot in League of Legends' *LEC* franchise league, acquired in 2019, is undeniable. In January 2020, we became 1/14th co-owners of Counter-Strike's premium *Pro League* together with 12 other top teams and the league operator ESL. Finally, this spring we kicked off our participation in the *BLAST Premier* Counter-Strike league.

We will continue to drive this strategy by **pursuing opportunities in leagues in other esports game titles**, not least EA FIFA which has grown tremendously during the pandemic despite the lack of league structures. Tactically, we are working tirelessly with our league partners – fellow teams, league operators, and game developers – to further

enhance the media products and related rights revenue streams.

We are proud to have **renewed and added new multi-year commercial partners** during 2020. The global situation did, however, effectively put commercial development on hold from February through June. Alongside lower tournament prize pools and winnings, this has affected growth in revenues during 2020, hence affecting both half-year results and full-year guidance.

Outlook

Our industry at-large has proven resilience during times of uncertainty. COVID-19 created a standstill in the market, delaying decision-making with key stakeholders. We have now seen a **normalization in the market with a strong return of advertisers and commercial partners**, also coming from new segments that previously did not engage with gaming and esports but have been won over during the lockdown.

Our sponsor base was stable during the first half of the year, but we are now missing the additional revenues that signing new commercial partners along the original time schedule would have brought. With these deferred partnerships, **our growth has been shifted to late 2020 and into 2021**.

The ability of the esports leagues to continue operation through COVID-19 has proven the worth and value across game titles. As these leagues' share of mind increases, so will their share of wallet, and thus the explicit **value of the permanent league spots that we own**.

We are excited to be comfortable back on track in all parts of our business and to be launching various new initiatives this fall to the benefit of our commercial partners and growing fan base.

Results for the period

Revenue for H1 2020 was DKK 20.5 million compared to DKK 17.3 million in H1 2019. EBITDA for H1 2020 was negative by DKK -11.6 million compared to negative EBITDA of DKK -13.3 million in H1 2019. The increase in revenue is primarily related to higher league revenue and increased sponsorship revenue. The result before tax for H1 2020 was a loss of DKK -30.4 million which was DKK 2.5 million lower than H1 2019 due to depreciation of intangible assets related to the acquisition of Astralis Group Management ApS and subsidiaries 14 August 2019.

Updated guidance

As a result of the COVID-19 impact Astralis Group suspended the guidance for 2020

in corporate announcement no. 6 dated 23 March 2020.

Following the completion of the financial report for the period 1 January to 30 June 2020 and updated forecast for the remainder of 2020 management now feel comfortable in publishing an updated guidance for 2020.

While the operations have been running close to normal during the pandemic, Astralis Group are relying on the surrounding ecosystem.

Astralis Group expects net revenue in the range between DKK 48 million – DKK 52 million and an EBITDA in the range between DKK -12 million – DKK -15 million for 2020.

Prior to the suspension, Astralis Group guided 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 for 2020.

Nikolaj Nyholm
Chairman

KEY FINANCIAL HIGHLIGHTS

(DKKm)	H1 2020	H1 2019*	FY 2019*
Revenue	20,478	17,272	48,633
External expenses	-6,895	-10,977	-21,784
Staff costs	-25,217	-19,565	-49,534
Gross loss (EBITDA)	-11,634	-13,270	-22,685
Depreciation and amortisation	-17,552	-8,738	-17,637
Operating loss (EBIT)	-29,186	-22,008	-40,322
Financial income	79	10	18,957
Financial expenses	-1,308	-5,976	-13,278
Loss before tax	-30,416	-27,974	-34,643
Tax on loss for the period	246	0	0
Loss for the period	-30,170	-27,974	-34,643
Allocation of loss:			
Astralis Group A/S shareholders	-30,170		
Non-controlling interests	0		
	-30,170		
Non-current assets	100,106		
Current assets	78,494		
Assets	178,601		
Equity	136,736		
Ratios			
Solvency ratio in %	77%		

* Consolidated financial statements for the underlying operating sub-group; Astralis Group Management ApS and subsidiaries for the financial period 1 January 2019 - 30 June 2019.

OUR RESULTS – TEAMS

Astralis

Net revenue in Astralis was DKK 14.0 million in H1 2020, which was DKK 0.2 million higher than H1 2019. Sponsorship revenue increased by DKK 4.3 million and prize money decreased by DKK 4.3 mDKK. Total operating expenses for H1 2020 was DKK 17.0 million. EBITDA for H1 2020 was DKK -3.1 million which was an improvement of DKK 1.2 million compared to H1 2019.

Origen

Net revenue in Origen was DKK 5.2 million in H1 2020 which was DKK 1.7 million higher than H1 2019. Total operating expenses for H1 2020 was DKK 9.3 million which was DKK 1.9 million lower than H1 2019. EBITDA for H1 2020 was DKK -4.1 million which was an improvement of DKK 3.6 million compared to H1 2019.

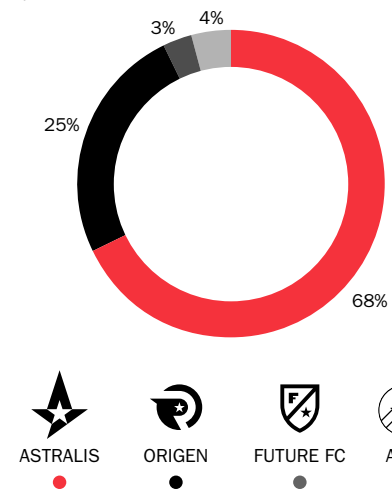
Future Football Club

Net revenue in Future FC was DKK 0.6 million in H1 2020. Total operating expenses for H1 2020 was DKK 1.1 million and EBITDA for the period was DKK -0.5 million.

Astralis Group Management

Net revenue in Astralis Group Management was DKK 0.8 million in H1 2020. Total operating expenses for H1 2020 was DKK 4.5 million which was DKK 3.2 million higher than H1 2019. EBITDA for H1 2020 was DKK -3.8 million which was a decrease of DKK 2.5 million compared to H1 2019.

Astralis Group – Revenue business area %



STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the interim financial report of Astralis Group A/S for the period 1 January - 30 June 2020.

The interim financial report has not been audited or reviewed by the company's independent auditors.

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

In our opinion, the interim consolidated financial statements give a true and fair view of the Group's financial position on 30 June 2020 and of the results of the operation as well as the consolidated cash flow for the financial period 1 January - 30 June 2020.

In our opinion, the management commentary contains a fair review of the affairs and conditions referred to therein.

Other than as disclosed in the interim financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the annual report for 2019.

Copenhagen, 31 August 2020

Executive Management

Anders Hørsholt

Jakob Hansen

Jakob Lund Kristensen

Board of Directors

Nikolaj Nyholm
Chairman

Christian Swane Mourier

Claus Zibrandtsen

Pernille Nørkær

CONSOLIDATED INCOME STATEMENT

for the period 1 January – 30 June 2020

(DKK'000)	H1 2020	H1 2019*
Revenue	20,478	17,272
External expenses	-6,895	-10,977
Staff costs	-25,217	-19,565
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Operating loss (EBIT)	-29,186	-22,008
Financial income	79	10
Financial expenses	-1,308	-5,976
Loss before tax	-30,416	-27,974
Tax on loss for the period	246	0
Loss for the period	-30,170	-27,974
Allocation of loss:		
Astralis Group A/S shareholders	-30,170	
Non-controlling interests	0	
	-30,170	

* Consolidated financial statements for the underlying operating sub-group; Astralis Group Management ApS and subsidiaries for the financial period 1 January 2019 – 30 June 2019.

Astralis Group A/S was founded on 31 July 2019 and acquired Astralis Group Management ApS and subsidiaries on 14 August 2019, and thus Astralis Group A/S did not exist the first half of 2019.

To provide meaningful comparative financial information, Astralis Group A/S has therefore provided comparative pro-forma figures in the consolidated income statement for H1 2019 for the underlying operating sub-group; Astralis Group Management ApS and subsidiaries, based on unaudited internal financial information provided by the previous majority shareholder. No comparative figures have been included in the consolidated balance sheet and consolidated cash flow statement.

The consolidated financial statements for H1 2020 have been prepared in accordance with the Danish Financial Statements Act. The accounting principles are unchanged compared to the accounting principles applied in the annual financial statements for the year ended 31 December 2019.

Revenue

Total revenue for H1 2020 was DKK 20.4 million which was DKK 3.2 million higher than in H1 2019. The higher revenue was mainly driven by increased sponsorship revenue (DKK 4.4 million) and league revenue (DKK 3.5 million) offset by lower prize money in Astralis Esport (DKK -4.3 million) as tournaments have either been cancelled or moved from arenas to online competitions due to the COVID-19 impact on the industry.

External costs and staff costs

External costs were DKK 6.9 million in H1 2020, which was DKK 4.1 million lower than in H1 2019 due to lower costs in both Astralis Esport and Origen Esports. Staff costs were DKK 25.2 million in H1 2020, which was higher than in H1 2019 due to insourcing of tasks and increase in number of employees offset by lower prize money paid out to players.

Gross loss (EBITDA)

EBITDA in H1 2020 were DKK -11.6 million. EBITDA for Astralis Esports were DKK 0.1 million, for Origen Esports DKK it was DKK -2.5 million and it was DKK 0.0 million for Future FC. In addition, corporate costs and non-allocated costs accounted for DKK -9.2 million.

Depreciation and amortisation

Depreciation and amortisation were DKK 17.5 million which was DKK 8.8 million higher than 2019 due to depreciation of intangible assets related to the acquisition of Astralis Group Management ApS and subsidiaries 14 August 2019.

Net financials

Net financials in H1 2020 amounted to an expense of DKK 1.2 million (an improvement of DKK 4.7 million compared to H1 2019 due to the funds achieved through the IPO in December 2019 have been used to settle interest bearing debt).

Loss for the period

The result for H1 2020 was a loss of DKK -30.2 million.

CONSOLIDATED BALANCE SHEET

at 30 June 2020

ASSETS

(DKK'000)	H1 2020
Goodwill	12,952
Trademark	7,222
Player rights	21,108
League tournaments rights	57,769
Intangible assets	99,051
Leasehold improvements	727
Tangible assets	727
Deposits	328
Financial assets	328
Non-current assets	100,106
Trade receivables	10,511
Other receivables	8,755
Receivables	19,267
Cash	59,228
Current assets	78,494
Assets	178,601

Intangible assets

Intangible assets amount to DKK 99.1 million as of 30 June 2020 which is related to the franchise slot in the European League of Legends franchise league DKK 57.8 million and goodwill, trademark and player rights related to the acquisition of Astralis Group Management DKK 13.0 million, 7.2 million and 21.1 million, respectively.

Current Assets

Current assets as of 30 June 2020 were DKK 78.5 million of which DKK 59.2 million was in cash and DKK 10.5 million in trade receivables.

CONSOLIDATED BALANCE SHEET

at 30 June 2020

EQUITY AND LIABILITIES

(DKK'000)	H1 2020
Contributed capital	347
Free reserves	136,389
Equity attributable to Astralis Group A/S' shareholders	136,736
Equity attributable to non-controlling interests	0
Equity	136,736
Payables related to league tournaments rights	23,541
Other payables	3,572
Non-current liabilities	27,113
Trade payables	798
Other payables	10,839
Deferred income	3,115
Current liabilities	14,752
Liabilities	41,865
Equity and liabilities	178,601

Non-current liabilities

Non-current liabilities as of 30 June 2020 were 27.1 million of which DKK 23.5 million were related to the European League of Legends franchise league and DKK 3.6 million were related to other payables.

Current liabilities

Current liabilities as of 30 June 2020 were DKK 14.8 million of which DKK 10.8 million were related to other payables.

Equity

The Group's equity amounts to DKK 136.7 million as of 30 June 2020.

CONSOLIDATED STATEMENT OF CASH FLOW

for the period 1 January – 30 June 2020

(DKK'000)	H1 2020
Operating loss (EBIT)	-29,186
Depreciation and amortisation	17,552
Non-cash items	1,545
Working capital changes	-12,328
Cash flows from ordinary primary activities	-22,417
Financial income received	79
Financial expenses paid	-1,308
Cash flows from operating activities	-23,647
Payment for leasehold improvements	-871
Cash flows from investing activities	-871
Repayment of financial loans	-4,694
Cash flows from financing activities	-4,694
Decrease in cash and cash equivalents	-29,212
Cash and cash equivalents at beginning of period	88,440
Cash and cash equivalents at end of period	59,228

Operations

For the period, the cash flow from operating activities was DKK -23.7 million of which DKK -12.3 million was related to working capital reductions from prize money earned and received in 2019 and paid to players in 2020.

Investments

For the period, the cash flow used for investments was DKK -0.9 million.

Financing

For the period, the cash flow from financing activities was DKK -4.6 million representing repayment of loan to Vækstfonden.

Total cash flow for the period was DKK -29.2 million.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 1 January – 30 June 2020

(DKK'000)	Contributed capital	Reserves	Total Equity
Equity 1 January 2020	568	166,338	166,906
Loss for the period	0	-30,170	-30,170
Equity 30 June 2020	568	136,168	136,736

FINANCIAL CALENDAR AND COMPANY INFORMATION

Financial calendar:

2021-03-08 Announcement regarding Annual Report 2020

2021-04-12 Annual General Meeting 2021

Astralis Group A/S

Otto Busses Vej 7
DK-2450 København SV
Denmark

CVR no.: 40694072

Investor:

investors@astralisgroup.net

General information:

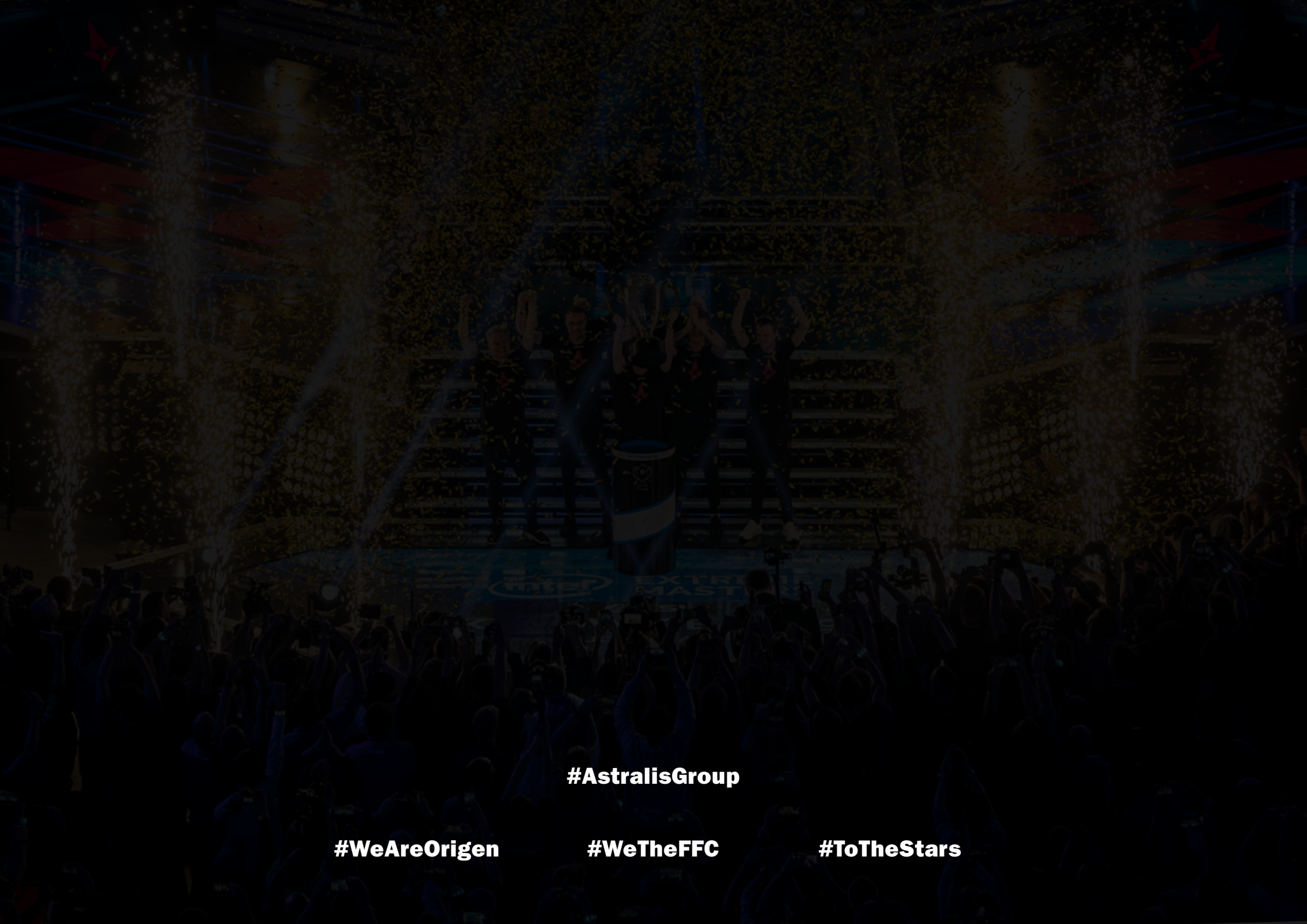
info@astralisgroup.net
press@astralisgroup.net

Website:

www.astralisgroup.net

Design:

MeyerBukdahl



#AstralisGroup

#WeAreOrigen

#WeTheFFC

#ToTheStars