

Registered number: 08758857

SANNPA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



SANNPA LIMITED

COMPANY INFORMATION

Directors

Lev Leviev
Samuel Matthews
Karen McCormick
Chris Pallotta
Hannes Wallin
Tiantian Kullander (appointed 1 July 2022)

Registered number

08758857

Registered office

2 Ebor Street
London
United Kingdom
E1 6AW

SANNPA LIMITED

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SANNPA LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Directors of Sannpa Limited are pleased to present their Strategic Report and audited group accounts for the year ended 31 December 2021.

Business review

Sannpa Limited is the holding company of Fnatic, the leading esports performance brand.

Fnatic has the most proven track record at building winning teams in the most watched esports titles, including notably League of Legend, Valorant CS:GO, DOTA2, Rainbow6. We also entered Halo in 2021.

Thanks to our history of performance, we have built strong partnerships with games publishers and brands willing to target the esports audience. We are the only esports brand with a full set of products to improve gamers, from apparel to gear, uniquely built directly with our professional players. We have accelerated in 2021 our Digital Product strategy, notably favouring titles with digital in-game items for future investments.

Revenues at a group level in 2021, excluding prize money, increased year-on-year by +40% [vs a prior year like-for-like increase of 20%]. Pro gaming revenues nearly doubled in 2021, and partnerships had another strong year at 39% growth. On the product divisions, Physical products were impacted by the easing of Covid restrictions, but digital products increased over 500% vs prior year.

During 2021, gross profit rate increased by 26%. This growth was strongly driven by increased pro gaming revenues as well as high margin digital in games items.

The improved loss before tax figure for the year of £5.5m [vs a loss of £6.4m in 2020] is driven by the extra margins and with a maintained control on costs to improve the overall profitability of the Group.

SANNPA LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

Sannpa Limited is aware of many of the risks and uncertainties it faces in the fast-changing market in which it operates. Management have implemented policies and procedures to eliminate or mitigate risks as they arise.

Foreign Exchange (FOREX)

A large proportion of our revenue and costs are derived in USD and EUR. As such, Sannpa Limited incurs foreign exchange gains and losses when transferring money internationally and is impacted when reporting gains and losses on the timing differences between billing and settling invoices. FOREX risk is reduced by maintaining a USD and EUR position at all times.

Market conditions

There still remains uncertainty surrounding Covid-19. We are aware of slowing trends in ecommerce following easing of lockdowns worldwide, including on leading marketplaces that impacted us in the short term. Recession and increased cost of living will also make the rebound in physical products sales slower.

Hiring

We identified a strong rebound of the job market in 2021 with candidates quickly being offered several job offers. Our strong brand enables us to still attract leading candidates, but time to recruit has been increased and salaries have increased.

Long lead time materials

The time required to source some components for our Gear products is still very long, impacting the launch date of some strategic products.

Investment

In order to finance further our international development and creation of new products, we plan to raise additional investment in the future to finance our path to profitability in the mid term. We engage on a permanent basis with our Board to build this funding strategy and mitigate the risks.

Financial key performance indicators

Sannpa Limited uses several key financial performance indicators across the profit and loss account as well as the balance sheet. These include but are not limited to; revenue, gross profit margin, adjusted EBITDA, the quick ratio, aged receivables and aged payables.

Other key performance indicators

Sannpa Limited operates many differing types of business and as such measures numerous key non-financial performance indicators including but are not limited to; watched hours, follower growth, commerce items sold, average order price, basket size, purchased location.

This report was approved by the board on 29 September 2022 and signed on its behalf.

SANMPA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £5,827,588 (2020 - loss £6,403,450).

No dividends were declared in the year (2020 - £NIL).

Directors

The directors who served during the year were:

Lev Leviev
Samuel Matthews
Karen McCormick
Chris Pallotta
Hannes Wallin

SANNPA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

The financial statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts through to 31 December 2022, covering the 12-month period beyond the signing date of these financial statements. These forecasts include forecasts of cash flows under various future reasonably likely scenarios and project the directors' best estimates of cash flows from expected revenue profiles from the continued operation and performance of the core Fnatic teams and products, together with projections of the results of future fundraising rounds.

Should the expected levels of revenue and fundraising not be reached, these events could cast significant doubt over the Group's ability to continue to operate as a going concern, but the directors have an expectation that this could be mitigated by the Group via the realisation of cost savings in the form of delayed stock ordering and or, delays in staff hiring, or realising the value from the sale of some of Fnatic's assets which the Directors believe to be of sufficient value having reviewed transactions for similar assets in an active market.

The cash flow forecasts through to 31 December 2023 includes fundraising during the period. As presented in the Principal risks and uncertainties of the Director Report, given current Investment market conditions, the company will plan ahead at realising the value from the sale of some of its assets should the Group be unable to raise the required funds from existing or third party investors. The Directors are confident that there is sufficient value in these assets, as well as a sufficiently active market in which to realise these assets, to ensure that the Group can continue to operate as a going concern should the required investment not be obtained.

Due to the continued support of existing shareholders and new investors who have contributed further funding post year end (see note 27), and the various scenarios demonstrated through the forecasts where the group is able to continue to operate without additional funding, the Board has concluded that the use of the going concern assumption is appropriate in preparing these financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

Post year end fundraising

Post year end Sannpa Ltd, the parent company of the group, entered into a SAFE (Simple Agreement for Future Equity) with investors. This allows for the investor to participate in future equity rounds with a valuation cap, otherwise the terms will be equal to other investors. The value of investment will be between \$3m & \$15m. As at the date of these accounts, amounts received by the Group in relation to the SAFE were \$5m.

Auditors

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SANNPA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board on 29 September 2022 and signed on its behalf.



Samuel Matthews
Director

SANPPA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANPPA LIMITED

Opinion

We have audited the financial statements of Sanppa Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

SANNPA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANNPA LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

SANNPA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANNPA LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 (UK) 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We design procedures in line with our responsibilities. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We reviewed the financial statement disclosures and perform testing on balances and disclosures.
- We inspected correspondence with regulators and tax authorities, and reviewed the companies tax computations.
- We held discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- We evaluated management's controls designed to prevent and detect irregularities;
- We identified and tested journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- We challenged assumptions and judgements made by management in their critical accounting estimates.

We considered the following areas to be those where the financial statements are most susceptible to fraud:

- Revenue recognition: We evaluated management's controls designed to prevent and detect irregularities in revenue, we completed a cash reconciliation to agree the revenue recognised to bank receipts and we completed cut off testing on receipts around the year end.
- Valuation of intangible fixed assets: We obtained and challenged managements assessment of the intangible fixed assets and ensured they had been appropriately classified under IAS 38.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

SANNPA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANNPA LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Cliffe (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

29 September 2022

SANNPA LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	14,470,553	11,276,288
Cost of sales		(8,637,628)	(8,604,838)
Gross profit		5,832,925	2,671,450
Administrative expenses		(12,037,740)	(8,970,549)
Other operating income	5	395,933	12,901
Operating loss	6	(5,808,882)	(6,286,198)
Interest payable and similar expenses	10	(186,134)	(243,768)
Loss before taxation		(5,995,016)	(6,529,966)
Tax on loss	11	167,428	126,516
Loss for the financial year		(5,827,588)	(6,403,450)
(Loss) for the year attributable to:			
Non-controlling interests		(30,134)	(17,897)
Owners of the parent Company		(5,797,454)	(6,385,553)
		(5,827,588)	(6,403,450)

The notes on pages 17 to 37 form part of these financial statements.

SANMPA LIMITED
REGISTERED NUMBER: 08758857

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	4,767,942	4,087,779
Tangible assets	13	375,640	223,368
		<u>5,143,582</u>	<u>4,311,147</u>
Current assets			
Stocks	15	2,931,100	940,510
Debtors: amounts falling due after more than one year	16	140,903	
Debtors: amounts falling due within one year	16	4,006,009	2,667,978
Cash at bank and in hand	17	2,679,162	327,857
		<u>9,757,174</u>	<u>3,936,345</u>
Creditors: amounts falling due within one year	18	(5,483,091)	(4,588,924)
Net current assets/(liabilities)		<u>4,274,083</u>	<u>(652,579)</u>
Total assets less current liabilities		<u>9,417,665</u>	<u>3,658,568</u>
Creditors: amounts falling due after more than one year	19	(2,958,195)	
Net assets		<u><u>6,459,470</u></u>	<u><u>3,658,568</u></u>
Capital and reserves			
Called up share capital	21	221	201
Share premium account	22	34,721,725	26,420,975
Foreign exchange reserve	22	(314,151)	(35,481)
Other reserves	22	3,502,783	2,896,393
Profit and loss account	22	(31,180,753)	(25,383,299)
Non-controlling interests		(270,355)	(240,221)
		<u><u>6,459,470</u></u>	<u><u>3,658,568</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2022.



Samuel Matthews
Director


The notes on pages 17 to 37 form part of these financial statements.

SANNPA LIMITED
REGISTERED NUMBER: 08758857

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	14	3,568,245	2,925,333
		<u>3,568,245</u>	<u>2,925,333</u>
Current assets			
Debtors: amounts falling due within one year	16	37,367,871	26,456,303
		<u>37,367,871</u>	<u>26,456,303</u>
Creditors: amounts falling due within one year	18	(175,333)	(293,685)
Net current assets		<u>37,192,538</u>	<u>26,162,618</u>
Total assets less current liabilities		<u>40,760,783</u>	<u>29,087,951</u>
Creditors: amounts falling due after more than one year	19	(2,958,195)	-
Net assets		<u><u>37,802,588</u></u>	<u><u>29,087,951</u></u>
Capital and reserves			
Called up share capital	21	221	201
Share premium account	22	34,664,987	26,364,237
Other reserves	22	3,502,783	2,896,393
Profit and loss account brought forward		(172,880)	(128,388)
Loss for the year		(192,523)	(288,260)
Other changes in the profit and loss account		-	243,768
Profit and loss account carried forward		<u>(365,403)</u>	<u>(172,880)</u>
		<u><u>37,802,588</u></u>	<u><u>29,087,951</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2022.


Samuel Matthews
 Director

The notes on pages 17 to 37 form part of these financial statements.

SANNPA LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 January 2020	176	18,758,042	22,684	3,425,325	(19,241,514)	2,964,713	(222,324)	2,742,389
Loss for the year	-	-	-	-	(6,385,553)	(6,385,553)	(17,897)	(6,403,450)
Issue of convertible loan note	-	-	-	1,451,402	-	1,451,402	-	1,451,402
Share option charge	-	-	-	937,963	-	937,963	-	937,963
Conversion of convertible loan notes in the year	-	7,656,931	-	(2,918,297)	243,768	4,982,402	-	4,982,402
Shares issued during the year	25	6,002	-	-	-	6,027	-	6,027
Foreign exchange translation	-	-	(58,165)	-	-	(58,165)	-	(58,165)
At 1 January 2021	201	26,420,975	(35,481)	2,896,393	(25,383,299)	3,898,789	(240,221)	3,658,568
Loss for the year	-	-	-	-	(5,797,454)	(5,797,454)	(30,134)	(5,827,588)
Share option charge	-	-	-	606,390	-	606,390	-	606,390
Foreign exchange translation	-	-	(278,670)	-	-	(278,670)	-	(278,670)
Shares issued during the year	20	8,300,750	-	-	-	8,300,770	-	8,300,770
At 31 December 2021	221	34,721,725	(314,151)	3,502,783	(31,180,753)	6,729,825	(270,355)	6,459,470

The notes on pages 17 to 37 form part of these financial statements.

SANNPA LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2020	176	18,701,304	3,425,325	(128,388)	21,998,417
Comprehensive income for the year					
Loss for the year	-	-	-	(288,260)	(288,260)
Convertible loan notes issued in the year	-	-	1,451,402	-	1,451,402
Share option charge	-	-	937,963	-	937,963
Conversion of convertible loan notes in the year	-	7,656,931	(2,918,297)	243,768	4,982,402
Shares issued during the year	25	6,002	-	-	6,027
At 1 January 2021	201	26,364,237	2,896,393	(172,880)	29,087,951
Comprehensive income for the year					
Loss for the year	-	-	-	(192,523)	(192,523)
Share option charge	-	-	606,390	-	606,390
Shares issued during the year	20	8,300,750	-	-	8,300,770
At 31 December 2021	221	34,664,987	3,502,783	(365,403)	37,802,588

The notes on pages 17 to 37 form part of these financial statements.

SANNPA LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	(5,827,588)	(6,403,450)
Adjustments for:		
Amortisation of intangible assets	763,666	557,494
Depreciation of tangible assets	102,811	93,668
Loss on disposal of tangible assets	(72,478)	-
Interest paid	186,134	243,768
Taxation charge	(167,428)	(126,516)
(Increase)/decrease in stocks	(1,990,590)	117,260
(Increase) in debtors	(1,447,498)	(164,281)
Increase/(decrease) in creditors	923,574	(163,217)
Net fair value losses recognised in P&L	606,390	937,963
Corporation tax received	135,000	196,547
Foreign currency translation	(278,670)	-
Net cash used in operating activities	<u>(7,066,677)</u>	<u>(4,710,764)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,979,766)	(465,203)
Sale of intangible assets	580,000	-
Purchase of tangible fixed assets	(255,083)	(137,163)
Net cash used in investing activities	<u>(1,654,849)</u>	<u>(602,366)</u>
Cash flows from financing activities		
Issue of ordinary shares	8,300,770	6,002
Repayment of loans	250	1,634
Other new loans	2,958,195	3,865,763
Interest paid	(186,134)	(243,768)
Net cash generated from financing activities	<u>11,073,081</u>	<u>3,629,631</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,351,555</u>	<u>(1,683,499)</u>
Cash and cash equivalents at beginning of year	327,607	2,011,106
Cash and cash equivalents at the end of year	<u><u>2,679,162</u></u>	<u><u>327,607</u></u>
Cash at bank and in hand	2,679,162	327,857
Bank overdrafts	-	(250)
	<u><u>2,679,162</u></u>	<u><u>327,607</u></u>

SANNPA LIMITED

The notes on pages 17 to 37 form part of these financial statements.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Sannpa Limited is a private company, limited by shares, incorporated and domiciled in England and Wales, registration number 08758857. The registered office address is 2 Ebor Street, London, E1 6AW. The company was incorporated on 1 November 2013 in the United Kingdom and Ireland.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts through to 31 December 2023, covering at least a 12-month period beyond the signing date of these financial statements. These forecasts include forecasts of cash flows under various future reasonably likely scenarios and project the directors' best estimates of cash flows from expected revenue profiles from the continued operation and performance of the core Fnatic teams and products, together with projections of the results of future fundraising rounds.

Should the expected levels of revenue and fundraising not be reached, these events could cast significant doubt over the Group's ability to continue to operate as a going concern, but the directors have an expectation that this could be mitigated by the Group via the realisation of cost savings in the form of delayed stock ordering and or , delays in staff hiring, or realising the value from the sale of some of Fnatic's assets which the Directors believe to be of sufficient value having reviewed transactions for similar assets in an active market.

The cash flow forecasts through to 31 December 2023 includes fundraising during the period. As presented in the Principal risks and uncertainties of the Director Report, given current Investment market conditions, the company will plan ahead at realising the value from the sale of some of its assets should the Group be unable to raise the required funds from existing or third party investors. The Directors are confident that there is sufficient value in these assets, as well as a sufficiently active market in which to realise these assets, to ensure that the Group can continue to operate as a going concern should the required investment not be obtained.

Due to the continued support of existing shareholders and new investors who have contributed further funding post year end (see note 27), and the various scenarios demonstrated through the forecasts where the group is able to continue to operate without additional funding, the Board has concluded that the use of the going concern assumption is appropriate in preparing these financial statements.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

SANMPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

League Contract	-	10	years
Development costs	-	3	years
Website costs	-	3	years
Trademarks	-	3	years
Player contracts	-		across the length of contract

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	20% on straight-line method
Tooling	-	33% on straight-line method
Office equipment	-	33% on straight-line method
Computer equipment	-	33% on straight-line method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

(a) Indefinite useful life of the LEC contract

Management have determined that there is an indefinite useful economic life relating to the capitalised LEC contract. This is based on the fact that the contract is a 4 year automatically rolling contract allowing the Company to participate in the League of legends Europe. Should the team no longer be allowed to compete in the league, for example due to poor performance, the Company will receive the total cost of the contract upon exiting the league. As the asset's value is fully recoverable should the Company cease to be party to the league, management consider it to have an indefinite useful life.

Under UK GAAP FRS 102, intangible assets can not have an indefinite life and therefore this has been assessed to have the maximum useful life of 10 years.

(b) Capitalisation of development costs

Distinguishing the research and development phases of a new product and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and determine whether there is any indication that the capitalised costs are impaired. There is estimation uncertainty when considering the impairment of capitalised development costs on the basis that this exercise is performed using forecasts which include a range of assumptions requiring a high level of estimation and judgement.

(c) Share based payments

The Group issues equity settled share based payments to certain Directors and employees, which have included grants of options in the current period. Equity settled share based payments are measured at fair value at the date of grant, with the charge being recognised within the statement of comprehensive income over the period of service to which the grant relates.

The fair value of share options is measured using a Black-Scholes framework. The Directors have used judgement in the calculation of the fair values of the share based compensation which has been granted during the period, and different assumptions in the model would change the financial result of the business.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Esports	3,038,536	2,148,636
Commercial Partnerships	5,654,178	4,308,818
Gear	3,365,682	3,380,282
Apparel	688,121	1,143,256
Digital	1,724,036	295,296
	<u>14,470,553</u>	<u>11,276,288</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	112,087	574,380
Rest of Europe	9,069,472	6,164,252
Rest of the world	5,288,994	4,537,656
	<u>14,470,553</u>	<u>11,276,288</u>

5. Other operating income

	2021 £	2020 £
Other operating income	395,933	12,901
	<u>395,933</u>	<u>12,901</u>

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation	102,811	93,668
Exchange differences	91,218	121,188
Share based payment	606,390	937,963
Amortisation	767,472	557,494
	<u>1,567,891</u>	<u>1,690,313</u>

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	64,200	44,550
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	15,850	6,290
	15,850	6,290

8. Employees

Staff costs were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	7,034,112	6,014,934	-	-
Social security costs	418,916	293,094	-	-
Cost of defined contribution scheme	67,906	43,814	-	-
	7,520,934	6,351,842	-	-

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Product	27	28
Sales	13	16
Marketing	33	22
Administration	15	14
	88	80

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL)

9. Directors' remuneration

The total directors remuneration for the group for the year was £165,222 (2020: £90,711).

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Interest payable and similar expenses

	2021 £	2020 £
Other loan interest payable	186,134	243,768
	<u>186,134</u>	<u>243,768</u>

Interest payable relates solely to a secured loan note bearing interest of 10% per annum.

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(167,428)	(126,516)
	<u>(167,428)</u>	<u>(126,516)</u>
Total current tax	<u>(167,428)</u>	<u>(126,516)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(167,428)</u>	<u>(126,516)</u>

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(5,995,016)	(6,529,966)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,139,053)	(1,240,694)
Effects of:		
Fixed asset differences	(6,585)	5,410
Expenses not deductible for tax purposes	181,765	273,977
Additional deduction for R&D expenditure	(123,272)	(107,219)
Surrender of tax losses for R&D tax credit refund	51,654	42,227
Adjustments in respect of prior periods	986	9,548
Deferred tax not recognised	2,285,158	1,049,601
Remeasurement of deferred tax for changes in tax rates	(1,421,932)	(159,366)
Other permanent differences	3,851	-
Total tax charge for the year	(167,428)	(126,516)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Intangible assets

Group

	League Contracts £	Development expenditure £	Trademarks £	Computer software £	Player Contracts £	Total £
Cost						
At 1 January 2021	3,985,072	525,436	185,345	138,850	473,613	5,308,316
Additions	891,856	221,586	71,269	-	795,055	1,979,766
Disposals	-	(309,786)	(36,522)	-	(364,802)	(711,110)
At 31 December 2021	4,876,928	437,236	220,092	138,850	903,866	6,576,972
Amortisation						
At 1 January 2021	848,392	75,103	54,611	138,850	103,581	1,220,537
Charge for the year on owned assets	413,371	116,486	11,990	-	221,819	763,666
On disposals	-	(5,560)	-	-	(169,613)	(175,173)
At 31 December 2021	1,261,763	186,029	66,601	138,850	155,787	1,809,030
Net book value						
At 31 December 2021	3,615,165	251,207	153,491	-	748,079	4,767,942
At 31 December 2020	3,136,680	450,333	130,734	-	370,032	4,087,779

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Intangible assets (continued)

There are no intangible assets held in the Parent Company.

13. Tangible fixed assets

Group

	Short-term leasehold property £	Tooling £	Office- equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2021	135,451	110,911	32,282	124,015	402,659
Additions	31,645	131,527	17,544	74,367	255,083
At 31 December 2021	167,096	242,438	49,826	198,382	657,742
Depreciation					
At 1 January 2021	40,354	37,999	8,565	92,373	179,291
Charge for the year on owned assets	30,217	45,414	4,142	23,038	102,811
At 31 December 2021	70,571	83,413	12,707	115,411	282,102
Net book value					
At 31 December 2021	96,525	159,025	37,119	82,971	375,640
At 31 December 2020	95,097	72,912	23,717	31,642	223,368

There are no tangible fixed assets held in the Parent Company.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	2,925,333
Additions	642,912
At 31 December 2021	<u>3,568,245</u>
Net book value	
At 31 December 2021	<u>3,568,245</u>
At 31 December 2020	<u>2,925,333</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Fnatic Limited	2 Ebor Street, London E1 6AW	Ordinary	100%
Fnatic Gear Limited	2 Ebor Street, London E1 6AW	Ordinary	97%
Fnatic PTY Limited	Australia	Ordinary	100%
Fnatic GmbH	Germany	Ordinary	100%
Deathbrush Limited	2 Ebor Street, London E1 6AW	Ordinary	100%
Fnatic Business Services D.O.O	Serbia	Ordinary	100%

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Stocks

	Group 2021 £	Group 2020 £
Finished goods and goods for resale	2,931,100	940,510
	<u>2,931,100</u>	<u>940,510</u>

16. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Other debtors	140,903	-	-	-
	<u>140,903</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due within one year				
Trade debtors	1,217,857	1,315,283	-	-
Amounts owed by group undertakings	-	-	37,367,871	26,456,303
Other debtors	677,714	374,053	-	-
Prepayments and accrued income	2,110,438	978,642	-	-
	<u>4,006,009</u>	<u>2,667,978</u>	<u>37,367,871</u>	<u>26,456,303</u>

17. Cash and cash equivalents

	Group 2021 £	Group 2020 £
Cash at bank and in hand	2,679,162	327,857
Less: bank overdrafts	-	(250)
	<u>2,679,162</u>	<u>327,607</u>

SANMPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	-	250	-	-
Trade creditors	2,245,092	1,175,447	-	-
Amounts owed to group undertakings	-	-	150,157	150,214
Corporation tax	4,540	-	-	-
Other taxation and social security	319,578	533,159	-	-
Other creditors	132,595	41,530	-	-
Accruals and deferred income	2,781,286	2,838,538	25,176	143,471
	<u>5,483,091</u>	<u>4,588,924</u>	<u>175,333</u>	<u>293,685</u>

19. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other loans	2,958,195	-	2,958,195	-
	<u>2,958,195</u>	<u>-</u>	<u>2,958,195</u>	<u>-</u>

20. Loans

The loan balances consists of secured £3m loan issued in May 2021 where interest accrues at 10% per annum. The value of the liability and its associated fees is held on the balance sheet at amortised cost, which include an arrangement fee of 1% and legal fees totalling £19,606 that were directly attributable to the loan. These fees are to be amortised over the appropriate period of 42 months, with interest costs being taken to the Income Statement on a monthly basis.

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due 2-5 years				
Other loans	2,958,195	-	2,958,195	-
	<u>2,958,195</u>	<u>-</u>	<u>2,958,195</u>	<u>-</u>

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
11,958,305 (2020 - 11,439,000) Ordinary shares of £0.00001 each	120	114
10,098,267 (2020 - 8,657,000) Series A Preferred shares of £0.00001 each	101	87
	<u>221</u>	<u>201</u>

During the year, 1,440,501 Series A Preferred shares were issued for total consideration of £6,723,639.

During the year, 433,679 Ordinary shares of £0.00001 each were issued for total consideration of £1,933,714.

22. Reserves

Share premium account

The amount of capital contributed in excess of the nominal value of each Ordinary Share.

Foreign exchange reserve

The foreign exchange translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

Other reserves

Amount of proceeds on issue of convertible debt relating to the equity component (ie option to convert the debt into share capital) and aggregate fair value of vested share based payments awarded.

Profit and loss account

All other net gains and losses and transactions with owners not recognised elsewhere.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

23. Share based payments

Sannpa operates an EMI and Non-EMI option scheme for eligible parties for its subsidiaries. At the date of the statement of financial position, the parent company granted 2,893,000 options at an exercise price of ranging between £0.0073 and £0.316 to 30 parties. A total of 3,000 (2020: 174,000) options were issued in the year and 3,000 (2020: 8,750) options were exercised. 297,000 (2020: 63,000) share options lapsed in the year. Share options have a vesting period of 3-4 years.

All share options issued by the Company are valued using the Black-Scholes pricing model.

Details of the inputs into the Black-Scholes pricing model are detailed below:

Risk free rate: 0.5%
Expected volatility: 50% - 58%
Exercise price: £0.0073 - £0.316

The expense of the scheme is recognised in this company with the corresponding credit reflected in equity, other reserves.

The share-based payment charge recognised in the year was £606,390 (2020: £937,963).

24. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	249,058	241,203
Later than 1 year and not later than 5 years	1,146,116	33,128
Later than 5 years	58,904	-
	<u>1,454,078</u>	<u>274,331</u>

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

25. Related party transactions

During the year Fnatic Gear Limited were charged £nil (2020: £297) by Fractal Design AB (a company which is founded by one of the directors of Sannpa Limited). At the year end £nil (2020: £nil) was due to Fractal Design AB.

During the year Fnatic Limited were charged £nil (2020: £30,310) by Stonehaven Partners Limited (a company which is founded by one of the directors of Sannpa Limited). At the year end £nil (2020: £nil) was due to Stonehaven Partners Limited.

During the year Fnatic Limited were charged £87,234 (2020: £22,854) by Sports Entertainment Creative Consulting Capital SAS (a company with a common director). At the year end £nil (2020: £7,618) was due to Sports Entertainment Creative Consulting Capital SAS.

During the year Fnatic Limited were charged £200 (2020: £nil) by Ugame Limited (a company with a common director). No amounts were outstanding at the year end.

Key management personnel costs for the year were £835,611 (2020: £621,674).

26. Post balance sheet events

Post year end fundraising

Post year end Sannpa Ltd, the parent company of the group, entered into a SAFE (Simple Agreement for Future Equity) with investors. This allows for the investor to participate in future equity rounds with a valuation cap, otherwise the terms will be equal to other investors. The value of investment will be between \$3m & \$15m. As at the date of these accounts, amounts received by the Group in relation to the SAFE were \$5m.