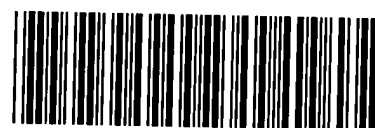


Registered number: 08758857

## **SANNPA LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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**SANNPA LIMITED**

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**COMPANY INFORMATION**

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**Directors** Nicholas Fry (resigned 1 October 2020)  
Lev Leviev  
Samuel Matthews  
Karen McCormick  
Chris Pallotta  
Hanes Wallin  
Lucien Boyer (appointed 1 October 2020)

**Registered number** 08758857

**Registered office** 2 Ebor Street  
London  
United Kingdom  
E1 6AW

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**SANNPA LIMITED**

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## **SANNPA LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **Introduction**

The Directors of Sannpa Limited are pleased to present their Strategic Report and audited group accounts for the year ended 31 December 2020.

#### **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, CS:GO, DOTA2, and Rainbow6. We also started a new team in 2020 in Valorant.

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. In the future we also plan to develop a Digital products Strategy.

Revenues at a group level in 2020, excluding prize money, increased year-on-year by +11% [vs a prior year like-for-like increase of 7%]. This is predominantly attributed to a significant increase in the Partnerships and Gear businesses, both exceeding 50% year-on-year growth. Apparel suffered from the absence of offline events during the pandemic with a decline in revenue.

During 2020, gross profit increased 2.5 times. This growth was strongly driven by highly increased unit economics of our products businesses.

Administrative expenses over the period have declined by over £1.3m in 2020 vs the prior year, following a strong control of spending when assessing possible impacts of Covid-19 on the business.

The improved loss before tax figure for the year of £6.4m [vs a loss of £8.6m in 2019] is driven by focussing on products unit economics and maintaining firm control over outgoings.

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## SANNPA LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

##### *Covid-19*

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 may impact us in the short term.

##### *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.

##### *Long lead time materials*

The time required to source some components for our Gear products has significantly increased due to global shortages, 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 **8 September 2021** and signed on its behalf.

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## SANNPA LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their report and the financial statements for the year ended 31 December 2020.

#### **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 £6,403,450 (2019 - loss £8,608,648).

No dividends were declared in the year (2019 - £NIL).

#### **Directors**

The directors who served during the year were:

Nicholas Fry (resigned 1 October 2020)  
Lev Leviev  
Samuel Matthews  
Karen McCormick  
Chris Pallotta  
Hanes Wallin  
Lucien Boyer (appointed 1 October 2020)

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## SANMPA LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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, the directors have an expectation that the group could realise cost savings in the form of delayed stock ordering, delays in staff hiring or realising the value from the sale of some of Fnatic's assets.

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, in January 2021, the Group raised £1.78m through a crowdfunding raise of 363,050 shares via Crowdcube. Further investment to the value of £9.90m was raised between January 2021 and June 2021 through the issue of 37,119 ordinary shares, 1,440,501 preferred shares and venture debt.

#### Auditors

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

This report was approved by the board on **8 September 2021** and signed on its behalf.



Samuel Matthews  
Director

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## **SANNPA LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANNPA LIMITED**

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#### **Opinion**

We have audited the financial statements of Sannpa Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, 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 2020 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.



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## **SANNPA LIMITED**

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

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#### **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.

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## **SANMPA LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANMPA LIMITED (CONTINUED)**

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#### **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 evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

#### **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.

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**SANNPA LIMITED**

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

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*Haysmacintyre LLP*

Ian Cliffe (Senior Statutory Auditor)

for and on behalf of  
**Haysmacintyre LLP**

Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

Date: 10/09/2021

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**SANNPA LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Note	2020 £	Restated 2019 £
Turnover	4	11,276,288	10,231,170
Cost of sales		(8,604,838)	(9,125,913)
<b>Gross profit</b>		<u>2,671,450</u>	<u>1,105,257</u>
Administrative expenses		(8,970,549)	(10,199,793)
Other operating income		12,901	-
<b>Operating loss</b>	6	<u>(6,286,198)</u>	<u>(9,094,536)</u>
Interest payable and expenses	10	(243,768)	(20,023)
<b>Loss before taxation</b>		<u>(6,529,966)</u>	<u>(9,114,559)</u>
Tax on loss	11	126,516	505,911
<b>Loss for the financial year</b>		<u>(6,403,450)</u>	<u>(8,608,648)</u>
<b>Loss for the year attributable to:</b>			
Non-controlling interests		(17,897)	(61,012)
Owners of the parent Company		(6,385,553)	(8,547,636)
		<u>(6,403,450)</u>	<u>(8,608,648)</u>

The notes on pages 17 to 36 form part of these financial statements.

**SANNPA LIMITED**  
**REGISTERED NUMBER: 08758857**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	Restated 2019 £
<b>Fixed assets</b>			
Intangible assets	12	4,087,779	4,180,070
Tangible assets	13	223,368	179,873
		<u>4,311,147</u>	<u>4,359,943</u>
<b>Current assets</b>			
Stocks	15	940,510	1,057,770
Debtors: amounts falling due within one year	16	2,667,978	2,500,240
Cash at bank and in hand	17	327,857	2,041,987
		<u>3,936,345</u>	<u>5,599,997</u>
Creditors: amounts falling due within one year	18	(4,588,924)	(4,794,789)
<b>Net current (liabilities)/assets</b>		<u>(652,579)</u>	<u>805,208</u>
<b>Total assets less current liabilities</b>		<u>3,658,568</u>	<u>5,165,151</u>
Creditors: amounts falling due after more than one year	19	-	(2,422,762)
<b>Net assets</b>		<u><u>3,658,568</u></u>	<u><u>2,742,389</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	201	176
Share premium account	22	26,420,975	18,758,042
Foreign exchange reserve	22	(35,481)	22,684
Other reserves	22	2,896,393	3,425,325
Profit and loss account	22	(25,383,299)	(19,241,514)
Non-controlling interests		(240,221)	(222,324)
		<u><u>3,658,568</u></u>	<u><u>2,742,389</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 02/09/2021



**Samuel Matthews**  
Director

The notes on pages 17 to 36 form part of these financial statements.

**SANNPA LIMITED**  
**REGISTERED NUMBER: 08758857**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	14	2,925,333	1,987,370
		<u>2,925,333</u>	<u>1,987,370</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	26,456,303	22,599,497
		<u>26,456,303</u>	<u>22,599,497</u>
Creditors: amounts falling due within one year	18	(293,685)	(165,690)
		<u></u>	<u></u>
<b>Net current assets</b>		26,162,618	22,433,807
<b>Total assets less current liabilities</b>		<u>29,087,951</u>	<u>24,421,177</u>
Creditors: amounts falling due after more than one year	19	-	(2,422,760)
		<u></u>	<u></u>
<b>Net assets</b>		<u>29,087,951</u>	<u>21,998,417</u>
<b>Capital and reserves</b>			
Called up share capital	21	201	176
Share premium account	22	26,364,237	18,701,304
Other reserves	22	2,896,393	3,425,325
Profit and loss account brought forward		(128,388)	(92,948)
Loss for the year		(288,260)	(35,440)
Other changes in the profit and loss account		243,768	-
		<u></u>	<u></u>
Profit and loss account carried forward		(172,880)	(128,388)
		<u>29,087,951</u>	<u>21,998,417</u>

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



02/09/2021

**Samuel Matthews**  
Director

The notes on pages 17 to 36 form part of these financial statements.

**SANNPA LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	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 £
<b>At 1 January 2019 (restated)</b>	155	11,938,818	442	850,116	(10,693,878)	2,095,653	(161,312)	1,934,341
Loss for the year	-	-	-	-	(8,547,636)	(8,547,636)	(61,012)	(8,608,648)
Issue of convertible loan note	-	-	-	1,466,896	-	1,466,896	-	1,466,896
Share option charge	-	-	-	1,108,313	-	1,108,313	-	1,108,313
Foreign exchange translation	-	-	22,242	-	-	22,242	-	22,242
Shares issued during the year	21	6,819,224	-	-	-	6,819,245	-	6,819,245
<b>At 1 January 2020 (restated)</b>	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 notes	-	-	-	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	25	7,656,931	-	(2,918,297)	243,768	4,982,427	-	4,982,427
Shares issued during the year	-	6,002	-	-	-	6,002	-	6,002
Foreign exchange translation	-	-	(58,165)	-	-	(58,165)	-	(58,165)
<b>At 31 December 2020</b>	201	26,420,975	(35,481)	2,896,393	(25,383,299)	3,898,789	(240,221)	3,658,568

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**SANNPA LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The notes on pages 17 to 36 form part of these financial statements.



**SANNPA LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
<b>At 1 January 2019</b>	155	11,882,080	850,116	(92,948)	12,639,403
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(35,440)	(35,440)
Convertible loan notes issued in the year	-	-	1,466,896	-	1,466,896
Share option charge	-	-	1,108,313	-	1,108,313
Shares issued during the year	21	6,819,224	-	-	6,819,245
<b>At 1 January 2020</b>	176	18,701,304	3,425,325	(128,388)	21,998,417
<b>Comprehensive income for the year</b>					
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	25	7,656,931	(2,918,297)	243,768	4,982,427
Shares issued during the year	-	6,002	-	-	6,002
<b>At 31 December 2020</b>	201	26,364,237	2,896,393	(172,880)	29,087,951

The notes on pages 17 to 36 form part of these financial statements.

**SANNPA LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(6,403,450)	(8,608,648)
<b>Adjustments for:</b>		
Amortisation of intangible assets	557,494	472,365
Depreciation of tangible assets	93,668	50,140
Impairments of fixed assets	-	75,460
Interest paid	243,768	20,023
Taxation charge	(126,516)	(642,267)
Decrease in stocks	117,260	197,258
(Increase) in debtors	(164,281)	(951,572)
(Decrease) in creditors	(163,217)	(377,265)
Share option charge	937,963	1,108,314
Corporation tax received	196,547	660,909
Net cash used in operating activities	(4,710,764)	(7,995,283)
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(465,203)	(1,893,816)
Sale of intangible assets	-	5,655
Purchase of tangible fixed assets	(137,163)	(185,643)
Sale of tangible fixed assets	-	12,446
Net cash used in investing activities	(602,366)	(2,061,358)
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	6,002	6,819,245
Convertible Loans	3,865,763	3,880,084
Interest paid	(243,768)	(20,023)
Net cash generated from financing activities	3,627,997	10,679,306
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,685,133)	622,665
Cash and cash equivalents at beginning of year	2,012,740	1,390,075
<b>Cash and cash equivalents at the end of year</b>	327,607	2,012,740
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	327,857	2,041,987
Bank overdrafts	(250)	(29,247)
	327,607	2,012,740

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**SANNPA LIMITED**

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The notes on pages 17 to 36 form part of these financial statements.

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## SANNPA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

##### 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 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, the directors have an expectation that the group could realise cost savings in the form of delayed stock ordering, delays in staff hiring or realising the value from the sale of some of Fnatic's assets.

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.

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## SANNPA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

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## SANNPA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 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.

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## SANNPA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

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## SANNPA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 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



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## SANMPA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

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## **SANNPA LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **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.

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## SANNPA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

##### (d) Convertible debt

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. The Directors have used judgement in the assessment of the market rate of interest, and different assumptions in the model would change the financial result of the business. This is also the value of the implied interest rate charged to the profit and loss account as the liability is unwound.

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**SANNPA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**4. Turnover**

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

	2020 £	2019 £
Esports	2,148,636	2,969,729
Commercial Partnerships	4,308,818	2,638,827
Gear	3,380,282	2,272,529
Apparel	1,143,256	1,755,298
Digital	295,296	594,787
	<u>11,276,288</u>	<u>10,231,170</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	574,380	994,302
Rest of Europe	6,164,252	4,392,671
Rest of the world	4,537,656	4,844,197
	<u>11,276,288</u>	<u>10,231,170</u>

**5. Other operating income**

	2020 £	2019 £
Other operating income	12,901	-
	<u>12,901</u>	<u>-</u>

**6. Operating loss**

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation	93,668	56,755
Exchange differences	121,188	48,705
Share based payment	937,963	1,108,313
Amortisation	557,494	541,210

**SANNPA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. Auditors' remuneration**

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>44,550</u>	<u>41,950</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	<u>6,290</u>	<u>6,050</u>
	<u>6,290</u>	<u>6,050</u>

**8. Employees**

Staff costs were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	6,014,934	5,623,429	-	-
Social security costs	293,094	441,603	-	-
Cost of defined contribution scheme	43,814	130,883	-	-
	<u>6,351,842</u>	<u>6,195,915</u>	<u>-</u>	<u>-</u>

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

	2020 No.	2019 No.
Product	28	26
Sales	16	6
Marketing	22	23
Administration	14	17
	<u>80</u>	<u>72</u>

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL)

**9. Directors' remuneration**

The total directors remuneration for the group for the year was £90,711 (2019: £120,361).

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**SANNPA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**10. Interest payable and similar expenses**

	2020 £	2019 £
Other loan interest payable	243,768	20,023
	<u>243,768</u>	<u>20,023</u>

**11. Taxation**

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	(126,516)	(622,262)
	<u>(126,516)</u>	<u>(622,262)</u>
Foreign tax		
Foreign tax on income for the year	-	116,351
	<u>-</u>	<u>116,351</u>
Total current tax	<u>(126,516)</u>	<u>(505,911)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(126,516)</u>	<u>(505,911)</u>

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**SANNPA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £
Loss on ordinary activities before tax	(6,529,966)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,240,694)
Effects of:	
Fixed asset timing differences	5,410
Expenses not deductible for tax purposes	273,977
Additional deduction for R&D expenditure	(107,219)
Surrender of tax losses for R&D tax credit refund	42,227
Adjustments in respect of prior periods	9,548
Deferred tax not recognised	1,049,601
Remeasurement of deferred tax for changes in tax rates	(159,366)
Total tax charge for the year	(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 2020**

**12. Intangible assets**

**Group**

	League Contracts £	Development expenditure £	Trademarks £	Computer software £	Player Contracts £	Total £
<b>Cost</b>						
At 1 January 2020	3,985,072	446,015	116,096	152,978	183,681	4,883,842
Additions	-	79,421	69,249	-	316,533	465,203
Disposals	-	-	-	-	(26,601)	(26,601)
At 31 December 2020	3,985,072	525,436	185,345	152,978	473,613	5,322,444
<b>Amortisation</b>						
At 1 January 2020	449,885	34,642	47,682	152,978	18,585	703,772
Charge for the year	398,507	40,461	6,929	-	111,597	557,494
On disposals	-	-	-	-	(26,601)	(26,601)
At 31 December 2020	848,392	75,103	54,611	152,978	103,581	1,234,665
<b>Net book value</b>						
At 31 December 2020	3,136,680	450,333	130,734	-	370,032	4,087,779
At 31 December 2019	3,535,187	411,373	68,414	-	165,096	4,180,070

There are no intangible assets held in the Parent Company.



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**SANNPA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**13. Tangible fixed assets**

**Group**

	Short-term leasehold property £	Tooling £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2020	126,264	20,775	20,693	97,764	265,496
Additions	9,187	90,136	11,589	26,251	137,163
At 31 December 2020	<u>135,451</u>	<u>110,911</u>	<u>32,282</u>	<u>124,015</u>	<u>402,659</u>
Depreciation					
At 1 January 2020	13,758	9,102	3,850	58,913	85,623
Charge for the year	26,596	28,897	4,715	33,460	93,668
At 31 December 2020	<u>40,354</u>	<u>37,999</u>	<u>8,565</u>	<u>92,373</u>	<u>179,291</u>
Net book value					
At 31 December 2020	<u>95,097</u>	<u>72,912</u>	<u>23,717</u>	<u>31,642</u>	<u>223,368</u>
At 31 December 2019	<u>112,506</u>	<u>11,673</u>	<u>16,843</u>	<u>38,851</u>	<u>179,873</u>

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

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**SANNPA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**14. Fixed asset investments****Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	1,987,370
Additions	937,963
At 31 December 2020	<u>2,925,333</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
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 2020**

**15. Stocks**

	Group 2020 £	Group 2019 £
Finished goods and goods for resale	940,510	1,057,770
	<u>940,510</u>	<u>1,057,770</u>

**16. Debtors**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	1,315,283	618,427	-	-
Amounts owed by group undertakings	-	-	26,456,303	22,599,497
Other debtors	374,053	881,663	-	-
Prepayments and accrued income	978,642	1,000,150	-	-
	<u>2,667,978</u>	<u>2,500,240</u>	<u>26,456,303</u>	<u>22,599,497</u>

**17. Cash and cash equivalents**

	Group 2020 £	Group 2019 £
Cash at bank and in hand	327,857	2,041,987
Less: bank overdrafts	(250)	(29,247)
	<u>327,607</u>	<u>2,012,740</u>

**SANNPA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**18. Creditors: Amounts falling due within one year**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts	250	29,247	-	-
Trade creditors	1,175,447	2,552,376	-	-
Amounts owed to group undertakings	-	-	150,214	150,215
Corporation tax	-	13,667	-	-
Other taxation and social security	533,159	805,578	-	-
Other creditors	41,530	97,698	-	-
Accruals and deferred income	2,838,538	1,296,223	143,471	15,475
	<u>4,588,924</u>	<u>4,794,789</u>	<u>293,685</u>	<u>165,690</u>

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Convertible loan	-	2,422,762	-	2,422,760
	<u>-</u>	<u>2,422,762</u>	<u>-</u>	<u>2,422,760</u>

The convertible bonds (see below) carry a 0% per annum coupon. The average effective interest rate for the year ended 31 December 2020 was 10%.

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**SANNPA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**20. Loans**

The convertible loans existing at the start of the year were repayable five years from their issue date at a total face value of \$5 million. A further \$5 million of convertible loans were issued in the year ended 31 December 2020. All convertible loans in issue were converted on 03/08/2020 for a total of 2,425,000 Series A Preferred Shares.

Under IAS 32, the convertible loans are accounted for as a compound financial instrument. The value of the liability component and the equity conversion component were determined at the date the instrument was issued. The fair value of the liability component, included in non-current borrowings, was calculated using a market interest rate for an equivalent instrument without conversion option with the balance recorded as a convertible debt reserve.

The issue fees of £37,000 (2019: £10,450) have been allocated between liability and equity in proportion to the value of each component. The value of the liability and its associated fees is held on the balance sheet at amortised cost. This value will increase to its principal value of \$5 million over the life of the instrument, with interest costs being taken to the Income Statement on a monthly basis.

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due 2-5 years				
Convertible Loan	-	2,422,761	-	2,422,761
	-	2,422,761	-	2,422,761
	-	2,422,761	-	2,422,761

**21. Share capital**

	2020 £	2019 £
Allotted, called up and fully paid		
11,439,000 (2019 - 11,417,000) Ordinary shares of £0.00001 each	114	114
8,657,000 (2019 - 6,232,000) Series A Preferred shares of £0.00001 each	87	62
	201	176

During the year, in August 2020, 2,425,000 Series A Preferred shares were issued upon conversion of the convertible loan notes.

In December 2020, 22,000 Ordinary shares of £0.00001 each were issued for total consideration of £6,002.

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## SANNPA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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.

#### 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 28 parties. A total of 98,352 (2019: 287,980) options vested in the year and 8,750 (2019: 326,104) options were exercised. 63,000 (2019: Nil) 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%  
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 £937,963 (2019: £1,108,313).

#### 24. Prior year adjustment

In the prior year the non-controlling interest element of equity of Fnatic Gear Limited was not disclosed separately as a result of omission. This has been corrected in the current year and the impact on the equity attributable to owners of the parent Company is £222,324.

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**SANNPA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**25. Commitments under operating leases**

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Not later than 1 year	241,203	380,909
Later than 1 year and not later than 5 years	33,128	284,535
	<u>274,331</u>	<u>665,444</u>

**26. Related party transactions**

During the year Fnatic Gear Limited were charged £297 (2019: £74,233) by Fractal Design AB (a company which is founded by one of the directors of Sannpa Limited). At the year end £Nil (2019: £5,956) was due to Fractal Design AB.

During the year Fnatic Limited were charged £30,310 (2019: £41,250) by Stonehaven Partners Limited (a company which is founded by one of the directors of Sannpa Limited). At the year end £Nil (2019: £4,500) was due to Stonehaven Partners Limited.

During the year Fnatic Limited were charged £22,854 (2019: £Nil) by Sports Entertainment Creative Consulting Capital SAS (a company with a common director). At the year end £7,618 (2019: £Nil) was due to Sports Entertainment Creative Consulting Capital SAS.

During the year Fnatic Gear Limited were charged £Nil (2019: £845) 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 £621,674 (2019: £451,401).

**27. Post balance sheet events**

*Post year end fundraising*

Post year end, in January 2021, the Group raised £1.78m through a crowdfunding raise of 363,050 shares via Crowdcube. Further investment to the value of £9.90m was raised between January 2021 and June 2021 through the issue of 37,119 ordinary shares, 1,440,501 preferred shares and venture debt.