29 July 2022

SEMPER FORTIS ESPORTS PLC
("Semper Fortis Esports" or the "Company")

Annual Results for year to 31 January 2022

Chairman's Statement

This is our maiden Annual Report and Accounts to 31 January 2022, since listing on AQSE on 26 April 2021, when we raised £2.55m.

Whilst COVID-19 accelerated the continued growth and popularity of esports and gaming, the global pandemic and the related travel restrictions did create challenges for the Company with three of its directors, two of whom were executive directors, located outside the UK.

Teams

Our SMPR Rocket League team continued to perform well this year, successfully securing a top four position in the RLCS Fall Major which was an in-person LAN (local area network) event held in Sweden.

This was particularly pleasing on two fronts (1) the SMPR team competed and even outperformed some of the largest global esports organisations; and (2) there have been over 12 million views of the tournament across Instagram, TikTok, Twitch, Twitter, and YouTube.

In October 2021, SMPR was inducted into the official Rocket League esports shop giving fans the opportunity to purchase SMPR customised in-game items.

During the course of the year, we tried to build on the success of the Rocket League team and increased the number of games we were participating in, either through professional rosters and/or content creators, gaining exposure in seven games.

Ambassadors

In May 2021, we were delighted to announce that Mr Dominic Calvert-Lewin of Everton and England and Mr Harry Maguire captain of Manchester United and England had been appointed as brand ambassadors to the Company.

Expansion of Audience

During the year, we developed our brand identity and produced consistent messaging and content on various social media channels. This was an investment to help the Company build its online presence and number of followers in order to monetise this through sponsorship.

This has seen our social media numbers increase from zero at the start of the year to 157,000 on SMPR channels and 12.1m total digital footprint including players, content creators and ambassadors.

Chief Executive Officer

In December 2021, Kevin Soltani stepped down as a director and as Chief Executive Officer by mutual consent. Following his departure and subsequent to the year-end, an Employee Benefit Trust ("EBT") set up by the Company acquired all of the share interests held by Mr Soltani in Semper. The EBT was set up for the benefit of current and future employees.

Post-period review

SMPR Rocket League team secured its first commercial sponsor for an amount of £10,000 with The Topps Company, Inc. who are best known as a leading producer of Match Attax trading cards.

In February 2022, we launched a new blockchain based play-to-earn gaming division, SMPR Guild.

Play-to-earn is a new category in video gaming where blockchain based games reward players with tokens which are free to convert into cryptocurrency and then into fiat currency.

The play-to-earn market was rapidly expanding both in terms of players and audience and the Directors felt that a move into play-to-earn would bring the Company material revenues. However, the sector has been hit hard by the crypto crash in the second quarter of 2022 and therefore the Company has decided to pause any further investment for the near future.

On 20 July 2022 Nolan Bushnell stepped down as non-executive director. It has been a real pleasure working with Nolan and his experience will be missed.

Outlook

The Board is aware of the current economic uncertainty and difficult capital market conditions and therefore in recent weeks the Company has looked to significantly reduce its overheads and conserve cash. This has seen us withdraw from some of the new games we entered into during the year, leaving us to focus on our core Rocket League team which will take part in the World Championships in Dallas in August 2022.

Moving forward the Company will continue to look at opportunities in and around the esports and gaming sector.

Finally, I would like to take this opportunity to thank all our shareholders and staff for their support to date, especially in recent months during an unprecedented period of market turbulence.

Keith Harris
Chairman

For more information, please contact:

Semper Fortis Esports plc	via Square1 Consulting https://semperfortisesports.com
Keith Harris, Chairman Jassem Osseiran, Chief Operating Officer Max Deeley, Finance Director	
Hybridan LLP - AQSE Corporate Adviser and Broker	https://hybridan.com/
Claire Noyce, Managing Partner, Corporate Finance	+44 203 764 2341
Niall Pearson, Head of Corporate Broking & Sales	+44 203 764 2343
Square1 Consulting	+44 207 929 5599
David Bick	+44 7831 381201

About Semper Fortis Esports plc

Semper Fortis Esports PLC is a multi-operational esports and gaming organisation converging high growth team infrastructures with digital gaming communities, primarily in the Rocket League game.

STRATEGIC REPORT

The Directors present their Strategic Report on Semper Fortis Esports PLC for the year ended 31 January 2022.

Review of the business and developments during the year
On 26 April 2021, Semper Fortis Esports PLC was listed on the Access segment of the AQSE Growth Market raising £2.55m by way of a Placing and Subscription in total of 255,500,000 new Ordinary Shares.

Principal Activity
The Company is a professional esports organisation and lifestyle brand.

Developments in the Sector
The gaming and esports landscape is still showing signs of significant growth.

- 3 billion gamers globally today and that number is predicted to grow at 5.6% for the next three years.
- 474 million total esports audience in 2021, a year-on-year growth of +8.7%.
- $1.1 billion global esports revenues in 2021, a year-on-year growth of +14.5%.

The young fans of esports (Gen-Z generation) are changing consumption behaviour and are a challenging demographic to reach via traditional media.

- 40% of 16-17 years olds prefer hanging out with friends virtually and they spend more of their leisure time on games than any other entertainment medium.
- 61% of Gen-Z prefer to watch esports over traditional sports.

Brands are realising the potential of this new virtual world and are seeing esports as a valuable conduit between the digital and real world. In recent years we have seen various unlikely collaborations between high-end designer brands and esports organisations.

However, despite this growth in the sector, monitisation remains a key challenge for all esports organisations globally.

SMPR Rocket League
The SMPR Rocket League team has continued to perform well this year, successfully securing a top four position in the RLCS Fall Major which was an in-person LAN (local area network) event held in Sweden.

The RLCS Fall Major had total online views of 10.7 million across Instagram, TikTok, Twitch, Twitter, and YouTube.

In October 2021 SMPR was inducted into the official Rocket League esports shop through an agreement with Psyonix (the developer and publisher of Rocket League) giving fans the opportunity to purchase SMPR customised in-game items. In the first three months to 31 December 2021, around 1,250 Semper items were sold generating $7,800 for the Company.

Expansion of teams and content creators
During the course of the year, the Company increased the number of rosters and content creators. The Company added a presence in FIFA, Fortnite, Axie Infinity (a block-chain based game) and Hearthstone – the online digital collectible card game.

Ambassadors
In May 2021, Semper appointed Mr Dominic Calvert-Lewin of Everton and England and Mr Harry Maguire captain of Manchester United and England as brand ambassadors.

During the year Dominic Calvert-Lewin took part in the eSoccer Aid live streamed event for Unicef. The Company was pleased to participate in the event which unlocked a large donation to UNICEF.

Expansion of Audience
Recently the lines between esports, content creators, live streaming, and social media have become blurred. During the year, the Company looked to increase its creative content across its social media and streaming channels in order to grow its audience and engagement.

This has seen Semper's social media numbers increase from zero at the start of the year to 157,000 on SMPR channels and 12.1m total digital footprint including players and ambassadors.

Chief Executive Officer
In December 2021, Kevin Soltani stepped down as a director and as Chief Executive Officer by mutual consent. Following his departure and subsequent to the year-end, the Company established an Employee Benefit Trust ("EBT") for the benefit of current and future employees.

On 30 March 2022, the EBT completed the acquisition of all the Ordinary Shares (41,000,000 Ordinary Shares) and all the Redeemable Preference Shares (12,587 Redeemable Preference Shares) held by GIMA Group Inc for a total consideration of £56,747. Mr Soltani held his share interests in Semper Fortis Esports within GIMA Group Inc.

Post-period review

First Sponsor
The SMPR Rocket League team secured its first commercial sponsor, The Topps Company, Inc. who are best known as a leading producer of Match Attax trading cards. The initial amount of this sponsorship is £10,000 and whilst this amount is small the Company believe this is something for it to build on.

Play-to-earn
In February 2022 Semper launched a new blockchain based play-to-earn gaming division, SMPR Guild.

Play-to-earn is a new category in video gaming that rewards players for winning and completing tasks with game-based tokens which are free to use in-game or convert into cryptocurrency and then into fiat currency.

However, the play-to-earn sector has been hit hard by the crypto crash in the second quarter of 2022 and therefore the Company has decided to pause any further investment into play-to-earn for the time being.

Non-executive Director
On 20 July 2022 Nolan Bushnell stepped down as non-executive director.

Reduction in overheads
In recent weeks, the Company has looked to significantly reduce its overheads and has therefore withdrawn from the new games it entered into during the year leaving the Company to focus on its core Rocket League team.

Section 172(1) Statement – Promotion of the Company for the benefit of members as a whole:
The Directors believe they have acted in the way they considered in good faith, that would most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006, and in doing so have had regard to:

- the likely consequences of any decision in the long term;
- The need to act fairly between the members of the Company;
- The desirability of maintaining the Company's reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- The need to foster the Company's relationships with suppliers, customers and others; and

- the impact of the Company's operations on the community and the environment.

In order to fulfil their duties under section 172 and promote the success of the Company for the benefit of all its stakeholders, the directors need to ensure that they not only act in accordance with the legal duties but also engage with, and have regard for, all its stakeholders when taking decisions. The Company has a number of key stakeholders that it is committed to maintaining a strong relationship with. Understanding the Company's stakeholders and how they and their interests will impact on the strategy and success of the Company over the long term is a key factor in the decisions that the Board make.

Shareholders The promotion of the success of the Company is ultimately for the benefit of the Company's shareholders who provide the Company's permanent capital. As a company listed on the Access segment of the AQSE Growth Market, the Company is responsible for ensuring that it is aware of shareholder needs and expectations. The Directors attach great importance to maintaining good relationships with all of its shareholders and interested parties and seeks to ensure that they have access to correct and adequate information in a timely fashion. The Directors are aware that as stakeholders, its shareholders play a vital role in the fabric of the Company and therefore regularly engages in dialogue with the Company's shareholders and is available for meetings with institutional and major shareholders following the release of the Company's Annual and Interim Results. The Directors welcome all shareholders to make contact with the Company and provide any feedback or comments that they may have, and contact details are available on the Company's website. The Company's Annual General Meeting is also an important opportunity for shareholders to meet and engage with Directors and ask questions on the Company and its performance.

Employees Our employees are key to the success of the Company and recruiting, retaining and developing our team is one of the Company's most important priorities. The Directors expect a high standard of integrity and accountability from the Company's employees. Directors encourage an open communication forum, aided by the Company's small size and relatively flat hierarchical structure.

Regulatory Bodies Although the Company is not itself directly regulated, it operates within a regulated environment (e.g. AQSE rules) and therefore actively engages with various regulatory bodies and advisory firms to ensure that compliance standards are maintained and that the Company continues to act with the high standards of business conduct that have established its reputation thus far.

Suppliers and Advisors The Company's suppliers and advisors are integral to the day to day operation of the Company. Relationships with suppliers are carefully managed to ensure that the Company is always obtaining value for money. The Company seeks to ensure that good relationships are maintained with its suppliers and advisors through regular contact and the prompt payment of invoices. The Company has appointed Shakespeare Martineau's company secretarial services to ensure that high standards and timeliness are key to the Board's delivery of its objectives to shareholders.

Other stakeholders and the wider community The Directors are committed to ensuring that none of its activities have a detrimental impact on the wider community and the environment.

Events after the reporting date

On 17 February 2022 the Company established an Employee Benefit Trust ("EBT") for the benefit of current and future employees.

On 30 March 2022 the EBT completed the acquisition of all the Ordinary Shares (41,000,000 Ordinary Shares representing 9.87% of the issued capital) and all the Redeemable Preference Shares (12,587 Redeemable Preference Shares) held by GIMA Group Inc for a total consideration of £56,747. The Company provided the EBT with a loan of £56,747 to fund this share acquisition. This transaction had been agreed between Mr Soltani (the former CEO) and the Company in December 2021 at the time of his departure. Mr Soltani held his share interests in Semper Fortis Esports within GIMA Group Inc.

Principal Risks and Uncertainties

Reliance on key personnel

The Company is dependent on the Directors, its management and employees including contracting talented esports players. The future success of the Company depends on the ability of the Company to attract and retain its management and employees. Given the Company's focus on establishing esports teams, talent selection is a key factor for the success of the Company. As team players and streamers become more successful in the industry, they may receive competitive offers from other esports businesses which could be more lucrative than what the Company is able to offer.

The unexpected departure or loss of members of the Board could have an adverse impact on the financial condition and results of operations of the Company, and there can be no assurance that the Company will be able to attract or retain suitable replacements for those members of the Board who depart.

Growth of esports industry
The performance of the Company depends on the continued growth of the esports industry in the UK. At the moment, the industry is in its infancy in the UK and is not well developed. While the Directors believe that the industry will continue to grow considerably, there can be no guarantee that it will. If the industry fails to develop, opportunities to grow the business may not materialise and the performance of the Company may be negatively affected.

Due to the industry being in its infancy and the informal online environment in which it operates, contractual arrangements in the esports industry can be informal. Commercial arrangements can be short term, ad hoc and in some cases can be terminated by either party with no notice. Competition for esports players and sponsorship is also increasing as more esports organisations enter the industry. Although the Company will enter into formally negotiated written agreements containing customary contractual protections, there can be no assurance that arrangements negotiated and entered into by the Company will not be terminated or will be renewed at the end of the contractual term agreed by the Company. The players contracts are short term and there is no guarantee that the players will seek to renew them. The loss of: (i) one or more of the players contracts, (ii) a key commercial arrangement, or (iii) the loss of several smaller commercial arrangements could have a material adverse effect on the Company's business, operations, revenues and financial results.

Competition
The esports industry is competitive and fast moving and it may become more competitive as the popularity of esports increases. Some of the Company's competitors are more established with greater financial, marketing and other resources than the Company. These competitors may undertake more extensive marketing and advertising campaigns, attract higher calibre players and host higher profile events than the Company.

Competitors may also be able to solicit players and teams away from the Company by offering them more favourable terms and larger amounts of money. This may have a negative impact on the revenue of the Company in the future. In addition, the Company would face an increase in competition if existing competitors expanded or if there were new entrants in the market.

Player performance
Though the Company intends to sign the best esports players available, there is no guarantee that such recruitment will translate into tournament success. If the Company does not perform to a reasonably high level in tournaments, it will not generate the publicity to grow its brand and to attract sponsors and the Company’s revenue from prize money and sponsors will be lower than expected, making future or further recruitment more difficult.

Reliance on third party services
The vast majority of esports fans watch leagues and tournaments via free, online live streaming of content on Twitch and YouTube. If Twitch or YouTube were to change their business models and charge for content, the attractiveness of esports to sponsors would be reduced and profile raising opportunities for the Company will be reduced. Furthermore, the esports sector is reliant on the technical infrastructure of Twitch and YouTube; a disruption in services offered by either may have a material adverse effect on the Company.

Key performance indicators (“KPI’s”)

The key performance indicators currently put in place for the Company are set out below:

- the esports team's following on social media and streaming channels (for example, the number of followers on Twitter, Instagram, TikTok, Twitch, YouTube etc.). As at the year end the number of followers on the Company's social media and streaming channels was 157,000. Furthermore, the total number of followers including those of players and content creators (but excluding ambassadors) was 885,000.
- revenue from subscribers, sponsors, advertising and merchandising. There was no revenue from these sources this year as the Company grew its number of followers.

Assessment of business risk
The Board regularly reviews operating and strategic risks. The Company's operating procedures include a system for reporting financial and non-financial information to the Board including:

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising; and

- consideration of reports prepared by third parties.

Financial risk management
Details of the Company's financial instruments and its policies with regard to financial risk management are contained in note 13 to the financial statements.

Results for the year and dividends
The loss for the year after tax was £1,221,367 (2021: loss of £626,173). Since the Company does not have any distributable reserves, the Directors are unable to recommend the payment of a dividend.

INCOME STATEMENT AND STATEMENT OF COMPRENSIVE INCOME
For the year ended 31 January 2022

	Note	Year ended 31 January 2022	Period ended 31 January 2021
		£	£
Revenue	4	31,629	-
Operating and administrative expenses	5	(1,252,996)	(626,173)
Loss before income tax		(1,221,367)	(626,173)
Income tax	7	-	-
Loss for the year / period and total comprehensive loss		(1,221,367)	(626,173)
Earnings per share attributable to equity owners			
Basic and diluted earnings per share	11	(0.003)	(0.01)

The income statement has been prepared on the basis that all operations are continuing operations.

The accounting policies and notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 January 2022

	Note	As at 31 January 2022 £	As at 31 January 2021 £
ASSETS			
Current assets			
Trade and other receivables	8	107,622	57,345
Cash and cash equivalents	9	1,328,418	73,158
Total assets		1,436,040	130,503
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	12	76,550	50,500
Share premium		2,487,410	-
Share based payments reserve		155,077	-
Retained earnings		(1,574,173)	(356,674)
		1,144,864	(306,174)
Current liabilities			
Trade and other payables	10	291,176	436,677
Total equity and liabilities		1,436,040	130,503

STATEMENT OF CHANGES IN EQUITY
As at 31 January 2022

	Share capital £	Share premium £	Share based payments reserve £	Retained earnings £	Total £
At incorporation	1	-	-	-	1
Issue of ordinary shares	50,499	269,499	-	-	319,998
Reduction in share capital	-	(269,499)	-	269,499	-
Total comprehensive loss for the period	-	-	-	(626,173)	(626,173)
At 31 January 2021	50,500	-	-	(356,674)	(306,174)
Issue of ordinary shares	26,050	2,562,410	-	-	2,588,460
Total comprehensive loss for the year	-	-	-	(1,221,367)	(1,221,367)
Share based payment	-	(75,000)	158,945	-	83,945
Forfeiture of share options	-	-	(3,868)	3,868	-

	Share capital	Share premium	Share based payments reserve	Retained earnings	Total
	£	£	£	£	£
At 31 January 2022	76,550	2,487,410	155,077	(1,574,173)	1,144,864

Share Capital

Share capital represents the nominal value of shares that have been issued.

Share premium

Share premium represents the aggregate amount of premiums received on issuing shares after deduction of attributable expenses.

Share based payments reserve

Share based payments reserve is a reserve used to recognise the cost and equity associated with the fair value of share options and warrants that have been issued by the Company.

Retained earnings

Retained earnings is the balance of profit or loss retained by the Company net of any distributions made.

The accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 January 2022

		Year ended 31 January 2022	Period ended 31 January 2021
		£	£
Cash flows from operating activities			
Loss before income tax		(1,221,367)	(626,173)
Adjustments:			
Share based payments		83,945	-
Movement in working capital			
Increase in receivables	8	(50,277)	(57,345)
(Decrease)/increase in payables	10	(145,501)	436,677

Net cash flow from operating activities		(1,333,200)	(246,841)
Cash flows from financing activities			
Issue of ordinary shares	12	2,588,460	319,999
Net cash flows from financing activities		2,588,460	319,999
Net increase in cash and cash equivalents		1,255,260	73,158
Cash and cash equivalents at beginning of year / period		73,158	-
Cash and cash equivalents at end of year / period		1,328,418	73,158

The accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL INFORMATION
For the year ended 31 January 2022

1. General information

Semper Fortis Esports PLC (the "**Company**") was incorporated on 14 January 2020 in England and Wales, with registered number 12403380 under the Companies Act 2006. The registered office of the Company is 6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR.

The principal activity of the Company is an esports organisation and lifestyle brand.

2. Basis of preparation

The financial information and accompanying notes are based on the following policies which have been consistently applied:

The financial information of the Company has been prepared in accordance with UK adopted International Accounting Standard in conformity with the requirements of the Companies Act 2006.

The financial statements are presented in Sterling, which is the Company's functional and presentational currency and has been prepared under the historical cost convention.

The preparation of financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 3.

Going Concern

The financial statements have been prepared on a going concern basis notwithstanding operating losses and net current liabilities.

The directors have prepared a liquidity forecast for a period of at least 12 months from the date of approval of these financial statements which indicate that the Company will have sufficient funds to meet its liabilities as they fall due for that period. These forecasts are dependent on the ability of the

Company to reduce its costs during the going concern period to meet its working capital needs as they fall due and raise funds, if required, to fund new business opportunities. This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The directors are confident that the Company will continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Adoption of new and revised standards

New standards, amendments and interpretations

The Company has adopted all of the new and amended standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods commencing on or after 14 February 2021, none of which had a material impact on the financial statements.

New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed at 14 February 2021 and not early adopted

Standard	**Key requirements**	**Effective date for annual periods beginning on or after:**
IAS 37	Amendments to IAS 37, 'Provisions, Contingent Liabilities and Contractual Assets'	1 January 2022
IFRS	Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022
IAS 1	Amendments to IAS 1, 'Presentation of Financial Statements' regarding the classification of liabilities	1 January 2023
IAS 12	Amendments to IAS 12, 'Income Taxes' regarding deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IAS 1	Amendments to IAS 1, 'Presentation of Financial Statements' regarding the amendments of disclosure of accounting policies	1 January 2023
IAS 8	Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to distinguish between accounting policies and accounting estimates.	1 January 2023
IAS 16	Amendments to IAS 16 'Property, Plant and Equipment' regarding proceeds before intended use	1 January 2022

These standards are not considered to have a material impact on the financial statements.

3. Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently.

There have been no judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial information and estimates with a significant risk of material adjustment in the next year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, or at fair value where no proceeds are received.

Financial instruments

Financial assets

Financial assets are recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are subsequently measured at amortised cost, fair value through OCI, or FVPL.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost;
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at FVPL.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. IFRS 9.5.4 The

Company’s financial assets at amortised cost include other receivables and cash and cash equivalents.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables due in less than 12 months, the Company applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset’s lifetime ECL at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- loans and borrowings and trade and other payables;
- after initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process;
- amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Financial risk management

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial Risk Factors

The Company's cash holdings are all held with major financial institutions whose financial status is regularly reviewed.

Credit Risk

Credit risk arises from outstanding receivables. Management does not expect any losses from non-performance of these receivables. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk, which is stated under the cash and cash equivalents accounting policy.

Liquidity risk

The Company's continued future operations depend on its ability to raise sufficient working capital through the issue of share capital and generate revenue.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Company's capital structure primarily consists of equity attributable to the owners, comprising issued capital, reserves and retained losses.

Current and deferred tax

Current tax

The tax currently payable is based on taxable profit or loss for the year. Taxable profit or loss differs from the profit or loss for the financial year as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the subsidiary intends to settle its current tax assets and liabilities on a net basis.

Deferred tax will be recognised on the losses incurred when the Company has sufficient visibility over the usage of these loses and is forecasting future profits in the short term.

Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue

Revenue relates to prize winnings and online in-game sales. It is recognised to the extent that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates and taxes.

Sponsorship and similar commercial income is recognised over the duration of the respective contracts.

Provisions and contingencies

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation.

Expenses

Expenses on goods and services are recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenses are recognised in operating expenses except where it results in the creation of non-current assets or is related to issue of shares.

Share-based payments

For grants of share options and warrants, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options are granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are likely to vest.

4. Revenue

	2022	2021
	£	£
Prize winnings and online in-game sales	31,629	-

In the opinion of the directors, the Company has one class of business, the operation of a professional esports organisation and lifestyle brand.

All the Company's revenue was generated in the United Kingdom and recognised at a point in time.

5. Operating expenses by nature

	2022	2021
	£	£
Directors' remuneration	240,313	-
Accrued costs	-	48,333
Professional fees	575,502	493,976
Esports team costs	297,757	67,047
Share based payments	83,945	-
Sundry expenses	55,479	16,817
	1,252,996	626,173

Auditors' remuneration included in the above amounted to £18,000 (2021: £14,800) for audit services and nil (2021: £2,500) for non-audit services.

6. Staff costs

The average monthly number of employees, including Directors, during the year was three. Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	214,506	-
Social security costs	25,807	-
Share based payments	5,801	-
	246,114	-

Directors' remuneration for the year was £214,506 (2021: £Nil).

Remuneration disclosed above includes £70,000 paid to the highest paid director (2021: £nil).

No pension contributions were paid.

7. Taxation

	2022	2021
	£	£
Current tax	-	-
Deferred tax	-	-
Tax charge/(credit) for the year / period	-	-

The Company has a potential deferred tax asset arising from unutilised management expenses available for carry forward and relief against future taxable profits. The deferred tax asset has not been recognised in the financial statements in accordance with the Company's accounting policy for deferred tax.

The Company's unutilised tax losses carried forward at 31 January 2022 amounted to £1,184,436 (2021: £236,177).

The standard rate of tax for the current year, based on the UK effective rate of corporation tax is 19% (2021: 19%). The actual tax for the current and previous year varies from the standard rate for the reasons set out in the following reconciliation:

	2022	2021
	£	£
Loss for theyear / period	(1,221,367)	(626,173)
Tax on ordinary activities at standard rate	(232,060)	(118,973)
Effects of:		
Expenses not deductible for tax purposes	51,891	74,099

	2022	2021
	£	£
Tax losses available for carry forward against future profits	180,169	44,874
Tax for the year / period	-	-

On 24 May 2021, the Government enacted that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

The Company is loss making at present and an assessment of the impact of the change in future tax rates is not possible at this stage.

8. Trade and other receivables

	2022	2021
	£	£
Trade receivables	25,817	-
Other receivables	81,805	57,345
	107,622	57,345

9. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	1,328,418	73,158
	1,328,418	73,158

10. Trade and other payables

Amounts falling due within one year:

	2022	2021
	£	£
Trade payables	125,413	183,767
Other payables	165,763	252,910
	291,176	436,677

11. Earnings per share

The basic earnings per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue.

The Company had in issue 415,499,800 ordinary shares at 31 January 2022. The loss attributable to equity holders and weighted average number of ordinary shares for the purposes of calculating diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share.

	2022	2021
Loss for the year / period attributable to equity holders (£)	1,221,367	626,173
Weighted average number of shares in issue (number)	355,287,471	60,463,747
Basic and diluted earnings per share (£)	(0.003)	(0.01)

12. Share capital and premium

On 24 March 2021, the Company issued 5,000,000 new ordinary shares of £0.0001 each at a price of £0.01 per ordinary share creating a share premium of £49,500. Amounts paid up of £50,000 in respect of the share capital issued was received into the Company's bank account.

On 26 April 2021, the Company issued 255,500,000 new ordinary shares of £0.0001 each at a price of £0.01 per ordinary share creating a share premium of £2,529,450. Amounts paid up of £2,555,000 in respect of the share capital issued was received into the Company's bank account. Broker fees of £16,540 in relation to the share issue have been offset against the premium. Furthermore, on or around 26 April 2021, 7,500,000 warrants were issued to the Company's broker which if fully exercised would represent a total aggregate price of £75,000, this amount has been offset against the premium.

	Number of Ordinary shares	Number of Deferred shares	Share capital	Share premium	Total
			£	£	£
At 1 February 2021	154,999,800	35,000	50,500	-	50,500
Issue of ordinary shares (24/03/2021)	5,000,000	-	500	49,500	50,000
Issue of ordinary shares (26/04/2021)	255,500,000	-	25,550	2,437,910	2,463,460
At 31 January 2022	415,499,800	35,000	76,550	2,487,410	2,563,960

The ordinary shares have full voting, dividend and capital distribution (including on winding up) rights.

The redeemable deferred shares hold no voting rights or rights to receive dividends.

13. Financial instruments

The Company's financial instruments comprise cash, trade and other receivables and trade and other payables that arise from its operations. The main purpose of these financial instruments is to provide finance for the Company's future activities and day to day operational needs.

The main risks faced by the Company are limited to interest rate risk on surplus cash deposits and liquidity risk associated with raising sufficient funding to meet the operational needs of the business.

The Board reviews and agrees policies for managing these risks and they are summarised below.

Financial assets by category

The categories of financial assets included in the statement of financial position and the headings in which they are included are as follows:

	2022	2021
At amortised cost	£	£
Trade and other receivables	107,622	57,345
Cash and cash equivalents	1,328,418	73,158
	1,436,040	130,503

Financial liabilities by category

The categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2022	2021
At amortised cost	£	£
Trade and other payables	291,176	436,677

The above trade and other payables are due within six months and represent the undiscounted contractual payments.

Interest rate risk

The Company manages the interest rate risk associated with the Company's cash assets by ensuring that interest rates are as favourable as possible, whilst managing the access the Company requires to the funds for working capital purposes.

The Company's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The capital structure of the Company currently consists cash and cash equivalents, and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings, all as disclosed in the Statement of Financial Position.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

14. Share based payments

Share options

On 26 April 2021, 12,464,994 share options were granted with an exercise price of £0.031 and a vesting period of 2 to 4 years. One third of the shares subject to options vest on each of the 2nd, 3rd and 4th anniversaries of admission to AQSE.

The fair value has been calculated using the Black-Scholes valuation model. Volatility was in the range of 74% to 86%, with a dividend yield of 0% and a risk-free interest rate in the range of 0.05% to 0.22%. This resulted in a charge of £5,802.

One of the directors has since left the Company, resulting in 8,309,996 options lapsing.

At 31 January 2022, 4,154,998 options were outstanding with an average exercise price of £0.031 per share.

Warrants

On 4 September 2020, 50,000,000 warrants were granted to investors with an exercise price of £0.005 exercisable in whole or in part within a period of five years from Admission, although they may not be exercised during the first 12 months following Admission. There was no charge to the Income Statement in respect of these warrants. 18,000,000 of these warrants have been forfeited.

On or around 26 April 2021, 26,000,000 warrants were granted with an exercise price of £0.01 exercisable in whole or in part within a period of five years from Admission although they may not be exercised during the first 12 months following their grant. Of these 7,500,000 warrants were issued to the Company's broker which if fully exercised would represent a total aggregate price of £75,000. 18,500,000 warrants were granted in exchange for services provided. The fair value has been calculated using the Black-Scholes valuation model. Volatility was 86%, with a dividend yield of 0% and a risk-free interest rate in the range of 0.05%. This resulted in a charge of £78,143.

At 31 January 2022, 58,000,000 warrants were outstanding with a weighted average exercise price of £0.007 per share.

15. Non-cash financing activities

The Company has issued to its broker, Hybridan LLP, warrants over 7,500,000 Ordinary Shares, exercisable at one pence per share and which if fully exercised would represent a total aggregate price of £75,000. These warrants are exercisable in whole or in part within a period of five years from Admission although they may not be exercised during the first 12 months following their grant.

The Company has issued to its brand ambassadors, warrants over 18,500,000 Ordinary Shares, exercisable at one penny per share and which if fully exercised would represent a total fair value of £78,143. These warrants are exercisable in whole or in part within a period of five years from Admission although they may not be exercised during the first 12 months following their grant.

16. Related party transactions

There were no related party transactions during the year. During the previous period the Company paid £13,355 to GIMA Group Inc related to travel and marketing services provided, in which Kevin Soltani was a Director.

17. Controlling party

The Directors do not consider there to be an ultimate controlling party.

18. Subsequent events

On 17 February 2022 the Company established an Employee Benefit Trust ("EBT") for the benefit of current and future employees.

On 30 March 2022 the EBT completed the acquisition of all the Ordinary Shares (41,000,000 Ordinary Shares representing 9.87% of the issued capital) and all the Redeemable Preference Shares (12,587 Redeemable Preference Shares) held by GIMA Group Inc for a total consideration of £56,747. The Company provided the EBT with a loan of £56,747 to fund this share acquisition. This transaction had been agreed between Mr Soltani (the former CEO) and the Company in December 2021 at the time of his departure. Mr Soltani held his share interests in Semper Fortis Esports within GIMA Group Inc.