

31 October 2022

SEMPER FORTIS ESPORTS PLC

("Semper" or the "Company")

HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 31 JULY 2022

Semper Fortis Esports PLC (AQSE: SEMP), the esports company focused on establishing esports teams, Web3 communities and forming brand technology partnerships, announces its unaudited half-yearly results for the six months ended 31 July 2022 and provides an update on post-period events.

FINANCIAL HIGHLIGHTS

- Revenues of £0.05m (H1 2021: nil) were made up of sponsorship, revenue share on sales from the official Rocket League esports shop and prize winnings.
- Loss before tax of £0.46m (H1 2021: £0.65m) which included investment in esports teams and play-to-earn guild, content creation, professional fees, general operating costs and impairment of NFT values.
- Cash at bank as of 31 July 2022 £0.63m (H1 2021: £1.77m).

OPERATIONAL HIGHLIGHTS

- Secured first commercial sponsor for an amount of £10,000 with The Topps Company, Inc.
- Launched, and subsequently made an impairment on the new blockchain based play-to-earn gaming division, SMPR Guild.
- Established an Employee Benefit Trust ("EBT") for the benefit of current and future employees.

POST PERIOD EVENTS

- Significantly reduced overheads in the period to an annualised amount of £265,000, choosing not to renew all existing contracts with previous esports talent associated with the company.
- In October 2022, the company sold SMPR player "Archie" for a transfer fee of \$35,000.

Jassem Ossieran, Chief Operating Officer, said: "We have reduced our overheads in this climate whilst we are searching as a Board for the right strategy in and around the esports and gaming sector. We have tried a number of approaches but have never over invested on any single one, which we feel has been more prudent. We will report back to our stakeholders when the Board has determined on the right future direction for the Company."

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Interim Management Report

Overview

During the prior period, the Company had made significant investment into its esports teams and content creation and enjoyed success with its Rocket League team.

However, the monetisation of these teams has proved difficult. This is a key challenge across the esports industry, despite the growth of participation in the sector.

Therefore, given the current economic uncertainty, the Company has taken steps to significantly reduce its overheads.

Esports Team

During the period, the Company generated revenues of £0.05m through its Rocket League team. This came from three sources: sponsorship; revenue share on sales from the official Rocket League shop and prize winnings.

However, with team costs being considerably higher than these earnings and with no visibility on significant increases in revenues in the near future, the decision was made to end all contracts with esports talent associated with the Company; with a view to considering an esports strategy with a lower cost base. This led to the Company selling one of its Rocket League players (“Archie”) for a transfer fee \$35,000 in October 2022.

Play-to-Earn

In February 2022, the Company launched a new play-to-earn gaming division known as SMPR Guild, believing it would bring the Company material revenues.

Play-to-earn is a relatively 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 Company purchased in-game items (non-fungible tokens known as NFTs) which are characters required to play a game and then provided access to these to active game players (“scholars”) on a revenue share basis.

The play-to-earn industry revolves around the Cryptocurrency market which suffered a significant crash in May 2022 with some stable coins losing 97% of their value. This dramatically reduced the value of the in-game items and the earning potential of scholars.

The Company has therefore prudently raised an impairment of £32,650 against the value of the NFTs it owns reducing the values to zero.

Establishment of Employee Benefit Trust

During the period, the Company established an Employee Benefit Trust (“EBT”) for the benefit of current and future employees.

In March 2022, the EBT acquired 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. This concluded all matters relating to the departure of Mr Soltani (the former CEO) who held his share interests in the Company through GIMA Group Inc.

Board change

On 20 July 2022 Nolan Bushnell stepped down as non-executive director. The Board would like to thank Nolan for his invaluable assistance in starting the Semper Fortis Esports business.

Outlook

The Company has significantly reduced its overheads in order to conserve its cash position. Moving forward, the Company will continue to focus on opportunities in and around the esports and gaming sector.

Max Deeley

Finance Director

28 October 2022

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
		Six months ended	Six months ended	Year ended
	<i>Note</i>	31 July 2022	31 July 2021	31 January 2022
		£	£	£
Revenue		55,824	-	31,629
Operating and administrative expenses	3	(511,629)	(651,287)	(1,252,966)
Loss before income tax		<u>(455,805)</u>	<u>(651,287)</u>	<u>(1,221,367)</u>
Income tax		-	-	-
Loss for the period and total comprehensive loss		<u>(455,805)</u>	<u>(651,287)</u>	<u>(1,221,367)</u>
Earnings per share attributable to equity owners				
Basic and diluted earnings per share	4	<u>(0.001)</u>	<u>(0.002)</u>	<u>(0.003)</u>

STATEMENT OF FINANCIAL POSITION

		<i>Unaudited As at 31 July 2022</i>	<i>Unaudited As at 31 July 2021</i>	<i>Audited As at 31 January 2022</i>
	Note	£	£	£
ASSETS				
<i>Current assets</i>				
Other receivables		97,543	73,214	107,622
Cash and cash equivalents		634,502	1,770,442	1,328,418
Total assets		732,045	1,843,656	1,436,040
<i>EQUITY AND LIABILITIES</i>				
Equity attributable to owners				
Share capital	5	76,550	76,550	76,550
Share premium		2,487,410	2,562,410	2,487,410
Share based payments reserve		156,327	1,989	155,077
Investment in own shares		(56,747)	-	-
Retained earnings		(2,029,978)	(1,007,961)	(1,574,173)
		633,562	1,632,988	1,144,864
<i>Current liabilities</i>				
Trade and other payables		98,483	210,668	291,176
Total equity and liabilities		732,045	1,843,656	1,436,040

STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Share based payments reserve £	Retained earnings £	Investment in own shares £	Total £
At 1 February 2022	76,550	2,487,410	155,077	(1,574,173)	-	1,144,864
Total comprehensive loss for the period	-	-	-	(455,805)	-	(455,805)
Share based payment	-	-	1,250	-	-	1,250
Shares owned by Employee Benefit Trust	-	-	-	-	(56,747)	(56,747)
At 31 July 2022	<u>76,550</u>	<u>2,487,410</u>	<u>156,327</u>	<u>(2,029,978)</u>	<u>(56,747)</u>	<u>633,562</u>

	Share capital £	Share premium £	Share based payments reserve £	Retained earnings £	Total £
At 1 February 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	-	-	-	(651,287)	(651,287)
Share based payments	-	-	1,989	-	1,989
At 31 July 2021	<u>76,550</u>	<u>2,562,410</u>	<u>1,989</u>	<u>(1,007,961)</u>	<u>1,632,988</u>

	Share capital £	Share premium £	Share based payments reserve £	Retained earnings £	Total £
At 1 February 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 payments	-	(75,000)	158,945	-	83,945
Forfeiture of share options	-	-	(3,868)	3,868	-
At 31 January 2022	<u>76,550</u>	<u>2,487,410</u>	<u>155,077</u>	<u>(1,574,173)</u>	<u>1,144,864</u>

STATEMENT OF CASH FLOWS

	<i>Unaudited</i> Six months ended 31 July 2022 £	<i>Unaudited</i> Six months ended 31 July 2021 £	<i>Audited</i> Year ended 31 January 2022 £
<i>Cash flows from operating activities</i>			
Loss before income tax	(455,805)	(651,287)	(1,221,367)
<i>Adjustments:</i>			
Share based payments	1,250	1,989	83,945
<i>Movement in working capital</i>			
Increase in receivables	10,079	(15,869)	(50,277)
Increase/(decrease) in payables	(192,693)	(226,009)	(145,501)
<i>Net cash flow from operating activities</i>	<u>(637,169)</u>	<u>(891,176)</u>	<u>(1,333,200)</u>
<i>Cash flows from investing activities</i>			
Purchase of own shares	(56,747)	-	-
<i>Net cash flows from investing activities</i>	<u>(56,747)</u>	<u>-</u>	<u>-</u>
<i>Cash flows from financing activities</i>			
Issue of ordinary shares	6 -	2,588,460	2,588,460
<i>Net cash flows from financing activities</i>	<u>-</u>	<u>2,588,460</u>	<u>2,588,460</u>
<i>Net (decrease)/increase in cash and cash equivalents</i>	(693,916)	1,697,284	1,255,260
Cash and cash equivalents at beginning of period	1,328,418	73,158	73,158
<i>Cash and cash equivalents at end of period</i>	<u>634,502</u>	<u>1,770,442</u>	<u>1,328,418</u>

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

NOTES TO THE FINANCIAL INFORMATION

For the six months ended 31 July 2022

1. Basis of preparation

The interim financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the UK.

The accounts have been prepared in accordance with accounting policies that are consistent with the Annual Report and Accounts for the year ended 31 January 2022.

The unaudited results for the six months ended 31 July 2022 do not constitute statutory accounts for that period under 435 of the Companies Act 2006. Statutory accounts for the year ended 31 January 2022 have been delivered to the Registrar of Companies.

The auditors' report on the accounts for 31 January 2022 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2. Changes in significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the financial statements as at and for the year ended 31 January 2022.

3. Operating expenses by nature

	Unaudited Six months ended 31 July 2022	Unaudited Six months ended 31 July 2021	Audited Year ended 31 January 2022
Directors' Remuneration	125,563	128,963	240,313
Professional fees	157,090	356,852	575,502
Esports team costs	157,727	129,456	297,757
Share based payments	1,250	1,989	83,945
Sundry expenses	69,999	34,027	55,479
	511,629	651,287	1,252,996

4. 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 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. The weighted average number of shares excludes shares held by an Employee Benefit Trust and has been adjusted for the issue/purchase of shares during the period.

	Unaudited Six months ended 31 July 2022 £	Unaudited Six months ended 31 July 2021 £	Audited year ended 31 January 2022 £
Loss for the period attributable to equity holders (£)	(455,805)	(651,287)	(1,221,367)
Weighted average number of shares in issue	387,637,922	294,077,148	355,287,471
<i>Basic and diluted earnings per share (£)</i>	(0.001)	(0.002)	(0.003)

5. Share capital

The issued share capital as at 31 July 2022 was 415,499,800 of £0.0001 each ordinary shares (31 July 2021: 415,499,800; 31 January 2022: 415,499,800) and 35,000 of £1.00 each redeemable deferred shares (31 July 2021: 35,000; 31 January 2022: 35,000).

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.

In March 2022 an Employee Benefit Trust established by the Company acquired 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. This concluded all matters relating to the departure of Mr Soltani (the former CEO) who held his share interests in the Company through GIMA Group Inc. This has been included as part of Other Reserves within equity.

6. Share based payments

On 26 April 2021, the Company granted options over 12,464,994 ordinary shares at 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.

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

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

The charge for share based payments in the six months ended 31 July 2022 was £1,250 (31 July 2021: £1,989; 31 January 2022: £83,945).