

Company Registration No. 12403380

Semper Fortis Esports PLC

**Annual Report and
Financial Statements
for the year ended
31 January 2023**

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COMPANY INFORMATION

| | |
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| Directors | Keith Harris Max Deeley |
| Company Secretary | SGH Company Secretaries Limited |
| Company number | 12403380 (England and Wales) |
| Registered office | 6 th Floor 60 Gracechurch Street London England EC3V 0HR |
| Auditor | PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD |
| Legal advisers | CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF |
| Corporate Adviser & Broker | Novum Securities Limited 57 Berkeley Square London W1J 6ER |
| Registrar | Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL |

CHAIRMAN'S STATEMENT

In the prior year financial statements we advised that despite growth in the sector, monetisation had remained a key challenge for all esports organisations globally and that due to economic uncertainty and difficult capital market conditions, the Company intended to significantly reduce its overheads and conserve cash. This is exactly what we have done.

We chose not to renew the contracts of our esports talent and reduced other overheads where we could, whilst looking at various different strategies for the Company.

Post year-end Jassem Osseiran stepped down from the board and I would like to record my sincere thanks to Jassem for his valued contribution during his tenure.

In April 2023 the Company raised £100,000 before expenses through a subscription for an aggregate of 100m new ordinary shares.

On 16 May 2023 Semper agreed to subscribe for £250,000 of Convertible Loan Notes ("CLNs") of £1 each in GL Membership Limited (trading as Good Life+ "Good Life+"). Should the CLNs convert, they are expected to do so following the acquisition of the entire issued share capital of Good Life+ by Semper by way of a reverse takeover transaction.

Good Life+ was founded in September 2021 offering a monthly membership that gives members access to daily, luxury prize draws whilst simultaneously providing access to thousands of discounts and deals. The membership base has seen significant growth over the last 12 months to 14,500 active members and the Convertible Loan Note, along with further planned fundraising, will allow for rapid customer acquisition and expansion, with the immediate aim of obtaining 50,000 active members within 12 months.

The founders of Good Life+ have built an impressive management team and the calibre of existing investors lends weight to our view that there is considerable upside potential in this early-stage investment.

We have commenced a sustained period of due diligence and look forward to informing our shareholders of progress.



Keith Harris
Chairman
31 July 2023

DIRECTORS' PROFILES

Keith Harris (Non-executive Chairman) (Age - 70)

Keith Harris is an investment banker and financier with over 35 years' experience as a senior corporate finance and takeover adviser, and as chairman and chief executive of private and public companies in a variety of business sectors. He has held senior executive positions at leading financial institutions in the UK and US, including Morgan Grenfell, Drexel Burnham and he was chief executive of HSBC Investment Bank and principal owner and chairman of Seymour Pierce Holdings. Keith has also held a number of non-executive positions in a wide range of industries, including Wembley National Stadium and the Football League (as Chairman) and Everton FC (as Deputy Chairman), Benfield Group and Sellar Property (the developer of The Shard). In his various roles, Keith has been an adviser and principal in many high-profile debt and equity issues as well as complex cross-border merger and acquisition transactions. Since 2013, Keith has concentrated on developing his consultancy business, principally focussing on advising and financing football clubs as well as becoming chairman of a NASDAQ listed gene therapy company and Rural Broadband Solutions Plc, whose shares are admitted to trading on the Apex segment of the Aquis Stock Exchange.

Max Deeley (Finance Director) (Age - 43)

Max is the founder and managing director of DTK Capital Limited, which acquires properties in London for development and investment purposes. He was previously the Finance Director of Blue Star Group, a family office specialising in property development, established to develop the interests of the Rose Trust. Max is a qualified Chartered Accountant and qualified with BDO LLP ("BDO") working in both the general audit department (where he specialised in property) and the corporate tax department.

STRATEGIC REPORT

The Directors present their Strategic Report on Semper Fortis Esports PLC (“Semper”) for the year ended 31 January 2023.

Principal Activity

The Company’s principal activity at the start of the financial year was that of a professional esports organisation and lifestyle brand. However during the course of the year a decision was made to end all contracts with esports talent and reduce overheads; whilst considering various different strategies for the Company.

The Company currently has no active operating business.

Post year end the Company agreed to subscribe for £250,000 of Convertible Loan Notes of £1 each in GL Membership Limited and it has now commenced due diligence as the Company looks to explore the opportunity to acquire GL Membership Limited by way of a reverse takeover.

Review of the business and developments during the year

Esports Teams

During the year the Company made the decision to stop running esports teams. This was due to the high costs of contracting esports professional players together with no visibility of any material earnings in the near future. As part of this process the Company managed to sell one of its Rocket League players for a transfer fee of \$35,000.

Play-to-Earn

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

However 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 players.

The Company therefore prudently raised an impairment of £32,649 against the value of the NFTs it owns reducing the values to zero.

Establishment of Employee Benefit Trust

During the year, 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 changes

On 20 July 2022 Nolan Bushnell stepped down as non-executive director and on 22 March 2023 Jassem Osseiran stepped down as a director of the Company. The Board would like to thank both Nolan and Jassem for their hard work and valued contribution during their time with the Company.

Outlook

The Company has significantly reduced its overheads to a minimum in order to conserve its cash position.

Post year end the Company raised £100,000 before expenses through a subscription for an aggregate of 100,000,000 new ordinary shares of 0.01 pence par value each at a price of 0.1 pence per share.

In May 2023 the Company agreed to subscribe for £250,000 of Convertible Loan Notes (“CLNs”) of £1 each in GL Membership Limited (trading as Good Life+ “Good Life+”).

Good Life+ offers a monthly membership that gives members access to daily, luxury prize draws whilst simultaneously providing access to thousands of discounts and deals.

The Convertible Loan Notes have been secured against the assets of Good Life+ and the funding will assist Good Life’s rapid expansion and growth in the subscription model space. It will also allow it to continue to develop its product offering.

Should the CLNs convert, they are expected to do so following the acquisition of the entire issued share capital of Good Life+ by Semper by way of a reverse takeover transaction under the AQSE Access Growth Market Rules (“Reverse Takeover”). The subscription price at conversion is expected to be at a discount to the price per ordinary share expected to be paid for Good Life+ on completion of a Reverse Takeover.

STRATEGIC REPORT (continued)

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 28 April 2023 the Company raised £100,000 before expenses through a subscription for an aggregate of 100,000,000 new ordinary shares of 0.01 pence par value each at a price of 0.1 pence per share.

These new Ordinary Shares were admitted to trading on the Access segment of the AQSE Growth Market on 4 May 2023.

Following Admission of the New Ordinary Shares, the Company's issued ordinary share capital consisted of 515,499,800 ordinary shares of 0.01 pence each.

On 16 May 2023 the Company agreed to subscribe for £250,000 of Convertible Loan Notes of £1 each in GL Membership Limited which are secured on the assets of the company.

Principal Risks and Uncertainties

Reliance on key personnel

The Company is dependent on the Directors, its management and employees. The future success of the Company depends on the ability of the Company to attract and retain its management and employees.

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.

Transaction Risk

The Company is currently conducting due diligence on a potential acquisition of the entire issued share capital of GL Membership Limited by way of a reverse takeover transaction under the AQSE Access Growth Market Rules. There is no guarantee that the terms of an SPA will be agreed or that a Reverse Takeover will conclude.

Liquidity risk

The Company is at an early stage of its development and is reliant upon access to sufficient funding to continue its operations. The Directors continually monitor the cash flows of the business and identify at an early stage whether further funding is required to support its activities and future development plans. There is no guarantee such funding will be available at terms which are acceptable to the Directors or the company's shareholders.

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 15 to the financial statements.

Results for the year and dividends

The loss for the year after tax was £578,309 (2022: loss of £1,221,367). Since the Company does not have any distributable reserves, the Directors are unable to recommend the payment of a dividend.

By order of the Board.



Max Deeley
Director
31 July 2023

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 January 2023.

Principal Activity

During part of the year the principal activity of the Company was that of an esports organisation and lifestyle brand. However during the course of the year a decision was made to end all contracts with esports talent and reduce overheads. As at the year end the Company had no active operating business.

Directors

The present members of the Board of Directors together with brief biographies are shown on page 4.

The following directors were appointed to the Board during the year and up to the date of this report:

Keith Harris
 Max Deeley
 Jassem Osseiran – resigned on 22 March 2023
 Nolan Bushnell – resigned on 20 July 2022

Directors' interests

No Director had a material interest in any contract of significance to the Company or any of its subsidiaries during the year.

The interests of the directors who served at the end of the year in the share capital of the Company at 31 January 2023:

| Name | Number of shares | Holding % |
|-----------------|------------------|-----------|
| Keith Harris | 9,300,000 | 2.2% |
| Max Deeley | 5,700,000 | 1.4% |
| Jassem Osseiran | - | - |

The interests of the directors who served at the end of the year in the share capital of the Company at 26 July 2023:

| Name | Number of shares | Holding % |
|-----------------|------------------|-----------|
| Keith Harris | 9,300,000 | 1.8% |
| Max Deeley | 5,700,000 | 1.1% |
| Jassem Osseiran | - | - |

Remuneration

Directors' remuneration, excluding National Insurance, for the year ended 31 January 2023:

| Name | Salary/fees | Share based payments | Total remuneration 2023 | Total remuneration 2022 |
|-----------------|----------------|----------------------|-------------------------|-------------------------|
| | | £ | £ | £ |
| Keith Harris | 50,000 | - | 50,000 | 33,333 |
| Max Deeley | 49,000 | - | 49,000 | 32,000 |
| Jassem Osseiran | 70,000 | 2,521 | 72,521 | 71,934 |
| Nolan Bushnell | 6,252 | - | 6,252 | 21,883 |
| Kevin Soltani | - | - | - | 61,157 |
| | <u>175,252</u> | <u>2,521</u> | <u>177,773</u> | <u>220,307</u> |

There were no pension entitlements.

Directors' interests in share options and warrants

At 31 January 2023, Jassem Osseiran held an interest in 4,154,998 share options which vest over a period of two to four years. These share options lapsed when Jassem Osseiran left the business on 22 March 2023.

At 31 January 2023, the Directors held the following warrants which are exercisable at £0.005:

| Name | Number |
|--------------|-----------|
| Keith Harris | 4,650,000 |
| Max Deeley | 2,850,000 |

The warrants are exercisable in whole or in part within a period commencing on the day after the first anniversary of Admission on 26 April 2021 and ending on the date that is the 5 year anniversary of Admission.

Political donations

The Company did not make any political donations or expenditure in the year.

Greenhouse gas emissions

The Company is a small energy user and therefore disclosures under Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are not applicable.

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.

Significant shareholders

As at 26 July 2023, the parties who are directly or indirectly interested in 3 percent or more of the nominal value of the Company's share capital are as follows:

| | Number of Ordinary Shares | % |
|---|---------------------------|--------|
| The Bank of New York (Nominees) Limited | 182,250,000 | 35.35% |
| Seguro Nominees Limited | 53,500,000 | 10.38% |
| Artemis Trustees Limited | 41,000,000 | 7.95% |
| Jim Nominees Limited Jarvis Acct | 31,662,287 | 6.14% |
| Emma West | 30,000,000 | 5.82% |
| W B Nominees Limited | 18,850,000 | 3.66% |
| Thomas Grant and Company Nominees | 16,500,000 | 3.20% |

DIRECTORS' REPORT (continued)**Corporate Governance**

The Board of Directors is accountable to the Company's shareholders for ensuring good corporate governance and the Directors have agreed to report against the UK Quoted Companies Alliance ("QCA") Corporate Governance Code.

| <i>QCA Code Recommendation</i> | <i>Application by the Company</i> |
|---|--|
| <p>Principle 1</p> <p>Establish a strategy and business model which promote long-term value for shareholders</p> <ul style="list-style-type: none"> • The board must be able to express a shared view of the company's purpose, business model and strategy. • It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. • It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future. | <p>The Company currently has no active operating business.</p> <p>Post year end the Company agreed to subscribe for Convertible Loan Notes in GL Membership Limited and it has now commenced due diligence as the Company looks to explore the opportunity to acquire GL Membership Limited by way of a reverse takeover.</p> <p>Any investment decision on the potential acquisition will be based around the potential of long term growth of GL Membership Limited.</p> |

DIRECTORS' REPORT (continued)

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| <p>Principle 2</p> <p>Seek to understand and meet shareholder needs and expectations</p> <ul style="list-style-type: none"> • Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. • The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions. | <p>The Company understands the importance of communication with its shareholders which it does through its annual report and accounts, interim accounts, and regulatory announcements.</p> <p>The Company maintains a dedicated email address which investors can use to contact the Company which is prominently displayed on its website together with the Company's address.</p> <p>As the Company is too small to have a dedicated investor relations department, the Company retains its Broker and Corporate Adviser (Novum Securities Limited), who will both advise and determine the most appropriate response following a discussion with the wider Board where appropriate.</p> <p>The Broker (Novum Securities Limited) will engage with shareholders and feedback will be provided to with the wider Board.</p> |
| <p>Principle 3</p> <p>Take into account wider stakeholder and social responsibilities and their implications for long-term success</p> <ul style="list-style-type: none"> • Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations. • Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model. • Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups. | <p>The Company regards its employees; advisors; and shareholders to be its wider stakeholder group.</p> <p>The Company needs to ensure that it:</p> <ul style="list-style-type: none"> • is fully compliant with all regulatory requirements; and • takes into account its social responsibilities and their implications for long-term success. <p>The Broker will organise shareholder update meetings and investor meetings and feedback will be shared with the wider Board.</p> |

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| <p>Principle 4</p> <p>Embed effective risk management, considering both opportunities and threats, throughout the organisation</p> <ul style="list-style-type: none"> • The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer. • Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite). | <p>The Board has taken into account the QCA Code and associated guidance in formulating the systems and procedures which it has put in place. Each year the Board will review all controls, including financial, operational and compliance controls and risk management procedures.</p> <p>The Company will maintain a register of risks and for each risk we will estimate the impact, likelihood as well as identify mitigating strategies. This register will be reviewed periodically as the Company's situation changes and as a minimum annually. During such reviews, each risk category is considered by the Directors with a view to understanding (i) whether the nature, impact or likelihood of any risks has changed, (ii) whether the mitigating actions taken by the Company should change as a result and (iii) whether any new risks or categories of risk have arisen since the last review.</p> |
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DIRECTORS' REPORT (continued)

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| <p>Principle 5</p> <p>Maintain the board as a well-functioning, balanced team led by the chair</p> <ul style="list-style-type: none"> • The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board. • The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. • The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement. • The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. • Directors must commit the time necessary to fulfil their roles. | <p>The Company notes that best practice under the QCA Code is to have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors.</p> <p>During the year the Board of the Company comprised two executive directors, one independent non-executive Chairman and one independent non-executive director. The Board will meet up to 6 times a year and a record will be kept of each Board member's attendance of board meetings.</p> <p>During the course of the year one independent non-executive director stood down and post year end the COO stood down as the Company had no active operating business.</p> <p>Moving forward a decision on the composition of the Board will be made based on whether the potential reverse takeover, which the Company is currently analysing, goes ahead.</p> <p>The Financial Director ("FD") is required to spend such of his time as is necessary to fulfil his duties to the Company but not to exceed 15 hours per calendar month.</p> <p>Non-executive contracts require that they be able to allocate sufficient time to meet the expectations of their role. This is anticipated to be approximately two days per month. The time commitments will be monitored on an ongoing basis and if more is needed time wise from the FD or NEDs then this will be addressed.</p> |
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DIRECTORS' REPORT (continued)

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| <p>Principle 6</p> <p>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p> <ul style="list-style-type: none"> • The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition. • The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board. • As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change. | <p>Biographies and expertise of the Directors are available on both the Company's website (in the Board of Directors section) and the Annual Report.</p> <p>In matters related to company law, the Company depends upon the legal expertise of its legal advisers.</p> <p>Where there are issues that exceed the expertise of the Directors, the Company utilises external advisors.</p> <p>The Company has not to date sought external advice on keeping directors' skills up to date, but believes that their blend of past and ongoing experience provides them with the relevant up to date skills needed to act as Board members for a small company. The Board will keep a watch on its collective skills base and annually assess what gaps there may be in skills needed to continue to drive shareholder value.</p> |
| <p>Principle 7</p> <p>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p> <ul style="list-style-type: none"> • The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. • The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. | <p>Evaluation of the performance of the Company's Board will be done initially internally in an informal manner. The Company is considering how and when it would be appropriate to evaluate Directors' performance in a more formal manner and will make a further announcement on this when appropriate.</p> <p>On an ongoing basis, Board members will opportunistically monitor the market for when candidates who may be suitable additions to or backup for current Board members.</p> |

DIRECTORS' REPORT (continued)

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| <p>Principle 7 (continued)</p> <ul style="list-style-type: none"> It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable. | |
| <p>Principle 8</p> <p>Promote a corporate culture that is based on ethical values and behaviours</p> <ul style="list-style-type: none"> The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company. | <p>The Board works towards ensuring that strong values are set and carried out by the Directors across the business. The Board ensures that sound ethical practices and behaviours are deployed at Company Board meetings and are promoted throughout the Company as part of its culture as it is seen as essential to maximise shareholder value.</p> |

DIRECTORS' REPORT (continued)

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| <p>Principle 9</p> <p>Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</p> <ul style="list-style-type: none"> • The company should maintain governance structures and processes in line with its corporate culture and appropriate to its: <ul style="list-style-type: none"> ○ size and complexity; and ○ capacity, appetite and tolerance for risk. • The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company. | <p>The Board of Directors of the Company meets up to six times per year, or more often if required. The matters reserved for the attention of the Board include inter alia:</p> <ul style="list-style-type: none"> • The preparation and approval of the financial statements and interim reports, together with the approval of dividends, significant changes in accounting policies and other accounting issues; • Board membership and powers, including the appointment and removal of board members, and determining the terms of reference of the Board and establishing and maintaining the Company's overall control framework; • Approval of major communications with shareholders; • Senior management and board appointments and remuneration, contracts, approval of bonus plans, and grant of share options; • Financial matters including the approval of the budget and financial plans, and changes to the Company's capital structure, and business strategy; and • Other matters including regulatory and legal compliance. <p>The Board is supported by the Audit Committee, and the Remuneration Committee.</p> <p>The Audit Committee meets up to twice a year. The committee is responsible for the functions recommended by the QCA Code including the following:</p> <ul style="list-style-type: none"> • Review of the annual financial statements and interim reports prior to approval, focusing on changes in accounting policies and practices, major judgemental areas, significant audit adjustments, going concern and compliance with accounting standards and legal requirements; • Receive and consider reports on internal financial controls, including reports from the auditors and report their findings to the Board; |
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| | <ul style="list-style-type: none"> • Consider the appointment of the auditors and their remuneration including the review and monitoring of independence and objectivity; • Meet with the auditors to discuss the scope of their audit, issues arising from their work and any matters the auditors may wish to raise; • Monitor the amount of non-audit services provided by the auditor in order to satisfy itself that this will not compromise their independence; and • Review the Company’s corporate review procedures and any statement on internal control prior to endorsement by the Board. <p>The Audit Committee currently comprises Max Deeley and Keith Harris.</p> <p>The Remuneration Committee has been established primarily to determine the remuneration, terms, and conditions of employment of the executive directors of the Company. Any remuneration issues concerning non-executive directors are resolved by this Committee.</p> <p>The Company will give regular consideration as to how best to evolve its governance framework as it grows. Such evolution could include, for example, increase in the size of the Board and external review of Board members performance. The Remuneration committee will act as the Nominations committee in discussing matters such as director appointments and succession planning.</p> |
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DIRECTORS' REPORT (continued)

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|---|--|
| <p>Principle 10</p> <p>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p> <ul style="list-style-type: none"> • A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. • In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist: <ul style="list-style-type: none"> ○ the communication of shareholders' views to the board; and ○ the shareholders' understanding of the unique circumstances and constraints faced by the company. • It should be clear where these communication practices are described (annual report or website). | <p>The Company communicates with shareholders through the annual report and accounts, regulatory announcements, and the annual general meeting. A range of corporate information (including all Company announcements and presentations) is also available on the Company's website.</p> <p>The Broker will organise shareholder update meetings and investor meetings and feedback will be shared with the wider Board.</p> |
|---|--|

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report of the Directors and the 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 Company financial statements in accordance with UK-adopted international accounting standards. 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 of the profit or loss of the Company for that period. The Directors are also required to prepare financial statements in accordance with the AQSE Rulebook.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

In the case of each person who was a Director at the time this report was approved:

- so far as that director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

PKF Littlejohn LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

By order of the Board



Keith Harris
Chairman
31 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMPER FORTIS ESPORTS PLC**Opinion**

We have audited the financial statements of Semper Fortis Esports Plc (the 'Company') for the year ended 31 January 2023 which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company is reliant on reducing 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. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- reviewing management's cash flow forecasts for the going concern period, being twelve months from the date of signing the financial statements;
- discussions with management to understand the assumptions underlying the going concern model;
- checking the mathematical accuracy of the cashflow forecasts;
- identifying post year-end events impacting going concern;
- challenging and reviewing the assumptions applied in the cashflow forecasts for reasonableness; and
- reviewing disclosure in the financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMPER FORTIS ESPORTS PLC**Our application of materiality**

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

The Company's materiality for the financial statements as a whole was £13,000 (2022: £23,500) based on 2% (2022: 2%) of total expenses.

We considered the nature and size of the Company's activities as well as the quantum of transactions processed throughout the year. Given the fact that the Company is in the process of re-launching its business strategy and has undertaken cost saving measures, it is considered appropriate to use total expenses as a materiality benchmark as it is the key focus area to preserve liquidity. The level for materiality also ensured sufficient coverage of revenue in our testing.

Performance materiality was £9,100 (2022: £16,450) being 70% of materiality for the financial statements as a whole. In determining performance materiality, we considered the following factors:

- our cumulative knowledge of the Company and its environment, including industry specific trends;
- the change in the level of judgement required in key accounting estimates;
- the stability in key management personnel; and
- the level of misstatements identified in prior periods.

We agreed to report to Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of £650 (2022: £1,175). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, together with areas subject to significant management judgement as well as greatest complexity, risk and size.

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the Directors and considered future events that are inherently uncertain.

We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The key audit matter and how these were addressed are outlined below.

Key audit matter

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there are no other key audit matters to communicate in our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMPER FORTIS ESPORTS PLC**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

Opinions 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 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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities in respect of the financial statements, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMPER FORTIS ESPORTS PLC

Auditor's 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 auditor's 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 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:

- We obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through:
 - discussions with management;
 - industry research;
 - application of cumulative audit knowledge; and
 - experience of the eSport sector.
- We determined the principal laws and regulations relevant to the Company in this regard to be those arising from
 - Companies Act 2006;
 - UK-adopted international accounting standards;
 - UK employment law;
 - AQSE Listing rules;
 - Anti-Bribery Act;
 - Anti Money Laundering Regulations; and
 - UK tax laws and regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to:
 - Making enquiries of management;
 - Reviewing board meeting minutes;
 - Reviewing legal and professional cost ledger accounts; and
 - Reviewing the Regulatory News Service (RNS) announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls and revenue recognition, the inappropriate application of the going concern assumption in the preparation of financial statements.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures, which included, but were not limited to testing of journals, reviewing accounting judgement and estimates for evidence of bias (refer to going concern section) and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

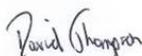
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMPER FORTIS ESPORTS PLC

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

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



David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
31 July 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 January 2023

| | <i>Note</i> | Year ended 31 January 2023 | Period ended 31 January 2022 |
|--|-------------|-------------------------------------|---------------------------------------|
| | | £ | £ |
| Revenue | 4 | 100,977 | 31,629 |
| Operating and administrative expenses | 5 | (679,286) | (1,252,996) |
| Loss before income tax | | <u>(578,309)</u> | <u>(1,221,367)</u> |
| Income tax | 7 | - | - |
| Loss for the year / period and total comprehensive loss | | <u><u>(578,309)</u></u> | <u><u>(1,221,367)</u></u> |
| Earnings per share attributable to equity owners | | | |
| Basic and diluted earnings per share | 12 | <u>(0.001)</u> | <u>(0.003)</u> |

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

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

STATEMENT OF FINANCIAL POSITION
As at 31 January 2023

| | Note | As at 31 January 2023 £ | As at 31 January 2022 £ |
|-------------------------------|------|----------------------------------|----------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Trade and other receivables | 8 | 46,086 | 107,622 |
| Cash and cash equivalents | 9 | 527,879 | 1,328,418 |
| Other assets | 10 | 1,432 | - |
| Total current assets | | <u>575,397</u> | <u>1,436,040</u> |
| Total assets | | <u><u>575,397</u></u> | <u><u>1,436,040</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners | | | |
| Share capital | 13 | 76,550 | 76,550 |
| Share premium | | 2,487,410 | 2,487,410 |
| Own shares | 14 | (56,747) | - |
| Share based payments reserve | | 157,598 | 155,077 |
| Retained earnings | | (2,152,482) | (1,574,173) |
| | | <u>512,329</u> | <u>1,144,864</u> |
| Current liabilities | | | |
| Trade and other payables | 11 | 63,068 | 291,176 |
| Total equity and liabilities | | <u><u>575,397</u></u> | <u><u>1,436,040</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 31 July 2023 and are signed on its behalf by:



Max Deeley
Finance Director

Company Registration No.12403380

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

STATEMENT OF CHANGES IN EQUITY
As at 31 January 2023

| | Share capital £ | Share premium £ | Own shares £ | Share based payments reserve £ | Retained earnings £ | Total £ |
|---|--------------------|--------------------|-----------------|-----------------------------------|------------------------|-------------|
| At 01 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 period | - | - | - | - | (1,221,367) | (1,221,367) |
| Share issue cost | - | (75,000) | - | - | - | (75,000) |
| Share based payment | - | - | - | 158,945 | - | 158,945 |
| Forfeiture of share options | - | - | - | (3,868) | 3,868 | - |
| At 31 January 2022 | 76,550 | 2,487,410 | - | 155,077 | (1,574,173) | 1,144,864 |
| Total comprehensive loss for the year | - | - | - | - | (578,309) | (578,309) |
| Share based payment | - | - | - | 2,521 | - | 2,521 |
| Acquired in the year | - | - | (56,747) | - | - | (56,747) |
| At 31 January 2023 | 76,550 | 2,487,410 | (56,747) | 157,598 | (2,152,482) | 512,329 |

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.

Own shares

The own shares reserve represents the cost of shares in Semper Fortis Esports Plc purchased and held by the employee benefit trust.

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 2023

| | Year ended 31 January 2023 | Period ended 31 January 2022 |
|--|-------------------------------------|---------------------------------------|
| | £ | £ |
| <i>Cash flows from operating activities</i> | | |
| Loss before income tax | (578,309) | (1,221,367) |
| <i>Adjustments:</i> | | |
| Share based payments | 2,521 | 83,945 |
| Fair value loss on other assets | 10 32,649 | - |
| Movement in working capital | | |
| Decrease/(increase) in receivables | 8 61,536 | (50,277) |
| (Decrease)/increase in payables | 11 (228,108) | (145,501) |
| <i>Net cash flow from operating activities</i> | <u>(709,711)</u> | <u>(1,333,200)</u> |
| <i>Cash flows from investing activities</i> | | |
| Purchase of other assets | 10 (34,081) | |
| Purchase of own shares | 14 (56,747) | - |
| <i>Net cash flows from investing activities</i> | <u>(90,828)</u> | <u>-</u> |
| <i>Cash flows from financing activities</i> | | |
| Issue of ordinary shares | 13 - | 2,588,460 |
| <i>Net cash flows from financing activities</i> | <u>-</u> | <u>2,588,460</u> |
| <i>Net (decrease)/increase in cash and cash equivalents</i> | (800,539) | 1,255,260 |
| Cash and cash equivalents at beginning of year / period | 1,328,418 | 73,158 |
| <i>Cash and cash equivalents at end of year / period</i> | <u>527,879</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 year ended 31 January 2023

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.

During part of the year the principal activity of the Company was that of an esports organisation and lifestyle brand. As at the year end the Company had no active operating business.

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 and 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 and the auditors have included a material uncertainty in respect of going concern in the auditor’s report.

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 1 February 2022.

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

| Standard | Key requirements | Effective date for annual periods beginning on or after: |
|-----------------|--|---|
| IAS 1 | Amendments to IAS 1, 'Presentation of Financial Statements' regarding the classification of liabilities | Not yet adopted |
| 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 | Not yet adopted |
| 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 |

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.

Other assets

Digital assets and tokens

These are assets which do not qualify as cash and cash equivalents or financial assets and have an active market which provides pricing information on an ongoing basis. Digital assets and tokens are measured at fair value to profit and loss.

Digital assets are included in current assets as management intends to dispose of them within 12 months of the reporting period.

Digital assets comprise of crypto coins and non-fungible tokens (NFTs). The price of crypto coin are directly observable and are therefore level 1 as per the fair value hierarchy under IFRS 13 – fair value measurement and NFTs are denominated in crypto currencies and their fair value is determined based on the value of the crypto currency and therefore their prices are not directly observable and based on the input used for fair valuation it is classified as a level 2 as per the fair value hierarchy under IFRS 13 – fair value measurement.

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 – Trade and other receivables

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, such as trade and other receivables. 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 – Trade and other payables

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, 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 losses 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, online in-game sales, sponsorship and ad hoc revenue. 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. Prize winnings, online in-game sales and adhoc revenue are recognised at a point in time.

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

| | 2023 | 2022 |
|---|----------------|---------------|
| | £ | £ |
| Prize winnings and online in-game sales | 60,821 | 31,629 |
| Sponsorship | 10,000 | - |
| Ad hoc revenue- player transfer fee | 30,156 | - |
| | <u>100,977</u> | <u>31,629</u> |

In the opinion of the directors, during the year the Company had 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.

5. Operating expenses by nature

| | 2023 | 2022 |
|-------------------------|----------------|------------------|
| | £ | £ |
| Directors' remuneration | 191,066 | 240,313 |
| Salaries | 8,000 | - |
| Professional fees | 234,696 | 575,502 |
| Esports team costs | 179,488 | 297,757 |
| Share based payments | 2,521 | 83,945 |
| Fair value adjustment | 32,649 | - |
| Sundry expenses | 30,866 | 55,479 |
| | <u>679,286</u> | <u>1,252,996</u> |

Auditors' remuneration included in the above amounted to £25,000 (2022: £18,000) for audit services and £Nil (2022: £nil) for non-audit services.

6. Staff costs

The average monthly number of employees, including Directors, during the year was four (2022: 4). Their aggregate remuneration comprised:

| | 2023 | 2022 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 183,252 | 214,506 |
| Social security costs | 15,814 | 25,807 |
| Share based payments | 2,521 | 5,801 |
| | <u>201,587</u> | <u>246,114</u> |

Directors' remuneration for the year was £175,252 (2022: £214,506).

Remuneration disclosed above includes £70,000 paid to the highest paid director (2022: £70,000).

No pension contributions were paid.

7. Taxation

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | £ | £ |
| Current tax | - | - |
| Deferred tax | - | - |
| | <u> </u> | <u> </u> |
| Tax charge/(credit) for the year / period | <u> </u> | <u> </u> |

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 2023 amounted to £1,710,487 (2022: £1,167,896).

The standard rate of tax for the current year, based on the UK effective rate of corporation tax is 19% (2022: 19%). The actual tax for the current and previous year varies from the standard rate for the reasons set out in the following reconciliation:

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | £ | £ |
| Loss for the year / period | (578,309) | (1,221,367) |
| Tax on ordinary activities at standard rate | (109,879) | (232,060) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 6,786 | 51,891 |
| Tax losses available for carry forward against future profits | 103,093 | 180,169 |
| | <u> </u> | <u> </u> |
| Tax for the year / period | <u> </u> | <u> </u> |

From 1 April 2023 the corporation tax rate increased to 25% for companies with profits of over £250,000. A small profits rate has also been 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

| | 2023 | 2022 |
|-------------------|---------------|----------------|
| | £ | £ |
| Trade receivables | - | 25,817 |
| Other receivables | 46,086 | 81,805 |
| | <u>46,086</u> | <u>107,622</u> |

9. Cash and cash equivalents

| | 2023 | 2022 |
|--------------|----------------|------------------|
| | £ | £ |
| Cash at bank | 527,879 | 1,328,418 |
| | <u>527,879</u> | <u>1,328,418</u> |

10. Other assets

| | 2023 | 2022 |
|------------------------|--------------|-------------|
| | £ | £ |
| Additions at cost | 34,081 | - |
| Fair value adjustments | (32,649) | - |
| As at 31 January 2023 | <u>1,432</u> | <u>-</u> |

The closing balance relates to crypto coins which are level 1 as per the fair value hierarchy under IFRS 13 – fair value measurement.

11. Trade and other payables

Amounts falling due within one year:

| | 2023 | 2022 |
|----------------|---------------|----------------|
| | £ | £ |
| Trade payables | 17,958 | 125,413 |
| Other payables | 45,110 | 165,763 |
| | <u>63,068</u> | <u>291,176</u> |

12. 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 2023. 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.

| | 2023 | 2022 |
|---|----------------|----------------|
| Loss for the year / period attributable to equity holders (£) | 578,309 | 1,221,367 |
| Weighted average number of shares in issue (number) | 415,499,800 | 355,287,471 |
| <i>Basic and diluted earnings per share (£)</i> | <u>(0.001)</u> | <u>(0.003)</u> |

13. Share capital and premium

| | Number of Ordinary shares | Number of Deferred shares | Share capital £ | Share premium £ | Total £ |
|----------------------------------|---------------------------------|------------------------------------|-----------------------|-----------------------|------------------|
| <i>At 1 February 2022</i> | 415,499,800 | 35,000 | 41,550 | 2,487,410 | 2,563,960 |
| Issue of ordinary shares | - | - | - | - | - |
| <i>At 31 January 2023</i> | <u>415,499,800</u> | <u>35,000</u> | <u>41,550</u> | <u>2,487,410</u> | <u>2,563,960</u> |

The ordinary shares have full voting, dividend and capital distribution (including on winding up) rights. The nominal value of the ordinary shares is £0.0001.

The redeemable deferred shares hold no voting rights or rights to receive dividends and are not fully paid.

14. Own shares

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.

15. 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:

| | 2023 | 2022 |
|-----------------------------|----------------|------------------|
| | £ | £ |
| <u>At amortised cost</u> | | |
| Trade and other receivables | 46,086 | 107,622 |
| Cash and cash equivalents | <u>527,879</u> | <u>1,328,418</u> |
| | <u>573,965</u> | <u>1,436,040</u> |

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:

| | 2023 | 2022 |
|--------------------------|---------------|----------------|
| | £ | £ |
| <u>At amortised cost</u> | | |
| Trade and other payables | <u>63,068</u> | <u>291,176</u> |

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.

16. 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 £2,521 (2022: £5,802).

One of the directors left the Company in December 2021, resulting in 8,309,996 options lapsing.

4,154,998 options were outstanding at 31 January 2023 (2022: 4,154,998), with an average exercise price of £0.031 per share and a weighted average remaining life of 2 years 3 months. These options lapsed in March 2023 when the director left the Company.

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 on 26 April 2021. There was no charge to the Income Statement in the year 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. 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 £nil in the year ended 31 January 2023 as the warrants were fully vested (2022: £78,143).

58,000,000 warrants were outstanding at 31 January 2023 (2022: 58,000,000) with a weighted average exercise price of £0.007 per share and a weighted average remaining life of 3.24 years.

17. Related party transactions

Directors' remuneration is disclosed in note 6. There were no other related party transactions during the year.

18. Controlling party

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

19. Subsequent events

On 28 April 2023 the Company raised £100,000 before expenses through a subscription for an aggregate of 100,000,000 new ordinary shares of 0.01 pence par value each at a price of 0.1 pence per share.

On 22 March 2023 Jassem Osseiran resigned from the board, resulting in 4,154,998 options lapsing.

On 16 May 2023 the Company agreed to subscribe for £250,000 of Convertible Loan Notes of £1 each in GL Membership Limited.