

SANNPA LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2019



SANNPA LIMITED
REGISTERED NUMBER: 08758857

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	Unaudited 2018 £
Fixed assets			
Intangible assets	4	4,180,070	2,839,734
Tangible assets	5	179,873	56,816
		<u>4,359,943</u>	<u>2,896,550</u>
Current assets			
Stocks		1,057,770	1,255,029
Debtors: amounts falling due within one year	7	2,500,240	1,548,669
Cash at bank and in hand	8	2,041,987	1,391,644
		<u>5,599,997</u>	<u>4,195,342</u>
Creditors: amounts falling due within one year	9	(4,794,790)	(5,157,551)
Net current assets/(liabilities)	10	<u>805,207</u>	<u>(962,209)</u>
Total assets less current liabilities		<u>5,165,150</u>	<u>1,934,341</u>
Creditors: amounts falling due after more than one year	10	(2,422,761)	-
Net assets		<u><u>2,742,389</u></u>	<u><u>1,934,341</u></u>
Capital and reserves			
Called up share capital		176	155
Share premium account	12	18,758,042	11,938,818
Foreign exchange reserve	12	22,684	442
Other reserves	12	3,425,325	850,116
Profit and loss account	12	(19,463,838)	(10,855,190)
		<u><u>2,742,389</u></u>	<u><u>1,934,341</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the consolidated statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 October 2020.

SANNPA LIMITED
REGISTERED NUMBER: 08758857

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019



Samuel Matthews
Director

The notes on pages 5 to 18 form part of these financial statements.

SANNPA LIMITED
REGISTERED NUMBER: 08758857

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	Unaudited & restated 2018 £
Fixed assets			
Investments	6	1,987,370	879,056
		<u>1,987,370</u>	<u>879,056</u>
Current assets			
Debtors: amounts falling due within one year	7	22,599,498	11,910,619
		<u>22,599,498</u>	<u>11,910,619</u>
Creditors: amounts falling due within one year		(165,690)	(150,272)
		<u></u>	<u></u>
Net current assets		22,433,808	11,760,347
		<u></u>	<u></u>
Total assets less current liabilities		24,421,178	12,639,403
		<u></u>	<u></u>
Creditors: amounts falling due after more than one year		(2,422,761)	-
		<u></u>	<u></u>
Net assets		21,998,417	12,639,403
		<u></u>	<u></u>
Capital and reserves			
Called up share capital		176	155
Share premium account	12	18,701,304	11,882,080
Other reserves	12	3,425,325	850,116
Profit and loss account brought forward		(92,948)	(92,948)
Loss/(profit) for the year		(35,440)	-
Profit and loss account carried forward		(128,388)	(92,948)
		<u>21,998,417</u>	<u>12,639,403</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 October 2020.

SANNPA LIMITED
REGISTERED NUMBER: 08758857

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

Samuel Matthews
Director



The notes on pages 5 to 18 form part of these financial statements.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2.3 Going concern

The Financial statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts through to 31 December 2021, covering the 12 month period beyond the signing date of these financial statements. These forecasts project the potential revenue profiles from the continued operation and performance of the core Fnatic teams and products. Due to the continued support of existing shareholders who have contributed a further £3.44m in funding through the Company's issue of convertible loans, together with there being sufficient existing resources to operate for the foreseeable future the Board has concluded that the going concern assumption is appropriate in preparing these financial statements.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

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

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Revenue

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

Sale of goods

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

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

Rendering of services

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

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

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

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

2.7 Research and development

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

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

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

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

2.10 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

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

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

2.12 Share based payments

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

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

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

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.14 Intangible assets

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

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

The estimated useful lives range as follows:

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

2.15 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.16 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Stocks

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

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

2.19 Debtors

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

2.20 Cash and cash equivalents

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

2.21 Creditors

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

2.22 Financial instruments

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.22 Financial instruments (continued)

an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 72 (2018 - 49).

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Intangible assets

Group

	League Contracts £	Development expenditure £	Trademarks £	Computer software £	Player Contracts £	Total £
Cost						
At 1 January 2019	2,703,356	100,751	66,017	152,819	-	3,022,943
Additions	1,281,716	378,340	50,079	-	183,681	1,893,816
Disposals	-	(33,076)	-	-	-	(33,076)
At 31 December 2019	3,985,072	446,015	116,096	152,819	183,681	4,883,683
Amortisation						
At 1 January 2019	44,433	32,457	18,384	87,935	-	183,209
Charge	405,452	29,606	4,951	13,771	18,585	472,365
On disposals	-	(27,421)	-	-	-	(27,421)
Impairment charge	-	-	24,347	51,113	-	75,460
At 31 December 2019	449,885	34,642	47,682	152,819	18,585	703,613
Net book value						
At 31 December 2019	3,535,187	411,373	68,414	-	165,096	4,180,070
At 31 December 2018	2,658,923	68,294	47,633	64,884	-	2,839,734

There are no intangible assets held in the Parent Company.

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Tangible fixed assets

Group

	Short-term leasehold property £	Tooling £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2019	-	-	5,688	96,867	102,555
Additions	126,265	20,775	15,004	23,599	185,643
Disposals	-	-	-	(22,702)	(22,702)
At 31 December 2019	126,265	20,775	20,692	97,764	265,496
Depreciation					
At 1 January 2019	-	-	2,897	42,842	45,739
Charge for the year on owned assets	13,758	9,102	953	26,327	50,140
Disposals	-	-	-	(10,256)	(10,256)
At 31 December 2019	13,758	9,102	3,850	58,913	85,623
Net book value					
At 31 December 2019	112,507	11,673	16,842	38,851	179,873
At 31 December 2018	-	-	2,791	54,025	56,816

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019 as restated	879,056
Additions	1,108,314
At 31 December 2019	<u>1,987,370</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Fnatic Limited	2 Ebor Street, London E16AW	Ordinary	100%
Fnatic Gear Limited	2 Ebor Street, London E16AW	Ordinary	97%
Fnatic PTY Limited	Australia	Ordinary	100%
Fnatic GmbH	Germany	Ordinary	100%
Deathbrush Limited	2 Ebor Street, London E16AW	Ordinary	100%
Fnatic Business Services D.O.O	Serbia	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Fnatic Limited	(7,482,980)	(3,195,922)
Fnatic Gear Limited	(6,831,313)	(2,218,585)
Fnatic PTY Limited	18,453	11,777
Fnatic GmbH	93,821	(20,023)
Deathbrush Limited	(2,799,829)	(2,548,990)
Fnatic Business Services D.O.O	(213,328)	(236,173)

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	618,427	554,391	-	-
Amounts owed by group undertakings	-	-	22,599,498	11,910,619
Other debtors	881,664	178,826	-	-
Prepayments and accrued income	1,000,149	815,452	-	-
	<u>2,500,240</u>	<u>1,548,669</u>	<u>22,599,498</u>	<u>11,910,619</u>

8. Cash and cash equivalents

	Group 2019 £	Group 2018 £
Cash at bank and in hand	2,041,987	1,391,644
Less: bank overdrafts	(29,247)	(1,568)
	<u>2,012,740</u>	<u>1,390,076</u>

9. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	29,247	1,568	-	-
Trade creditors	2,552,376	3,748,361	-	-
Amounts owed to group undertakings	-	-	150,215	150,272
Corporation tax	13,667	26,842	-	-
Other taxation and social security	805,578	377,015	-	-
Other creditors	97,698	60,324	-	-
Accruals and deferred income	1,296,224	943,441	15,475	-
	<u>4,794,790</u>	<u>5,157,551</u>	<u>165,690</u>	<u>150,272</u>

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Convertible loan	2,422,761	-	2,422,761	-
	<u>2,422,761</u>	<u>-</u>	<u>2,422,761</u>	<u>-</u>

11. Loans

The bonds are repayable five years from their issue date at a total face value of \$5 million.

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

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due 2-5 years				
Convertible Loan	2,422,761	-	2,422,761	-
	<u>2,422,761</u>	<u>-</u>	<u>2,422,761</u>	<u>-</u>

SANNPA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Reserves

Share premium account

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

Foreign exchange reserve

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

Other reserves

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

Profit and loss account

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

13. Related party transactions

During the year Fnatic Gear Limited were charged £74,233 (2018: £61,715) by Fractal Design AB (a company which is founded by one of the directors of Sannpa Limited). At the year end £5,956 (2018: £13,192) was due to Fractal Design AB.

During the year Fnatic Limited were charged £41,250 (2018: £37,500) by Stonehaven Partners Limited (a company which is founded by one of the directors of Sannpa Limited). At the year end £4,500 (2018: £4,500) was due to Stonehaven Partners Limited.

During the year Fnatic Gear Limited were charged £845 (2018: £Nil) by Ugame Limited (a company with a common director). No amounts were outstanding at the year end.

SANNPA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. Post balance sheet events

COVID-19

The worldwide outbreak of the COVID-19 virus represents a significant event since the end of the financial period. In light of the impact of the virus upon consumer demand, the Company has reviewed its cash flow forecasts and considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements given the likely cash flow impact on operations 12 months from the date of signing this report.

COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the Statement of Financial Position as at 31 December 2019. The Company is unable to quantify any impact on the Statement of Financial Position at the date of signing the financial statements.

The COVID-19 pandemic in the first quarter of 2020 has severely impacted markets and day-to-day working. Already many entities are grappling with disruptions to their businesses due to the COVID-19 outbreak, with many anticipating financial and operational consequences. Sannpa Limited has invoked its business continuity processes, including remote working, to ensure the safety of its staff and to enable the Company to operate with minimal disruption.

The directors continue to monitor the capital and liquidity of the Company and remain confident in the long-term success of the business.

Post year end fundraising

Post year end in March 2020 the Company has raised £3.44m through the issue of convertible loan notes

15. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2019 was qualified.

The qualification in the audit report was as follows:

We were not appointed as auditor of the Subsidiary undertaking (Fnatic Gear Limited) until after 31 December 2019 and thus did not observe the counting of physical inventories at 31 December 2019 or at the comparative period, 31 December 2018. We were able to satisfy ourselves by alternative means concerning the stock quantities held at 31 December 2019, however we were unable to satisfy ourselves by alternative means concerning the stock quantities held at 31 December 2018 included in the balance sheet at £1,255,029. Consequently, we were unable to determine if any adjustment to this amount was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 December 2019.

The audit report was signed on 2 October 2020 by Ian Cliffe (Senior Statutory Auditor) on behalf of Haysmacintyre LLP.