

Guild Esports Plc

Annual Report & Financial Statements for the year ended 30 September 2022

Company Registration No. 12187837 (England and Wales)

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COMPANY INFORMATION

DIRECTORS

Mr Derek Lew
Ms Jocelin Caldwell
Ms Jasmine Skee
Mr Brian Stockbridge

COMPANY SECRETARY

Mr N Lyth

REGISTERED OFFICE

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London, E1 6JT

REGISTERED NUMBER

12187837

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INDEPENDENT AUDITOR

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SHARE REGISTRARS

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Chairman's Report

I am delighted to report that Guild Esports made excellent progress in the year to 30 September 2022 with stellar growth in its revenues, major sponsorship wins, outstanding team performances and an engaged fan base. This was accomplished while we continued with significant ongoing investment in the business and crossed a major milestone with the launch of our flagship Academy and headquarters in London during the year.

Total revenues surged by 132% year on year to £4.4m (2021: £1.9m) as the strong growth momentum seen in the first half continued into the second, driven by higher contributions from new sponsorship deals signed during the past year as well as in 2021, which was our maiden year of operations.

Revenues are made up of two elements: sponsorship and prize money. Guild keeps all its sponsorship, minus commissions. Guild retains a small proportion of the prize money won by its teams. During the year Sponsorship revenue increased by 168% to £3.1m (2021: £1.0m). Prize money won increased by 81% to £1.3m (2021: £0.7m).

Guild set a record for new sponsorship deals signed with several world class brand owners, validating the sustained investment in our infrastructure, teams, content creation and brand since the Company's IPO in October 2020.

The year under review kicked-off with a £4.5m three-year sponsorship deal with leading cryptocurrency exchange, Bitstamp and rounded off with an even bigger three-year deal with Sky UK, the media giant, our largest ever win to date.

Five new sponsorship deals, worth a total of £10.7m, were clinched during the year, taking the total complement of our sponsorship partners to eight, which now includes global brands such as Coca-Cola, Subway and Samsung. The sponsorship deals won during the year increased the total contracted value of all sponsorship deals signed to date to £14.6m spread over the lifetime of these contracts, representing a 174% increase from the £3.9m aggregate value reported in 2021.

Our existing pipeline which is the portion of signed contracts yet to be recognised as revenues over the lifetime of the deals, amounted to £9.2m as at our year end. Based on this order visibility, the Company's annual sponsorship revenue run rate is approximately £5m at present providing a strong foundation for further progress in the current year and beyond.

The quality and size of our sponsorship deals is of great pride to the Company, as we have become one of the leading European esports teams and lifestyle brands in a relatively few short years. Guild resides in the top six esports teams in Europe for sponsorship revenue received over the previous two years.

Moreover, our pipeline of new business opportunities remains robust, and we continue to attract the interest of a wide range of potential new partners and sponsors from a variety of sectors, with some prospective agreements at advanced stages of negotiation.

The loss before tax decreased to £8.75m compared with £8.82m in the corresponding period in 2021, despite an approximate £1m rise in administration costs, which are expected to decline significantly this year following a streamlining of overheads under our new CEO Jasmine Skee. We are mindful of the need to streamline our cost base to reduce the cash requirements of the business and accelerate our path to profitability. Accordingly, a significant rationalisation programme was implemented towards the end of the financial year.

These actions, which included a streamlining of suppliers and expenditure relating to content creation, are anticipated to reduce our annual cost base by approximately £2.5m to approximately £5.3m from this year, and significantly reduce the ongoing cash requirements of the business. Importantly, the

Chairman's Report

management team do not anticipate the right-sizing of the business to impact its ability to deliver on its objectives.

Our total staff numbers have come down from a peak of 45 reported at the half year to 36 at present. This number is expected to remain broadly unchanged for the remainder of this financial year, as part of efficiency measures.

Net cash as at 30 September 2022 amounted to £2.73m compared with £10.1m at the same time in the previous year. As at 25 January 2023 net cash was £1.6m.

As important as our financial results are, I would like to pay tribute to our esports teams for their outstanding performances and providing Guild's fans and followers worldwide with scintillating gameplay, entertainment and great fun. Their success, as well as the compelling content produced by Guild, is crucial to expanding our audiences and are key reasons why we are attracting global sponsors to our brand.

Looking ahead, Guild's robust pipeline and new business areas, much fancied team performances as well as tighter control over costs, provide a solid platform for further strong growth in the current year.

With the appointment of Jasmine Skee in November 2022 and further hires made in January this year to strengthen the executive leadership teams, Guild is well placed to enter the next phase of its development and deliver value to shareholders. On behalf of the Board, I would like to thank all of our staff and partners for their hard work and our investors for their continued support and patience as we look to the future with confidence.

Mr D Lew

Non-Executive Chairman

Strategic Report

Principal activity

The Company's principal activity is that of a global fan-focussed team organisation and lifestyle brand that fields players in professional gaming competitions under the Guild banner. Our in-house training academy aims to attract and nurture the best esports talent, and our goal is to provide the ultimate entertainment experience alongside a distinctive lifestyle brand authentic to the esports community worldwide. Guild is led by an experienced management team of esports veterans. The Company is headquartered in the UK and its shares are listed on the main market of the London Stock Exchange (ticker: GILD) and on the OTCQB Venture Market in the United States (ticker: GULDF).

Review of the business

Guild achieved strong growth in 2022 as the business continued to gain momentum from the sustained investment made since its IPO on the London Stock Exchange less than three years ago as well as favourable industry fundamentals. The esports sector grew by 22 percent in 2022 and is now a \$1.4bn industry (*source: Statista, 2023*). It is also set to fare well for the long term and predicted to reach \$1.87bn by 2025 according to the same forecasters. Total viewing audience is estimated to increase from more than 532 million to approximately 641 million in the same period (*source: Newzoo, 2023*).

Our strategy remains to establish Guild as one of Europe's top three esports teams organisations and brands, driven by a roster of great players, rich content and a global fan base, all supported by major consumer brands and sponsors and an esports academy system to nurture new talent. Excellent progress was made on several fronts to achieve this goal, led by a banner year of new revenue generating sponsorship deals.

Sponsorships

Guild secured five new sponsorships taking the total complement of its sponsors to eight, being Bitstamp, Coca-Cola, Hyper X, Hyperice, Razer Gaming Chairs, Sky UK, Samsung and Subway. As a result, the total contracted revenues signed by the company since IPO increased to £14.6m, compared with £3.9m in 2021 and £8.56m reported on 30 June 2022.

In January 2022, a three-year sponsorship deal worth £4.5m was signed with Bitstamp, one of the world's longest established cryptocurrency exchanges. Bitstamp became our exclusive Official Cryptocurrency Exchange partner and secured exposure to Guild's team jersey and feature content.

The Coca-Cola Company, one of the world's most respected consumer brands, signed a one-year deal in July, thereby becoming Guild's Official Soft Drinks and Hydration Partner. The sponsorship package, which is confidential, is based around creating unique experiences aimed at reaching a hard-to-reach and young audience through Guild's entertainment and content.

Other new agreements were signed with Hyperice, a California-based manufacturer of athletic recovery devices, while Samsung expanded its relationship with the Company as well as entered a new one-year deal, which appointed the South Korean technology giant as our Official TV partner for the UK and Ireland.

Our largest sponsorship deal came in September 2022, when Sky UK signed a three-year agreement which is 100% payable in cash over the lifetime of the contract. The deal is one of the largest esports sponsorships ever signed in Europe and also Sky's first with an esports teams organisation.

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Our relationships with all our partners have continued to deepen since the deals were announced, as we collaborate with them on creating unique content and experiences to reach our fans and followers, particularly Generation Z.

The Company's pipeline of new business from other potential sponsors is surging, due to Guild's position as a leading esports brand with access to a hard-to-reach, young and growing audience.

Growing audience

Guild is building its endemic audience through the creation of original content, signing of top-tier players and working with influencers and content creators, with David Beckham's social posts bringing in fans from different segments. Guild's fanbase and social reach has grown significantly since its IPO in 2020; the Company currently has an owned audience of 1.1 million. Guild expects to approximately double its owned audience to 2 million by the end of the calendar year.

To stimulate this growth in its audience numbers, Guild has shifted its strategy away from employing influencers on a full-time basis, instead placing a strategic emphasis on raising visibility for specific campaigns run with Guild's sponsorship partners and deploying content creators and influencers selectively to boost each campaign. In line with this, we have also updated and streamlined our roster of content creators and influencers to control costs and improve the quality of content they produce, which we expect to lead to renewed growth in, and deeper engagement from, esports audiences worldwide.

Additionally, Guild is placing greater emphasis on distributing its unique content to a broader range of social media platforms. In particular, Guild will focus on TikTok, which has rapidly emerged as a destination of choice among Gen Z audiences, an important target demographic for Guild.

This shift is exemplified by a contract awarded to creative studio Little Dot Studios ("Little Dot") in December 2022 for Guild's channel management and vertical video production. Little Dot's remit is focused on TikTok. The original content the partnership with Little Dot will yield will incorporate Guild's players, content creators, and the Sky Guild Gaming Centre, and will further support Guild's marketing activations with sponsorship partners. This campaign-led approach is more cost effective and impactful in reaching Gen Z audiences. Guild social campaigns on TikTok alone to date drew video views of 4.3m and an 11.06% channel growth, a testament to the new campaign-led strategy adopted.

Esports teams

During the year Guild teams won 5 competitions and tournaments including the RL EMEA Predator League 2022, Game Changers EMEA Series 3, Fortnite Champion Series, EA Sports FIFA 22 eChampions League and MrBeast's Extreme Survival Challenge. Our teams are ranked as follows:

- FIFA: ranked within the top two globally and current holders of the eChampions League
- Fortnite: ranked as a top five organisation
- Valorant Game Changers: ranked within the top six globally
- Rocket League: ranked within the top ten in Europe and achieved second place at the global tournament Gamers8 hosted in July 2022

The growth of our esports fan-base and audience is partly dependent on the success of our esports teams and the development or recruitment of outstanding professional players. They are organised in teams specialising in four major gaming franchises (FIFA, Fortnite, Rocket League, and Valorant) and compete in tournaments for trophies and prize money. While only a small proportion of the prize money goes to Guild as per industry norms, Guild benefits from the value of its players, content and brand following.

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Guild's esports team strategy has been guided by the Company's brand values and culture, working with its partners to effect positive change in the esports industry. To this effect, Guild has focused on improving female representation within the esports industry and in its teams, and was delighted by the success of Valorant X, its all-female Valorant team, across 2022. With our latest sponsorship partner, Sky UK also committed to promoting female participation in esports, we will actively consider entering more all-female teams later this year.

The total pool of Guild team players was 17 and our big stars of the year include Anas El-Abd ("Anas") who recently won \$1m in prize money in a popular online Fortnite competition organised by Epic Games and hosted by Jimmy "MrBeast" Donaldson, a YouTube personality and internet celebrity with the fourth-biggest channel on YouTube with more than 125 million subscribers.

Guild teams contributed £1.3m (2021: £0.72m) in prize money wins to revenues, of which Guild retains a small proportion.

Merchandising

Following a disappointing first run in terms of sales which generated negligible revenues in 2022, a new creative team has been hired and tasked with building out a clear and robust strategy for performance wear and Guild branded apparel. Guild brand recognition and affinity is favourable and accordingly our new approach to merchandise has been devised to ensure reduced manufacturing costs, 'no minimum order' partner suppliers and a development of the Guild brand and how that can manifest in fashion.

Guild's branded apparel strategy in 2023 will be focused on building robust, cost effective and responsible manufacturing but with a greater focus on creativity and design, trend led and trend forming.

Guild's new creative services team will focus on new design technologies, utilising experience in AI and digital consumables, to ensure that the design processes are low cost and innovative. Production of new products will be actioned only once the community and wider focus groups have expressed interest in a digital version of proposed product ranges.

New ranges will include the Core Pro range, fashion wear designed for esports teams and pros; Core Public, fashion wear designed for the everyday gamer, establishing Guild as a gaming fashion brand; Pro Utility, performance wear for professional and up-and-coming competitive gamers; and Skin Drops, which are design-led, short-run printed designs reactive to gaming culture.

The new Guild Jersey, beta launched at the end of 2022 on an exclusive short run, will be the lead creative as part of our launch of the upcoming Guild Store in Q2 2023.

Guild will not be moving forward with any branded peripherals or branded products (e.g. water bottles, keyrings). These 'giveaway' style items will be included as part of our partner agreements, allowing Guild to responsibly create branded equipment in conjunction with particular campaigns and giveaways.

The Guild Academy

A major element to Guild's player development strategy is to find and nurture new talent by adopting the proven academy system pioneered by Premier League football clubs such as Manchester United. We first launched our online academy followed by the opening of our physical academy, gaming centre and headquarters, at a single location in London's Shoreditch area. The online academy initially generated over 3,000 sign-ups and engagement from budding professionals and gamers alike. Despite the encouraging early market response, interest in the online academy has waned, leading to lower-

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than-expected returns for the Company. Accordingly, the online service, which was designed to provide long-distance coaching for professional development, has been scaled down to save on costs.

However, our face-to-face academy training and mentoring system at Shoreditch has continued to gain traction and is a growth segment that has the potential to develop multiple revenue streams, ranging from the provision of personalised coaching workshops for talented players to generating sponsor-supported content featuring individual young players, as well as by hosting corporate events. In addition, we continue to believe that the Guild Academy fulfils the primary purpose for which it was created – i.e., as a source of finding and developing future professional players and a beacon for Guild's fans and budding stars.

Moreover, we are also now developing new opportunities to leverage the Guild Academy with the Guild College, which was launched in November 2022 to provide a new career pathway for young people into the industry. As part of this venture, Guild entered into a four-year partnership with SCL Education, a leading UK-based provider of post-16 education specialising in sports, to deliver a one-year BTEC Level 2 Diploma in Esports and a further two-year BTEC Esports Level 3 Diploma as a progress route. Guild will receive a four-figure sum per student enrolled into the course. Since launching in November, Guild has filled more than 30% of spaces and expects to fill 100% of spaces by September 2023.

The scheme is drawing interest from overseas jurisdictions, which may lead to more tie-ups in due course.

Current trading and outlook

Guild made a good start to the new financial year and current trading remains in line with management expectations, helped by continuing industry tailwinds and growing interest from consumers and brand advertisers.

The Company is on track to deliver another year of strong revenue growth, underpinned by a strong contracted order book visibility and an annual sponsorship revenue run rate estimated to be approximately £5m at present.

Our pipeline of potential new sponsorship deals also remains robust and several significant deals are under active negotiations, providing significant upside potential to revenue growth for this year and beyond.

Following a significant rationalisation programme, the Company's annual operating costs have been reduced by approximately £2.5m, thereby significantly reducing the ongoing cash requirements of the business. As a result, the Board looks to the future with great confidence.

Principal risks and uncertainties

The Board considers the principal risks of the Company to revolve around the continued growth of its fanbase and its ability to attract sponsors. The Company mitigates the risk of low fan accumulation through fielding winning teams in its professional esports league and diversification of content to appeal to a broad market. The Company engages a wide endemic audience by operating in multiple esports; working with influencers and content creators; and maintaining an active presence on several social media platforms. Guild social posts made through David Beckham's channels provide a mass market appeal and contribute significantly to the social reach of the Company. The Company mitigates the risk of not attracting sponsors through forming a partnerships team consisting of experienced professionals and sector specialists, led by the Chief Executive Officer. The team has an in depth understanding of the demographic which sponsors want to reach, and the market they intend to grow in. Guild attracts top talent in target regions, and

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compound this with the social reach of David Beckham to create opportunities and meet sponsors' needs.

The Company operates in a changing environment and is subject to a number of risk factors. The Board consider the following to be of particular relevance but this is by no means an exhaustive list, as there may be other risk factors not currently known.

Risks relating to the esports industry

Esports sector growth

The esports sector grew quickly in 2022 and is now a \$1bn+ industry. The growth is expected to continue according to Newzoo and is believed to reach \$1.6bn by 2024. While the Directors are encouraged by the projection, there is no guarantee that it will do so and at some point, growth will inevitably slow. That may result in revenues across the sector stagnating or reducing and the sponsorship market becoming even more competitive, both of which would have a material adverse effect on the Company's business. It is for these reasons that the directors believe that it is critical that Guild remain on this growth trajectory and continue pursuing its vision of becoming a top esports organisation.

Competition

The esports industry is highly competitive, with new teams entering tournaments and leagues on a regular basis and with existing and new participants having significant resources (both financial and in terms of talent). Increased competition may make it more difficult for the Company's team to win tournaments and leagues, to attract sponsors and to attract talent. Furthermore, the Company may be required to offer cheaper sponsorship and pay higher than expected salaries to talent, in order to secure contracts.

Reliance on third party services

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

Risks relating to the Company's Business strategy

The Company is an early-stage business

The Company continues on its high growth trajectory, but remains in its early-growth phase. The Company's main competition are established companies who may have more resources and a more recognisable brand presence in the market. The Directors believe that Guild's team has the experience and connections to ensure that the business is able to compete with established rivals and take advantage of market opportunities they have identified.

Recruitment and retention of top tier esports talent

The Company's brand will be built around the success and profile of esports players. The success of the Company will depend on its ability to recruit and retain esports players who have either the potential to be successful star players or are already successful star players. The Company's team, Guild, is building a reputation of success via its in game performance model, but is still a relatively new name in the esports world,. The Company will be competing to sign esports players against

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established teams that have greater resources, higher profile and a history of tournament success. If Guild cannot sign players of sufficient standing and/or talent, that is likely to have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

Player performance

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

Attracting sponsors

The global sponsorship market is very competitive, both within the esports sector and generally, with individuals, teams and tournaments all seeking sponsorship income. Attracting top talent to our rosters and winning tournaments is critical to attracting sponsors to Guild. The failure to attract sponsors and/or to agree satisfactory commercial terms may have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

Popularity of chosen esports

There are a large number of esports games and the Company will not have the resources to compete in all esports competitions. The Company has therefore selected to enter teams in competitions relating to a limited number of games. The Company feels that these games are particularly suited to the esports market, will enjoy enduring popularity and that the competitions around these games have the potential for future development. If the Company's assessment of these games is incorrect then the Company may not see a return from its investment in players and tournaments fees and may find it more difficult to develop its business.

League entry fees

Increasingly esports leagues are charging entry fees to teams wishing to participate in leagues. These entry fees can be very substantial (for example, the League of Legends Championship Series required teams to pay an initial entry fee of US\$10m. A value that now exceeds \$25m (if a team is willing to sell their franchise slot), and may prove prohibitive to the Company especially if its revenue forecasts do not meet the Directors' expectations. If the Company cannot afford to pay the requisite entry fees, it will not be able to compete in certain leagues meaning that it will not have the opportunity of winning prize money and that the team may be less attractive to fans and sponsors as a consequence.

Adverse actions of players

The Company recruits esports players that either have, or will develop, an online profile that will prove attractive to fans, sponsors and esports viewers. As a player's profile increases, there is a greater risk that, in the event of the player's adverse behaviour, this could have a negative effect on the Company, whether by damage to its reputation and good standing and/or by way of the termination of contracts for breach. Whilst the Company has put in place policies emphasising the need for esports players to be positive brand ambassadors at all times, the Company will not be able to control its players at all times.

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Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way 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.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The Company operates as an esports organisation, within a fast-growing and developing environment, and at times may be dependent on fund-raising for continued operation and/or growth. The nature of the business is understood by the Company's members, employees and suppliers, and the Directors are transparent about the cash position and funding requirements.

The Company's employees are fundamental to the success of the business. The directors understand that it is critical to engage with and understand their views and to ensure that all employees' interests are considered. To strengthen employee engagement, the Directors promote and encourage all employees to raise any concerns or suggestions with senior management without hesitation.

Stakeholder engagement is fundamental to the Company's strategy. The Company makes extensive use of Social Media to provide Stakeholders with information on the Company's activities

The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during the period:

Significant events / decisions	Key s172 matter(s) affected	Actions and Consequences
Signing multiple sponsorship deals with global partners	Shareholders and Business Relationships	Increasing the brand awareness of the Company on a global scale
Investment into operational infrastructure, securing talent for creation of content and entering into new competitive game titles to grow an audience and generate media value for current and future partners	Shareholders and Business Relationships	To ensure the Company has the 'platform' that will ensure it can support expansion on a global scale

Directors' Report

General information

The Directors present the Annual Report and audited financial statements for the year ended 30 September 2022.

The Company's Ordinary Shares were admitted to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities on 2 October 2020. The Company is registered in England and Wales.

Dividends

The directors do not propose a dividend in respect of the year ended 30 September 2022 (2021: nil).

Directors

The Board is responsible for the Company's objectives and business strategy and its overall supervision. Acquisition, divestment and other strategic decisions will all be considered and determined by the Board.

Attendance at Board meetings during the year ended 30 September 2022 were as follows:

Member	Meetings attended
D Lew	6 of 6
B Stockbridge (appointed 31 March 2022)	3 of 3
J Savage (resigned 15 March 2022)	2 of 2
A Drake (resigned 31 March 2022)	3 of 3
M Edwards (resigned 17 November 2022)	6 of 6
D Gardner (resigned 30 June 2022)	4 of 4
K Hourd	6 of 6
C Sullivan (resigned 31 March 2022)	3 of 3
S Walters (resigned 31 March 2022)	3 of 3

The Board will provide leadership within a framework of appropriate and effective controls. The Board will set up, operate and monitor the corporate governance values of the Company, and will have overall responsibility for setting the Company's strategic aims, defining the business objective, managing the financial and operational resources of the Company and reviewing the performance of the officers and management of the Company's business. The Board will take appropriate steps to ensure that the Company complies with Listing Principles 1 and 2 as set out in Chapter 7 of the Listing Rules and (notwithstanding that they only apply to companies with a Premium Listing) the Premium Listing Principles as set out in Chapter 7 of the Listing Rules.

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets when required, and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary. All Directors are subject to re-election annually and, on appointment, at the first AGM after

Directors' Report

appointment.

Communications with shareholders

Communications with shareholders are given a high priority. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Chairman and other members of the Board at the Annual General Meeting. All published information for shareholders is also available on the Company website, including annual and interim reports, circulars, announcements and significant shareholdings.

Accountability and Audit

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and price sensitive reports to regulators as well as in the information required to be presented by statutory requirements.

The Company's audit committee is comprised of Derek Lew (as chair) and Jocelin Caldwell, with S Walters serving prior to their resignation from the board. The audit committee is to meet at least twice a year to consider the integrity of the financial statements of the Company, including its annual and interim accounts; the effectiveness of the Company's internal controls and risk management systems; auditor reports; and terms of appointment and remuneration for the auditor.

Internal control

The Directors acknowledge they are responsible for the Company's systems of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Company failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

Political donations

The Company did not make any political donations or expenditure.

Directors and directors' interests

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Derek Lew

Ms Jocelin Caldwell (appointed 17 November 2022)

Ms Jasmine Skee (appointed 1 January 2023)

Mr Brian Stockbridge (appointed 31 March 2022)

Mr A Drake (resigned 31 March 2022)

Mr K Hourd (resigned 1 January 2023)

Mr J Savage (resigned 15 March 2022)

Mr C Sullivan (resigned 31 March 2022)

Mr S Walters (resigned 31 March 2022)

Directors' Report

Mr D Gardner (resigned 30 June 2022)

Mr Michael Edwards (resigned 17 November 2022)

Directors' shareholdings:

	Ordinary Shares	Percentage of issued share capital 30 September 2022 %
Derek Lew	3,300,000	0.64
Kalum Hourd	13,000,000	2.51
Michael Edwards	-	-
Brian Stockbridge	-	-
	16,300,000	3.15

Directors' warrant holdings

No Director held warrants in the Company as at 30 September 2022. All Director warrants as at 30 September 2021 expired unexercised during the year.

Going concern

The Directors, having made due and careful enquiry, are of the opinion that the Company does not have adequate working capital to meet its obligations over the next 12 months. The Directors believe, given the progress the Company has made in the past 12 months and the actions being taken by the new management team, that additional capital will be available, via completion of a fundraise during the going concern period in conjunction with the costs rationalisation programme, to allow the completion of the execution of the Company's strategy. The Directors therefore have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company will raise sufficient additional funds and will have adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements.

Financial Risk Management

The Company has a simple capital structure and its principal financial asset is cash. The Company has a limited number of transactions with Europe, the United States and Canada and is therefore subject to market risk by way of being exposed to variations in foreign exchange rates. The Company has little exposure to credit risk due to holding its cash reserves with credible institutions. The Company may also be exposed to liquidity and capital risk, due to the nature of operations and the requirements for operating an esports organisation. The Company manage these risks through maintenance of sufficient working capital.

Substantial Shareholdings

At 23 January 2023, the Company had been informed of the following substantial interests over 3% of the issued share capital of the Company:

Directors' Report

	Number of Shares	Percentage
Toro Consulting Ltd	48,000,000	9.26
Pioneer Media Holdings Inc	31,000,000	5.98
David Beckham	24,573,529	4.74
Schroders Investment Management Ltd	24,045,000	4.64

Controlling shareholder

The Company does not have a controlling shareholder.

Greenhouse gas emissions

As at the year end, the Directors, contractors and esports teams operate from their respective homes, with little to no travel. For the year to 30 September 2022, the Company's CO2 emissions were immaterial.

Equal Opportunity

The Company promotes a policy for the creation of equal and ethnically diverse employment opportunities including with respect to gender. The Company promotes and encourages employee involvement wherever practical as it recognises employees as a valuable asset and is one of the key contributions to the Company's success.

Provision of information to auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Directors' Responsibility Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared 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 and loss of the Company for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;

Directors' Report

- State whether applicable accounting standards 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.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4 (Disclosure and Transparency Rules)

Each of the directors confirm to the best of their knowledge:

- The Company financial statements have been prepared in accordance with UK-adopted international accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- The Annual report includes a fair review of the development and performance of the business and financial position of the Company together with a description of the principal risks and uncertainties that it faces.

This report was approved by the board on [x] January 2023 and signed on its behalf by:

Ms J Skee

Chief Executive Officer

Remuneration Report

This remuneration report sets out the Company's policy on the remuneration of executive and non-executive directors together with details of Directors' remuneration packages and service contracts for the year ended 30 September 2022.

The Company's remuneration committee is comprised of Derek Lew (as committee chair) and Brian Stockbridge. The remuneration committee is to meet at least twice a year and has as its remit the determination and review of, among others, the remuneration of executives on the Board and any share incentive plans of the Company.

Remuneration Policy

In setting the policy, the Board has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company;
- The Company's general aim of seeking to reward all employees fairly accordingly to the nature of their role and their performance
- Remuneration packages offered by similar companies within the same sector;
- The need to align the interests of shareholders as a whole with the long-term growth of the Company; and
- The need to be flexible and adjust with operational changes throughout the term of this policy.

Future Policy Table

Element	Purpose	Policy	Operation	Opportunity & Performance Conditions
Executive Directors				
Base salary	To award for services provided	Based on recommendations of the remuneration committee, with comparison with other companies of a similar size & sector	Paid monthly & reviewable annually	N/A
Pension	N/A	Statutory, where appropriate	N/A	N/A
Benefits	N/A	Health and dental plans	N/A	N/A
Annual Bonus	N/A	Based on recommendations of the remuneration committee in relation to the contributions of the Company	N/A	N/A
Share options	N/A	Based on recommendations of the remuneration committee as part of a management incentive, where appropriate	N/A	N/A

Remuneration Report

Non-Executive Directors

Base salary	To award for services provided	The Board as a whole determines the remuneration of Non-exec Directors based on the recommendations of the Chairman & Comparison with other companies of a similar size & sector	Paid monthly & reviewable annually	N/A
Pension	N/A	Statutory where appropriate	N/A	N/A
Benefits	N/A	None provided	N/A	N/A
Annual Bonus	N/A	No element of remuneration for performance	N/A	N/A
Share options	N/A	Not awarded	N/A	N/A

Notes to the future policy table

The Directors shall also be paid by the Company all travelling, hotel and other expenses as they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

Directors Remuneration (audited)

Details of Directors' remuneration during the year ended 30 September 2022 is as follows:

Name	Base Salary (£)	Pension Contribution (£)	Total (£)
D Lew	104,750	-	104,750
B Stockbridge	21,000	-	21,000
A Drake	40,000	-	40,000
K Hourd	150,000	-	150,000
M Edwards	21,000	-	21,000
C Sullivan	31,500	557	32,057
S Waters	31,500	557	32,057
J Savage	85,769	770	86,539
D Gardner	-	-	-
Total	485,519	1,884	487,403

Remuneration Report

Terms of appointment

The services of the Directors, provided under the terms of agreement with the Company are dated as follows:

Director	Year of appointment	Number of years completed	Date of current engagement letter
J Caldwell	2022	0	17 November 2022
J Skee	2023	0	1 January 2023
D Lew	2019	3	3 December 2019
B Stockbridge	2022	0	31 March 2022

Consideration of shareholder views

The Board will consider shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's annual policy on remuneration.

Policy for new appointments

Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Board may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Historical Share Price Performance Comparison

The table below compares the share price performance (based on a notional investment of £100) of Guild Esports plc against the FTSE Small Cap index for the period 2 October 2020 to 30 September 2022. The FTSE Small Cap index has been chosen to provide a wider market comparator containing companies of an appropriate size

	FTSE Small Cap	Company
30 September 2022	£26.90	£116.20
30 September 2021	£60.00	£146.00
2 October 2020	£100.00	£100.00

Guild Esports was listed on 2 October 2020 so there is no historical share price data prior to this date.

Corporate Governance Statement

The Company intends to comply with the provisions of the Corporate Governance Code published by the Quoted Companies Alliance (QCA Corporate Governance Code) insofar as is appropriate having regard to the size and nature of the Company and the size and composition of the Board.

Remuneration Report

The Company's Standard Listing means that it is also not required to comply with those provisions of the Listing Rules which only apply to companies on the Premium List. The FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However, the FCA would be able to impose sanctions for non-compliance where the statements in this Prospectus are themselves misleading, false or deceptive.

The QCA has identified 10 principles that focus on the pursuit of medium to long-term growth in value for shareholders without stifling the entrepreneurial spirit in which a company was created.

Companies need to deliver growth in long-term shareholder value. This requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

Deliver growth

Principle 1: Establish a strategy and business model which promote long-term value for shareholders.

The Company's strategy and business model were established and set out in the Company's IPO Admission Document. The strategy is reviewed, assessed and revised at Board meetings as required. The Company's strategy, business model and progress are communicated through the Strategic Report of each Annual Report.

Principle 2: Seek to understand and meet shareholder needs and expectations.

The Group's Chair meets with existing shareholders from time to time as do the Executive Directors.

The Company has an active social media presence which seeks to keep all stakeholder groups informed of progress.

The Company welcomes all attendees to its Annual General Meetings ("AGMs") and seeks to engage with them both formally and informally on the day.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

As a people-centric business, much of their 'day job' involves communication/meetings with both external third parties and the Company's staff. Minimising the environmental impact of these activities is actively encouraged through the Group's:

- Employment policies eg travel, use of public transport, working from home
- Use of Zoom, a web-based meeting facility.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Company's approach to risk management together with the principal risks and uncertainties applicable, their possible consequences and mitigation are set out in the Principal Risks and Uncertainties section of the Group's Annual Report. The Board reviews, evaluates and prioritises risks to ensure that appropriate measures are in place to effectively manage and mitigate those identified.

Remuneration Report

Maintain a dynamic management framework

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.

The Corporate Governance section of the Company's Annual Report details the composition of its Board and Committees. These are also included within the Investor Relations section of its website.

All of the Directors (both Executive and Non-executive) are committing the time necessary to fulfil their roles. Non-executive Directors sit on the Audit and Risk and Remuneration Committees. The Board meets formally at least six times a year. During the year to 30 September 2022, the Board met six times.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

A biography of each Board member is included within the Investor Relations section of its website. These list current and past roles of each Board member and also describe the relevant business experience that each Director brings to the Board, plus their academic and professional qualifications.

The biographies show the balanced blend of skills and experience required to enable the Company to execute its strategic objectives within a corporate governance framework which has been tailored to its business activities.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Corporate Governance section of the Annual Report describes the function of the Board and its Committees. Whilst the Company does not have a Nominations Committee, the Directors regularly review the structure, size, composition (including the skills, knowledge, experiences and diversity) of the Board and make recommendations to the Board with regard to any changes.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours.

Within the Annual Report, the Chairman's statement provides further evidence of the iteration and implementation of the framework that continues to develop the Company's culture and support both existing and new employees. This sets out the Company's purpose, values and culture.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Investor Relations area of the Company's website includes a Corporate Governance section which, in addition to the high-level explanation of the application of the QCA Code, describes the composition of the Board and its Committees, together with a brief biography of each Board member.

The roles of Committees are described, along with their terms of reference and matters reserved by the Board for its consideration.

The Corporate Governance section of the Annual Report also details the composition of the Board and its Committees, and the role of each Committee.

Build trust

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Remuneration Report

The Corporate Governance section of the Annual Report includes disclosure of Board Committees, their composition and where relevant, any work undertaken during the year. It includes a detailed Remuneration Report. The s172 Statement section of the Annual Report provides details of stakeholder communication practices.

The website includes all historic Annual Reports, results announcements and presentations, and other governance-related material. These can be found in the Investor Relations section, under Regulatory News. This section of the website also includes the results of all AGMs.

This report was approved by the board on [x] January 2023 and signed on its behalf by:

J Skee

Chief Executive Officer

INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUILD ESPORTS PLC

Opinion

We have audited the financial statements of Guild eSports Plc (the 'company') for the year ended 30 September 2022 which comprise the 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 30 September 2022 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 public interest 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 2.2 in the financial statements, which indicates that the company's ability to continue as a going concern is dependent on the ability to secure additional funding through completion of an equity fundraise, which is currently in progress. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, 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:

- Challenging the directors' forecasts prepared to assess the company's ability to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements. We have reviewed the consistency of committed cash flows against contractual arrangements and compared general overheads to current levels. The forecasts demonstrated that the company will require additional funding during the going concern period to meet its liabilities as and when they fall due.
- We have discussed with the directors the strategies that they are pursuing to secure further funding, including an equity raise and new sponsorship agreements under negotiation, as well as measures available to reduce operating costs. We note that the company has

INDEPENDENT AUDITORS REPORT

successfully raised funds from issuing equity in the past but at the date of this report there are no legally binding agreements in place to cover the funding deficit during the going concern period.

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

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.

Materiality for the company financial statements was set at £250,000 (2021 - £262,000). Overall materiality was calculated based on 3% of the loss for the year, which we determined, in our professional judgement, to be the key principal benchmark within the financial statements relevant to members of the company in assessing financial performance. We set performance materiality at 70% of overall financial statement materiality at £175,000 (2021 - £183,000) based upon the required coverage from testing key items and the absence of audit adjustments in prior periods.

We applied a lower materiality level of £67,000 (2021 - £38,470), calculated at 2% of revenue, to apply to our revenue testing in order to obtain additional coverage of this balance.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £12,500 (2021 - £13,100). 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

As part of our planning we assessed the risk of material misstatement including those that required significant audit consideration for the company. Procedures were then performed to address the most significant assessed risks of material misstatement. The procedures performed are outlined below in the Key Audit Matters section of this report. We 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Material uncertainty related to going concern' section we have determined the matter described below to be the key audit matter to be communicated in our report.

INDEPENDENT AUDITORS REPORT

Key Audit Matter	How our scope addressed this matter
<p>Revenue recognition (note 2.3)</p> <p>Under ISA (UK) 240 there is a rebuttable presumption that revenue recognition is a fraud risk.</p> <p>The revenue streams have different performance obligations and recognition criteria, increasing the risk that revenue has been recognised incorrectly in the year. The risk assertions principally relate to accuracy and cut-off.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> • Updating our understanding of the internal control environment in operation for the material income streams and undertaking a walk-through to ensure that the key controls within these systems had been operating in the period under audit; • Substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at the year-end; • A review of post year-end receipts to ensure completeness of income recorded in the accounting period; and • A review of sponsorship agreements and ensuring revenue (both cash and in kind) has been recognised in line with the performance obligations and underlying agreements. <p>Based upon our audit procedures, and following the recognition of proposed audit adjustments, we did not identify any matters to indicate that revenue was not appropriately recorded and disclosed in the financial statements in accordance with IFRS 15.</p>

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.

INDEPENDENT AUDITORS REPORT

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

INDEPENDENT AUDITORS REPORT

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, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, international accounting standards, London Stock Exchange Rules and the Disclosure and Transparency Rules.
- 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 enquiries of management, review of legal and professional fees and review of Board minutes.
- We also identified the risks of material misstatements 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, the potential for management bias in relation to revenue recognition. This was addressed through updating our understanding of the internal control environment, performing walkthrough tests, analysing and reviewing the sponsorship agreements for the year, substantive testing of revenue recognised and a review of post year end receipts.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing bank payments and receipts in the year; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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.

Other matters which we are required to address

We were appointed by the Board on 7 December 2020 to audit the financial statements for the period ending 30 September 2020 and subsequent financial periods. Our total uninterrupted period of engagement is 3 years, covering the periods ending 30 September 2020 to 30 September 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

INDEPENDENT AUDITORS REPORT

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

15 Westferry Circus

Canary Wharf

London E14 4HD

Date:

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Continuing Operations			
Revenue	3	4,453	1,902
Cost of sales	4	(1,686)	(803)
Gross profit		2,767	1,099
Administrative expenses	4	(10,913)	(9,896)
Depreciation & amortization		(430)	(29)
Operating loss		(8,576)	(8,826)
Finance income	8	-	10
Finance costs	8	(172)	-
Loss before taxation		(8,748)	(8,816)
Taxation	7	-	-
Loss after taxation		(8,748)	(8,816)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to shareholders from continuing operations		(8,748)	(8,816)
Basic and diluted earnings per share - pence	9	(1.69)	(1.70)

The accompanying notes on pages 34 to 54 form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

		As at 30 September 2022 £'000	As at 30 September 2021 £'000
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,552	30
Intangible assets	11	220	50
Right of use assets	12	3,457	-
Other receivables	13	143	-
TOTAL NON-CURRENT ASSETS		5,372	80
CURRENT ASSETS			
Cash and cash equivalents	14	2,730	10,072
Trade and other receivables	15	3,961	3,543
TOTAL CURRENT ASSETS		6,691	13,615
TOTAL ASSETS		12,063	13,695
EQUITY			
Share capital	19	519	519
Share premium	19	22,644	22,643
Share based payment reserve	20	650	419
Retained earnings		(20,255)	(11,507)
TOTAL EQUITY		3,558	12,074
NON-CURRENT LIABILITIES			
Provisions	18	323	-
Lease liability	12	3,204	-
TOTAL NON-CURRENT LIABILITIES		3,527	-
CURRENT LIABILITIES			
Trade and other payables	16	3,401	838
Deferred revenue	17	1,318	783
Lease liability	12	259	-
TOTAL CURRENT LIABILITIES		4,978	1,621
TOTAL LIABILITIES		8,505	1,621
TOTAL EQUITY AND LIABILITIES		3,558	13,695

The accompanying notes on pages of 34 to 54 form part of the financial statements

The financial statements were approved by the board on 30 January 2023 by:

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Issued Share Capital £'000	Share Premium £'000	SBP Reserve £'000	Retained Earnings £'000	Total Equity £'000
As at 1 October 2020	265	4,881	113	(2,727)	2,531
Loss for the year	-	-	-	(8,816)	(8,816)
Total comprehensive loss for the year	-	-	-	(8,816)	(8,816)
Shares issued during the year	254	19,836	-	-	20,090
Share-based payments	-	-	343	-	343
Exercised and lapsed warrants	-	-	(36)	36	-
Share issue costs during the year	-	(2,074)	-	-	(2,074)
Total transactions with owners	254	17,762	307	36	18,359
As at 30 September 2021	519	22,643	419	(11,507)	12,074
Loss for the year	-	-	-	(8,748)	(8,748)
Total comprehensive loss for the year	-	-	-	(8,748)	(8,748)
Share-based payments	-	-	232	-	232
Warrants cancelled during the year	-	1	(1)	-	-
Total transactions with owners	-	1	231	-	232
As at 30 September 2022	519	22,644	650	(20,255)	3,558

The accompanying notes on pages 34 to 54 form part of the financial statements

STATEMENT OF CASHFLOW

FOR THE YEAR ENDED 30 SEPTEMBER 2022

		Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
	Note		
Cash flow from operating activities			
Loss for the financial year		(8,748)	(8,816)
<i>Adjustments for:</i>			
Investment income		-	(10)
Lease liability finance charge	8	172	-
Amortisation and impairment of intangible assets		36	21
Depreciation on property, plant and equipment		91	8
Depreciation on right of use assets		303	-
Loss on disposal of fixed assets		6	-
Services settled by issue of warrants		232	60
<i>Changes in working capital:</i>			
(Increase) in trade and other receivables		(560)	(1,477)
Increase / (decrease) in trade and other payables		2,564	(1,255)
Increase in deferred revenue		534	783
Net cash used in operating activities		(5,370)	(10,686)
Cash flows from investing activities			
Purchase of intangible assets		(206)	(35)
Purchase of property, plant and equipment		(1,620)	(33)
Interest received		-	10
Net cash used in investing activities		(1,826)	(58)
Cash flows from financing activities			
Proceeds from issue of shares		-	18,298
Payment of lease liabilities		(146)	-
Net cash (used in)/generated from financing activities		(146)	18,298
Net (decrease)/increase in cash and cash equivalents		(7,342)	7,554
Cash and cash equivalents at beginning of the period		10,072	2,518
Cash and cash equivalents at end of the period	14	2,730	10,072

The accompanying notes on pages 34 to 54 form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 SEPTEMBER 2022

1 GENERAL INFORMATION

Guild Esports PLC is a public limited company incorporated in England and Wales and domiciled in the United Kingdom. The registered office is 2 Chance Street, London, E1 6JT. The Company was incorporated on 3 September 2019 originally under the name “The Lords Esports Plc” before changing its name on 17 April 2020.

The Company's principal activities and nature of its operations are disclosed in the Directors' Report.

2 ACCOUNTING POLICIES

IAS 8 requires that management shall use its judgement in developing and applying accounting policies that result in information which is relevant to the economic decision-making needs of users, that are reliable, free from bias, prudent, complete and represent faithfully the financial position, financial performance and cash flows of the entity.

2.1 Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company has adopted the applicable amendments to standards effective for accounting periods commencing on 1 October 2021. The nature and effect of these changes as a result of the adoption of these amended standards did not have an impact on the financial statements of the Company and, hence, have not been disclosed. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.2 Going concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Company. The Directors have concluded that the adoption of the going concern assumption is appropriate based on the Company's ability to secure additional fundraising. The process of securing funding is currently underway and the Directors are confident in the ability of the Company to source this funding. However this does constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. The Company's auditors have not modified their opinion in respect to this material uncertainty.

2.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Royalties

The Company receives royalties from in-game digital products branded with the Guild logo. The rights to the digital products are held by the game developers, and Guild is not deemed to be the principal in such transactions. Therefore, the revenue recognised from the sale of these digital products is the net amount of commission earned by the Company.

Prize money

The Company operates esports teams in several game titles which each have multiple tournaments with varying amounts of prize pools. The Company recognises total prize winnings as revenue at the point that its esports teams' placing is confirmed in a tournament. Prize pool amounts payable to the Company's esports teams as part of the players' contracts are shown in cost of sales.

Long-term partnership contracts

The Company enters into partnership deals which provide rights over services and assets operated and owned by Guild. Contracts may include both fixed-price and variable-price services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on actual services provided relative to the total expected services expected as part of the contract. The rights over services and assets are subject to minimum monthly commitments and as such, these fixed-price contracts accrue materially evenly over the life of the contract. Contributions in kind are included in revenue at the fair value of the goods and services agreed.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision maker, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Board of Directors.

2.5 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives. Website costs are amortised on a 33% per annum, straight-line basis.

2.6 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to

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FOR YEAR ENDED 30 SEPTEMBER 2022

determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. The Company monitors both short-term and long-term credit ratings of the financial institutions it banks with. During the period, the Company banked with National Westminster Bank Plc which has a high rating from Fitch Ratings Inc, being 'F1' short-term and 'A' long-term

2.8 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction

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costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the Company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, 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.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

2.9 Financial liabilities

The Company recognises financial debt when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

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Other financial liabilities

Other financial liabilities, including trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

2.10 Leases

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. Right-of-use assets are measured at cost which comprises the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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Payments associated with short-term leases (term less than 12 months) and all leases of low-value assets (generally less than £5k) are recognised on a straight-line basis as an expense in profit or loss. The Company has applied this exemption to £41,971 worth of rental expenses relating to short-term leases.

2.11 Provisions

Provisions have been recognised in relation to leasehold dilapidations. This provision relates to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

2.12 Equity and reserves

Share capital is determined using the nominal value of shares that have been issued.

Share to be issued relates to monies received in advance ahead of the issue of shares that was completed post period end following the admission to the London Stock Exchange. Upon the issue of these shares this reserve will be split between share capital and share premium reserves.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

The share-based payment reserve is used to recognise the grant date fair value of options and warrants issued but not exercised.

Retained losses includes all current and prior period results as disclosed in the income statement.

2.13 Earnings per share

The Company presents basic and diluted earnings per share data for its Ordinary Shares.

Basic earnings per Ordinary Share is calculated by dividing the profit or loss attributable to Shareholders by the weighted average number of Ordinary Shares outstanding during the period.

Diluted earnings per Ordinary Share is calculated by adjusting the earnings and number of Ordinary Shares for the effects of dilutive potential Ordinary Shares.

2.14 Taxation

Tax currently receivable or payable is based on taxable profit or loss for the period. Taxable profit or loss differs from profit or loss as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax asset or liability is settled.

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2.15 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

When the Company acquires any plant and equipment it is stated in the accounts at its cost of acquisition less a provision.

Depreciation is charged to write off the costs less estimated residual value of plant and equipment on a straight basis over their estimated useful lives being:

- Office equipment 33% straight-line per annum
- Office equipment (furniture) 33% straight-line per annum
- Computer equipment 33% straight-line per annum
- Leasehold improvements 10% straight-line per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

2.16 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and judgements and form assumptions that affects the reported amounts of the assets, liabilities, revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the financial information. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable.

During the year, the Company issued warrants. The directors have applied the Black-Scholes pricing model to assess the costs associated with the share-based payments. The Black-Scholes model is dependent upon several inputs where the directors must exercise their judgement, specifically: risk-free investment rate; expected share price volatility at the time of the grant; and expected level of redemption. The assumptions applied by the directors, and the associated costs recognised in the financial statements are outlined in these financial statements.

2.17 New standards, amendments and interpretations

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2.18 New standards, amendments and interpretations

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the UK):

Standard	Impact on initial application	Effective date
IFRS 3 (amendments)	Reference to Conceptual Framework	1 January 2022
IAS 16 (amendments)	Property, plant and equipment	1 January 2022

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IAS 37 (amendments)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Annual Improvements	2018-2020 Cycle	1 January 2023
IAS 1	Classification of liabilities as Current or Non-current	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 12	Deferred tax arising from a single transaction	1 January 2023

The effect of these amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

The directors are evaluating the impact that these standards may have on the financial statements of Company.

3. REVENUE

The Company derives revenue from various sources, including revenue from contracts with customers. These revenue sources involve the transfer of goods and/or services over time and at a point in time in the following major product lines and geographical regions.

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Revenue analysed by class of business		
Sponsorship revenue – over time	2,983	977
Sponsorship revenue – point in time	165	28
Campaigns – point in time	-	50
Prize winnings – point in time	1,275	717
Other revenue – point in time	30	130
	4,453	1,902
	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Revenue analysed by geographical market		
UK	655	805
EMEA	2,833	380
USA	965	717
	4,453	1,902

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 SEPTEMBER 2022

4. OPERATING COSTS AND ADMINISTRATIVE EXPENDITURE

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Cost of sales		
Player prize money	(1,190)	(665)
Sponsorship direct costs	(477)	(88)
Other direct costs	(19)	(50)
Total cost of sales	(1,686)	(803)
Administrative costs		
Directors fees and payments	(487)	(870)
Esports and content creator costs	(2,345)	(1,646)
Ambassador fees	(2,729)	(2,333)
Academy costs	(177)	(672)
Legal, professional and regulatory fees	(777)	(894)
Marketing, promotion and content production costs	(894)	(1,761)
Staff and operations costs	(3,272)	(1,660)
Share based payment charge	(232)	(60)
Total administrative costs	(10,913)	(9,896)

5. AUDITORS REMUNERATION

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Fees payable to the Company's auditor for the audit of the Company financial statements	(28)	(24)
	(28)	(24)

6. STAFF COSTS AND DIRECTORS' EMOLUMENTS

Directors' remuneration and employee costs for the Company is set out below and as per Directors Remuneration report:

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 SEPTEMBER 2022

Their aggregate remuneration comprised:

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Wages and salaries	1,654	1,373
Social security	220	151
Pension costs	26	16
	1,900	1,540

Settlement and termination agreements during the period amounted to £Nil (2021:£170,000), included within the totals above.

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Directors' remuneration and fees	485	609
Amounts paid in respect of departure agreement	-	259
Company pension contributions to defined contribution schemes	2	2
	487	870

The highest paid director received remuneration of £150,000 (2021: £159,000).

On average, including non-executive directors, the Company employed 36 staff members of which 5 were in management positions.

Gender Analysis	Male	Female
	26	10

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 SEPTEMBER 2022

7. TAXATION

No liability to corporation taxes arise in the period.

The charge/credit for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	30 Sep 2022 £'000	30 Sep 2021 £'000
The charge for year is made up as follows:		
Corporation tax on the results for the year	-	-
A reconciliation of the tax charge appearing in the income statement to the tax that would result from applying the standard rate of tax to the results for the year is:		
Loss before tax	(8,748)	(8,816)
Tax credit at the weighted average of the standard rate of corporation tax in UK of 19% (2021: 19%)	(1,662)	(1,675)
Impact of costs disallowed for tax purposes	49	45
Unutilised tax losses carried forward	1,613	1,630
Corporation tax charge for the year	-	-

The Company has total carried forward losses of £19,634,235 (2021: £10,885,738) available to be carried forward against trading profits arising in future periods. No deferred tax assets in respect of tax losses have been recognised in the accounts because there is currently insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

On 23 September 2022 the Chancellor announced that he has cancelled the planned corporation tax increase and rather than rising to 25 per cent from April 2023, the rate will remain at 19 per cent for all firms, regardless of the amount of profit made. This was subsequently reversed by the Chancellor on 17 October 2022, confirming corporation tax will rise to 25% from April 2023.

8. FINANCE INCOME AND COSTS

	30 Sep 2022 £'000	30 Sep 2021 £'000
Finance income – bank deposit interest	-	10
Finance charge on leased assets	(172)	-
	(172)	10

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 SEPTEMBER 2022

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the period.

	30 Sep 2022	30 Sep 2021
Loss for the year from continuing operations – £'000	(8,748)	(8,816)
Weighted number of ordinary shares in issue (number)	518,617,362	515,708,522
Basic earnings per share from continuing operations – pence	(1.69)	(1.70)

There is no difference between the diluted loss per share and the basic loss per share presented due to the loss position of the Company. Share options and warrants could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the year presented. See note 20 for further details.

10. PROPERTY, PLANT AND EQUIPMENT

2022	Office Equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
At 30 September 2021	38	-	38
Additions	548	1,072	1,620
Disposals	(12)	-	(12)
At 30 September 2022	574	1,072	1,646
Depreciation			
At 30 September 2021	(8)	-	(8)
Charge for the year	(65)	(27)	(92)
Disposals	6	-	6
At 30 September 2022	(67)	(27)	(94)
Net book value at 30 September 2021	30	-	30
Net book value at 30 September 2022	507	1,045	1,552

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2021	Office Equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
At 30 September 2020	4	-	4
Additions	34	-	34
At 30 September 2021	38	-	38
Depreciation			
At 30 September 2020	-	-	-
Charge for the year	(8)	-	(8)
At 30 September 2021	(8)	-	(8)
Net book value at 30 September 2020	4	-	4
Net book value at 30 September 2021	30	-	30

11. INTANGIBLE ASSETS

2022	Website costs £'000	Total £'000
Cost		
At 30 September 2021	74	74
Additions	206	206
At 30 September 2022	280	280
Amortisation & impairment		
At 30 September 2021	(24)	(24)
Charge for the year	(36)	(36)
At 30 September 2022	(60)	(60)
Carrying amount		
As at 30 September 2021	50	50
As at 30 September 2022	220	220

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2021	Website costs £'000	Total £'000
Cost		
At 30 September 2020	39	39
Additions	35	35
At 30 September 2021	74	74
	Website costs £'000	Total £'000
Amortisation & impairment		
At 30 September 2020	(3)	(3)
Charge for the year	(21)	(21)
At 30 September 2021	(24)	(24)
Carrying amount		
As at 30 September 2020	36	36
As at 30 September 2021	50	50

12. LEASES

The Company had the following lease assets and liabilities:

	30 Sep 2022 £'000
<i>Right of use asset</i>	
Properties	3,010
Equipment	447
	3,457
<i>Lease liabilities</i>	
Current	259
Non-current	3,204
	3,463

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Right of use assets

A reconciliation of the carrying amount of the right-of-use asset is as follows:

	30 Sep 2022 £'000
<i>Right of use assets</i>	
<i>Properties</i>	
Opening balance	-
Additions in period	3,284
Depreciation	(274)
	3,010
<i>Equipment</i>	
Opening balance	-
Additions in period	477
Depreciation	(30)
	447
TOTAL	3,457

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities is as follows:

	30 Sep 2022 £'000
<i>Lease liabilities</i>	
Opening balance	-
Additions in period	3,356
Payment made	(50)
Finance charge	157
	3,463
	Sep 2022 £'000
<i>Maturity on lease liabilities</i>	
Current	259
Due between 1-2 years	804
Due between 2-5 years	722
Due beyond 5 years	1,678
	3,463

The Company also incurred the following expenses during the year of £41,971 which related to leases that were either short term in nature (12 months or less) or of low value in nature (less than £2,000 per annum), thus being excluded from treatment under IFRS 16: Leases.

NOTES TO THE FINANCIAL STATEMENTS

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13. OTHER RECEIVABLES

	30 Sep 2022 £'000	30 Sep 2021 £'000
Rental deposit - property	143	-
	143	-

14. CASH AND CASH EQUIVALENTS

	30 Sep 2022 £'000	30 Sep 2021 £'000
Cash and cash equivalents	2,730	10,072
	2,730	10,072

15. TRADE AND OTHER RECEIVABLES

	30 Sep 2022 £'000	30 Sep 2021 £'000
Trade receivables	1,375	972
Vat recoverable	660	963
Prepayments	1,870	1,586
Other receivables	56	22
	3,961	3,543

16. TRADE AND OTHER PAYABLES

	30 Sep 2022 £'000	30 Sep 2021 £'000
Trade payables	3,150	556
Accruals	242	147
Social security and other taxation	-	135
Other payables	9	-
	3,401	838

NOTES TO THE FINANCIAL STATEMENTS

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17. DEFERRED REVENUE

	30 Sep 2022 £'000	30 Sep 2021 £'000
Arising from sponsorship income	1,318	783
	1,318	783

All deferred revenues are expected to be recognised within 12 months from the reporting date.

18. PROVISIONS

	Leasehold dilapidation £'000	Total £'000
At 1 October 2021	-	-
On acquisition of lease	307	307
Unwinding of discount	16	16
At 30 September 2022	323	323
As at 30 September 2021	-	-
As at 30 September 2022	323	323

The Company is required to restore the leased premises to their original condition at the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of the right of use asset and are amortised over the shorter of the term of the lease and the useful life of the assets.

19. SHARE CAPITAL

	30 Sep 2022 £'000	30 Sep 2021 £'000
Issued and fully paid ordinary shares with a nominal value of 0.1p		
Number of shares	518,617,362	518,617,362
Nominal value (£'000)	519	519

NOTES TO THE FINANCIAL STATEMENTS

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Change in issued Share Capital and Share Premium:

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
Ordinary shares				
Balance at 1 October 2021	518,617,362	519	22,643	23,162
Cancellation of warrants ¹	-	-	1	1
Balance at 30 September 2022	518,617,362	519	22,644	23,163

¹ During the period the Company cancelled 1 million 1 pence warrants. The value the share based payment has been credited to the share premium account.

20. SHARE BASED PAYMENTS

	£'000
Balance as at 1 October 2021	419
Warrants issued in the period ¹	232
Warrants cancelled in in period ²	(1)
Balance as at 30 September 2022	650

¹ On 27 September 2022 the Company granted 25,930,868 warrants to Footwork Productions Ltd as part of the renegotiation of an influencer agreement. The warrants have an expiry date of 5 years from the grant date with an exercise price of 2.7 pence.

² During the period the Company cancelled 1 million, £0.01 warrants

The estimated fair values of options which fall under IFRS 2, and the inputs used in the Black-Scholes pricing model to calculate those fair values are as follows:

Date of grant	Number of warrants	Share price	Exercise price	Expected volatility	Expected life	Risk free rate	Expected dividends
27 September 2022	25,930,868	£0.027	£0.027	32.50%	5	3.6%	0.00%

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 SEPTEMBER 2022

The following warrants over ordinary shares have been granted by the Company and are outstanding:

Grant date	Expiry period	Exercise price	Outstanding at 30 September 2022	Exercisable at 30 September 2022
18-Feb-20	24 months from the first anniversary of admission	£0.01	3,250,000	3,250,000
13-Mar-20	36 months from the first vesting date	£0.01	75,000	75,000
09-Jun-20	36 months from the first vesting date	£0.01	250,000	250,000
18-Jun-20	36 months from the first vesting date	£0.06	1,666,666	1,666,666
19-Jun-20	5 years from issue	£0.06	6,963,000	6,963,000
29-Jun-20	36 months from the first vesting date	£0.06	250,000	166,667
07-Jul-20	36 months from the first vesting date	£0.06	225,000	150,000
05-Aug-20	36 months	£0.06	250,000	250,000
07-Aug-20	36 months from the first vesting date	£0.06	500,000	333,333
14-Aug-20	36 months from the first vesting date	£0.06	750,000	500,000
17-Aug-20	36 months from the first vesting date	£0.06	1,000,000	666,667
20-Aug-20	36 months from the first vesting date	£0.06	1,000,000	666,667
28-Aug-20	36 months from the first vesting date	£0.06	150,000	100,000
02-Oct-20	5 years from issue	£0.10	20,584,694	20,584,694
27-Sep-22	5 years from grant	£0.027	25,930,868	25,930,868
			62,845,228	61,553,561

As at 30 Sep 2022

	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	7.56p	37,914,360
Cancelled during the year (warrants)	1p	(1,000,000)
Vested during the year	6p	1,316,667
Issued during the year	2.7p	25,930,868
Outstanding at the end of the year	5.8p	62,845,228
Exercisable at the end of the year	5.8p	61,553,561

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 SEPTEMBER 2022

21. 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 activities expose it to a variety of financial risks: market risk (price risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance. The Company has no borrowings but is exposed to market risk in terms of foreign exchange risk. Risk management is undertaken by the board of directors.

Market risk - price risk

The Company is exposed to price risk primarily for the costs of operating in the Esports industry.

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.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Controls over expenditure are carefully managed, in order to maintain its cash reserves.

Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Company has no borrowings. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders.

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30 Sep 2022	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Financial assets / liabilities	£'000	£'000	£'000
Trade and other receivables	1,574	-	1,574
Cash and cash equivalents	2,730	-	2,730
Trade and other payables	-	(3,159)	(3,159)
Lease liabilities (current)	-	(3,463)	(3,463)
	4,304	(6,622)	(2,318)

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 SEPTEMBER 2022

30 Sep 2021	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Financial assets / liabilities	£'000	£'000	£'000
Trade and other receivables	1,958	-	1,958
Cash and cash equivalents	10,072	-	10,072
Trade and other payables	-	(691)	(691)
	12,030	(691)	11,339

23. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

Rental lease agreement

The Company has signed a 10 year lease beginning on 22 November 2021. The Company has a 26 month rent free period and a five year break clause so has no committed cash flows due in the 12 month period from September 2022. Maturity on these liabilities can be referenced at Note 12.

Influencer agreement – Footwork Productions

In May 2020 the Company entered into an influencer agreement with Footwork Productions Ltd (“Footwork”) to make annual influencer payments. The Company is committed to a minimum payment of £3,000,000 (VAT excl) in the 3rd year of the deal. Prior to year end the Company had made £833,333 of this payment.

There were no contingent liabilities at 30 September 2022.

24. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

25. EVENTS SUBSEQUENT TO PERIOD END

Influencer agreement – Footwork Productions

Since period end the Company has made further payments of £1.417 million in relation to the agreement mentioned in Note 23.

26. CONTROL

In the opinion of the Directors as at the year end and the date of these financial statements there is no single ultimate controlling par