

Press Release

30 June 2021

Guild Esports PLC

(“The Company”, “Guild Esports”, or “Guild”)

Interim results

Guild Esports, (LSE: GILD), a global teams organisation and lifestyle brand, is pleased to announce its unaudited financial results for the six months ended 31 March 2021.

Financial highlights

- First esports teams organisation to list on the London Stock Exchange, raising £20m gross proceeds
- Loss before tax of £4.3m, reflecting investment in teams, Guild Academy, content creation and corporate infrastructure
- Revenues of £0.4m, and the Company expects to generate significant revenues in H2 2021 arising from four partnership deals announced previously
- Adjusted cash* of £14.4m as at 31 March 2021, after pre-payments for promotional and marketing commitments of £2.5m, for the period to May 2022

Operating highlights

- Established esports teams to compete in FIFA, Rocket League, Valorant and Fortnite with several notable tournament placings and total prize pool winnings of £0.3m
- Clinched maiden sponsorship deal with contracted revenues of £3.6m over three years with partner to launch in the second half of the year
- Signed a landmark sponsorship deal with global brand, Subway, covering more than 50 EMEA markets over two years
- Entered into a two-year gaming peripherals partnership with renowned endemic brand, Hyper X
- Reached 160k followers on Guild channels and 8 million fans on the Guild network

Post-period highlights

- Audience growth continues apace: Guild followers across social media reached 500k on 20 May and now approaching 800k while Guild network audience has surpassed 15.6 million, cementing the Company as the world's fastest growing esports organisation
- Entered into a display partnership deal with world-leader in transformative technologies, Samsung, which brings the minimum contracted revenues for display and gaming peripherals partnerships to £0.9m in total, payable in cash and value-in-kind
- Launched the Guild Academy, which will attract life-long loyal fans to Guild; creates a pipeline of top-tier talent for Guild's teams and the esports transfer markets; and a scalable subscription revenue model
- Won three major esports trophies, including the Fortnite Champion Series All-Star Showdown in June, the Rocket League Championship Series EU Spring Regional in April and Fortnite Champion Series European Grand Finals in March

Outlook

- Sponsorship revenue growing strongly with minimum aggregate contracted revenues currently at £7.5m, putting Guild on track to achieve first-year sponsorship revenue targets
- Robust pipeline of potential sponsors with several deals at advanced stages of negotiations
- On track to achieve one million subscribed fanbase by the end of 2021

*Calculated as cash at bank, less trade creditors, accruals and other taxation, add trade debtors, accrued revenue and VAT recoverable

Commenting on the results, Kal Hourd, Chief Executive Officer, said: "In the first six months since our IPO we have executed our strategy of investing in and building best-in-class esports teams, content creators, lifestyle apparel and our academy system, along with a fully supported operations team. This has attracted multi-year partnerships with prestigious global brands such as Subway, Hyper X and Samsung, with a minimum of £7.5m in contracted revenue already secured. We look forward to announcing more sponsors in the coming months and working strategically with all of our partners, giving them access to authentic activations and exposure to their target markets through Guild's audience.

"The rapidly growing fanbase, attraction of top-tier talent, and multi-year authentic partnerships is a true testament to the brand we have built in the short space of time since our IPO. As our presence in the esports world and social media continues to grow, our business pipeline of major brands and sponsors also increases. We are having several exciting conversations which we look forward to announcing as contracts materialise.

"The launch of the Guild Academy in May 2021 has established a potentially major scalable revenue stream for Guild and will also foster a loyal fan base and source of new talent for the Company. The academy is the world's most comprehensive and innovative esports online training platform and embodies the holistic nature of our approach at Guild. As the academy expands and is populated with content provided by our industry-leading coaches and players, we will be promoting it through digital and physical events, the Guild network (over 15.6m fans) and David Beckham's social channels (125m+ fans), as well as targeting non-English users in EMEA and beyond.

"Our future vision and strategy is data led, and now with our significant audience numbers, we have access to a large amount of information and insight to build upon. Guild's fanbase is a lucrative asset to global brands who require an authentic way to reach the younger, digitally focused audience and we continue to evaluate expansion into further game titles and countries in order to accelerate our growth."

Interim Management Report

Introduction

The Company is pleased to report this maiden set of interim results since joining the Standard List of the LSE and dealings in its ordinary shares commenced on 2 October 2020. The Company successfully raised in aggregate £20m before costs via its initial public offering of new ordinary shares for 8 pence per share.

The Guild business model is to develop a global esports brand with a large viewership and a loyal fanbase, derived from a combination of top-tier esports teams, a world-class academy, influencers and content creators. Operations are led by industry experts and have the backing and support of David Beckham, a significant shareholder, and his management team. Revenue is predominantly generated through multi-year sponsorship deals with corporate and consumer brands who are looking to access their target market through esports. Merchandise, apparel and in-game micro transactions are also available to purchase by fans of Guild. The Guild Academy is a subscription-based service which gives budding stars an interactive 'Path to Pro' system, and contributes to Guild revenue through a scalable subscription model, and provides a pipeline of talent for Guild's roster of teams and the esports transfer market.

First half revenues amounted to £0.37m (H1 2020: nil) while the pre-tax loss came in at £4.28m (H1 2020: £0.39m loss) principally due to higher administrative costs as the Company scaled up its commercial operations post IPO. Administrative expenses included £0.73m of employee and executive director salaries; £1.73m of marketing, ambassador fees and content production; and £0.5m in player and coach fees.

The Company expects to generate significant sponsorship revenues from the second half of 2021, arising from four partnership deals including two multi-year, multi-million-pound deals announced previously.

Partnerships

Building on existing sponsorship deals announced earlier in the year, including one with a new European fintech company, and HyperX, Guild announced a two-year partnership with Subway, a global brand, on 25 March 2021. The deal spans over 50 EMEA markets, and appointed Subway as Guild's official Quick-Service Restaurant Partner. The partnership enables Subway to become an official partner of the Guild Academy, to promote its brand logo on team jerseys, feature across player and content creator channels, activate at the future London Headquarters and during esports events, and feature in exclusive Guild created content.

Earlier this month, Guild announced its fourth sponsorship deal since the IPO by signing an up to two-year deal with Samsung, marking the world leader in transformative technologies' first foray into a partnership with a UK esports organisation.

These major wins have helped to attract further attention from potential new partners and advertisers as a result of which the pipeline of new business continues to strengthen, and discussions are currently at an advanced stage with several such prospects.

There are still substantial revenue opportunities available for Guild through remaining sponsorship inventory, including headquarters naming rights, main shirt sponsors, further academy rights and regional opportunities. Guild is also exploring strategic partnerships and one-off activations - using the wealth of talent, infrastructure and inventory available to such brands, Guild has become a highly attractive prospect for corporate and consumer brands seeking to create authentic activations within the esports world.

Audience

Guild is continuing to strengthen its owned audience (users who have actively subscribed or followed Guild) by creating original content, the signing of top-tier players and content creators, success on the field, and David Beckham's social posts bringing in fans from the general population. As of 31 March 2021, Guild's owned audience was over 160,000, alongside direct access through Guild's roster of top-tier talent to over 8 million fans (excluding David Beckham's own 125m plus followers) via social media posts, an essential and attractive asset for potential sponsors to authentically activate.

Guild's owned audience has continued to grow during the second half, increasing by 50% month-on-month and is now rapidly approaching 800k. Coupled with the expansion of the Company's roster of content creators and pro-players, this has served to increase our total network of fans to more than 15.6 million.

The growth in the owned audience is in addition to brand exposure provided by media coverage of Guild throughout the year, across partnership announcements, esports success and content-creator signings. For example, Guild's Subway partnership announcement garnered over 60 pieces of coverage and 1.8 million reads. Additionally, the most recent Fortnite All-Star Showdown, where Guild came in 1st place, was broadcast to an audience of 16.8 million.

Academy

The Guild Academy has advanced from its planning phase to the implementation stage, with Guild's roster of top-tier teams already benefiting from academy content. During the period, the academy was in beta-test, launching in May 2021 with exclusive launch content from David Beckham, featuring an interactive tournament platform, fully integrated learning engine, and exclusive live workshops.

The academy is an interactive online platform which can be accessed globally by any aspiring pro-player through a monthly subscription of £4.99 after the first month, which is free to newcomers.

Modelled on successful Premier League academies, the team also sought input from David Beckham's own experience growing up in the academy system, alongside the launch of the Inter Miami Academy. The Guild Academy provides holistic training to improve a player's physical, psychological, social and personal skills together with in-game coaching and development.

The academy will contribute to the growing fanbase and identify the next generation of professional esports athletes to compete for Guild. Additionally, gamers who do not become professional athletes will have had opportunities unavailable elsewhere and will create the next generation of Guild fans. Players who are at the top of their game will benefit from the academy's unique 'Path to Pro' system, which incorporates talent identification, academy philosophies, performance training, esports coaching and professional development of players.

Once identified, incorporated and contracted, the graduates of the 'Path to Pro' system will then have the opportunity to compete for one of Guild's professional teams, ensuring a constant pipeline of new talent for the esports team to develop. Additionally, any athletes who cannot succeed at the highest level for Guild will have the opportunity to transfer to other organisations, providing an additional revenue source for Guild.

Safeguarding and providing a safe space for children was the highest priority for Guild when developing the academy, and as such, the academy partnered with SuperAwesome (recently acquired by Epic Games). The company provides the tools to enable a safe digital environment for half a billion children online every month. Furthermore, the platform allows parents to give consent and manage the experience their children have online. Additionally, the world's first esports academy safeguarding procedure was developed, which protects the users' health, well-being & rights, ensuring they are guarded against abuse, harm and neglect in a digital space.

The Guild Academy will function as an always-on service, constantly evolving and adding new game titles, features and support throughout the world. Planned additions for 2021 include:

- Introduction of support for game titles: Valorant and FIFA
- Integration of Aim Lab, an innovative FPS aim training tool
- Expansion and localisation, providing native support for audiences throughout the world.

These additions ensure a widely expanded potential user base, creating scalable revenue opportunities for Guild. Lifetime value of a user is expected to increase alongside the constant updates and tech expansion, providing a truly scalable experience.

Outside of the digital learning platform, the academy will commence with its physical experience later this year, starting with the Summer Roadshow. The Guild Academy plans to operate on a regional basis, throughout the UK and Europe, alongside having the Headquarters as the go-to destination for aspiring pros.

Esports teams

High-level performance within esports is one of the main pillars behind Guild's business model. Continued success attracts the best players, sponsors and talent. To ensure that Guild reaches its potential, the organisation has recruited some of the best coaches available, whilst also adopting a holistic approach to training, ensuring that Guild players excel both inside and outside of the gaming arena. Guild has also started a program to manage and drive players' social channels and digital content creation, expanding the reach of Guild and increasing its fanbase.

Alongside top-tier coaches, Guild has appointed backroom staff consisting of sports psychologists, physical therapists, nutritionists, mental wellbeing staff, safeguarding officers, alongside being led by the science of performance behind the scenes. Bringing this professional outlook to the esports world, following the traditional sports model, allows for success on the field and makes Guild an attractive organisation for top-tier players.

Our esports audience is expanding massively due to the high calibre of professional players, with the total roster of talent increasing from four in September 2020, to fourteen players to date. They are organised in teams specialising in four major games franchises and compete individually and in teams for prize money in FIFA, Fortnite, Rocket League and Valorant tournaments.

Guild's teams have been consistently top-ranked in their respective divisions, with the Fortnite roster ranked number one in Europe. In FIFA, Niklas is currently ranked in the top ten in Europe, and has already qualified for the pinnacle competitive FIFA tournament at the end of season, the FIFA World Cup. Guild's holistic approach and performance philosophies has shown best results in the Rocket League and Valorant teams where they have climbed from 12th to 4th, and 11th to 5th respectively, since joining Guild.

Notable results to date:

- Fortnite: FNCS (Season 5) 1st place and 2nd place, FNCS (Season 6) 3rd place, FNCS All-Star Showdown 1st place
- Rocket League: Spring Cup (Regional 3) 1st place, Spring Major 3rd/4th place, Winter Major 4th place
- Valorant: Challengers (VCT 1) 3rd/4th place, Challengers (VCT 2) 3rd/4th place

In the six months to 31 March 2021 Guild won £0.3m in prize money, before deductions.

Guild announced its first branded digital product for sale in Rocket League on 8 December 2020 and received £19k in royalties in the period to 31 March 2021. As Guild's success on the field increases and the fanbase grows, so will sales related to Guild branded in-game micro transactions.

The Company is considering strategic expansion into new games, giving access to larger audiences and partnership opportunities.

Merchandise

Guild's second line of apparel went on sale during May 2021, including a new extension to its always-on, Core Collection, and the introduction of patch 0.2.1, a more colourful streetwear-inspired range, which continued to feature the iconic Guild logo (as designed by renowned London artist, Fergus Purcell). The patch collection was launched in collaboration with HypeBeast, a world-leading streetwear publication. Sales volumes are modest as the Company works to develop its followers into loyal fans and generate legitimacy within the fashion community. Guild anticipates the release of more collections, including a partnership with a prominent content-creator to enable the Company to authentically market apparel to their audience.

Outlook

Excellent progress is being made across the Company's activities.

Guild is competing at the highest level in its chosen esports and its fanbase and audience is significant, and on track to achieve one million subscribed fans by the end of the fourth quarter and over 15.6m followers accessible via the Guild network. Combining this asset with Guild's professional operations and industry expertise has made the Company an in-demand brand for potential sponsors. To date, the Company has signed four sponsorship deals with an aggregate minimum contracted revenues of £7.5m which provides good forward visibility to achieve our first-year revenue objectives.

The new business pipeline continues to be robust and the Company is in discussions with potential new sponsors to sign further deals for its core inventory (being main shirt partners, HQ naming rights, academy sponsors and regional partners), as well as exploring opportunities for strategic partnerships and content deals.

As Guild embeds its brand in the esports world, the loyal fanbase will scale the merchandise and digital product sales. The academy subscription model is a scalable revenue opportunity, with possibilities for global expansion.

The growth of these products can be accelerated through promotion through our content creators, influencers, esports athletes and David Beckham's social media channels, as well as strategic partnerships. As a result, the Company looks forward to furthering these opportunities, and working alongside David Beckham and his management team, with great confidence.

Kal Hourd

Chief Executive Officer

29 June 2021

Key risks to the business

The Board considers the principal risks of the Company to revolve around the accumulation of fans and its ability to attract sponsors. The Company mitigates the risk of low fan accumulation through diversification and appealing 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, sector specialists and led by the CEO. 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 compounds 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 as outlined in the Company's prospectus available on its website.

Responsibility Statement

We confirm that to the best of our knowledge:

- the Interim Report has been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as adopted by the EU; and
- gives a true and fair view of the assets, liabilities, financial position and profit/loss of the Company; and
- the Interim Report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.
- the Interim Report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being the information required on related party transactions.

The Interim Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by Kal Hourd (CEO), on 29 June 2021.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

The unaudited condensed statement comprehensive income of the Company for the six months ended 31 March 2021 is set out below.

| | Note | Unaudited Period ended 31 March 2021 £ | Unaudited Period ended 31 March 2020 £ |
|---|------|--|--|
| Revenue | 3 | 368,990 | - |
| Cost of sales | 4 | (261,784) | - |
| Gross profit | | 107,206 | - |
| Administrative expenses | | (4,395,980) | (394,711) |
| Operating loss | | (4,288,774) | (394,711) |
| Interest received | | 6,602 | 91 |
| Loss before taxation | | (4,282,172) | (394,620) |
| Tax on loss | | - | - |
| Loss after taxation | | (4,282,172) | (394,620) |
| Other comprehensive income | | - | - |
| Total other comprehensive income, net of tax | | - | - |
| Total comprehensive income attributable to the equity holders of the Company | | (4,282,172) | (394,620) |
| Earnings per share attributable to equity owners | | | |
| Basic and diluted earnings per share (pence) | 6 | (0.83) | |

CONDENSED STATEMENT OF FINANCIAL POSTION

The unaudited condensed statement of financial position of the Company as at 31 March 2021 is set out below.

| | Note | Unaudited As at 31 March 2021 £ | Audited As at 30 September 2020 £ |
|-------------------------------------|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible fixed assets | | 54,109 | 36,001 |
| Tangible fixed assets | | 23,193 | 4,342 |
| Total non-current assets | | 77,302 | 40,343 |
| Current assets | | | |
| Trade and other receivables | 7 | 5,124,218 | 2,065,626 |
| Inventory | | 40,082 | - |
| Cash and cash equivalents | | 15,859,979 | 2,517,734 |
| Total current assets | | 21,024,279 | 4,583,360 |
| Total assets | | 21,101,581 | 4,623,703 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 10 | 518,617 | 264,617 |
| Share premium | 10 | 22,642,717 | 4,880,511 |
| Share-based payment reserve | | 403,341 | 113,050 |
| Retained deficit | | (7,001,820) | (2,727,195) |
| Total equity | | 16,562,855 | 2,530,983 |
| Current liabilities | | | |
| Trade and other payables | 8 | 4,538,726 | 2,092,720 |
| Total liabilities | | 4,538,726 | 2,092,720 |
| Total equity and liabilities | | 21,101,581 | 4,623,703 |

CONDENSED STATEMENT OF CHANGES IN EQUITY

The unaudited condensed statement of changes in equity of the Company for the six months ended 31 March 2021 is set out below.

| | Share capital £ | Share premium account £ | Share-based payment reserve £ | Retained earnings £ | Total £ |
|---|--------------------|----------------------------|----------------------------------|------------------------|-------------------|
| Balance at 3 September 2019 | - | - | - | - | - |
| Total comprehensive loss for the period: | | | | | |
| Loss for the period | - | - | - | (394,621) | (394,621) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | (394,621) | (394,621) |
| Transactions with equity owners: | | | | | |
| Share-based payments | - | - | 5,670 | - | 5,670 |
| Issue of share capital | 139,250 | 353,250 | - | - | 492,500 |
| Total transactions with equity owners | 139,250 | 353,250 | 5,670 | - | 498,170 |
| Balance at 31 March 2020 | 139,250 | 353,250 | 5,670 | (394,621) | 103,549 |
| | | | | | |
| | Share capital £ | Share premium account £ | Share-based payment reserve £ | Retained earnings £ | Total £ |
| Balance at 1 October 2020 | 264,617 | 4,880,511 | 113,050 | (2,727,195) | 2,530,983 |
| Total comprehensive loss for the period: | | | | | |
| Loss for the period | - | - | - | (4,282,172) | (4,282,172) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | (4,282,172) | (4,282,172) |
| Transactions with equity owners: | | | | | |
| Share-based payments | - | (282,254) | 297,838 | - | 15,584 |
| Expiry of warrants | - | - | (7,547) | 7,547 | - |
| Issue of share capital | 254,000 | 19,836,000 | - | - | 20,090,000 |
| Share issue costs | - | (1,791,540) | - | - | (1,791,540) |
| Total transactions with equity owners | 254,000 | 17,762,206 | 290,291 | 7,547 | 18,314,044 |
| Balance at 31 March 2021 | 518,617 | 22,642,717 | 403,341 | (7,001,820) | 16,562,855 |

CONDENSED STATEMENT OF CASH FLOWS

The unaudited condensed statement of cash flows of the Company for the six months ended 31 March 2021 is set out below.

| | | Unaudited | Unaudited |
|---|------|--------------------|------------------|
| | | Period ended | Period ended |
| | | 31 March | 31 March |
| | | 2021 | 2020 |
| | Note | £ | £ |
| Cash flows from operating activities | | | |
| Cash used by operations | 13 | (4,914,448) | (457,633) |
| Net cash flow used in operating activities | | (4,914,448) | (457,633) |
| Investing activities | | | |
| Purchase of intangible assets | | (26,803) | - |
| Purchase of tangible fixed assets | | (21,565) | - |
| Interest received | | 6,602 | 91 |
| Net cash used in investing activities | | (41,766) | 91 |
| Financing activities | | | |
| Proceeds from issue of shares net of issue costs | | 18,298,459 | 492,500 |
| Net cash generated from financing activities | | 18,298,459 | 492,500 |
| Net increase in cash and cash equivalents | | 13,342,245 | 34,958 |
| Cash and cash equivalents at beginning of period | | 2,517,734 | - |
| Cash and cash equivalents at end of period | | 15,859,979 | 34,958 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

1 Accounting policies

1.1 Basis of preparation

The condensed interim financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as adopted by the European Union (EU). The interim financial statements have been prepared on the historical cost basis, except for assets and liabilities measured at fair value through profit and loss, and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates. All amounts have been rounded to the nearest pound, unless otherwise stated. The financial information contained in the interim financial statements is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The accounting policies are unchanged from those disclosed in the previously filed audited financial statements for the period ended 30 September 2020.

The interim financial statements are for the six months to 31 March 2021, being six months from the financial year end for Guild Esports Plc ("Guild" or "the Company"), 30 September 2020. The interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the period ended 30 September 2020. The Company has disclosed comparative data for the statement of comprehensive income for the Company for the period from incorporation (3 September 2019) to 31 March 2020, being not materially different from comparative data for the six months ended 31 March 2020, as required for disclosure by accounting standards.

The condensed interim financial statements have not been audited, nor have they been reviewed by the Company's auditors in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures have been prepared using applicable accounting policies and practices consistent with those adopted in the audited annual financial statements for the year ended 30 September 2020.

The Company has not early adopted any standards in issue but not yet effective. The directors continue to assess any new or revised standards and their potential impact on the financial statements.

Cyclicality

The interim results for the six months ended 31 March 2021 are not necessarily indicative of the results to be expected for the full year ending 30 September 2021. Due to the nature of the entity, the operations are not affected by seasonal variations at this stage.

1.2 Going concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption.

The directors have a reasonable expectation that the Company has adequate cash resources to continue in operational existence for a period of at least one year from date of approval of these financial statements. The Company therefore has adopted the going concern basis in preparing its financial statements.

The directors have reviewed the ongoing situation with Covid-19 and do not consider its effects to have a material impact on the Company's going concern. The directors note that esports tournaments which would have normally taken place in a physical location, have been adapted to take place virtually, in light of the practical restrictions enforced by regulations. The directors have also noted that during this period of lock down, esports viewership numbers have increased. The launch of the Company's maiden sponsorship deal with a new European fintech company, as announced on 19 October 2020, has been delayed due to travel restrictions caused by Covid-19. The contract start date has been delayed to coincide with the company's brand launch date, which is when revenue recognition for the sponsorship will begin. The terms of the deal remain unaffected, with an annual fee of £1.1m in the first year, £1.2m in the second year and £1.3m in the third year, aggregating to £3.6m over the three-year period.

1.3 New accounting policies

Inventory

Inventories, consisting of merchandise and apparel, are measured at the lower of cost and net realisable value. In the case of manufactured inventories, cost includes materials and labour to complete the finished product. The cost of inventories is based on the first-in, first-out principle where appropriate.

Revenue – 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.

Revenue – 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.

Revenue – 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.

Revenue – 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.

2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During the period, 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 interim financial statements are outlined in these interim financial statements.

3 Revenue

| | Unaudited period ended 31 March 2021 £ | Unaudited period ended 31 March 2020 £ |
|---------------------------|---|---|
| Partnership revenue | 58,058 | - |
| Prize money | 283,625 | - |
| Digital product royalties | 18,929 | - |
| Merchandise sales | 8,255 | - |
| Other revenue | 123 | - |
| Total revenue | 368,990 | - |

4 **Cost of sales**

| | Unaudited period ended 31 March 2021 £ | Unaudited period ended 31 March 2020 £ |
|---------------------------------|---|---|
| Prize money payments to players | 256,625 | - |
| Opening inventory | - | - |
| Inventory purchases | 45,241 | - |
| Closing inventory | (40,082) | - |
| Total cost of sales | 261,784 | - |

5 **Employees**

The average monthly number of persons (including executive directors) employed by the Company during the period was 21 (2020: 2).

| | Unaudited period ended 31 March 2021 Number | Unaudited period ended 31 March 2020 Number |
|---------------------|--|--|
| Executive directors | 3 | 2 |
| Senior management | 5 | - |
| Operations | 13 | - |

The aggregate remuneration of employees and executive directors comprised:

| | Unaudited period ended 31 March 2021 £ | Unaudited period ended 31 March 2020 £ |
|-----------------------|---|---|
| Wages and salaries | 659,847 | 38,000 |
| Social security costs | 62,820 | - |
| Pension costs | 4,583 | - |
| | 727,250 | 38,000 |

6 **Earnings per share**

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

The Company had in issue 41,247,694 warrants and options at 31 March 2021 (7,325,000 at 31 March 2020). The loss attributable to equity holders and weighted average number of ordinary shares for the purposes of calculating diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of warrants and options would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

| | Unaudited At 31 March 2021 |
|---|----------------------------------|
| Net loss for the period attributable to ordinary equity holders for continuing operations (£) | (4,282,172) |
| Weighted average number of ordinary shares in issue | 515,708,522 |
| Basic and diluted earnings per share for continuing operations (pence) | (0.83) |

7 **Trade and other receivables**

| | Unaudited | Audited |
|--|--------------------|-----------------------|
| | At 31 March | At 30 |
| | 2021 | September 2020 |
| | £ | £ |
| Trade debtors | 750,000 | - |
| Accrued revenue | 335,886 | - |
| Prepayments | 2,730,555 | 1,486,338 |
| VAT recoverable | 1,307,777 | 579,288 |
| Total trade and other receivables | 5,124,218 | 2,065,626 |

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

8 **Trade and other payables**

| | Unaudited | Audited |
|--|--------------------|-----------------------|
| | At 31 March | At 30 |
| | 2021 | September 2020 |
| | £ | £ |
| Trade creditors | 3,137,572 | 79,746 |
| Accruals | 620,299 | 227,974 |
| Other payables | 4,022 | 1,785,000 |
| Deferred income | 725,275 | - |
| Other taxation and social security | 51,558 | - |
| Total trade and other creditors | 4,538,726 | 2,092,720 |

The directors consider that the carrying value of trade and other payables is approximately equal to their fair value.

9 Share-based payments

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

| Options / warrants | Grant date | Expiry date | Exercise price | Number of options and warrants outstanding at 31 March 2021 | Number of options and warrants exercisable at 31 March 2021 |
|--------------------|-------------------------------------|---|----------------|---|---|
| Warrants | 18 February 2020 | 24 months from the first anniversary of admission | £0.01 | 3,250,000 | 3,250,000 |
| Warrants | 13 March 2020 | 36 months from the first vesting date | £0.01 | 75,000 | 25,000 |
| Warrants | 30 March 2020 | 36 months | £0.01 | 1,000,000 | 750,000 |
| Warrants | 9 June 2020 | 36 months | £0.01 | 250,000 | 250,000 |
| Warrants | 18 June 2020 | 36 months from the first vesting date | £0.06 | 5,000,000 | - |
| Warrants | 19 June 2020 | Five years from issue | £0.06 | 6,963,000 | 6,963,000 |
| Warrants | 29 June 2020 | 36 months from the first vesting date | £0.06 | 250,000 | - |
| Warrants | 7 July 2020 | 36 months from the first vesting date | £0.06 | 225,000 | - |
| Warrants | 5 August 2020 | 36 months | £0.06 | 250,000 | - |
| Warrants | 7 August 2020 | 36 months from the first vesting date | £0.06 | 500,000 | - |
| Warrants | 14 August 2020 | 36 months from the first vesting date | £0.06 | 750,000 | - |
| Warrants | 17 August 2020 | 36 months from the first vesting date | £0.06 | 1,000,000 | - |
| Warrants | 20 August 2020 | 36 months from the first vesting date | £0.06 | 1,000,000 | - |
| Warrants | 28 August 2020 | 36 months from the first vesting date | £0.06 | 150,000 | - |
| Warrants | 2 October 2020 | Five years from issue | £0.104 | 20,584,694 | 20,584,694 |
| | | | | 41,247,694 | 31,073,444 |
| | | | | Number of options and warrants | Weighted average exercise price £ |
| | At 1 October 2020 | | | 26,163,000 | 0.04 |
| | Granted | | | 20,584,694 | 0.104 |
| | Exercised | | | (3,000,000) | 0.01 |
| | Lapsed | | | (2,500,000) | 0.01 |
| | Outstanding at 31 March 2021 | | | 41,247,694 | 0.07 |
| | Exercisable at 31 March 2021 | | | 31,073,444 | 0.08 |

The weighted average remaining contractual life of options and warrants as at 31 March 2021 is 3.6 years.

If the exercisable shares had been exercised on 31 March 2021 this would have represented 5.7% of the enlarged share capital. At the grant date, the fair value of the warrants issued have been determined using the Black-Scholes option pricing model. Volatility was calculated based on data from comparable esports companies, with an appropriate discount applied due to being an unlisted entity at the grant date, if applicable. Risk-free interest has been based on UK Government Gilt rates. The Company intends to introduce a share-based payment scheme for employees, whereby options are granted over between 75,000 and 250,000 shares at an exercise price of £0.08, vesting over three years.

10 **Share capital and share premium**

| | Number of shares | Share Capital | Share premium | Total |
|---|---------------------|----------------|-------------------|-------------------|
| | No. | £ | £ | £ |
| At 1 October 2020 | 264,617,362 | 264,617 | 4,880,511 | 5,145,128 |
| Issue of ordinary shares (02/10/2020) | 250,000,000 | 250,000 | 19,750,000 | 20,000,000 |
| Issue of ordinary shares (22/10/2020) | 1,500,000 | 1,500 | 13,500 | 15,000 |
| Issue of ordinary shares (07/01/2021) | 2,500,000 | 2,500 | 72,500 | 75,000 |
| Share issue costs deducted from share premium | - | - | (2,073,794) | (2,073,794) |
| At 31 March 2021 | 518,617,362 | 518,617 | 22,642,717 | 23,161,334 |

On 2 October 2020, in the Company's initial public offering, 250,000,000 ordinary shares were issued at £0.08 each (premium of £0.079 per share). Subsequent to the period end, a further 4,000,000 ordinary shares were issued, including 3,000,000 on the exercise of Director warrants.

11 **Financial commitments**

In May 2020 the Company entered into an influencer agreement with Footwork Productions Limited. Pursuant to this agreement, Footwork will procure that David Beckham provides certain personal services to the Company, including personal appearances and social media posts. In addition Footwork will provide the Company with a non-exclusive, non-transferable licence to use David Beckham's name, voice, biography, image and likeness and signature to advertise and promote the Company for a five-year term. In consideration for these services the Company will pay Footwork an annual fee equal to 15% of the net proceeds of all of the Company's merchandising sales and 15% of all sponsorship revenue received in respect of contracts entered into during the term. Such payments will be subject to a minimum payment of £2,250,000 in the first twelve-month period, and further annual minimum payments of £2,500,000 in the second year, £3,000,000 in the third year, £3,500,000 in the fourth year and £4,000,000 in the final year of the term. Of these amounts, £13,000,000 is remaining as payable over the next four years, as at 31 March 2021.

The Company has not entered into any long-term commitments other than that outlined above.

12 **Related-party transactions**

During the period, Derek Lew and Andrew Drake (non-executive directors of the Company) each exercised warrants of 1,500,000 ordinary shares at an exercise price of £0.01, on 22 October 2020 and 7 January 2021 respectively.

During the period to 31 March 2021, Bad Moon Talent LLC, a company of which Andrew Drake is the CEO and 55% shareholder, provided esports consulting services to the Company. The total fee was £20,000 and no amounts remained payable at the period end. The consulting agreement with Bad Moon Talent LLC ended on 31 December 2020.

13 **Cash absorbed by operations**

| | Unaudited | Unaudited |
|--|--------------------|--------------------|
| | At 31 March | At 31 March |
| | 2021 | 2020 |
| | £ | £ |
| Loss for the period after tax | (4,282,172) | (394,620) |
| Adjustments for: | | |
| Finance income | (6,602) | (91) |
| Amortisation and impairment of intangible assets | 8,695 | - |
| Depreciation and impairment of property, plant and equipment | 2,714 | - |
| Movements in share options and warrants | 15,584 | 5,670 |
| Movements in working capital: | | |
| Increase in trade and other receivables | (3,058,591) | (141,229) |
| Increase in trade and other payables | 2,446,006 | 72,637 |
| Increase in inventory | (40,082) | - |
| Total cash absorbed by operations | (4,914,448) | (457,633) |