

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014, as retained as part of the law of England and Wales. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

Press release

31 January 2023

Guild Esports PLC

("Guild Esports", "Guild", or "the Company")

Annual Results

Guild Esports PLC (LSE: GILD) a global teams organisation and lifestyle brand, is pleased to announce its audited results for the year ended 30 September 2022.

Operating and financial summary:

- Won £10.7m in new sponsorship deals, increasing the total value of signed contracts* by 174% to £14.6m (2021: £3.9m) from global brands including Bitstamp, Coca-Cola, Sky UK and Samsung
- Total order book remaining to be recognised as revenue over the lifetime of signed contracts amounted to £9.2m as at year end
- Renegotiated brand ambassador agreement with David Beckham's image rights company reducing Guild's total minimum payment obligations by £7.5m over the next two years and replacing these with variable 20% of revenue share
- Opened the 9,831 sq ft Sky Guild Gaming Centre and Guild Academy in London's Shoreditch, providing a state-of-the-art physical space for budding players and for other commercial opportunities
- Total annual revenues increased by 137% to £4.5m (2021: £1.9m), reflecting a significant step up in sponsorship income from 2021. Sponsorship increased by 168% to £3.2m (2021: £1.2m)
- Pre-tax loss decreased to £8.75m (2021: £8.82m) amid ongoing investment in the business to drive long-term growth
- Net cash amounted to £2.73m as at 30 September 2022 and £1.6m as at 25 January 2023

Post-period highlights:

- Entered a four-year partnership with SCL Education to launch Guild College, providing a career pathway for young people into professional roles in the esports industry and a new revenue opportunity for Guild globally
- Appointed Jasmine Skee as Chief Executive Officer and Jocelin Caldwell to Non-Executive Director ("NED") to lead the next phase of the Company's growth
- Reinforced senior leadership team with appointments of Luke Jones as Director of Esports and Gaming, Nick Westwood as Senior Vice President of Creative and Strategy, and Georgia Morison as Head of Events and HQ

Outlook:

- Current trading remains in line with management expectations as we benefit from esports industry tailwinds and growing interest from consumers, brand advertisers and sponsors
- On track to deliver significant revenue growth in the current financial year based on a £9.2m order book and an estimated annual total sponsorship revenue run rate of approximately £5m at present
- Our pipeline of potential new sponsorship deals also remains robust with some at advanced stages of negotiations, providing significant upside potential to revenue growth
- Annual cash burn expected to fall significantly this year reflecting a £2.5m reduction in operating costs implemented at the end of the 2022 financial year
- Guild owned audience and fanbase expected to grow significantly this year, expedited by the Company's increased focus on video and vertical video

**Defined as the cumulative value of all signed deals over the full lifetime of the contracts*

Commenting on the results, Guild CEO Jasmine Skee said: "Guild delivered strong growth as we transformed our pipeline of potential sponsorship opportunities into revenues. The new year has started well with a lower cost base, a strengthened Board and senior management teams, as well as a focus on expanding our revenue streams and audience, all of which place Guild in an excellent position to continue its positive momentum. We therefore look to the future with confidence."

The annual report and accounts will be available for download from the Company's website (www.guildesports.com) later today.

For further information please contact:

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About Guild Esports:

Guild Esports PLC is a global fan-focused team organisation and lifestyle brand that fields professional players in 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 and co-owned by David Beckham. 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). Please visit www.guildesports.com for more information.

Notes:

This document contains forward-looking statements which are subject to known and unknown risks and uncertainties because they relate to future events, many of which are beyond the Company's control. These forward-looking statements include, without limitation, statements in relation to the Company's financial outlook and future performance. No assurance can be given that future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company.

You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. The Company undertakes no obligation to update or revise any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances. Nothing in this document is or should be relied upon as a warranty,

promise or representation, express or implied, as to the future performance of the Company or its businesses.

Chairman's statement

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 137% year on year to £4.5m 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 £3.2m. Prize money won increased by 81% to £1.3m.

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 order book, 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 £8.81m 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 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 35 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 order book and new business pipeline, 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

Strategy and operational review

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 Cola-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.

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.

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 creative 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-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.

INCOME STATEMENT

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 dilutive earnings per share - pence	9	(1.69)	(1.70)

	Note	As at 30 September 2022 £'000	As at 30 September 2021 £'000
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

	Issued Share Capital	Share Premium	SBP Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'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

	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 financial statements were approved by the Board of Directors on 25 January 2023 and were signed on its behalf by:

Jasmine Skee

Director and Chief Executive Officer

The financial information set out in this announcement does not constitute statutory accounts. This financial information has been extracted from the audited full accounts of the Company for the year ended 30 September 2022. The Company does not declare a dividend for the period.

The full Annual Report of the Company will be available on the Company's website www.guidesports.com. The Company's Annual General Meeting will be convened in due course.

The Directors of the Company accept responsibility for the contents of this announcement.

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