
Gfinity plc

Full Year Results for year to 30 June 2021

November 2021

Prepared by Gfinity

2021

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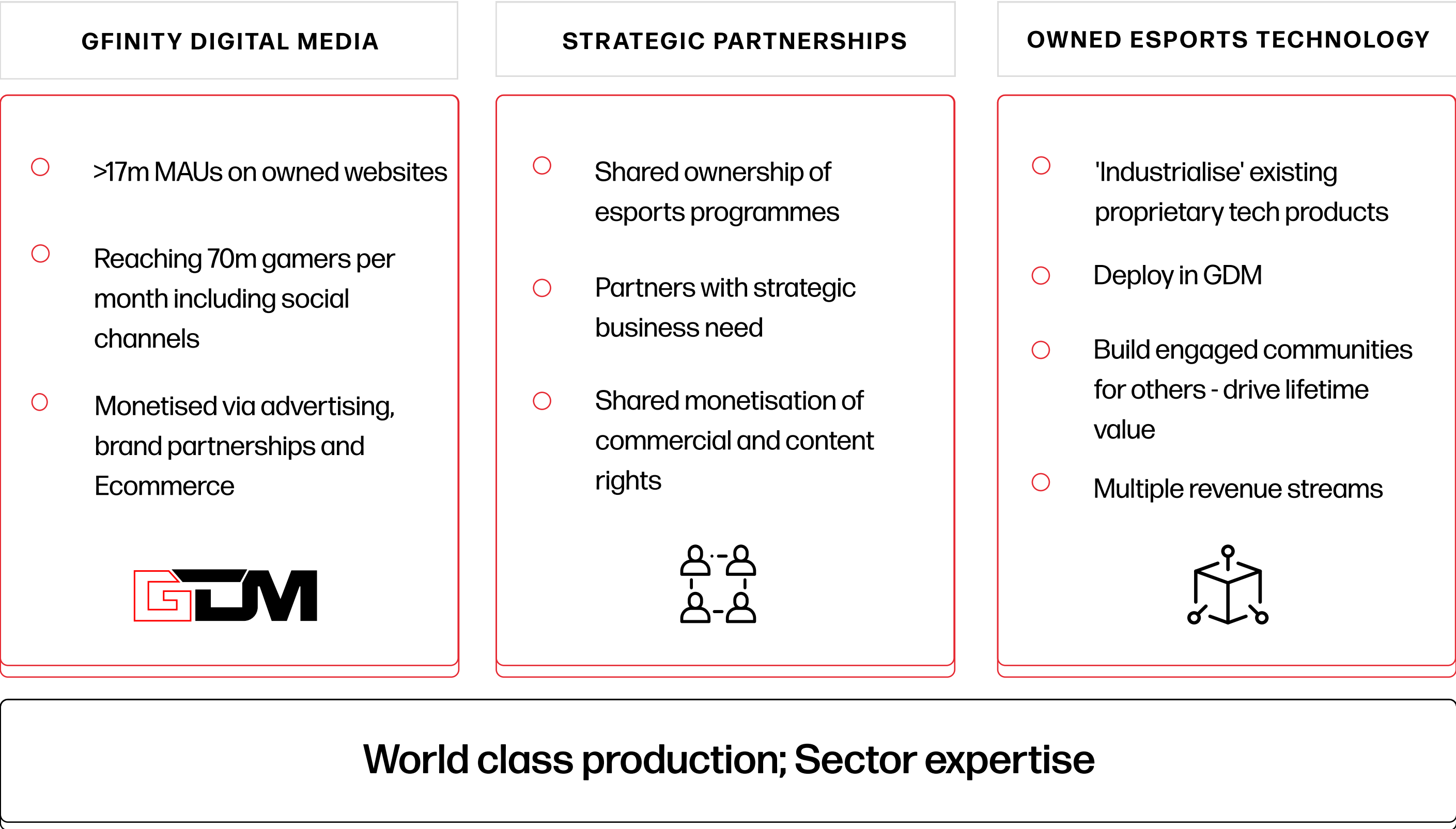
A GLOBAL ESPORTS COMPANY

LONDON, UK

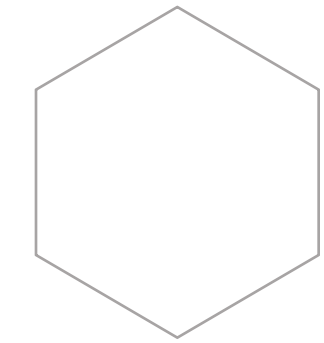
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Strategic Framework – Delivering Results



Financial Highlights



GFINITY

- 27% increase in revenue, driven by 768% increase in revenues attached to Gfinity owned and co-owned content
- 50% reduction in adjusted operating loss
- 61% reduction in adjusted EBITDA loss, including impact of gain/loss on associates
- 35% reduction in adjusted operating expenses

Income Statement

- Revenue growth of 27%:
 - Owned and co-owned properties: £2.3m (+768%)
 - Client services: £3.4m (-20%)
 - Slight reduction in gross profit, reflecting move to variable cost model
 - 35% reduction in Adjusted Opex, follows 13% reduction in FY20
 - Net of recovery of cost through furlough scheme (Other Income), cost base reduced to £5.3m
 - 50% reduction in Adjusted Operating Loss, follows 35% reduction in FY20
 - £0.5m gain on disposal of interest in Esports Awards Ltd
- 61% reduction in Adjusted EBITDA
 - Impairment charge applied to outstanding goodwill relating to acquisition of Cevo, Inc in 2017, reflecting cash flows now interlinked with those of Gfinity

	FY21 (£m)	FY20 (£m)	(VAR £m)	VAR %
Revenue	5.7	4.5	1.2	26.9%
Cost of Sales	-3.1	-1.7	-1.4	79.9%
Gross Profit/(loss)	2.6	2.8	-0.2	-5.9%
Gross margin	45.8%	61.8%		
Adjusted Opex*	-5.4	-8.3	2.9	-35.3%
Other Income	0.1	0.1	-0.0	-25.6%
Adj Operating Loss*:	-2.7	-5.5	2.8	-503%
Gain/Loss from Associates:	0.5	-0.3	0.8	-249.2%
Adj EBITDA*:	-2.3	-5.8	3.5	-60.9%
Depreciation/ Amortisation (net):	-0.6	-0.8	0.2	-26.4%
Goodwill write off:	-0.9	0.0	-0.9	N/A
Share Option Charge	-0.3	-1.5	1.2	-82.3%
Net Finance Costs:	-0.0	-0.0	0.0	-72.5%
Profit Before Tax	-4.1	-8.2	4.1	-50.3%
Tax	-0.2	-0.5	-0.2	-51.5%
Profit Before Tax	-3.8	-7.7	3.9	-50.2%

* Adjusted Opex, Operating Loss and EBITDA exclude the impact of certain key non-cash items, including: share option charge, depreciation on owned assets, amortization and impairment of goodwill.

Statement of Financial Position

- Year end cash of £1.4m
- £1.8m of warrants exercised in year, leaving £0.2m outstanding at year end (expired in Oct 2021)
- Year end oversubscribed fundraise, raised £3.3m gross (£3.1m net), of which £2.5m was used to fund acquisition of Megit Ltd (Stock Informer) in September 2021

	Jun 21 (£m)	Jun 20 (£m)	Var (£m)	Var (%)
NON CURRENT ASSETS				
Property, plant and equipment	0.2	0.2	(0.0)	-12.2%
Right of use assets	0.0	0.4	(0.4)	-100.0%
Goodwill	1.9	2.5	(0.6)	-25.2%
Intangible fixed assets	0.7	0.6	0.1	14.9%
	<u>2.8</u>	<u>3.8</u>	<u>(1.0)</u>	<u>-26.4%</u>
CURRENT ASSETS				
Trade and other receivables	1.6	1.4	0.2	14.1%
Cash and cash equivalents	1.4	1.6	(0.2)	-14.0%
	<u>3.0</u>	<u>3.0</u>	<u>(0.0)</u>	<u>-1.0%</u>
TOTAL ASSETS	<u>5.8</u>	<u>6.8</u>	<u>(1.0)</u>	<u>-15.2%</u>
EQUITY AND LIABILITIES				
Equity				
Ordinary shares	0.9	0.7	0.2	28.2%
Share premium account	46.5	44.4	2.1	4.7%
Other reserves	3.4	3.1	0.3	8.1%
Retained earnings	(47.3)	(43.5)	(3.8)	8.8%
	<u>3.5</u>	<u>4.8</u>	<u>(1.3)</u>	<u>-26.7%</u>
Non-current liabilities				
Other Payables	0.3	0.0	0.3	N/A
Deferred Tax Liabilities	0.1	0.1	0.0	38.9%
Current liabilities				
Trade and other payables	1.9	1.9	(0.0)	-2.2%
	<u>2.2</u>	<u>2.0</u>	<u>0.2</u>	<u>12.6%</u>
Total liabilities	<u>2.2</u>	<u>2.0</u>	<u>0.2</u>	<u>12.6%</u>
TOTAL EQUITY AND LIABILITIES	<u>5.8</u>	<u>6.8</u>	<u>(1.0)</u>	<u>-15.2%</u>

Gfinity Digital Media Group

FY21 Highlights

- Growth in average monthly active users to 10.7m, with audience in peak months over 14m
- Annualized revenue rising from under 5p to 15.2p per user
- Acquisition of Epicstream in Dec 2020
- £1.6m revenue [FY20 £0.3m]

Post Period Highlights


- Acquisition of Stock Informer and SiegeGG in September
- Record of 15.1m monthly active users in October 2021
- Extended partnership with Venatus on improved terms

Epicstream: A case study:

Dec 2020:
Monthly Users: 0.7m,
Revenue £7k (peak CPM period)

Deployment of content and SEO strategy
Migration onto Manifold CMS
Inclusion in Gfinity Commercial Partnerships

FY22 YTD:
Ave Monthly Users: 3.2m
Ave Monthly Revenue: £28k

MTGRocks 

- Idea to launch in under 6 weeks
- >300,000 MAUs
- 800k page views per month



Other Operational Highlights

FY21 Highlights

- Launch of Global Racing Series in conjunction with Abu Dhabi Motorsports Management
- Licensing of esports technology into major mobile game titles
- Continued provision of services to leading brands and publishers: Activision, Manchester United, Cadburys, Formula 1, Premier League and Red Bull
- Addition of senior talent, including two new non-exec directors

Post Period Highlights

- Selected by Nintendo and CocaCola Hellenic for gaming and esports tournaments
- New campaigns for both Amazon and Dominos
- Technology licensed for season 3 of ePremier League programme
- “Engage” Esports Platform development. Beta product to launch in Q1 2022



Stock Informer



Sony reportedly cuts PS5 production again as chip shortages and shipment issues bite

It will build a million fewer units than it forecast earlier, according to a report.

 **S. Dent**
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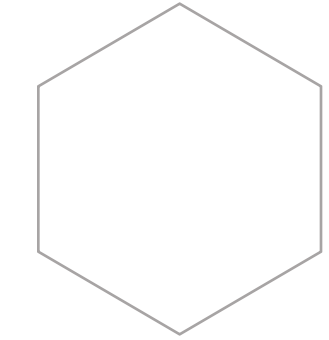


Stock Informer

- Acquisition completed 14 September 2021
- Ongoing stock shortages expected to impact Christmas shopping
- First 2 months post acquisition:
 - New Product Lead appointed (starting 7 December)
 - Advertising implemented on both UK and US sites
 - On site forums reactivated
 - Social channels reactivated
- Site well positioned for peak festive period



In Summary



GFINITY

- Results reflect refocusing of business in April 2020 around scalable owned properties, which place Gfinity at the heart of gaming ecosystem
- Significant progress made against these strategic goals in a short space of time:
 - 27% increase in revenue, driven by a 768% increase owned and co-owned revenues
 - 50% reduction in adjusted operating loss
- Growth in both audience and revenue per monthly user on Gfinity Digital Media network, to continue into FY22, both organically and through acquisitions
- Successful deployment of tournament platform, outside of managed service programmes provides strong basis for launch of “Engage” product in Q1 of 2021
- Launch of Global Racing Series provides a further recurring revenue stream with significant upside potential
- Esports continues to represent a way for brands, sports organisations and publishers to engage with their target audience, with Gfinity a trusted partner to enable them to do this