

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. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

29 March 2021



Gfinity plc
("Gfinity" or the "Company")

Half Year Results

Gfinity (AIM: GFIN), a world-leading esports solutions provider, announces its unaudited results for the six-month period ended 31 December 2020.

Financial Highlights:

- Significant improvement in financial performance following refocused business and significant cost base reduction.
- Adjusted operating loss¹ of £0.9m, 71% improvement on six months to 30 June 2020 (FY20 H2 £3.1m loss) and 63% improvement on the same period in the prior year (FY20 H1: £2.4m loss).
- Revenue of £3.0m, an increase of 212% on the previous 6 months (FY20 H2: £1.0m), 14% reduction on same period in the prior year (FY20 H1: £3.5m). The previous period benefitted from a significant one-off consulting project, a one off project for Amazon and some live events.
- Adjusted administrative expenses² of £2.5m, reduction of 36% on the preceding 6 months (FY20 H2: £3.9m) and 45% decrease on the equivalent period in the prior year (FY20 H1: £4.5m), reflecting significant cost reduction programme undertaken in March 2020.
- Business well capitalised to continue to deliver on its objectives.
 - Increased period end cash of £1.8m compared to £1.6m at start of the period.

Operational Highlights

Continued commitment to building communities for others

- Delivery of Season 4 of the Formula 1 Esports Series in October 2020.
- Appointed to deliver new gaming tournament, the 'Cadbury Heroes Parents League'.
- Reappointed as the tournament operator for the third season of the ePremier League.
- Appointed as production partner by Red Bull for the Red Bull Worlds Simplified League of Legends World Final Show.
- Gfinity's tournament platform 'white labelled' for use in leading mobile game tournaments.

What we own: growth and expansion of Gfinity Digital Media Group (GDM)

- GDM generated £1m of revenue in the first half of the year. On target to generate anticipated revenues of over £2m in financial year 2021.
- Acquisition of EpicStream in December 2020. Site attracted c 1.3 million visitors in January 2021.
- New virtual racing website Racinggames.gg launched, attracting 75,000 users in its first month.

¹ Adjusted operating loss is before interest, tax, depreciation, amortisation, impairment and the share-based payment expense. It does, however, include operating lease expenditure reclassified as capital spend in line with the requirements of IFRS 16 to ensure consistency with prior years.

² Adjusted administrative expenses show the underlying operating expenditure of the company, adjusting for the same items as with the adjusted operating loss.

What we co-own (partnerships): leveraging expertise to create innovative and unique solutions for partners

- Launched V10 R-League as part of Global Racing Series (developed in partnership with Abu Dhabi Motorsport Management). Attracted over 40 million viewers on ESPN, BT Sport and STARZ ARABIA.
- Season 2 of V10 R-League to go live in mid-April with two new teams added, McLaren Shadow and R8G Esports. ESPN to extend distribution to its international markets.

Continued momentum post period end

- Appointed by IQONIQ as its official esports gaming partner for the next three years.
- Appointed by Formula 1 Esports to deliver the Formula 1 Esports Virtual Grand Prix 2021.
- Continued expansion of GDM;
 - Launched www.mtgrocks.com and announced partnership with www.mapgenie.com
- Appointed by Football Association of Ireland to deliver the eLOI, a new sports competition for League of Ireland clubs.
- Delivered Activision UK's Vikkstars King of the Hill tournament.
- Short-term commercial assignment relating to esports strategy agreed with Manchester United.

People

- Appointment of Len Rinaldi as Non-Executive Director. Previous roles include a twelve-year career at Apple with the last seven as General Manager of Apple Western Europe.

Outlook

- The Company has sharpened its strategic focus on its three core areas, positioning it to continue delivering positive results moving forward.
- Management believe there is good momentum heading into H2, noting some seasonality is expected from advertising revenues and fewer Formula 1 events.
- Company well placed to capitalise on growing gaming market with leading tournament platform and virtual production capabilities.

Update on Formal Sale Process

The Company has also announced today the termination of the Formal Sale Process, details of which can be found in the Conclusion of Strategic Review and Formal Sale Process announcement.

John Clarke, CEO, Gfinity said: *"Our relentless focus on delivering against our new strategy has continued to bring positive results. We have ended the period with an impressive set of numbers, including a reduction in operating loss, a significantly reduced cost base and an improved cash position.*

Throughout the first half, we have continued to leverage the significant demand for our expertise and capability in creating unique solutions for our partners, whilst also expanding and investing in our community of gamers through our GDM platform. Despite the uncertainty caused by the COVID-19 pandemic, our business model has proved resilient. Our leading tournament platform, virtual production capabilities and proprietary technology IP means that we are uniquely placed to help brands engage with the rapidly growing gaming community.

We have also announced today the conclusion of the strategic review and Formal Sale Process that commenced in October last year. We have been encouraged by the discussions held with a range of parties, one of which resulted in signing a significant multiyear commercial contract with the new sports fan engagement site IQONIQ and further deals are expected throughout 2021. Now it is time to accelerate the growth of the business by being focused on the growth areas identified under each of our strategic pillars".

ENDS

Enquiries:

Gfinity plc

www.gfinityplc.com

John Clarke, CEO

Via Teneo

Investor relations

ir@gfinity.net

Teneo (Media)

Anthony Di Natale / Camilla Cunningham

Gfinity@teneo.com

**Tel: +44 7880 715975 / +44
7464 982426**

finnCap Group – Financial Adviser

Henrik Persson / Marc Milmo / Kate Bannatyne / Teddy Whiley – finnCap
Corporate Finance

Chris Malcolm / Steph Frayne – Cavendish Corporate Finance

Tel: +44 (0)20 7220 0500

Canaccord Genuity Limited (AIM Nominated Adviser & Broker)

Bobbie Hilliam / Georgina McCooke

Tel: +44 (0)207 523 8150

About Gfinity

Gfinity (AIM: GFIN) is a world leading esports business. Created by gamers for the world's 2.7 billion gamers, Gfinity has a unique understanding of this fast-growing global community. It uses this expertise both to provide advisory services and to design, develop and deliver unparalleled experiences and winning strategies for game publishers, sports rights holders, commercial partners and media companies.

Gfinity connects its partners with the esports community in authentic and innovative ways. This consists of on- and off-line competitions and industry-leading content production. Relationships include EA SPORTS, Activision Blizzard, F1 Esports Series and the Forza Racing Championship.

Gfinity connects directly with tens of millions of gamers each month through its digital media group, Gfinity Digital Media. Gfinity Digital Media includes websites such as: Gfinityesports, RealSport101, StealthOptional, RacingGame.gg and Epicstream and their respective social channels.

All Gfinity services are underpinned by the Company's proprietary technology platform delivering a level playing field for all competitors and supporting scalable multi-format leagues, ladders and knockout competitions.

Operational Review

The six-month period to 31 December 2020 saw a significantly improved financial performance, as the company continued to deliver against its three strategic pillars; products and services that it owns (Gfinity Digital Media), co-owns (partnerships), and building communities for others (tech IP and world class production).

During the period, the Company conducted a Strategic Review of the business which was launched alongside a Formal Sale Process. Whilst the Board was encouraged by the discussions held with a range of parties, it concluded it is in shareholders' best interests to focus on accelerating the growth of the business under its existing strategy. More detail can be found in the Conclusion of Strategic Review and Formal Sale Process announcement released today.

Update against strategic priorities

What we own (Gfinity Digital Media - GDM)

Over the last 18 months, Gfinity has significantly grown and expanded its digital media group, GDM. As previously announced, in November 2020, GDM delivered a record month with 14 million monthly users across all sites (following 12 million in October 2020) and revenues exceeding £275,000 for the first time.

In November 2020, Gfinity announced the launch of RacingGames.gg focusing on digital motorsport. The site attracted more than 75,000 unique visitors in its first month.

In December 2020, Gfinity announced the acquisition of the trade and assets of Epicstream LLC, a leading online news community for fantasy and sci-fi movies, television, video games, collectible cards and comic books, adding a gamer-lifestyle centric site to the Gfinity Digital Media Group.

Through application of Gfinity's proprietary technology, content and SEO strategy, within one month of acquisition, the site had seen a 76% uplift in monthly active users, with 1.3 million unique visitors to the site in January 2021.

GDM remains on target to deliver revenue of approximately £2 million in the current financial year.

What we co-own (partnerships)

Gfinity is focused on working with its partners to create new ideas that capture the imagination of young gamers. This partnership model is evidenced in the five-year agreement with Abu Dhabi Motorsport Management (ADMM) announced in May 2020. Together, Gfinity and ADMM designed and built the Global Racing Series, with the first product, the V10 R-League, launched in September 2020. Season one featured eight of the world's leading virtual racing teams and was viewed by more than 40 million fans on ESPN, BT Sport and STARZ ARABIA. Season two is scheduled to begin in April 2021 with two new teams added, McLaren Shadow and R8G Esports. ESPN is also scheduled to extend distribution to its international markets.

Building communities for others (tech IP and world class production)

Gfinity continues to deliver esports solutions for some of the world's biggest brands and sports rights holders, using its company owned tech IP and world class production facilities. In October 2020, the Company started the delivery of Season 4 of the Formula 1 Esports Series virtually, utilising its proprietary virtual production service. This is part of the multi-year agreement signed with Formula 1 in May 2020.

In September 2020, Gfinity was appointed by Cadbury to deliver a new gaming tournament, the 'Cadbury Heroes Parents League' and in October 2020, the Company was appointed by Red Bull as the production partner for 'Red Bull Worlds Simplified', a new digital show focused on the League of Legend's World Championship Final. Gfinity is also currently delivering a consumer engagement programme for Trebor called 'Give me strength', which is linked to the V10 R-League. Most recently, we announced we had been reappointed as the tournament operator for the third season of the ePremier League.

Post Period Events:

Following the period end, Gfinity has continued to make strong progress against its three strategic pillars:

What we own (Gfinity Digital Media - GDM)

In February 2021, Gfinity launched a further site, MTG Rocks, leveraging the substantial social audience that EpicStream possesses around the Magic The Gathering game. The site achieved almost 150,000 monthly active users in its first month and continues to grow.

In March 2021, Gfinity also announced a partnership with MapGenie to embed MapGenie's interactive video game maps into relevant articles across its network, allowing users to track their gameplay progress and access wider information and features. This will provide Gfinity with valuable gaming tools that will expand GDM's existing tutorial offering around some of the industry's biggest games.

What we co-own (partnerships)

Season 2 of the V10 R-League will commence in April 2021 and has now expanded to 10 participating teams, with the addition of McLaren Shadow and R8G Esports, the team of racing driver Romain Grosjean.

Building communities for others

In January 2021, the Company was appointed by Formula 1 Esports to deliver the Formula 1 Esports Virtual Grand Prix 2021, building on the success of the 2020 series.

Gfinity was selected by BAT and McLaren Racing to deliver a new celebrity esports series in partnership with Velo. The 'Velo Eseries' saw celebrities go head-to-head at the official Formula One gaming title. The four-part series is taking place over consecutive months from January 2021, concluding in April 2021.

In March 2021, Gfinity announced its appointment as the official esports and gaming partner for IQONIQ, a new and unique fan engagement platform for the next three years. Gfinity will leverage its existing expertise, industry knowledge, relationships, tournament platform technology, and the Gfinity Media Group community to support the planning and building of a market leading content and online gaming hub that will be hosted on the IQONIQ fan engagement platform.

In addition, as part of the delivery of the ePremier League competition, Gfinity has been appointed by five Premier League teams to deliver broadcasts for their play-off competitions.

The Gfinity Esports Platform, Company owned technical IP, including its tournament platform and virtual broadcast solution, has also been licensed on a white label basis by leading organisations, supporting major global competitions with over 100,000 participants.

In March, Gfinity was appointed by the Football Association of Ireland to deliver the first ever eLOI, a new esports competition for League of Ireland clubs. All 20 clubs from the [SSE Airtricity Premier and First Divisions](#) will participate in the exciting new eLOI competition from April 6th with a live final scheduled for May 10th 2021.

People

In December, we were pleased to announce the appointment of Len Rinaldi as a Non-Executive Director and member of the Audit and Remuneration Committees. Len is a respected global operator with a proven track record of growing businesses, having spent twelve years at Apple, most recently as the General Manager for Apple Western Europe.

Outlook

The restructuring of Gfinity's business during April 2020 and new strategic focus positioned the Company well to deliver a significantly improved financial performance in the 6 months to December 2020 and will continue to position Gfinity successfully for the future. The growth of Gfinity's Digital Media network and development of market leading technology solutions provide a platform to deliver scalable growth into the second half and beyond, which the Company is now able to do from a firm financial footing. Given the significant progress being shown across each of the Company's strategic pillars, the Board is confident about the outlook and Company's growth opportunities.

Financial Review

The six-month period to December 2020 saw Gfinity deliver a significantly reduced Adjusted operating loss³ of £0.9m, representing a 71% improvement on the six months immediately preceding the start of the period (FY20 H2: £3.1m) and a 63% improvement on the equivalent period in the prior year (FY20 H1: £2.4m).

At an Adjusted EBITDA⁴ level, allowing for the profit or loss on associates, the reduction was even greater, with a reduction of 86% on the period immediately preceding (FY20 H2: £3.1m) and 84% on the equivalent period in the prior year (FY20 H1: £2.7m).

This significantly improved financial performance reflected the restructuring of the business announced in March 2020, which refocused the business around 3 core pillars as outlined in the Operational Review. This restructuring allowed Gfinity to reduce its Adjusted administrative expenses⁵ in the period to £2.5m, a 36% reduction on the period immediately preceding (FY20 H2: £3.9m) and a 45% reduction on the equivalent period in the prior year (FY20 H1: £4.5m).

Revenue in the period showed a 212% increase on the six-month period immediately prior (FY20 H2: £1.0m) and only reduced by 14% on the equivalent period in the prior year (FY20 H1: £3.5m) despite the reduction in the cost base of the business. This reflected growth in scalable revenue streams attached to Gfinity's own audience (Gfinity Digital Media), deployment of Gfinity's proprietary esports technology solutions and high quality production services, with a reduced emphasis on larger one-off events, of which there were a number in H1 of FY20.

The improved financial performance, coupled with the exercise of £0.6m of warrants in the period, ensured that Gfinity finished the period with £1.8m in cash, an increase of £0.2m during the period (FY20: £1.6m). As at 31 December 2020, £1.4m of warrants remained unexercised from the fundraise undertaken in April 2020. Given the relative position of the exercise price to the current share price, the board expects all these warrants to be exercised prior to the expiry of the warrants in October 2021. This leaves Gfinity well capitalised as it continues to pursue its growth objectives.

³ Adjusted operating loss is before interest, tax, depreciation, amortisation, impairment and the share-based payment expense. It does, however, include operating lease expenditure reclassified as capital spend in line with the requirements of IFRS 16 to ensure consistency with prior years.

⁴ Adjusted EBITDA is the Adjusted operating loss, plus or minus the share of gain/ loss on Associate entities, including any gain/ (loss) on disposal of such entities.

⁵ Adjusted administrative expenses show the underlying operating expenditure of the company, adjusting for the same items as with the adjusted operating loss.

Group Statement of Profit or Loss

	6 months to 31 December 2020 Unaudited	6 Months to 31 December 2019 Unaudited	Year to 30 June 2020 Audited
	£	£	£
CONTINUING OPERATIONS			
Revenue	3,013,309	3,520,558	4,485,565
Cost of sales	(1,492,205)	(1,457,657)	(1,714,740)
Gross Profit	1,521,104	2,062,901	2,770,825
Other Income	50,280	-	73,041
Administrative expenses	(2,863,226)	(5,444,808)	(10,681,476)
Operating loss	(1,291,842)	(3,381,907)	(7,837,610)
Share of Associate Loss	-	(296,415)	(308,214)
Gain on Disposal of Associate	459,706	-	-
Finance Income	-	2,552	2,622
Finance Costs	(8,988)	(23,043)	(39,768)
Loss on ordinary activities before tax	(841,124)	(3,698,813)	(8,182,970)
Taxation	-	57,757	457,663
Loss from continuing operations	(841,124)	(3,641,056)	(7,725,307)
Retained loss for the period	(841,124)	(3,641,056)	(7,725,307)
Loss per share (basic and diluted)	-£0.00	-£0.01	-£0.01

Group statement of comprehensive income

	6 months to 31 December 2020 Unaudited	6 Months to 31 December 2019 Unaudited	Year to 30 June 2020 Audited
	£	£	£
Loss for the period	(841,124)	(3,641,056)	(7,725,307)
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Foreign exchange (loss)/ gain on retranslation of foreign subsidiaries	(4,763)	20,228	(6,117)
Other comprehensive loss for the period	(4,763)	20,228	(6,117)
Total comprehensive loss for the period	(845,887)	(3,620,828)	(7,731,424)

Group Statement of Financial Position

	As at 31 December 2020 Unaudited	As at 30 June 2020 Audited
	£	£
NON-CURRENT ASSETS		
Property, plant and equipment	222,746	213,288
Right of use assets	142,768	428,305
Goodwill	2,797,684	2,544,526
Intangible fixed assets	928,044	613,164
	<hr/>	<hr/>
	4,091,242	3,799,283
	<hr/>	<hr/>
CURRENT ASSETS		
Trade and other receivables	1,198,026	1,391,332
Cash and cash equivalents	1,830,446	1,600,597
Current Tax Assets	-	-
	<hr/>	<hr/>
	3,028,472	2,991,929
	<hr/>	<hr/>
TOTAL ASSETS	7,119,714	6,791,212
	<hr/> <hr/>	<hr/> <hr/>
EQUITY AND LIABILITIES		
Equity		
Ordinary shares	796,513	725,868
Share premium account	45,296,106	44,405,085
Other reserves	3,209,199	3,132,220
Retained earnings	(44,298,226)	(43,457,102)
	<hr/>	<hr/>
Total equity	5,003,592	4,806,071
Non-current liabilities		
Deferred Tax Liabilities	199,977	92,059
Other Creditors	254,986	-
Total non-current liabilities	<hr/> 454,963	<hr/> 92,059
Current liabilities		
Trade and other payables	1,661,159	1,893,081
Total current liabilities	<hr/> 1,661,159	<hr/> 1,893,081
	<hr/>	<hr/>
Total liabilities	2,116,122	1,985,141
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	7,119,714	6,791,212
	<hr/> <hr/>	<hr/> <hr/>

Group Cash Flow Statement

	6 months to 31 December 2020 Unaudited	6 Months to 31 December 2019 Unaudited	Year to 30 June 2020 Audited
	£	£	£
Cash flow used in operating activities			
Net cash used in operating activities	(439,160)	(2,580,987)	(5,290,351)
Cash flow from/ (used in) investing activities			
Interest received	-	2,552	2,622
Interest Paid	-	(23,043)	-
Additions to property, plant and equipment	(80,103)	(45,575)	(100,765)
Additions to intangible assets	-	-	(57,724)
Additions to goodwill	459,706	-	-
Gain on disposal of associate	-	-	-
Investment in associate	-	(296,415)	(308,214)
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	379,603	(362,481)	(464,081)
Cash flow from/(used in) financing activities			
Issue of equity share capital	601,666	5,250,000	7,312,218
Share Issue Costs	-	(250,949)	-
Repayment of lease liabilities	(306,486)	(276,387)	(597,015)
Bank interest payable	(1,010)	-	(2,511)
	<hr/>	<hr/>	<hr/>
Net cash from financing activities	294,171	4,722,664	6,712,692
Net increase/(decrease) in cash and cash equivalents	234,613	1,779,196	958,259
Effect of Currency Translation on cash	(4,763)	20,225	(6,117)
Opening cash and cash equivalents	1,600,596	648,454	648,454
	<hr/>	<hr/>	<hr/>
Closing cash and cash equivalents	1,830,446	2,447,876	1,600,596
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Statement of Changes in Equity

	Ordinary shares	Share premium	Share option reserve	Retained earnings	Forex	Total equity
	£	£	£	£	£	£
At 30 June 2019	362,897	37,455,840	1,637,258	(35,731,795)	504	3,724,704
Loss for the period	-	-	-	(3,641,056)	-	(3,641,056)
Other						
Comprehensive	-	-	-	-	20,228	20,228
Income						
Total						
comprehensive	-	-	-	(3,641,056)	20,228	(3,620,828)
income						
New shares issued	116,667	5,133,333	-	-	-	5,250,000
Share Issue Costs	-	(250,949)	-	-	-	(250,949)
Share options	-	-	527,219	-	-	527,219
expensed						
Deferred	-	-	-	-	-	-
Consideration						
Total transactions						
with owners,	116,667	4,882,385	527,219	-	-	5,526,270
recognised directly						
in equity						
At 31 December						
2019	479,564	42,338,224	2,164,477	(39,372,851)	20,732	5,630,145
Loss for the period	-	-	-	(4,084,251)	-	(4,084,251)
Other						
Comprehensive	-	-	-	-	(26,345)	(26,345)
Income						
Total						
comprehensive	-	-	-	(4,084,251)	(26,345)	(4,110,596)
income						
New shares issued	246,304	2,239,518	-	-	-	2,485,822
Share Issue Costs	-	(172,656)	-	-	-	(172,656)
Share options	-	-	973,354	-	-	973,354
expensed						
Deferred	-	-	-	-	-	-
Consideration						
Total transactions						
with owners,	246,304	2,066,862	973,354	-	-	3,286,520
recognised directly						
in equity						
At 30 June 2020	725,868	44,405,086	3,137,831	(43,457,102)	(5,613)	4,806,070
Loss for the period	-	-	-	(841,124)	-	(841,124)
Other						
Comprehensive	-	-	-	-	(4,763)	(4,763)
Income						

Total comprehensive income	-	-	-	(841,124)	(4,763)	(845,887)
New shares issued	70,645	895,810	-	-	-	966,455
Share Issue Costs	-	(4,789)	-	-	-	(4,789)
Share options expensed	-	-	81,744	-	-	81,744
Total transactions with owners, recognised directly in equity	70,645	891,021	81,744	-	-	1,043,410
At 31 Dec 2020	796,513	45,296,106	3,219,575	(44,298,226)	(10,376)	5,003,593

Notes to the interim financial statements

1. General Information

Gfinity plc is a company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. Its registered office is 35 New Bridge Street, London, EC4V 6BW. Its shares are quoted on the AIM market of London Stock Exchange.

The functional and presentational currency is £ sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 2.

These condensed interim financial statements were approved for issue on 29 March 2021.

The financial statements have been reviewed by the Group's auditors but not audited.

2. Accounting Policies and Basis of Preparation

Basis of Preparation

The interim financial statements for the six months ended 31 December 2020 have been prepared using accounting policies that are consistent with those of the audited financial statements for the period ended 30 June 2020 and in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The interim financial information should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 June 2020, which has been prepared in accordance with IFRS as adopted by the European Union.

The interim financial information contained in this report has been reviewed but not audited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Annual Report and Accounts for the year ended 30 June 2020 has been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

Significant Accounting Policies

The critical accounting policies and presentation followed in the preparation of this interim report have been consistently applied to all periods in these financial statements and are the same as those applied in the company's annual accounts for the year ended 30 June 2020.

A copy of the accounts to 30 June 2020 can be obtained from the company's website: www.gfinityplc.com.

Critical Accounting Judgements

The preparation of financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised.

The critical accounting judgements made in preparing this interim report are the same as those in preparing the annual accounts for the Company for the year ended 30 June 2020 which can be obtained from the company's website www.gfinityplc.com.

Going Concern

Gfinity has established itself as a leader in the fast-growing esports sector, working on behalf of some of the most recognisable brands in the world and serving content to an ever-growing community of competitive gaming enthusiasts

via an expanding network of owned platforms including: RealSport101, GfinityEsports.com, StealthOptional.com, RacingGames.GG and Epicstream.com.

Following a restructuring of the business in March 2020, the cost base of the company has significantly reduced, with the business focused on driving growth across three core pillars in which directors believe the business can grow profitably:

- Gfinity's owned audience on the Gfinity Digital Media platforms, monetised via advertising, ecommerce and brand partnerships;
- Jointly owned esports properties, in which Gfinity owns a share of the commercial rights; and
- Building communities for others under a service delivery model, leveraging the company's proprietary technology and market leading production capability.

This restructure and refocus of the business has resulted in a significantly reduced operating loss in the 6 month period to December 2020.

In April 2020 the company raised £2.25m via an oversubscribed fundraise, with an equivalent value of warrants issued as part of the process. The improved financial performance, coupled with the exercise of a proportion of these warrants ensured that the Company's cash reserves increased in the 6 month period to December 2020. In addition to the £1.8m of cash at the period end, £1.4m of these warrants remained outstanding.

Management have prepared forecasts to 30 June 2022, under a number of scenarios. Under each of these scenarios, the Company has sufficient cash reserves to continue to operate for a further 12 months. As such, directors do not believe that further cash is required for the business. Given the rapidly evolving nature of the esports market, however, there must always be an element of risk attached to any forecasts. Directors believe, however, that in the event that the company needed to secure additional funding to deliver on its growth objectives that it would be able to do so.

Based on this belief, coupled with the improved financial performance of the business which resulted in an increase in cash in the 6 months to December 2020, the directors believe the going concern basis for the preparation of these accounts is appropriate.

3. Loss per share

Basic earnings per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. For a loss-making company with outstanding share options, net loss per share would be decreased by the exercise of options and therefore the effect of options has been disregarded in the calculation of diluted EPS.

During the 6 month period to 31 December 2020, Gfinity issued 58,945,000 shares as the result of warrant exercises, 1,699,999 as the results of employee option exercises and 10,000,000 of new shares in relation to the acquisition of Epicstream.

	6 months ended 31 December 2020 £	6 months ended 31 December 2019 £	Year ended 30 June 2020 £
Profit/ (Loss) attributable to shareholders	(845,887)	(3,620,828)	(7,731,424)
	Number 000's	Number 000's	Number 000's
Weighted average number of ordinary shares	767,286	459,801	518,172
	£	£	£
Loss per ordinary share	-£0.00	-£0.01	-£0.01

4. Notes to the Cash Flow Statement

	6 months to 31 December 2020 Unaudited	6 Months to 31 December 2019 Unaudited	Year to 30 June 2020 Audited
	£	£	£
Cash flows from operating activities			
Loss for the financial year	(841,124)	(3,698,813)	(7,725,307)
Depreciation of property, plant and equipment	62,751	485,671	370,589
Depreciation on Right of Use assets	293,515	-	571,074
Impairment of intangible fixed assets	-	-	-
Amortisation of intangible fixed assets	253,108	240,140	478,553
Interest Received	-	(2,552)	(2,622)
Interest Payable	8,988	23,043	39,768
Share based payments	81,744	527,219	1,500,573
(Increase) in Inventories	-	-	-
(Increase)/ decrease in trade and other receivables	193,306	874,172	931,047
Increase/ (decrease) in trade and other payables	(31,657)	(1,324,563)	(1,531,582)
Share of Associate Losses	-	296,415	308,214
Bad Debt Charge	-	(1,719)	-
Disposal of fixed assets	(85)	-	-
Gain on disposal of Associate	(459,706)	-	-
Corporation tax charge	-	-	(457,663)
Corporation tax (paid)/ R&D credits received	-	-	227,004
Net cash used by operating activities	(439,160)	(2,580,987)	(5,290,351)

5. Segmental Information

The Group manage the business based on two segments: Gfinity and CEVO. The two reportable segments operate as follows:

Gfinity: This segment is the largest part of the business and encompasses the majority of esports related activities and broadcast and production capabilities.

CEVO: The in-house development capabilities which are key to delivering both Gfinity PLC's strategy and online esports solutions for third parties. This segment also includes certain US based technology revenue streams.

	6 months ended 31 December 2020			6 months ended 31 December 2019			Year Ended 30 June 2020		
	£	£	£	£	£	£	£	£	£
	Gfinity	Cevo	Group	Gfinity	Cevo	Group	Gfinity	Cevo	Group
Revenue	2,954,844	58,465	3,013,309	3,419,032	101,526	3,520,558	4,327,736	157,829	4,485,565
Loss	(740,809)	(100,315)	(841,124)	(3,417,262)	(223,794)	(3,641,056)	(6,472,673)	(1,252,633)	(7,725,306)

Gfinity principally operate in the UK and CEVO principally in the US.

Segmental information for the statement of financial position has not been presented as management do not view this information on a segmental basis. Intra-group recharges are not considered when monitoring performance with central charges (such as senior management costs) retained in Gfinity PLC rather than being apportioned across segments.

6. Revenue

The Group's policy on revenue recognition is as outlined in note 2 of the financial statements for the year ending June 2019. Revenue for the period ending December 2020 included £0.4m included in the contract liability balance at the beginning of the period (December 2019: £0.5m and year ending June 2020: £0.7m).

The Group's revenue disaggregated by primary geographical markets is as follows:

	6 months ended 31 Dec 2020			6 months ended 31 Dec 2019			Year Ended 30 June 2020		
	Gfinity	CEVO	Total	Gfinity	CEVO	Total	Gfinity	CEVO	Total
United Kingdom	2,079,447	-	2,079,447	3,419,032	-	3,419,032	3,431,492	-	3,431,492
North America	530,306	58,465	588,772	-	101,526	101,526	27,206	157,829	185,035
ROW	345,090	-	345,090	-	-	-	869,039	-	869,039
Total	2,954,844	58,465	3,013,309	3,419,032	101,526	3,520,558	4,327,737	157,829	4,485,566

The Group's revenue disaggregated by pattern of revenue of revenue recognition is as follows:

	6 months ended 31 Dec 2020			6 months ended 31 Dec 2019			Year Ended 30 Jun 2020		
	Gfinity	CEVO	Total	Gfinity	CEVO	Total	Gfinity	CEVO	Total
Services at a point in time	1,922,827	58,465	1,981,292	2,417,482	5,824	2,423,306	2,582,447	-	2,582,447
Services over time	1,032,017	-	1,032,017	1,001,550	95,702	1,097,252	1,745,289	157,829	1,903,118
Total	2,954,844	58,465	3,013,309	3,419,032	101,526	3,520,558	4,327,736	157,829	4,485,565

As at 31 December 2020 the Group had the amounts shown below held on the consolidated statement of financial position in relation to contracts either performed in full during the year or ongoing as at the year end. All amounts were either due within one year or, in the case of contract liabilities, the work was to be performed within one year of the balance sheet date.

	Dec-20	Jun-20
Trade Receivables	£445,497	£608,189
Contract Assets	£466,801	£154,287
Contract Liabilities	£86,593	£358,246

Trade receivables are non-interest bearing and are generally on 30 day terms. Credit risk of customers is low with many being large multinational corporations.

Contract assets are initially recognised for revenue earned while the services are delivered over time or when billing is subject to final agreement on completion of the milestone. Once the amounts are billed the contract asset is transferred to trade receivables.

Contract liabilities arise when amounts are paid in advance of the delivery of the service. These are then transferred to the statement of comprehensive income as either milestones are completed or work is completed overtime.

7. Gain on Disposal of Associate

On 18 December 2020 Gfinity disposed of its 33% holding in Esports Awards Ltd, recognised under the equity method. The investment had a carrying value at the point of disposal of £nil. Net proceeds from the transaction were £459,706, resulting in a corresponding gain on disposal of £459,706.

8. BUSINESS COMBINATIONS

Acquisition of EpicStream

On 3 December 2020 Gfinity PLC acquired the trade and assets of EpicStream Inc, an online news community for fantasy and sci-fi movies, television, video games, collectible cards and comic books. EpicStream generates revenue through programmatic ads, sponsored content, ecommerce and content creation. Gfinity will also monetise all EpicStream's social channels. The acquisition means that Gfinity will assume ownership of the EpicStream.com website, its extensive social media network and their respective historic content. The continued growth of the platform will be supported by its founders joining the Gfinity team.

Purchase consideration

	£
<i>Initial consideration</i>	
Shares (10,000,000 Ordinary shares at £0.36)	360,000
Total initial consideration	360,000
<i>Deferred consideration</i>	
Contingent consideration at fair value	353,227
Total deferred consideration	353,227
Total consideration payable	713,227

Contingent consideration

Contingent consideration is payable based on revenue generated from the acquired assets. The amount payable is calculated at 30% of relevant revenues received in the first and second 12 month periods after the acquisition date, up to a maximum of £900,000 in each 12 month period. The fair value of the contingent consideration is currently estimated to be £353,227 based on forecast revenues at the date of the acquisition. The maximum contingent consideration payable is £1,800,000.

Net assets acquired

The fair values of the assets and liabilities of the acquired assets of EpicStream as at the date of acquisition are as follows:

	£
Intangible assets: web traffic	567,987
Deferred tax liability	(107,918)
Net identifiable assets acquired	460,069
Add: Goodwill	253,158
Net assets acquired	713,227

The goodwill that arises from the business combination reflects the profitability of the acquired trade and assets and the enhanced growth prospects for the combined business. None of the goodwill is expected to be deductible for tax purposes.