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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

09 February 2023

Gfinity PLC

("Gfinity", the "Company" or the "Group")

Business update and financing

The Board of Gfinity plc (AIM:GFIN), the leading esports solutions provider, today provides a business update and details on discussions in relation to equity financing.

Business update

On 23 December 2022, the Company announced its final year results for the year ended 30 June 2022. These results reported a reduction in Adjusted Operating Loss of 28% to £2.0m, and a closing year-end cash position of £2.1m. This represented a third straight improvement in the Adjusted Operating Loss, driven by growth in revenue attached to Gfinity's owned tech IP, audience and esports properties.

The Company intends to publish its unaudited financial results for the six months ended 30 December 2022 during March 2023. Based on management accounts the Company expects to report the following:

Financial Highlights:

1. Revenue of £4.1m; an increase of 26% on H1 FY22 and a 106% improvement on the previous 6 months.
2. Adjusted operating loss of £0.8m, an increase of 102% on H1 FY22; however, this is an improvement of 47% on the previous 6 months.

Operational Highlights:

Athlos:

Over the past 12 months Gfinity has made a significant investment to productise its competitive esports technology platform under the Athlos brand, allowing this technology to be deployed at scale, directly into publishers' games. This technology allows publishers to easily deploy competitive functionality into their games. Gamers who participate in competitive play are proven to spend significantly more time and money in-game than casual gamers, enabling publishers to drive significant increases in revenue per user.

Athlos, has delivered a highly successful beta programme with one of the world's largest mobile game publishers and was successfully integrated into 2 further betas in FY23. It has now been integrated into 8 games. In January 2023, Athlos exited its beta phase with the announcement of a deal with another global top ten mobile game developer.

The board believes that Gfinity has first mover advantage in a market worth over £800m. The Athlos platform delivers an extremely attractive value proposition to video game developers and publishers. The platform has proven, during its beta programme, to deliver deep player engagement, the key to driving increases in a game's live service revenue. As the only SAAS tournament platform that is integrated directly into a video game, the player experience is seamless. All other competitors require players to engage outside the game creating a very poor player experience. Athlos can be deployed technically within days and operationally within weeks setting itself apart from competitors. As a result, there is little reason for a developer to develop their own competitive technology as it would require scarce development resources to be deployed, at a significant cost, over many years. With the industry transition over the last few years to free to play, live service business models built on in-game monetization, the Athlos platform is a critical service to dramatically improve player engagement and publisher revenue.

To accelerate growth and to solidify Athlos' first-mover advantage, Gfinity is seeking outside investment. The Company is in discussions with several parties, with a view of taking a direct investment in the Athlos platform and thereby reducing the cash cost to Gfinity. The Directors currently expect the pre-money valuation that will be ascribed to Athlos upon external investment to be at a significant premium to Gfinity's investment cost. Gfinity expects to retain a significant stake in the platform, but the venture would benefit from the additional capital to complete further product enhancements and scale the marketing, sales and customer support functions to the substantial business opportunity.

Gfinity Digital Media ("GDM")

The Gfinity Digital Media business continues to represent a valuable asset for the Company, with an average of 13.1m monthly active users (MAUs) visiting Gfinity's owned and operated platforms in H1.

A Google algorithm update impacted our SEO traffic in September of 2022. along with many of the largest publishing

companies; however, the team has made significant progress to recover and improve GDM's rankings across sites, with latest audience levels across our network (in January) returning to 13m monthly unique visitors.

External economic factors have impacted advertising rates across the whole sector over the past 6 months, but GDM still delivered revenue of £1.5m in H1 of FY23, a decrease of 11% on H1 of FY22, but an increase of 20% on the previous 6 months

Esports Solutions

Esports Solutions delivered revenue of £2.5m in H1 of FY23, representing an increase of 71% on H1 of FY22; and an increase of 323% on the previous 6 months. Gfinity has enjoyed success in supporting clients from the traditional sports sector in the development of their esports and gaming strategies and business plans, then supporting the roll-out of these plans - leveraging Gfinity's capability to build digital communities and deploy market-leading esports technology.

The Directors are conscious, however, of the inconsistent nature of service delivery work, and also the high cost to the Company of delivering a true end-to-end esports solution; and the resources required to support clients in their activations around the globe. To that end, Gfinity has partnered with a US esports business to jointly deliver solutions on a profit-share basis and no fixed cost. This deal gives Gfinity access to a state-of-the-art US based esports arena as the new home for any production and live events. As a result, effective immediately, Gfinity has decided to close the Gfinity Arena in Fulham, further reducing the Company's fixed cost base.

Corporate restructure and proposed board changes:

In April 2020 a new 'what we own' strategy for Gfinity was outlined. As part of this we set out to:

1. Manage the economics of the business: right-size the business; reduce our losses; and create a pathway to profitability by end 2023
2. Rebalance the Company's revenue sources, with less dependence on esports services/operations, and delivering improved financial predictability.

This has been achieved by creating three stand-alone revenue generating pillars within the business:

- a. Our owned community of hard-to-reach gamers, through GDM
- b. Our owned, licensable Technology IP (re-branded Athlos in August 2022)
- c. Our legacy Esports solutions (previously esports operations) which has pivoted, to focus on fewer, more financially rewarding motorsport and football assignments, and consulting services.

This strategy has delivered significant progress: 3 consecutive years of significantly reduced Adjusted Operating Loss.

In line with this strategy, experienced experts in their respective sectors have been brought in to lead each of the business units.

Athlos Game Technologies is led by Thomas Preising, a former GM & Country/Regional Director of India and the Middle East. Tom works with Gfinity's Head of Product, Mike Stevens alongside industry veteran Todd Sitrin (Strategic Advisor), the former Head of Competitive Gaming for EA. Len Rinaldi, former GM of Apple for Western Europe provides strategic input to this group from a board perspective.

In September 2022, Gfinity announced the appointment of an experienced leader in the digital media sector - Rebekah Billingsley - as MD of the **GDM** business, Rebekah overseas a strong leadership group and is supported by non-executive director Hugo Drayton, who also sits on the board of Future plc.

Gfinity's Esports Solutions team is overseen by Chief Operating Officer Jonathan Hall, supported by Head of Esports Michael Valentine.

The heads of each of these business units report directly to the board. In light of this change, the following changes will be made to the board of directors with immediate effect:

1. Neville Upton, current non-Executive Chairman, will take on the role of Executive Chairman.
2. John Clarke, current Chief Executive Officer, will step down from his role and will leave the Company.
3. Jonathan Hall, Chief Financial and Operating Officer, will take Executive responsibility for the Esports Solutions business.

Financing discussions

As detailed in the Group's final results' announcement on 23 December 2022, the Board has agreed the Group will require additional external funding, in order to continue to deliver its strategy. Today, the Group has cash of £0.4m. Given the continued investment in Athlos, the directors believe the Company will require additional working capital in March 2023.

Therefore, the Directors announce their intentions to raise a minimum sum of £1.5m, via an equity placing and subscription. Based on the current business plan, this sum will allow the business the headroom to complete the proposed corporate restructuring, secure the planned external investment into Athlos over the next few months and take the business through to break-even point. The Directors have received an opinion letter confirming that it is

expected that any eligible investments would qualify for EIS/ VCT relief.

The Directors have engaged with existing and potential new investors over the past week. Shareholders should be aware that funding discussions remain ongoing and while there is no certainty on the outcome of these discussions or the terms, the Directors expect to close the terms of the equity funding round in February 2023. A further update will be made as appropriate.

Investors who are interested in participating in the equity funding round should contact IR@gfinity.net.

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About Gfinity

Gfinity is a leading media and technology company in the fast-growing esports and gaming sector. Founded in late 2012, Gfinity established itself as esports and community engagement experts. More recently, the company's business model has evolved to reflect the rapidly developing gaming market, sharpening its strategic focus, based on 3 distinct areas:

Gfinity Digital Media is made up of 11 sites that reach up to 15 million monthly unique active users and delivers 75 million impressions per month across its social network of over 7,000,000 followers.

The Gfinity Engagement Platform (Athlos) is a fully configurable, white-label, bespoke solution, designed to maximise community engagement through competitive play, and is already trusted by some of the world's biggest gaming and esports organisations.

Our JVs and Partnerships - Esports Solutions - allow the Company to benefit from co-owned ideas, working with partners who value and benefit from Gfinity's expertise, to create products such as the Global Racing Series with Abu Dhabi Motorsport Management, and esports activities for Manchester United FC, and Formula 1.

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