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19 March 2024



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

Half Year Results

Gfinity (AIM: GFIN), a leading Digital Media provider, announces its unaudited results for the six-month period ended 31 December 2023 and which are also available on the Company's website www.gfinityplc.com

Operational Highlights:

The period ended 31 December 2023 was a transitional period for the Company. During this period we made significant cost cuts through headcount reduction, renegotiated contracts and exiting unprofitable business lines.

After divesting the majority of Athlos Gaming Technologies in June 2023, we completed the full exit in this period. We thus reduced any ongoing exposure to Athlos (Athlos requires significant further investment over the next 12 months, and a refocus on their product offering). The completed exit generated proceeds of £260,000, and a profit on disposal of the same amount, which is included in the Operating Loss, as shown in the Profit and Loss account*.

The Company was also able to divest our Esports Solutions division, while retaining some potential upside stake, without the risk of any further liabilities. The esports sector has been in a multi-year downturn, with the industry's leaders all trying to find a profitable business model, based on broadcasting and one off events, without control of game IP.

In the past 6 months, Gfinity has laid essential groundwork for new, future revenue growth: in terms of traffic/audience, by launching new sites and collaborating with national publishers on gaming content; and, in terms of sales, by taking more control in-house - both commercially and technically - of our advertising and sponsorship sales, we are now well placed to drive improved yields, and volumes.

In addition, we have reduced the digital media and management headcount. Restructuring our website editorial and writing teams to a more centralised structure enabled over 50% reduction; and at a senior level, we have reduced by two Directors, along with other senior roles. We now operate a much flatter and responsive model, more in keeping with today's technology industry.

The actions above show significant progress in cost cutting, with monthly costs reduced by over 70%, and headcount now appropriate for a modern digital company. Gfinity has now moved to a period where we can focus on profitability through a new more disciplined approach to our budget.

Gfinity is now focused as a pure play digital media network, operating 12 sites. The Gfinity Digital Media network performed well during the period, with revenues increasing, and monthly session numbers rebounding to over 10,000,000 in December. The network added one new site in the period, with plans to add at least one further site in H2 2024. We have also incorporated AI into our processes, to streamline workflows and make considerable savings.

As a gaming and entertainment network, we continue to be highly attractive to advertisers, which is reflected in our healthy income per user.

Outlook

Now we have concluded our budget reduction process, we are confident we can deliver further improvements in profitability in H2 FY2024, with cashflow increasing as we improve and increase our sites and editorial.

For further information please contact:

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Nominated Adviser and Broker Michael Cornish www.beaumontcornish.co.uk

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Group Statement of Profit or Loss

		6 months to 31 December 2023 Unaudited	6 months to 31 December 2022 Unaudited	Year to 30 June 2023 Audited
		£	£	£
CONTINUING OPERATIONS	Note			
Revenue	4	805,741	1,360,345	2,190,216
Cost of sales		(238,207)	(636,704)	(953,905)
Gross profit		567,534	723,641	1,236,311
Administrative expenses		*(586,739)	(1,661,552)	(3,788,329)
Operating loss		(19,205)	(937,911)	(2,552,018)

Impairment charge	-	-	(5,984,171)
Re-assessment of Deferred Consideration	-	-	931,311
Loss arising on loss of control of a subsidiary	-	-	(548,761)
Finance income	152	373	-
Finance Costs	(590)	-	(25,976)
Loss on ordinary activities before tax	(19,643)	(937,538)	(8,179,615)
Taxation	194,916	123,459	974,876
Retained profit/(loss) for the period	175,273	(814,079)	(7,204,739)
Loss on discontinued operations, net of tax	-	(960,200)	(3,050,097)
Profit/(loss) and total comprehensive profit/(loss) for the period	175,273	(1,774,279)	(10,254,836)
Earnings per Share (Basic)	3	(0.001)	(0.42)

Group statement of comprehensive income

	6 months to 31 December 2023 Unaudited £	6 months to 31 December 2022 Unaudited £	Year to 30 June 2023 Audited £
Profit/(loss) for the Period	175,273	(1,774,279)	(10,254,836)
Items which may subsequently be reclassified to profit or loss			
Foreign exchange gain on retranslation of foreign operations	2,326	3,501	-
Other Comprehensive Income for the period	2,326	3,501	-
Loss and total comprehensive loss for the period	177,599	(1,770,778)	(10,254,836)

Group Statement of Financial Position

	As at 31 December 2023 Unaudited £	As at 30 June 2023 Audited £
NON CURRENT ASSETS		
Property, plant and equipment	-	14,757
Goodwill	495,288	495,288
Intangible fixed assets	415,155	415,155
Other non-current assets	15	-
	910,458	925,200

CURRENT ASSETS

Trade and other receivables	393,247	644,540
Cash and cash equivalents	215,525	270,476
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	608,772	915,016
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TOTAL ASSETS	1,519,230	1,840,216
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EQUITY AND LIABILITIES		
Equity		
Share capital	2,722,330	2,649,030
Share premium	55,710,586	55,367,959
Other reserves	423,613	423,613
Retained earnings	(57,811,929)	(57,989,529)
Non-controlling interest	3	3
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Total equity	1,044,603	451,076
Non-current liabilities		
Other Payables	-	17,669
Deferred Tax Liabilities	-	72,390
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	-	90,059
Current liabilities		
Other creditors	54,013	-
Trade and other payables	255,584	1,060,794
Provisions	92,640	238,287
Deferred Tax Liabilities	72,390	-
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Total liabilities	474,627	1,389,140
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TOTAL EQUITY AND LIABILITIES	1,519,230	1,840,216
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Group Cash Flow Statement

	6 months to 31 December 2023 Unaudited	6 months to 31 December 2022 Unaudited	Year to 30 June 2023 Audited
	£	£	£
Cash flow used in operating activities			
Profit/(loss) for the period	175,273	(1,774,279)	(10,254,837)
<i>Adjustments for</i>			
Depreciation	14,757	47,093	33,254
Amortisation	-	860,758	1,846,164
Impairment of assets	-	-	5,984,171
Gain on disposal of fixed assets	-	-	(112,808)
Interest paid	591	-	-
Interest received	(152)	(373)	(885)
Share based payments	-	150,458	77,691
Increase in credit loss provision	-	-	29,945
Re-evaluation of contingent consideration	-	-	51,494
Loss on loss of control of subsidiary	-	-	(931,311)
Profit on disposal of associate	(260,000)	-	-
(Decrease)/Increase in provisions	(145,647)	-	238,287
Current and deferred tax credit	-	(164,591)	(974,876)
Total	(215,178)	(880,934)	(3,464,950)
 (increase)/decrease in receivables	 251,293	 377,272	 1,324,353
(decrease)/Increase in payables excluding contingent consideration	(852,498)	527,622	(907,062)
Tax credit recovered	202,276	-	109,732
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Net operating (outflow)/inflow	(614,107)	23,960	(2,937,927)
 Cash flow from/(used in) investing activities			
Interest received	152	373	885

Additions to property, plant and equipment	-	(3,558)	(3,498)
Additions to intangible assets	-	(477,140)	-
Payment of deferred/contingent consideration	(118,642)	-	(1,031,307)
Net proceeds on disposal of fixed assets	-	-	213,668
Proceeds on disposal of associate	260,000	-	-
Investment in associate	(15)	-	-
Net cash from/(used in) investing activities	141,495	(480,325)	(820,252)

Group Cash Flow Statement (continued)

Cash flow from/(used in) financing activities

Issue of equity share capital (net of costs)	415,927	(2,000)	1,887,294
Interest paid	(591)		
Net cash from/(used in) financing activities	415,336	(2,000)	1,887,294
Net (decrease) /increase in cash and cash equivalents	(57,276)	(458,365)	(1,870,885)
Effect of currency translation on cash	2,325	3,501	-
Net decrease in cash	(54,951)	(454,864)	(1,870,885)
Opening cash and cash equivalents	270,476	2,141,361	2,141,361
Closing cash and cash equivalents	215,525	1,686,497	270,476
Net decrease in cash	(54,951)	(454,864)	(1,870,885)

Statement of Changes in Equity

	Share Capital	Share premium	Share option reserve	Retained earnings	NCI	Foreign currency translation reserve	Total equity
	£	£	£	£	£	£	£
At 30 June 2022 (re-stated)	1,315,697	54,858,008	3,728,622	(51,113,657)	3	(21,958)	8,766,715
Loss for the period	-	-	-	(1,774,279)	-	-	(1,774,279)
Other comprehensive income	-	-	-	-	-	3,501	3,501
Total comprehensive income	-	-	-	(1,774,279)	-	3,501	(1,770,778)
Shares issued	-	-	-	-	-	-	-
Share Issue Costs	-	(2,000)	-	-	-	-	(2,000)
Share options issued	-	-	150,458	-	-	-	150,458
Total transactions with owners, recognised directly in equity	-	(2,000)	150,458	-	-	-	148,458

At 31 Dec 2022	1,315,697	54,856,008	3,879,080	(52,887,936)	3	(18,457)	7,144,395
Loss for the period	-	-	-	(8,480,557)	-	-	(8,480,557)
Other comprehensive income	-	-	-	-	-	(3,501)	(3,501)
Total comprehensive income	-	-	-	(8,480,557)	-	(3,501)	(8,484,058)
Shares issued	1,333,333	666,667	-	-	-	-	2,000,000
Share Issue Costs	-	(154,716)	44,010	-	-	-	(110,706)
Share options issued	-	-	(98,555)	-	-	-	(98,555)
Release to retained earnings	-	-	(3,400,922)	3,400,922	-	-	-
Total transactions with owners, recognised directly in equity	1,333,333	511,951	(3,455,467)	3,400,922	-	-	1,790,739
At 30 June 2023	2,649,030	55,367,959	423,613	(57,967,571)	3	(21,958)	451,076

Statement of Changes in Equity (continued)

	Share Capital	Share premium	Share option reserve	Retained earnings	NCI	Foreign currency translation reserve	Total equity
	£	£	£	£	£	£	£
At 30 June 2023	2,649,030	55,367,959	423,613	(57,967,571)	3	(21,958)	451,076
Profit for the period	-	-	-	175,273	-	-	175,273
Other comprehensive income	-	-	-	-	-	2,327	2,327
Total comprehensive income	-	-	-	175,273	-	2,327	177,600
Shares issued	73,300	366,500	-	-	-	-	439,800
Share Issue Costs	-	(23,873)	-	-	-	-	(23,873)
Share options issued	-	-	-	-	-	-	-
Total transactions with owners, recognised directly in equity	73,300	342,627	-	-	-	-	415,927
At 31 December 2023	2,722,330	55,710,586	423,613	(57,792,298)	3	(19,631)	1,044,603

Notes to the interim financial statements

1. General Information

Gfinity plc is a Company limited by shares, incorporated and domiciled in England and Wales under the

Companies Act 2006. Its registered office is 128 City Road, London, England, EC1V 2NX. Its shares are quoted on the AIM market of the 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 19 March 2024.

2. Accounting Policies and Basis of Preparation

Basis of Preparation

The interim financial statements for the six months ended 31 December 2023 have been prepared using accounting policies that are consistent with those of the audited financial statements for the year ended 30 June 2023 and in accordance with IAS 34, "Interim Financial Reporting" as adopted by the United Kingdom. The interim financial information should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 June 2023, which has been prepared in accordance with IFRS as adopted by the United Kingdom.

The interim financial information contained in this report 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 2023 has been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, however, they did note a material uncertainty with regards to going concern, relating to the fact that the going concern basis of preparation was dependent on certain growth targets being met within 12 months from the date of signature of the Annual Report.

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 Report and Accounts for the year ended 30 June 2023.

A copy of the Annual Report and Accounts to 30 June 2023 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 Report and Accounts of the Company for the year ended 30 June 2023 which can be obtained from the Company's website: www.gfinityplc.com.

Going Concern

At 31 December 2023 the group had cash of £215,525.

Following the restructuring, as explained in the Annual Report and Accounts to 30 June 2023, the Company's sole focus is investing in and developing the Gfinity Digital Media business.

As also fully set out in the 2023 Annual Report:

- The Directors have prepared a base case cashflow forecast, which assumes certain growth targets are met; and
- The Directors consider that the growth targets are reasonable and attainable, and in view of this, believe that the going concern basis of preparation continues to be appropriate.

3. Profit per share

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

For the 6 months to 31 December 2023, diluted EPS is shown below. For previous periods, 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 for those previous periods.

	6 months to 31 December 2023	6 months to 31 December 2022	Year to 30 June 2023
All operations	£	£	£
Earnings	175,274	(1,774,279)	(10,254,836)
	Number 000's	Number 000's	Number 000's
Weighted average number of ordinary shares	3,139,024	1,315,697	1,735,789
Profit/(loss) per ordinary share	0.006	(0.001)	(0.006)
Continuing operations			
Earnings	175,273	(937,538)	(7,204,739)
Weighted average number of ordinary shares	3,139,024	1,315,697	1,735,789
Profit/(loss) per ordinary share for continuing operations	0.006	(0.0005)	(0.004)
Discontinued operations			
Earnings	-	(960,200)	(3,050,097)
Weighted average number of ordinary shares	-	1,315,697	1,735,789
Loss per ordinary share for continuing operations	-	(0.0005)	(0.002)
Diluted earnings per share			
Earnings	175,273		
Weighted average number of ordinary shares	3,556,412		
Loss per ordinary share for continuing operations	0.005		

4. Revenue

The Group's policy on revenue recognition is as outlined in note 2 of the financial statements for the year ending June 2023. The period ending December 2023 included £Nil in the contract liability balance and at the beginning of the period (December 2022: £58,359 and year ending June 2023: £Nil).

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

6 months to 31 December 2023

	Total £
United Kingdom	26,009
North America	679,559
ROW	100,713
Total	805,741

6 months to 31 December 2022

	Total £
United Kingdom	2,835,485
North America	828,298
ROW	444,155
Total	4,107,938

Year to 30 June 2023

	Total £
United Kingdom	2,830,620
North America	1,563,982
ROW	865,904
Total	5,260,506

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

6 months to 31 December 2023

	Total £
Services transferred at a point in time	805,741
Services transferred over time	-
Total	805,741

4. Revenue (continued)

6 months to 31 December 2022

	Total £
Services transferred at a point in time	2,316,694
Services transferred over time	1,791,244
Total	4,107,938

Year to 30 June 2023

	Total £
Services transferred at a point in time	2,190,216
Services transferred over time	3,233,355
Total	<u>5,423,571</u>

5. Goodwill and Intangible Fixed Assets

The Group holds goodwill in respect of the acquisitions of the trade and assets of [Siege.gg](#), EpicStream and RealSport in earlier periods. Additionally, the Group carries goodwill in respect of the acquisition of Megit Limited, also in an earlier period.

Further, the Group holds intangible fixed assets in the form of Web platforms, which includes web domains and platform technology acquired through the acquisitions of Megit Limited, and the acquisitions of the trade and assets of [Siege.gg](#) and EpicStream.

A comprehensive impairment review was performed for the purposes of assessing the carrying value of goodwill and intangible fixed assets as at 30 June 2023, using a fair value method, on the basis of a multiple of revenue achieved for the respective brands in the year ended 30 June 2023.

As a result of the close proximity of the assessment of the carrying values undertaken as at 30 June 2023, and now, the Directors do not consider any further impairment provisions are required, and it could be that some of the previously made provisions for impairment could be released.

A full review of the carrying values for goodwill and intangible fixed assets will be undertaken at the time of reporting on the full year results to 30 June 2024.

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