

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.

30 March 2022



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 2021.

Financial Highlights:

- Continued improvement in financial performance through sustained strategic focus on what the Company owns, with Gfinity Digital Media ('GDM') driving growth in the business.
- Revenue of £3.3m, an increase of 8% year on year (H1 21: £3.0m) and 22% improvement on previous 6 months (H2 21: £2.7m).
- Adjusted operating loss¹ of £0.4m, 53% improvement year on year (H1 21: £0.9m loss) and 76% improvement on previous 6 months (H2 21: £1.8m loss) as the business continues on its path towards profitability.
- Reduction in Adjusted administrative expenses² of 4% to £2.4m (H1 21: £2.5m).
- Business well capitalised to continue to deliver on its objectives following successful fundraising, underlining confidence in the Company's long-term performance.

Operational Highlights:

Strategic focus on 'what we own' delivering improved financial performance and growth

Gfinity Digital Media:

- Continued growth of publishing platform, with revenues up 62% year on year to £1.6m (H1 21: £1.0m) driven by increased annualised revenue per user of 23.3p (up 31% year on year) and 23% rise in Average Monthly Active Users to 13.9m.
- 43% year on year improvement in Gross profit to £1.0m. Clear profitable growth engine that is driving the continuation of the Group's pathway to profitability.
- Successful acquisitions of SiegeGG, including technology behind leading statistical analysis of Rainbow Six Siege video game, and Stock Informer which contributed £0.4m of revenue between acquisition completion on 13 September 2021 and 31 December 2021.
- Renewed agreement to extend Gfinity's partnership with global advertising technology platform Venatus into its third year, driving value per user growth.
- Significant progress in optimising site infrastructure and performance, utilising the Company's proprietary manifold content management system (CMS), leading to strong user numbers in the second half, with a record 16m monthly active users across GDM platforms in February.

¹ Adjusted operating loss is before interest, tax, depreciation, amortisation, impairment and the share-based payment expense.

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

Technology and Esports Solutions:

- Revenue from the delivery of esports solutions for third parties remained flat at £1.6m.
- Gfinity continues to be selected by global brands to deliver esports and gaming solutions, including Nintendo, Coca Cola Hellenic Bottling Company.
- Record F1 Esports 2021 Series breaking viewership and engagement records with Gfinity retained as delivery partner of choice for 2022 season.
- In-person publisher esports events, however, have been slow to return to pre-pandemic levels.
- Within this segment, revenue directly relating to the licensing of Gfinity's proprietary esports technology grew 75% to £0.2m (H1 21: £0.1m).
 - Platform deployed across in-app the competitive programmes for three of the largest mobile game titles featuring more than 50,000 participants in multiple languages across a number of weekends during the period
 - Platform utilised for the ePremier League qualification for fourth year running
- The major strategic focus within this segment is the productisation of this technology to allow it to be deployed at scale, with clients benefitting from automated integration into games and media owners' websites. This is expected to create a high margin, recurring revenue stream through a SaaS licensing model.

Co-Owned Esports Properties

- Consolidation of the V10 R League, Gfinity's jointly owned digital motorsport property in conjunction with Abu Dhabi Motorsports Management, into a single season in the second half of the year has impacted comparable revenue. H1 21 revenue included £0.4m of revenue from this segment. Consolidation of the programme in this way is intended to allow for the creation of a live finals event, which will facilitate unlocking sponsorship revenue from the region.
- If revenues relating to this were eliminated from the comparative period, the year on year revenue increase would be 24%.

Balance Sheet strengthened post-period end

As at 31 December 2021, Gfinity had cash reserves of £1.5m (30 June 2021: £1.4m). Post year end, the Directors took the decision to secure additional funding, believing it to be in the best interests of the Group.

On 14 March 2022, the Company successfully completed a fundraise of £2.7 million, before expenses, via a placing and direct subscription of new ordinary shares of 0.1p each in the Company at a price of 1.25 pence per share. 50% of this fundraise was within existing authorities and has completed, with the remaining 50% subject to shareholder confirmation at the General Meeting to be held on 1 April 2022. This provides the runway needed for the Company to be profitable on a month by month basis in 2023.

Outlook

- Continued delivery of strategy and focus on what we own, with sustained GDM performance and good momentum heading into the second half.
- Slower than anticipated return to live esports events will impact short term revenue and profits, but do not change the long-term prospects or future pathway to profitability in 2023.
- Investment in Gfinity Engage platform expected to create a further owned, recurring and high margin revenue stream.

John Clarke, CEO, Gfinity said:

“We have continued to improve on financial performance during the period, despite a slower than anticipated return to live events and delays in certain revenue streams. The business remains on the right path to profitability, with increased revenues, lower operating losses and reduced operating expenditure.

We have strong momentum in our owned revenue streams, in particular our GDM business, with record engagement numbers and revenue per user up 270% since its launch. This business continues to act as the

growth engine for the Group, and our focus remains firmly on building our capabilities and expertise to ensure more brands choose Gfinity as their trusted partner.

Although the sector is still recovering from the impacts of Covid-19, macro trends remain in our favour and following a successful fundraise post-period, we now have the operating liquidity we need to deliver on our target of reaching profitability by 2023.”

ENDS

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About Gfinity

Gfinity (AIM: GFIN) is a market-leading digital media publisher and technology company in the rapidly growing esports and competitive gaming sector. Created by gamers for the world's three 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 Activision Blizzard, EA SPORTS, F1 Esports Series Red Bull, Abu Dhabi Motorsport Management and Coca Cola.

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, Epicstream, Stock Informer, StealthOptional, RacingGames.gg, MTGRocks.com 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 months to 31 December 2021 saw Gfinity continue to make significant progress against the key strategic pillars of the business. This focus enabled a significant improvement in financial performance. The adjusted operating loss³ for the period of £0.4m represented a 53% improvement year on year (H1 21: £0.9m loss), which built on a 71% improvement on the performance in H1 20.

Directors believe that building the future of the business around owned, scalable, higher margin revenue streams relating to the Gfinity Digital Media segment and the ability to deploy Gfinity's proprietary esports technology at scale, represents the right strategy to deliver long term value to investors.

Gfinity Digital Media:

In the six-month period to 31 December 2021, Gfinity continued to drive growth in both the number of users engaging with written and video content on its owned digital media platforms, as well as the revenue derived from each user. As a result, revenue in the period rose 62% to £1.6m.

Monthly Active Users

Unique monthly active users during the period were 13.9m, which represented a year on year increase of 31%, peaking at over 15m users in December 2021. Encouragingly, growth continued into H2, which is traditionally a quieter period for gaming news and by extension user numbers. In January 2022 monthly active users were again over 15m, with growth continuing throughout February with a new monthly record of 16m monthly active users achieved. Growth is expected to be maintained with users in March expected to exceed 17 million. Including related social platforms, Gfinity's content is now reaching more than 100m users every month.

The Company continues to target 50m monthly active users on its owned channels in the short to medium term and 100m monthly active users in the longer term, through a combination of both organic growth and targeted acquisitions.

Revenue Per User

The annualised revenue per unique user during H1 grew 31% year on year to 23p, reflecting a continued growth in advertising rates, through enhanced scale, prestige and site performance. This was complimented by a diversification of revenue streams, with an increased emphasis on affiliate revenues, particularly driven by the acquisition of the Stock Informer business in September 2021.

During the period, Gfinity extended its partnership with Venatus into its third year, as its chosen partner for delivery of advertising revenue. The extended partnership continues to contribute to the acceleration of Gfinity's value per user across its fast-growing websites under the GDM.

The Company is targeting annual revenue per user of 30p in the short to medium term and 50p in the longer term, providing a significant, recurring, high-margin revenue stream for the business.

New Site Additions

Three new sites were added to the Gfinity Digital Media network during the period. The largest of these was the Stock Informer business, acquired through the acquisition of Megit Ltd, which completed on 13 September 2021. Stock Informer has built up a market leading position as an authority on hard-to-find items, with a particular focus of bringing products of relevance to gamers. Its proprietary technology enables real-time updates on availability and pricing of items, from which consumers can click through to the relevant retailers to make purchases, allowing the business to drive revenue through affiliate commissions.

In the three-and-a-half-month period following the acquisition, Stock Informer delivered £0.4m of high-margin revenue to the business. Directors also believe that there is significant potential for Stock Informer's technology to post relevant price comparison offers to people viewing relevant content across the whole GDM network, opening a new revenue stream for Gfinity from FY23 onwards.

³ Adjusted operating loss is before interest, tax, depreciation, amortisation, impairment and the share-based payment expense.

Also in September 2021, Gfinity completed the acquisition of Siege.gg, a highly-engaged community for the Rainbow Six Siege game and owner of the leading proprietary statistical dataset in respect of the competitive following of the game.

The technology, team and methodology behind Siege.gg were utilised in the period to launch the new site Forerunner.gg in December 2021. This site focuses on the competitive community tied to the highly popular Halo game.

Technology:

Throughout the period, Gfinity has continued to deploy its proprietary esports technology for leading clients. Gfinity's tournament management platform has been integrated directly into 3 leading mobile game titles, powering the competitive programme for over 50,000 participants at any one time, enabling players to stay in the game, rather than going to a third-party tournament play site. The significant benefit to the game publisher is that it now keeps its players data.

Gfinity's technology has been used for a fourth consecutive year to deliver the online qualifying rounds for the ePremier League programme. Gfinity's community building tools also continued to be deployed on behalf of Nvidia.

Revenue from the direct deployment of Gfinity's technology, outside of broader managed esports programmes, rose 75% year on year to £0.2m.

A key strategic initiative is the productisation of this technology suite, such that it can be quickly and easily deployed directly into clients' games and media platforms, licensed under a SaaS model, without the need for custom development work from Gfinity's team. With those gamers who participate competitively, spending longer in game and spending more money in-game, this provides a valuable tool for clients to drive up both engagement and revenue. The beta version of the "Engage" product that will facilitate this, will launch during the second quarter of this calendar year.

Esports Solutions:

Gfinity continues to be selected by global brands to deliver esports and gaming solutions. In H1 22 Gfinity delivered the live component of the fourth season of the Formula 1 Pro Series. In 2021 this programme delivered record levels of engagement, including viewership up 103% year on year.

Other clients in the period included Nintendo, Amazon and Coca Cola Hellenic Bottling Company.

Co-Owned Esports Properties

During FY21, Gfinity staged the first two seasons of V10 R League, Gfinity's jointly owned digital motorsport property in conjunction with Abu Dhabi Motorsports Management. The series has created a strong basis for growth, with participation from leading teams including Red Bull, Ford, BMW, Aston Martin and McLaren among others, broadcast through distribution partners including ESPN and BT Sport.

During FY22, the decision was taken to consolidate the V10 R League into a single season in the second half of the year. This allows for a more consolidated block of content, together with live finals to be staged from Abu Dhabi, which it is believed will create a more compelling proposition for sponsorship, particularly from partners in the Middle East.

H1 21 revenue included £0.4m of revenue from this segment. If revenues relating to this were eliminated from the comparative period, the total year on year revenue increase for the period would be 24%.

Outlook

Directors believe that Gfinity's focus on owned, high-margin, scalable revenue streams is the right strategy to deliver significant long-term value for shareholders. The 53% reduction in operating loss, building on a 71% reduction in the prior year, demonstrates this strategy is already delivering a significantly improved financial performance. Directors expect both the audience and monetisation of its owned Gfinity Digital Media business to continue to grow, building on the 62% year on year uplift delivered in the six-month period to 31 December

2021. It is also believed that the productisation of Gfinity's esports platform will create a further revenue stream of scale over future years.

Despite this, revenue growth is not always linear and the timing of certain esports programmes cannot always be guaranteed. As a result, in March 2022, Directors took the decision to raise a further £2.7m before costs, accompanied by a one for one warrant at the exercise price. This over-subscribed placing has secured the business in a strong position from which to pursue its growth objectives into the second half of FY22 and beyond, continuing its path to delivering month on month profitability in 2023.

Financial Review

Revenue for the six-month period to 31 December 2021 was £3.3m. This represented an increase of 8% year on year (H1 21: £3.0m) and 22% improvement on the previous 6 months (H2 21: £2.7m).

The proportion of revenue attached to owned assets, including Gfinity's Digital Media network, jointly owned esports programmes and the licensing of Gfinity's proprietary esports technology, rose to 55% of total income (£1.8m). This compared to a figure of 49% in H1 21, despite the prior year comparative period including £0.4m from the first season of the V10 R League programme, now condensed into a single season in the second half of FY22.

The sharpened focus on owned, higher margin revenue streams delivered gross profit for the six-month period of £1.9m at a gross margin of 60% (H1 21: £1.5m at 50%).

This growth was achieved with a reduction of 4% in adjusted administrative expenses⁴ to £2.4m (H1 21: £2.5m). This resulted in an adjusted operating loss⁵, reduced by 53% to £0.4m (FY21 H1: £0.9m loss).

In the period, Gfinity completed two acquisitions, supporting the strategy to grow both the audience and monetisation of the Gfinity Digital Media network.

In September 2021, Gfinity acquired the entire issued share capital of Megit Ltd, the owner of the Stock Informer brand, for consideration consisting of £2.5m in cash, £2.5m of equity in Gfinity plc and an earn out calculated at 30% of revenue in each of the first 3 years post-acquisition. The fair value of this consideration has been estimated at £6.6m.

Also in September, Gfinity acquired the trade and assets of Siege.gg, a leading digital community and owner of statistical information in respect of the competitive following of the Rainbow Six Siege game. Consideration for this acquisition comprised 9 million ordinary shares and an earn out amounting to 30% of revenue in the first two years post-acquisition. The fair value of this consideration has been estimated at £6.6m.

Directors consider the development of an easily deployed, licensable version of Gfinity's proprietary esports technology product to be a major strategic initiative, with the potential to drive significant future SaaS revenues for the business. On that basis £0.3m of costs invested directly in the development of this product have been capitalised in the period.

Gfinity had cash of £1.5m at 31 December 2021. In March 2022, the Directors announced their intention to raise a minimum of a further £1.0m, accompanied by a one for one warrant at the exercise price. This placing was heavily over-subscribed from a combination of both existing and new shareholders. In the light of current macro-economic conditions the Directors elected to take a total of £2.7m, plus potential future funds from any warrant exercises.

⁴ Adjusted administrative expenses show the underlying operating expenditure of the company, adjusting for the same items as with the adjusted operating loss

⁵ Adjusted operating loss is before interest, tax, depreciation, amortisation, impairment and the share-based payment expense.

Group Statement of Profit or Loss

	6 months to 31 December 2021 Unaudited £	6 months to 31 December 2020 Unaudited £	Year to 30 June 2021 Audited £
CONTINUING OPERATIONS			
Revenue	3,261,361	3,013,309	5,693,385
Cost of sales	(1,320,260)	(1,492,205)	(3,085,409)
	<hr/>	<hr/>	<hr/>
Gross profit/(loss)	1,941,101	1,521,104	2,607,976
Other Income	697	50,280	54,354
Administrative expenses	(3,511,533)	(2,863,226)	(7,179,327)
	<hr/>	<hr/>	<hr/>
Operating loss	(1,569,735)	(1,291,842)	(4,516,997)
Disposal of Associate Gain / (Loss)	45,090	459,706	459,706
Finance income	2	-	4
Finance Costs	-	(8,988)	(10,236)
	<hr/>	<hr/>	<hr/>
Loss on ordinary activities before tax	(1,524,643)	(841,124)	(4,067,524)
Taxation	117,685	-	221,929
	<hr/>	<hr/>	<hr/>
Retained loss for the year	(1,406,958)	(841,124)	(3,845,595)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Earnings per Share	-£0.00	-£0.00	-£0.00

Group statement of comprehensive income

	6 months to 31 December 2021 Unaudited	6 months to 31 December 2020 Unaudited	Year to 30 June 2021 Audited
Items that will not be reclassified to profit or loss			
Foreign exchange profit / (loss) on retranslation of foreign Subsidiaries	(5,510)	(4,763)	(12,887)
Other Comprehensive Income for the period	(5,510)	(4,763)	(12,887)
Loss and total comprehensive income for the period	(1,412,468)	(845,887)	(3,858,482)

Group Statement of Financial Position

	As at 31 December 2021 Unaudited £	As at 30 June 2021 Audited £
NON CURRENT ASSETS		
Property, plant and equipment	200,110	187,366
Goodwill	5,259,307	1,903,790
Intangible fixed assets	5,240,418	704,481
	<hr/> 10,699,835	<hr/> 2,795,637
CURRENT ASSETS		
Trade and other receivables	2,096,066	1,586,850
Cash and cash equivalents	1,493,549	1,375,873
	<hr/> 3,589,615	<hr/> 2,962,723
TOTAL ASSETS	<hr/> 14,289,450 <hr/>	<hr/> 5,758,360 <hr/>
EQUITY AND LIABILITIES		
Equity		
Ordinary shares	1,099,697	930,513
Share premium account	52,488,918	46,511,089
Other reserves	3,843,012	3,384,914
Retained earnings	(48,709,655)	(47,302,697)
Total equity	<hr/> 8,721,972 <hr/>	<hr/> 3,523,819 <hr/>
Non-current liabilities		
Other Payables	1,316,801	254,986
Deferred Tax Liabilities	1,065,626	127,835
Current liabilities		
Trade and other payables	3,185,051	1,851,720
Total liabilities	<hr/> 5,567,478 <hr/>	<hr/> 2,234,541 <hr/>
TOTAL EQUITY AND LIABILITIES	<hr/> 14,289,450 <hr/>	<hr/> 5,758,360 <hr/>

Group Cash Flow Statement

	6 months to 31 December 2021 Unaudited	6 months to 31 December 2020 Unaudited	Year to 30 June 2021 Audited
	£	£	£
Cash flow used in operating activities			
Net cash used in operating activities	(592,836)	(439,160)	(2,049,833)
Cash flow from/(used in) investing activities			
Interest received	2	-	4
Additions to property, plant and equipment	(68,850)	(80,103)	(106,642)
Additions to intangible assets	(351,103)	-	(16,030)
Payments to acquire trade & assets on business combination	(2,155,630)	-	-
Gain on disposal of associate	45,090	459,706	459,706
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(2,530,491)	379,603	337,038
Cash flow from/(used in) financing activities			
Issue of equity share capital	3,246,513	601,666	1,950,649
Repayment of leases	-	(306,486)	(439,621)
Bank interest payable	-	(1,010)	(10,236)
	<hr/>	<hr/>	<hr/>
Net cash from financing activities	3,246,513	294,170	1,500,792
Net increase in cash and cash equivalents	123,186	234,613	(211,833)
Effect of currency translation on cash	(5,510)	(4,763)	(12,890)
Opening cash and cash equivalents	1,375,873	1,600,596	1,600,596
	<hr/>	<hr/>	<hr/>
Closing cash and cash equivalents	1,493,549	1,830,446	1,375,873
	<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 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 Income	-	-	-	-	(4,763)	(4,763)
Total comprehensive income	-	-	-	(841,124)	(4,763)	(845,887)
Proceeds of 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)	5,003,592
Loss for the period	-	-	-	(3,004,471)	-	(3,004,471)
Other comprehensive income	-	-	-	-	(8,124)	(8,124)
Total comprehensive income	-	-	-	(3,004,471)	(8,124)	(3,012,595)
Proceeds of shares issued	134,000	1,214,983	-	-	-	1,348,983
Share Issue Costs	-	-	-	-	-	-
Share options expensed	-	-	183,839	-	-	183,839
Total transactions with owners, recognised directly in equity	134,000	1,214,983	183,839	-	-	1,532,822
At 30 June 2021	930,513	46,511,089	3,403,414	(47,302,697)	(18,500)	3,523,819
Loss for the period	-	-	-	(1,406,958)	-	(1,406,958)
Other comprehensive income	-	-	-	-	(5,510)	(5,510)
Total comprehensive income	-	-	-	(1,406,958)	(5,510)	(1,412,468)
Proceeds of shares issued	169,184	6,183,150	-	-	-	6,352,334
Share Issue Costs	-	(205,321)	-	-	-	(205,321)
Share options expensed	-	-	463,608	-	-	463,608

Total transactions with owners, recognised directly in equity	169,184	5,977,829	463,608	-	-	6,610,621
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Dec 2021	1,099,697	52,488,918	3,867,022	(48,709,655)	(24,010)	8,721,972
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 16 Great Queen Street, London, England, WC2B 5AH. 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 2022.

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 2021 have been prepared using accounting policies that are consistent with those of the audited financial statements for the period ended 30 June 2021 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 2021, 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 2021 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 2021 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 2021 which can be obtained from the company's website: www.gfinityplc.com.

Going Concern

Despite the significant reduction in operating loss delivered in H1, revenue growth in such a new and rapidly evolving industry is not always linear and certain initiatives, which were originally anticipated for H2 of FY22, are now likely to take slightly longer to materialise.

As a result, in March 2022 directors announced their intention to raise a minimum of £1m, coupled with a one for one warrant at the exercise price to support working capital requirements and continue to support growth initiatives. The fundraise was heavily over-subscribed, confirming continued investor support for the business. As a result, in the context of an uncertain global macro-economic situation, the directors opted to raise £2.7m, coupled by a one for one warrant at the exercise price, to be exercised within a 12-month period.

Management have prepared forecasts to 30 June 2023, under a number of scenarios. Under each of these scenarios, following this fundraise, the Company has sufficient cash reserves to continue to operate for a further 12 months. As a result, directors believe that 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 2021, Gfinity issued 13,750,000 shares as the result of warrant exercises, 82,500,000 shares as the result of the fund raise, 1,433,331 as the results of employee option exercises and 62,500,000 of new shares in relation to the acquisition of Megit Ltd and 9,000,000 of new shares in relation to the acquisition of Siege.gg.

	6 months ended 31 Dec 2021	6 months ended 31 Dec 2020	Year ended 30 Jun 2021
	£	£	£
Loss attributable to shareholders from continuing operations	(1,412,468)	(845,887)	(3,858,482)
	Number 000's	Number 000's	Number 000's
Weighted average number of ordinary shares	963,463	767,286	809,795
Loss per ordinary share for continuing operations	-0.00	-0.00	-0.00

4. Notes to the Cash Flow Statement

	6 months to 31 December 2021 Unaudited £	6 months to 31 December 2020 Unaudited £	Year to 30 June 2021 Audited £
Cash flows from operating activities			
Loss for the financial year	(1,406,958)	(841,124)	(3,845,595)
Depreciation of property, plant and equipment	56,109	62,751	132,478
Depreciation on right of use assets	-	293,515	428,305
Amortisation of intangible fixed assets	631,608	253,108	492,700
Goodwill impairment	-	-	901,519
Interest Received	(2)	-	(4)
Interest Payable	-	8,988	10,236
Share based payments	463,608	81,744	265,583
(Increase) in Inventories	-	-	-
(Increase)/ decrease in trade and other receivables	(509,217)	193,306	(280,359)
Increase/ (decrease) in trade and other payables	334,791	(31,657)	300,020
Disposal of fixed assets	-	(85)	(85)
Gain on disposal of Associate	(45,090)	(459,706)	(459,706)
Corporation tax charge	-	-	227,004
Corporation tax (paid)/ R&D credits received	(117,685)	-	(221,929)
	<hr/>	<hr/>	<hr/>
Cash used by operating activities	(592,836)	(439,160)	(2,049,833)
	<hr/>	<hr/>	<hr/>
Net cash used by operating activities	(592,836)	(439,160)	(2,049,833)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. Segmental Information

The Group is managed on the basis of four segments:

- Gfinity Digital Media: monetisation of Gfinity's own network of digital media sites, primarily through, advertising, sponsorship and affiliate revenues
- Owned Content: The creation of esports programmes and content, in which Gfinity owns or co-owns the output and hence shares in the commercial revenue, including sponsorship and content rights that come as a result
- Service Delivery: the delivery of esports solutions and content for third parties, including high profile game publishers, sports rights holders and brands, under a fee-based model
- Technology: Licensing and fees for the direct deployment of Gfinity's proprietary esports technology, outside of a managed esports programme.

	6 months ended 31 Dec 2021 £	6 months ended 31 Dec 2020 £	Year ended 30 June 2021 £
Gfinity digital media	1,647,899	1,006,309	1,623,497
Owned content	-	382,235	728,065
Service delivery	1,479,697	1,530,333	3,118,975
Platform as a service	133,765	94,431	222,847
Total Revenue	3,261,361	3,013,309	5,693,385
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Segmental information for the statement of financial position has been presented as management do 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 2021. The period ending December 2021 included £153,643 in the contract liability balance and at the beginning of the period (December 2020: £0.4m and year ending June 2021: £364,024).

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

6 months ended 31 Dec 2021				
	Gfinity	Cevo	Megit Ltd	Total
	£	£	£	£
United Kingdom	1,563,860	-	425,547	1,989,407
North America	699,011	166,797	-	865,808
ROW	512,668	-	-	512,668
Total	2,775,538	166,797	425,547	3,367,882

6 months ended 31 Dec 2020				
	Gfinity	Cevo	Megit Ltd	Total
	£	£	£	£
United Kingdom	2,079,447	-	-	2,079,447
North America	530,306	58,465	-	588,771
ROW	345,090	-	-	345,090
Total	2,954,843	58,465	-	3,013,309

Year ended 30 June 2021				
	Gfinity	Cevo	Megit Ltd	Total
	£	£	£	£
United Kingdom	4,144,440	-	-	4,144,440
North America	902,408	322,741	-	1,225,149
ROW	539,069	-	-	539,069
Total	5,585,917	322,741	-	5,908,659

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

6 months ended 31 Dec 2021				
	Gfinity	Cevo	Megit Ltd	Total
	£	£	£	£
Services transferred at a point in time	1,568,313	166,797	425,547	2,160,657
Services transferred over time	1,207,226	-	-	1,207,226
Total	2,775,538	166,797	425,547	3,367,882

6 months ended 31 Dec 2020

	Gfinity	Cevo	Megit Ltd	Total
	£	£	£	£
Services transferred at a point in time	1,922,827	58,465	-	1,981,292
Services transferred over time	1,032,017	-	-	1,032,017
Total	2,954,844	58,465	-	3,013,309

Year ended 30 June 2021

	Gfinity	Cevo	Megit Ltd	Total
	£	£	£	£
Services transferred at a point in time	3,432,959	322,741	-	3,755,700
Services transferred over time	2,152,959	-	-	2,152,959
Total	5,585,918	322,741	-	5,908,659

As at 31 December 2021 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-21	Jun-21
	£	£
Trade Receivables	1,363,845	1,024,696
Contract Assets	493,102	244,835
Contract Liabilities	153,643	364,024

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

During the six month period to 31 December 2021, the process of winding up Gfinity Esports Australia (PTY), in which Gfinity held a 30% shareholding, was completed. On completion of this process, funds remaining in the business were re-distributed to shareholders. With all amounts invested in this venture having previously been expensed, this resulted in a one-off gain on cessation of the business of £45,090.

8. BUSINESS COMBINATIONS

Megit Ltd

Acquisition of Megit Ltd

On 14 September 2021 Gfinity PLC acquired 100% shares of Megit Ltd, owner of the Stock Informer brand. Stock Informer has built up a market leading position as an authority on hard-to-find items, with a particular focus to products of relevance to gamers. Its proprietary technology enables real-time updates on availability and pricing of items, from which consumers can click through to the relevant retailers to make purchases, allowing the business to drive revenue through affiliate commissions.

Purchase consideration

Initial consideration	£
Shares (62,500,000 Ordinary shares at £0.04)	2,500,000
Cash	2,500,000
Acquisition cost	51,250
Total initial consideration	5,051,250
Deferred consideration	
Contingent consideration at fair value	1,551,677
Total deferred consideration	1,551,677
Total consideration payable	6,602,927

Contingent consideration

Contingent consideration is payable based on revenue generated from the acquired entity. The amount payable is calculated at 30% of relevant revenues received in the first, second and third 12 month periods after the acquisition date, up to a maximum of £1,800,000 across the 3 year period. The fair value of the contingent consideration is currently estimated to be £1,551,677 based on forecast revenues at the date of the acquisition.

Net assets acquired

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

Intangible assets: domain authority	£ 3,944,713
Intangible assets: technology	715,741
Deferred tax liability	(1,021,342)
Net identifiable assets acquired	3,639,112
Add: Goodwill	2,963,814
Net assets acquired	6,602,927

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.

Siege.gg

Acquisition of Siege.gg

On 8 September 2021 Gfinity PLC acquired trade and assets of Siege.gg, a highly-engaged community for the Rainbow Six Siege game and owner of the leading proprietary statistical dataset in respect of the competitive scene around that game.

Purchase consideration

Initial consideration	£
Shares (9,000,000 Ordinary shares at £0.0445)	400,500
Acquisition cost	4,380
Total initial consideration	404,880
Deferred consideration	
Contingent consideration at fair value	108,678
Total deferred consideration	108,678
Total consideration payable	513,558

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 1,500,000 across the two-year period. The fair value of the contingent consideration is currently estimated to be £108,678 based on forecast revenues at the date of the acquisition.

Net assets acquired

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

	£
Intangible assets: statistical data and domain authority	155,989
Deferred tax liability	(34,134)
Net identifiable assets acquired	121,855
Add: Goodwill	391,703
Net assets acquired	513,558

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.