

## Latest News

### Placing of shares to raise £6.25 million Change to total voting rights

12 May 2017

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.*

Gfinity plc (AIM: GFIN), a leading eSports business, announces a placing of 31,250,000 new ordinary shares of 0.1 pence each in the Company ("**Placing Shares**") at a price of 20 pence per share (the "**Placing Price**") to raise £6,250,000 before expenses (the "**Placing**").

#### Transaction highlights

- Oversubscribed Placing with new and existing institutional and other investors of 31,250,000 Placing Shares at 20 pence per share to raise proceeds of £6.25 million before expenses
- The Placing Shares will represent approximately 16.56% per cent. of the issued share capital of the Company as enlarged by the issue of the Placing Shares
- The net proceeds of the Placing will be deployed for additional working capital purposes and to:
  - Launch the Gfinity Elite Series ("**Elite Series**") in the UK in summer 2017 and further establish its position as a leader in the eSports industry
  - Develop proprietary software to create a new industry leading platform for automating eSports competition management
  - Invest in personnel to further enhance Gfinity's highly-regarded team in the lead up to the launch of the Elite Series
  - Invest in broadcast technology to further differentiate quality of Gfinity production from that of its competitors

The Placing was conducted by Allenby Capital Limited ("**Allenby Capital**").

**Neville Upton, Chief Executive Officer of Gfinity, said:** *"I'm delighted to announce this oversubscribed Placing, reflecting support from both new and existing shareholders and the success of the Gfinity management to date in establishing a leading brand in the fast-growing eSports sector. These new funds will allow Gfinity to further invest in the Elite Series, a new "bedroom to podium" eSports structure in UK, as well as investing further in our market leading technology platform and personnel. Importantly, we are now well positioned to take advantage of the opportunity presented by continuing growth in the eSports sector and the strong reputation that the Company has already carved out within that."*

Further details of the Placing are set out below.

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#### About Gfinity

Founded in 2012, Gfinity has quickly established itself as one of the world's leading eSports companies. The London-based business enjoys strong relationships with game publishers, players and the wider eSports community and has already built a strong reputation for delivering high quality competitions, both on-line and off-line, and producing industry leading eSports broadcasts.

The Company has over 700,000 registered users, eligible to compete in its online competitions, and stages world leading off-line events, which see the top players in the world, across a range of eSports titles, travel to the Gfinity Arena in London and other locations around the world to take part in competitions, which are broadcast on-line to millions of viewers around the world. The Company stages events featuring a number of top video gaming titles, across PCs, consoles and mobile devices.

The Company monetises the strong position that it has created through a combination of sponsorship, advertising, broadcast income relating to Gfinity's own events and through fees received for creating and delivering bespoke events for sponsors and game publishers seeking to engage with the eSports community.

#### About eSports

eSports (electronic sports) is watching or playing competitive video gaming. Leading titles include League of Legends, Counter Strike: Global Offensive, Defence of the Ancients 2 (DotA 2), Call of Duty and Rocket League. The industry is growing rapidly, with new communities developing around more and more titles. The global eSports market generated US\$325 million of revenue in 2015 and is expected to make \$463 million in 2016. The global eSports audience in 2015 was 226 million people, 80% under the age of 35 and 70% male (source: Newzoo). Online streaming channels Twitch and YouTube command the biggest audiences, although eSports events are also now being broadcast on conventional TV. The 2015 League of Legends Championships finals in Berlin were watched by 36 million people, with a peak concurrent viewership of 14 million viewers, while at DotA 2's flagship annual championship 'The International 2016' competitors from around the world competed for a prize pot of over \$20 million.

The Company has conditionally raised £6,250,000 (before expenses) by way of the Placing of 31,250,000 Placing Shares at 20 pence each. The Placing Shares will be issued on a non-emptive basis, within the Company's existing share allotment authorities.

### Background to the Placing

Gfinity has already built a strong foundation for growth and has successfully established a strong reputation and brand within the global eSports industry. The increased demand for eSports events around the world and the Company's market leading position across Europe has resulted in an acceleration of the Company's development and a significant increase of new growth opportunities.

In a relatively short period of time, Gfinity has built a demonstrative track record in partnering with major games publishers including Microsoft Xbox and Activision. The Company has also organised and managed tournaments for Forza, Gears of War, Halo and Call of Duty.

Gfinity has recently announced its inaugural Elite Series tournament, its wholly owned intellectual property within the eSports sector, which over the longer term is expected to provide multi-layered revenue opportunities in the form of sponsorship, broadcasting rights, franchise fees and multiple ancillary streams.

To date, the Company has focused on four principal areas of monetisation:

- **Gfinity branded events** - where the Company receives payment for the commercial rights; including sponsorship deals and advertising revenue from multi-national enterprises that wish to be affiliated with the eSports demographic
- **Third party eSports events** - funded by game publishers, major brands and sponsors
- **Gfinity Arena rental income** - from letting the arena for product launches, content creation and other events
- **Online competition revenue** - from players of all levels who compete on the Gfinity platform for prizes

### Current Trading

Current trading is in line with management expectations. In the first few months of 2017 Gfinity has signed up five of the eight teams to compete in the forthcoming inaugural Elite Series, delivered major events in London, Paris, New York and Mexico City and secured an exclusive partnership with Microsoft for the official global tournament for Microsoft's Turn 10 Studios' Forza Racing Championship ("Forza RC") on Xbox.

The Board of Gfinity believes the opportunity for the Company is now far greater than initial estimates and is committed to capturing a significant market share as the nascent eSports market begins to establish itself in the US and more recently across Europe. Recent estimates from Newzoo, a global market research company, state that the global eSports market is expected to grow 41% to \$696 million in 2017 and to \$1.49 billion by 2020.

### Reasons for the Placing and use of proceeds

Having established a strong reputation within the eSports industry, Gfinity is now well positioned to benefit from the rapidly growing market opportunity. The net proceeds of the Placing will be used to provide additional working capital and to:

- **Further establish Gfinity's position as a leader in the eSports industry through further investment into the wholly owned Gfinity Elite Series.** The Elite Series competition has pioneered a dynamic new format, which will allow amateur gamers the opportunity to compete for a place in a professional team for the first time. This new competition structure enables a unique opportunity to offer an integrated suite of branded assets to reach, and effectively engage with, the eSports community through both the viewing of world class content and individual participation from gamers at home and at the arenas. Early indicators show that following a successful launch in UK there is significant scope to roll-out this format internationally with the ability to capitalise on commercial opportunities at each stage in the value chain. The Company will utilise approximately £1.7 million of the Placing proceeds to invest in these new commercial opportunities to accelerate new long-term revenue streams such as franchise fees, sponsorship programmes, advertising revenue, broadcasting rights and online betting.
- **Develop an industry leading proprietary eSports technology platform to automate eSports competition management.** The Board of Gfinity believes that Gfinity already owns and operates the best automated eSports backend tournament builder technology in the industry, but the current software is limited for Gfinity owned events. The Company intends to invest approximately £0.6 million of the Placing proceeds to further develop its technology to increase usability for third parties to enable them to build their own eSports competitions under a "white labelled" software licensing and royalty revenue model. The opportunity to develop a software platform to become the standard for "white labelled" software and services to the eSports industry to "power" all types of eSports competitions and tournaments is significant and such a strong value proposition complements the current revenue profile from specific events run by the Company with longer-term license fees and royalty income. Furthermore, it is expected such a strong technology platform will ultimately attract more gamers globally into the Gfinity ecosystem.
- **Investment in new senior management.** Approximately £0.5 million of the Placing proceeds will be invested in new personnel across functions, including a Chief Strategy Officer to shape the commercial, brand and content strategy and a Chief Operating Officer to strengthen the Company's operations as it launches the Elite Series. The Company will also strengthen its broadcasting team to handle the increasing volume of live sporting events being broadcast at future Gfinity events.

### Details of the Placing

The Placing will result in the issue of a total of 31,250,000 Placing Shares, representing, in aggregate, approximately 16.56% of the issued share capital as enlarged by the issue of the Placing Shares. The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of 0.1p each of the Company in issue and therefore will rank equally for all dividends or other distributions declared, made or paid after the issue of the Placing Shares on Admission (as defined below).

Application will be made to London Stock Exchange for the Placing Shares to be admitted to trading on AIM and such admission is expected to occur on 17 May 2017. It is expected that CREST accounts will be credited on the day of Admission as regards the Placing Shares in uncertificated form and that certificates for Placing Shares to be issued in certificated form will be dispatched by first class post by 31 May 2017.

Allenby Capital has entered into a Placing Agreement (the "**Placing Agreement**") with the Company under which Allenby Capital has, on the terms and subject to the conditions set out therein, undertaken to use its reasonable endeavours to procure subscribers for 25,243,750 Placing Shares at the Placing Price. A further 6,006,250 Placing Shares are being subscribed for directly with the Company, conditional, *inter alia*, on Admission. The Placing Agreement contains certain warranties and indemnities from the Company in favour of Allenby Capital. The Placing is not being underwritten by Allenby Capital or any other person.

The Placing is conditional, *inter alia*, upon Admission and the Placing Agreement not being terminated by 8.00 a.m. on 17 May 2017 (and in any event no later than 8.00 a.m. on 31 May 2017).

### Substantial Shareholders

Assuming completion of the Placing, the Company is aware of the following persons that will be interested in three per cent. or more of the issued share capital of the Company on Admission:

Name	Existing ordinary shares	Percentage of existing ordinary shares in issue	Ordinary shares on Admission	Percentage of enlarged share capital on Admission
Charles Street International Holdings Limited	47,200,000	29.98%	56,575,000	29.99%
Euroblue Investments Limited	21,295,624	13.93%	26,278,749	13.93%

Neville Upton	14,710,579	9.35%	14,710,579	7.80%
Mike McTighe	5,000,000	3.18%	6,006,250	3.18%

Two existing shareholders of the Company, Euroblue Investments Limited and Charles Street International Holdings Limited ("**Substantial Shareholders**"), are subscribing for 4,353,125 and 9,375,000 Placing Shares respectively. As the Substantial Shareholders each currently hold more than 10 per cent. of the Company's ordinary shares, the subscriptions by them of Placing Shares are deemed to be related party transactions pursuant to rule 13 of the AIM Rules. Accordingly, the Directors of Gfinity consider, having consulted with the Company's nominated adviser, Allenby Capital, that the terms of subscription to the Placing Shares by the Substantial Shareholders are fair and reasonable insofar as Shareholders are concerned.

#### **Total Voting Rights**

On Admission, the Company will have 188,663,570 ordinary shares of 0.1p each in issue, each with one voting right. There are no shares held in treasury. Therefore, the Company's total number of ordinary shares and voting rights is 188,663,570.

The above figure of 188,663,570 may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

#### **MAR**

The Market Abuse Regulations (*EU*) No. 596/2014 (**MAR**) became effective from 3 July 2016. Market soundings, as defined in MAR, were taken in respect of the Placing with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this announcement and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

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