



Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR)

28 March 2018

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

**Issue of equity to raise £6.7 million, general meeting and
change to total voting rights**

Gfinity plc (AIM: GFIN), a leading international esports business, announces a placing and subscription of 55,837,283 new ordinary shares of 0.1 pence each in the Company ("Placing Shares") at a price of 12 pence per share (the "Placing Price") to raise £6.7m before expenses (the "Placing"), to be undertaken in two tranches.

Transaction highlights

- The Placing Shares have been subscribed for by institutional and other investors, including existing shareholders.
- Of the funds raised, £1,523,554 is conditional, inter alia, on the approval of shareholders at a general meeting of the Company to be held on 16 April 2018 (the "GM") of resolutions to provide authority to the Directors to issue and allot further new ordinary shares otherwise than on a pre-emptive basis, further details of which are set out below.
- The Placing Shares will represent approximately 19.5% 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 general working capital purposes and to deliver strategic growth to:
 - Fund the net cost of delivering Seasons 3 and 4 of the Gfinity Elite Series in the UK, as the Company continues to build on the successful launch in 2017.
 - Further support the launch of Season 1 of Gfinity Elite Series Australia, seeking to establish Elite Series as a pre-eminent esports competition in the region
 - Continue to invest in the development of Gfinity's comprehensive esports digital platform, growing the digital community playing, watching and socialising via gfinityesports.com and providing the potential to drive license revenues through the provision of technology to partners.

Neville Upton, Chief Executive Officer of Gfinity, said: *"I am delighted by the continued support from existing and new shareholders as the Company focuses on delivering further strong growth in the rapidly evolving esports market. In a short period, we have established the Gfinity Elite Series as a leading property in the sector, which is now reflected by the strong demand from teams to acquire franchise places and the significant broadcast agreement we were recently able to announce with Facebook. Our partnerships business also continues to grow with major clients including game publishers such as Microsoft, sports rights holders including Formula 1 and other companies including Nvidia, all seeking to access the engaged and growing audience of esports fans.*

Continuing to build a high calibre team of proven leaders from relevant sectors, Gfinity is very well positioned to deliver significant value for its shareholders, as the esports market continues to mature."

A circular (the "Circular"), containing information in relation to the Placing and convening the GM is expected to be sent to shareholders today and will be available on the Company's website by tomorrow at www.gfinityplc.com.

Further details of the Placing are set out below.

Enquiries:

Gfinity plc

Neville Upton, Chief Executive Officer

www.gfinityplc.com

Via Walbrook PR

Allenby Capital Limited – AIM Nominated Adviser and Joint Broker

Jeremy Porter / John Depasquale

Tel: +44 20 3328 5656

Walbrook PR (Media & Investor Relations)

Paul Cornelius / Nick Rome/ Sam Allen

Tel: +44 (0)20 7933 8780
or gfinity@walbrookpr.com

About Gfinity

Founded in 2012, Gfinity has 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 built a solid reputation for delivering high quality competitions, both on-line at www.gfinityesports.com and off-line, in addition to producing industry leading esports broadcasts.

The Gfinity Esports Arena at Fulham Broadway, London is the home of UK esports showcasing regular tournaments across the full range of competitive games. Beyond its own tournaments Gfinity provides a full turnkey solution for brands wanting to create their own esports tournaments and has staged premium esports events around the globe for leading publishers and brands including Formula 1, Microsoft, Activision, EA, Xbox, Gillette and HP.

Further details of the Placing

The Company has conditionally raised £6.7m (before expenses) by way of the Placing of the 55,837,283 Placing Shares at 12 pence per share in two tranches as to 1) 43,141,000 Placing Shares (the “**First Placing Shares**”); and 2) 12,696,283 Placing Shares (the “**Second Placing Shares**”).

The allotment of the Second Placing Shares is conditional, inter alia, upon the Company obtaining approval of shareholders of resolutions to be proposed at the GM, to provide sufficient authority to enable allotment of the Second Placing Shares and disapply statutory pre-emption rights which would otherwise apply to the allotment of the Second Placing Shares (the “**Resolutions**”).

Background to the Placing

Esports represents one of the fastest growing media sectors, with a global audience expected to reach almost 500 million people by 2020. This forms part of a global community of people who play video games of c.2.2 billion people and part of a fundamental shift in the way in which younger people spend their leisure time.

Global esports revenues are expected to grow by 38% to \$906m in 2018 as the industry reaches an inflexion point, with brands, investors and major sports organisations all now recognising esports as a way to engage with a young and engaged audience, which can otherwise be difficult to reach via traditional platforms.

As a result of this growing market, competition for esports content has been rapidly increasing with a number of high profile announcements across the industry over the past 24 months including Amazon-owned Twitch esports channel acquiring the rights to Overwatch for \$90m and Microsoft announcing the development of their proprietary Mixer esports platform.

Gfinity has established a leading position within this market. The key principal areas of monetisation for the Company are:

- **Gfinity owned and branded events** – including the Gfinity Elite Series, with revenues generated by the sale of content rights, sponsorship and franchises paying to compete.
- **Partner Events** – delivering managed service solutions for major games publishers and brands such as Formula 1 and Microsoft.

Current trading and prospects

The current financial year has started strongly. Ahead of Season 3 of the Gfinity Elite Series, the Company announced that six new high-profile franchises, including Unilad and Hashtag United, which have a combined social following of over 45 million fans, were joining the Elite Series Season 3 roster. Earlier in March, the first significant content deal was announced with Facebook, to be the exclusive digital streaming partner for the Elite Series in 2018. After three weeks of Season 3, the total of daily unique viewers has already exceeded 5 million people, more than the equivalent total for the whole of season 2.

Furthermore, as part of Gfinity’s aim to build a large and engaged digital esports community, the Company acquired RealSM Limited (“Real Sport”) in March 2018, with the aim of accelerating the growth of its global digital community, providing great synergies with Gfinity's own operations.

The Board of Gfinity remains confident that it will continue to generate growing revenues as market dynamics and competition for content continue to increase the value of market opportunities. The Board of Gfinity believes it has a stronger pipeline than before on partner events and expect to soon be able to confirm two further partnerships. The high-profile nature of Gfinity’s partners, such as Facebook and Formula 1, and the quality of paying franchises that Gfinity is attracting, provides strong validation of Gfinity’s strategy. As such, the Board expects revenues to increase significantly while Gfinity’s global market share increases. In line with medium term global plans, Gfinity is already laying the groundwork for expansion of the Elite Series into other countries over the next few years. The Directors of Gfinity believe the Company remains well placed in

a rapidly growing market, with the global esports industry expected to be worth \$906m in 2018 and \$1,650m by 2021.

Reasons for the Placing and use of proceeds

The new funds from the Placing will enable Gfinity to further strengthen its industry standing, providing working capital through 2018 for the development of global opportunities, the Elite Series and growing the Gfinity platform and content:

- **Further investment into the Elite Series and the development of Season 3 and Season 4.** Elite Series Season 3 commenced earlier this month. Having been expanded to 10 teams and now including FIFA 18, this is the largest season to date. The series continues to provide a unique bedroom to podium framework for esports, providing over 80 hours of high quality broadcast per season. Content rights franchise places and sponsorship continue to be the key revenue streams as the Company targets larger contracts in the growing market place. £1.6m of the Placing proceeds will be invested in commercial opportunities to accelerate new long-term revenue streams as the Company grows its esports ecosystem of publishers, viewers, broadcasters and partners.
- **Commencing the Gfinity Elite Series Australia.** The Company is focused on establishing the Elite Series as a pre-eminent esports competition in the region and has licenced the format which will mirror that of the UK competition. As such, gamers will compete via the Challenger Series to be drafted by one of the Gfinity Elite Series Australia professional teams, targeting the Australian esports audience of around 2.2 million people. Gfinity Australia is planning to run two Elite Seasons in 2018, comprising seven weeks of competition for each season, with a total prize pool for the year of \$450,000. The inaugural season will commence during the first half of 2018 and has secured a venue partnership agreement with Hoyts Cinema chain ('HOYTS') to create the Gfinity Esports Arena in Sydney. In addition, Alienware, a subsidiary of Dell Inc., has been named as the headline sponsor and presenting partner of the event, while the Company has appointed a Chief Executive of Gfinity Australia to further drive opportunities in the region. The Company will use approximately £500,000 of the Placing proceeds to further develop the brand and opportunities in Australia, which provides the footprint for further global licencing opportunities.
- **Development of comprehensive esports digital platform.** This is focused on driving licence fee revenues and growing the Company's digital community. The Company aims to further enhance digital fan engagement by creating an online community. To this end, on 13 March 2018, it acquired RealSM Limited ("RealSport"). The Directors of Gfinity believe that by combining RealSport's platform and audience with Gfinity's premium video content and esports technology, there is the potential to significantly accelerate the growth of this global community, providing great synergies with Gfinity's own operations. This will add value for Gfinity's commercial partners and support the promotion of Gfinity's product portfolio, including the Gfinity Elite Series and the esports programmes that it delivers on behalf of its partners. The Company will use approximately £500,000 of the Placing proceeds to further develop its digital platform's reach and engagement.
- **Working Capital to support growth.** Approximately £3.9m of the Placing proceeds will be invested in general working capital for this year as the Company focuses on taking advantage of the significant esports opportunity throughout 2018. The Company's growth model will incorporate accelerated commercial activity, geographic expansion via licence agreements and further strengthening of its client base as it builds on increased demand and competition for esports content.

Details of the Placing

The Placing will result in the issue of a total of 55,837,283 Placing Shares, representing, in aggregate, approximately 19.5% of the issued share capital of the Company 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 4 April 2018 in respect of the First Placing Shares ("First Admission") and, subject to approval of the Resolutions, on 17 April 2018 in respect of the Second Placing Shares ("Second Admission") (together "Admission").

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 (including Admission), undertaken to use its reasonable endeavours to procure subscribers for 21,545,618 First Placing Shares at the Placing Price. A further 34,291,665 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 First Admission in respect of the First Placing Shares and upon the passing of the Resolutions and Second Admission in respect of the Second Placing Shares and the Placing Agreement not being terminated prior to First Admission or Second Admission (and in any event no later than 8.00 a.m. on 1 May 2018). The First Placing is not conditional on the Second Placing.

Significant shareholders and related party transaction

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 First Admission and on Second Admission:

<i>Name</i>	<i>Ordinary shares currently held</i>	<i>Ordinary shares on First Admission</i>	<i>Percentage of enlarged share capital on First Admission</i>	<i>Ordinary shares on Second Admission</i>	<i>Percentage of enlarged share capital on Second Admission</i>
Charles Street International Holdings Limited	63,186,111	72,573,161	26.52%	85,269,444	29.78%
Nigel Wray	32,048,325	32,048,325	11.71%	32,048,325	11.19%
Hargreave Hale	14,088,985	16,588,985	6.06%	16,588,985	5.79%
Neville Upton	14,710,579	14,877,245	5.44%	14,877,245	5.20%
Alden AS	8,148,148	11,273,148	4.12%	11,273,148	3.94%

Charles Street International Holdings Limited ("**Charles Street**") is subscribing for 22,083,333 Placing Shares and as Charles Street currently holds more than 10 per cent. of the Company's ordinary shares, the subscription by it of Placing Shares is deemed to be a related party transaction pursuant to rule 13 of the AIM Rules for Companies. Accordingly, the Directors of Gfinity consider, having consulted with the Company's nominated adviser, Allenby Capital Limited, that the terms of subscription to the Placing Shares by Charles Street are fair and reasonable insofar as Shareholders are concerned.

In addition, Neville Upton, the Company's CEO, has subscribed for 166,666 Placing Share, as detailed in the table above.

Details of the GM and recommendation

The notice convening the GM to be held at 11:30am on 16 April 2018 will be posted to shareholders later today as part of a circular to shareholders with details of the Placing. At the GM shareholders will be asked to consider resolutions which will be proposed to enable completion of the Placing in respect of the Second Placing which, if approved will provide further share allotment authority to the Directors and disapply statutory pre-emption rights in relation to the allotment of the Second Placing Shares.

The Board of Gfinity considers the Placing to be in the best interests of the Company and its shareholders as a whole and therefore the Directors unanimously recommend that shareholders vote in favour of the resolutions to be proposed at the GM, as they intend to do in respect of their own shareholdings of, in aggregate, 16,731,269 Ordinary Shares (representing approximately 6.11 per cent. of the Company's existing share capital).

If the resolutions to be proposed at the GM are not approved by shareholders, the Second Placing Shares will not be able to be allotted and less funds will be raised from the Placing. Therefore, the Company will have less working capital for this year and will need to adapt its business plans, strategy and cost base accordingly, which may affect the Company's performance, financial position and prospects.

Total Voting Rights

On First Admission, the Company will have 273,651,927 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 on First Admission will be 273,651,927.

The above figure of 273,651,927 may be used by shareholders following First Admission 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.

On Second Admission, the Company will have 286,348,210 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 on Second Admission will be 286,348,210.

The above figure of 286,348,210 may be used by shareholders following Second Admission 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.