27 November 2018

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

Final results for the year ended 30 June 2018

Period of strong revenue growth for one of the leaders in rapidly developing esports sector

Gfinity plc (AIM: GFIN), a world-leading esports solutions provider, announces its audited financial results for the year ended 30 June 2018.

Business Highlights:

- Partnered with Formula 1 and Codemasters to launch inaugural Formula 1 Esports Series
- Continued to deliver esports solutions for some of the world's largest games publishers, including EA SPORTS, Microsoft and Activision Blizzard
- Staged the inaugural Gfinity Elite Series in July 2017, with seasons 2 and 3 also taking place during the period:
  - 10 leading esports franchises signed up to participate
  - First major content rights partnership with Facebook
  - Live viewership for season 3 of 12.5 million people, with a further 4.9 million viewing ancillary content
  - First blue chip commercial partner: Unilever
  - License of format, brand and underlying technology to Australia in conjunction with HT&E, with season 1 broadcast in conjunction with Twitch and Channel 10, attracting 4.8 million live viewers
- Planned investment in people, platform and product, to strengthen market leading position, providing platform for growth:
  - New and experienced leadership team, including Executive Chairman Garry Cook, plus addition of Andy MacLeod and Preeti Mardia to board
  - Completed two strategic acquisitions, significantly building development and digital community building capability:
    - CEVO, Inc ("CEVO") (July 2017)
    - Real SM Ltd ("Real Sport") (March 2018)

Financial Highlights:

- Increase in revenue of 82% to £4.3m (2017: £2.4m), driven by growth in both Gfinity's managed services business and its owned and operated properties
- Adjusted EBITDA loss increased to £12.5m, reflecting planned investment in people, product and technology platform
- Cash and cash equivalents at period end of £3.7m (2017: £4.5m)

Post-Period Highlights

- Further strengthened leadership group, with appointments to the board of Graham Wallace (Global Chief Operating Officer) and John Clarke (Independent Non-Executive Director)
- Announced multi-year deal with Domino's Pizza as Presenting Partner of the Gfinity Elite Series

- Completed season 2 of Formula 1 Esports Series
- Announced as Esports Tournament Operator for the inaugural ePremier League competition
- Staged Halo Championship Series and finals of flagship Forza Racing Championship live from Gfinity Arena in London
- Announced successful completion of fundraise to raise £6.0m in October 2018

Garry Cook, Executive Chairman, Gfinity plc, said: "It has been an exciting year for the company. We have further strengthened the foundations of our business by continuing to invest in our strategic priorities to generate future revenue growth. Over the past 12 months we have connected publishers such as EA and Microsoft, rights holders such as Formula 1 and global brands and media partners with the young, engaged and fast growing esports community. Gfinity is a trusted brand in one of the most exhilarating and fast-growing industry segments. In 2018 we will continue to focus on delivering an innovative tournament series, creating and hosting partner events, building our digital "Tribe" community, and helping to show the societal benefits of gaming through our corporate responsibility initiatives."

Annual Report and Accounts

The Company's Annual Report and Accounts for the year to 30 June 2018 will be posted to shareholders on 27 November and copies will be available on the Company's website then. Notice of the Annual General Meeting of the Company, which is scheduled to take place on 20 December 2018, will be posted to shareholders with the Annual Report.

Enquiries:

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About Gfinity

Gfinity (AIM: GFIN) is a world-leading esports solutions provider. Its business to business platform, "Powered by Gfinity", delivers managed services to game publishers, sports rights holders, commercial partners and media companies. Gfinity creates bespoke solutions, including competitions and industry leading content production, connecting its partners with the esports community in authentic and innovative ways. Partnerships include EA SPORTS, F1 Esports Series, Halo World Championship and the Forza Racing Championship.

Gfinity connects directly with competitive gaming consumers through its owned competition platform, the "Gfinity Elite Series". The Series enables competitive gamers to be part of the Gfinity community, testing themselves and developing new skills, while providing a pathway for those who aspire to a career in esports to join a leading professional team. "Gfinity Elite Series" content is distributed through linear and digital channels and is enjoyed by tens of millions of esports fans around the world.

All Gfinity managed service solutions and owned competitions are underpinned by its proprietary technology platform delivering a level playing field for all competitors and supporting scalable multi-format leagues, ladders and knock out competitions.

More information about Gfinity is available at www.gfinityplc.com

Executive Chairman's Report:

I was delighted to be appointed Executive Chairman in May this year, after serving as a non-executive director since November 2017. It has been an exciting year for the company as we have further strengthened the foundations of our business by continuing to invest in our strategic priorities to generate future revenue growth.

I take it both as a significant responsibility but also as an endorsement of our professionalism that we are trusted by the world's leading publishers and rights holders to build their esports solutions and create compelling content for fans. Over the past 12 months we have connected publishers such as EA and Microsoft, rights holders such as Formula 1 and global brands and media partners with the young, engaged and fast growing esports community.

We operate in one of the world's most dynamic industry sectors. There are now more than 2 billion people gaming, the majority under the age of 35. This form of entertainment and participation is at the centre of young people's lives. The number of esports enthusiasts; those who compete, watch, follow, consume content is currently 380 million, growing close to 15% per annum. This creates opportunity. Gfinity has a track record for excellence in the market and this is generating additional opportunities with existing partners and significant new relationships.

Managed Services Solutions: Powered by Gfinity

We saw continued growth in our esports solution business. Gfinity's strong execution track record and proprietary tournament and broadcast platform remains a key differentiator in the market and key reason why we are the partner of choice for the biggest names in gaming and sports.

During the year we deepened our relationship with Microsoft. We delivered two major Halo events and were appointed Tournament Operator for the Global Forza programme, with the finals broadcast live from the Gfinity Arena in London. We also continued to build our partnership with EA, launching Battlefield V live from the Gfinity Arena.

A further highlight for the year was our partnership with one of the world's most iconic brands, Formula 1. We launched the F1 Esports Series which included two live events - the semi-finals at the Gfinity Arena and then the finals in Abu Dhabi in November. More than 60,000 fans entered the competition and the races were viewed in 123 countries. Based on this success we have been appointed to deliver and grow the F1 Esports Series in 2018, which now features nine out of the 10 teams

Owned Content: Gfinity Elite Series

During 2017 we delivered three Gfinity Elite Series competitions. The Gfinity Elite Series is a proprietary tournament format featuring 10 of the world's leading esports team franchises playing three different games, including EA SPORTS FIFA 18, Rocket League and Street Fighter V. Broadcast partners for Elite Series 1 and 2 included BBC3 and BT Sport. In March we signed an exclusive digital broadcast agreement with Facebook, granting it global online streaming rights for the Gfinity Elite Series until the end of 2018, starting with Series 3.

We announced at the start of the 2018/2019 financial year that we had signed a multi-season agreement with Domino's Pizza to become Presenting Partner of the Gfinity Challenger and Elite Series UK.

The strength of the Elite Series is that it has built a connection with millions of consumers and that it is adaptable to any publisher, rights holder or branded solution. We have flexibility to mould the product into any format we believe delivers the greatest value to our Tribe, our partners and our business model.

Strategic acquisitions

In July 2017 Gfinity acquired CEVO, a US based specialist esports platform architecture developer. The CEVO team has an innate understanding of the technology needs for successful esports competitions, making them a respected leader in this specialised, fast growing field. The CEVO team has been fully integrated into Gfinity.

In March 2018 Gfinity acquired London based Real SM Ltd (Real Sport). Founded in January 2016, Real Sport's platform features original content, including news documentaries, podcasts, analysis and opinions. The young and dynamic Real Sport team are experts in on-line community, based on creating searchable digital esports content and delivering a superior consumer experience. The platform attracts more than a million visitors per month. Real Sport is now fully integrated into Gfinity.

International expansion

In August 2017 Gfinity announced the launch of the Gfinity Elite Series in Australia. The Gfinity Elite Series Australia was created through a newly formed joint venture, Gfinity Esports Australia, in conjunction with HT&E Events Limited, itself a joint venture between HT&E Limited ('Here, There & Everywhere') a leading, ASX-listed, media and entertainment business, and IKON Media & Entertainment. Gfinity Elite Series Australia 1 took place in June and July 2018.

Corporate Social Responsibility

Gaming has a positive role to play in our society, from connecting young people with like-minded gamers across the globe; to building self-esteem through the mastery of new skills. There are also negative connotations associated with gaming. Gfinity is committed to understanding these concerns and to use its platform and voice to help find answers. I firmly believe there is a space within the education system to utilise gaming skills to teach young people through a medium they understand and have passion for. This is very much the future.

Outlook

Gfinity is a trusted brand in one of the most exhilarating and fast-growing industry segments. Gaming is at the heart of many young people's lives. By continuing in 2018 to focus on our strategic priorities – delivering innovative tournament series; creating and hosting partner events; building our digital community, our Tribe; and playing a positive role in society through our corporate responsibility initiatives – we have a pathway to significant revenue growth. I am excited to be part of this industry and proud to lead the Gfinity team. It is a team of dedicated and passionate professionals. I would like to take this opportunity to thank them for all that they do and to thank all our business partners for their continued trust and support.

Garry Cook

Executive Chairman

26 November 2018

Chief Financial Officer's Report
Summary:

The results for the year to 30 June 2018 reflect a period of strong revenue growth for the company, coupled with planned investment in people, product and technology platform to further strengthen Gfinity's position as a market leader in the fast-growing esports sector. A position that is reflected in our growing blue-chip client base.

Period Review:

Revenue across the Gfinity group of £4.3m (2017: £2.4m) represents a year on year increase of 82%. On a like for like basis, excluding the impact of acquisitions, year on year revenue growth was 53.5%. The revenue growth came from both managed services and Gfinity's owned and operated properties and included the addition of two major new clients, Formula 1 and Facebook, alongside our existing strong client relations.

The results are heavily impacted by our investment in the launch of the Gfinity Elite Series in UK, the first three seasons of which all took place in the year to 30 June 2018. As a result of this investment, in March 2018 we were delighted to welcome Facebook as a content partner from season 3 onwards, with only one season's worth of income from this partnership falling into the period. Following the year end we were also very pleased to announce that Domino's Pizza would be joining the Gfinity Elite Series as Presenting Partner from Season 4 onwards. None of the income from this partnership therefore forms part of these results. Overall, the net investment in the launch of Gfinity Elite Series in the period amounted to £4.7m, with a positive contribution of £1.3m from other activities.

Administrative expenses include £1.3m of non-cash items; depreciation £0.4m (2017: £0.2m), amortisation £0.4m (2017: £0.0m) and share option charge £0.4m (2017: £0.1m). Excluding these items, Administrative Expenses amount to £8.7m (2017: £4.6m). This year on year increase has been driven by an increase in staff costs, both through targeted recruitment of high calibre individuals and through the acquisitions of CEVO and Real Sport (CEVO's post-acquisition admin expenses in the year were £0.7m and Real Sport's £0.1m).

On the same basis, excluding the non-cash items, the adjusted EBITDA loss for the full year was £12.5m, representing an improvement of £2.0m in the second half of the year, with £7.4m loss for the first half of the year reducing to £5.0m for the second half of the year.

Year-end cash of £3.7m (2017: £4.5m) was supplemented by an oversubscribed fundraise completed in November 2018, comprising of both new and existing holders, leaving the business well capitalised as we move into 2019.

Financial outlook

The Company targets Adjusted EBITDA break-even operating results within the next few years. Revenue is expected to be driven by significant increased activity in managed services, both service fees and content revenue from esports solutions for sports rights holders and commercial brands in collaboration with publishers and distribution partners. The Company also expects significant contribution from its owned and operated properties, hereunder the Gfinity Elite Series and its digital "Tribe" community under development.

Annual administrative expenditure, adjusted for non-cash items, is expected to reach and remain relatively stable around £10-12 million in the medium term, as the majority of investment in the esports solutions platform, commercial delivery and content production is completed. Increasing value of esports content through a growing audience and stable opex is expected to drive material operational scalability. As such, the Company targets a long-term group gross margin of 30-40% and an Adjusted EBITDA margin in the range of 15-25% on a normalised basis.

Jonathan Hall
Chief Financial Officer
26 November 2018

Group Statement of Profit or Loss

	Notes	1 July 2017 to 30 June 2018 £	1 July 2016 to 30 June 2017 £
CONTINUING OPERATIONS			
Revenue		4,317,325	2,372,452
Cost of sales		(7,732,767)	(2,775,724)
Gross loss		**(3,415,442)**	**(403,272)**
Administrative expenses	**5**	(10,033,326)	(4,932,771)
Operating loss		**(13,448,768)**	**(5,336,043)**
Finance income	**7**	1,432	4,564
Finance costs	**7**	(1,333)	-
Share of net loss of associates		(347,237)	-
Loss on ordinary activities before tax		**(13,795,906)**	**(5,331,479)**
Taxation	**8**	222,356	103,315
Retained loss for the year		**(13,573,550)**	**(5,228,164)**
Loss and total comprehensive income for the period		**(13,573,550)**	**(5,228,164)**
Earnings per share	**19**	**(0.06)**	**(0.03)**

Group Statement of Comprehensive Income

	Notes	1 July 2017 to 30 June 2018	1 July 2016 to 30 June 2017
		£	£
Loss for the period		**(13,573,550)**	**(5,228,164)**
Other comprehensive income			
Items that will be reclassified to profit or loss			
Changes in the fair value of derivatives recognised at fair value	**17**	108,421	-
Items that will not be reclassified to profit or loss			
Foreign exchange loss on retranslation of foreign subsidiaries		(1,717)	-
Other comprehensive income for the period		**106,704**	-
Total comprehensive income for the period		**(13,466,846)**	**(5,228,164)**

Group Statement of Financial Position

	Notes	30 June 2018	30 June 2017
		£	£
NON CURRENT ASSETS			
Property, plant and equipment	**9**	758,861	875,892
Goodwill	**11**	2,544,525	-
Intangible fixed assets	**10**	2,070,156	73,391
Investment in Associate	**13**	264,464	50,000
		5,638,006	999,283
CURRENT ASSETS			
Trade and other receivables	**14**	2,159,869	1,660,477
Cash and cash equivalents	**15**	3,679,288	4,519,024
Current tax assets	**26**	153,000	-
		5,992,157	6,179,501
TOTAL ASSETS		**11,630,163**	**7,178,784**
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	**18**	286,348	188,664
Share premium account		31,565,734	15,254,085
Other reserves		585,539	154,217
Retained earnings		(23,628,965)	(10,163,836)
Total equity		**8,808,656**	**5,433,130**
Non-current Liabilities			
Deferred tax liabilities	**26**	366,245	**-**
Current liabilities			
Trade and other payables	**16**	2,238,420	1,745,654
Derivative Financial Instruments	**17**	216,842	-
Total liabilities		2,821,507	1,745,654
TOTAL EQUITY AND LIABILITIES		**11,630,163**	**7,178,784**

Company Statement of Financial Position

	Notes	30 June 2018	30 June 2017
		£	£
NON CURRENT ASSETS			
Property, plant and equipment	**9**	739,855	875,892
Investment in Subsidiaries	**12**	4,466,134	-
Intangible fixed assets	**10**	23,807	73,391
Investment in Associate	**13**	264,464	50,000
		5,494,260	999,283
CURRENT ASSETS			
Trade and other receivables	**14**	2,584,689	1,660,477
Cash and cash equivalents	**15**	3,563,217	4,519,024
Current tax assets	**26**	153,000	-
		6,300,906	6,179,501
TOTAL ASSETS		**11,795,166**	**7,178,784**
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	**18**	286,348	188,664
Share premium account		31,565,734	15,254,085
Other reserves		587,257	154,217
Retained earnings		(23,028,794)	(10,163,836)
Total equity		**9,410,545**	**5,433,130**
Current liabilities			
Trade and other payables	**16**	2,167,778	1,745,654
Derivative financial instruments	**17**	216,843	-
Total liabilities		2,384,621	1,745,654
TOTAL EQUITY AND LIABILITIES		**11,795,166**	**7,178,784**

The notes on pages 19 to 51 form an integral part of these financial statements.

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The parent Company's loss for the year amounts to £12,864,958 (2017: loss of £5,228,164).

Signed on behalf of the board on 26 November 2018:

Garry Cook	Jonathan Hall
Executive Chairman	Chief Financial Officer

Group Statement of Changes in Equity

	Ordinary shares	Share premium	Share option reserve	Retained earnings	Forex	Total equity
	£	£	£	£	£	£
At 30 June 2016	83,414	5,640,233	55,458	(4,935,672)	-	843,433
Loss for the period	-	-	-	(5,228,164)	-	(5,228,164)
Total comprehensive income	-	-	-	(5,228,164)	-	(5,228,164)
Proceeds of Shares Issued	105,250	9,844,730	-	-	-	9,949,980
Share issue costs	-	(230,878)	-	-	-	(230,878)
Share options expensed	-	-	98,759	-	-	98,759
Total transactions with owners, recognised directly in equity	105,250	9,613,852	98,759	-	-	9,817,861
At 30 June 2017	188,664	15,254,085	154,217	(10,163,836)	-	5,433,130

Group Statement of Changes in Equity Continued

	Ordinary shares	Share premium	Share option reserve	Retained earnings	Forex	Total equity
	£	£	£	£	£	£
At 30 June 2017	188,664	15,254,085	154,217	(10,163,836)	-	5,433,130
Loss for the period	-	-	-	(13,573,550)	-	(13,573,550)
Other comprehensive income				108,421	(1,717)	106,704
Total comprehensive income	-	-	-	(13,465,129)	(1,717)	(13,466,846)
Reduction in Capital	-	-	-	-	-	-
Proceeds of Shares Issued	81,763	13,618,703	-	-	-	13,700,466
Shares as consideration	15,921	3,050,663	-	-	-	3,066,584
Share issue costs	-	(357,717)	-	-	-	(357,717)
Share options expensed	-	-	433,039	-	-	433,039
Foreign exchange on retranslation of foreign subsidiaries			-	-	-	-
Total transactions with owners, recognised directly in equity	97,684	16,311,649	433,039	-	-	16,842,372
At 30 June 2018	286,348	31,565,734	587,256	(23,628,965)	(1,717)	8,808,656

Company Statement of Changes in Equity

	Ordinary shares £	Share premium £	Share option reserve £	Retained earnings £	Total equity £
At 30 June 2016	83,414	5,640,233	55,458	(4,935,672)	843,433
Loss for the period	-	-	-	(5,228,164)	(5,228,164)
Total comprehensive income	-	-	-	(5,228,164)	(5,228,164)
Proceeds of Shares Issued	105,250	9,844,730	-	-	9,949,980
Share issue costs	-	(230,878)	-	-	(230,878)
Share options expensed	-	-	98,759	-	98,759
Total transactions with owners, recognised directly in equity	105,250	9,613,852	98,759	-	9,817,861
At 30 June 2017	188,664	15,254,085	154,217	(10,163,836)	5,433,130
Loss for the period	-	-	-	(12,973,379)	(12,973,379)
Other comprehensive income				108,421	108,421
Total comprehensive income	-	-	-	(12,864,958)	(12,864,958)
Proceeds of Shares Issued	81,763	13,618,703	-	-	13,700,466
Shares as Consideration	15,921	3,050,663	-	-	3,066,584
Share issue costs	-	(357,717)	-	-	(357,717)
Share options expensed	-	-	433,039	-	433,039
Total transactions with owners, recognised directly in equity	97,684	16,311,649	433,039	-	16,842,372
At 30 June 2018	286,348	31,565,734	587,256	(23,028,794)	9,410,544

Group Statement of Cash Flows

	Note	30-Jun-18 £	30-Jun-17 £
Cash flow used in operating activities			
Net cash used in operating activities	**23**	(12,505,936)	(5,435,353)
Cash flow from / (used in) investing activities			
Interest received	**7**	1,432	4,564
Additions to property, plant and equipment	**9**	(312,342)	(599,692)
Acquisition of subsidiaries, net of cash acquired		(1,049,924)	-
Investment in Associate		(315,713)	-
Net cash used in investing activities		(1,676,547)	(595,128)
Cash flow from / (used in) financing activities			
Issue of equity share capital		13,700,466	9,949,980
Share Issue Costs		(357,717)	(230,878)
Net cash from financing activities		13,342,749	9,719,102
Net increase in cash and cash equivalents		(839,736)	3,688,621
Opening cash and cash equivalents		4,519,024	830,403
Closing cash and cash equivalents		3,679,288	4,519,024

Company Statement of Cash Flows

	Note	30-Jun-18 £	30-Jun-17 £
Cash flow used in operating activities			
Net cash used in operating activities	**23**	(11,928,671)	(5,435,353)
Cash flow from/(used in) investing activities			
Interest received	**7**	1,432	4,564
Additions to property, plant and equipment	**9**	(298,059)	(599,692)
Acquisition of subsidiaries, net of cash acquired		(1,066,500)	-
Investment in Associate		(315,713)	-
Inter-company loans		(691,046)	-
Net cash used in investing activities		(2,369,886)	(595,128)
Cash flow from / (used in) financing activities			
Issue of equity share capital		13,700,466	9,949,980
Share Issue Costs		(357,717)	(230,878)
Net cash from financing activities		13,342,749	9,719,102
Net increase in cash and cash equivalents		(955,808)	3,688,621
Opening cash and cash equivalents		4,519,024	830,403
Closing cash and cash equivalents		3,563,216	4,519,024

Notes to the Financial Statements

1. GENERAL INFORMATION

Gfinity plc ("the Company") is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales and is AIM listed. The address of the registered office is given on page 2. The registered number of the company is 08232509.

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.

2. ACCOUNTING POLICIES

Basis of preparation

The Company has prepared the accounts on the basis of all applicable International Financial Reporting Standards (IFRS), including all International Accounting Standards (IAS), Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) with effective dates for accounting periods beginning on or after 1 July 2017, together with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounts have been prepared on the historical cost basis, except for Share Based Payments which are accounted for at fair value. The principal accounting policies, which have been consistently applied throughout the period presented, are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually reviewed and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Interpretations and amendments to published standards effective in the accounts

For the purposes of the preparation of the accounts, the Group has applied all standards and interpretations that will be effective for the accounting periods commencing on or after 1 July 2017. The following standards and interpretations have been adopted:

- Annual improvements 2014–2016 (effective for accounting periods beginning on or after 1 January 2017);

- IAS Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative (effective for accounting periods beginning on or after 1 January 2017);

- Amendments to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017);

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 July 2017 or later periods but which the Company has not adopted early are as follows:

- Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018);

- IFRS 9 ‘Financial instruments’ (effective for accounting periods beginning on or after 1 January 2018);

- IFRS 15 ‘Revenue from contracts with customers’ (effective for accounting periods beginning on or after 1 January 2018);

- IFRS 16 ‘Leases’ (effective for accounting periods beginning on or after 1 January 2019);

- IFRIC 22, ‘Foreign currency transactions and advance consideration’ (effective for accounting periods beginning on or after 1 January 2018);

- IFRIC 23, ‘Uncertainty over income tax treatments’ (effective for accounting periods beginning on or after 1 January 2019)

Management continues to monitor the IASB’s on-going work on improvements to financial reporting but does not currently believe that the amendments and interpretations listed above will have a material effect on the Company’s reported income or net assets.

Going concern

At the end of the period the Group had cash and cash equivalents amounting to £3,679,288 and the Company had cash and cash equivalents amounting to £3,563,217. On 23rd October 2018 the Group announced its intention to raise a further £6.0 million (prior to deduction of expenses) via a placing of shares on AIM. This placing was approved by shareholders on 8 November 2018, with shares being admitted to AIM and funds received by the Group on 9 November and 12 November respectively. The placing leaves the Group with a strong cash position from which to pursue its objectives. The oversubscribed nature of recent placings and continued strong shareholder support gives the Directors confidence over future as well as present cash reserves.

Accordingly, these accounts have been prepared on a going concern basis.

Basis of consolidation

The Group accounts consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June each year. Subsidiary undertakings are those entities over which the Group has the ability to govern the financial and operating policies through the exercise of voting rights. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

All intra group balances, transactions, income and expenses and profit and losses on transactions between the Company and its subsidiaries and between subsidiaries are eliminated.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (‘CGUs’) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or join control over those policies.

The Group's interests in jointly controlled entities are incorporated in the financial information using the equity method of accounting. Investments in joint ventures are carried in the balance sheet at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the individual investments. The Group's share of the net profit or loss of the joint venture is shown as a single line item in the Consolidated Statement of Comprehensive Income.

Where the Group transacts with a joint venture any profit or loss arising is eliminated to the extent of the Group's interest in the relevant joint venture.

The carrying amount of equity-accounted investments is tested for impairment at least annually.

Investment in Subsidiaries

Investments in subsidiaries are held in the Company balance sheet at cost and reviewed annually for impairment.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the normal course of the Company's activities. Revenue is shown net of value added tax.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, the stage of completion of the transaction at the balance sheet date can be measured reliably and the costs incurred and the costs required to complete the services in respect of the revenue can be measured reliably. If the amounts have been invoiced in advanced for services, these amounts are deferred until the service is delivered to the client at which point the income is recognised. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue comprises of:

- Partner event fees: Revenue recognised in line with the date at which work is performed.

- Sponsorship revenues: Revenue is recognised on the date the relevant sponsored event takes place. In the event of long-term sponsorship contracts, the revenue is released on a straight-line basis across the term of the contract, except in instances where a significant proportion of the revenue relates to specific activation activities, in which case the revenue is released in line with when that work is performed.

- Advertising revenues: Fees are earned each time a user clicks on one of the ads that are displayed on the website. Revenue is recognised on a pay-per-click basis.

- Ticket sales: Revenue is recognised on the date the relevant event is delivered.

- Broadcaster revenues: Rights fees are received from linear broadcasters and online streaming platforms in return for rights to access broadcast content. Revenue is recognised in line with the dates the content is created

- Website subscriptions: Revenue is invoiced in advance and deferred on a straight-line basis over the subscription period.

Operating leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Foreign currencies
Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period. Exchange differences arising from the translation of the Group's foreign operations are recognised in other comprehensive income.

Taxation
The taxation expense represents the sum of the tax currently payable and deferred tax.

The charge for current tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computations of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or any discount on acquisition) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that the directors do not have a high degree of certainty that sufficient taxable profits will be available in the medium term to allow all or part of the asset to be recovered.

Share Based Payments

The Company provides equity-settled share-based payments in the form of share options. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares which will eventually vest and adjusted for the effect of non-market based vesting conditions. The Company uses an appropriate valuation model utilising a Black-Scholes model in order to arrive at a fair value at the date share options are granted.

In instances when shares are used as consideration for goods or services the shares are valued at the fair value of the goods or services provided. The expense to the company is recognised at the point the goods or services are received.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and that the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of tangible fixed assets to their residual values over their useful economic lives, as follows:

Office equipment	3 years straight line
Computer equipment	3 years straight line
Production equipment	3 years straight line
Leasehold improvements	Over the period of the lease or, where management have reasonable grounds to believe the property will be occupied beyond the terms of the lease, 3 years straight line

The residual values and useful economic lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable value. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains or losses in the income statement.

Intangible fixed assets

Intangible assets other than goodwill are recognised where the purchase or internal development of such assets are expected to directly contribute towards the company's ability to generate revenues over a multiple years.

Intangible fixed assets are stated at historical cost less accumulated amortisation and impairment, if any. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Where the cost is not clearly identifiable discounted cash flows are utilised to estimate either the cost to develop the resource or, where there are already profits attributable the asset, to estimate future cash inflows. Historical cost includes expenditure that is directly attributable to the acquisition or development of the items. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and that the cost of the item can be measured reliably.

Amortisation is charged on a straight-line basis over the estimated useful economic life of the asset as follows:

Software development	3 years straight line
Web traffic acquired in business combination	3 years straight line
Technology Platform	5 years straight line
Customer Relationships	5 years

Research and development costs

Development expenditure is capitalised as an intangible asset, only if the development costs can be measured reliably and it is anticipated that the product being built will be completed and will generate future economic benefits in the form of cash flows to the Group.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. These are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities are obligations to pay cash or other financial instruments and are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into. All interest-related charges are recognised as an expense in the income statement.

Trade and other payables are not interest bearing and are recorded initially at fair value net of transactions costs and thereafter at amortised cost using the effective interest rate method.

An equity instrument is any contract that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial assets

Financial assets are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument and are recognised in the balance sheet at the lower of cost and net realisable value.

Provision is made for diminution in value where appropriate.

Income and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the statement of comprehensive income in the financial period to which it relates.

Trade receivables do not carry any interest and are initially recognised at fair value, subsequently reduced by appropriate allowances for estimated irrecoverable amounts.

Derivative Financial Instruments

Derivative financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Derivatives are initially recorded at fair value and are subsequently remeasured to fair value based on mid-market prices, estimated future cash flows and forward rates as appropriate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of certain estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually reviewed and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition:

The Group's revenue recognition policy is based on separating contracts into discrete performance obligations with revenue then recognised based on the percentage completion of each one. Where the value of each distinct performance obligation is not set out in a contract Management estimate the value of each performance obligation based on what are deemed to be appropriate criteria. For example, if a contract did not stipulate the value by region of a broadcast agreement management would use appropriate weighting (e.g. audience size) to estimate the value of each region, with each region viewed as a separate performance obligation. Revenue would then be recognised based on the percentage completion of each performance obligation. In instances where there is no other readily available proxy Management will estimate the value of each performance obligation based on the relative cost to deliver.

Revenue settled by means other than cash (e.g. via equity in a associate) is recognised based on the value stipulated in the contract for goods or services, which would be deemed to be set at fair value, with the revenue then recognised based performance obligations in the manner described above.

Intangible assets recognised on business combinations:

Intangible assets in business combinations are recognised when the asset is separately identifiable and based on the probable future economic benefit that arises owing to the Group's control of the asset. Typically, the Group will utilise a discounted cash flow to establish the future economic benefits and therefore the fair value of the asset.

The Group have identified three intangible assets in relation to the two acquisitions undertaken in the year:

Cevo customer relationships: Cevo's customer relationships have been valued based on the revenue less associated costs over a five-year period. The cash flow has then been discounted at a rate of 13%. Discount rate has been calculated using the Capital Asset Pricing model with reference to the value of UK 10-year gilts as a proxy for a risk-free rate and the volatility of Gfinity's share price relative to that of AIM since listing.

Revenues have been calculated based on the assumed number of hours of development time for each client and Cevo's chargeable rate per hour. Costs have been derived based on the number of employees required to fulfil each contract, with salaries to support headcount growth based on market rates, along with estimates of associated technology costs. The valuation is sensitive to changes in the chargeable hour rate, which is assumed to grow at a compound annual growth rate ("CAGR") of 15%, the number of chargeable hours and changes in salary costs for developers over the next five years. If billable rates remain flat over the next five years the value of the asset would reduce by £0.6m.

Cevo gaming platform: The gaming platform has been valued based on a discounted cash flow using the same cost of capital as the customer relationship. Revenue has been based on licencing the software, tournament admission fees and subscriptions. The values have been established with reference to the 18 months prior to acquisition with the six monthly average annualised. The costs associated with the platform have been based on prize money, staff time and server costs. The value is assumed to decline by 20% per annum over a five-year period with the platform assumed to then be completely replaced. If the useful economic life was reduced to 3 years then the value would reduce by £0.1m.

Real Sport web traffic: Real Sport are in a pre-revenue phase therefore the intangible assets have been valued based on the estimated cost to acquire their organic traffic. The value of traffic was established based on the cost per click (“CPC”) of the key words that had driven users to the site and the web traffic in the quarter prior to acquisition. It was then assumed that any paid traffic would be subject to a 40% rate of cannibalisation of organic traffic. This was then valued over a three-year period with an assumed rate of decline of 33% per annum. The rate of decline was chosen to reflect potential changes in search algorithms.

Impairment testing:
The Group tests goodwill for impairment annually. The recoverable amounts of cash generating units have been determined based on value-in-use calculations which require the use of estimates. Management has prepared discounted cash flows based on the latest strategic plan.
Goodwill carried in relation to Cevo: The key assumptions in evaluating whether there was any impairment of the goodwill in relation to Cevo was the discount factor (13%) which was calculated in the manner outlined above and the volume of development work to be undertaken on behalf of the group. This was then compared against the cost to fulfil this work by paying a third party with the subsequent cost savings being a key determinant in whether there was any evidence of impairment. This was then evaluated over a ten-year period using a discounted cash flow.

The third-party cost for work was determined with reference to Cevo’s own charge out rates and the volume of work to be undertaken was based on Management’s estimates. This indicated a value of £6.1m higher than the carrying value of goodwill in relation to Cevo. Reducing development time by 10% has an impact of £0.6m.

Goodwill carried in relation to Real Sport: The key assumptions in evaluating whether there was any impairment of the goodwill in relation to Real Sport was the discount factor (13%) which was calculated in the manner outlined above, the prospective growth in users (13% CAGR, per Newzoo the esports industry grew 38% from 2017 to 2018) and execution of traffic monetisation strategies. Key costs related to content creation, staff, marketing and traffic acquisition. Where possible all assumptions in relation to revenue generating activities have been benchmarked based on desk based research however given the nascent esports industry is still testing various monetisation strategies many assumptions have been based on publicly available information for other online media and entertainment forums.

Based on the above the value of Real Sports was £8.1m higher than the carrying value. Reducing the CAGR for traffic growth by 5% has an impact of £7.5m, £0.6m higher than the carrying value of goodwill.

Valuation of investments:
Investments held in the company statement of financial position have been tested in line with the goodwill impairments described above

Deferred tax:
The Company has not recognised a deferred tax asset in respect of its losses given that there is no track record of taxable profits at this time. Deferred tax assets will be recognised when the Company has established a track record of expected future taxable profit. Detail of the unrecognised asset as at the period end are provided in note 6(c).

Share based payments:
The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. This fair value is measured by use of a Black-Scholes model.

The key assumptions used as inputs into this model are outlined in [note 20] on Share Based Payments. In addition, the company has issued share options as partial consideration for services provided. The cost of these has been recognised based on the timing of the delivery of the service and the fair value.

4. SEGMENTAL INFORMATION

The Group manage the business based on two segments: Gfinity and Cevo. The two reportable segments operate as follows:

Gfinity: This segment is the largest part of the business and encompasses the majority of esports related activities and broadcast and production capabilities.

Cevo: The in-house development capabilities which are key to delivering both Gfinity PLC's strategy and online esports solutions for third parties. This segment also includes several US based technology revenue streams

			30-Jun-18	**30-Jun-17**
	Gfinity	Cevo	**Group**	**Gfinity**
Revenue	3,682,087	635,238	**4,317,325**	**2,372,452**
Loss	(13,420,753)	(152,797)	**(13,573,550)**	**(5,228,164)**

Gfinity principally operate in the UK and Cevo principally in the US. Cevo were purchased during the year ending June 2018 and there is therefore no comparative information.

Segmental information for the statement of financial position has not been presented as management do not 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.

5. OPERATING EXPENSES

Operating loss is stated after charging:

		Group
	Year ended 30 June 2018	**Year ended 30 June 2017**
Loss on disposal of property, plant and equipment	-	72,909
Depreciation of property, plant and equipment	442,221	199,338
Amortisation of intangible fixed assets	418,797	49,583
Rentals under operating leases – land and buildings	609,373	391,376
Expensed development costs	190,517	184,414
Staff costs (see note 6)	4,567,202	1,723,884
Costs of inventories expensed	1,308	9,707
Auditors' remuneration for auditing the accounts of the company	21,000	16,000
Auditors' remuneration for other non-audit services:		
- Other services supplied pursuant to such legislation	-	-

- Other services related to taxation	1,500	1,500
- All other services	8,250	6,000
Net foreign exchange (gains)/ losses	(11,571)	16,006

6. PARTICULARS OF EMPLOYEES

Number of employees

The average number of people (including directors) employed by the company during the financial period was:

Group		Company	
Year ended 30 June 2018	**Year ended 30 June 2017**	**Year ended 30 June 2018**	**Year ended 30 June 2017**
61	31	58	31

The aggregate payroll costs of staff (including directors) were:

	Group		Company	
	Year ended 30 June 2018	**Year ended 30 June 2017**	**Year ended 30 June 2018**	**Year ended 30 June 2017**
Wages and salaries	3,775,231	1,469,465	3,400,923	1,469,465
Social security costs	380,569	155,660	351,450	155,660
Pensions	22,769	-	21,642	-
Equity settled	388,633	98,759	388,633	98,759
	4,567,202	1,723,884	4,162,648	1,723,884

Total remuneration for Directors during the year was £572,910 (2017: £375,925).
The board of directors comprise the only persons having authority and responsibility for planning, directing and controlling the activities of the Group.

7. FINANCE INCOME/COSTS

Group

	Year ended 30 June 2018	Year ended 30 June 2017
	£	£
Interest income on bank deposits	1,432	4,564
Interest cost	(1,333)	-

8. TAXATION

(a) Major components of taxation expense for the period ended 30 June 2018 are:

	Group	
	Year ended 30 June 2018	Year ended 30 June 2017
	£	£
Income statement		
Current tax		
Corporation tax charge / (credit)	(153,000)	(103,315)
Total current tax	(153,000)	(103,315)
Deferred tax		
Relating to origination and reversal of temporary differences	(69,356)	–
Taxation charge / (credit) reported in the income statement	(222,356)	(103,315)

(b) Factors affecting tax charge for the period

A reconciliation of taxation expense applicable to accounting profit before taxation at the statutory tax rate of 19% (2017: 19.75%), to taxation expense at the Company's effective tax rate for the period is as follows:

	Group	
	Year ended 30 June 2018	Year ended 30 June 2017
	£	£
Loss on ordinary activities before taxation	(13,795,906)	(5,331,479)
At UK corporation tax rate of 19% (2017: 19.75%)	(2,621,222)	(1,066,296)
Expenses not deductible for tax purposes	103,345	29,928

Capital allowances for period in excess of depreciation	10,644	(2,620)
Adjustment in respect of previous periods	(153,000)	(103,315)
Unrelieved tax losses carried forward	2,437,877	1,038,988
Current tax charge/ (credit) for the period	(222,356)	(103,315)

(c) Unrecognised deferred tax asset

The Company has an unrecognised deferred tax asset arising from trading losses carried forward of £4,666,946 (2017: £2,449,025) calculated at the substantively enacted Corporation tax rate at the balance sheet date of 19% (2017: 19%). These trading losses will reverse against future taxable trading profits and no asset has been recognised due to uncertainties over the timing and nature of such gains in accordance with IAS 12.

9. PROPERTY PLANT AND EQUIPMENT

Group Property Plant and Equipment

	Office equipment	**Computer & production equipment**	**Leasehold Improvement**	**Total**
	£	**£**	**£**	**£**
Cost				
At 1 July 2016	4,479	304,515	174,166	483,160
Additions	3,468	441,898	408,555	853,921
Disposals	-	-	(199,270)	(199,270)
At 30 June 2017	7,947	746,413	383,451	1,137,811
Depreciation				
At 1 July 2016	4,479	100,618	83,844	188,941
Charge for the period	124	137,490	61,725	199,338
Disposals	-	-	(126,361)	(126,361)
At 30 June 2017	4,603	238,108	19,208	261,918
Net book value				
At 30 June 2017	3,343	508,306	364,243	875,892
At 30 June 2016	-	203,897	90,322	294,219

Group Property, Plant and Equipment Continued

	Office equipment	Computer & production equipment	Leasehold Improvement	Total
	£	£	£	£
Cost				
At 1 July 2017	7,947	746,413	383,451	1,137,811
Additions	14,036	107,249	203,905	325,190
Disposals	-	-	-	-
At 30 June 2018	21,983	853,662	587,355	1,463,000
Depreciation				
At 1 July 2017	4,603	238,108	19,208	261,918
Charge for the period	4,927	264,093	173,202	442,221
Disposals	-	-	-	-
At 30 June 2018	9,530	502,201	192,409	704,140
Net book value				
At 30 June 2018	12,453	351,461	394,946	758,861
At 30 June 2017	3,343	508,306	364,243	875,892

Company Property, Plant and Equipment

	Office equipment	Computer & production equipment	Leasehold Improvement	Total
	£	**£**	**£**	**£**
Cost				
At 1 July 2016	4,479	304,515	174,166	483,160
Additions	3,468	441,898	408,555	853,921
Disposals	-	-	(199,270)	(199,270)
At 30 June 2017	7,947	746,413	383,451	1,137,811
Depreciation				
At 1 July 2016	4,479	100,618	83,844	188,941
Charge for the period	124	137,490	61,725	199,338
Disposals	-	-	(126,361)	(126,361)
At 30 June 2017	4,603	238,108	19,208	261,918
Net book value				
At 30 June 2017	3,343	508,306	364,243	875,892
At 30 June 2016	-	203,897	90,322	294,219

Company Property, Plant and Equipment cont.

	Office equipment	Computer & production equipment	Leasehold Improvement	Total
	£	£	£	£
Cost				
At 1 July 2017	7,947	746,413	383,451	1,137,811
Additions	5,070	89,085	203,904	298,059
Disposals	-	-	-	-
At 30 June 2018	13,017	835,498	587,355	1,435,870
Depreciation				
At 1 July 2017	4,603	238,108	19,208	261,918
Charge for the period	2,365	258,531	173,202	434,097
Disposals	-	-	-	-
At 30 June 2018	6,968	496,638	192,409	696,015
Net book value				
At 30 June 2018	6,048	338,860	394,946	739,854
At 30 June 2017	3,343	508,306	364,243	875,892

10. INTANGIBLE FIXED ASSETS

Group Intangible Fixed Assets

	Customer Relationship	Real Sport Web Platform	Gaming Platform	Software Development	Total
	£	£	£	£	£
Cost					

At 1 July 2016	-	-	-	148,750	148,750
Additions		-	-	-	-
At 30 June 2017	-	-	-	148,750	148,750
	-				
Amortisation					
At 1 July 2016	-	-	-	25,776	25,776
Charge for the period		-	-	49,583	49,583
At 30 June 2017	-	-	-	75,359	75,359
Net book value					
At 30 June 2017	-	-	-	73,391	73,391
At 30 June 2016	-	-	-	122,974	122,974

	Customer Relationship	Real Sport Web Platform	CEVO Gaming Platform	Software Development	Total
				£	£
Cost					
At 1 July 2017	-	-	-	148,750	148,750
Additions	1,198,661	935,518	281,383	-	2,415,562
At 30 June 2018	1,198,661	935,518	281,383	148,750	2,564,312
Amortisation		-	-		
At 1 July 2017	-	-	-	75,359	75,359
Charge for the period	223,969	92,524	52,721	49,583	418,797
At 30 June 2018	223,969	92,524	52,721	124,943	494,156
Net book value					
At 30 June 2018	974,692	842,994	228,663	23,807	2,070,156
At 30 June 2017	-	-	-	73,391	73,391

Company Intangible Fixed Assets

	Software Development	Total
	£	£
Cost		
At 1 July 2016	148,750	148,750
Additions	-	-

At 30 June 2017	148,750	148,750
Amortisation		
At 1 July 2016	25,776	25,776
Charge for the period	49,583	49,583
At 30 June 2017	75,359	75,359
Net book value		
At 30 June 2017	73,391	73,391
At 30 June 2016	122,974	122,974

	Software Development	**Total**
	£	**£**
Cost		
At 1 July 2017	148,750	148,750
Additions	-	-
At 30 June 2018	148,750	148,750
Amortisation		
At 1 July 2017	75,359	75,359
Charge for the period	49,583	49,583
At 30 June 2018	124,943	124,943
Net book value		
At 30 June 2018	23,807	23,807
At 30 June 2017	73,391	73,391

Software development costs refer to direct costs incurred in development of the Gfinity TV Player media player. The valuation of the Real Sport web platform has been based on the cost to Gfinity of acquiring Real Sport's traffic

11. GOODWILL

Group

	Goodwill	Total
	£	**£**
Cost		
At 1 July 2017	-	-
Additions	2,544,526	2,544,526
At 30 June 2018	2,544,526	2,544,526
Amortisation		
At 1 July 2017	-	-
Charge for the period	-	-
At 30 June 2018	-	-
Net book value		
At 30 June 2018	2,544,526	2,544,526
At 30 June 2017	-	-

The goodwill has arisen on the acquisitions of 100% of the share capital of CEVO Inc. and RealSM Ltd in the year. The net assets acquired and the consideration paid are outlined in note 25 on business combinations. The goodwill arising on the business combinations has been tested for impairment based on the methods outlined in note 3 on accounting estimates and judgements. In both instances the test indicated there was no impairment of the goodwill.

12. INVESTMENT IN SUBSIDIARIES

		Company
	30 June 2018	**30 June 2017**
	£	**£**
At 1 July	-	-
Investment in subsidiary	4,466,134	-
At 30 June	4,466,134	-

The investments in subsidiaries represent the purchase of Cevo and Real Sport on 24 July 2017 and 13 March 2018 respectively. The fair value of consideration at acquisition for Cevo was £2,158,498 for 100% of the share capital and the fair value at acquisition of Real Sport was £2,307,634 for 100% of the share capital. Both investments are held in Gfinity PLC.

Subsidiary undertaking	Country of incorporation	Holding	Proportion of voting rights and capital held	Nature of business
Cevo Inc.	USA	Ordinary shares	100%	IT Development and Tournament and event operator
RealSM Ltd	England	Ordinary Shares	100%	Online media
Excel Interactive Limited	England	Ordinary Shares	100%	Sports Club

13. INVESTMENT IN ASSOCIATES

		Group		Company
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	£	£	£	£
At 1 July	50,000	-	50,000	-
Investment in associate	561,701	50,000	561,701	50,000
Share of Profits	(347,237)	-	(347,237)	-
At 30 June	264,464	50,000	264,464	50,000

The investment in associate relates to the acquisition of 33% of the eSports Industry Award Limited on its incorporation in February 2017 and 30% of Gfinity Australia on its incorporation in August 2017. Both investments are held in Gfinity PLC

Subsidiary undertaking	Country of incorporation	Holding	Proportion of voting rights and capital held	Nature of business
Esports Industry Awards Ltd	England	Ordinary shares	33%	Event Operator
Gfinity Esports Australia PTY Limited	Australia	Ordinary Shares	30%	Tournament and event operator

14. TRADE AND OTHER RECEIVABLES

		Group		Company
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	£	£	£	£
Trade receivables	1,504,006	702,432	1,389,124	702,432
Provision for doubtful debts	(219,658)	(94,658)	(219,658)	(94,658)

	1,284,348	607,774	1,169,466	607,774
Other receivables	227,165	422,266	228,045	422,266
Amounts due from group undertakings	-	-	610,757	-
Amounts due from related undertakings	128,692	-	128,692	-
Prepayments and accrued income	519,664	630,437	447,729	630,437
	2,159,869	1,660,477	2,584,689	1,660,477

Included in other receivables is £17,660 (2017: £33,800) which is due in more than one year.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value due to the short term nature of these financial assets.

15. CASH AND CASH EQUIVALENTS

		Group		Company
	30 June 2018	**30 June 2017**	**30 June 2018**	**30 June 2017**
	£	**£**	**£**	**£**
Cash at bank and in hand	3,629,182	428,998	3,513,111	428,998
Short term deposits	50,106	4,090,026	50,106	4,090,026
	3,679,288	4,519,024	3,563,217	4,519,024

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents does not differ from the carrying value.

16. TRADE AND OTHER PAYABLES

		Group		Company
	30 June 2018	**30 June 2017**	**30 June 2018**	**30 June 2017**
	£	**£**	**£**	**£**
Trade payables	666,337	1,189,995	621,879	1,189,995
Other taxation and social security	184,688	102,132	158,506	102,132

Accrued expenditure and deferred revenue	1,387,395	453,527	1,387,393	453,527
	2,238,420	1,745,654	2,167,778	1,745,654

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value due to their short-term nature.

17. DERIVATIVE FINANCIAL INSTRUMENTS

		Group & Company
	30 June 2018	**30 June 2017**
	£	**£**
Derivative financial liabilities		
Deferred shares	216,843	-

Deffered shares relate to the acquisition of Cevo Inc.. These are payable in full as the metrics for the payment of all deferred consideration have been achieved however the shares had not been issued at year end.

The value of the shares at acquisition was £325,264 with the change in value between acquisition and year end (£108,421) recognised in other comprehensive income

18. ISSUED CAPITAL

The Company has a single class of ordinary share with nominal value of £0.001 each. Movements in the issued share capital of the Company can be summarised as follows:

Issued and fully paid	**Number**	**£**
As at 30 June 2016	83,413,570	83,414

Issued on 21st July 2016 at £0.05 per share	74,000,000	74,000
Issued on 16th May 2017 at £0.20 per share	31,250,000	31,250
As at 30 June 2017	188,663,570	188,664
Issued on 24 July at £0.21	3,614,049	3,614
Issued 11 October 2017 at £0.27	25,925,926	25,926
Issued 13 March 2018 at £0.1875	12,307,382	12,307
Issued 28 March 2018 at £0.12	55,837,283	55,837
As at 30 June 2018	286,348,210	286,348

19. EARNINGS 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.

		Group		**Company**
	Year to 30 June 2018	**Year to 30 June 2017**	**Year to 30 June 2018**	**Year to 30 June 2017**
	£	**£**	**£**	**£**
Loss attributable to shareholders	(13,466,846)	(5,228,164)	(12,863,650)	(5,228,164)
	Number 000's	**Number 000's**	**Number 000's**	**Number 000's**
Weighted average number of ordinary shares	228,815	157,211	228,815	157,211
	£	**£**	**£**	**£**
Loss per ordinary share	**(0.06)**	**(0.03)**	**(0.06)**	**(0.03)**

20. SHARE BASED PAYMENTS

Equity-settled share option plans

Options

The Company has a share option scheme for all employees of the Group.

The tables below summarises the exercise terms of the various options over Ordinary shares of £0.001 each which had been granted, and were still outstanding, as at 30 June 2018. A total of 14,467,440 were granted in the year with 6,967,440 being granted to employees and contractors as part of a long-term incentive plan (LTIP) and 7,500,000 granted as partial consideration for services provided. No options were exercised during the year and 335,714 lapsed due to members of staff leaving. The total number of outstanding options in issue at 30 June 2018 is 36,898,437 (2017: 22,766,711).

	Number	**Weighted average exercise price (£)**
LTIP options		
Shares Options as at 30 June 2016	4,821,041	0.1345
Shares Options Granted	17,945,670	0.1450
Share Options Forfeited	-	-
LTIP Share Options as at 30 June 2017	**22,766,711**	**0.1428**

	Number	**Weighted average exercise price (£)**
LTIP options		
Shares Options as at 30 June 2017	22,766,711	0.1428
Shares Options Granted	6,967,440	0.1964
Share Options Forfeited	(335,714)	(0.1962)
LTIP Share Options as at 30 June 2018	**29,398,437**	**0.1549**

Options for non-employee services

Non-market condition shares	**Number**	**Weighted average exercise price (£)**
Shares Options as at 30 June 2017	-	-
Shares Options Granted	7,500,000	n/a
Share Options Lapsed	-	-
Share Options as at 30 June 2017	**7,500,000**	**n/a**

Options vest over periods defined in the respective option agreements and at the discretion of the board of directors. 8,485,327 options vested during the year.

Of the options outstanding 12,429,241 (2017: 10,984,241) are held by directors. Full details of all options held by directors are contained within the Directors' Remuneration Report.

The principal assumptions input into the Black Scholes model to calculate the value of LTIP share options issued for compliance with IFRS 2 "Share Based Payments" are included below, where applicable.

	Year ended 30 June 2018	Year ended 30 June 2017
Weighted average exercise price	£0.1549	£0.1428
Average expected life	1.8 years	1.9 years
Expected volatility of options granted in year	111.11%	29.68%
Risk free rate	1.14%	1.22%
Expected dividend yield	0%	0%

All options were granted at an exercise price equivalent to the market price at the date of grant. The weighted average exercise price of LTIP options outstanding at 30 June 2018 was £0.1549 (2017: £0.1428). The weighted average fair value of options issued during the period was £0.1119 (2017: £0.0300).

The average expected life is based on directors' best estimate taking into account the vesting conditions of the options.

Expected volatility has been calculated with reference to the actual volatility of the share price since the Company's admission to AIM in December 2014.

The fair value of the non-employee services options has been based on the fair value of the services provided at the date the services were provided. This equates to a fair value of options issued in the year £0.0111 (2017: n/a).

All options are held in Gfinity PLC with no options held over any of the subsidiaries

21. RELATED PARTY TRANSACTIONS

The Directors Remuneration Report provides details of share options issued to certain directors in the period. Further information on share options are provided in Note 20.

Transactions with Group subsidiaries in the year were inter-company loans from Gfinity to Cevo (£236,274), Real Sport (£347,843) and Excel Interactive Limited (£80,289). The loan to Excel Interactive Limited was written off in full in the year. In addition, Cevo and Gfinity undertook transactions with a value of £18,989.

Transactions with associates in the year were £90,000 of revenue from the Esports Industry Awards and £269,893 with Gfinity Australia. These were billable activities based on market rates for delivering the services. At year end £90,000 remained outstanding from the Esports Industry Awards and £20,034 was outstanding from Gfinity Australia. £246,550 of the revenue from Gfinity Australia was settled via equity.

22. COMMITMENTS UNDER NON-CANCELLABLE OPERATING LEASES

The Group and Company have the following total commitments under non-cancellable operating leases expiring as follows:

				Land and Buildings
		Group		Company
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	£	£	£	£
Less than one year	372,600	279,150	372,600	279,150
Total	372,600	279,150	372,600	279,150

23. NOTES TO THE CASH FLOW STATEMENT

	Group		Company	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Cash flows from operating activities				
Loss before taxation	(13,795,906)	(5,331,479)	(13,126,379)	(5,331,479)
Adjustments for:				
Depreciation of property, plant and equipment	442,221	199,338	434,097	199,338
Disposal of fixed assets	-	72,910	-	72,910
Amortisation of intangible fixed assets	418,797	49,583	49,583	49,583
Interest Received	(1,432)	(4,564)	(1,432)	(4,564)
Share based payments	433,039	98,759	433,039	98,759
Share of Associate Losses	347,237	-	347,237	-
Revenue Settled Via Equity	(246,550)		(246,550)	
Bad Debt Charge	125,191	-	207,198	-
Changes in working capital:				

Decrease/(Increase) in Inventories	-	9,707	-	9,707
(Increase)/ decrease in trade and other receivables	(624,724)	(1,221,207)	(543,679)	(1,221,207)
Increase in trade and other payables*	243,191	588,285	365,215	588,285
Corporation tax (paid)/ received	153,000	103,315	153,000	103,315
Cash used by operating activities	(12,505,936)	(5,435,353)	(11,928,671)	(5,435,353)
Interest paid	–	–	-	–
Net cash used by operating activities	(12,505,936)	(5,435,353)	(11,928,671)	(5,435,353)

*Note: The movement in trade and other payables for the period ending June 2017 excludes £254,229 of capital creditors

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company uses a limited number of financial instruments, comprising cash, short-term deposits, and various items such as trade receivables and payables, which arise directly from operations. The Company does not trade in financial instruments. All of the Company's financial instruments are measured at amortised cost

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables.

Bank balances and cash are held by banks with high credit ratings assigned by independent credit rating agencies. Management is of the opinion that cash balances do not represent a significant credit risk.

As the Group does not hold security against trade and other receivables, its credit risk exposure is as follows:

	Group		Company
30 June 2018	**30 June 2017**	**30 June 2018**	**30 June 2017**
£	**£**	**£**	**£**
1,292,320	635,824	1,788,425	635,824

The trade receivables balance represents amounts due from third parties. At the balance sheet date, the Group's trade receivables totalled £1,504,006 less a provision of £219,658 (2017: £702,342 less of a provision of £94,658). The Company's trade receivables include £610,757 of inter-company funding (2017: £nil). The Company's trade receivables totalled £1,389,124 less a provision for doubtful debt of £219,658 (2017: £702,342 less of a provision of £94,658).

There are no significant overdue but not impaired trade receivables at the balance sheet date. The Company balance sheet includes inter-company receivables which are not considered to be at risk as the Company retains control over the debtor however it is not anticipated that the Group companies will repay these amounts in the next 12 months.

At the balance sheet date amounts of £891,172 were due from two customers representing a concentration of credit risk. All amounts have been recovered since the balance sheet date.

Liquidity risk
All trade and other payables are due for settlement within one year of the balance sheet date. The use of instant access deposits ensures sufficient working capital is available at all times.

Foreign exchange risk
The Company operates in overseas markets by selling directly from the UK, owns an overseas subsidiary and reports in GBP. It is therefore subject to currency exposures on transactions while the Group is subject to currency exposures on consolidation of the overseas subsidiary.

Derivative Financial Instruments

The Group holds derivative financial instruments at their value with the gain or loss on remeasurement of fair value immediately in the statement of comprehensive income as outlined in Note 2. The only financial instruments held on the balance sheet related to deferred consideration for the purchase of Cevo with the liability to be settled via shares in Gfinity.

Financial instruments held by the Company and their carrying values were as follows:

Group

			30 June 2018			**30 June 2017**
	USD ($)	**AUSD ($)**	**GBP (£)**	**USD ($)**	**EUR (€)**	**GBP (£)**
Trade and other receivables	901,508	35,393	1,262,719	1,151	1,316	1,027,573
Cash	377,085	-	3,380,358	87,937	-	4,431,687
Trade and other payables	(101,644)	(1,164)	(2,160,794)	(38,004)	(106,314)	(1,610,335)
Derivative Financial Instruments	-	-	(216,843)	-	-	
Net Current Assets/ Liabilities	**1,176,949**	**34,229**	**2,265,440**	**51,084**	**(104,998)**	**3,848,925**

Company

	30 June 2018					30 June 2017
	USD ($)	**AUSD ($)**	**GBP (£)**	**USD ($)**	**EUR (€)**	**GBP (£)**
Trade and other receivables	780,150	35,393	1,168,665	1,151	1,316	1,027,573
Cash	321,783	-	3,319,590	87,937	-	4,431,687
Trade and other payables	(68,424)	(1,164)	(2,115,304)	(38,004)	(106,314)	(1,610,335)
Derivative Financial Instruments	-	-	(216,843)	-	-	
Net Current Assets/ Liabilities	**1,033,509**	**34,229**	**2,156,108**	**51,084**	**(104,998)**	**3,848,925**

Financial liabilities included in the balance sheet relate to the IAS 39 category of other financial liabilities held at amortised cost.

Assets relate to loans and receivables with the exception of other receivables and prepayments which are classified as non-financial assets.

Fair value estimation
The aggregate fair values of all financial assets and liabilities are consistent with their carrying values due to the relatively short-term maturity of these financial instruments.

As cash is held at floating interest rates, its carrying value approximates to fair value.

Capital management
The Company is funded entirely through shareholders' funds.

If financing is required, the Board will consider whether debt or equity financing is more appropriate and proceed accordingly. The Company is not subject to any externally imposed capital requirements.

25. Business Combination

Acquisition of Cevo, Inc
On 24 July 2017 Gfinity PLC acquired 100% of the issued shares of Cevo, Inc ("Cevo"), a provider of technology and services to the global esports market for consideration of up to £2,158,498. Cevo's reputation as a provider of its own esports competitions and leading-edge technology

further strengthens the Group's position as a leader in the esports sector while creating a platform for further expansion into the US market.

Purchase Consideration

	£
Initial Consideration	
Cash in GBP ($977,200 converted at $1.30 to £1)	751,999
Shares (3,614,049 shares at £0.21)	758,950
Total Initial Consideration	**1,510,949**
Deferred Consideration	
Cash in GBP ($418,800 converted at $1.30 to £1)	322,285
Shares (1,548,877 at £0.21)	325,264
Total Deferred Consideration	**647,549**
Total Consideration Payable at Fair Value	**2,158,498**

Contingent consideration

Contingent consideration is payable based on Cevo's revenue exceeding $800,000 in their financial year ending 31 December 2017. The amount payable is flexed based on amounts between $800,000 and $1,000,000 with contingent consideration payable in full if revenue exceeds $1,000,000. Cevo achieved the targeted revenue and the cash consideration has been paid out in full with the shares being issued post year end.

Acquisition related costs

Acquisition related costs of £43,802 are included in administrative costs in the income statement for the year ending June 2018.

The fair values of the assets and liabilities of Cevo as at the date of acquisition are as follows:

	USD	GBP
Cash and cash equivalents	31,211	24,018
Receivables	96,341	74,139
Payables	(29,664)	(22,828)
Borrowings	(45,000)	(34,630)
Intangible assets: Customer Relationship	1,558,139	1,198,661
Intangible assets: Web Platform	365,795	281,383
Deferred tax liability	(342,868)	(263,765)
Net identifiable assets acquired	1,633,954	1,256,978
Add: Goodwill	1,172,093	901,520
Net assets acquired	**2,806,047**	**2,158,498**

The goodwill that arises from the business combination reflects the profitability at acquisition of Cevo and the enhanced growth prospects and forecast future profitability of the Group. None of the goodwill is expected to be deductible for tax purposes.

In addition to the goodwill acquired there have been intangible assets recognised in relation to Cevo's gaming platform and customer relationships. Neither item was held on the balance sheet at acquisition with the costs of development had expensed to the income statement. Based on a three year discounted cash flow the platform has been valued at £281,383 with a discount rate of 12.7% being applied. The customer relationships have been valued at £1,198,661 based on a five year discounted cash flow.

Cevo's revenue post acquisition revenue was £635,238 with losses of £152,797

Acquisition of Real Sport 101

On 13 March 2018 Gfinity PLC acquired 100% of the share capital of Real SM Ltd ("Real Sport"), the owner of the fan oriented digital media platform RealSport (realsport101.com). The driver of the acquisition was Real Sport's large and engaged community and content creation capabilities and their synergies with Gfinity's tournament operations and online gaming platform.

Purchase Consideration

Purchase consideration was 12,307,382 ordinary shares in the company. Based on the share price on the date of acquisition (£0.1875) the fair value of the consideration was £2,307,634.

Acquisition Related Costs

Acquisition related costs of £39,188 are included in administrative costs for both the Group and Company.

The fair value of the assets acquired as at 13 March 2018 was:

	GBP
Cash and cash equivalents	(2,448)
Receivables	9,000
Payables	(118,453)
Fixed Assets	12,847
Intangible assets: Web traffic	935,518
Deferred Tax Liability	(171,836)
Net identifiable assets acquired	664,628
Add: goodwill	1,643,006
Net assets acquired	**2,307,634**

The goodwill that arises from the business combination reflects the future profitability of Real Sport and the enhanced growth prospects of the Group. None of the goodwill is expected to be deductible for tax purposes.

In addition to the goodwill acquired there has been an intangible asset recognised in relation to Real Sport's online traffic at a value of £935,518. This has been based on the estimated costs for Gfinity to acquire Real Sport's organic traffic.

Real Sport's post acquisition revenue was £5,700 and the losses were £193,827.

The revenue of the Group if both subsidiaries had been owned from the 1 July 2018 would be £4,399,671 and the losses would have been £13,903,487.

25. Deferred tax

Group

	2018 £	**2017** £
At 1 July	-	-
Acquisition of subsidiary	(435,601)	-
Credited to profit or loss	69,356	-
At 30 June	(366,245)	-

The provision for deferred taxation is made up as follows:

	2018 £	**2017** £
Temporary timing differences on intangible assets	366,245	-

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