



4 March 2019

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR")

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

Half Year Results

Gfinity plc (AIM: GFIN), a world leading esports solutions provider, announces unaudited results for the six-month period ended 31 December 2018:

Financial Highlights:

- Revenue for the period of £4.4m, 143% increase versus same period in prior year (H1 2018: £1.8m)
 - 3% increase versus Full Year to June 2018
 - Managed Service revenue of £3.2m grew 2.0x versus same period in prior year
 - Owned content revenue of £1.2m grew 4.9x versus same period in prior year
- Group gross profit of £0.5m, driven by significantly improved profitability from Managed Services and lower investment in Elite Series (H1 2018: gross loss £3.2m)
 - Managed Services, £1.3m gross profit at 39% gross margin
 - Owned content, £0.8m loss
- Adjusted Operating Expenditure £4.9m, stable versus H2 2018
- Adjusted EBITDA loss £4.4m, 39% reduction versus H1 2018
- Operational net cash outflow of £2.8m and cash balance of £6.4m at period end

Operational Highlights:

- Graham Wallace appointed Global Chief Operating Officer and John Clarke appointed Non-Executive Director
- Designed, developed and delivered second season of Formula 1 Esports Series, utilising the Company's robust technical platform to ensure competition governance and results, generating 20m viewers
- Appointed Tournament Operator for ePremier League ('ePL') inaugural season
- Deepened partnership with EA Sports, appointed to host five out of twelve events for FIFA Global Series (30m views for 2018 FIFA eWorld Cup final in 2018)
- Hosted successful Halo and Forza events for Microsoft
- Negotiations started with Activision Publishing to host Call of Duty World League Championship event (CWL) in London, May 2019. Gfinity appointed in February 2019
- Over 50 million fans viewed Gfinity created content for owned and hosted events, up 4.3x versus previous year
- Domino's signed multi-season agreement to be presenting partner of Elite Series and Challenger Series
- Completed Elite Series Season 4, with more than 13.5m viewers for live events and 7m views of additional shoulder content
- Esports solutions expertise showcased at Leaders in Sport to more than 200 industry professionals
- Partnership with Ove Arup and Partners to design a world leading integrated esports facility for third parties
- £6m fund raise with significant new, long term and large institutional investors and family offices with strong ties to sports

Garry Cook, Executive Chairman, Gfinity plc, said:

“Since becoming Executive Chairman I have appointed a new leadership team and together we have improved the strategic focus of the Company. Our first half performance is a testament to the changes that have been made. Revenues were up 143% versus the same period in the prior year and already 3% higher than the full financial year to 30 June 2018. This reflects both Gfinity’s reputation for high quality delivery and value creation for our long-term partners. Operating expenditure was flat following a period of significant investment in our solutions and content production capability. Adjusted EBITDA loss was £4.4m, a 39% reduction versus the equivalent period in the prior year.

“Our new key strategic priorities showed significant progress during the first half year. We continue to drive growth through our multi-year relationships with many of the world’s most respected publishers and rights holders. Our solutions-based business model is delivering new gameplay and content innovations, underpinning our performance going forward and driving significant growth and profitability in our Managed Services business.

“The global esports economy is predicted to break the \$1billion barrier during the year. We believe we are at the cusp of the inflection point in capturing the opportunity ahead of us. The Company sees the opportunity for greater commercial responsibility and wider attribution of value creation. This is expected to lead to significant commercial upside, driven by multi-year strategic partnerships and revenue sharing models. As such, we look forward to a significant step change in our financial performance over the coming years.”

Outlook

The Board is pleased with the Company’s trading in the year to date, which is in line with its expectations. The Board remains positive about the outlook for Gfinity in the current year and beyond. We reiterate our targets of breakeven by 2021, gross margin between 30-40% and EBITDA margin between 15-25%.

Enquiries:

Gfinity plc

Garry Cook, Executive Chairman

www.gfinityplc.com

Via Walbrook PR

Allenby Capital Limited – AIM Nominated Adviser and Joint Broker

Jeremy Porter / John Depasquale

Tel: +44 (0) 20 3328 5656

Shore Capital – Joint Broker

Patrick Castle / James Thomas

Tel: +44 (0) 20 7408 4090

Walbrook PR (Media & Investor Relations)

Paul Cornelius / Sam Allen

Tel: +44 (0) 20 7933 8780

gfinity@walbrookpr.com

About Gfinity

Gfinity (LON: 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 our 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

Operational Review

The half year to December 2018 saw a step change in the financial performance of the Company. This reflects the key strategic decisions taken by the new leadership team to apply greater focus on the Managed Services segment of the business, improve the profitability of the Elite Series and continue to deepen relationships with partners.

After a period of significant investment in our solutions and content production capability, we are seeing positive improvements across all key indicators. During the period, over 50 million fans viewed content generated and delivered by Gfinity. Long term relationships with key partners including EA SPORTS, Formula 1 and Microsoft delivered a like-for-like 189% increase in the value of new assignments.

At the same time, we continue to invest in those areas that support our strategic priorities and that give us the greatest competitive advantage, namely our proprietary technology platform, our commercial and client service capability and geographic reach.

Esports market

The esports market continues to grow and excite. The recently published Newzoo Global Esports Market Report 2019 states that revenues are expected to surpass \$1 billion for the first time in 2019, with the global esports audience exceeding 450 million, a year-on-year growth of 15%. The global average revenue per esports enthusiast is expected to be \$5.45 this year, up 8.9%. The total prize money in 2018 reached \$150.8 million, up from \$112.1 million a year earlier. This level of growth is creating additional opportunities for Gfinity.

This is a young and fast-growing industry, with new trends emerging at pace. Increasingly, game publishers and esports teams are recognising the need to deliver entertainment based content to tell stories about players and games, giving consumers a 'reason to care'. This is a space where Gfinity excels and has already proven its capability through its work for F1 Esports and its own Elite Series. Another trend is the blurring of lines in the minds of fans between esports professionals and streamers. This is creating a need to develop new entertainment led competition formats to attract more fans. With larger numbers embracing gaming, consumer brands are increasingly looking to find ways to become an authentic part of the esports community.

These trends play into the skill set and expertise of Gfinity, stimulating significant growth in our new business pipeline. They are also facilitating discussions centred on new forms of revenue sharing to reflect the shifting direction of the industry.

Strengthening leadership talent

Experienced leaders have been added to the team. In July, Graham Wallace was appointed Global Chief Operating Officer. Graham has held a number of high-profile senior executive positions with leading sports and entertainment companies. In September, John Clarke, a communications and marketing professional with large consumer brand and international experience, was appointed as a Non-Executive Director. Both Graham and John provide the necessary leadership skills to support the business through its next phase of growth, complementing the abilities of the talented team already in place. We will continue to invest in talent and in making Gfinity recognised as being a great place to work.

Managed Services

There was significant profitable growth in our Managed Service business. This is a direct result of the strength of relationships developed over time with leading publishers such as EA SPORTS, Formula 1, Microsoft and Activision. These have been built based on consistent delivery of high-quality solutions, events and

broadcasts, supported by innovative new ideas and proprietary robust technical platform. Increasingly, Gfinity is the go-to-partner in this space. Our model, utilising in many instances the Gfinity Arena, provides significant operational scalability. This is evidenced by Managed Services revenue of £3.2m in the period with 39% margin, growing 104% versus the same period last year, while Opex remained stable.

During the period, Gfinity was appointed Tournament Operator for the inaugural ePremier League, utilising EA SPORTS FIFA 19 game. Gfinity was responsible for creating and executing the online qualification process. It is executing the 20 club knockout competitions and will host the final broadcast live on Sky TV from the Gfinity Arena in April 2019. In addition, EA SPORTS appointed Gfinity to host five of the twelve events for the successful FIFA global series. This has cemented Gfinity's position as a leader in football related tournament operations and content creation.

Gfinity has also successfully hosted large scale events, produced high quality broadcasts and content for a number of other publishers and Rights Holders. These include Halo and Forza events on behalf of Microsoft and the second season of the Formula 1 Esports Series, which was viewed by 20 million people, 70% of whom were under the age of 34. At the end of the period, Gfinity entered into conversations with Activision Publishing to host the Call of Duty World League Championship (CWL) event at the iconic Copper Box Arena in London in May 2019. Gfinity has since been appointed.

Owned Content – Elite Series and Challenger Series

The Elite Series format has demonstrated to games publishers, like EA Sports and Activision, and rights holders, such as F1 and the Premier League, our ability to design, develop and deliver entertaining and scalable tournaments with global appeal. This in turn has led to new Managed Services assignments. It has also provided us the opportunity to innovate, test ideas and new gameplay mechanics. In Elite Series 4, we added 2v2 game play and a 'draft' concept for FIFA 19. Both innovations created excitement in the marketplace and have since been utilised in other tournaments. Once again, publishers looking for new ideas and ways to connect with consumers want to hear from Gfinity.

Season 4, Delivered by Domino's for the first time, generated record viewership of 13.5 million people. More than 40% of the audience came from the US. There were more than 7 million views of additional shoulder content created to support the tournament.

Concurrently, we delivered Elite Series Australia Season 2, which achieved live viewership of 4.4 million, attracting commercial partnerships from organisations including Dell, Logitech and Dare Iced Coffee.

The Elite Series brand has shown itself to be both resilient and flexible. By staying true to the principle of creating exciting and entertaining competitions we have been able to change games, formats and teams without impacting viewership and engagement. This allows us to further evolve the Elite Series in line with consumer expectations and the needs of publishers, commercial partners and teams.

Reputation of the industry

The positive social impact of gaming has been widely reported. It connects people in new ways, builds self-esteem and enhances problem solving skills. At the same time, it has created a new burgeoning economic ecosystem. From game creators to professional players and from casters to event production, new career opportunities have emerged. This is a major benefit. There has also been a focus on the negative aspects commonly associated with gaming, most notably cases of addiction amongst gamers and the dangerous health effects of a sedentary lifestyle. These are real concerns and we recognise the need to understand them and help play a role in addressing them. As part of this we are continuing to support UKIE's Digital Schoolhouse project, shining a positive spotlight on the positive educational benefits of gaming.

Financial Review

The six-month period to 31 December 2018 featured strong top-line growth. Revenue of £4.4m represented growth of 143% on the equivalent period in the prior year (H1 2018) and even represented growth of 3% over the full year to 30 June 2018.

This growth was driven across both Managed Services and Gfinity Owned Content. In the Managed Services Business, revenue of £3.2m represented growth of 104% on H1 2018 and delivered a gross profit of £1.3m (39.2% gross margin). Revenue of £1.2m from Gfinity Owned Content represented a 387% increase on H1 2018, meaning a net investment £0.8m, down from £3.9m in H1 2018.

Reported administrative expenses of £6.0m includes £1.1m of costs in respect of non-cash items; depreciation, amortisation and share option charge, meaning an underlying level of operating expenditure of £4.9m. Adjusting for the impact of the acquisition of Real SM Ltd (acquired in March 2018), this represents a growth of just 2.2% on the immediately prior six-month period (H2 2018), reflecting a stabilisation in operating expenditure, following a period of growing investment in Gfinity's people, products and technology.

Collectively, this resulted in an operating loss, adjusted for non-cash items, of £4.4m, down 39% from H1 2018 (£7.2m).

Gfinity's share of loss in associate entities of £0.3m reflects a planned investment in establishing new properties; Gfinity Esports Australia and Esports Industry Awards Ltd.

The net cash outflow from operating activities of £2.8m reflected a reduction of 56% from H1 2018. Combined with an oversubscribed placing completed in November 2018 raising a further £6m before expenses, supported by both new and existing investors, this resulted in a cash position at 31 December 2018 of £6.4m.

Group Statement of Profit or Loss

	6 Months to 31 December 2018 Unaudited	6 Months to 31 December 2017 Unaudited	Year to 30 June 2018 Audited
	£	£	£
CONTINUING OPERATIONS			
Revenue	4,440,793	1,829,298	4,317,325
Cost of sales	(3,924,966)	(5,043,089)	(7,732,767)
	<hr/>	<hr/>	<hr/>
Gross profit/(loss)	515,827	(3,213,791)	(3,415,442)
Administrative expenses	(5,972,717)	(4,361,228)	(10,033,326)
	<hr/>	<hr/>	<hr/>
Operating loss	(5,456,890)	(7,575,019)	(13,448,768)
Share of Associate Profit / (Loss)	(314,616)	(147,296)	(347,237)
Finance income	2,893	67	1,432
Finance Costs	-	-	(1,333)
	<hr/>	<hr/>	<hr/>
Loss on ordinary activities before tax	(5,768,613)	(7,722,248)	(13,795,906)
Taxation	55,895	-	222,356
	<hr/>	<hr/>	<hr/>
Loss from continuing operations	(5,712,718)	(7,722,248)	(13,573,550)
Profit from discontinued operations	1,911	-	-
	<hr/>	<hr/>	<hr/>
Retained loss for the period	(5,710,807)	(7,722,248)	(13,573,550)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Loss per share (basic and diluted)	-£0.02	-£0.04	-£0.06

Group statement of comprehensive income

	6 Months to 31 December 2018 Unaudited	6 Months to 31 December 2017 Unaudited	Year to 30 June 2018 Audited
		£	£
Loss for the period	(5,710,807)	(7,722,248)	(13,573,550)
Other comprehensive income			
<i>Items that will be reclassified to profit or loss</i>			
Changes in the fair value of derivatives recognised at fair value	58,083	-	108,421
Derivatives settled during the period that have been reclassified to profit or loss	(166,504)	-	-
<i>Items that will not be reclassified to profit or loss</i>	-	-	-
Foreign exchange loss on retranslation of foreign subsidiaries	(8,724)	-	(1,717)
Other comprehensive income for the period	(117,145)	-	106,704
Total comprehensive income for the period	(5,827,952)	(7,722,248)	(13,466,846)

Group Statement of Financial Position

	As at 31 December 2018 Unaudited £	As at 30 June 2018 Audited £
NON-CURRENT ASSETS		
Property, plant and equipment	570,233	758,861
Goodwill	2,544,525	2,544,525
Intangible fixed assets	1,743,249	2,070,156
Investments in Associates	213,446	264,464
	<hr/> 5,071,454 <hr/>	<hr/> 5,638,006 <hr/>
CURRENT ASSETS		
Trade and other receivables	1,469,988	2,159,869
Cash and cash equivalents	6,425,449	3,679,288
Current Tax Assets	-	153,000
	<hr/> 7,895,437 <hr/>	<hr/> 5,992,157 <hr/>
TOTAL ASSETS	12,966,891 <hr/> <hr/>	11,630,163 <hr/> <hr/>
EQUITY AND LIABILITIES		
Equity		
Ordinary shares	362,897	286,348
Share premium account	37,455,838	31,565,734
Other reserves	1,100,245	585,539
Retained earnings	(29,448,193)	(23,628,965)
	<hr/>	<hr/>
Total equity	9,470,787	8,808,656
Non-current liabilities		
Deferred Tax Liabilities	310,889	366,245
Current liabilities		
Trade and other payables	3,185,215	2,238,420
Derivative Financial Instruments	-	216,842
	<hr/>	<hr/>
Total liabilities	3,496,104	2,821,507
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	12,966,891 <hr/> <hr/>	11,630,163 <hr/> <hr/>

Group Cash Flow Statement

	6 months to 31 December 2018 Unaudited £	6 months to 31 December 2017 Unaudited £	Year to 30 June 2018 Audited £
Cash flow used in operating activities			
Net cash used in operating activities	(2,786,309)	(6,360,823)	(12,505,936)
Cash flow from/(used in) investing activities			
Interest received	-	67	1,432
Additions to property, plant and equipment	(18,151)	(240,213)	(312,342)
Investment in Associate	(263,598)	(57,505)	(315,713)
Acquisition of subsidiaries net of cash acquired	-	(716,438)	(1,049,924)
Proceeds from Sale of Discontinued Operations	15,047		
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(266,702)	(1,014,089)	(1,676,547)
Cash flow from/(used in) financing activities			
Issue of equity share capital	6,000,000	7,000,000	13,700,466
Share Issue Costs	(192,106)	(209,873)	(357,717)
Repayment of loans	-	(34,630)	-
	<hr/>	<hr/>	<hr/>
Net cash from financing activities	5,807,895	6,755,497	13,342,749
Net increase/(decrease) in cash and cash equivalents	2,754,884	(619,415)	(839,736)
Effect of Currency Translation on cash	(8,723)	(4,388)	-
Opening cash and cash equivalents	3,679,288	4,519,024	4,519,024
	<hr/>	<hr/>	<hr/>
Closing cash and cash equivalents	6,425,449	3,895,221	3,679,288
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Statement of Changes in Equity

	Ordinary shares	Share premium	Share Option Reserves	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	-	-	-	(7,722,248)	-	(7,722,248)
Total Comprehensive Income	-	-	-	(7,722,248)	-	(7,722,248)
Share Issue Costs	-	(209,873)	-	-	-	(209,873)
Share Options Expensed	-	-	108,305	-	-	108,305
Proceeds of Shares Issued	29,540	7,729,410	-	-	-	7,758,950
Total transactions with owners, recognised directly in equity	29,540	7,519,537	108,305	-	-	7,657,382
At 31 December 2017	218,204	22,773,622	262,522	(17,886,084)	-	5,368,264
Loss for the period	-	-	-	(5,851,302)	-	(5,851,302)
Other Comprehensive Income	-	-	-	108,421	(1,717)	106,704
Total comprehensive Income	-	-	-	(5,742,881)	(1,717)	(5,744,598)
Proceeds of Shares Issued	52,223	5,889,293	-	-	-	5,941,517
Shares as Consideration	15,921	3,050,663	-	-	-	3,066,584
Share Issue Costs	-	(147,844)	-	-	-	(147,844)
Share options expense	-	-	324,734	-	-	324,734
Forex	-	-	-	-	-	-
Total transactions with owners, recognised directly in equity	68,144	8,792,112	324,734	-	-	9,184,990
At 30 June 2018	286,348	31,565,734	587,256	(23,628,965)	(1,717)	8,808,656
Loss for the period	-	-	-	(5,710,807)	-	(5,710,807)
Other Comprehensive Income	-	-	-	(108,421)	(8,724)	(117,145)
Total Comprehensive Income	-	-	-	(5,819,228)	(8,724)	(5,827,952)
New Shares Issued	76,549	5,923,451	-	-	-	6,000,000
Shares as Consideration	-	158,760	-	-	-	158,760
Share Issue Costs	-	(192,107)	-	-	-	(192,107)
Share Options Expensed	-	-	523,430	-	-	523,430
Total transactions with owners, recognised directly in equity	76,549	5,890,104	523,430	-	-	6,490,083
At 31 December 2018	362,897	37,455,839	1,110,686	(29,448,193)	(10,441)	9,470,787

04 March 2019

Notes to the interim financial statements

1. General Information

Gfinity plc is a company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. Its registered office is 35 New Bridge Street, London, EC4V 6BW. Its shares are quoted on the AIM market of London Stock Exchange.

The functional and presentational currency is £ sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 2.

These condensed interim financial statements were approved for issue on 1 March 2019. The financial statements have been reviewed by the Group's auditors but not audited.

2. Accounting Policies and Basis of Preparation

Basis of Preparation

The interim financial statements for the six months ended 31 December 2018 have been prepared using accounting policies that are consistent with those of the audited financial statements for the period ended 30 June 2018 and in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The interim financial information should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 June 2018, which has been prepared in accordance with IFRS as adopted by the European Union.

The interim financial information contained in this report has been reviewed but not audited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Annual Report and Accounts for the year ended 30 June 2018 has been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

Significant Accounting Policies

The critical accounting policies and presentation followed in the preparation of this interim report have been consistently applied to all periods in these financial statements and are the same as those applied in the company's annual accounts for the year ended 30 June 2018 with the exception of new accounting standards that came into force during the year. These new areas are considered below.

Revenue recognition is inline with IFRS 15 which came into effect for all financial periods starting on or after 1 January 2018. This has not necessitated any restatement of historical revenue as Gfinity's revenue recognition policy was historically inline with the guidance in IFRS 15.

A copy of the accounts to 30 June 2018 can be obtained from the company's website: www.gfinityplc.com.

Critical Accounting Judgements

The preparation of financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised. The critical accounting judgements made in preparing this interim report are the same as those in preparing the annual accounts for the Company for the year ended 30 June 2018 which can be obtained from the company's website www.gfinitypc.com.

3. Loss per share

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

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. For a loss-making company with outstanding share options, net loss per share would be decreased by the exercise of options and therefore the effect of options has been disregarded in the calculation of diluted EPS.

	6 months ended 31 December 2018 £	6 months ended 31 December 2017 £	Year ended 30 June 2018 £
Profit/ (Loss) attributable to shareholders	(5,827,952)	(7,722,248)	(13,466,846)
	Number 000's	Number 000's	Number 000's
Weighted average number of ordinary shares	308,515	203,157	228,815
	£	£	£
Loss per ordinary share	-£0.02	-£0.04	-£0.06

4. Notes to the Cash Flow Statement

	6 months to 31 December 2018	6 months to 31 December 2017	Year to 30 June 2018
	£	£	£
Cash flows from operating activities			
Loss before taxation	(5,642,874)	(7,722,248)	(13,795,906)
Depreciation	206,778	235,781	442,221
Amortisation of intangible fixed assets	326,906	24,995	418,797
Interest received	-	(67)	(1,432)
Share of Associate Losses	314,616	147,295	347,237
Revenue Settled Via Equity	-	(98,490)	(246,550)
Bad Debt Charge	-	-	125,191
Share based payments	523,430	108,305	433,039
Gain on disposal of discontinued Operations	(67,214)	-	-
Fair value (gains)/losses on financial assets at fair value through profit or loss	(166,504)	-	-
(Increase) in Inventories	-	(1,308)	-
(Increase) in trade and other receivables	689,881	444,033	(624,724)
Increase in trade and other payables	931,028	397,566	243,191
Disposal of fixed assets	-	-	-
Corporation tax paid/ received	97,644	103,315	153,000
Cash used by operating activities	(2,786,309)	(6,360,823)	(12,505,936)

5. Remuneration of Key Management Personnel

During the period a total of 17,180,892 options over Ordinary shares in the Company were granted. 3,133,334 options lapsed, and no options were exercised during the period.

The total number of options in issue as at 31 December 2018 was 50,945,995 (30 June 2018: 36,898,437).

Of the options granted in the period, a total of 17,180,892 were granted to directors, as summarised in the table below:

Director	Date of Option Grant	Exercise Price	Number of Options granted	Total options held following the grant
Garry Cook	12 July 2018	£0.12	8,590,446	9,590,446
Graham Wallace	12 July 2018	£0.12	8,590,446	8,590,446

6. Interests in associates

As at 31 December 2018, Gfinity held investments in two associates: the Esports Industry Awards Limited and Gfinity Esports Australia.

Gfinity PLC owns a 33% stake in the Esports Industry Awards Limited which was acquired on incorporation of the company in February 2017. The 33% holding represents a significant influence over the investment and, accordingly, this has been accounted for as an associate under the equity method. As at 31 December 2018, the value of the investment recognised in the consolidated statement of financial position for Gfinity PLC was £nil.

Gfinity owns a 30% stake in Gfinity Esports Australia PTY Limited which was acquired on 7 August 2017. The 30% holding represents a significant influence over this investment and, accordingly, this has been accounted for as an associate under the equity method. As at 31 December 2018, the value of the investment recognised in the consolidated statement of financial position for Gfinity PLC was £213,446.

	6 months ending 31 December 2018
	£
At 1 July 2018	264,464
Additions	293,768
Share of loss for the period	(344,787)
At 31 December 2018	<u>213,446</u>

7. 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

	6 months ended 31 December 2018			30-Jun-18		
	Gfinity	CEVO	Group	Gfinity	CEVO	Group
Revenue	4,274,396	166,397	4,440,793	3,682,087	635,238	4,317,325
Loss	(5,445,151)	(265,656)	(5,710,807)	(13,420,753)	(152,797)	(13,573,550)

Gfinity principally operate in the UK and CEVO principally in the US. CEVO was 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.

8. Discontinued Operations

On 30 August 2018 the group sold 100% of its wholly owned subsidiary, Excel Interactive Limited, and accordingly the financial results and gain on disposal of the subsidiary are reported

in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial Performance and Cash Flow Information

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

	6 Months to 31 December 2018	6 Months to 31 December 2017	Year to 30 June 2018
	£	£	£
Revenue	-	-	33,845
Expenses	(65,303)	-	(86,813)
Loss on ordinary activities before tax	(65,303)	-	(52,968)
Taxation	-	-	-
Loss after income tax of discontinued operation	(65,303)	-	-
Gain on sale of subsidiary after income tax	67,214	-	-
Retained loss for the period	1,911	-	(52,968)
Net cash inflow from ordinary activities	3,980		(25,973)
Net cash inflow from investing activities	15,047		-
Net cash inflow/(outflow) from financing activities	-		-
	19,027	-	(25,973)

Net cash inflow from investing activities is comprised of £45,000 of cash proceeds from the sale of the subsidiary, less £29,953 of cash balances disposed of as part of the sale.

Details of the sale of the subsidiary

	6 Months to 31 December 2018	6 Months to 31 December 2017	Year to 30 June 2018
Consideration received or receivable:			
Cash	45,000	-	-
Total disposal consideration	45,000	-	-
Carrying amount of net assets sold	(37,982)		
Gain on sale before income tax	82,982	-	-
Tax expense on gain	(15,767)		
Gain on sale after income tax	67,215	-	-