

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").

15 July 2019

Gfinity PLC
("Gfinity" or the "Company")

Proposed Placing to raise £5.25 million and notice of General Meeting

Gfinity plc (AIM: GFIN), a world leading esports solutions provider, announces a proposed subscription and placing of 116,666,666 new ordinary shares of 0.1p each in the Company at a price of 4.5 pence per share to raise £5,250,000 before expenses.

Highlights

- Proposed placing oversubscribed following strong demand from both new and existing investors
- Placing follows period of strong growth, under new leadership, with the Company expecting to slightly exceed market expectations of revenue and Adjusted EBITDA for the year to 30 June 2019
- Net proceeds will provide capital for further growth and to strengthen commercial capability, enabling the Company to take advantage of a leading position it has created in the fast growing esports sector
- The Placing Shares will represent approximately 24 per cent of the issued share capital of the Company as enlarged by the issue of the Placing Shares

Defined terms used in this announcement are set out at the end of this announcement.

Introduction

The Company is pleased to announce that it proposes to raise £5.25 million (before expenses) by way of a placing of and subscription for the Placing Shares at 4.5 pence per Placing Share.

The allotment of the Placing Shares is conditional, *inter alia*, upon the Company obtaining approval of shareholders of the Resolutions to be proposed at a General Meeting to provide sufficient authority to enable the allotment of the Placing Shares and disapply statutory pre-emption rights which would otherwise apply to the allotment of the Placing Shares.

Accordingly, the Company is seeking the approval of Shareholders to the Resolutions which are to be put to the General Meeting of the Company to be held at Gfinity Arena at Vue Cinema, Fulham Broadway Retail Centre, Fulham Road, London SW6 1BW at 10.00 a.m. on 31 July 2019. If the Resolutions are not passed by Shareholders at the General Meeting, the Placing as currently envisaged will not proceed. The Company is posting a circular to shareholders today (and which will be available on the Company's website later today), the purpose of which is to explain to Shareholders the background to and reasons for the Placing and to seek their approval of the resolutions to be proposed at the General Meeting of the Company to be held on 31 July 2019.

The Placing Shares to be issued pursuant to the Placing are to be admitted to trading on AIM, which, should the Resolutions be passed at the General Meeting, is expected to take place on 1 August 2019.

Business and strategy overview

Gfinity is a leading international esports solutions provider, with an expert understanding of the rapidly growing esports community. It uses its expertise to provide both advisory services and to design,

develop and deliver unparalleled experiences and winning strategies for game publishers, sports rights holder, commercial partners and media companies.

The target addressable esports market continues to grow rapidly and is forecast to reach \$1.65 billion in revenues by 2021 (Newzoo: 2018 Global Esports Market Report). The Directors believe that Gfinity is in a unique position to leverage its strong partnerships to design, develop and deliver end-to-end esports solutions targeting the world's 2.2 billion gamers.

Over the next few years, the Company expects to be able to drive significant revenue growth across its partnership led managed service business and wholly owned or partly owned solutions. These solutions and service offerings are as follows:

- **Managed Services:** advise on and design, develop and deliver long term esports solutions, content creation and distribution services for a variety of publishers, rights holders and brands.
- **Owned and Operated Solutions:** partnership driven esports solutions, content and community development and management, based on owned or partly owned formats, leagues, events and a digital "Tribe" community.

In Managed Services, the Company has a strong pipeline of opportunities with a number of publishers, rights holders and brands. Through a partnership model with increased commercial rights, monetisation is evolving quickly from a fixed service provision retained model to a revenue and profit-sharing model. The partnership model includes direct monetisation through media rights, sponsorship, advertising and other revenue streams such as tickets, merchandise, virtual items and subscriptions.

In Owned and Operated Solutions, Gfinity has refocused the business to a strict partnership model. This has significantly reduced losses and improved the operational dynamics and financial upside through the reprioritisation of resources

Gfinity's strong competitive position and future revenue opportunities are supported by its proprietary, scalable and flexible tournament platform, consumer insight and community building capability, holistic solution development, world class production and long-term value creation.

Current trading and prospects

Following the introduction of a new executive leadership team, from May 2018 onwards, the Company has refocused resources to the areas driving the greatest commercial performance, in particular in growing its commercial and account management capability. This enhanced focus, including an emphasis on strategic account management and the development of strategic partnerships, has delivered strong growth at both a revenue and Adjusted EBITDA level, which are expected to slightly exceed market expectations for the year to 30 June 2019. This encouraging performance has been driven by:

- **Growth in existing strategic partnerships**, highlighting the Company's position as one of the world leaders in the esports and competitive gaming sector:
 - Activision Blizzard: appointed to host Call of Duty World League: London at the Copper Box Arena
 - EA Sports: hosted five events as part of EA SPORTS FIFA 19 Global Series
 - Formula 1: completed Seasons 1 and 2 of the Formula 1 Esports Series and re-appointed for Season 3.
- **New strategic partners**, further demonstrating the Company's growing reputation as a provider of unique esports solutions:
 - Premier League: appointed Tournament Operator of the inaugural ePremier League
 - TRUXTUN Capital: entered into partnership to be the primary consulting and programme management partner for the Esports Wega World Cup 2022

- HP Omen: selected as production partner for season 2 of the television series, The Esports Report.

As a result, Gfinity has continued to deliver improved gross margins, particularly through advisory services assignments for sports rights holders and commercial brands in collaboration with publishers and distribution partners.

In addition, the Company has refocused and added resources to boost the Company's commercial capability which has led to a significant increase in the pipeline of opportunities. Accordingly, Gfinity has continued to invest in its esports technology platform, its content creation capability and community building expertise, meaning the Company has a significantly improved platform and overall offering from which it can take advantage of the growing popularity of esports.

Financial outlook

The Company reiterates its target of achieving Adjusted EBITDA break-even by 2021. Revenue is expected to be driven by significant increased activity in managed services and wholly and part owned and operated solutions. Annual operating expenditure 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 capability and content production is completed. Increasing value of esports content through a growing audience along with stable operating expenditure 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.

Reasons for the Placing and use of proceeds

Pursuant to the Placing, the Company will receive net proceeds of approximately £5 million. The net funds from the Placing will enable Gfinity to strengthen its platform for growth and enable continued investment in its strategic priorities. The net Placing funds will be used for the following purposes:

- growth capital and strengthening of commercial capability, including the addition of client management and business development expertise to deliver on immediate commercial opportunities and growing business pipeline;
- to strengthen the balance sheet to position the Company for potential strategic opportunities, particularly in the rights ownership space; and
- further strengthening of technology, particularly in content development and community building capability.

Details of the Placing and Admission

The Placing will result in the issue of a total of 116,666,666 Placing Shares, representing, in aggregate, approximately 24.3 per cent. of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares of 0.1p each of the Company in issue and therefore will rank equally for all dividends or other distributions declared, made or paid after the issue of the Placing Shares on Admission.

The Issue Price of 4.5 pence approximately represents a 31 per cent. discount to the closing middle market price of an ordinary share of 6.5 pence on 12 July 2019, being the latest practicable date prior to the announcement of the Placing.

Application will be made to London Stock Exchange for the Placing Shares to be admitted to trading on AIM and such admission is expected to occur on 1 August 2019, subject to approval of the Resolutions.

Allenby Capital and Pareto have entered into the Placing Agreement with the Company under which Allenby Capital and Pareto have each, on the terms and subject to the conditions set out therein (including Admission), undertaken to use their respective reasonable endeavours to procure subscribers for 32,477,778 Placing Shares at the Issue Price. A further 84,188,888 Placing Shares are

being subscribed for directly with the Company, conditional, *inter alia*, on Admission. The Placing Agreement contains certain warranties and indemnities from the Company in favour of Allenby Capital and Pareto. The Placing is not being underwritten by Allenby Capital, Pareto or any other person.

The Placing is conditional, *inter alia*, upon the passing of the Resolutions and Admission and the Placing Agreement not being terminated prior to Admission (and in any event no later than 15 August 2019).

Significant shareholder and Director subscriptions

Details of the subscriptions by Directors in the Placing at the Issue Price and their resultant shareholdings on Admission are as follows:

<i>Name</i>	<i>Placing Shares being subscribed</i>	<i>Ordinary shares on Admission</i>	<i>Percentage held of enlarged share capital on Admission</i>
Garry Cook	333,334	2,324,075	0.48%
Graham Wallace	222,222	534,722	0.11%
Jonathan Hall	222,222	222,222	0.05%
John Clarke	222,222	222,222	0.05%
Preeti Mardia	111,112	111,112	0.02%

The subscriptions by Garry Cook, Graham Wallace, Jonathan Hall, John Clarke and Preet Mardia in the Placing are, in aggregate, deemed to be related party transactions pursuant to rule 13 of the AIM Rules for Companies. Accordingly, the Independent Directors consider, having consulted with the Company's nominated adviser, Allenby Capital, that the terms of subscription to the Placing Shares by Garry Cook, Graham Wallace, Jonathan Hall, John Clarke and Preeti Mardia are fair and reasonable insofar as Shareholders are concerned.

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

<i>Name</i>	<i>Ordinary shares currently held</i>	<i>Ordinary shares on Admission</i>	<i>Percentage of enlarged share capital on Admission</i>
Charles Street International Holdings Ltd	107,644,444	113,200,000	23.60%
Nigel Wray	32,048,325	35,381,659	7.38%
Alden AS	14,210,648	17,543,980	3.66%
Neville Upton	14,877,245	14,877,245	3.10%

Charles Street International Holdings Limited ("**Charles Street**") is subscribing for 5,555,556 Placing Shares at the Issue Price and as Charles Street currently holds more than 10 per cent. of the Ordinary Shares, the subscription by it of Placing Shares is deemed to be a related party transaction pursuant to rule 13 of the AIM Rules for Companies. Accordingly, the Independent Directors consider, having consulted with the Company's nominated adviser, Allenby Capital, that the terms of subscription to the Placing Shares by Charles Street are fair and reasonable insofar as Shareholders are concerned.

Action to be taken by Shareholders

In order for the Placing to proceed, Shareholders will need to approve both of the Resolutions set out in the Notice of General Meeting. If the Resolutions are not passed at the General Meeting, the Placing will not proceed in the form currently envisaged, with the result that the

anticipated net proceeds of the Placing will not become available to fund proposed upcoming expenditure and achieve the objectives set by the Board and the Company's business plans, growth prospects and available working capital may be materially adversely affected as a result.

Accordingly, it is important that Shareholders vote in favour of the Resolutions, in order that the Placing can proceed.

Directors' Recommendation

The Board of Gfinity considers the Placing to be in the best interests of the Company and its shareholders as a whole and therefore the Directors unanimously recommend that shareholders vote in favour of the Resolutions as they intend to do in respect of their own shareholdings of, in aggregate, 17,180,486 Ordinary Shares (representing approximately 4.73 per cent. of the Company's existing issued share capital).

Total Voting Rights

On Admission, the Company will have 479,563,753 ordinary shares of 0.1p each in issue, each with one voting right. There are no shares held in treasury. Therefore, the Company's total number of ordinary shares and voting rights is 479,563,753.

The above figure of 479,563,753 may be used by shareholders from Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

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About Gfinity

Gfinity (AIM: GFIN) is a world leading esports business. Created by gamers for the world's 2.2 billion gamers, Gfinity has a unique understanding of this fast-growing global community. It uses this expertise to provide both advisory services and to design, develop and deliver unparalleled experiences and winning strategies for game publishers, sports rights holders, commercial partners and media companies.

Gfinity connects its partners with the esports community in authentic and innovative ways. This consists of on and off-line competitions and industry leading content production. Partnerships include EA SPORTS, Premier League, F1 Esports Series, Activision Blizzard and the Forza Racing Championship.

Gfinity connects directly with competitive gaming consumers through its owned competition platform, the "*Gfinity Elite Series*". The Series enables esport teams and professionals to compete across a number of different game titles, using innovative formats. The series is broadcast through linear and digital channels and enjoyed by tens of millions of esports fans around the world.

All Gfinity services are underpinned by the Company's proprietary technology platform delivering a level playing field for all competitors and supporting scalable multi-format leagues, ladders and knock out competitions.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, investors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing and Subscription. Furthermore, it is noted that, notwithstanding the Target Market Assessment, only investors who have met the criteria of professional clients and eligible counterparties have been procured. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Definitions

The following definitions apply throughout this announcement, unless the context requires otherwise:

"Adjusted EBITDA"	earnings before interest, tax and depreciation, excluding share based payments;
"Admission"	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules;
"AIM Rules"	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange;
"Allenby Capital"	Allenby Capital Limited, the Company's nominated adviser and joint broker pursuant to the AIM Rules;
"Company" or "Gfinity"	Gfinity plc;
"Directors" or "Board"	the directors of the Company;

“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following Admission;
“Existing Ordinary Shares”	the existing Ordinary Shares as at the date of this announcement;
“General Meeting” or “GM”	the general meeting of Shareholders to be held at Gfinity Arena at Vue Cinema, Fulham Broadway Retail Centre, Fulham Road, London SW6 1BW at 10.00 a.m. on 31 July 2019;
“Independent Directors”	for the purposes of the Placing only, Neville Upton and Andy MacLeod;
“Issue Price”	4.5 pence per Placing Share;
“London Stock Exchange”	London Stock Exchange plc;
“Notice of General Meeting”	the notice of General Meeting set out at the end of the circular to Shareholders dated 15 July 2019;
“Ordinary Shares”	the ordinary shares of 0.1p each in the capital of the Company;
“Pareto”	Pareto Securities Limited, the Company’s joint broker for the Placing;
“Placing”	the subscription for and placing of the Placing Shares at the Issue Price as described in this announcement;
“Placing Agreement”	the conditional agreement dated 15 July 2019 between the Company (1) Allenby Capital (2) and Pareto (3) relating to the Placing;
“Placing Shares”	the 116,666,666 new Ordinary Shares which are the subject of the Placing;
“Resolutions”	the resolutions numbered 1 and 2 set out in the Notice of General Meeting to be proposed at the General Meeting;
“Shareholder(s)”	holder(s) of Existing Ordinary Shares;