GFINITY

A Leading International Esports Business

Full Year 2019 Results

PREPARED BY GFINITY **OCTOBER 2019**

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Strategic & Operational Review

Garry Cook - Executive Chairman

01

A transformational year

Strategic and Operational

- Strengthened position as a market leader in rapidly growing esports sector
- Refocused business on Strategic Client Management model
- Continued growth in strategic partnerships with largest games publishers including; Activision Blizzard, EA Sports and F1
- Expanded position as leading provider of unique esports solutions with commercial relationships including Premier League, TRUXTUN Capital, HP Omen and IndyCar
- Rapid growth of Gfinity's unique community of gamers generating new recurring revenue streams
- Successful completion of £5.25m capital raise in July to fund future growth and strengthen commercial capabilities

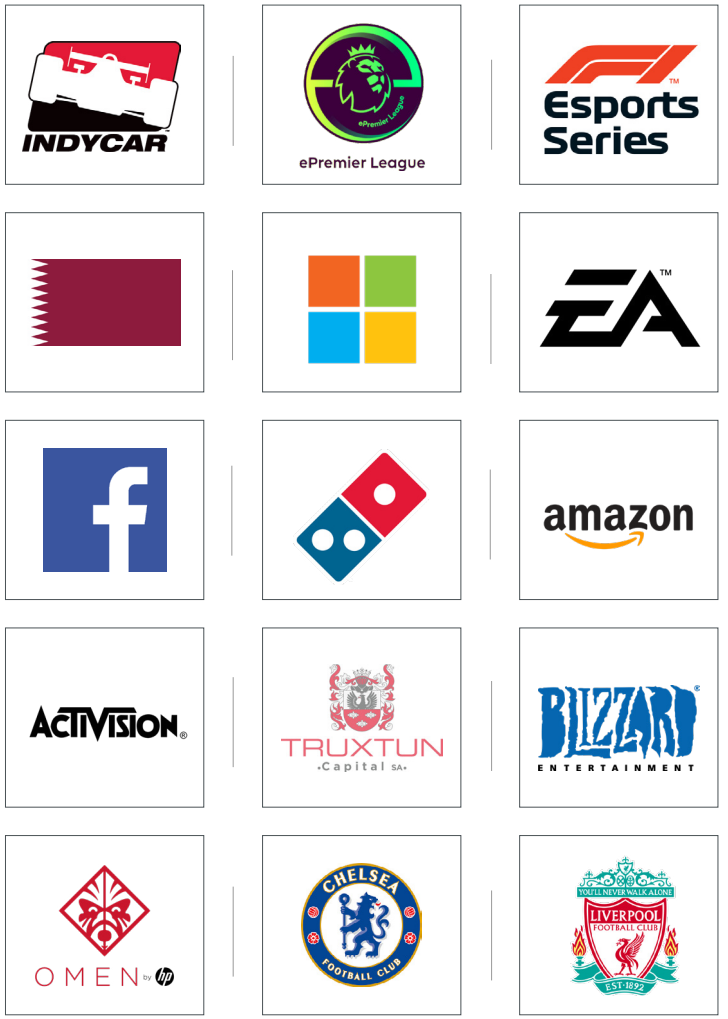
Financial

- Revenue growth above 80% for the second consecutive year
- Gross profit of £1.0m (2018: loss of £3.4m), driven by strategic focus on delivery of higher margin esports solutions for key partners
- Demonstration of good operating leverage with opex stable despite rapid growth in the business
- Reduction of 30% in adjusted operating loss to £8.6m with further reductions expected in 2019/20
- Net cash of £0.6m at year end, supplemented by completion of £5.25m capital raise in July
- Robust pipeline of new opportunities
- On track to reach breakeven Adjusted EBITDA* target by 2021

**Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and the share-based payment expense*

Driving Growth Through Strategic Client Management

- Completed season 2 of **Formula 1 Esports** Pro Series
  - Contracted to deliver 3rd season of growing Pro-Series programme in 2019
  - Appointed production partner for 'Making an Esports Champion' online TV Series*
- Partner to **EA SPORTS™** for 5 events as part of FIFA 19 Global Series
- Broadcast rights contract with **Facebook** and headline sponsorship with **Dominos** for Season 4 of Gfinity Elite series
- Delivered Europe's largest ever Call of Duty event from Copperbox arena in conjunction with Activision Blizzard
- Created Esports content series on behalf of **HP Omen**
- Engaged by **IndyCar** to provide strategic consultancy to develop an esports strategy
- Appointed tournament operator for inaugural **ePremier League** programme
  - Incremental services provided to a number of clubs including **Liverpool**, **Tottenham Hotspur** and **Chelsea**
  - Reappointed for second season of programme in 2019/20*
- Delivered all tournament operation services in respect of Forza Racing Championship global esports programme and European leg of Halo Championship Series, on behalf of **Microsoft**
- Engaged by **Truxtun Capital** to design and develop Esports programme in conjunction with **State of Qatar** to coincide with 2022 FIFA World Cup'
- *Delivered celebrity-based Twitch Prime Crown Cup on behalf of **Amazon**



*Denotes 2019/20 activites

Creating a scalable platform for further growth

- Realignment of cost base. Investment in; consumer insight, community building and commercial resource, delivered with no increase in underlying month on month costs
- Focus on product offerings which provide opportunities for scalable, strong margin growth
- Commenced higher margin strategic consulting offering, with first consultancy programmes for Indy Car and Truxtun Capital (in conjunction with the State of Qatar)
- Grew reach across Gfinity and Real Sport platforms to 20.6m per month by June 2019(253% growth from start of FY19). On track to reach record 25 million gamers by end of October 2019
- Deferred future seasons of Gfinity Elite Series following season 4 (one season featured within FY19 results). Discussions ongoing as to potential to relaunch with a new format
- Realigned executive team structure promoting Graham Wallace to Chief Executive Officer

Financial Review

Jonathan Hall - Chief Financial Officer

02

Financial highlights

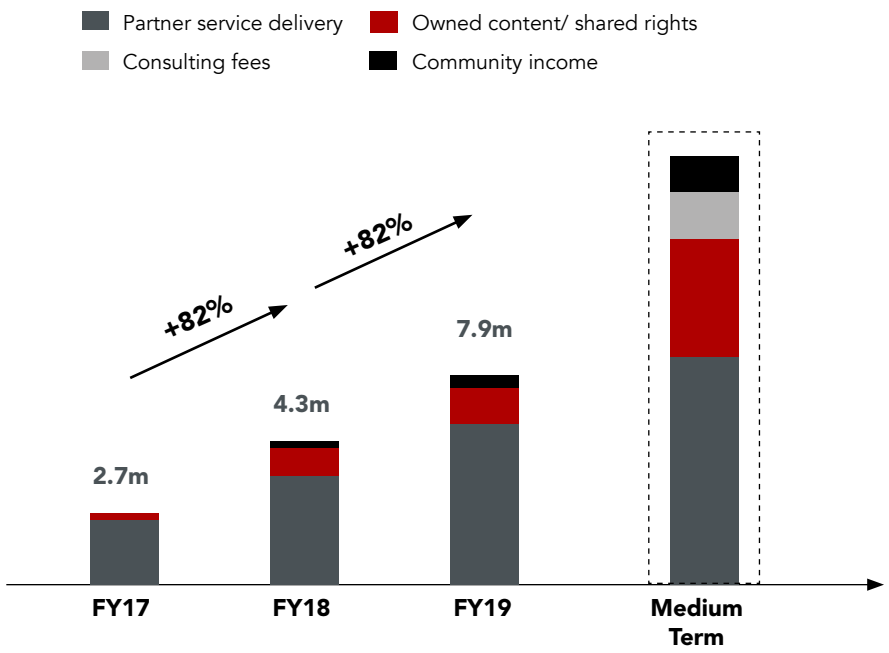
- Significant revenue growth; second consecutive year of +80%
- Driving growth in higher margin revenue streams
- Gross profit positive at £1.0m
- Maintained cost discipline, refocusing resources onto areas driving greatest value
- Capitalised and well funded to drive growth
- On track to achieve adjusted EBITDA target breakeven in 2021

*Administrative expenses include £2.5m of non-cash items; share option charge £1.1m (2018: £0.4m), depreciation £0.4m (2018: £0.4m) and amortisation/ impairment of intangibles £1.0m (2018: £0.4m).

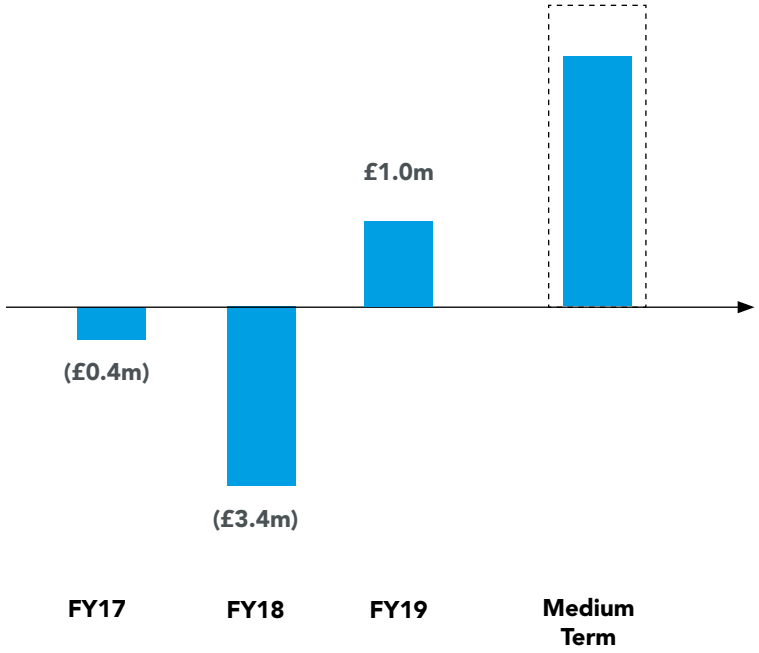
	FY19 (£M)	FY18 (£M)	Change (£M)
Revenue	**7.9**	**4.3**	**+3.6**
Cost of sales	(6.8)	(7.7)	+0.9
Gross profit/(loss)	**1.0**	**(3.4)**	**+4.4**
Adjusted administrative expenses*	(9.6)	(8.7)	(0.9)
Adjusted operating profit/(loss)*	**(8.6)**	**(12.2)**	**+3.6**
Share of net loss of associates	(1.0)	(0.3)	(0.7)
Non-cash items, interest, tax	(2.4)	(1.1)	(1.3)
Loss after tax	**(12.0)**	**(13.6)**	**+1.6**

A step change in revenue and gross profit

Focus on strategic client management...



...driving gross profit growth

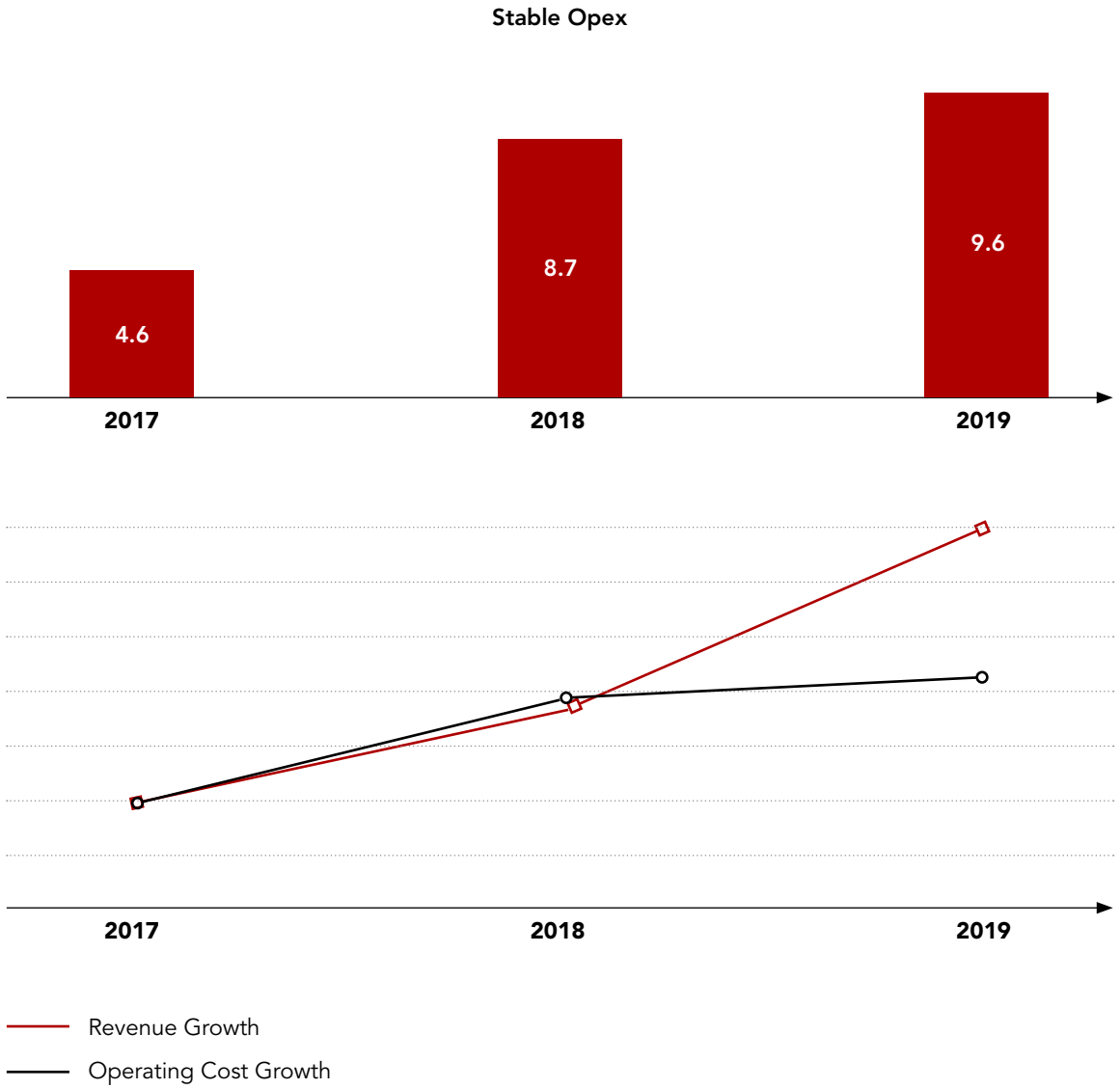


- Grown size and number of strategic clients
- Deepened existing client relationships
- Delivering consultancy programmes for new partners
- Leveraging our investments in people, products and technology
- Building Gfinity community
- Focused deployment of resources to value add areas

Charts are for illustrative purposes only and not to scale

Leveraging scalable cost base

- Opex largely fixed as already invested in people, products and technology
- Costs broadly stable despite significant business growth
- Reprioritisation of resources to areas driving greatest strategic value:
  - o Investment in commercial capability, community and proprietary technology
- Medium term opex in £10m to £12m range



Financial position & cash

- Closing cash balance of £0.6m supplemented by oversubscribed fundraise post year end to raise a further £5.25m (gross)
- Year-end cash position impacted by timing differences, reversed in July
- Reduced carrying value of intangibles
- Removed value relating investment in Gfinity Esports Australia
- Well positioned moving into 2019/20

	2019 (£M)	2018 (£M)
PPE	0.5	0.8
Goodwill	2.5	2.5
Intangible fixed assets	1.0	2.1
Investment in associates	0.0	0.3
Non current assets	**4.1**	**5.6**
Trade & other receivables	2.3	2.2
Cash & cash equivalents	0.6	3.7
Current tax assets	0.0	0.2
Current assets	**3.0**	**6.0**
Total assets	**7.0**	**11.6**
Equity	3.7	8.8
Total liabilities	3.3	2.8
Total equity & liabilities	**7.0**	**11.6**

Outlook

Graham Wallace - Chief Executive Officer

03

Monetising multiple revenue streams in a rapidly growing market

ESTABLISHED AND HIGH GROWTH MARKET

2.2 BILLION
People globally who play video games

737
The number of major global Esports events

32%
Global Esports revenue increase during 2018

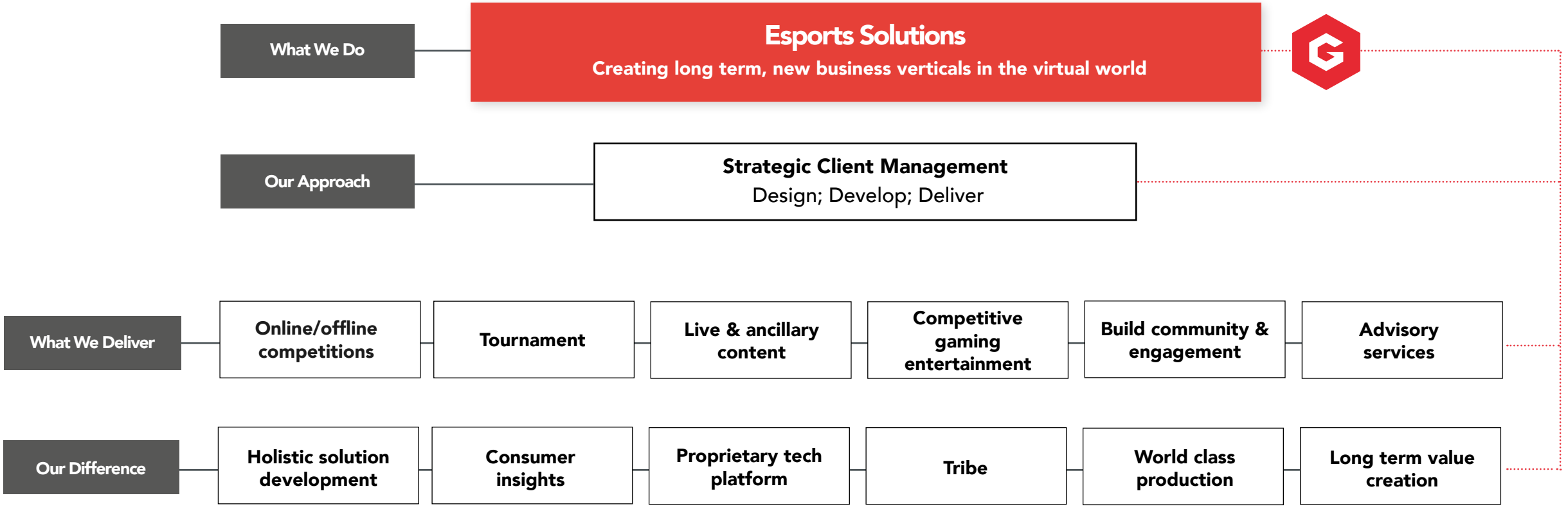
$151 MILLION
Prize money broke $150 million mark for the first time in 2018

$1.80 BILLION
Projected Esports revenue by 2022

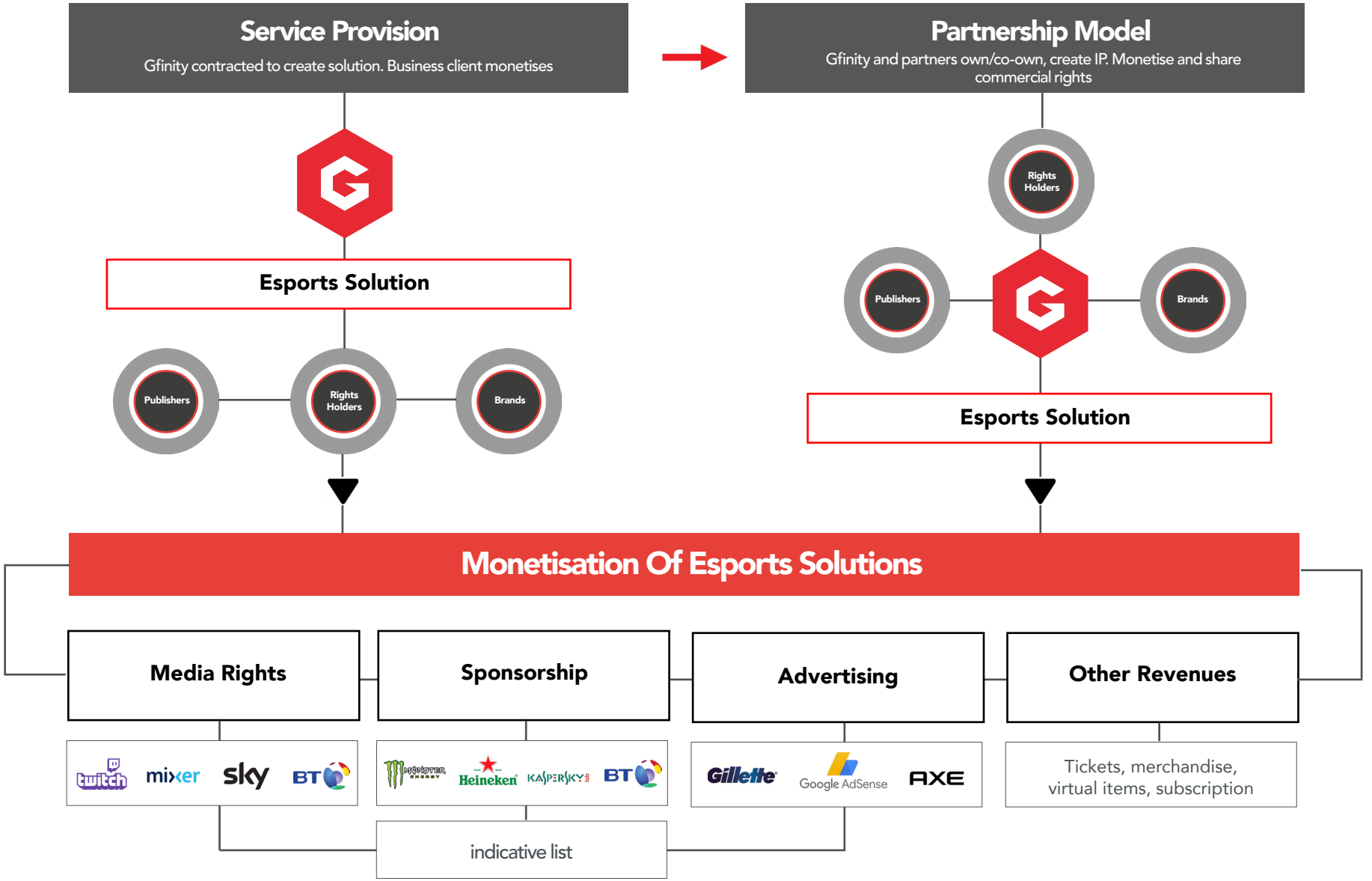
CONNECTING KEY STAKEHOLDERS

Source: Newzoo global esports market report 2019

Gfinity: what we do

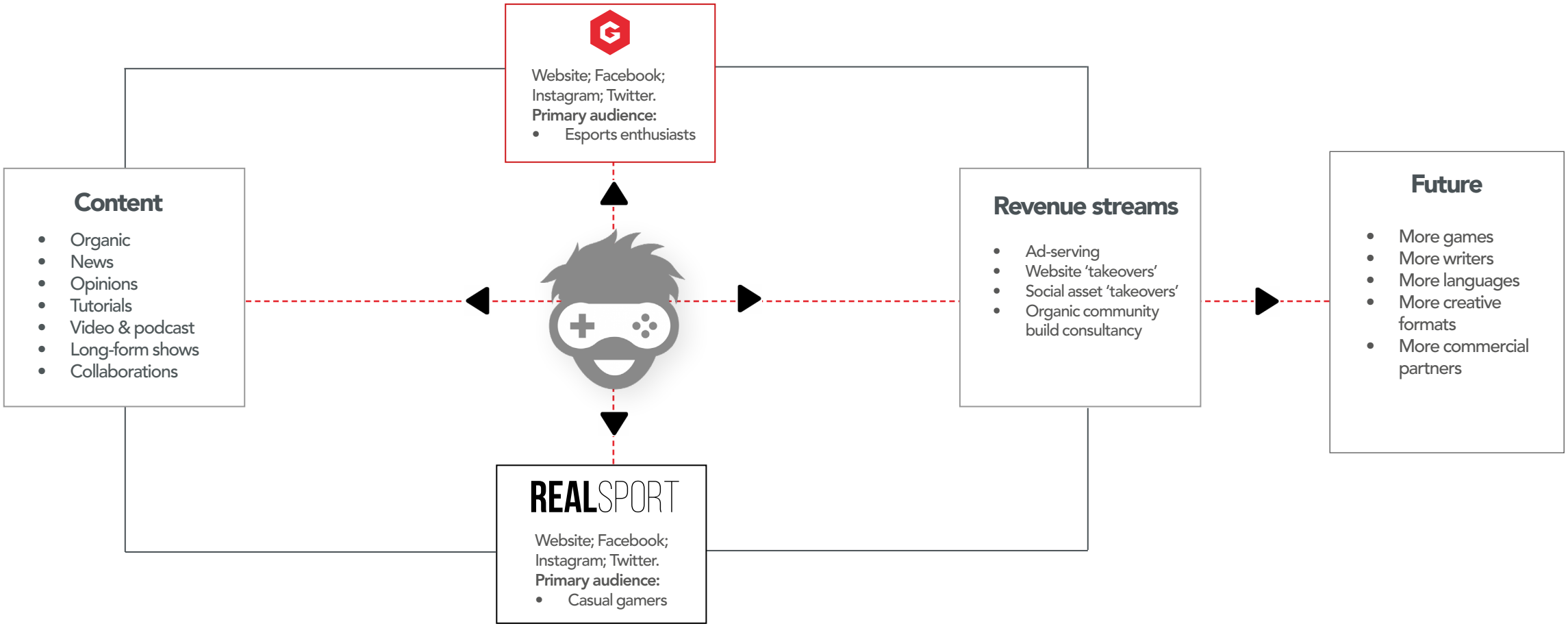


Evolution of financial model



Building an engaged Gfinity community

- Created Gfinity Media Distribution Channel (MDC) to compete favourably with other gaming titles
- Centred on gamer insights; built by team of passionate gamers

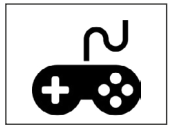


3 year ambition: 100 million gamers/mth organically reached; 25 publisher and brand partners; up to 10% of company revenue

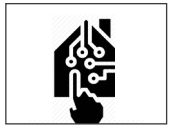
Summary

Connecting major publishers, rights holders, brands and media companies to an engaged global audience of 900 million

Trusted partner to some of world's most recognised brands



End to end esports solution capability, underpinned by quality of people, processes and proprietary esports technology



Reaching 25 million gamers per month via own media distribution channels

Introduction of new leadership team in 2018, delivering on financial commitments

Appendix

Senior Leadership Team

Garry Cook

EXECUTIVE CHAIRMAN

PREVIOUSLY
GLOBAL BRAND OFFICER
UFC
CHIEF EXECUTIVE OFFICER
Manchester City
PRESIDENT
Michael Jordan Brand, NIKE

Graham Wallace

CHIEF EXECUTIVE OFFICER

PREVIOUSLY
MTV
Manchester City FC
Glasgow Rangers FC

Jonathan Hall

CHIEF FINANCIAL OFFICER

PREVIOUSLY
Saracens RFC
PA Consulting
Arthur Andersen

John Clarke

GLOBAL BRAND & MARCOMNS OFFICER

PREVIOUSLY
Heineken
American Express
Burson-Marsteller PR

Paul Kent

GLOBAL HEAD OF ESPORTS SOLUTIONS

COMPETITIVE GAMING
20+ Years Experience in designing Esports solutions

Amanda Lawson

GLOBAL HEAD OF CONTENT

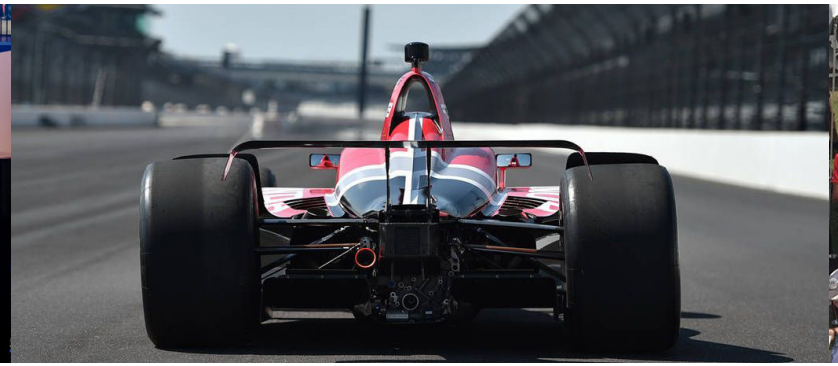
PREVIOUSLY
UFC
ITV Sport
IMG

Bryan Healy

GLOBAL HEAD OF CLIENT SERVICES

PREVIOUSLY
UFC
WMG
FIFA 2010 World Cup

Case Study - Igniting a motorsports esports revolution



Formula 1 Esports

Mercedes-Benz

new balance

3 seasons designed, developed and delivered by Gfinity

Creation of new virtual business vertical

New audience – 70% under the age of 34

Motorsport Opportunities

INDYCAR

FORMULA·E

codemasters

motoGP

Design, develop and deliver long term strategic esports solutions

Creating new consumer touch points

Proprietary solution for each rights holder to connect with young and digital consumers

The Future

1.1bn number of motorsport fans

275 million gamers love motorsports

Portfolio of global solutions targeting younger audience

Proprietary IP and partner IP bridging the gap between the real and virtual

Mainstream approach to expand addressable market and grow number of fans

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Case Study - Igniting a football esports revolution

EA Sports FIFA

Multi-year relationship, growing 4x since inception

World class delivery of an increasing number publisher owned esports programme

From Service Provision to include limited commercial rights (tournament sponsorship)

Other Football

Premier League FIFA ASPIRE LOGISTICS

Gfinity designing, developing and delivering solutions for a growing number of additional football rights holders

Football clubs and leagues need solutions to address the next generation fan

The Future

675 million gamers who love football

Bridging the gap to 3.5bn soccer fans

Portfolio of global solutions targeting younger audience

Leverage strong brands to grow Esports reach and value

- New competitive gaming entertainment formats:
- Creative partner concepts
- Owned formats (IP) with commercial rights

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