

Gfinity plc

Annual Report and
Financial Statements
30 June 2023

Company number 08232509

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Strategic Report

Directors, Secretary and Advisors

The Board of Directors	Neville Upton (Non-Executive Chairman)
	David Halley (Chief Executive Officer)
	Hugo Drayton (Non-Executive Director)
Company Secretary	Richard Croft
Registered Office	16 Great Queen Street London WC2B 5AH
Nominated Adviser and Broker	Beaumont Cornish Limited Building 3 566 Chiswick High Road London W4 5YA
Independent Auditor	Gravita Audit Limited 5-7 Cranwood Street London EC1V 9EE
Legal Advisers	<i>Corporate</i> Fladgate LLP 16 Great Queen Street London WC2B 5DG
	<i>Commercial</i> Onside Law 642A Kings Road Fulham London SW6 2DU
Registrars	Link Group 6 th Floor 65 Gresham Street London EC2 7NQ
Registered Number	08232509

Strategic Report

Period Highlights

Strategic decision to focus on the media division resulted in closing down the esports solutions division and disposing of the Athlos technology platform to Tourbillon with a retained interest.

Financial Results included:

- Loss on disposal of the Athlos business of £0.55m
- Restructuring costs of £0.24m for the closure of Esports Solutions and sale of Athlos
- Cost reduction programme from an annualised cost base of £7.2m to £2.5m
- The last year of F1 revenue of £1.7m
- Gfinity Digital Media (“GDM”) revenue of £2.2m
- Impairment charges of £6m to reflect the lower the value of the media assets.

New financial and operational structure

The Board believes the business is in a stronger position having reduced monthly cost base to £205k and stabilised the monthly revenue. The business’ growth plans are already taking shape and the last quarter saw an increase in Sessions. The business has retained a talented team and added some monetisation expertise; creating a strong foundation for future growth .

- Cash at year-end was £270k.
- The company raised £450k before expenses in August 2023.

Continuing operations of the business represents GDM and revenue and gross margin for this part of the business was as follows for the past two years

	2023	2022
Revenue	£2.2m	£2.7m
Gross Margin	£1.2m	£1.4m

The two discontinued divisions achieved revenue and gross margin over the past 2 years as follows:

	2023	2022
Revenue	£3.2m	£2.6m
Gross Margin	£1.4m	£1.3m

Impairment and reduction in net asset costs

The Group incurred costs of £7.5m in impairment and write down of assets. This included a re-evaluation of all the media assets that have been acquired over the past 3 years and the write down of the value of the Athlos platform where costs of £0.7m had been capitalised.

1. Post-period highlights

- Sold our 27.5% stake in Athlos Game Technologies Ltd for £260k whilst retaining royalty-free access to the Athlos IP for Gfinity’s own use
- Sold Gfinity Esports Solutions for £15k with a retained interest of 15%
- Appointed David Halley as Chief Executive Officer
- Raised £450k before expenses through a share issue

Strategic Report

Gfinity's Market

Based on Newzoo Global Games Market Report published October 2023. The global market is:

- 3.3bn gamers
- \$184bn game revenues projected to be \$206bn by 2026

Gfinity is a leading digital media publishing company in this rapidly growing competitive gaming entertainment industry sector.

Gfinity is a recognised brand in the gaming sector and our websites cover several niches in the genre. We have proven our ability to connect directly with a global community of over 3.3 billion gamers, which have created a gaming market worth an estimated \$184 billion.

Within this market, Gfinity specialises in building highly engaged communities of gamers, that can be scaled and monetised.

Gfinity is the digital home for gamer lifestyles. A network of Gfinity owned and operated websites, driving up to 9 million Sessions to create monetisation opportunities through advertising, brand partnerships and eCommerce activities. Including related social platforms, these allow Gfinity to reach more than 20m gamers per month.

Strategic Report

Chairman's Report

I have pleasure in presenting our annual accounts for the financial year ended 30 June 2023.

It has been a difficult year for the Company as we transitioned from esports solutions and software development, to a pure play digital media company. The new focus is on cost reduction and a quality product, targeting profitability, with the objective to create longevity in the Company and support and stabilise the share price for our investors.

The restructuring has led to a reduction in revenue to £2.2m, a decrease of 60% YOY, with a loss of £10.3m. Within this loss, we were able to complete the full restructuring of the business so that we enter the new financial year in a much stronger position.

FY 2023, we exited our esports arena in London and also decided to no longer offer physical events in the future, as both the arena and esports events had shown no profitability, longevity or scalability for the business.

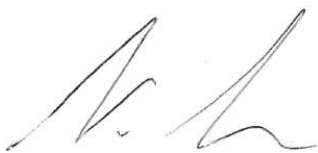
In June 2023, we exited the majority of Athlos Game Technologies Ltd ("Athlos"), as the capital required to build a SaaS company from scratch proved too much for our balance sheet to sustain. Athlos continued to lose significant capital on a monthly basis with no new contracts in the pipeline and we deemed it a prudent decision to exit the company and focus our capital on business areas with more consistent and known opportunity.

The economics of the business has become more predictable, with the departure of previous senior management and our old business model being stripped down. We now run a good business, with a sensible and much smaller cost base. We expect our salary bill for the following financial year to be reduced by over 65% and headcount by 50%.

Our operating cost base has been streamlined, with the combined operating costs of both continued and discontinued operations for FY2023 as shown in note 10, down 68% year-on-year when compared to our current annualised cost base of £2.5m.

These changes by no means limit the opportunity of the Company, as we are now operated by a leaner team, with known M&A experience in a market with many opportunities. Our customer base of hard-to-reach gamers, is one of the most coveted by brands and advertisers, and gaming is a sector continuing to grow year-on-year. By focusing on one industry vertical, we have already been able to improve our product offering including the launch of a new website in the summer.

In summary, I would like to say thank you to the Gfinity team, who have supported us through a challenging year of transition - They are dedicated writers and developers, and have a clear passion for gaming. And I would also like to thank all our clients and partners that choose to work with Gfinity together with our shareholders. Their continued support is never taken for granted and we can now look forward to growing together.



Neville Upton
Chairman
20 December 2023

Strategic Report

Chief Executive Officer's Report

When appointed CEO in August 2023, I set out to quickly bring the economics of our business under control after a long period of loss-making business decisions trying to build long term value.

The decision to focus the Company as a pure play digital media company, was straightforward, as we not only had some excellent sites, although they were in need of fresh management and some fixing, but we also had a solid core team of writers, editors and developers who are the backbone of the new look Gfinity.

By having a singular focus and product vertical, the team can now really show their expertise in running digital assets to rebuild our Ebitda and create a long term, reliably profitable company. The digital asset space offers great opportunities, including potential acquisitions, and rewards companies who deliver great product and adapt to changes in the industry.

A significant subject in tech is obviously Artificial Intelligence (“AI”) and the impact of Large Language Models on businesses. At Gfinity, we are embracing this opportunity by utilising tools to improve our product and increase efficiencies, while ensuring our own team can add their unique magical human intervention for us to be the go-to sites for gamers and esports enthusiasts looking for compelling and engaging content .

We are also very excited about the opportunities of AI in video, and I believe video will increasingly become part of the future product offering of the company, thus adapting to the needs of a new generation of gamers.

We are building our own engagement tools in our sites where our community will be entertained through playing games and watching unique content.

We have emerged from a difficult year for GDM. At the end of the June monthly sessions across all sites were 9 million and combined with our social media channels we reach more than 20 million gamers each month.

We have now built a stronger foundation for future growth and will work opportunistically through the next year to find additive transactions to grow the network and company.

Financial Highlights:

The company operated in FY 2023 with 3 loss-making business divisions.

While all 3 presented opportunities to create shareholder value, Athlos and Gfinity Esports Solutions were more risky ventures and required more capital.

Athlos is a ground breaking product but needed significant funding. Gfinity sold 72.5% of Athlos and removed liabilities for 6 months to relieve the balance sheet. This division was significantly loss-making each month as it invested in further feature development and started to invest heavily in the go-to-market plan. Up to the date of disposal of 5 June 2023, the Group recorded revenue from Athlos of £323,873 and a loss of £715,616.

Gfinity esports solutions division was unpredictable with short term, often one-off contracts with a large fixed cost base. The Formula 1 contract which had been the cornerstone of the division and which contributed 60% of revenue and 83% of gross profit of the eSports division, was not renewed. Most of the other revenue was one-off consultancy contracts and low margin content production. As announced in the year, The Board decided to close down the division:

- December 2022, closed down the Gfinity Arena to reduce exposure to Esports
- June 2023, announced the closure of the division
- Since year end the division has been sold with Gfinity retaining a 15% stake

GDM witnessed significant headwinds with numerous changes to the google algorithms and a well-publicised decline in the ad rates seen across all digital media. This required a new approach to running the business. A lower cost base, leaner management team and bigger focus on quality content and improved User Experience was needed.

Chief Executive Officer's Report (continued)

- Implemented a significant cost reduction programme in June 2023.
- Moved advertising agency in April 2023 which saw an increase in ad rates which negated the general decline in ad rates across the digital media sector
- We restructured the dense advertising structure in sites to make it more favourable for search engine optimisation
- We improved site mechanics so that numbers would increase in the fourth quarter of calendar year 2023.

Changes in Organisation

The former Chief Executive Officer John Clarke, resigned in February 2023.

With the closure of the esports division and divestment of Athlos we did not need such a heavy central cost base and in August 2023 our former CFO, Jon Hall, left the business and all central functions were reduced in size. I joined the company as Chief Executive in August 2023 and have implemented a leaner operating model with the prior Head of Operations now looking after day to day running of the business with myself and the board overseeing long term strategy. This new operating model has also seen a reduced number of editors across the sites a new content production process and more resource in direct revenue generation. Len Rinaldi left the Board in May 2023.

Growth

Having stabilised the business with a lower cost base and stronger operating foundations, we are now embarking on a growth plan. In July 2023 we launched a new website, starfieldportal, it is now receiving over 35k sessions a day. We aim to release more websites in 2024, as this incurs minimal capital and can leverage our scalable platform and extensive social media presence.

GDM's competitive advantage is technology; content and Search Engine Optimisation (SEO) expertise; and commercial leverage.

We have;

- a strong young team who understand the future of digital communications and media
- a technology platform that allows us to scale the content suite
- an ad tech capability to increase our revenues
- a sales team to exploit the need for brands to reach the difficult to reach Gen Z community
- a continuing relationship with Athlos and esports solutions team where we can provide some compelling gaming solutions by amalgamating skill sets.

Our dedicated team

The progress we are making across the business is a direct consequence of the passion and spirit shown by the team. Every day team members are stepping up, innovating, selling ideas, building networks, impressing partners with the quality of their work, and making things happen in a challenging economic environment. Gfinity is benefiting from having leaders across the business driven by their desire to build something special.

Outlook

The strategic focus on GDM gives us greater control over our destiny. It allows us to become a leader in one discipline while also navigating the economic headwinds. We have seen a nervousness from publishers to commit investment and advertising rates have been impacted across the whole of digital media. It is crucial that we continue to manage our cost base zealously while being innovative and adopting to the new technological opportunities. The team will remain agile, flexible, and entrepreneurial, continually adopting to new opportunities and providing compelling engagement to the gaming community.

Gfinity Plc

Chief Executive Officer's Report (continued)

Conclusion

The transformation of Gfinity's business model is now well underway; we are developing expertise to be leading force in digital media across the gaming community. I would like to thank the Gfinity team, our business partners and our clients for their continued hard work and support.

A handwritten signature in black ink, appearing to read 'D Halley', with a stylized flourish at the end.

David Halley
Chief Executive Officer
20 December 2023

Strategic Report

SECTION 172(1) STATEMENT

The directors are well aware of their duty under Section 172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the Company (the "Section 172(1) Matters").

Induction materials provided on appointment include an explanation of directors' duties, and the board is regularly reminded of the Section 172(1) Matters, including as a rolling agenda item at every main board meeting.

Further information on how the directors have had regard to the Section 172(1) Matters is below.

Section 172(1) Companies Act 2006

The board takes decisions with the long term in mind, and collectively and individually aims to uphold the highest standards of conduct. Similarly, the board understands that the Company can only prosper over the long term if it understands and respects the views and needs of its customers, distributors, employees, suppliers and the wider community in which it operates.

A firm understanding of investor needs is also vital to the Company's success along with a sustainable and environmentally responsible culture. The directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172(1) of the Companies Act 2006. The text of Section 172(1) of the Companies Act 2006 has been sent out to each main board director.

Relations with Shareholders

The Company's principal means of communication with shareholders is through the Annual Report and Financial Statements, the full-year and half-year announcements and the AGM. The board recognises that the AGM is an important opportunity to meet private shareholders. Each substantially separate issue is the subject of a separate resolution at the AGM and all shareholders have the opportunity to put questions to the board. All board directors endeavour to attend AGMs and answer questions put to them which may be relevant to their responsibilities. In addition, the directors are available to listen informally to the views of shareholders immediately following the AGM. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are published on the Company's corporate website.

The board receives updates on the views of shareholders through briefings and reports from the executive directors and the Company's brokers. The Chief Executive Officer, the Chairman and the other directors make presentations to shareholders and participate in investor road shows during the year. Not every officer participates in every investor presentation. The Chairman will participate in these presentations where appropriate and is always available to speak with shareholders.

Dialogue with individual institutional shareholders also takes place in order to understand and work with these investors to seek to comply with their investor principles where practicable.

Investor queries may be addressed to the Company Secretary at ir@gfinity.net. A range of corporate information (including all Company announcements) is also available to shareholders, investors and the public on the Company's corporate website <https://www.gfinityplc.com/investors/corporate-governance/>

Section 172(1) Companies Act 2006 (continued)

The board ensures that the requirements are met, and the interests of stakeholders are considered as referred to elsewhere in this report and through a combination of the following:

- A rolling agenda of matters to be considered by the board through the year, which includes an annual strategy review meeting, where the strategic plan for the following year is developed;
- Standing agenda points and papers presented at each future board meeting, which will report on customers, employees and other colleagues, health and safety matters and investors;
- A review of certain of these topics through the Audit Committee and the Remuneration Committee agenda items referred to in this report;
- Detailed consideration is given to of any of these factors where they are relevant to any major decisions taken by the board during the year;
- Monitoring Key Performance Indicators (“KPIs”) such as Sessions, Revenue per Mille (RPM), direct sales pipeline and cash balances

Principal Risks and Uncertainties

Introduction:

Gfinity’s long-term success will depend in large part on its ability to manage the key risks affecting the Company. Gfinity is an innovative business in a rapidly developing sector. In that context, the risks facing Gfinity can change quickly, and the board recognises the importance of identifying key risks and ensuring that the right mitigation strategies are in place for managing them.

Ultimate responsibility for managing risk lies with the board. Executive responsibility for retaining the register of risks and reporting on these to the board lies with the Chief Executive Officer.

Gfinity distinguishes between strategic risks and operating risks. Strategic risks represent macro level matters, which may impact on the strategy of the Company. Operating risks reflect the ongoing challenges that the business may face in delivering on that strategy.

On a day-to-day basis, responsibility for managing strategic risks lies with the Chief Executive Officer. Mitigation strategies and the emergence of new strategic risks are considered through the monthly senior leadership team meetings, which is chaired by the Chief Executive Officer and the board meetings chaired by the Chairman.

Operational risks are the responsibility of the Chief Executive Officer and are considered both at the senior leadership team meetings through weekly performance management update sessions.

KPIs of the business are measured weekly by the leadership team. These are circulated to the board weekly and discussed at regular board meetings. The KPIs for the business are:

- Sessions
- Revenue Per Mille (RPM)*
- Direct sales pipeline

*Revenue per 1,000 sessions

In assessing its attitude to risk, the Board aims to strike a balance between ensuring comprehensive processes and monitoring frameworks are in place, as would be expected of a publicly listed Company, while retaining the dynamism and innovation required to grow quickly within a rapidly developing and changing sector.

The directors believe the principal risks currently affecting the business are as outlined below:

Strategic Report

Strategic Risks

Risk	Description	Mitigating Actions
<p>Economic Uncertainty</p>	<p>Inflationary pressure in the UK and globally has resulted in a cost-of-living challenge for many families. This is likely to be coupled with a continuing period of high interest rates and higher taxation as the government and Bank of England attempt to control inflation and borrowing.</p> <p>This has created a danger of a sustained period of economic downturn and also increased difficulty raising finance.</p> <p>This could create pressure on both Gfinity's cost base and potential revenue growth.</p>	<p>Over the last year, Gfinity has reduced its overhead cost base significantly, moving to a variable cost model, with lower fixed infrastructure costs and a globally dispersed workforce.</p> <p>Gfinity has decided to focus on the digital media division which has a proven business model and which the board believes can achieve cashflow break-even if not encumbered by financing the platform and solutions business</p> <p>This gives Gfinity the flexibility to move the cost base up or down more quickly in line with peaks and troughs in demand across the respective sectors of the business. It also means that Gfinity is less exposed to movements in UK labour market costs or energy prices than would previously have been the case.</p> <p>Gfinity has no debt funding and so is not directly exposed to variable interest rates.</p>
<p>Perception of video gaming</p>	<p>Some people view video gaming negatively, as something that promotes an unhealthy lifestyle and lack of social interaction.</p> <p>There is a risk that this perception will provide a barrier to entry to commercial partners and broadcasters, presenting a risk to Gfinity's business model.</p>	<p>Gfinity always promotes a balanced approach to gaming, as part of a healthy lifestyle. Video gaming continues to grow as the biggest form of entertainment ahead of movies and music. There are many genres of video games and many of them are proven to provide social and educational benefits. Gfinity is aware of some of the pejorative perceptions and will emphasise the role that fitness and nutrition plays in the performance of top esports performers within Gfinity operated programmes and also the role that gaming can help young people form social relationships in the digital age.</p>
<p>Competition Risk</p>	<p>GDM operates in a competitive field, with multiple outlets chasing the audience looking for gaming news and content.</p>	<p>Our loyal and established audience ensures that Gfinity continues to retain a competitive advantage over new entrants to the market. Gfinity is now focusing on its digital media business - the business that can deliver profitability while retaining its ability to leverage off the future prospects of the industry by having a continued relationship with the Athlos and the esports solutions business in providing amalgamated skill sets.</p>

Strategic Report

Operational Risks

Risk	Description	Mitigating Actions
Liquidity Risk	Gfinity was a loss-making company in FY23 and as such, the Board must ensure that it has sufficient working capital available to deliver on its strategy.	Gfinity maintains a core group of investors and has also sought, over recent fundraises, to broaden its shareholder base. The business has cut its cost base to £185k per month and is focusing on the business that will reach profitability most quickly.
Access to Key Skills	Publishing is a competitive sector, and as such, there is strong competition for skilled employees	Gfinity places a high importance on succession planning within the business, ensuring that skills are not vested in a single individual. This is built through development of existing staff, recruitment of certain key personnel and where appropriate through targeted acquisitions. Senior individuals are also incentivised through an employee share option scheme, driving loyalty to the business.
Data Security Risk	Increasing levels of data protection regulation, including GDPR legislation, and ongoing cyber security risks, make it imperative that any data gathered through these platforms is collected, handled and protected in accordance with all relevant regulations. Any failure to do so would significantly erode trust, both among the esports community and prospective commercial partners.	Gfinity has undertaken an in-depth review of its data policies and procedures, in conjunction with lawyers and data protection experts in response to recent data protection legislation. All user data held is in a secure and encrypted manner and is only used in compliance with all relevant legislation.
Technological Changes	The fast development of AI and increasing number of channels creates a risk to Gfinity's business model	Gfinity is abreast of all the changes and believes that while it is a possible threat, it also represents an opportunity. We believe that we can harness these developments to disrupt the market and provide our communities with more exciting content and engagement

Strategic Report

This strategic report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'N. Upton', written in a cursive style.

Neville Upton
Chairman
20 December 2023

Governance

Corporate Governance Report

Chairman's Statement on Corporate Governance:

The Directors recognise the fundamental importance of good corporate governance in providing an efficient, effective and dynamic management framework to ensure that the Company is managed in the right way for the benefit of all shareholders over the medium to long-term. In view of this, the board of Gfinity plc has chosen to apply the QCA Corporate Governance Code (the 'QCA Code') published by Quoted Companies Alliance. The QCA Code is a pragmatic and practical tool, which adopts a principles-based approach to corporate governance, which the directors of Gfinity believe is correct for Gfinity in its current stage of growth. Further information can also be found on our investor website www.gfinityplc.com.

Neville Upton, Chairman

Board of directors:

The Board is responsible for:

- Setting the strategy across all Gfinity group companies;
- Defining the business model and the financial framework within which the business must operate;
- Setting and ensuring the implementation of the culture, to deliver success;
- Designing and implementing controls and the risk management framework;
- Ensuring communication with key stakeholders, including staff, shareholders, suppliers and customers;
- Appointing a senior Executive Team, capable of delivering on the defined strategy;
- Monitoring performance against the above areas and taking remedial actions as appropriate;
- Ensuring availability of capital to deliver on the chosen strategy.

The board retains overall responsibility for ensuring strong corporate governance and is supported by the Audit, Nominations and Remuneration Committees. This section provides further detail on the composition and conduct of business of the board and its respective committees, together with information on how they discharge their responsibilities.

Governance

Board of Directors:

<i>Neville Upton, Non-Executive Chairman</i>	<i>Appointed: 15 January 2014</i>
<p>After graduating at the London School of Economics, Neville joined Coopers & Lybrand where he qualified as a Chartered Accountant. Neville’s formative years were at Euromoney where he gained experience in finance, M&A and various commercial projects. After a brief spell at The Decisions Group as Finance and Operations Director, in 1998 he established a call centre business, The Listening Company, which specialised in multichannel communication applications and high quality customer service solutions. The business was sold in 2011 to Serco for a sum in excess of £60 million, at which time it had a turnover of £82 million and employed 4,000 people. Neville co-founded Gfinity in 2012 and assumed the role of Chairman in March 2020.</p>	
<i>David Halley, Chief Executive Officer</i>	<i>Appointed: 23 August 2023</i>
<p>David is an experienced entrepreneur and business executive having worked in the financial markets for 27 years. Prior to joining Gfinity, David was Director and Founder of Capstone Insurance Brokers Limited, a Hong Kong based company specialising in complex insurances, with a particular focus on cryptocurrency exchanges, which was exited to a UK based insurance company.</p> <p>Previously he had founded and exited Capstone Financial, a Hong Kong based asset manager, and prior to that had experience in the City with Flemings, JP Morgan and Man-Vector, a Mayfair based hedge fund.</p> <p>He joined Gfinity in August 2023 as CEO and Director.</p>	
<i>Hugo Drayton, Independent Non-Executive Director</i>	<i>Appointed: 21 May 2021</i>
<p>Hugo has spent the past 30 years in publishing and media, as a pioneer in digital media, including planning and launching the UK’s first online newspaper – Electronic Telegraph, in 1994. He led Inskin Media, as CEO, for 10 years until 2020, growing it from start-up to a global, brand advertising business. Previously, he spent 10 years at The Telegraph Group, latterly as Group Managing Director. Hugo led Advertising.com, Europe, for 2 years, and was launch CEO of behavioural marketing company, Phorm.</p> <p>Hugo is a non-executive director on the board of FTSE250 Future plc, and is an investor/advisor to several media and ad-tech businesses. He serves as a Trustee of the Felix Byam Shaw (Felix Project) and British Skin Foundation charities.</p> <p>His early career was spent overseas, in Europe and South America, with Coats Viyella, and launching automated telephony services across Europe with Reed Telemedia.</p>	

Governance

Board Composition and Performance

The composition of the Gfinity board is structured to contain the range of skills and personal qualities required to effectively discharge its duties. The board recognises that as Gfinity develops, within a rapidly growing sector the precise composition required shall change from time to time. Responsibility for reviewing the composition of the board and making recommendations for appointment and removal of directors rests with the Nominations Committee. Further details of this are provided below. Any such recommendations are subject to formal approval of the full board.

The board recognises the importance of diversity of skills and approach in effectively conducting its duties, and as such, has sought to appoint high calibre individuals from a wide range of backgrounds and sectors.

Role of Chair

The primary responsibility of the Chair is to lead the board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model. As Chairman, Neville Upton also retains responsibility for oversight of the development and delivery of the Company's strategy, supported by the Executive Director.

The Chair ensures that the board considers the key issues affecting the Group, both operationally and financially, and together with the Company Secretary ensures the correct information flows between the board, its respective committees and between the Independent Directors and senior management.

Role of Company Secretary

The Company Secretary acts as an adviser to the Chair and the board and plays a vital role in relation to both legal and regulatory compliance. The Company Secretary supports the work of the respective board committees and also acts as a confidential sounding board to the chairs of those committees.

Board Conduct of Business

Full board meetings are held monthly, other than in August and December, meaning a minimum of ten meetings per annum to conduct the regular business of the board. Further full board meetings shall be held as required to provide approval on specific matters, including major corporate transactions and the allotment of new shares.

The quorum for a board meeting to be considered valid is two.

Attendance record:

Director	Number of Meetings Attended	Total Meetings in Period in Office
Neville Upton	13	13
John Clarke	6	6
Jonathan Hall	13	13
Leonard Rinaldi	11	11
Hugo Drayton	13	13

Board Review and Performance

The board monitors its performance and composition on an ongoing basis and recognises that as the Company grows in a rapidly developing sector, the mix of skills required to best discharge its duties may change from time to time. Now that the business has decided to focus on its media division, it has reduced its board to a smaller team of Non-executive Chairman, Chief Executive and an additional Non-Executive Director

Governance

Performance of the board is assessed on an annual basis. This process is led by the Chair of the board, supported by the Chief Executive Officer, and assesses the board's performance against its stated terms of reference, both in terms of the process by which business is conducted and the results achieved.

Audit Committee

The role of the Audit Committee is to provide confidence to shareholders on the integrity of the financial results of the Company, expressed in this annual report and accounts, and other relevant public announcements made by the Company. The Audit Committee also has a key role in the oversight of the effectiveness of the risk management and internal control systems of the Company, and to make recommendations to the board for improvements in this regard.

The Audit Committee comprises:

Neville Upton (Chair)
Hugo Drayton

The committee met informally as required during the year.

Nominations Committee

The Nominations Committee ensures there is a robust process for the appointment of new board directors. The committee works closely with the board and the Chair to identify the skills, experience, personal qualities and capabilities required for the next stage in the Company's development, linking the Company's strategy to future changes on the board. Only the Nominations Committee is able to formally submit a recommendation to the board for the appointment of a new director. All such recommendations are still subject to the approval of the board.

The Nominations Committee comprises:

Hugo Drayton (Chair)
Neville Upton

The committee met informally as required during the year.

Remuneration Committee

The Remuneration Committee is responsible for outlining the principles of remuneration strategy to be applied across the Gfinity Group. It also directly approves the remuneration of all directors, together with the grant of any option over shares in Gfinity plc.

Compensation is based on an expectation that the director will spend a minimum of 30 days a year on work for the Company. This will include attendance at a minimum of six Board meetings per annum, each general meeting, plus other activities as agreed with the Executive team from time to time, including membership of board committees.

Non-Executive Directors may support additional projects over and above their role as Non-Executive Directors and may be remunerated at or below market rate for those services. The extent of such services must not, however, compromise their status as Non-Executives, independent of the Executive team.

The Remuneration Committee comprises:

Hugo Drayton (Chair)
Neville Upton.

The committee met informally as required during the year.

Governance

Directors' Remuneration Report

As the Company is AIM listed, the directors are not required, under Section 420(1) of the Companies Act 2006, to prepare a directors' remuneration report for each financial year of the Company and the following disclosures are not intended to, and do not, comply with the requirements of the Companies Act 2006.

The Remuneration Committee is responsible for recommending the remuneration and other terms of employment for the Executive Directors of Gfinity plc. In determining remuneration for the year, the committee has given consideration to the requirements of the QCA Corporate Governance Code. Full details of the company's corporate governance review are on <https://www.gfinityplc.com/investors/corporate-governance/>

Remuneration policy

The remuneration of Executive Directors is determined by the committee and the remuneration of Non- Executive Directors is approved by the full board of directors. The remuneration of the Chairman is determined by the Independent Non-Executive Directors

The remuneration packages of Executive Directors comprise the following elements:

Basic salary and benefits

Basic salaries for Executive Directors are reviewed annually and take into account individual performance, market practice and the financial position of the Company. In most cases salaries paid to Executive Directors are currently towards the low end of the market rate for their respective roles and relative to the experience of the individuals in question. Executive Directors are eligible for pension contributions and participation in the Company's health insurance and life assurance schemes.

Annual bonuses

Bonuses awarded to Executive Directors are included in the Directors' Emoluments table in the Direct Remuneration Report below. Bonuses form part of the overall remuneration of Executive Directors and are aligned to the achievement of financial and strategic milestones which are designed to promote long-term value for all shareholders.

Share options

The Company believes that share ownership by Executive Directors and employees strengthens the link between their personal interests and those of the Company and the shareholders.

The Company has an executive share option scheme, which is designed to promote long-term improvement in the performance of the Company, sustained increase in shareholder value, and clear linkage between executive reward and the Company's performance.

All directors hold either shares or share options in the company. The board of Gfinity believes offering Non- Executive Directors shares in the Company at a price and level that aligns them with the interests of the wider shareholder base is in interests of all shareholders. The Board also believes it is an essential part of attracting high calibre individuals to the Board.

Service contracts

All Directors have Service Contracts.

All Executive directors' appointments are subject to six months' notice on either side.

Governance

All directors are subject to pre and post-termination restrictive covenants with the Company, including those relating to non-competition and non-solicitation of customers and staff.

No compensation is payable for loss of office and all appointments may be terminated immediately if, among other things, a director is found to be in material breach of the terms of the appointment.

Directors' interests in shares

The interests of the Directors at 30 June 2023 in the shares of the Company (including family members) were:

	Number of Ordinary Shares	Percentage of issued share capital
Neville Upton	28,210,574	1.1%
Jonathan Hall	10,138,888	0.4%
Hugo Charles Drayton	8,266,666	0.3%
	<u>46,616,128</u>	<u>1.8%</u>

Share Options

Directors' interests in options over the ordinary shares in the company were as follows:

	As at 30 June 2022	Options Granted	Options Lapsed	As at 30 June 2023
Neville Upton	5,000,000	-	-	5,000,000
Jonathan Hall	9,000,000	-	-	9,000,000
Hugo Charles Drayton	4,000,000	-	-	4,000,000
	<u>18,000,000</u>	<u>-</u>	<u>-</u>	<u>18,000,000</u>

The range of exercise prices for options held as directors are 1p for N Upton, 1p - 4.65p for J Hall and 5p for H Drayton. J Hall's warrants lapsed upon his resignation as a director in August 2023.

Warrants

Directors' warrants over the ordinary shares in the company were as follows. All warrants held by directors (including close family members) were granted in respect of investments made into the business as part of the fundraise in March and April 2022 and were granted on the same terms as those granted to other investors. All director warrants have an exercise price of 0.225p.

	As at 30 June 2022	Warrants acquired	Warrants Lapsed	As at 30 June 2023
Neville Upton	-	13,333,329	-	13,333,329
Jonathan Hall	2,000,000	6,666,666	(2,000,000)	6,666,666
Hugo Charles Drayton	1,600,000	6,666,666	(1,600,000)	6,666,666
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,600,000</u>	<u>26,666,661</u>	<u>(3,600,000)</u>	<u>26,666,661</u>

 Governance
Directors' emoluments

Emoluments of the directors for the year ended 30 June 2023 are shown below.

	Year to 30 June 2023				Year to 30 June 2022	
	Salary & Fees	Bonus	Pension	Benefits	Total Remuneration	Total Remuneration
Neville Upton	78,833	-	11,000	1,836	91,669	50,000
John Clarke	196,005	23,910	1,835	1,877	223,627	177,201
Jonathon Hall	158,410	-	2,201	873	161,483	172,201
Hugo Drayton	84,000	-	-	-	84,000	72,500
Leonard Rinaldi	35,000	-	-	-	35,000	40,000
Andrew MacLeod	-	-	-	-	-	8,239
	<u>552,248</u>	<u>23,910</u>	<u>15,036</u>	<u>4,586</u>	<u>595,779</u>	<u>520,141</u>

The total share option vesting charges in the year in respect of directors was nil. Benefits relate to medical insurance benefit.

Significant shareholders over 3% notified to the company as at 30th June 2023 were:

- Robert Keith – 12.1%
- John Story – 12.6%

Board changes

The following Board changes occurred:

- John Clarke resigned from the board on 09 February 2023
- Len Rinaldi resigned from the board on 31 May 2023
- Jon Hall resigned from the board on 09 August 2023

This report was approved by the board and signed on its behalf.



Neville Upton
Chairman
20 December 2023

Governance

Directors' Report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 June 2023.

Principal activities

Gfinity is a leading media business operating in the digital media sector.

Gfinity Digital Media is a network of owned websites and related social platforms, delivering news and content relevant to gamers and their lifestyles.

Future development

Our development objectives for 2023–24 and beyond are disclosed in the Strategic Report.

Capital structure

The capital structure is intended to ensure and maintain strong credit ratings and healthy capital ratios, to support the Company's business and maximise shareholder value. It includes the monitoring of cash balances, available bank facilities and cash flows.

No changes were made to these objectives, policies or processes during the year ended 30 June 2023.

Results and dividends

The consolidated income statement is set out on page 29.

The Group's loss after taxation amounted to £10.3m (2022: loss of £3.8m).

The directors do not recommend the payment of a dividend for the year ended 30 June 2023.

Events since the balance sheet date

Since 30 June 2023, Gfinity has fully divested ownership of Athlos Game Technology Limited and sold the esports solution division. Further details are given in note 5.

Research and development

The Company undertakes development activities which involve a planned investment in the building and enhancement of Gfinity products. Development expenditure is capitalised as an intangible asset 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 Company. Further information on development activities are provided in the Strategic Report.

Political Donations

The group did not make any political donations during the year.

Payment Practices

The group's policy in relation to suppliers is to fix terms of payment when agreeing contracts and to abide by those agreed terms. The group does not follow any code or statement on payment policy.

Governance

Financial Instruments

Details of the group's use of financial instruments and policies for managing risks arising from that use are given in note 21.

Share issues and treasury shares

Details of shares issued in the year are in note 19. The company has not acquired any of its own shares in that period.

Greenhouse Gas emissions

The company has no physical operations or premises. Consequently, it consumed less than 40,000 kWh of energy during the year and so a detailed reports on emissions is not presented.

Governance

Risk Management

Information on Gfinity's approach to risk management is provided within the Principal Risks and Uncertainties section of this report.

Directors

The following directors held office as indicated below for the year ended 30 June 2023 and up to the date of signing the consolidated financial statements except where otherwise shown.

Neville Upton – Chairman.

David Halley – Chief Executive Officer. Appointed 23 August 2023

Hugo Drayton – Independent Non-Executive Director.

Jonathan Hall – Chief Finance and Operations Officer - Resigned 9 August 2023

Len Rinaldi – Independent Non-Executive Director - Resigned 31 May 2023

John Clarke – Chief Executive Officer – Resigned 9 February 2023

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

Going Concern

As explained in the Chairman's Report and the Chief Executive Officer's Report, it has been a difficult year for the Group and Company as it transitioned away from esports solutions and software development to a pure play Digital Media company.

At the time of issuing these Financial Statement, this restructuring is largely complete and the Group and Company has reduced its overhead base to support and develop its Digital Media assets and the Directors firmly believe that the steps taken will lead to profitability in the short term.

The Directors have prepared a base case cashflow forecast through to 31 December 2024, which assumes certain growth targets are met.

The Directors believe that the growth targets are reasonable and attainable, and in view of this, the Directors are confident that the Group and Company have adequate resources to continue to operate for at least twelve months from the date of approval of these Financial Statements and have, therefore, continued to adopt the going concern basis in preparing the Directors' Report and Financial Statements.

However, the Directors recognise that achievement of the growth targets are subject to external factors outside of their control and so they have also prepared a severe but plausible cashflow projection to assess cashflows in such a scenario. Should the forecast growth of the Group and Company be not forthcoming or be slower than anticipated, the Group and Company will need to secure additional funding in the period to 31 December 2024.

The Group and Company continues to enjoy the support of its major shareholders, and should further funding be necessary, the Directors believe that this support will continue. On this basis, the Directors consider that it is appropriate that the going concern basis is applied in the preparation of these Financial Statements.

However, whilst the Directors are confident of continuing to raise additional funds as needed to finance the business in accordance with its Digital Media strategy, they nevertheless recognise that a material uncertainty exists which might cast doubt over the Group and Company's ability to continue to realise its assets and discharge its liabilities as they fall due in the normal course of the business and therefore its ability to continue to operate as a going concern.

Governance

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare company financial statements in accordance with UK adopted International Financial Reporting Standards ("IFRSs").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing these financial statements, the directors are required to:

- present fairly the financial position, financial performance and cashflows of the Company;
- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the annual report and the financial statements are made available on the corporate website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Gravita Audit Limited has expressed its willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board:



Neville Upton

Chairman

20 December 2023

Independent Auditor's Report to the Members of Gfinity Plc

Opinion

We have audited the financial statements of Gfinity PLC ('the Company') and its subsidiaries (together 'the Group') for the year ended 30 June 2023 which comprise the group statement of profit or loss, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2023 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 of the financial statements. The group made a loss for the year of £10,254,837 and had net current liabilities of £384,065 at the balance sheet date. The Board has prepared a base case cash flow forecast under which the business requires no additional funding in the period to 31 December 2024, the Board recognises that the attainment of the business plan is subject to factors outside its control and that in a severe but plausible scenario the company will need to seek additional external funding. Whilst management are confident of securing such funding, there is inherent uncertainty until such time as such funding is secured. These events or conditions, along with other matters set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We identified going concern as a key audit matter based on our assessment of the significance of the risk and effect on our audit strategy.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group and the Company's ability to continue to adopt the following going concern basis of accounting included:

- obtaining and reviewing the directors' base case cash flow forecasts to 31 December 2024 against our understanding of the business, including considering the uncertainties associated with a projection of the Group's current and future trading prospects;
- assessing of the reliability of forecasts by reference to historic budgeting and verifying the actual cash balance as a starting point;
- testing the clerical accuracy of management's forecast;

- challenging management’s key forecast assumptions and inputs including reviewing the forecast website traffic and key revenue metrics;
- reviewing the latest management accounts to gauge recent financial performance;
- performing sensitivity analysis on the cash flow forecasts prepared by the directors to assess potential cash requirements in a range of scenarios;
- comparing recent expenses in the management accounts to the forecast to assess the reasonableness of the expected cash requirement;
- considering the Group’s historic ability to raise funds and other sources of funding which might realistically be available to the Group if required; and
- considering the appropriateness of disclosures in relation to going concern in the financial statements.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed sufficient audit work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, its accounting processes, its internal controls and the industry in which it operates. We performed a full scope audit of the Company and specific procedures on certain subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the “Material uncertainty related to going concern” section above, we have determined the matters below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Impairment of goodwill and intangible assets</i></p> <p>At 30 June 2023, the Group held goodwill with a carrying value of £495,288 (2022: £4,714,399) and other intangible assets of £415,155 (2022: £4,575,141) arising from acquisitions of businesses in earlier periods and the capitalisation of development costs.</p> <p>In line with IAS 36, management performed an annual impairment test on goodwill to identify the recoverable amount. The recoverable amount was assessed by reference to a revenue multiple which management believe to reflect the market assessment of value in the digital media sector.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • assessing the appropriateness of the revenue multiple used by management by reference to external sources, recent transactions in the industry and observable ratios of similar listed companies; • reviewing the resulting net assets against the market capitalisation of the company; • reviewing the associated disclosures for accuracy and completeness; • considering the sensitivity of the revenue multiple applied; • considering the appropriateness of the revenue figures to which the multiple was applied; • evaluating the consistency appropriateness of management’s identification of CGUs;

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Management test goodwill at the Cash Generating Unit (“CGU”) level which is considered to be at the level of each acquired businesses, since these all continue to create separately identifiable cash flows.</p> <p>As a result of the impairment tests, a total impairment expense of £5,984,171 was recognised in the year.</p> <p>We identified the impairment of goodwill and intangibles as a key audit matter because these assets are material to the Group and the estimation of the recoverable amount involves a significant degree of management judgement and therefore is subject to an inherent risk of material error.</p>	<ul style="list-style-type: none"> • understanding the rationale for a change in approach from the “value in use” method applied in the previous year; and • reviewing the allocation of impairments between goodwill and intangible assets within a single CGU for compliance with IAS 36. <p>Based on the procedures performed, we noted no material misstatement in the carrying value of goodwill or intangible assets or material deficiency in the disclosures provided.</p>

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group	Company
Overall materiality	£80,000	£70,000
How we determined it	Based on 1.5% of revenue derived from both continuing and discontinued operations.	
Rationale for benchmark applied	We consider revenue to be the key metric reviewed by users of the financial statements to understand and assess the performance of the business.	

We agreed with the Audit Committee that we would report to them misstatements identified during our audit for the Group and Company above £4,000 and £3,500 respectively as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 23 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and Company through discussions with the Directors and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 of the financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed the laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Joseph Brewer
(Senior Statutory Auditor)
For and on behalf of
Gravita Audit Limited (Statutory Auditor)
Finsgate
5-7 Cranwood Street
London EC1V 9EE
21 December 2023

**Group Statement of Profit or Loss
For the ended 30 June 2023**

		Year to 30 June 2023	Restated Year to 30 June 2022
	Notes	£	£
Continuing Operations			
Revenue		2,190,216	2,695,388
Cost of Sales		(953,905)	(1,247,317)
Gross profit		<u>1,236,311</u>	<u>1,448,071</u>
Administration expenses	6	(3,788,329)	(2,870,623)
Operating Loss from trading activities *		<u>(2,552,018)</u>	<u>(1,422,552)</u>
Impairment charge		(5,984,171)	(76,989)
Re-assessment of Deferred Consideration		931,311	-
Loss arising on loss of control of a subsidiary	5	(548,761)	-
Net finance costs	8	(25,976)	77
Loss on ordinary activities before taxation		(8,179,615)	(1,499,464)
Taxation	9	974,876	209,968
Loss from continuing operations		<u>(7,204,739)</u>	<u>(1,289,496)</u>
Loss on discontinued operations, net of tax	10	(3,050,097)	(2,521,464)
Loss for the year		<u>(10,254,836)</u>	<u>(3,810,960)</u>
Earnings per share – Continuing operations	11	(0.42)	(0.13)
(Pence – Basic and Diluted)			

* Operating Loss from trading activities is the Operating Loss for the year before impairment, movements on deferred consideration, and loss on the loss of control of a subsidiary

Group Statement of Comprehensive Income

	Year to 30 June 2023	Restated Year to 30 June 2022
	£	£
Loss for the Period	(10,254,836)	(3,810,960)
Items that may subsequently be reclassified to profit or loss		
Foreign exchange profit / (loss) on retranslation of foreign subsidiaries	-	(3,458)
Other Comprehensive Income for the period	-	(3,458)
Loss and total comprehensive income for the period	(10,254,836)	(3,814,418)

**Group Statement of Financial Position
As at June 2023**

	Notes	30-Jun-23 £	Restated 30-Jun-22 £
NON-CURRENT ASSETS			
Property, plant and equipment	12	14,757	148,510
Goodwill	13	495,288	4,714,399
Intangible fixed assets	14	415,155	4,575,141
		925,200	9,438,050
CURRENT ASSETS			
Trade and other receivables	16	644,540	1,968,893
Cash and cash equivalents	17	270,476	2,141,361
		915,016	4,110,254
TOTAL ASSETS		1,840,216	13,548,304
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	19	2,649,030	1,315,697
Share premium account		55,367,959	54,858,008
Other reserves		423,613	3,706,664
Retained earnings		(57,989,529)	(51,113,657)
Non controlling interest		3	3
Total equity		451,076	8,766,715
NON-CURRENT LIABILITIES			
Other Payables	20	17,669	840,742
Deferred Tax Liabilities	18	72,390	897,575
CURRENT LIABILITIES			
Trade and other payables	20	1,060,794	3,043,272
Provisions	27	238,287	-
Total liabilities		1,389,140	4,718,589
TOTAL EQUITY AND LIABILITIES		1,840,216	13,548,304

Gfinity Plc

**Group Statement of Financial Position
as at 30 June 2023**

The notes on pages 40 to 68 form an integral part of these financial statements.

Registered number: 08232509

Signed on behalf of the board on 20 December 2023:



David Halley
Chief Executive Officer



Neville Upton
Non-Executive Chairman

Company Statement of Financial Position
As at 30 June 2023

	Notes	30-Jun-23 £	Restated 30-Jun-22 £
NON-CURRENT ASSETS			
Property, plant and equipment	12	13,162	145,079
Goodwill	13	495,289	2,274,565
Intangible fixed assets	14	125,594	1,059,549
Investment in subsidiaries	15	139,146	6,069,716
Investment in associate	5	5	-
TOTAL NON-CURRENT ASSETS		773,196	9,548,909
CURRENT ASSETS			
Trade and other receivables	16	531,365	1,880,830
Cash and cash equivalents	17	71,255	1,361,279
TOTAL CURRENT ASSETS		602,620	3,242,109
TOTAL ASSETS		1,375,816	12,791,018
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	19	2,649,030	1,315,697
Share premium account		55,367,959	54,858,008
Other reserves		423,613	3,728,622
Retained earnings		(58,779,718)	(50,588,868)
Total equity		(339,116)	9,313,459
NON-CURRENT LIABILITIES			
Other payables	20	17,669	840,751
Deferred tax liabilities	18	-	84,924
CURRENT LIABILITIES			
Trade and other payables	20	1,459,026	2,551,884
Provisions	27	238,237	-
Total liabilities		1,714,932	3,477,559
TOTAL EQUITY AND LIABILITIES		1,375,816	12,791,018

Gfinity plc

Company Statement of Financial Position (continued)

As at 30 June 2023

The notes on pages 40 to 70 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 £11,569,814 (2022: loss of £4,248,407).

Registered number: 08232509

Signed on behalf of the board on 20 December 2023:



David Halley
Chief Executive Officer



Neville Upton
Non-Executive Chairman

Group Statement of Changes in Equity
As at 30 June 2023

	Ordinary shares	Share premium	Share option reserve	Retained earnings	NCI	Forex	Total equity
	£	£	£	£	£	£	£
At 30 June 2021	930,513	46,511,089	3,403,414	(47,302,697)	-	(18,500)	3,523,819
Loss for the period	-	-	-	(3,810,960)	-	-	(3,810,960)
Other comprehensive income	-	-	-	-	-	(3,458)	(3,458)
Total comprehensive income	-	-	-	(3,810,960)	-	(3,458)	(3,814,418)
Proceeds of shares issued	385,184	8,667,150	-	-	-	-	9,052,334
Share Issue Costs	-	(320,231)	-	-	-	-	(320,231)
Share options expensed	-	-	325,208	-	-	-	495,220
Addition of NCI	-	-	-	-	3	-	3
Total transactions with owners, recognised directly in equity	385,184	8,346,919	325,208	-	3	-	9,227,326
At June 2022 – Restated	1,315,697	54,858,008	3,728,622	(51,113,657)	3	(21,958)	8,766,715
Loss for the period	-	-	-	(10,254,836)	-	-	(10,254,836)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(10,254,836)	-	-	(10,254,836)
Proceeds of shares issued	1,333,333	666,667	-	-	-	-	2,000,000
Share Issue Costs	-	(156,716)	44,010	-	-	-	(112,706)
Share options expensed	-	-	51,903	-	-	-	51,903
Release to Retained Earnings	-	-	(3,400,992)	3,400,992	-	-	-
Total transactions with owners, recognised directly in equity	1,333,333	509,951	(3,305,079)	(6,853,914)	-	-	1,939,197
At 30 June 2023	2,649,030	55,367,959	423,543	(57,967,501)	3	(21,958)	451,076

"Ordinary shares" represents the nominal value of issued share capital.

"Share premium" represents the proceeds on issue of shares in excess of nominal value, less directly attributable issue costs.

"Share option reserve" represents the fair value of share based payments that are in issue at the reporting date.

"Retained earnings" represents the cumulative profits and losses of the business.

"NCI" represents the cumulative profit and losses attributable to minority shareholders of subsidiaries

"Forex" represents the cumulative effect of retranslating the results of foreign operations into the presentation currency.

**Company Statement of Changes in Equity
As at 30 June 2023**

	Ordinary shares	Share premium	Share option reserve	Accumulated Deficit	Total equity
	£	£	£	£	£
At 30 June 2021	930,513	46,511,089	3,403,414	(46,340,461)	4,504,555
Loss for the period	-	-	-	(4,248,407)	(4,248,407)
Other Comprehensive Income	-	-	-	-	-
Total comprehensive income	-	-	-	(4,248,407)	(4,248,407)
Shares Issued	385,184	8,667,150	-	-	9,052,334
Share issue costs	-	(320,231)	-	-	(320,231)
Share options issued	-	-	325,208	-	325,208
Shares as deferred consideration	-	-	-	-	-
Total transactions with owners, recognised directly in equity	385,184	8,346,919	325,208	-	9,227,323
At 30 June 2022 - restated	1,315,697	54,858,008	3,728,622	(50,588,868)	9,313,459
Loss for the period	-	-	-	(11,569,814)	(11,569,814)
Other Comprehensive Income	-	-	-	-	-
Total comprehensive income	-	-	-	(11,569,814)	(11,569,814)
Proceeds of Shares Issued	1,333,333	666,667	-	-	2,000,000
Share issue costs	-	(156,716)	44,010	-	(112,706)
Share options expensed	-	-	29,945	-	29,945
Release to Retained Earnings	-	-	(3,378,964)	3,378,964	-
Total transactions with owners, recognised directly in equity	1,333,333	509,951	(3,305,009)	3,378,964	1,917,239
At 30 June 2023	2,649,030	55,367,959	423,613	(58,779,718)	(339,116)

Group Statement of Cash Flows
As at 30 June 2023

Group	2023	Restated 2022
<u>Operating</u>	£	£
Loss for the year	(10,254,837)	(3,810,960)
<i>Adjustments for:</i>		
Depreciation	33,254	112,993
Amortisation	1,846,164	1,554,745
Impairment of assets	5,984,171	76,989
Gain on disposal of fixed assets	(112,808)	-
Gain on disposal of associate	-	(45,090)
Finance income	(885)	77
Finance costs	77,691	-
Share based payments	29,945	325,208
Increase in credit loss provision	51,494	-
Re-evaluation of contingent consideration	(931,311)	-
Loss on loss of control of subsidiary	548,761	-
Increase in provisions	238,287	-
Current and deferred tax credit	(974,876)	(298,177)
Total	(3,464,950)	(2,084,215)
Decrease in receivables	1,324,353	(524,205)
Decrease in payables excluding contingent consideration	(907,062)	(110,916)
Tax credit recovered	109,732	142,162
Net operating outflow	(2,937,927)	(2,577,174)
<u>Investing</u>		
Interest received	885	77
PPE additions	(3,498)	(74,137)
Intangible additions	-	(685,951)
Payment of deferred/contingent consideration	(1,031,307)	(1,774,020)
Proceeds on disposal of associate	-	45,090
Net proceeds on disposal of assets	213,668	-
Total	(820,252)	(2,488,941)
<u>Financing</u>		
Net proceeds on issue of shares	1,887,294	5,831,603
Total	1,887,294	5,831,603
Net decrease in cash	(1,870,885)	765,488
Cash at the start of the year	2,141,361	1,375,873
Cash at the end of the year	270,476	2,141,361
Net decrease in cash	(1,870,885)	765,488

There were no investing or financing cash flows for discontinued operations.

The net cash outflow on operating activities for discontinued operations was £(2,166,061) (2022: £(2,679,157)).

Gfinity Plc

Company Statement of Cash Flows As at 30 June 2023

Company	2023 £	Restated 2022 £
<u>Operating</u>		
Loss for the year	(11,569,814)	(4,248,407)
<i>Adjustments for:</i>		
Depreciation	34,657	108,787
Amortisation	378,515	235,738
Impairment of assets	7,716,918	41,616
Gain on disposal of fixed assets	(112,808)	-
Gain on disposal of associate	-	(45,090)
Finance income	(885)	(1)
Finance costs	77,691	-
Share based payments	29,945	495,220
Increase in credit loss provision	187,815	-
Re-evaluation of contingent consideration	(931,311)	-
Loss on disposal of intangible	548,761	-
Increase in provisions	238,287	-
Current and deferred tax credit	234	(213,562)
Total	(3,401,995)	(2,925,699)
Decrease in receivables	1,349,466	28,603
Decrease in payables excluding contingent consideration	(597,442)	(556,176)
Tax credit recovered	109,732	142,162
Net operating outflow	(2,540,239)	(3,311,110)
<u>Investing</u>		
Interest received	885	1
PPE additions	(3,498)	(74,149)
Intangible additions	0	(685,951)
Payment of deferred/contingent consideration	(495,416)	(1,774,020)
Proceeds on disposal of associate	0	45,090
Net proceeds on disposal of assets	213,668	0
Net amounts advanced to subsidiaries	(352,718)	0
Total	(637,079)	(2,489,029)
<u>Financing</u>		
Net proceeds on issue of shares	1,887,294	5,831,603

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Total	1,887,294	5,831,603
Net decrease in cash	(1,290,024)	31,464
Cash at the start of the year	1,361,279	1,329,815
Cash at the end of the year	71,255	1,361,279
Net decrease in cash	(1,290,024)	31,464

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 and domiciled 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. Principal activities are discussed in the Strategic report.

2. ACCOUNTING POLICIES

Basis of preparation

The Company has prepared the accounts on the basis of all applicable UK-adopted 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 2022, 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, unless otherwise stated below. 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.

New and amended accounting standards effective during the year

The following amended standards and interpretations were effective during the year:

- Amendments to IAS 16: Property, Plant and Equipment: proceeds before intended use
- IAS 37: Onerous Contracts: costs of fulfilling a contract
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3: Business Combinations: reference to conceptual framework

The adoption of the standards and interpretations has not led to any changes to the Group’s accounting policies or had any other material impact on the financial position or performance of the Group.

New standards, interpretations and amendments issued but not yet effective

The following new accounting standards, amendments and interpretations to accounting standards have been issued but these are not mandatory for 30 June 2023 and they have not been adopted early by the Group:

- Amendments to IAS 1: Classification of liabilities as current and non-current
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies
- Amendments to IAS 8: Definition of accounting estimates
- Amendments to IAS 12: Deferred Tax related to assets and liabilities arising from a single transaction

The Directors anticipate that the adoption of planned standards and interpretations in future periods will not have a material impact on the Group Financial Statements.

Going Concern

As explained in the Chairman's Report and the Chief Executive Officer's Report, it has been a difficult year for the Group and Company as it transitioned away from esports solutions and software development to a pure play Digital Media company.

At the time of issuing these Financial Statement, this restructuring is largely complete and the Group and Company has reduced its overhead base to support and develop its Digital Media assets and the Directors firmly believe that the steps taken will lead to profitability in the short term.

The Directors have prepared a base case cashflow forecast through to 31 December 2024, which assumes certain growth targets are met.

The Directors believe that the growth targets are reasonable and attainable, and in view of this, the Directors are confident that the Group and Company has adequate resources to continue to operate for at least twelve months from the date of approval of these Financial Statements and have, therefore, continued to adopt the going concern basis in preparing the Directors' Report and Financial Statements.

However, the Directors recognise that achievement of the growth targets are subject to external factors outside of their control and so they have also prepared a severe but plausible cashflow projection to assess cashflows in such a scenario. Should the forecast growth of the Group and Company be not forthcoming or be slower than anticipated, the Group and Company will need to secure additional funding in the period to 31 December 2024.

The Group and Company continues to enjoy the support of its major shareholders, and should further funding be necessary, the Directors believe that this support will continue. On this basis, the Directors consider that it is appropriate that the going concern basis is applied in the preparation of these Financial Statements.

However, whilst the Directors are confident of continuing to raise additional funds as needed to finance the business in accordance with its Digital Media strategy, they nevertheless recognise that a material uncertainty exists which might impact the Group and Company's ability to continue to realise its assets and discharge its liabilities as they fall due in the normal course of the business and therefore its ability to continue to operate as a going concern.

Basis of consolidation

The Group accounts consolidate the results 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 control, which is where the Group has power over the investee, is exposed to variable returns from its involvement with the investee and where the Group has the ability to use its power over the investee to affect the amount of returns. 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.

Where the Group assesses that it has significant influence over an investee, but not control, the investment is accounted for as an associate. Associates are not consolidated but are equity accounted and the group records its share of the associate's loss to the extent the cost less impairment of the investment is greater than nil.

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 subsidiaries

Investments in subsidiaries are held in the Company balance sheet at cost and reviewed annually for impairment. Where the Company acquires subsidiaries with contingent or deferred consideration, the initial estimate of the present value of future payments is included in the cost of the investment and any subsequent changes recorded through profit or loss.

Revenue

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

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer.
2. Identifying the performance obligations
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group 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:

- Partner programme delivery 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 based on the number of sessions where ads are displayed on the website. Revenue is recognised on a cost per mille (CPM) basis.
- Broadcaster revenues: Rights fees are received from linear broadcasters and online streaming platforms in return for rights to access broadcast content. Revenue is recognised once the relevant performance obligations are completed which is typically at the point the broadcast occurs.
- Licensing revenues: Fees charged for the licensing of Gfinity esports technology, outside of the scope of a broader managed esports service provision.
- Consultancy Fees: Revenue is recognised in line with the profile of resources dedicated to the programme across the assignment duration. Such revenue is recognised over time based on an estimate of total costs incurred.

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.

Credits in respect of Research and Development activities are recognised upon receipt of payment from HMRC.

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 .

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:

Web Platforms	3-5 years
Engage	3-5 years
Other Intangible assets	3-5 years

Amortisation expense is included within administrative expenses in the profit or loss account.

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 or cost savings.

Research expenditure that does not meet this criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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.

Contingent consideration arising in a business combination is held at fair value at each reporting date. After the initial accounting for the business combination, any changes in the estimated or actual consideration payable are taken to profit or loss. Future expected payments are held at their present value where the effect of discounting is material. The unwinding of contingent consideration is recognised as a finance cost in profit or loss.

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.

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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.

Warrants

Warrants are in respect of call options granted to investors by the group and are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The fair value of warrants is determined at the date of grant and is recognised in equity. When the warrants are exercised, the group transfers the appropriate amount of shares to the investor, and the proceeds received net of any directly attributable transaction costs are credited directly to equity.

The group uses an appropriate valuation model utilising a Black-Scholes model in order to arrive at a fair value at the date warrants are granted.

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.

Judgement: 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 performance obligation unless recognised at appoint in time. 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 the level of resource required to complete the performance obligation in comparison to the overall level of resource required to fulfil the contract. 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.

Stock Informer Revenue that is recognised on a monthly is based on the transactional sales value of all transactions in month for all associate affiliate partners. The transactional sales value represents the total commission value due to Gfinity of all pending and approved payments coming in for a given month across the affiliate 3rd party providers that are contracted and based on the specific affiliate commission % with Stock Informer. In month "Transactional Value" will specifically exclude approved payments from prior months, as this has already been recognised as revenue in the prior months. A credit note provision is raised monthly which is based on the value of all pending commission transactions across all affiliates with a credit note % assumption applied to this which is based on the average return % over the past 6 months. The credit note provision is assessed monthly in relation to the level of pending transactions that have either been paid resulting in earnings, which results in a release of the provision, or declined, which results in a credit and offset against the credit note provision, thus utilising the provision in place

There were no revenue contracts requiring judgement that impact on the reported revenue for the financial year, or contract assets or liabilities at the balance sheet date for either the current or the prior year.

Judgements and estimates: Impairment of goodwill and intangible assets, and estimation of the fair value of contingent consideration

The Group holds goodwill and intangible assets arising from business acquisitions or the internal generation of development assets. Judgement is applied in determining the recoverable amount of assets.

On an annual basis the Group reviews relevant classes of assets, including investments, intangible assets and goodwill for indications of impairment. Where such indications exist, a full impairment test is performed. In light of the loss reported in the year, the Board determined that a full impairment test should be performed on all intangible

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assets. Goodwill must be tested for impairment annually. Where goodwill arises in a business combination, management determined that each website brand is a separate cash generating unit and so any the goodwill arising from that acquisition is associated with the acquired brand. No goodwill is allocated across multiple Cash Generating Units.

For the purpose of impairment testing at 30 June 2023, management have determined that the appropriate method to apply is a fair value less costs to dispose approach. In previous years, management have used a value in use model and therefore this represents a change in methodology. The reason for the change in methodology is due to the uncertainty experienced in the year and therefore which had led to earlier forecasts not having been achieved. Management consider that a revenue based multiple is a more accurate estimation tool for the recoverable amount of its intangible assets.

Therefore all impairment tests have been performed using a fair value method on the basis of a multiple of revenue achieved for the respective brand in the year ended 30 June 2023.

Management undertook a careful assessment of the appropriate revenue multiple and determined that 1x revenue represents their best estimate of the recoverable amount of each brand. This fair value estimation technique is a Level 2 valuation technique in the Fair Value Hierarchy as there is no directly observable market valuation of each brand, but management have identified the valuation of similar assets through the relevant trading multiples of similar businesses in similar sectors, through the observed implied multiples in recent transactions involving similar assets and through industry and other benchmarks.

Further detail of the results of impairment tests of each material Cash Generating Unit are summarised below. All of Megit, Siege.gg, RealSport and EpicStream are within the Gfinity Digital Media operating segment. In each case, 'costs to sell' are considered to be immaterial as there are no physical assets in any case. Impairment expenses have been separately identified in the statement of profit or loss. No previous impairments were reversed during the year.

Megit

The group acquired the entire issued share capital of Megit Limited in September 2021. Megit operates the StockInformer website which enables gamers to locate and find the best pricing and availability of tech and other products.

At 30 June 2022 the group held goodwill of £2,439,834 and intangible assets of £3,505,996 in respect of Megit. These assets were tested for impairment collectively as they form a single Cash Generating Unit.

The result of the impairment test was as a recoverable amount of £289,561 and therefore an impairment charge of £4,198,217 was recorded. This was allocated first to goodwill and then to intangible assets as required by IAS 36.

The factors giving rise to the impairment were the well-publicised challenges arising from changes to the algorithms applied by Google and other traffic sources in the period.

At 30 June 2023, management have also applied judgement in their assessment of any remaining contingent consideration based on revenue-based earnouts in the acquisition agreement. The range of potential payable amounts is between nil and £1.8m. Management's estimate of the undiscounted future payment is £223,645 based on projected cash flows of the business and this has been reflected in liabilities on a discounted basis. Management have discounted future cash flows using a discount rate of 20% which is based on a review of the discount rates used by listed business with a similar risk profile. Contingent consideration is therefore based on a Level 3 basis of the Fair Value Hierarchy as the inputs are not directly or indirectly observable.

Due to the challenging trading environment, amounts payable under the contingent consideration arrangements were significantly lower than initially forecast and therefore certain contingent consideration liabilities were released to profit or loss in the year, of a total of £855,482 in respect of Megit.

In respect of the Company's investment in Megit Limited as a subsidiary, an impairment was recorded to bring the investment to the directors' best estimate of the recoverable amount by reference to the recoverable net assets of Megit. An impairment of £5,930,565 was therefore recorded by the Company in profit or loss.

Siege.gg

Siege.gg is the leading digital property in the competitive Rainbow 6 Siege space. It has a strong audience and domain authority, together with proprietary statistical database.

At 30 June 2022 the group held goodwill of £370,775 and intangible assets of £100,215 in respect of Siege.gg. These were tested within a single Cash Generating Unit.

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The result of the impairment test was a recoverable amount of £41,541 and so an impairment expense of £560,104 was recorded. This was allocated first to goodwill and then to intangible assets as required by IAS 36.

The factors giving rise to the impairment were changes to Google algorithms and changes in the underlying user base of the website.

RealSport

Realsport101.com is a leading source of news and information about competitive sport gaming.

The carrying value of goodwill in respect of RealSport at 30 June 2022 was £1,643,006.

The result of the impairment test was a recoverable amount of £234,505 and therefore an impairment of £1,408,501 was recorded.

The factors giving rise to the impairment were changes to Google algorithms and changes in the underlying user base of the website.

EpicStream

EpicStream.com is a leading online source of geek and pop culture news.

The carrying value of goodwill in respect of EpicStream was £260,783 at 30 June 2022 and intangibles were £273,382 at that date. These assets were tested jointly as a single Cash Generating Unit.

The result of the impairment test was that no impairment was required, because the brand generated revenue in excess of the value of assets tested. If management had applied a revenue multiple of 0.93x or below, an impairment would have been recorded.

Engage / Athlos

Engage is the company's proprietary gaming technology, developed in-house, and marketed under the Athlos brand.

During the year, the associated IP was assigned to Athlos Game Technologies Ltd and as the Group lost control of this entity in the period, the asset was derecognised from the group balance sheet. No amounts were capitalised in the period.

Therefore the asset was not tested for impairment. Further details are given in Note 5, including in respect of judgements applied by management in assessing the nature of the relationship between the Company and Athlos at year end.

Athlos is recorded as a separate operating segment.

4. REVENUE

The Group's policy on revenue recognition is as outlined in note 2. The Group's revenue disaggregated by primary geographical market is as follows:

Year to 30 June 2023	Total
	£
United Kingdom	4,343,202
North America	265,605
ROW	814,764
Total	5,423,571

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Year to 30 June 2022	Total
	£
United Kingdom	2,830,620
North America	1,563,982
ROW	85,904
Total	<u><u>5,260,506</u></u>

Profit and loss information for each operating segment is given in note 10.

The Group's revenue disaggregated by pattern of revenue recognition and business unit is as follows:

Year to 30 June 2023

	Digital Media	eSports	Athlos	Total
	£	£	£	£
Services transferred at a point in time	2,190,216	-	-	2,190,216
Services transferred over time	-	2,909,482	323,873	3,233,355
Total	<u><u>2,190,216</u></u>	<u><u>2,909,482</u></u>	<u><u>323,873</u></u>	<u><u>5,423,571</u></u>

Year to 30 June 2022

	Digital Media	eSports	Athlos	Total
	£	£	£	£
Services transferred at a point in time	2,695,388	-	-	2,695,388
Services transferred over time	-	2,248,233	316,885	2,565,118
Total	<u><u>2,695,388</u></u>	<u><u>2,248,233</u></u>	<u><u>316,885</u></u>	<u><u>5,260,506</u></u>

As at 30 June 2023 the Group had the amounts shown below held on the consolidated statement of financial position in relation to contracts either performed in full during the year or ongoing as at the year end. All amounts were either due within one year or, in the case of contract liabilities, the work was to be performed within one year of the balance sheet date

	Year to 30 June 2023	Year to 30 June 2022
	£	£
Contract Assets	Nil	246,428
Contract Liabilities	Nil	208,715

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The Group agrees payment terms with each customer at the outset of the contract and typically agrees 30 day payment terms. All revenue streams which are recognised over time were completed and invoiced in the year resulting in no contract assets or liabilities at 30 June 2023. All brought forward contract assets and liabilities were realised in the year.

Contract assets are initially recognised for revenue earned while the services are delivered over time or when billing is subject to final agreement on completion of the milestone. Once the amounts are billed the contract asset is transferred to trade receivables.

5. DISCONTINUED OPERATIONS AND INTEREST IN ASSOCIATE

As disclosed in Note 10, management consider that the group's activities in the year comprise three operating segments being Gfinity Digital Media, Athlos and eSports.

The company announced on 6 June 2023 that it had decided to close the eSports operating segment and to dispose of 72.5% of its interest in Athlos Game Technologies Ltd ("Athlos").

Therefore the results of the eSports and Athlos segments are reflected as discontinued operations in the group statement of profit or loss. The results for the year to 30 June 2022 have been represented as required by IFRS 5.

In respect of the eSports division, it was announced on 5 December 2023 that the remaining trade and assets of the eSports segment had been sold to Ingenuity Loop Limited for consideration of £15,000.

In respect of Athlos, on 5 June 2023 the group concluded a share purchase agreement with Tourbillon Group UK Limited, under which Tourbillon subscribed for new shares in Athlos resulting in Tourbillon gaining a controlling interest. The SPA also provided for the Athlos IP, previously referred to by Gfinity as the Engage development asset, would be assigned to Athlos at the date of completion of the SPA. Tourbillon undertook certain funding commitments with effect from the effective date of the transaction, significantly reducing Gfinity's funding obligations whilst retaining a minority interest. The SPA also provided for Gfinity to retain access to the Engage platform IP.

In light of the SPA, the Board considered the nature of the resulting relationship with Athlos and considered that the facts and circumstances indicated that Athlos was, from the date of the transaction and as at 30 June 2023, an associate. This is because of the group's continuing 27.5% equity and voting interest and the entitlement to appoint a director to the board of Athlos. Therefore the Group was deemed to have lost control and no longer consolidated the results of Athlos from that date. Accordingly, the group recorded a loss on loss of control of subsidiary in the group profit and loss account of £548,761, representing the carrying value of the Engage IP at the date of loss of control. Management further considered the fair value of the resulting interest in Athlos and concluded that whilst the business has significant prospects, a value of nil was appropriate in light of the record of losses of the Athlos business, its status as an early stage project and the funding requirements to bring the product to profitability.

Therefore the deemed cost of the equity-accounted associate is nil and under equity accounting, no share of associate's losses are reflected in the group profit and loss statement.

After the balance sheet date, on 27 November 2023, the company announced the disposal of its remaining interest in Athlos for consideration of £260,000. See note 25 for more details.

The registered office address of Athlos is 16 Great Queen Street, London, WC2B 5AH.

At 30 June 2023, the Company's historic cost of investment in Athlos was £5.

6. OPERATING EXPENSES

Operating loss is stated after charging:

	Group	
	Year to 30 June 2023	Year to 30 June 2022
	£	£
Depreciation of property, plant and equipment	33,254	112,993
Amortisation & impairment of intangible fixed assets	3,611,225	1,631,734
Goodwill impairment	4,219,110	-
Staff costs (see note 7)	3,148,791	3,406,569
Auditors' remuneration for auditing the accounts of the Company	55,000	72,000
Auditors' remuneration for other non-audit services:		
- Other services related to taxation	3,240	7,229
- All other services	4,025	16,101
Net foreign exchange (gains)/ losses	21,824	(54,405)
	<u>21,824</u>	<u>(54,405)</u>

7. PARTICULARS OF EMPLOYEES**Number of employees**

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

	Group	
	Year to 30 June 2023	Year to 30 June 2022
Board	6	6
Operations	38	38
	<u>44</u>	<u>44</u>

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

	Group	
	Year to 30 June 2023	Year to 30 June 2022
	£	£
Wages and salaries	2,726,670	2,514,773
Social security costs	323,812	340,929
Pensions	49,714	55,648
Share based payments (Note 22)	48,595	495,220
	<u>3,148,791</u>	<u>3,406,570</u>

Total remuneration for Directors during the year was £595,780 (2022: £520,141).

The board of directors comprise the only persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The Board consider there are no key management personnel other than the Board.

The number of directors to whom retirement benefits accrued during the period was 3 (2022: 3).

8. FINANCE INCOME/COSTS

	Group	
	Year to 30 June 2023	Year to 30 June 2022
	£	£
Interest income on bank deposits	885	77
Notional interest on contingent consideration	(77,691)	0
	<u>(76,806)</u>	<u>77</u>

The net finance cost relating to continuing operations was £25,976.

9. TAXATION

Major components of taxation expense for the period ended 30 June 2023 are:

	Group	
	Year to 30 June 2023	Year to 30 June 2022
	£	£
Current tax		
Corporation tax charge/ (credit)	(146,691)	84,600
Total current tax	<u>(149,691)</u>	<u>84,600</u>
Deferred tax		
Relating to origination and reversal of temporary differences	(825,185)	(294,568)
Taxation (credit) reported in the income statement	<u>(974,876)</u>	<u>(209,968)</u>

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% (2021: 19%), to taxation expense at the Groups effective tax rate for the period is as follows:

	Year to 30 June 2023	Year to 30 June 2022
	£	£
Loss on ordinary activities before taxation	(10,254,836)	(3,810,960)
Profit/ (Loss) multiplied by effective rate of 19%	<u>(1,948,419)</u>	<u>(724,082)</u>
Effect of:		
Expenses not deductible for tax purposes	349,574	102,803
Movement in unrecognised deferred tax asset arising from tax losses	1,598,845	536,679
Movement in deferred tax arising from other temporary timing differences	825,184	294,568
R&D Credit received	109,732	-
Over Provision in prior years	39,960	-
Tax Credit	<u>974,876</u>	<u>209,968</u>
Split as		
Current tax	149,691	84,600
Deferred tax	825,185	379,168
Taxation (credit)/charge reported in the income statement	<u>974,876</u>	<u>209,968</u>

The whole current and deferred tax credit in the consolidated profit and loss account relates to continued operations.

The Group has estimated tax losses of £52.2m (2022: £43.75m) available for offset against future taxable profits. A potential deferred tax asset of £13.0m has not been recognised due to the uncertainty of future profits. The tax losses have no expiry date.

With effect from 1 April 2023, HMRC introduced a headline UK corporation tax of 25%.

10. OPERATING SEGMENTS

Year to 30 June 2023

	Esports	Athlos	Digital Media	Total
	£	£	£	£
Revenue	2,909,482	323,873	2,190,216	5,423,571
Cost of sales	(1,665,890)	(172,205)	(953,904)	(2,791,999)
Impairment Charge	-	-	(5,984,171)	(5,987,171)
Admin expenses	(3,300,378)	(855,862)	(3,788,329)	(7,944,570)
Loss on disposal of Associate	-	-	(548,761)	(548,761)
Restructuring Cost	(238,287)	-	-	(238,287)
Re-assessment of Deferred Consideration	-	-	931,311	931,311
Net Finance Expenses	(39,369)	(11,461)	(25,976)	(76,806)
Tax	-	-	974,876	974,876
Loss	(2,334,442)	(715,656)	(7,204,739)	(10,254,837)

Year to 30 June 2022

	Esports	Athlos	Digital Media	Total
	£	£	£	£
Revenue	2,248,233	316,885	2,695,388	5,260,506
Cost of sales	(1,146,974)	(152,217)	(1,247,317)	(2,546,507)
Impairment Charge	-	-	(76,989)	(76,989)
Admin expenses	(3,302,189)	(530,293)	(2,870,623)	(6,703,105)
Loss on disposal of Associate	45,090	-	-	45,090
Restructuring Cost	-	-	-	-
Re-assessment of Deferred Consideration	-	-	0	0
Net Finance Expenses	-	-	77	77
Tax	-	-	209,968	209,968
Loss	(2,155,839)	(365,625)	(1,289,496)	(3,810,960)

Management identify operating segments through consideration of the aggregated data reviewed by the Board in monitoring the performance of the business.

As disclosed in Note 5, during the year both the Esports and Athlos segments were discontinued. Therefore the loss after tax from discontinued operations was £3,050,097.

In line with IFRS 8 para 23, assets and liabilities split by segment are not disclosed as these are not regularly reviewed by the Board in this way. All material assets at year end relate only to Gfinity Digital Media, being the only segment

which is a continuing operation. Within continuing operations, being only the Digital Media division, two key customers accounted for 46% and 12% of revenue. Within discontinued operations, three key customers accounted for 67%, 14%, 13% respectively, all within the Esports segment.

11. 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.

All EPS and DEPS figures stated below are presented in pence.

	2023	2022
All Operations		
Earnings	(10,254,836)	(3,980,972)
Weighted Average Shares	1,735,787,903	1,122,821,000
EPS	(0.59)	(0.35)
DEPS	<u>(0.59)</u>	<u>(0.35)</u>
Continuing Operations		
	2023	2022
Earnings	(7,204,739)	(1,459,508)
Weighted Average Shares	1,735,787,903	1,122,821,000
EPS	(0.42)	(0.13)
DEPS	<u>(0.42)</u>	<u>(0.13)</u>
Discontinued Operations		
	2023	2022
Earnings	(3,050,097)	(2,251,464)
Weighted Average Shares	1,735,788,903	1,122,821,000
EPS	(0.18)	(0.22)
DEPS	<u>(0.18)</u>	<u>(0.22)</u>

12. PROPERTY, PLANT AND EQUIPMENT

Group		Computer & Production Equipment	Leasehold Improvements	Total
Cost	Office equipment £	£	£	£
At 1 July 2021	63,143	1,096,133	1,633,942	2,793,218
Addition	-	74,137	-	74,137
At 30 June 2022	63,143	1,170,270	1,633,942	2,867,355
Amortisation				
At 1 July 2021	62,346	1,006,802	1,536,704	2,605,852
Charge for the period	797	106,510	5,686	112,993
At 30 June 2022	63,143	1,113,312	1,542,390	2,718,845
Net Book Value				
30 June 2022	-	56,958	91,552	148,510
30 June 2021	797	89,331	97,238	187,366
Cost				
	Office equipment £	Computer & Production Equipment £	Leasehold Improvements £	Total £
At 1 July 2022	63,143	1,170,270	1,633,942	2,867,355
Addition	-	3,498	-	3,498
Disposals	(63,143)	(1,145,455)	(1,633,942)	(2,842,540)
At 30 June 2023	-	28,313	-	28,313
Amortisation				
At 1 July 2022	63,143	1,113,312	1,542,390	2,718,845
Charge for the period	-	32,457	-	32,457
Disposals	(63,143)	(1,132,213)	(1,542,390)	(2,737,746)
At 30 June 2023	-	13,556	-	13,556
Net Book Value				
30 June 2023	-	14,757	-	14,757
30 June 2022	-	56,958	91,552	148,510

Company	Office equipment	Computer & Production Equipment	Leasehold Improvements	Total
Cost	£	£	£	£
At 1 July 2021	51,743	1,068,236	1,633,941	2,753,920
Addition	-	74,138	-	74,138
At 30 June 2022	51,743	1,142,374	1,633,941	2,828,058
Amortisation				
At 1 July 2021	39,997	997,491	1,536,704	2,574,192
Charge for the period	9,546	93,555	5,686	108,787
At 30 June 2022	49,543	1,091,046	1,542,390	2,682,979
Net Book Value				
30 June 2022	2,200	51,328	91,551	145,079
30 June 2021	11,746	70,745	97,237	179,728
Cost				
	Office equipment	Computer & Production Equipment	Leasehold Improvements	Total
	£	£	£	£
At 1 July 2022	51,743	1,142,374	1,633,941	2,828,058
Addition	-	3,498	-	3,498
Disposals	(51,743)	(1,117,559)	(1,633,941)	(2,803,243)
At 30 June 2023	-	28,313	-	28,313
Amortisation				
At 1 July 2022	49,543	1,091,046	1,542,390	2,682,979
Charge for the period	2,200	32,457	-	34,657
Disposals	(51,743)	(1,108,352)	(1,542,390)	(2,702,485)
At 30 June 2023	-	15,151	-	15,151
Net Book Value				
30 June 2023	-	13,162	-	13,162
30 June 2022	2,200	51,328	91,551	145,079

13. GOODWILL**Group****Cost**

At 1 July 2021	1,903,790
Additions arising from business combinations	<u>2,810,609</u>
At 30 June 2022	<u>4,714,399</u>

Impairment

At 1 July 2021	-
Charge for the period	<u>-</u>
At 30 June 2022	<u>-</u>

Net Book Value

30 June 2022	<u>4,714,399</u>
30 June 2021	<u>1,903,790</u>

Cost

£

At 1 July 2022 and 30 June 2023	<u>4,714,399</u>
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Impairment

At 1 July 2022	-
Charge for the period	<u>4,219,111</u>
At 30 June 2023	<u>4,219,111</u>

Net Book Value

30 June 2023	<u>495,288</u>
30 June 2022	<u>4,714,399</u>

Company**Cost**

At 1 July 2021	2,568,417
Additions arising from business combinations	<u>370,775</u>
At 30 June 2022	<u>2,939,192</u>

Impairment

At 1 July 2021	-
Charge for the period	<u>664,627</u>
At 30 June 2022	<u>664,627</u>

Net Book Value	
30 June 2022	<u>2,274,565</u>
30 June 2021	<u>2,568,417</u>
Cost	
	£
At 1 July 2022 and 30 June 2023	<u>2,939,192</u>
Impairment	
At 1 July 2022	664,627
Charge for the period	<u>1,779,276</u>
At 30 June 2023	<u>2,443,903</u>
Net Book Value	
30 June 2023	<u>495,289</u>
30 June 2022	<u>2,274,565</u>

The Group and Company hold goodwill in respect of the acquisitions of the trade and assets of Siege.gg, EpicStream and RealSport in earlier periods. An impairment charge of £370,775 and £1,408,501 was recorded in respect of Siege.gg and RealSport respectively, in both the Group and Company profit and loss accounts.

Additionally, the Group carries goodwill in respect of the acquisition of Megit Limited in the prior year. An impairment charge of £2,439,834 was recorded in the group profit and loss account.

In all cases, management assigned goodwill to cash generating units, being the group of assets associated with the acquired website and associated infrastructure, since each online brand has separately identifiable cash flows.

Refer to Note 3 for details of impairment tests.

14. INTANGIBLE FIXED ASSETS

Group Cost	Web Platforms £	Engage £	Other Intangibles £	Total £
At 1 July 2021	576,822	-	2,480,481	3,057,303
Addition	-	685,951	-	685,951
Acquired through business combination	4,816,443	-	-	4,816,443
At 30 June 2022	5,393,265	685,951	2,480,481	8,559,697
Amortisation and impairment				
At 1 July 2021	104,211	-	2,248,611	2,352,822
Charge for the period	1,390,196	-	164,549	1,554,745
Impairment	19,265	-	57,724	76,989
At 30 June 2022	1,513,672	-	2,470,724	3,984,556
Net Book Value				
30 June 2022	3,879,593	685,951	9,597	4,575,141
30 June 2021	472,611	-	231,870	704,481
Cost	Web Platforms	Engage	Other Intangibles	Total
At 1 July 2022	5,393,265	685,951	2,480,481	8,559,697
Disposals	-	(685,951)	(64,919)	(750,870)
At 30 June 2023	5,393,265	-	2,415,562	7,808,827
Amortisation and impairment				
At 1 July 2022	1,513,672	-	2,470,884	3,984,556
Charge for the period	1,699,377	137,190	9,597	1,846,164
Disposals	-	(137,190)	(64,919)	(202,109)
Impairment	1,765,061	-	-	1,765,061
At 30 June 2023	4,978,110	-	2,415,562	7,393,672
Net Book Value				
30 June 2023	415,155	-	-	415,155
30 June 2022	3,879,593	685,951	9,597	4,575,141

Web platforms includes web domains and platform technology acquired in the acquisitions of Megit Limited, Siege.gg and EpicStream.

Engage is the group's proprietary software which was assigned to Athlos Game Technologies Ltd in the year and therefore disposed, since the group lost control of Athlos during the period (see Note 5).

Other intangibles includes technology platforms and customer lists arising in earlier acquisitions.

INTANGIBLE FIXED ASSETS (continued)

Company	Web Platforms	Engage	Other Intangibles	Total
Cost	£	£	£	£
At 1 July 2021	576,822	-	64,919	641,741
Addition	-	685,951	-	685,951
Acquired through business combination	155,989	-	-	155,989
At 30 June 2022	732,811	685,951	64,919	1,483,681
Amortisation and impairment				
At 1 July 2021	104,211	-	7,195	111,406
Charge for the period	235,738	-	-	235,738
Impairment	19,265	-	57,724	76,989
At 30 June 2022	359,214	-	64,919	424,133
Net Book Value				
30 June 2022	373,597	685,951	-	1,059,548
30 June 2021	472,611	-	57,724	530,335
Cost	Web Platforms	Engage	Other Intangibles	Total
At 1 July 2022	713,546	685,951	7,195	1,406,692
Addition	-	-	-	-
Disposals	-	(685,951)	-	(685,951)
At 30 June 2023	713,546	-	7,195	720,741
Amortisation and impairment				
At 1 July 2022	339,949	-	7,195	347,144
Charge for the period	241,325	137,190	-	378,515
Disposals	-	(137,190)	-	(137,190)
Impairment	6678	-	-	6,678
At 30 June 2023	587,952	-	7,195	595,147
Net Book Value				
30 June 2023	125,594	-	-	125,594
30 June 2022	373,597	685,951	-	1,059,548

15. INVESTMENT IN SUBSIDIARIES

	Company	
	Year to 30 June 2023	Restated (Note 27) Year to 30 June 2022
	£	£
At 1 July	6,069,716	-
Additions	-	6,069,716
Impairment	(5,930,565)	-
Loss of control of subsidiary	(5)	-
	139,146	6,069,716

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 Limited	England	Ordinary Shares	100%	Online media
Megit Limited	England	Ordinary Shares	100%	eCommerce and affiliate revenues
AFG-Games Ltd	England	Ordinary Shares	72%	Dormant

RealSM Ltd's registered office address is The Foundry, 77 Fulham Palace Road, London, United Kingdom, W6 8JB. CEVO's registered address is 128 Maringo Rd, Ephrata, WA 98823. AFG-Games Limited's registered office address is 77 Fulham Palace Road, Foundry Building, Smiths Square, London, England, W6 8AF. Megit Limited's registered office address is 16 Great Queen Street, London, England, WC2B 5AH

RealSM Limited, AFG-Games Limited and Megit Limited are exempt from the requirements of the Act relating to the audit of individual accounts in accordance with 479A of the C.A. 2006. Gfinity Plc guarantees all outstanding liabilities to which these subsidiaries are subject at year-end, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

During the year, additional ordinary shares were issued in Athlos Game Technologies Ltd such that the company considered the relationship with Athlos to be an associate rather than a subsidiary at the year end. Further details are given in Note 5.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	Year to 30 June 2023	Year to 30 June 2022	Year to 30 June 2023	Year to 30 June 2022
	£	£	£	£
Trade receivables	524,690	1,495,773	487,490	1,445,075
Provision for expected credit loss	(58,864)	(7,370)	(58,864)	(243)
	465,826	1,488,403	428,626	1,444,832
Prepayments and accrued income	178,714	478,372	102,739	351,028
Amounts due in less than one year	644,540	1,966,775	531,365	1,795,860
Amounts due from group undertakings	-	-	-	82,856
Other receivables	-	2,118	-	2,114
Total	644,540	1,968,893	531,365	1,880,830

Amounts due from group undertakings of £nil are considered to be due in more than one year (2022: £82,856).

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.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	Year to 30 June 2023	Year to 30 June 2022	Year to 30 June 2023	Year to 30 June 2022
	£	£	£	£
Cash at bank and in hand	270,476	2,141,361	71,255	1,361,279
Total	270,476	2,141,361	71,255	1,361,279

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.

Gfinity Plc

18. DEFERRED TAX LIABILITIES

Group

	Year to 30 June 2023	Year to 30 June 2022
	£	£
At 1 July	897,575	127,835
Arising on business combination	-	1,064,308
Credited to profit or loss	(825,185)	(294,568)
At 30 June	72,390	897,574

Company

	Year to 30 June 2023	Year to 30 June 2022
	£	£
At 1 July	94,748	94,748
Credited to profit or loss	(94,748)	-
At 30 June	0	94,748

The deferred tax liability relates entirely to temporary differences on intangible assets arising on business combinations.

19. ISSUED SHARE 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:

	Ordinary Shares	
	Number	Share Capital £
As at 30 June 2021	930,513,248	930,513
Issued during the financial year September to April 2022 at between £0.001 and £0.004 per share	385,183,331	385,184
As at 30 June 2022	<u>1,315,696,579</u>	<u>1,315,697</u>
Issued during the financial year March 2023 at £0.0015 per share	1,333,333,334	1,333,333
As at 30 June 2023	<u>2,649,029,913</u>	<u>2,649,030</u>

Ordinary shares entitle the holder to full voting, dividend and rights on winding up.

Subsequent to the year end, 750,000,000 shares were issued at £0.0006 per share, generating proceeds of £450,000 before expenses.

In respect of the issue of 1,333,333,334 shares in the period, the company issued 39,720,000 warrants exercisable between 6 and 18 months from the issue date at 0.1325p. A fair value of £44,010, derived using the Black Scholes model, was credited to share premium as a directly attributed cost of issue.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	Year to 30 June 2023	Year to 30 June 2022	Year to 30 June 2023	Year to 30 June 2022
	£	£	£	£
Non-current liabilities				
Other payables (deferred consideration)	17,669	840,751	17,669	840,751
Deferred tax liabilities	72,390	897,575	-	895,751
	90,059	1,738,326	17,669	1,736,502
Current liabilities				
Trade payables	412,395	571,389	383,737	533,395
Other taxation and social security	201,745	145,021	201,745	144,300
Accrued expenditure and deferred revenue	226,181	1,033,303	226,188	896,299
Other payables	220,473	1,293,550	220,473	977,890
Amounts owed to group undertakings		-	426,883	-
	1,060,794	3,043,263	1,459,026	2,551,884
Total	1,150,853	4,781,589	1,476,695	4,288,386

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.

Contingent consideration arising from business combinations is held at fair value at each reporting date. During the year, payments of £1,075,416 were paid and the fair value of remaining contingent consideration at 30 June 2023 was assessed as £202,455, of which £17,669 is expected to be payable in more than 1 year.

21. 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 other than contingent consideration arising on business combinations which is held at fair value at each reporting date.

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	
Year to 30 June 2023	Year to 30 June 2022	Year to 30 June 2023	Year to 30 June 2022
£	£	£	£
465,826	1,968,893	428,626	1,880,830

The Group trade receivables balance represents amounts due from third parties. At the balance sheet date, the Group's trade receivables totalled £524,690 against which an expected credit loss provision of £58,864 had been raised (2022: £1,495,773 less a provision of £7,370).

The Company's receivables include £575,177 of inter-company funding (2022: £652,054) and this receivable is provided against in full due to uncertainty of the timing over which the respective subsidiaries will be in a position to reimburse these amounts.

The Company's trade receivables totalled £487,490 less a provision for doubtful debt of £58,864 (2022: £1,445,075 less a provision for expected credit losses of £243).

The Group's policy is to raise expected credit loss provisions where payments have been not received within the contractual due date. The Group continues to seek to collect all debts until such time as a debt is written off. The Group writes off debt when it considers that there is no prospect of recovery, for example when a debtor enters into administration or the Group is aware of other factors indicative of this outcome.

At the balance sheet date, one customer represented 59% of gross Group trade receivables. This amount was collected in full after the balance sheet date.

There were no contract assets at 30 June 2023.

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.

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

	Group			Group		
	USD (\$)	Year to 30 June 2023 EUR (€)	GBP (£)	USD (\$)	Year to 30 June 2022 EUR (€)	GBP (£)
Trade and other receivables	622,988	3,000	150,148	53,048	-	1,446,932
Accrued income	-	-	-	41,018	-	444,668
Cash	74,259		211,779	98,695	-	2,060,264
Trade and other payables	125,643	8,413	971,990	70,212	-	4,723,896
Net current assets/ liabilities	822,890	11,413	1,333,917	262,973	0	8,675,760

Company

	Year to 30 June 2023			Year to 30 June 2022		
	USD (\$)	EUR (€)	GBP (£)	USD (\$)	EUR (€)	GBP (£)
Trade and other receivables	506,015	3,000	129,740	896,172	-	708,454
Amounts due from Group Undertakings	-	-	-	-	-	82,856
Accrued income	-	-	-	-	-	351,028
Cash	42,520		37,728	71,416	-	1,302,597
Trade and other payables	89,505	8,413	971,990	99,960	-	4,206,250
Amounts due to Group Undertakings	-	-	426,883	-	-	-
Net current assets/ liabilities	638,040	11,413	1,566,341	1,067,548	-	6,651,185

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.

22. SHARE BASED PAYMENTS**Equity-settled share option plans**

The Company has a share option scheme for employees of the Group. All share options are equity-settled.

The table below summarises movements in the number of share options in issue in the year:

Share options	Number	Weighted average exercise price (£)
Shares options as at 30 June 2021	96,176,363	0.0556
Shares options granted	13,300,000	0.0125
Share options forfeited	(14,870,408)	0.0257
Share options exercised	(1,433,331)	0.0100
LTIP share options as at 30 June 2022	93,172,624	0.0483
Shares options as at 30 June 2022	93,172,624	0.0483
Shares options granted	-	-
Share options forfeited	(62,322,624)	0.0578
Share options exercised	-	-
LTIP share options as at 30 June 2023	34,850,000	0.0257

Options vest over periods defined in the respective option agreements and at the discretion of the board of directors.

The exercise prices of options outstanding at 30 June 2023 range from 1p to 6.25p.

All share options outstanding at 30 June 2023 were exercisable.

The weighted average remaining exercise period of options at 30 June 2023 was 7.5 years.

Of the options outstanding at the year end, 18,000,000 (2022: 36,000,000) were held by directors. Details of all options and warrants held by directors are contained within the Directors' Remuneration Report.

No share options were granted in the period. The inputs into option pricing models are available in earlier annual reports. All share options were valued using Black Scholes models.

All share options were granted at an exercise price equivalent to the market price at the date of grant.

All options are held in Gfinity plc with no options held over any of the group's subsidiaries.

Subsequent to the year end, the CEO David Halley was granted 271,922,393 share options; see Note 25 for more details.

23. WARRANTS

The Company has granted warrants over Ordinary Shares as outlined in the table below.

	Number	Weighted average exercise price (£)
Warrants		
Warrants as at 30 June 2021	20,050,500	0.010
Warrants granted	216,000,000	0.013
Warrants exercised	(13,750,000)	0.010
Warrants lapsed/forfeited	(6,300,500)	0.010
Warrants as at 30 June 2022	216,000,000	0.0125
Warrants as at 30 June 2022	216,000,000	0.0125
Warrants granted	1,373,053,333	0.0022
Warrants exercised	-	-
Warrants lapsed/forfeited	(216,000,000)	0.0125
Warrants as at 30 June 2023	1,373,053,333	0.0022

1,373,053,333 warrants were granted in the period. The warrants exercised were granted prior to the year ended June 2021 and this figure represented one warrant per ordinary share acquired as part of the fundraising at an exercise price equal to that at which shares were acquired in the fundraising. All warrants are non-transferrable and have an exercise period of 18 months from the date of issue.

The fair value of warrants was calculated according to the Black Scholes model, however, no adjustment has been recognised in respect of the warrants, as directors consider this amount to be immaterial.

24. RELATED PARTY TRANSACTIONS

The Directors' Report provides details of director remuneration and share options and warrants held by the directors at the end of the period. No directors were issued options during the year and no directors exercised share options in the year. Certain directors received warrants by virtue of participating in the fundraising in the year on the same terms as other investors.

Transactions and balances with Group subsidiaries and associates in the year:

CEVO:

During the year, the Company advanced cash of £502,718 (2022: nil) to Cevo and Cevo incurred costs of £477,092 (2022: £234,959) on the Company's behalf. The year end amount repayable to the Company was £594,824 (2022: £569,198).

RealSM:

During the year, the Company costs on RealSM's behalf of £6,595 (2022: £5,979). The year end amount payable to the Company was £12,574 (2022: £5,979).

Megit:

During the year, the company incurred costs of £250,355 (2022: £109,718) on behalf of Megit. Megit advanced cash of £150,000 to the Company and incurred costs on behalf of the Company of £604,115 (2022: £32,842). The year end position is that the Company owed £426,883 to Megit (2022: £76,877 due from Megit).

Athlos:

Whilst Athlos was a subsidiary of the Group, the Company incurred net costs on behalf of Athlos of £87,417 (2022: nil) which was released under the terms of the sale agreement. Subsequent to the disposal, the Company incurred costs of £63,717 on behalf of Athlos and the amount receivable at the year end was £63,717 (2022: nil).

Subsequent to the year end, the Company disposed of its remaining interest in Athlos to Tourbillon Group UK Limited of which David Halley is a Director and shareholder.

25. EVENTS AFTER THE REPORTING PERIOD

In August 2023 the company raised £450,000 before expenses through the issue of 750,000,000 shares at 0.06p each. At the same time, the company's ordinary shares were reorganised such that each ordinary share of 0.1p nominal value was split into one share of 0.01p nominal value and one deferred share of 0.09p. Ordinary shares retain the same rights and deferred shares have no substantive rights.

Also in August 2023, David Halley joined the Board as CEO and Jonathan Hall resigned as a director. David Halley will receive no cash remuneration and instead will be issued 271,922,393 share options exercisable at 0.06p for 7 years from issue, vesting 50% on grant and 50% after one year.

In September 2023, Neville Upton and Hugo Drayton, Directors, were issued 91,773,808 and 44,187,389 share options respectively. The options vest 50% immediately and 50% after one year, at an exercise price of 0.06p. The exercise period is 7 years from grant. A further 33,990,300 new share options were issued to certain employees on the same terms. In addition, 75,990,299 new warrants were issued to certain advisers on the same terms.

In November 2023, the Group disposed of its remaining interest in Athlos for cash proceeds of £260,000.

Gfinity Plc

In December 2023, the Group sold the remaining trade and assets of its Esports division for cash proceeds of £15,000. The eSports division was closed in June 2023. Gfinity also received a 15% equity interest in Ingenuity Loop Limited which the majority shareholder has the option to buy out for £200,000 in cash at any time for the first 12 months post transaction. Neville Upton, director of Gfinity, joined the board of Ingenuity Loop as CEO and indirectly holds approximately 41% equity interest in Ingenuity Loop.

26. RESTATEMENT

The Directors noted that certain adjustments had been incorrectly reflected in the prior year annual report and financial statements. These related to the following areas:

1) In the Company financial statements only, deferred tax arising on the business combination with Megit had incorrectly been reflected as part of the cost of investment in subsidiary in Megit. Therefore the cost of investment has been reduced by £1,030,581 with a corresponding reduction in deferred tax liability within the Company balance sheet.

2) In the Company financial statements only, movement on deferred tax liabilities in respect of Megit, arising from the above error, had been posted to profit or loss. As the initial recognition of a deferred tax liability as incorrect, the movements were incorrect. Therefore £219,347 has been reversed in profit or loss and has been removed from deferred tax liabilities.

3) In the Group and Company financial statements, the directors noted that the vesting period of certain share options used for accounting purposes did not align with the contractual vesting conditions of option issues. The result was excess of share option charges in the prior year of £170,012, with a corresponding adjustment to the share based payment reserve.

The summarised impact of the restatements is presented below:

Group	As previously reported at 30 June 2022 £	Restatement £	Corrected position at 30 June 2022 £
Revenue	5,693,385	-	5,693,385
Cost of sales	(2,546,508)	-	(2,546,508)
Gross profit	3,146,877	-	3,146,877
Admin expenses	(6,950,105)	170,012	(6,780,093)
Other profit and loss items	(177,744)	-	(177,744)
Loss for the year	(3,980,972)	170,012	(3,810,960)
Non-current assets	9,438,050	-	9,438,050
Current assets	4,110,254	-	4,110,254
Current liabilities	(3,043,272)	-	(3,043,272)
Non-current liabilities	(1,738,317)	-	(1,738,317)
Net assets	8,766,715	-	8,766,715
Other reserves	3,876,676	(170,012)	3,706,664
Retained earnings	(51,283,669)	170,012	(51,113,657)
Other equity items	56,173,708	-	56,173,708
Total equity	8,766,715	-	8,766,715

The impact of the above adjustment to profit or loss was to reduce the reported loss per share from 0.35p to 0.34p.

Note that as a result of the decision to discontinue Athlos and Esports in the year, the group profit and loss account has otherwise been represented to separate the results from discontinued operations and so the above analysis is not directly comparable to the comparatives as they are presented this year. The represented Operating Segments note provides a profit and loss analysis by segment in the current and comparative year.

Company

	As previously reported at 30 June 2022	Restatement	Corrected position at 30 June 2022
	£	£	£
Loss for the year	(4,198,665)	(49,742)	(4,248,407)
Investment in subsidiary	7,100,297	(1,030,581)	6,069,716
Other non-current assets	3,479,193	-	3,479,193
Current assets	3,242,109	-	3,242,109
Current liabilities	(2,551,884)	-	(2,551,884)
Deferred tax liability	(895,751)	810,827	(84,924)
Other non-current liabilities	(840,751)	-	(840,751)
Net assets	9,533,213	(219,754)	9,313,459
Other reserves	3,898,634	(170,012)	3,728,622
Retained earnings	(50,539,126)	(49,742)	(50,588,868)
Other equity items	56,173,705	-	56,173,705
Total equity	9,533,213	(219,754)	9,313,459

27. PROVISIONS

As announced during the year under review, the company closed its eSports division. Some of the costs of closure were incurred and expensed during the year. However, some costs remained unsettled as at 30 June 2023, and the company has a provision of £238,287 to meet these costs, post year end.

There were no provisions at 30 June 2022; the provision of £238,237 was created during the year and there was no release or utilisation of the provision, therefore the closing provision was £238,237. The provision is not discounted as amounts are expected to be utilised within a year.