

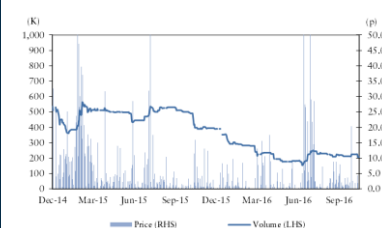
**CORPORATE**

Current price 10.4p

Sector TMT

Code (GFIN.L)

Listing AIM

**SHARE PERFORMANCE**


	1m	3m	12m
<b>GFIN.L</b>	-1.9%	-8.0%	-48.0%

Source: ThomsonOne, Allenby Capital

**SHARE DATA**

Market cap £16.3m

Shares in issue (m) 157.4

52 weeks	High	Low
	20.0	8.5

Financial year end June

Source: Company Data, Allenby Capital.

**KEY SHAREHOLDERS**

Charles Street International 29.98%

Nigel Wray 13.56%

Neville Upton 9.35%

Hargreave Hale 8.81%

Herald 2.54%

Pitch International 2.48%

Source: Company Data, Allenby Capital.

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**GFINITY (GFIN.L)**
*FY16 in line; rapid expansion of eSports*

Gfinity provides investors with exposure to the rapidly expanding eSports industry. FY16 saw the company increase its relationships with games publishers, platform providers and sponsors and launch additional digital assets. The FY16 P&L was in line with our forecasts and cash was £0.2m better at £0.8m. This was bolstered post period end with the £3.7m placing. Gfinity has developed a comprehensive suite of assets and services for its own and third party online and arena-based events and has a track record for hosting high quality events. Since period end, it has secured additional events and sponsorship agreements. We maintain a fair value of 12p/share.

- FY16 results were in line with forecasts with revenue more than doubling to £1.45m (FY15: £0.56m; ACL: £1.40m) and operating losses reducing 11.1% to £3.2m (FY15: £3.6m; ACL: £3.2m). Net cash of £0.8m (FY15: £2.7m) was £0.2m better than forecast and this was bolstered post period end by a £3.7m (gross) raise. H1 saw the completion of Gfinity Championship Series with 23 events that attracted 58.5m viewers. In H2, there was greater focus on partner events and FY17 has started with several high-profile tournaments.
- The eSports market continues to grow – industry analysts Newzoo increased its 2016 global market estimate in August to \$493m, up 51.7%, and expects revenue to reach \$1.1bn in 2019. The eSports fan represents an attractive concentrated demographic and advertisers and sponsors from multiple sectors are getting more involved. Games publishers have also increased investment in the format that is expanding the sector.
- Gfinity has been building its product and service offering over the past two years and demonstrating its ability to stage high quality arena-based and smaller online events. It is now focused on four areas of monetisation: Gfinity events, partner events, online/apps and arena/studio. Forecasts are unchanged and fair value of 12p/share, equivalent to an FY19 EV/Revenue 1.5x.

Year End: June					
(£'000)	2015A	2016A	2017E	2018E	2019E
REVENUE	561	1,447	2,728	6,870	11,050
EBITDA	(3,543)	(2,976)	(2,603)	(751)	959
EBIT	(3,583)	(3,152)	(2,923)	(1,071)	639
PBT (NORMALISED)	(3,580)	(3,137)	(2,723)	(871)	839
NET INCOME (NORMALISED)	(3,580)	(3,040)	(2,648)	(821)	889
EPS (p)	-5.98	-3.73	-1.68	-0.52	0.56
DPS (p)	0.00	0.00	0.00	0.00	0.00
FCF/SHARE (p)	-6.14	-3.54	-1.61	-0.49	0.60
NET CASH	2,733	830	1,739	973	1,916
PE(x)	na	na	na	na	18.38
EV/REVENUE (x)	14.0	5.4	2.9	1.1	0.7
EV/EBITDA (x)	na	na	na	na	8.2
FCF YIELD (%)	na	na	na	na	79.1%
DIVIDEND YIELD (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Allenby Capital acts as Nomad &amp; Broker to Gfinity plc.

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## RESEARCH RECOMMENDATION DISCLOSURE

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