



Please find below our weekly update covering themes that we feel that are of interest to investors and participants in the small and mid-cap TMT sector as well as commentary on recent newsflow. The cost of Allenby Capital's research on individual clients is paid for by our research clients.

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Allenby Capital TMT Update - 06.04.20 (GFIN.L, BIRD.L)

Gfinity Plc* (GFIN.L, 1.175p/£5.6m)

Interims and placing: Focus on core areas; significant cost reductions (02.04.20)

Note published

- Separately, the company hosted the second instalment of the F1 Esports Virtual Grand Prix on Sunday, April 5th. Competitors included current F1 drivers (Charles Leclerc, Alex Albon, George Russell, Lando Norris and Nicholas Latifi), former driver Johnny Herbert and cricketer Ben Stokes.
- The Grand Prix took place on the Albert Park track, traditionally used for the Australian Grand Prix, as the Vietnam circuit is currently not available on the 2019 official F1 video game. Drivers joined the race remotely, with a host broadcast live from the Gfinity Esports Arena.
- The broadcast was available on the official Formula 1 YouTube, Twitch and Facebook channels as well as broadcast live with international broadcast partners including in the UK on Sky Sports F1 and Sky Sports Main Event.

Allenby Capital comment: Interims from Gfinity, the leading international esports business, saw progress with gross profit growth and cost control resulting in reduced operating losses. Going forward, Gfinity is focusing on three core areas where it has a competitive advantage (eMotorsports, own community and building communities for others) and exiting other areas. As flagged in March, Gfinity has undertaken a strategic review and has started a series of major cost reduction measures including board and senior leadership changes and is adopting a more flexible operating cost model. It is also strengthening its balance sheet with a conditional raise of £2.25m at 1p/share plus a 1:1 warrant. COVID-19 has driven a surge in video gaming and in traffic to Gfinity’s own platforms and has created opportunities, such as the F1 Esports Virtual Grand Prix series. It has also created an increased level of uncertainty for the rest of FY20, however, with major live physical events deferred. Consequently, we are withdrawing forecasts in the interim.

** Allenby Capital acts as Nomad and Broker to Gfinity plc.*

Blackbird plc* (BIRD.L, 11.25p/£37.7m)

Contract win: Arsenal selects Blackbird (02.04.20)

- The media team at Arsenal Football Club has selected Blackbird for cloud video editing and the publishing of content to fans.

- Blackbird will be used to remotely turnaround live content and to produce compilations of videos from the team's archive of on-premise content. This content will be used across the Club's own digital channels as well as social platforms. Content will include clips from live matches, press conferences, training sessions and the club's TV studio featuring punditry by former players.

Allenby Capital comment: The contract fits the company's strategy of targeting sports and non-traditional broadcasters. In the absence of live physical events, organisations are looking to maintain engagement with customers/fans.

* Allenby Capital acts as Nomad and Broker to Blackbird plc.

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Allenby Capital "paid for" research services

The changes initiated by MiFID II has had far reaching implications on both the quantity and continued availability of research on smaller cap companies, including those within the TMT sector. We would therefore remind interested companies that Allenby Capital can offer a "paid for" research service for those corporates that wish to retain an alternative and authoritative source of research that can be accessed freely by the entire investment community. If you would like further information on this service please contact d.johnson@allenbycapital.com.

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David Johnson is the author of this research recommendation. David Johnson is employed by Allenby Capital Limited as an Equity Analyst.

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