



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 - 13.07.20 - GFIN.L, STAR.L, MIRA.L

Gfinity plc* (GFIN.L, 3.6p/£26.7m)

Update: Further expansion of Gfinity Digital Media (13.07.20)

- Gfinity Plus, GFIN's rewards programme for its online community, will go live on 15th July. Initially it will be available on gfinityesports.com with realsport101.com and stealthoptional.com to follow. Gfinity Plus uses the company's IP to facilitate fan forums and commenting on articles. It will also offer exclusive content, forums and gamification from August.
- Gfinity Digital Media is one of GFIN's fastest growing divisions and management expect to generate revenue of c. £2m in FY21 (June). This forms an important element of the company's target of moving into profitability in Q1 CY21 (Q3 FY21).
- Revenue streams for Gfinity Digital Media include web site takeovers and programmatic advertising; ecommerce and content creation; and building community for partners. It is looking to increase ad rates (CPM) through deeper engagement with viewers. GFIN has also expanded its affiliate network and partners now include Amazon, Rakuten, Awin and Impact. It is also working with LEGO and is in discussions with other prominent third party reward platforms to offer further rewards and incentives and bolster affiliate revenue.
- Gfinity Digital Media has delivered >£150k in CPM-based advertising revenue since its partnership with Venatus (March) and has hosted programmatic campaigns for leading gaming companies and is well positioned for the forthcoming launches of new consoles in Q4.
- Partnership with Connatix, a video serving platform used by Mashable and Reuters, in order to serve higher value video ads, particularly on mobile devices.
- Realsport101 will transition to the same technology platform as gfinityesports.com that should increase advertising revenue through faster page load across desktop and mobile, ad placement and delivery, that will boost viewability and increase inventory value.
- Forecasts are currently under review.

Allenby Capital comment: Continued momentum for the leading esports and gaming solutions provider. Under CEO John Clarke, the company has increased focus on growing its community of gamers on its own platforms: Gfinityesports, RealSport 101 and StealthOptional. These platforms offer a variety of revenue streams and the community has grown rapidly. Gfinity has invested in creating more content, launching new sites and translating the sites into foreign languages to capitalise on the global growth in esports. In May, Gfinity announced that its web channels have more than 10m users and its social platforms generated 31m impressions in April. With the launch of the next generation of Microsoft and Sony consoles scheduled for the final quarter and the associated raft of AAA titles and peripherals, Gfinity is well positioned to

benefit from the expected surge in advertising spend.

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

Starcom plc* (STAR.L, 0.95p/£3.3m)

New bank facility (06.07.20)

- Entered into a new revolving credit facility (RCF) of up 5m Israeli Shekels (c. £1.2m) with a leading Israeli bank.
- The RCF is for an initial 12-month period with a rate of c. 3% over the Israeli Prime Bank rate. The amount that can be drawn is based on accounts receivable. This is in place of the government backed loan facility that Starcom had applied for and was for a lower amount.
- Visibility for the rest of FY21 remains limited with many of Starcom's customers still in lockdown or only recently released from it. The company hopes for a pick up in business in H2.
- Forecasts are currently under review.

Allenby Capital comment: The new facility provides Starcom with additional financial security and replaces the existing external facilities (c. \$0.2m outstanding) with a larger facility on better terms.

** Allenby Capital acts as Nomad and Broker to Starcom plc*

Mirada plc* (MIRA.L, 90.0p/£8.0m)

Notice of results & investor presentation (13.07.20)

- Final results (March) are scheduled to be announced on Thursday 16th July.
- InvestorMeetCompany will be hosting a presentation for the company for all existing and potential shareholders on the day.

** Allenby Capital acts as Nomad and Broker to Mirada plc*

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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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