



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.

*For the purpose of MIFID II, the content of the following email qualifies as “non-substantive material or services consisting of short-term market commentary on the latest economic statistics or company results” and so can be treated as ‘acceptable minor non-monetary benefits’ and not as ‘chargeable research’ per the European Commission’s Delegated Directive of 7.4.2016.*

## **Allenby Capital TMT Update - 07.09.20 - BIRD.L, GFIN.L**

### **Blackbird plc\* (BIRD.L, 19.25p/£64.7m)**

**Interims:** [Note published](#) (07.09.20)

**Allenby Capital comment:** Blackbird is a market-defining provider of fully featured cloud-based professional-grade video editing and production software, and the company’s intellectual property for its technology is protected by patents. The software platform was rebranded as Blackbird in 2018 and the company name changed from Forbidden Technologies in 2019. The business has re-focused on direct infrastructure deals and partnerships with major digital media service providers (OEMs), and the customer base was transitioned from project-based sales to annual licencing contracts in 2019. The Software as a Service (SaaS) business model with annual or multi-year licencing improves revenue visibility, and the contracted order book has grown dramatically. A relatively fixed cost base and sales growth from partnerships with large-scale global OEMs should quickly take the business to profitability over the next two years. Cash burn is low and declining, while the company’s balance sheet is strong, boosted by a fund-raising in November 2019.

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

### **Gfinity plc\* (GFIN.L, 3.7p/£28.2m)**

#### **Distribution agreement: Widespread distribution signed for V10 R-League (03.09.20)**

- Distribution agreements signed with three major broadcasters for the forthcoming new virtual racing competition, the V10 R-League, the first championship in the Global Racing Series partnership between GFIN and Abu Dhabi Motor Management (ADMM).
- The V10 R-League will be available on BT Sport, ESPN and STARZPLAY Arabia and the highlights will also be available via the team and talent channels thereby spanning both broadcast and digital channels. The distribution agreement will mean that the league is one of the most widely syndicated esports competitions, with broadcast covering up to 75 countries and 150m households.
- BT Sport and STARZPLAY Arabia have signed multi-year commercial agreements for exclusive rights (UK and Ireland, and MENA respectively) and ESPN's agreement means Seasons 1 and 2 will be broadcast in the US and made available in Canada, Latin America, the Netherlands, the Caribbean and Oceania.
- Financial details not disclosed but the multi-year agreements will play a key role in Gfinity's target of moving into profitability in Q1 CY21.

- The premiere of Season 1 will be aired on BT Sport 2 on Monday 7th September at 7pm and the racing content will be freely available the following morning on btsport.com and the BT Sport App. ESPN and STARZPLAY Arabia will also have access to the shows at the same time.
- Hosts of the broadcasts have been confirmed as Rachel Stringer, Nicolas Hamilton and Ben Daly (aka Tiametmarduk). The eight teams competing are BMW Motorsport SIM Racing Team; BWT Racing Point Esports; JAESA Team Suzuki; Porsche24 Redline; Red Bull Racing Esports; Team Fordzilla; Williams Esports; and YAS HEAT.

**Allenby Capital comment:** Securing distribution rights with a number of major broadcasters represents an important step in the commercialisation of the V10 R-League and is testament to the expertise and experience of the Gfinity team. Since the announcement of the partnership agreement for virtual racing esports with ADMM in June, Gfinity has successfully recruited a roster of participating teams and developed a new virtual car and tournament format. With distribution rights in place and audience figures for Season 1, Gfinity will be able to engage more seriously with potential sponsors and advertisers. As previously noted, the V10 R-League fits into Gfinity's three prong strategy: what it owns, what it co-owns and high margin work for third parties. Gfinity has also demonstrated considerable expertise in the virtual motorsports space with the F1 Esports (now entering its fourth season), Forza and IndyCar plus its base of motorsports followers. Finally, it is significant that the broadcasters have been willing to pay for the content and this will contribute to the company's goal of moving into profitability in Q1 CY21.

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

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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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