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.

TMT UPDATE - 12.02.18 (GFIN.L, CROS.L)

Gfinity plc* (GFIN.L, 17.1p/£37.4m)

Further changes to team roster (09.02.18)

- Nordavind AS, a Norwegian esports formed in partnership with Vålerenga Fotball AS, an Oslo-based football team, will join the third season of the Gfinity Elite Series that takes place in London from March 9th. The Nordavind JV was created in December 2017 with BX3, a local esports team that was founded in 2011. It represents one of the largest esports investments in the region. Vålerenga is part of the multi-sports club, Vålerengens IF.
- Season III has a different format to the first two seasons. The number of teams has increased to ten from eight, bringing in a number of higher profile teams. These will be split into two leagues of five and each team will play each other in their league over five weeks (four weeks of play and one bye). The top team in each league will receive a bye through to the semi final and the teams that finished second and third in each league will compete for the other two slots. FIFA has also been brought in as a new game, replacing CS:GO, and play has been concentrated in to Friday and Saturday.

Allenby Capital comment: Nordavind is another good addition to the Elite Series roster alongside Hashtag United, Team Vitality, Fnatic and ARES. These teams already enjoy much higher profiles in the esports industry and this should help to drive further traffic to Elite and make the Series more attractive to potential advertisers, broadcasters and sponsors.

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

Crossrider plc (CROS.L, 77p/£108.5m)

Meeting with management: Successful pivot (06.02.18)

- Meeting with management on the back of January's FY trading update (16.01.18). Management reported trading in line with expectations following the company's shift from third party web apps distribution to its own B2C cyber security software products.
- FY17 revenue are expected to be c. $65.8m (+16%) and adj. EBITDA of c. $8.3m (+29%). Underlying adj. EBITDA (excluding the discontinued Web Apps and Licence division) increased c. 154%.
- Balance sheet remains very strong with cash of $69.4m after $7.7m in acquisition related payments and the company enjoys EBITDA/cash conversion >90%. Acquisitions remain a feature of the business model

either bolt on ($10m to $30m) or more substantial (>$50m). These are likely to focus on B2C cyber security given the current portfolio and the substantial growth opportunity.

- Shift to a SaaS model reflected in deferred income that increased 70% to $3.9m in H2. It also has visibility on substantial levels of FY18 revenue (c. $50m).
- CyberGhost, provision of VPN services, has performed better than expected in revenue and profit since its acquisition in March 2017 with an acceleration in H2. Management has ramped up monthly marketing spend and seen a substantial return on that investment. User acquisition was core to the previous Crossrider business.
- FY results will be announced on 13th March.

Allenby Capital comment: Crossrider has successfully pivoted from the user acquisition for third party products to using its platform to distribute its own products. The first products (CyberGhost, Reimage and DriverAgent) have performed well and Crossrider is building up subscription revenue and an installed base (800k at H1) where it can sell additional product. The substantial cash on the balance sheet provides firepower to make further acquisitions in a fragmented B2C cyber security market. The large traditional security software providers (such as McAfee, Symantec and Avast) pose an obvious competitive threat but management believes it has the necessary flexibility to maintain growth. Generally, we are wary of B2C software plays but Crossrider has proven experience in securing customers in bulk and the current valuation is underpinned by cash. Shares have performed reasonably (+45%) over the past 12 months but the EV/EBITDA rating of 8.5x falling to 6.8x is not especially demanding given the subscription revenue model.

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RESEARCH RECOMMENDATION DISCLOSURE

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Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication.

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