



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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TMT Update 13.05.19 (CCT.L, GFIN.L, BOOM.L)

The Character Group plc* (CCT.L, 575p/£121.2m)

Interims: Positive outlook (10.05.19)

[Note published](#)

Allenby Capital comment: Solid H1 performance from The Character Group (CCT.L), the largest independent UK-based toy company, with good sell-through during Xmas 2018 against a difficult retail backdrop and the company has started 2019 with stocks well under control and a positive outlook. H1 FY19 included an initial contribution from OVG-PROXY. UK sales saw further growth whilst international sales, excluding the US, remained steady. CCT’s US business has yet to recover from the disruption caused by the failure of Toys R Us (TRU). Organic revenue growth was 4.2% as CCT continues to benefit from its balanced portfolio that combines a spine of core brands (*Peppa Pig*, *Little Live Pets*, and *Stretch*) and trend lines e.g. *Soft ‘n Slo Squishies*, *Cra.Z.Slimy* and *MightyBeanz*. CCT continues to add to its portfolio with own-developed, in-house ranges and via collaboration and distribution agreements, e.g. *Goo Jitsu* and *Stretch* variants. Forecasts unchanged but we increase our fair value to 640p from 596p, equivalent to a FY20 PER of 11.6x and 4.8% yield. The CCT investment case remains underpinned by the balance sheet with net cash of £19.8m and £33.5m of net assets.

** Allenby Capital acts as Joint Broker to Gfinity plc.*

Gfinity plc* (GFIN.L, 4.5p/£16.4m)

Contract win: Successful revenue diversification (08.05.19)

- Appointed as the production partner by HP's gaming brand 'HP Omen' for the esports show The Esports Report - Season 2. This series will comprise six episodes, covering the latest news from across the world of esports and gaming, broadcast live from the Gfinity Arena, and runs to November 2019.
- Gfinity will be responsible for content production, sourcing of talent (including guests and presenters), securing games and gaming footage, scripting the shows and co-ordinating filming. Distributed channels include Twitch, Twitter and Facebook as well as Game Sport, a premium digital magazine for esports.

Allenby Capital comment: Gfinity has worked with HP Omen for a number of years - it became the first partner for the Gfinity Elite Series in 2017 as the Official Hardware Partner and Gfinity has delivered a number of CS:GO Invitational tournaments for HP. The Esports Report will make use of Gfinity's existing broadcasting facilities and

expertise in creating high quality content. As with its appointment for the Esports World Cup, announced at the start of this month, the contract demonstrates Gfinity's successful diversification of its revenue streams to capitalise on the substantial interest in esports from games publishers, rights holders and owners, broadcasters and endemic and non-endemic advertisers.

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

Audioboom plc* (BOOM.L, 2.125p/£27.4m)

Distribution agreement: More podcasts added to the roster (08.05.19)

- Main Event Media (MEM), part of All3Media America, has launched a podcast division and selected Audioboom for distribution and ad sales and it will form part of the Audioboom Originals Network. The new podcast titles will span the categories of true crime, parenting, politics, pop culture and professional wrestling and will be made available on the major platforms including Apple Podcasts, iHeartRadio, Spotify, Google Podcasts and Stitcher.
- MEM, run by Emmy-nominated producer Jimmy Fox, produces scripted and unscripted TV programming and one of the drivers of the podcast division launch is to develop programmes that can transfer to TV and film.

Allenby Capital comment: Further expansion of Audioboom's roster of podcast titles and demonstrates its standing as a partner of choice for distribution and ad sales for companies moving into podcasting. Although these are new podcasts, many of the podcasters are celebrities in the US and/or the podcasts are based on successful books etc. All3Media is a British independent television, film and digital production company that comprises 27 production and distribution companies in the UK, Europe, New Zealand and the US. As previously discussed, with growing eCPMs, sell through rates and active advertisers, Audioboom is focused on accelerating the acquisition of established third party tier 1 podcasts, as well as the retention of its current roster of third-party talent.

** Allenby Capital acts as Nomad and Joint Broker to Audioboom plc.*

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The changes initiated by MiFID II have 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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