



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 - 27.01.20 (GFIN.L, ECSC.L, MPAY.L, MWE.L)

Gfinity plc* (GFIN.L, 2.325p/£11.1m)

Note published: Strong H1 margin and update on revenue guidance (23.01.20)

[Download here](#)

Allenby Capital comment: The H1 trading update from Gfinity, the leading international esports business, demonstrates further progress in the refocusing on a Strategic Client Management model where Gfinity acts as the trusted independent partner to games publishers, sports rights holders, brands and media companies in the development and delivery of their esports strategies. Gfinity is reallocating resources towards its community, consulting and content creation streams to supplement delivery of end-to-end esports programmes. As part of this, the Company has taken the decision not to progress a material opportunity for a new contract with a customer where it has recently completed a major project. This results in a significant reduction in FY20 revenue forecasts but improved mix and ongoing cost control means that adj. EBITDA loss actually reduces. We have also reduced our revenue growth assumption for FY21 and now expect that Gfinity will move into EBITDA profit in H2 FY21. This change has implications on our cash forecasts however we note the company is in discussions with several potential strategic investors that would create new opportunities for the Group.

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

ECSC Group plc* (ECSC.L, 115p/£10.5m)

Note published: Pre-close: Strong growth in customer acquisition (23.01.20)

[Download here](#)

Allenby Capital comment: FY19 pre-close demonstrates that ECSC, the UK’s longest running full service cyber security provider, has maintained the momentum identified in November’s trading [update](#). FY19 revenue of c. £5.9m (FY18: £5.4m, ACL: £5.9m) indicates record H2 revenue of c. £3.3m, up 21% on H2 FY18 and 25% sequentially. There was >25% growth in Managed Services revenue that offers both higher visibility and margin accretion and a good recovery in Consulting in H2. New client acquisitions increased 24% to 118, with 17% generated from ECSC’s Partner Programme. These new Consulting clients represent a core source of prospects for Managed Services. ECSC returned to profit at the EBITDA level in H2 at £0.2m (H2 FY18: loss of £0.1m), although the breakeven EBITDA was £0.1m light against forecast. Year-end cash was £0.35m (ACL: £0.4m). We trim our FY20 revenue growth assumption to 19% (from 24%) that flow through to a lower EBITDA. 155p/share fair value unchanged and we introduce FY21 forecasts.

** Allenby Capital acts as Nomad and Broker to ECSC Group plc.*

Mi-Pay Group plc* (MPAY.L, 1.15p/£0.5m)

Update on R&D tax credit (23.01.20)

- Mi-Pay has received correspondence from HMRC stating that no further information is required to be provided in respect of the R&D tax credit for c. £0.3m and that no amendment is being proposed to the claim. Whilst the response from HMRC does not constitute formal approval, it is anticipated that a formal closure will be received from HMRC in due course. In November, the company announced that it was yet to receive the credit and that HMRC had requested further information.
- It is not expected that any funds will be received ahead of Mi-Pay's general meeting (27.01.20) to approve the disposal of Mi-Pay Limited and the cancellation of its listing on AIM. Any amounts receivable under the claim will be payable to Mi-Pay Limited and not Mi-Pay Group, and the receipt of the credit does not affect the consideration receivable by Mi-Pay Group, as set out in December's circular.
- The Directors do not consider that the funds receivable under the claim materially affect Mi-Pay's working capital position. Therefore it is their opinion that it is in the best interests of shareholders to proceed with the disposal and cancellation.

** Allenby Capital acts as Nomad and Broker to Mi-Pay Group plc.*

MTI Wireless Edge Ltd* (MWE.L, 39.5p/£34.7m)

Extension of share repurchase programme (23.01.20)

- Extension of the Share Repurchase Programme until 26 July 2020. The programme commenced in January 2019 with a capacity of £150k and has been used to both acquire and subsequently sell shares.
- AGM scheduled to take place on 10th March.

** Allenby Capital acts as Nomad and Joint Broker to MTI Wireless Edge Ltd.*

=====

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.

=====

DISCLAIMER

Allenby Capital Limited ("Allenby") is incorporated in England no. 6706681; is authorised and regulated by the Financial Conduct Authority ("FCA") (FRN: 489795) and is a member of the London Stock Exchange. This communication is for information only it should not be regarded as an offer or solicitation to buy the securities or other instruments mentioned in it. It is a marketing communication and non-independent research, and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on

dealing ahead of the dissemination of investment research. The cost of Allenby research product on independent companies is paid for by research clients.

This communication is for the use of intended recipients only and only for distribution to investment professionals as that term is defined in article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Its contents are not directed at, may not be suitable for and should not be relied upon by anyone who is not an investment professional including retail clients. Any such persons should seek professional advice before investing. For the purposes of this communication Allenby is not acting for you, will not treat you as a client, will not be responsible for providing you with the protections afforded to clients, and is not advising you on the relevant transaction or stock. This communication or any part of it do not form the basis of and should not be relied upon in connection with any contract.

Allenby uses reasonable efforts to obtain information from sources which it believes to be reliable. The communication has been prepared without any substantive analysis undertaken into the companies concerned or their securities, and it has not been independently verified. No representation or warranty, express or implied is made, or responsibility of any kind accepted by Allenby its directors or employees as to the accuracy or completeness of any information in this communication. Opinions expressed are our current opinions as of the date appearing on this material only and are subject to change without notice. There is no regular update series for research issued by Allenby.

No recommendation is being made to you; the securities referred to may not be suitable for you and this communication should not be relied upon in substitution for the exercise of independent judgement. Neither past performance or forecasts are a reliable indication of future performance and investors may realise losses on any investment. Allenby shall not be liable for any direct or indirect damages including lost profits arising from the information contained in this communication.

Allenby and any company or persons connected with it, including its officers, directors and employees may have a position or holding in any investment mentioned in this document or a related investment and may from time to time dispose of any such security or instrument. Allenby may have been a manager in the underwriting or placement of securities in this communication within the last 12 months, or have received compensation for investment services from such companies within the last 12 months, or expect to receive or may intend to seek compensation for investment services from such companies within the next 3 months. Accordingly, recipients should not rely on this communication as being impartial and information may be known to Allenby or persons connected with it which is not reflected in this communication. Allenby has a policy in relation to management of conflicts of interest which is available upon request.

This communication is supplied to you solely for your information and may not be reproduced or redistributed to any other person or published in whole or part for any purpose. It is not intended for distribution or use outside the European Economic Area except in circumstances mentioned below in relation to the United States. This communication is not directed to you if Allenby is prohibited or restricted by any legislation or registration in any jurisdiction from making it available to you and persons into whose possession this communication comes should inform themselves and observe any such restrictions.

Allenby may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country's laws for which Allenby does not accept liability.

By accepting this communication, you agree that you have read the above disclaimer and to be bound by the foregoing limitations and restrictions.

Research recommendation disclosure

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

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. Information on research methodologies, definitions of research recommendations, and disclosure in relation to interests or conflicts of interests can be found at www.allenbycapital.com.

Allenby Capital

5 St Helen's Place London EC3A 6AB

+44 (0)20 3328 5656

www.allenbycapital.com
