



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 - 30.03.20 (BIRD.L, ECSC.L, TERN.L, STAR.L)**

### **Blackbird plc\* (BIRD.L, 10.25p/£34.4m)**

#### **A+E Network to double video edited through Blackbird (25.03.20)**

- A+E Networks, the JV between Hearst and Disney, is to double the volume of content edited through the Blackbird cloud-based video editing platform. A+E, that has a portfolio of global brands including A&E, History, Lifetime, LMN, fyi and Viceland, first incorporated Blackbird into its infrastructure in June 2019.
- The expansion doubles the volume of file-based content available to A+E's production teams and the visibility, immediacy and management of its video archive will be significantly accelerated for the repurposing of content. Production teams will use Blackbird to rapidly ingest, view, edit and publish content using a choice of hybrid workflows - on-premise through the Blackbird cloud as well as on the Amazon Web Services public cloud. A+E's production team can work remotely and collaborate offsite using Blackbird's browser-based editing tools.

**Allenby Capital comment:** The significant expansion of the deployment at A+E Networks is testament to the strengths of the Blackbird cloud-based video editing platform, particularly give the shift to remote working and the need to repurpose archive content to fill the significant gaps created by Covid-19 around live sports events and new content creation.

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

### **ECSC Group Plc\* (ECSC.L, 72.5p/£6.6m)**

#### **Finals: Return to profit; good Q1 performance (25.03.20)**

#### **[Note published](#)**

**Allenby Capital comment:** Finals from ECSC Group, the UK's longest running full service cyber security provider, were in line with expectation and January's pre-close update. FY19 revenue of c. £5.9m (+10%) indicates record H2 revenue of £3.3m, up 20% on H2 FY18 and 24% on H1 FY19. Managed Services revenue increased 48% to £2.6m and its higher gross margin benefited group GM (+600bps to 57%). ECSC secured 118 new Consulting Service clients (+24%) both directly and via its new partner programme that has significantly expanded ECSC's sales reach. Consulting clients also represent a core source for Managed Services prospects. FY20 had started well with Managed Service and Consulting contract wins and Q1 revenue +9%. The emergence of COVID-19 has increased the need to cyber security as more organisations move to remote and cloud-based working but it will impact on-site Consulting activity. ECSC can continue to provide its full range of services but we believe it is prudent to suspend forecasts until the situation becomes clearer.

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

### **Tern plc\* (TERN.L, 4.75p/£12.8m)**

#### **Portfolio update (26.03.20)**

- **FundamentalVR (26.9% holding):** recently secured an additional contract with a leading pharmaceutical company to provide a training platform for a new application of their leading drug product.
- **Device Authority (56.8% holding):** announced the launch of KeyScaler as a Service hosted in Microsoft Azure Cloud and four essential connectors to Azure's IoT Edge, IoT Central, Azure Key Vault and Active Directory Certificate Services products. Recently secured a contract to provide security services to a leading international automotive design and manufacturing company. The maturity date for all convertible loans (\$3.6m) has been extended to 30 September 2020.
- **Wyld Networks (100% holding):** cooperation agreement signed with one of the largest global satellite operators to co-design, develop, test and market Low Power Wide Area Network (LPWAN) connectivity solutions for satellite communications enabled IoT. Wyld will develop a terrestrial LPWAN satellite terminal to connect to low earth orbiting (LEO) satellite constellations.
- **InVMA (50% holding):** AssetMinder continues to gain traction following the £0.8m global partnership deal announced in January.
- **Seal Software (<1% holding):** sale of Seal to DocuSign for \$188m in cash, announced in March, continues to progress. Tern had invested £50k in Seal and its investment was valued at £115k. The proceeds are expected to be broadly in line with the Company's valuation.
- Balance sheet strengthened by March's £0.8m fundraise.

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

### **Starcom plc\* (STAR.L, 0.925p/£3.2m)**

#### **Director and employee loans and grant of warrants (25.03.20)**

- Loan agreements with certain directors and an employee for the provision of loans totalling c. £243k. Under the agreement, the lenders have also been issued warrants to subscribe for shares. The loans carry an interest rate of 8% p.a. and are convertible at 1.25p/share - a 25% premium. 4m warrants have been granted, exercisable at 1.5p/share - a 50% premium.
- Proceeds will be used to fund the growth in inventory as needed to meet anticipated sales orders, continued development of Starcom's sales and distribution infrastructure, general working capital and pay an outstanding debt with a NED for past fees.

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

=====

#### **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](mailto: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](http://www.allenbycapital.com).

**Allenby Capital**

**5 St Helen's Place London EC3A 6AB**

**+44 (0)20 3328 5656**

[www.allenbycapital.com](http://www.allenbycapital.com)

---