



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 - 01.09.20 - BIRD.L, TERN.L

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

Partner agreement: Opens global sales opportunity (28.08.20)

- Partner agreement with Tata Communications to launch BIRD's cloud-based video editing services for live video to the media and sports industry. BIRD recently secured a first multi-year order from Tata Communications.
- Tata offers a broadcast quality video network service, Video Connect, for managed video services as well as cloud and edge-based solutions as part of its Media Ecosystem for the media, entertainment and sports industries. The dedicated media network connects to more than 300 media hotspots across 125 cities globally with built-in redundancy and flexibility across all major video formats.
- BIRD will be leveraging the wider video acquisition capabilities of the Video Connect network as well as the cloud media infrastructure of Media Ecosystem to jointly deliver a leading cloud-based video editing service for live video.

Allenby Capital comment: The partnership agreement provides BIRD with access to Tata's substantial base of media, entertainment and sports company customers to target its cloud-based video editing software. Tata has built a global dedicated high-speed network and the use of Blackbird will enable customers to edit content within the network rather than having to download/upload to a traditional premise-based editor. This streamlines the editing process, increases security and represents a competitive differentiator for Tata. Tata is a global player and this represents a major sales opportunity for BIRD and the initial order is an encouraging first step. It fits with BIRD's strategy of a balance between OEM and direct sales.

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

Tern plc* (TERN.L, 7.0p/£21.1m)

Appointment and fundraising at InVMA (27.08.20)

- Appointment of Peter Stephens as CEO at InVMA, the Tern portfolio company focused on Industrial IoT and remote predictive monitoring. Stephens has extensive investment banking experience and most recently has been focused on early stage software and technology businesses. He has held senior operational roles in Virgin Group, Bullitt Group and Nectarine Health. As part of his remuneration package, Stephens will also have the ability to secure an equity position of up to 7% in InVMA based on hitting strategic milestones. Pat Nash, co-founder and former CEO, remains on the boards and takes on the role of Chief Innovation Officer.

- InVMA has also secured additional funding of £0.25m of convertible loans notes from Tern and the UK Future Fund Scheme. The three-year loan carries an 8% annual interest rate, is convertible at a 20% discount to the next round of funding and is convertible on the next liquidity event. Tern maintains its 50% holding in InVMA.

Allenby Capital comment: Peter Stephens brings considerable experience as InVMA concludes its shift to a SaaS based software products business and additional funds should help in the company's growth aspirations for AssetMinder. InVMA represents Tern's third largest investment (behind Device Authority and FundamentalVR) representing 5.6% of the portfolio at FY19 with a fair value of £1.0m, the cost of its initial investment in 2017 as no subsequent funding rounds have taken place.

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

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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.

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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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