



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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Allenby Capital TMT Update - 05.10.20 - MIRA.L, OSI.L, CNS.L, TERN.L

Mirada plc* (MIRA.L, 72.5p/£6.5m)

Zapi goes live: Further revenue diversification (29.09.20)

- Commercial launch in Spain of Zapi, a new OTT-based Pay TV platform developed by Mirada for Plataforma Multimedia de Operadores (PMO), a company created by multiple Spanish local telecommunications service providers. The initial contract was announced in September 2019.
- Zapi OTT will initially be provided to customers on Android TV set top boxes and will make use of Mirada's custom launcher for Android TV. This means that consumers will benefit from Mirada's Iris technology (including content discovery, catch-up, start-over, timeshift, personalised recommendations and cloud DVR) but also will be able to access the Google Play Store of apps. Subscribers will also be able to watch content through an app for Smart TVs, laptops and Android and iOS smartphones and tablets.
- This represents the largest European deployment of Iris with the custom launcher for Android TV and PMO is aiming to become one of the foremost TV platforms in Spain with at least 600,000 subscribers. The deployment is an example of the capex model, similar to izzi Telecom, whereby Mirada was paid initial set up fees and will receive a one-off licence for each new subscriber as well as annual support and maintenance fee.
- Forecasts are currently under review.

Allenby Capital comment: The Zapi deployment represents a further diversification of Mirada's revenues that have been dominated by izzi Telecom for the past few years. It will also offer another case study for potential customers as they look to roll out OTT services. By combining Android TV with Iris, operators get access to the breadth of Android apps but can still retain control of the user interface and make use of Mirada's proven technology. This offers a much quicker and cheaper route to market for delivering new OTT services.

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

Osirium Technologies plc (OSI.L 19p/£3.7m)

Interims: Progress against KPIs (29.09.20)

- Meeting with management on the back of interims (June) that saw revenue +35% to £0.7m and included a record Q1. With new customer acquisition slowing in Q2, bookings for H1 were £0.8m, a 25% decrease on H1 FY19 but the comparator period did include a large 3-year renewal. Deferred revenue at H1 was £1.4m, up 15%, providing some visibility into H2 and beyond.

- Revenue growth and cost control meant the operating loss reduced £0.1m to £1.6m and period end cash was £2.1m (FY19: £3.9m), increasing to £2.5m as at 31st July following the receipt of a £0.6m R&D tax credit. Ongoing product development resulted in capitalised development spend of £0.8m (H1 FY19: £0.9m)
- New H1 customers across the private and public sectors, including one of the UK's largest regional NHS trusts and a major regional UK ambulance service. There was also 100% renewals among existing during H1 with many increasing licences. Finally, Osirium has expanded its reseller network, establishing a presence in Benelux, the Nordics, South-eastern Europe and the Middle East.
- Good start to H2 with a number of new contracts signed, further expansion of the reseller network, growth in new sales qualified opportunities on a monthly basis and the sales order pipeline following the dip in Q2. This fits with the recent marked increase in high-profile cyberattacks and market demand, including the UK public sector.
- The company has successfully developed digital and channel marketing to compensate for the lack of physical events. It has also launched the Osirium Customer Network, an informal forum for sharing experiences and best practices among users.

Allenby Capital comment: Encouraging performance for the provider of cyber security products (Privileged Access Management, Privileged Process Automation and Privileged Endpoint Management) against a number of KPIs during H1 and beyond: new customers, expanded reseller network, 100% renewals and customers taking additional product. That said, the company was not immune to the effects of COVID-19 with a marked slowing of sales cycles in Q2 and revenues are still small. Osirium has adjusted to the new environment by cutting costs and shifting sales and marketing to digital channels. The move to remote and cloud-based working has increased the number of potential attack surfaces and this is reflected in the surge of reported cybersecurity attacks over the past couple of months. This is driving investment on cybersecurity and Osirium is in a position to capitalise as awareness of PAM increases.

Corero Network Security plc (CNS.L, 11.0p/£54.7m)

Update: Record Q3 order intake (01.10.20)

- Orders of >\$6m secured in Q3 that include its largest ever customer order (a multi-million dollar upgrade for an existing US-based SaaS enterprise solutions provider) and nine new customer wins - including three in APAC (a tier one Asian telecoms provider and two in Australia); a major European telecom services provider; a UK-based web-hosting provider and a US managed service provider. Many of these are multi-year and several via Juniper and Corero channels partners.

Allenby Capital comment: As indicated on the back of the interims ([TMT Update 21.09.20](#)), there was definite evidence of commercial traction with the number of new customers secured, including those in partnership with Juniper, as well as additional spend from existing customers. The increase in remote working as well as the proliferation of internet connected devices and investment in 5G driving network capacity is facilitating DDoS cyberattacks and CNS provides a product/service that helps to address the threat and SmartWall has a number of functional advantages over its larger competitors.

Tern plc* (TERN.L, 7.7p/£23.2m)

Update: Extension on Device Authority loan notes (29.09.20)

- Maturity date for all the loan notes provided to portfolio company Device Authority by the holders, Tern, Alsop Louie Partners and the George Samenuk Family Trust, has been extended to 31 March 2021 and all existing repayment and conversion rights have also been extended. The outstanding loan balance payable to Tern currently stands at \$3.6m, excluding interest accrued to date. Tern also has a 56.8% equity holding in Device Authority valued at £13.8m.
- Separately, Device Authority hosted a webinar on the Internet of Medical Things (IoMT) and how to secure it. There has been a proliferation of connected devices within medical settings - four years ago there were c. 15 IoMT devices

per hospital bed and this has increased to c. 30 now. The increased number of devices has created more attack surfaces for the potential theft of data or interfering with devices - there have been a number of high-profile product recalls. 80% of healthcare organisations experienced an IoT cyberattack in 2018-19.

- Device Authority's KeyScaler platform uses patented Dynamic Device Key Generation and PKI Signature+ technology to address the challenges of IoMT. KeyScaler provides a strong root of trust, securing the medical device's identity and an automated way to register and authenticate devices at scale. It also encrypts the data from the medical device, in transit and persists encrypted at rest in the IoT platform. Customer examples include GCE's portable oxygen concentrator, Zen-O.

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

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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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