



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 - 19.10.20 - BOOM.L, STAR.L**

### **Audioboom plc\* (BOOM.L, 177.5p/£24.9m)**

#### **Update: Record quarter, end of FSP and new subscription (14.10.20)**

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

**Allenby Capital comment:** Audioboom plc, the leading global podcast company, has announced record Q3 revenue, the conclusion of the formal sales process (FSP) and a £3.15m subscription from a new investor at a significant premium. The company continues to gain market share in a sector that is already enjoying strong growth levels as audiences expand and brands invest in a medium that offers high levels of audience engagement. Good performance against KPIs (brand count, eCPM and available ad inventory) and Audioboom is managing its cost base and cash resources with Q3 adj. EBITDA loss down 59% to \$0.4m and available funds of \$3.8m (pre-subscription). Management engaged with several interested parties during the FSP but none of the proposed transactions reflected BOOM’s growth potential, particularly around Audioboom Originals Network (AON). We reintroduce FY20 forecasts that reflect the dip in trading in Q2 and the strong Q3 recovery that we anticipate will continue into Q4, and the new subscription funds.

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

### **Starcom plc\* (STAR.L, 0.85p/£3.0m)**

#### **Update: Growth potential at key clients (15.10.20)**

- Trading remains difficult in light of COVID-19 and cost cutting measures have been undertaken although spending on R&D continues at pre-COVID-19 levels. STAR is maintaining and further developing all of its customer relationships but is placing greater emphasis on those customers less affected by the current crisis e.g. Zero Motorcycles and CropX.
- Zero has recently announced a JV with Polaris Inc - a ten-year exclusive partnership to develop electric off-road vehicles and snowmobiles. Starcom is the provider of monitoring and tracking technology to Zero and therefore there's potential to also supply this technology to the Polaris-Zero JV and discussions have already been initiated.
- CropX continues to place orders with Starcom and is expanding its own operations through acquisition. In September, it announced the purchase of REGEN, a company in New Zealand that provides cloud-based effluent and irrigation decision support tools. REGEN delivers more than 200k client recommendations per annum and the acquisition adds 130,000 acres to the CropX platform. This expansion is expected to benefit STAR.
- STAR's recurring and high margin SaaS revenue continues at c. \$170k per month and most active clients remain subscribed to the service.

**Allenby Capital comment:** The relationships with Zero and CropX have definite scope to increase the deployment of Starcom's remote asset tracking and monitoring technology while the monthly recurring revenue stream helps to offset around two thirds of the operating cost base. In July, the company secured a new RCF for up to £1.2m in order to provide the necessary resource as the company awaits a return to some sort of normality in 2021.

*\* Allenby Capital acts as Nomad and Joint Broker to Starcom 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](mailto: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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