



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 - 19.07.21 - BIRD.L, ECSC.L, TERN.L

Blackbird plc* (BIRD.L, 29.75p/£100.3m)

Contract win: Athletes Unlimited selects Blackbird (15.07.21)

- Athletes United, a fast-growing network of next generation US sports leagues covering softball, volleyball and lacrosse, has selected Blackbird's eponymous cloud native video editing platform for fast, flexible and efficient cloud native video workflows via Athletes Unlimited's AWS infrastructure.
- Using browser-based Blackbird, the media operations team will have instant access to live and file-based content for rapid editing, enriching and publishing to the Athletes Unlimited website, social channels and broadcast partners. Blackbird will also enable remote production and remove the need to move content between multiple storage locations. No financial details were provided.

Allenby Capital comment: Sports remains a key market for Blackbird and takes advantage of its main differentiators: rapid editing and publication to multiple channels, the potential for remote working and the elimination of the requirement for large file movements and the associated need for considerable bandwidth, local storage and processing.

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

ECSC Group plc* (ECSC.L, 83p/£8.4m)

H1 update: Growth across both divisions (07.07.21)

- Group revenue +15% to £3.01m with Managed Detection and Response (MDR) +17% to £1.45m and Assurance by 20% to £1.49m. Conversion of Assurance clients and those with incident response retainers to MDR remains key focus. MDR increases revenue visibility and margin as utilisation of ECSC's security operations centres increases.
- Period end cash of £591k, including £142k of COVID-19 related government support (H1 FY20: £1.26m, including £0.77m in support and FY20: £1.1m with £0.4m support). £0.5m facility remains unutilised. Small reduction in H1 cash consistent with revenue growth and some working capital expansion during H1, and a return to an investment in the business.
- No change to [forecasts](#) and 130p/share fair value. These assume revenue growth in FY21 but EBITDA down as company invests before bouncing back in FY22. H1 results will be announced on 22nd September.

Allenby Capital comment: Solid H1 update for the UK's longest-running 'full service' cyber security provider following the disruption associated with the first COVID-19 lockdown in Q2 FY20 with growth in both MDR and Assurance. Cyber security

continues to be a major area of IT spend and high profile given the number of attacks and associated fines. The embrace of remote working and cloud based systems has increased the number of attack surfaces and there is an increasing realisation that in-house 24/7 cyber security is impossible for all bar the largest organisations. This is driving demand for third party service providers and ECSC remains well positioned to capitalise.

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

Tern plc* (TERN.L, 20.25p/£66.1m)

Placing: Additional firepower (14.07.21)

- Raised £4.0m at 18.8p, split between a Subscription and a Retail Offer. The funds will be used to strengthen Tern's balance sheet and its negotiating position and enable participation in follow-on investment opportunities; provide funding for a new investment opportunity in due course; and for general working capital.

Allenby Capital comment: The funding provides Tern, the investment company focused on the Internet of Things, with additional firepower to support existing portfolio companies and also look to expand the portfolio. Tern is actively involved with its portfolio companies helping them in their commercial development and funding (e.g. third party syndicated private equity investment, trade participation or the public markets).

** 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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