



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 - 13.09.21 - BIRD.L, CPX.L, NWT.L

Blackbird plc* (BIRD.L, 38.0p/£128.1m)

First OEM licensing deal (07.09.21)

- A global broadcast company has licensed Blackbird's eponymous core cloud-native editing technology, including its patented video codec, for a five year period and worth an expected minimum of €2m, comprising development services plus a revenue share.
- This is Blackbird's first OEM licensing deal and the partner will use the core Blackbird video technology for its own advanced on-premise and cloud-native editing platform. The customer is globally recognised as a leader in live video technology for broadcast and new media productions (live sports, entertainment and news). The integration will enable editing workflows 'powered by Blackbird', including editor and player.
- Separately, Blackbird announced (09.09.21) that its software is now used by a total of 75 US TV stations, spanning 35 states, for digital news production following the latest deployment by TownNews. This is the sixth expansion of Blackbird by TownNews since the partnership began in 2018 with Blackbird combined with TownNews' Field59 VMS.

Allenby Capital comment: Blackbird's first technology licensing agreement with a major global broadcast company represents an important milestone for the company. Blackbird's software will be fully integrated in the partner's new on-premise and cloud-native editing platform and will extend Blackbird's use into new product areas. Blackbird will also benefit from expanded sales reach and the revenue share model.

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

CAP-XX Ltd* (CPX.L, 6.15p/£31.3m)

Contract win: Selected for Spire's Health Tag (07.09.21)

- CAP-XX's HA114T supercapacitor has been selected by Spire Health to provide the peak power needed to deliver respiratory and pulse rate monitoring for pulmonary patients in its new Health Tag garment-adhered sensor.
- CAP-XX had previously worked with Spire to deliver wellness alerts to consumers but the company pivoted to healthcare. Offloading the peak power role to CAP-XX's thin, flat supercap enables Spire to keep the battery small and achieve an ultra-thin form factor for its wearable biosensor that needs no recharging and will last up to twelve months.

- The tags use advanced algorithms and proprietary respiratory sensors to continuously measure, with medical grade accuracy, a patient's respiratory effort, pulse rate and activity. This data is displayed on the patient's mobile app and deviations from clinical baselines can be shared with the patient's care team.

Allenby Capital comment: The Spire Health Tag capitalises on the general advantages of supercapacitors and the specific strengths of CAP-XX's prismatic supercaps. Supercapacitors enable IoT device manufacturers to add peak power features and extend battery life. Meanwhile CAP-XX's thin prismatic supercaps provide design flexibility. Medical devices represent a core and large addressable target market for CAP-XX.

** Allenby Capital acts as Nomad and Joint Broker to CAP-XX Ltd.*

Newmark Security plc* (NWT.L, 21.75p/£76.5m)

Finals: Resilient performance; positive outlook (10.09.21)

- Group revenue fell 5.9% to £17.7m, impacted by COVID-19 restrictions. Within this, revenue at Grosvenor Technology (Human Capital Management (HCM) and Access Control) fell 5.3% to £12.6m and Physical Security (Safetell) down 7.4% to £5.0m. Gross margin was 37.5% (FY20: 39.7) reflecting product mix with more lower margin COVID related products. Good operating cost control meant adj. administrative expenses fell 4.4% to £6.5m and the group achieved an adj. operating profit of £79k (FY20: 604k).
- Grosvenor: HCM revenue +5.7% to £9.7m, in spite of the anticipated reduction in sales to Ultimate Software (following its merger with Kronos). Stripping this out, HCM revenue increased 41% as Newmark successfully onboarded new customers and expanded existing deployments. Access Control revenue down 29.1% to £3.0m, reflecting the impact of COVID-19 on some customer projects.
- Safetell: Revenue down 7% to £5.0m as COVID-19 impacted access to client sites
- Paul Campbell-White joined as CFO post period end.

Allenby Capital comment: Overall performance was ahead of management expectations with a good recovery in H2 revenue (£9.8m) over H1 (£7.9m) and a swing back into profit that more than offset H1 losses (£0.2m). Management undertook a number of remedial actions during the year and took advantage of government schemes. It also took the opportunity to refocus the business on growth and building up recurring revenue streams, including a new Cloud platform due later in the year. Management reports a more positive outlook with both COVID-delayed projects now coming through but also new projects as companies invest in creating safer working environments and reflect changes in working practices.

** Allenby Capital acts as Nomad and Broker to Newmark Security 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.

=====

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.

Allenby Capital

5 St Helen's Place London EC3A 6AB

+44 (0)20 3328 5656

www.allenbycapital.com
