

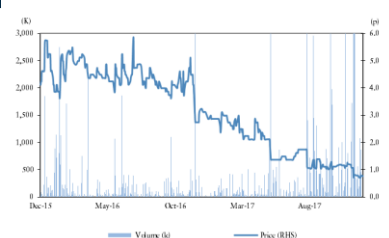
CORPORATE

Current price 0.775p

Sector TMT

Code MIRA.L

Listing AIM

SHARE PERFORMANCE


	1m	3m	12m
MIRA.L	-28%	-30%	-82%

Source: Fidessa, Allenby Capital

SHARE DATA

Market cap (£) 1.1m

Shares in issue (m) 139.1

52 weeks High Low

3.1p 0.7p

Financial year end March

Source: Company Data, Allenby Capital

LARGEST SHAREHOLDERS

E Tinajero 27.0%

Hargreaves Lansdown 8.6%

Hargrave Hale 7.8%

Barclays Stockbrokers 5.8%

Source: Company Data, Allenby Capital

David Johnson

020 3394 2977

d.johnson@allenbycapital.com

www.allenbycapital.com

MIRADA (MIRA.L)
Diversification ongoing; balance sheet stretched

Mirada is diversifying its business with both new customers secured and a shift to the SaaS revenue model that provides longer term revenue streams. Meanwhile, Televisa continues to deploy Mirada's Iris multi-screen system – a programme that will run for several years. Traditional operators need to upgrade the viewing experience they can offer their subscribers given the multiple threats (OTT services, cord-cutting/shaving etc) and Iris offers the necessary functionality. Looking forward, management reports a healthy sales pipeline with several opportunities where it has already been shortlisted. That said, the slowdown in the Televisa deployment, the investment in sales and marketing and the working capital implications of the SaaS model have all added to Mirada's debt burden. Televisa has been willing to make advance payments, reflecting Mirada's role as a strategic supplier; its debt providers also remain supportive; and its largest shareholders have provided additional support with facilities of up to £1.7m. This provides some grounds for optimism going forward. Forecasts remain under review.

- Execution of sales pipeline:** Contract with ATNi, a Nasdaq-listed company, for the provision of products and services to four Caribbean operators (August). This was the first contract with an opex element where Mirada charges on a monthly per live subscriber basis. After a slowdown in the Televisa contract in H2 FY16, deployment rates are recovering and Izzi has now deployed Iris at >400k households (>800k STBs), representing nearly 10% of the installed base. In October, Mirada secured Digital TV Cable (Bolivia) as a customer.
- H1 performance:** Revenue reduced 8% to \$3.5m following a temporary slowdown in professional services around the Televisa deployment, Mirada's largest client. This was partly offset by initial revenue from ATNi. EBITDA losses increased \$1.1m to \$1.2m reflecting the lower revenue and investment in sales, marketing and operational functions. Operating losses increased 94% to \$2.8m. Mirada changed its reporting currency to US dollars during the year.
- Funding challenges:** Net debt increased \$2.3m to \$7.6m in H1 with an expansion in working capital following the slowdown in the Televisa deployment, increased losses and the impact of the shift towards a SaaS model where Mirada funds the upfront costs of deployment in exchange for a recurrent flow of subscriber-based licence fees. On top of this, Televisa made two payments in advance totalling \$2.3m (\$1.7m in Deferred Income). Post period end, Mirada entered into a one-year loan facility of up to £1.7m with its largest shareholders. These facilities have subscription rights that would increase their holdings to 66.3% of the enlarged business.

Year End: 31 March

(£'000)	2015A	2016A	2017A	2018E	2019E
REVENUE	5,657	6,019	6,571	Forecasts under review	
REVENUE GROWTH	24%	6%	9%		
ADJ. EBITDA	1,554	1,499	77		
ADJ. PBT	(52)	(775)	(2,371)		
ADJ. EPS (p)	(0.10)	(0.29)	(1.77)		
NET DEBT	(2,606)	(3,477)	(4,207)		
EV/REVENUE (x)	0.7	0.8	0.8		

Source: Company and Allenby Capital

Allenby Capital acts as Nomad and Broker to Mirada plc. This document should be classified as marketing communication and all required disclosures appear on the last page of the report. This research is intended for UK institutional investors only. It is not intended for retail customers and any retail customers should seek professional, independent advice before investing. The cost of Allenby Capital's research product on individual companies is paid for by our research clients. Additional information is available upon request.

DISCLAIMER

This document is issued by Allenby Capital Limited (Incorporated in England No.6706681), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") for designated investment business, (Reg No. 489795) and is a member of the London Stock Exchange. This document is for information only and should not be regarded as an offer or solicitation to buy the securities or other instruments mentioned in it. It or any part of it do not form the basis of and should not be relied upon in connection with any contract. For the purposes of this communication you are a corporate finance contact of Allenby Capital and not a client. As a corporate finance contact Allenby Capital is not acting for you and will not be responsible for providing protections afforded to clients of the Firm or advice on the relevant transaction.

Allenby Capital Limited uses reasonable efforts to obtain information from sources which it believes to be reliable but the contents of this document have been prepared without any substantive analysis being undertaken into the companies concerned or their securities and it has not been independently verified. No representation or warranty, either express or implied, is made nor responsibility of any kind is accepted by Allenby Capital Limited, its directors or employees either as to the accuracy or completeness of any information stated in this document. This document has not been prepared in accordance with 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.

Opinions expressed are our current opinions as of the date appearing on this material only. The information and opinions are provided for the benefit of Allenby Capital Limited clients as at the date of this document and are subject to change without notice. There is no regular update series for research issued by Allenby Capital Limited.

No personal recommendation is being made to you; the securities referred to may not be suitable for you and should not be relied upon in substitution for the exercise of independent judgement. Neither past performance nor forecasts are a reliable indication of future performance and investors may realise losses on any investments.

Allenby Capital Limited and any company or persons connected with it (including its officers, directors and employees) may have a position of holding in any investment mentioned in this document or a related investment and may from time to time dispose of any such securities or instrument. Allenby Capital Limited may have been a manager in the underwriting or placement of securities to the issuers of securities mentioned in this document within the last 12 months, or have received compensation for investment banking services from such companies within the last 12 months, or expect to receive or may intend to seek compensation for investment banking services from such companies within the next 3 months. Accordingly recipients of this document should not rely on this document being impartial and information may be known to Allenby Capital Limited or persons connected with it which is not reflected in this material. Allenby Capital Limited has a policy in relation to the management of the firm's conflicts of interest which is available upon request.

Allenby Capital Limited shall not be liable for any direct or indirect damages, including lost profits arising in any way from the information contained in this material. This material is for the use of intended recipients only and only for distribution to professional and institutional investors, i.e. persons having professional experience in investments who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom (such persons who do not have professional experience in matters relating to investments should not rely on this material), or persons who have been categorised by Allenby Capital Limited as Professional Clients or Eligible Counterparties. It is not intended for Retail Clients.

This document is being supplied to you solely for your information and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose. The material in this document is not intended for distribution or use outside the European Economic Area except in the circumstances mentioned below to recipients in the United States. This material is not directed at you if Allenby Capital Limited is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you and persons into whose possession this material comes should inform themselves about, and observe, any such restrictions.

Allenby Capital Limited 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 Capital Limited does not accept responsibility.

By accepting this document you agree that you have read the above disclaimer and to be bound by the foregoing limitations / 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.

Tel: 020 3394 2977

Email : d.johnson@allenbycapital.com

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.

* denotes that Allenby Capital acts as Nomad and broker to the Company

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