



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.

TMT Update 01.10.18 (MBT.L, MPAY.L, CPX.L, MIRA.L, OSI.L)

Mobile Tornado Group plc* (MBT.L, 4.40p/£15.4m)

Interims: Gathering sales momentum (27.09.18)

[Note published](#)

Allenby Capital comment: Mobile Tornado (MBT.L), a leading global provider of Push To Talk over Cellular (PoC) solutions, has reported interims with management pointing to an uplift in sales and revenue momentum in H2. MBT has developed an enterprise-grade platform with a broad and deep set of instant communication applications with competitive advantages in availability, performance, capacity, functionality and price. Historically, MBT has sold its software only on a subscription basis. In response to customer demand, the service is now also being offered as a perpetual bundle with hardware and initial ‘Capex’ contracts have been secured. MBT is also expanding its addressable market targeting customers in the large PoC system market plus new industry verticals that are investigating PoC for worker efficiency applications. As a result, we anticipate an acceleration in revenue growth in H2 and a further reduction in LBITDA before a move into profitability in FY19 in our unchanged forecasts.

** Allenby Capital acts as Nomad and Broker to Mobile Tornado Group plc.
Allenby Capital's coverage on Mobile Tornado Group plc is available [here](#)*

Mi-Pay Group plc* (MPAY.L, 10.0p/£4.6m)

Interims - New revenue stream added (25.09.18)

[Note published](#)

Allenby Capital comment: Mi-Pay, a provider of mobile payment and payment fraud management services to Tier 1 Mobile Network Operators (MNOs) and digital content providers, has reported interims with a further 11% growth in the total value of payment transactions to £50.2m as well as direct fraud management of an additional £17.8m - a new product stream that has considerable revenue potential. Mi-Pay has sector-leading payment success rates and fraud levels, indemnifies its customers against fraud and hence can charge 3x to 5x the rates compared with traditional payment companies. We expect Mi-Pay to break-even in H2 before moving into sustained profit and is sufficiently funded. The value of Mi-Pay's existing offering and the growth potential is not reflected in the current price.

** Allenby Capital acts as Nomad and Broker to Mi-Pay Group plc
Allenby Capital's coverage on Mi-Pay Group plc is available [here](#)*

CAP-XX plc* (CPX.L, 10.85p/£32.6m)

Spire Health Tags stocked at Apple stores (25.09.18)

- Spire Health Tags that incorporate CAP-XX's Thinline supercapacitor are to be a featured health product in Apple stores in the US, UK and China with further stores to follow later this autumn.
- CAP-XX announced that it had secured a supply contract with Spire in August 2017, its first high volume order for the Thinline supercapacitors. The Health Tag was launched in November 2017 with customer dispatches in Q1 2018. CAP-XX expects follow on orders from Spire will be forthcoming in H2.
- The initial order of \$0.4m was also CAP-XX's first for an IoT wearable technology consumer device for the health and fitness markets. Spire's strategy is to distribute the Tag to large OEM manufacturers as well as direct sales.
- The tags are currently being used for consumer health and wellness applications but Spire recently received a grant from the US Department of Health and Human Services to help move the product towards FDA 510K clearance that would position the device for healthcare applications.
- The Spire Health Tag monitors real-time bio-signals, such as breathing, heart rate, heart rate variability, activity and other changes in the user's health data. Available in 3, 6 and 8 packs, the tags are designed to be attached to a user's articles of clothing and the companion app sends notifications to the user's mobile device. The tags are completely washer and dryer-proof and, because of the CAP-XX supercapacitor, the battery has a life of up to 18 months without the need for recharging.

Allenby Capital comment: The inclusion in Apple stores represents an endorsement for the Spire Health Tag and will also help to further raise the profile of the CAP-XX product set and the more general use of supercapacitors. In June's H2 trading update, the company reported a sharp increase in enquiry levels across its portfolio of prismatic and cylindrical supercapacitors, including the 3V thin prismatic products. Total enquiries, if converted into orders, were estimated to be worth \$20m per annum and included >\$2m that have been classed as design wins covering >70 projects. The use of supercapacitors with 3V prismatic coin cell batteries represents a major growth opportunity as the supercapacitor offers a buffer between the lower power energy source and a load with a high peak power requirement. This expands the number of applications for 3V coin cells.

** Allenby Capital acts as Nomad and Joint Broker to CAP-XX plc
Allenby Capital's coverage on CAP-XX Group plc is available [here](#)*

Mirada plc* (MIRA.L, 0.725p/£2.1m)

Prelims: Accelerated roll out by izzi and imminent ATNi deployment (28.09.18)

- Revenue increased 3.9% to \$8.8m with a decrease in revenue from izzi Telecom, part of Televisa, after the December 2016 Peso devaluation and izzi Telecom freeze of purchases in USD offset with the revaluation of the USD against the Euro that contributed \$0.6m in revenue. Gross profit increased slightly to \$7.9m and operating loss reduced 29.7% to \$4.6m.
- Contracts secured during the year with ATN International (ATNi) for deployments in the Caribbean and Digital TV Cable Edmund SRL in Bolivia. Move to a SaaS business model with lower set-up fees but recurrent long-term revenue from subscription-based licence fees. Initial ATNi deployment is expected to be announced very shortly. Management reports a strong pipeline of potential opportunities.

- Temporary slowdown in spend on professional services by izzi Telecom, Mirada's largest customer, due to uncertainties in the Mexican economy during the year. Higher monthly installations with deployment of the Iris multiscreen from March 2018 and an increase of more than \$1.5m in licence fee collections YTD as izzi has rolled out Iris to additional customer segments. The FIFA World Cup also helped to drive professional services for izzi. At FY18, izzi had >1m STBs with Mirada's software installed in c. 500k households. This has increased to 1.5m STBs.
- Net debt increased 123% to \$11.7m as a result of increased product investment, lower than expected izzi revenue and the investment in new contracts signed under the SaaS model.
- Secured £4.7m in facilities from Kaptungs, Minles and Kronck during the year. The conversion of £1.7m of these loans into equity was approved at GM in August and the proposed conversion of the remaining £3m as well as a further £3m in new equity is subject to GM on October 4th.

Allenby Capital comment: FY18 results showed some progress with the securing of new contracts but suffered from the temporary slowdown of the deployment at izzi Telecom, the company's largest customer. The shift to the SaaS model also increases long term visibility but impacts short term revenue. The SaaS model also has working capital implications and this plus the investment in additional sales and marketing resource substantially increased the level of debt. The proposed fundraising and loan capitalisation will substantially strengthen Mirada's balance sheet and Ernesto Tinajero has proved to be a long term supporter of the business as well as having considerable industry expertise having previously been the majority shareholder, Chairman and CEO of Group Cable TV SA de CV (Cablecom), Mexico's third largest operator, that was acquired by Televisa.

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

Osirium Technologies plc* (OSI.L, 145p/£19.6m)

Interims: Good financial and operational progress (25.09.18)

- Total revenue +78% to £0.5m with SaaS revenue +87% to £0.4m and Professional Services +46% to £79k. Total bookings increased 37% to a record £608k and management reports 13 proof of concepts confirmed in H1, largely driven by the launch of the free PxM Express cut-down offering.
- Operating loss increased £0.2m to £1.4m reflecting investment in sales and marketing and additional heads in R&D and Customer Support. Cash of £3.3m (H1 FY17: £2.0m) following March's placing of £4.2m.
- Contract wins with a global fashion retailer and, post period end, a major UK High Street retailer; accelerating traction in the NHS with contract wins with two Trusts; renewals of the company's largest customer (global asset manager) and its largest international contract (Middle East telecoms).
- Company targeting medium term growth through the channel to complement direct sales and it doubled the number of UK partners to 12; partnership with RazorSecure for cybersecurity solutions for the Critical Infrastructure, Transport and Industrial IoT markets; training and joint marketing exercises with Adyton (Germany, Austria and Switzerland) and Spectrami (Middle East) to boost lead generation.

Allenby Capital comment: Good financial and operational progress for the provider of second-generation Privileged Access Management (PAM) software, a high growth segment of the cybersecurity market. The company's cloud-based products protect critical IT assets by preventing targeted cyber-attacks from directly accessing Privileged Accounts, removing unnecessary access and powers, deterring legitimate users from abusing their roles and containing the effects of any breaches. Osirium has developed the concept of a Virtual Air Gap to separate users from passwords and its Privileged Task Management module further reduces the cyber-attack surface and automates many mundane tasks. The growth in the subsector is driving M&A activity with Francisco Partners acquiring Bomgar; Bomgar acquiring Avecto, Lieberman and BeyondTrust; One Identity acquiring Balabit; and Okta acquiring ScaleFT. The SaaS model based on the number of devices provides revenue visibility

but means that reported revenue is still small and customers tend to secure a small number of devices initially before expanding the deployment.

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