



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 29.04.19 (MPAY.L, MIRA.L)

Mi-Pay Group plc* (MPAY.L, 12.25p/£5.6m)

Finals: Move into H2 profit; renewals provide visibility (24.04.19)

[Note published](#)

Allenby Capital comment: Finals from Mi-Pay Group, an established provider of digital payment and payment fraud managed service to Tier 1 mobile operators and digital content vendors, were in line with forecasts and January’s trading update. The 9.4% increase in revenue to £3.3m included a maiden £0.3m contribution from its Fraud Services business and the combination of increased gross profit (+£0.1m) and lower operating costs (down £0.3m) resulted in the operating loss reducing £0.4m to £0.2m and the company was profitable in H2. Mi-Pay processed more than £100m in fully managed payment transactions for the first time and indemnified £44m of payments against fraud - this is opening a new revenue stream. Mi-Pay was successfully integrated into 3 Ireland’s new infrastructure during the year and the acquired O2 customer base was transferred onto Mi-Pay. Since period end, Mi-Pay has signed extensions with clients that represented 43% of FY18 revenue providing forward revenue visibility. We maintain our fair value of 17.8p/share, a 51% upside.

** Allenby Capital acts as Nomad and Broker to Mi-Pay Group plc.*

Mirada plc* (MIRA.L, 0.825p/£7.3m)

Pre-close: substantial FY19 growth and positive outlook (29.04.19)

- FY19 (March) revenue expected to be above initial management expectations, growing c. 40% to \$12.3m. \$1.7m positive swing in Adj. EBITDA to \$0.6m and a \$6.8m decrease in net debt to \$4.9m following September's £3m placing and the capitalisation of an outstanding £3m loan facility with Kaptungs, an existing substantial shareholder.
- Revenue growth primarily from the ongoing deployment of Mirada's Iris multiscreen software by izzi Telecom in Mexico. izzi used the 2018 World Cup to promote Mirada's Iris Inspire Multi-Tier solution after it acquired the OTT rights for the World Cup and Mirada increased the capacity of the OTT platform. This supported a 39% increase in active OTT users to 1.3m devices. Subsequently, izzi extended the deployment to a wider range of its subscriber base. As at the end of March, izzi had deployed 2m set top boxes with Iris.
- Commercial launches of Iris at One Communications in Bermuda and Digital TV Cable in Bolivia during FY19 and Mirada is progressing project deployment with Skytel in Mongolia with commercial launch due later this year. Mirada is also in discussions with a number of potential new customers in different regions.

- Opened a new office in Castellón, Spain, in November to complement its existing Madrid offices.

Allenby Capital comment: Positive pre-close with the ongoing deployment at izzi Telecom, part of Grupo Televisa. Importantly, Mirada has further diversified its revenue streams by securing contracts with One Communications, Digital TV Cable and Skytel and has increased its revenue visibility with the introduction of the opex subscription model to complement the existing capex model. It has also expanded its sales reach with the reseller partnership agreement with Indra that is initially targeting South East Asia. Mirada has a proven product set that can be offered to both low and high volume operators, and tailored to different tiers of an operator's subscriber base. Operators need to upgrade the viewing experience they can offer subscribers given the multiple threats (OTT services, cord-cutting/shaving etc) and Iris offers the necessary functionality.

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

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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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