



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 - 24.02.20 (STAR.L, GFIN.L, BBSN.L)**

### **Starcom plc\* (STAR.L, 1.3p/£4.5m)**

#### **Contract extensions: CubeMonk and Zero Motorcycles**

- New Supply and Support agreement signed with CubeMonk Inc, a US provider of shipping related services, for the provision of Starcom's Kylos Air for use in CubeMonk's tracking service for air containers.
- Starcom has been working with CubeMonk over the past year and the trial phase, where a few hundred Kylos Air units were integrated with CubeMonk containers, SmartCube, was successfully completed in 2019. The Kylos Air units are connected through Starcom's online control software and monitor key parameters (e.g. location, internal temperature and shocks) and are automatically shut off during take off and turn on after landing in order to comply with aviation regulation.
- During FY19, Starcom received orders totalling \$0.2m and although the new agreement does not contain minimum purchase commitments, Starcom expects a significant increase in orders in FY20.
- Updated contract with Zero Motorcycles Inc for the development of certain enhancements to the Helios units that are integrated within Zero's motorbikes. These enhancements will be supplied over the coming three months in order to improve connectivity enabling Zero to centrally track and control more motorcycles as it scales production. In return, Starcom will gain a small increase in the recurring revenue per connected motorcycle.
- No change to [forecasts](#) that were upgraded with the pre-close trading update earlier this month.

**Allenby Capital comment:** The contract extensions are encouraging and demonstrate the value that Starcom's customers place in the company's product offering and technology expertise. Neither customer represented a significant revenue stream in FY19 and there is considerable scope for growth in FY20 and FY21. The Kylos Air product is also being white labelled by Bosch Connected Devices and Solutions as the TDL140 and has now achieved industry certification from airlines that include Southwest Airlines and Swiss WorldCargo, the air freight division of Swiss International Air Lines. Starcom has developed a diversified range of tracking, monitoring and security products and we anticipate growth on multiple fronts.

*\* Allenby Capital acts as Nomad and Joint Broker to Starcom plc.*

### **Gfinity plc\* (GFIN.L, 1.675p/£8.0m)**

#### **Update: First initiative with ViacomCBS (19.02.20)**

- Participation at VidCon London 2020, an event for fans, creators, executives and brands who are passionate about online video and building diverse communities. Gfinity is presenting the 'Street Fighter V Tower Climb' where visitors can take part in a rolling tournament and meet and play against a number of YouTube creators.
- This is Gfinity's first initiative in conjunction with ViacomCBS, the owner of VidCon London 2020. ViacomCBS will be supporting Tower Climb across its social accounts including MTV, MTV News and Comedy Central. The companies are exploring a broader partnership focused on bringing gaming content and audiences to a larger audience.
- No change to [forecasts](#).

*\* Allenby Capital acts as Nomad and Broker to Gfinity plc.*

**Brave Bison plc\* (BBSN.L, 1.30p/£8.6m)**

**NED appointment (17.02.20)**

- Appointment of Matt Law as a non-executive director. He is currently a partner and COO of Outlier Ventures, a provider of consulting services to companies in the digital services sector. Prior to that, he was global COO at independent agency network AnalogFolk.
- Brave Bison intends to appoint a further independent NED as well as a permanent CFO.

*\* Allenby Capital acts as Nomad and Broker to Brave Bison 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 "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](mailto: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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