



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.

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Allenby Capital TMT Update - 15.06.20 (BBSN.L, BIRD.L, TPX.L, SPA.L)

Brave Bison Group plc* (BBSN.L, 1.3p/£8.0m)

Change of CEO (11.06.20)

- Kate Burns steps down as CEO with immediate effect. Oliver Green, previously Chairman, moves to Executive Chairman and takes over Kate's responsibilities.
- Oliver Green has been a Non-Executive Director and Non-Executive Chairman since December 2019. He is Managing Director and a significant shareholder of Tangent Marketing Services, a digital marketing agency, and has several years' experience working in digital marketing and technology across a number of sectors and has also advised on strategy across projects such as digital transformation, conversion rate optimisation and customer relationship management.
- Tangent group companies and Oliver Green hold 27.3% of the issued share capital of Brave Bison.
- BBSN's AGM is scheduled for 17th June.
- Forecasts are currently under review.

** Allenby Capital acts as Nomad and Broker to Brave Bison plc.*

Blackbird plc* (BIRD.L, 15.25p/£51.3m)

Technology award: TV Technology's Best of Show Digital Video Award (11.06.20)

- The Blackbird cloud video editing platform won the recent TV Technology's Best of Show Digital Video Award. Nominations of products by vendors are evaluated by a panel of industry experts and selected based on innovation, feature set, cost efficiency and performance in serving the media industry's production needs. A special digital edition was held this year in the absence of the 2020 NAB Show.
- The awards cover the whole of the global media industry's production needs (hardware, software, networking, storage etc) and there were 63 category winners and 61 other nominees. 10 Future (FUTR.L) publications participate in the Best of Show Awards at NAB: TV Technology, Digital Video, Video Edge, Next TV, B+C, TVBEurope, Government Video, Radio World, Pro Sound News and Sound & Video Contractor.

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

The Panoply Holdings (TPX.L, 75p/£41.3m)

Acquisition: Expands Microsoft capabilities (10.06.20)

- Acquisition of Arthurly, a technology services business, for an initial consideration of £412k (£150k in cash) and performance related deferred consideration based on revenue for the 16 months to 30 September 2021. Any deferred consideration is payable in shares and the total consideration is capped at £1.5m.
- Arthurly has won and delivered a number of projects alongside Notbinary, a Panoply group company, over the past six months. These include The Department for Business, Energy and Industrial Strategy, UK Export Finance, North East London Commissioning Alliance, British Red Cross and Camden Borough Council.
- The acquisition is expected to be immediately earnings' enhancing. Arthurly had c. £300k of revenue in the past seven months from non-Panoply connected business. In FY19 (Sept), it generated an operating profit of £49k on revenue of £189k. If Arthurly had been part of Panoply for the past six months, it would have added £87k of incremental margin.

Allenby Capital comment: Small in-fill acquisition that fits the company's buy and build strategy and follows its initial/deferred, cash/shares transaction model. Arthurly is a known business for Panoply through its projects with Notbinary. The acquisition also strengthens Panoply's Microsoft skills, particularly Azure, an area of focus set out in the recent trading update. As previously discussed, digital transformation services represent a large and growing market as public and private organisations look for substantial efficiencies and to offer new services rapidly with CV-19 acting as an accelerant. Arthurly will also benefit from being part of a larger organisation.

1Spatial plc* (SPA.L, 26.5p/£29.3m)

Finals: Good progress (11.06.20)

- Finals (Jan) with revenue +33% to £23.4m. This included £5.8m from Geomap-Imagis (GI), acquired in May 2019. Organic Solutions revenue +7% to £13.1m (+12% on a LfL basis); managed decline of existing GIS business down 15% to £4.5m.
- Recurring revenue grew 30% to £9.6m, representing 41% (FY19: 42%) - the slight decline a function of lower recurring revenue at GI. Solutions recurring revenue +13% to £5.2m. Switch from perpetual to subscription/term licence should increase visibility.
- Adj. EBITDA +167% to £3.2m, including a £1m benefit from the adoption of IFRS16. Excluding this, adj. EBITDA margin increase 260bps to 9.4%. Net cash of £3.9m (FY19: £6.4m) with the key elements of operating cash inflow of £0.8m, £2.3m spent of capitalised development and PPE, £2.8m net proceeds from the share issue and £2.8m outflow for the purchase of GI (£4.4m consideration less £1.6m net cash on acquisition).
- Separately (12.06.20), SPA announced a \$2.6m five-year expansion software and services contract with the State of Michigan, a customer since 2018. The state will expand its use of 1Integrate, SPA's data management software, and combine it with 1Data Gateway, SPA's new portal, to provide an easy to use, automated data submission process for the validation and integration of spatial data.

Allenby Capital comment: Finals demonstrate successful progress against the company's three-year turnaround strategy. The acquisition of Geomap-Imagis is progressing well - immediately earnings' enhancing, integration ongoing and the first cross-sale of 1Integrate. Importantly, the provider of Location Master Data Management software has demonstrated new customer wins in multiple territories as well as upselling into existing customers. FY21 has started well with a number of new customers and contract extensions, including State of Michigan, and management reports that trading is in line with expectation. The sales pipeline is healthy, however decision-making is likely to be protracted and the Group is withdrawing market guidance. Location-based data continues to grow in importance and 1Spatial has considerable pedigree in the space.

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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.

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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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