



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 corporate clients is paid for by the respective corporate client. Allenby Capital is not paid for commentary on non-corporate clients.

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Allenby Capital TMT Update - 16.09.24 - ENSI.L, BIRD.L, NWT.L, ENET.L, ELEG.L, FIN.L, LST.L

EnSilica Plc* (ENSI.L, 50p/£48.3m)

Update: First production order for Industrial ASIC received (12.09.24)

[Note published](#)

Allenby Capital comment: EnSilica plc announced it has won a Design & Supply contract with Siemens AG. Financials were not disclosed but the Company notes that the Design component of the contract (non-recurring engineering work) will commence in calendar year 2025, with the Supply (initial production phase) expected to start in Q4 2027. We make no changes to our forecasts but note that the new contract win: a) further underpins our FY 2025 and FY 2026 forecasts where we are expecting top line growth of 21% and 28% respectively; b) strengthens our expectation that in the future years EnSilica will have material recurring Supply revenues derived from a broad portfolio of ASICs; and c) adds credibility to EnSilica within both the ASIC industry and investor community given the endorsement by a blue chip partner such as Siemens AG.

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

Blackbird plc* (BIRD.L, 6.0p/£23.2m)

FY24 update: Progress on new sales strategy (10.09.24)

[Note published](#)

Allenby Capital comment: Blackbird’s interims delivered a positive update on the progress of elevate.io. An early marketing campaign has indicated strong demand for the proposition, ahead of the payment gateway expected in Q1 2025. Blackbird has reported a user number which has more than doubled to c. 1,800 on the back of a five-day campaign. There is continued focus to develop functionality and features, ahead of monetisation, in line with PLG strategies. Blackbird has an excellent reputation in the Sports and News video editing market, with its platform used in most major sporting events in 2024, including the global Summer Games. The core Blackbird business is challenged by the structural and cyclical changes in the Media and Entertainment (M&E) industry, which is reflected in the results. Management’s strategic focus over the past three years has been on elevate.io, with a strong team including a new Board, to support the next phase of growth. Blackbird raised £1.05m in February 2024 via a placing to assist with elevate.io’s growth. elevate.io is aligning with the fast-growing Creator Economy capitalising on Blackbirds technological lead with an ‘early to market’ offering that will significantly expand its addressable market.

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

Newmark Security plc* (NWT.L, 90p/£8.4m)

Finals: Positive progress at the top and bottom line (10.09.24)

- FY24 (April) revenue +10% to £22.3m. Both divisions grew with People and Data Management (HCM and Access Control) +6% to 16.5m and Physical Security (Safetell) +23% to £5.8m, following the FY23 turnaround.
- Gross profit margin +90bps to 38.5%, reflecting the change of mix, customer price rises and lower component costs. EBITDA +50% to £2.2m with good operating cost control. A non-cash tax charge of £0.3m, relating to the treatment of R&D tax claims (FY23: £0.4m credit), resulted in a PAT of £0.1m (FY23: £0.3m) and EPS of 1.43p (-62%). Cash of £1.1m (FY23: £0.6m), net debt of £2.0m (FY23: £3.3m).
- **People and Data Management:** HCM revenue +7% to £13.5m, the ninth year of growth, and Access Control was flat at £3.0m with 20% growth in the latest Janus C4 offset by declines in the legacy product lines (Sateon Advance and Legacy Janus). HCM recurring revenue +28% to represent an exit ARR (annualised recurring revenue) £2.9m, benefiting profit margins. Increased share of wallet with clients by offering new product-service combinations at the lower end. Launch of a new Direct-to-Enterprise offering with per-employee pricing and recently partnered with Oracle on workforce management technology for the launch of GT Time.
- **Safetell:** Product revenue +30% to £3.7m and Services by 11% to £2.1m, with gross profit +26% to £2.1m. In the former segment, there was significant growth in entrance control (sales orders +74%) and protection screens (UK supermarket chain) and systems (new money exchange client). In Services, 51% growth in UK auto-door service and maintenance (UK universities, a major convenience retailer and a train station operator) more than offset the anticipated decline in the banking market with the continued reduction in demand for legacy rising screen services – long-expected loss of a large high street bank contract. Overall new sales orders +5% and sales order pipeline +23% to £11.7m, with £5.5m added in FY24.
- **Outlook:** Cautiously optimistic building on the partnerships signed in 2024 with revenue growth anticipated in FY25 and management reports a strong start to the current year. In Grosvenor, it is looking for further growth in subscriptions and recurring revenue via its partner-focused marketing. At Safetell, Newmark continues to prioritise the development and transition to long-term recurring revenue from auto-door servicing and has substantially increased its sales order pipeline.

Allenby Capital comment: Good progress at the top and bottom line across both divisions with both demonstrating revenue growth and improving gross margin following the actions taken in FY23. Newmark continues to expand its product offering and drive hardware-enabled software and services long-term recurring revenues. At Grosvenor, Newmark is also securing a larger share of customer spend as well as growth via its partners, displacing lower price competitors that do not offer services. At Safetell, Newmark has successfully pivoted to the auto-door services, and entrance control and security screen products. FY25 has started well.

**Allenby Capital acts as Nomad and Broker to Newmark Security plc.*

Ethernity Networks Ltd* (ENET.L, 0.3p/£1.6m)

Update: £0.5m placing (09.09.24) and US government approval (10.09.24)

- Ethernity raised £0.54m through a placing of 180.2m shares at 0.3p (38% discount to prior close). Additionally, the company's co-founder and CEO, David Levi, subscribed 9m shares, raising a further £27k. Each placing includes a warrant, which can be exercised at 0.75p (56% premium to prior close) for a period of 18m from the date of the grant. Proceeds from the placing will be used to fund growth opportunities. The placing shares are expected to be admitted for trading on/ around 18 September.
- Separately, the company secured approval from the US government for a \$1.1m contract with a Tier 1 US aerospace vendor. As part of the contract, Ethernity is delivering is proprietary software to enable specific networking functionalities on the customer's platform. The approval triggers an immediate payment of 40% of the contract value (c. \$0.4m) based on milestones met by Ethernity and the contract will now move into the implementation phase.

Allenby Capital comment: The £0.54m placing and c. \$0.4m contract revenue, post US government approval, provide a major boost to Ethernity's balance sheet, enabling the company to leverage opportunities with Tier 1 OEMs.

**Allenby Capital acts as Nomad and Joint Broker to World Chess plc*

Electric Guitar plc* (ELEG.L, 0.63p/£1.5m)

Update: New contract (09.09.24) and Singapore launch (12.09.24)

- Operating subsidiary 3radical secured a new contract with Jewson, the builders' merchant with 450 stores. 3radical's Voco audience engagement platform, will be incorporated into a new Jewson's microsite focused on sustainable building practices. Using Voco, Jewson can engage with customers online, offering them promotions that can be redeemed across its UK store network. The online engagement should help Jewson better understand its customers, thereby enabling them to serve them better.
- Separately, Electric Guitar will host a launch event in Singapore on 25 September. The event, co-hosted with Digital Academy, will formally launch the collaboration between the two companies, first announced in June. The Singapore event will be attended by senior executive of existing and prospective clients of both businesses. Electric Guitar plans to showcase the Voco platform at the launch.
- Digital Alchemy is a Sydney, Australia based marketing automation consultancy with a presence across Asia-Pacific and North America, and technological partnerships with Salesforce, Adobe, SAS, and HCL.

Allenby Capital comment: The new contract with Jewson underpins the value Voco provides major traditional retailers, helping them better understand and serve their customer base. The Singapore launch will boost Voco's profile and sales in the Asia Pacific region, where the company has an established presence.

**Allenby Capital acts as Nomad and Joint Broker to Electric Guitar plc.*

Finseta plc (FIN.L, 40p/£23m)

Interim results: H1 results sets stage for another solid year of growth (10.09.24)

- Revenue increased 40% to £5.1m (H1 FY23: £3.6m), driven by growth in active customers and average transaction value. Active customers increased 9% to 952 (H1 FY23: 874) and

active transaction value grew 29% versus H1 FY23. Excluding discontinued white label partners, Group revenue increased 54%. Gross profitability trended higher at 65.7% (H1 FY23: 61.0%), due to direct clients accounting for 100% of revenue (H1 FY23: 91%).

- Operating expenses increased 27% to £2.8m but were offset by revenue and margin growth resulting in adj. EBITDA growing to £0.8m (H1 FY23: £0.2m). This translated to a PBT of £0.6m (H1 FY23: £0.02m). Cash generated from operations increased to £0.8m (H1 FY23: £0.1m), boosting net cash to £0.6m (31 December 2023: £0.2m).
- The company expanded the number of currencies it can pay out to 140 from 58 at the same stage last year. Finesta is on track to launch its Mastercard corporate card program later in 2024. The strong trading momentum in H1 2024 has continued into the second half, and the company stated that it remains on track to report significant growth for full year 2024, in line with the Board's expectations.

Allenby Capital comment: H1 FY23 saw Finesta continue to grow with revenue, gross margins, and adj. EBITDA robustly higher. The company is well placed to deliver another year of significant growth, a bigger sales team, larger active customer base and stronger balance sheet.

Light Science Technologies plc (LST.L, 3p/£10m)

Update: Order wins across divisions (12.09.24)

- LST's Passive Fire Protection (PFP) division won two new contracts, with construction companies in London and Liverpool, for an aggregate value of c. £145,000. Both contracts are to be completed and revenue to be recognised in the current financial year. Additionally, the PFP division is currently working on projects in Nottingham, Manchester and Liverpool, and has a current pipeline worth over £7m.
- The Contract Electronics Manufacturing (CEM) division received an additional order from its customer in the sports entertainment segment, worth £134,250. This was the customer's fourth order since its first, seven months ago, with an aggregate order value of £0.54m. The order is expected to be delivered in October and November 2024, with revenue recognised during the current financial year.
- LST expects the CEM division to generate £9m to £9.5m in revenue in FY24 (FY23: £9.1m).

Allenby Capital comment: The contract wins across the PFP and CEM divisions, with revenue to be recognised during the current financial year, puts LST in a strong position to deliver another year of revenue growth.

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Allenby Capital

5 St Helen's Place London EC3A 6AB

+44 (0)20 3328 5656

www.allenbycapital.com