



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.

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 - 23.09.24 - TRAK.L, CODE.L, KOO.L

Trakm8 Holdings plc* (TRAK.L, 7.0p/£3.5m)

AGM Update: Good start to FY25 – Fleet & Optimisation offsetting depressed Insurance (19.09.24)

- Fleet and Optimisation revenue considerably ahead of last year with strong follow-on sales at Optimisation software clients.
- Insurance revenue continues to be depressed as capacity is only slowly being restored to TRAK’s customers and existing customers are running down inventory.
- H1 revenue expected to be modestly ahead of H1 FY24 (£8.5m) and profitability broadly flat (H1 FY24: 0.1m) with higher salary and marketing costs offset by higher margin software sales.
- Insurance business expected to gradually improve, although slower than originally expected. Fleet and Optimisation better than originally expected and management remains confident about securing a significant Optimisation contract.
- No change to [forecasts](#).

Allenby Capital comment: Good start to FY25 with growth in Fleet and Optimisation more than offsetting the continued slow recovery in the Insurance division. The growth in higher margin Optimisation software sales coupled with tight cost control should feed through to a marked improvement in FY25 margin. Management also remains confident of securing a significant Optimisation contract that slipped out of FY24. We believe that the Insurance division will ultimately return to growth as the industry shifts towards more usage-based and granular insurance products (Pay as You Drive) that will use multiple data points (distance travelled, time of day, driver behaviour etc) when calculating insurance premiums utilising tracking devices supplied by the likes of Trakm8.

**Allenby Capital acts as Nomad and Broker to Trakm8 Holdings plc.*

Northcoders Group plc (CODE.L, 210p/£17m)

Interims: Solid H1; record H2 visibility and further margin improvements expected (17.09.24)

- Group revenue increased 26% YoY to £4.4m benefitting from national expansion and record demand for Northcoder’s technology training services. Gross margin increased to 67% (H1 FY23: 62%), following the release of the Group’s NCore learning platform, that increased the student to tutor ratio. Gross profit increased 33% to £2.9m.
- Operating cost increased 15% to £2.5m but was offset by revenue and margin growth leading adj. EBITDA to increase tenfold to £0.4m (£0.04m). The operational gearing saw Northcoders swing to an operating profit of £0.15m (H1 FY23: £0.22m loss) and £0.1m net profit (H1 FY23: £0.25m loss). The company ended the period with a £0.71m in net cash (FY23 end: £0.85m), following investment in NCore.

- Training Bootcamp registrations grew 31% to a record 4,703 (H1 FY23: 3,590). This trend continued in Q3 2024 with record applications and 3,313 registrations. The company has record visibility at the start of H2 FY24, benefitting from £10m Department of Education contract, which runs until June 2025. H2 FY24 has started strongly with trading marginally ahead of management expectations, with the company confident about delivering FY24 market expectation.

Allenby Capital comment: Northcoders had strong revenue and gross profitability growth in H1 FY24, which saw it swing to a profit at the operating and net level. The company is well placed for H2 FY24, benefitting from record registrations, revenue visibility and potentially further margin improvements from its NCore learning platform.

Kooth plc (KOO.L, 342p/£125m)

Interims: Strong growth in revenue and profitability to continue into H2 (17.09.24)

- Kooth, the youth digital mental health platform, interim results showed revenue increase 179% to £32.5m, benefitting from the company’s US expansion. Annual Recurring Revenue (ARR) increased 181% to £60m, with the US accounting for c.70%. Gross margins improved to 82.4% (H1 FY23: 66.8%), benefitting from greater use self-guided tools and contribution from the California State government to the platform development. Gross profit grew 244% to £26.8m.
- The strong topline and gross margin growth offset the 130% admin costs to £22.1m, resulting in vastly improved adj. EBITDA of £7.8m (H1 FY23: £9k). Kooth swung to a net profit of £3.9m (H1 FY23: £0.5m loss). The company ended the period with £14.9m in net cash (H1 FY23 end: £5.9m) providing a strong platform for investing in long term growth.
- In the US, the company sees significant opportunities, as State Governments and Federal Government continue to invest in improving youth mental healthcare. Kooth has a strong pipeline of new business in the US and expects two new pilot contracts being signed later in FY24.

Allenby Capital comment: The H1 period showed the impact of Kooth’s \$188m, 4- year contract with the California State government, with triple digit revenue and profit growth. The company is well placed to deliver solid FY24 growth, underpinned by a robust balance sheet.

=====

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 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.

=====

DISCLAIMER

Allenby Capital Limited (“Allenby”) is incorporated in England no. 6706681; is authorised and regulated by the Financial Conduct Authority (“FCA”) (FRN: 489795) and is a member of the London Stock Exchange. This communication is for information only it should not be regarded as an offer or solicitation to buy the securities or other instruments mentioned in it. It is a marketing communication and non-independent research and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The cost of Allenby research product on independent companies is paid for by research clients. The content of this promotion has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000. Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.

This communication is for the use of intended recipients only and only for distribution to investment professionals as that term is defined in article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Its contents are not directed at, may not be suitable for and should not be relied upon by anyone who is not an investment professional including retail clients. Any such persons should seek professional advice before investing. For the purposes of this communication Allenby is not acting for you, will not treat you as a client, will not be responsible for providing you with the protections afforded to clients, and is not advising you on the relevant transaction or stock. This communication or any part of it do not form the basis of and should not be relied upon in connection with any contract.

Allenby uses reasonable efforts to obtain information from sources which it believes to be reliable. The communication has been prepared without any substantive analysis undertaken into the companies concerned or their securities, and it has not been independently verified. No representation or warranty, express or implied is made, or responsibility of any kind accepted by Allenby its directors or employees as to the accuracy or completeness of any information in this communication. Opinions expressed are our current opinions as of the date appearing on this material only and are subject to change without notice. There is no regular update series for research issued by Allenby.

No recommendation is being made to you; the securities referred to may not be suitable for you and this communication should not be relied upon in substitution for the exercise of independent judgement. Neither past performance or forecasts are a reliable indication of future performance and investors may realise losses on any investment. Allenby shall not be liable for any direct or indirect damages including lost profits arising from the information contained in this communication. Allenby is acting only for the subject of this research and is not acting for you. Allenby will not treat you as a client, will not be responsible for providing you with the protections afforded to clients, and is not advising you on the relevant transaction or stock.

Allenby and any company or persons connected with it, including its officers, directors and employees may have a position or holding in any investment mentioned in this document or a related investment and may from time to time dispose of any such security or instrument. Allenby may have been a manager in the underwriting or placement of securities in this communication within the last 12 months, have received compensation for investment services from such companies within the last 12 months, or expect to receive or may intend to seek compensation for investment services from such companies within the next 3 months. Accordingly, recipients should not rely on this communication as being impartial and information may be known to Allenby or persons connected with it which is not reflected in this communication. Allenby has a policy in relation to management of conflicts of interest which is available upon request.

This communication is supplied to you solely for your information and may not be reproduced or redistributed to any other person or published in whole or part for any purpose. It is not intended for distribution or use outside the European Economic Area except in circumstances mentioned below in relation to the United States. This communication is not directed to you if Allenby is prohibited or restricted by any legislation or registration in any jurisdiction from making it available to you and persons into whose possession this communication comes should inform themselves and observe any such restrictions.

Allenby may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country's laws for which Allenby does not accept liability.

By accepting this communication, you agree that you have read the above disclaimer and to be bound by the foregoing limitations and restrictions.

David Johnson is the author of this research and is employed by Allenby Capital Limited as an Equity Analyst. Unless otherwise stated, the share prices used in this publication are taken at the close of business for the day prior to the date of publication. Information on research methodologies and disclosure in relation to interests or conflicts of interests can be found at www.allenbycapital.com.

Allenby Capital

5 St Helen's Place London EC3A 6AB

+44 (0)20 3328 5656

www.allenbycapital.com