



BRAVE CHANGING WORLD: INBOUND KEEPING YOU POSTED



News & Views #56

“Plus ca change”...In this selection of our posts, we focus on Small & Mid Caps from a sponsored research point of view - Inbound passed its educated views on this important topic to L’Agefi financial publication - as well as the robust performance of the UK ones, US start-up Wolf Spring and the attractiveness of the US pet market, Alchimie (ALCHI FP) benefiting from the rise of OTT platforms, start-up Big Bird’s airships vs. drones, Quadpack (ALQP FP) strengthening its ESG credentials, why white hydrogen is actually green, the pandemic boosting the value of French brands, Coinbase’s smashing listed debut - and more!

Have a good read!

The Inbound Capital team

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SMALL CAPS



SPONSORED RESEARCH FOR SMALL-MID CAPS (Part 1):

INBOUND IN L'AGEFI

- a leading French financial and economics publication - Inbound emphasised it was a strong supporter of paid-for research as "a relevant way for companies to get better known by the investment community and to show their intrinsic merits more eloquently than an annual report would. This is especially true of Small & Mid Caps for which the information is often hard to find and badly presented in annual reports (often an arduous read)." For Small-Mid Caps, this is aggravated by the fact they often sit in niche sectors with specific business models and suffer from the lack of pure listed peers and/or available sector studies. "Small-Mid Cap investors do need all of these in a clear and easily accessible format in order to form their own opinion". Easy if not democratic access and solid information - NOT ADVICE - should be the key pillars of sponsored research. The article is excellent and definitely worth a read (sorry it's in French)

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VIDEO STREAMING PLATFORMS (OTT) ARE BOOSTED BY

COVID-19 PANDEMIC

More people were consuming content on OTT platforms than on traditional TV by the end of 2020, according to a report from programmatic company MiQ.

The COVID-19 pandemic boosted usage of both traditional TV and OTT last year, in the U.S. and 5 other countries, with a spike between March and May (which doesn't come as a surprise). In that period, nearly 100% of viewers watched some traditional TV and 90%, OTT. By November, nearly 100% of viewers were watching content on OTT platforms and, about 95% were using traditional TV, according to MiQ.

Content consumption on OTT platforms has grown by 19% among people aged 18-34, the traditional OTT loyalists. But the interesting news is that it has grown even more strongly among people aged 35 and older (21%), many of whom were new to OTT. This underlines the fact that the trend of watching TV differently (what you want when you want) is now reaching viewers of all ages.

That's good news for all OTT platforms. Alchimie (ALCHI, ~€90m market cap), which offers OTT content, via its app TV player, is benefiting from this trend. Its thematic SVoD channels offer very targeted content to its subscribers which is very different from the offer of well-

known OTT platforms such as Netflix.

Inbound provides advisory services to Alchimie.

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THERE IS A "C" IN ESG: GOVERNANCE

Congratulations to leading beauty packaging manufacturer & provider QUADPACK (ALQP FP) for appointing Chrysoula Zervoudakis as its first independent Board Member, confirming its commitment to diversity and relentless focus on sound corporate governance. Inbound (www.inbound.capital) is proud to have made the initial introduction between ALQP and Chrysoula, leveraging its unique network and its superior corporate match-making skills. On top of bringing her ESG expertise, Chrysoula brings a wealth of institutional investment experience in public equity as former Senior Investment Director at AXA IM and INVESCO (Five-Star Morningstar) and over 25 years of experience managing UK and European equity funds, integrating sustainability and corporate governance criteria to stock selection as early as 2005. She is a member of CHAPTER ZERO, the international Non-Exec directors' network promoting discussions on the impact of Climate Change in boardrooms. Inbound is providing international investor services to [Quadpack](#).

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START-UPS & TECH



TINDAIR NO SURPRISE: PREFER BIG BIRD

Soon enough, drones will be ubiquitous, right? WRONG: [BIG BIRD](#)'s Harfang airship tailored for aerial data collecting applications should prove a viable, more autonomous (100 hours) and more eco-friendly alternative in several sectors (infrastructure monitoring, cartography etc). The Innov'ATM European consortium behind the TindAIR software aimed at optimising co-existence between drones and helicopters/planes - all expensive and CO2-unfriendly - in urban areas could be good partner for BIG BIRD. Inbound advises Big Bird for its current fund raise for commercial launch.

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FINANCE & ECONOMY



WHITE (HYDROGEN) IS GREEN

We already knew green, black, grey and blue hydrogens but a new colour is now surfacing: white. The Canadian company FusionOne will start to commercialise its HydroPlas Reactor which claims to be the first integrated technology thermal solution to create “white” hydrogen from primarily plastic waste.

A pilot plant has already been built in Michigan (US) which has been both internally and externally validated on a number of carbon-based waste feedstocks, with a specific focus on plastic polymers.

Of course, as a new company, FusionOne does not have a history of operating the proposed plant on a commercial scale and has no history to prove the efficiency of its technology.

This will be solved following a \$500 000 investment from Clean Power Capital, which represents 5% of the Canadian company, and will support the commercialisation efforts of FusionOne.

In a statement, Clean Power Capital said FusionOne's technology will be deployed on two sites in North America starting in the first half of 2021, with delivery expected on both projects by the first half of 2022.

Even if this hydrogen is not green, this seems a good way to solve the huge problem of plastic waste.

[#sustainability](#) [#renewableenergy](#) [#hydrogen](#)

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COINBASE DEBUTS STRONGLY

Coinbase debuts strongly / Ark buys / Argo slump continues / NFT debuts on Aquis / Cryptos slump - what a week !

It's been a very lively week for crypto watchers (well everyone then ?). The bulls had their

appetite sated by a strong debut for Coinbase which initially traded 52% ahead of its \$250 reference price. Trusty retail loudhailer Catherine Wood added ca 1.2m shares to her Ark funds from Wed thru Friday (and selling Tesla to finance it ..tut tut !)

This all happened despite almost all crypto prices having a very weak performance Friday. Bitcoin, somewhat ironically, lost \$10,000 over the week. Over the pond here in the UK, that Bitcoin weakness continued to impact reference stock, Argo Blockchain, which has now lost 41% since an 18th Feb peak despite Bitcoin having risen 10%. This is a re-coupling to the extent that Argo had massively outperformed the Bitcoin price and it is highly likely retail investors also took profits to participate in Coinbase. Argo reported having mined 165 new Bitcoin in March.

In a related transaction the founders of Argo brought their new NFT platform to AQSE. It opened at a 42% premium before finishing the day 10% below the 5p issue price. More in pipeline we hear.

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THE VALUE OF FRENCH BRANDS INCREASING MARKEDLY DURING THE PANDEMIC!

Based on Kantar's BrandZ ranking, top 50 French brands are in a good shape: their valuation were up 4.9% during the pandemic. Leaders Louis Vuitton, Chanel, Hermès, L'Oréal Paris and Orange remain the strongest French brands, up 8%. Among big countries, only Chinese and German brands are up this year .

Among the key factors of success: international expansion (80%+ of value is non-domestic), agility through the crisis and early move on corporate social responsibility (CSR). On agility, Kantar cites specialized distribution brands Decathlon and Leroy Merlin that rapidly offered products and services responding to new consumer habits through the pandemic.

Roche Posay and L'Oreal's Garnier are a good illustrations on CSR, as they benefited from increased consumer interest in their health. Among new arrival: Monoprix and Leboncoin illustrate the importance of "better consuming" and circular economy, while Yoplait took advantage of the greater focus on nutrition at home.

The pandemic has not just accelerated digital transition but also societal trends that were at play before the crisis and where French brands were already well positioned.

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UK SMALL CAPS FUNDS ENJOYING A STRONG

MOMENTUM AS UJ'S SHOPS AND PUB GARDENS REOPEN

The strong performance of the FTSE Small Cap Index, up 14% YTD vs. 11% for the equivalent Europe ex-UK index, has contributed to a visible relative outperformance of UK small cap vs. their European comparables in 2021.

With the UK economy rebounding as virus restrictions ease, there are a good opportunities to generate a superior return in a market which has suffered from depressed equity valuations following U.K.'s departure from the EU and the particularly severe domestic aftermath of the pandemic. Even after the recent equity recovery, U.K. smaller companies are still rather inexpensive, trading at an historically low 33% discount to the 20.8x PE of their Continental Europe counterparts.

Small caps are a traditional way of gaining exposure to the economic domestic cycle. Many UK firms have been heavily affected by lockdown due to their significant exposure to face-to-face services and brick-and-mortar businesses. English consumers have been splashing out in shops, pub gardens and hairdressers since Monday after venues reopened following c. 100 days of being closed and the success of the vaccination program. In comparison, restrictions remain in place in many countries in Europe for now.

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US PET MARKET EXPANDING FAST AS 4M NEW US

HOUSEHOLDS BECOME PET OWNERS DURING PANDEMIC

Regular readers of our INBOUND CAPITAL weekly will be used to our commentary on themes / subject matter that are relevant to the corporate projects we are working on.

Recently we've had everything from diaper creams (NOLEO) to traceable packaging tech (KaiosID) to luxury bicycles (Maison Tamboite Paris), Cannabis Oil (Grass & Co.) and many more. It's a varied life.

So yes, we are now learning about the US pet / pet food market with Wolf Spring and their newly launched range of tasty liquid Dog vitamins and supplements. The company is growing strongly but it is arguably the growth of the market they are supplying which is equally noteworthy.

The attached Financial Times article suggests that in the #usa during the pandemic, 4m households became pet owners for the first time. 2020 revenues of Online Pet store Chewy

grew +47%. Amazon is beefing up the category as market size is now forecast to reach \$155bn by 2025. Interesting for Wolf Spring is the rising amount of calls from owners looking for care tips for their pets.

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Inbound Capital acts as Outsourced Investor Relations for Quadpack (ALQP FP).

Inbound Capital provides targeted international introductions to Alchimie (ALCHI FP)

Inbound Capital provides targeted investor introductions to Big Bird for its current fund raise.

Inbound Capital provides targeted investor introductions to Wolf Spring for its current fund raise.

Inbound Capital has no business agreement with independent Board advisor Chrysoula Zervoudakis.

Inbound Capital provides targeted introductions to Noleo.

Inbound Capital is advisor to Maison Tamboite.

Inbound Capital is advisor to Grass & Co.

Inbound Capital is sole advisor to Swiss start-up kaiosID.

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