



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 - 02.11.20 - MWE.L, ECSC.L

MTI Wireless Edge Ltd* (MWE.L, 46p/£40.7m)

Contract win: Follow-on order at MTI Summit (29.10.20)

- Contract secured by the St Petersburg office of MTI Summit worth c. \$1.5m for the supply of radio frequency components in 2021. This is a repeat order of the one announced in February.
- Part of MWE's Distribution & Professional Consulting Services division, MTI Summit represents 40 international suppliers of radio frequency and microwave components and sell these products in Israel and Russia. The experienced team is able to provide expertise to both suppliers and customers and assist with devising radio frequency and microwave solutions.
- No change to [forecasts](#).

Allenby Capital comment: Significant follow-on order for MTI's representation business. By being engaged at the design stage, MTI Summit is able to identify the most appropriate communications components and will then typically see repeat orders for the lifetime of the end product. There is also a synergistic relationship between MTI Summit and the other parts of the business (Antenna and Mottech). MTI offers investors exposure to three key global growth trends. First, climate change concerns are driving demand for water management systems. Second, the investment in communications, including the deployment of 5G networks. Finally, MTI is benefiting from increased global defence spending. The company is geographically diversified, has limited single customer exposure and is well capitalised.

** Allenby Capital acts as Nomad and Joint Broker to MTI Wireless Edge Ltd.*

ECSC Group plc* (ECSC.L, 70p/£7.0m)

Contract wins: Further growth in Managed Detection and Response (29.10.20)

- Two contracts worth an aggregate £580k over three years secured with a major UK rail company and a national builder's merchant. This is equivalent to >20% of the current Managed Detection and Response (MDR) division order book.
- ECSC will provide 24/7/365 cyber monitoring, detection and response support from its Security Operations Centres (SOCs) located in the UK and Australia. The rail company is a long-standing MDR customer and the builder's merchant is an existing Assurance customer.

- ECSC has also delivered its first Nebula Cloud MDR service to a new client. Nebula is charged as a monthly subscription and hence does not materially affect the current order book. ECSC announced Nebula in May. It takes ECSC's existing 24/7/365 managed service that uses its proprietary KEPLER artificial intelligence and introduces cloud-based service options. This has increased ECSC's addressable market as it offers a lower cost of entry and is designed for the wider reseller base.
- Forecasts currently under review.

Allenby Capital comment: Good evidence of upselling at the UK's longest-running full service cyber security provider. The additional managed service contracts increases revenue visibility and will also benefit gross margins as the capacity at its two SOCs is utilised. The first Nebula contract is also encouraging. This has increased ECSC's addressable market with a lower cost of entry and a product that the channel is comfortable selling. There is also scope to upsell the Nebula customers either to higher service levels or to ECSC's traditional MDR offering. Cyber security breach detection and expert incident response is vital to the protection of personal information and the maintenance of critical IT systems. The acceleration in the shift to remote and cloud-based working occasioned by the pandemic has increased the number of attack surfaces and is driving investment in cyber security and ECSC has the technology, expertise and processes to capitalise on the opportunity.

** Allenby Capital acts as Nomad and Broker to ECSC Group plc.*

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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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