



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 - 11.01.21 - MWE.L, CPX.L

MTI Wireless Edge Ltd* (MWE.L, 87.5p/£77.5m)

Contract wins: Good start for MTI Summit (06.01.21)

- Several orders from an existing customer worth \$1.7m received by MTI Summit, MWE's Distribution & Professional Consulting Services division. The majority of these will be delivered during this quarter.
- MTI Summit's customers are primarily defence entities operating from Israel, as well as other hi-tech companies. Summit is typically involved in the design stage for a new product and then will supply the necessary radio frequency and microwave components from 40 international suppliers.
- In October, MTI Summit announced a \$1.5m repeat order for the supply of radio frequency components for delivery in 2021 from a Russian customer.
- No change to [forecasts](#).

Allenby Capital comment: Good start to the year for MTI Summit, MTI's distribution and professional consulting division, and its growth over the past two years reflects increasing defence budgets and the demand for more bandwidth and network security amongst its customers. MTI Summit has developed its role as a trusted partner for both customers and component suppliers and its engagement can result in long-term business relationships. The outlook for the rest of the group remains positive with demand in MTI Antennas being driven by the need to increase network capacity and the accelerating 5G network roll out; and public and private sector organisations adapting to climate change and investing wireless water management products (Mottech).

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

CAP-XX Ltd* (CPX.L, 11.75p/£51.9m)

Tax rebate approved (04.01.21)

- Australian Tax Office has advised CAP-XX that it has approved its R&D tax rebate, amounting to A\$3.12m (November 2019: A\$1.6m) and these funds will be remitted shortly.
- Forecasts currently under review.

Allenby Capital comment: CAP-XX has been the recipient of R&D tax rebates from the Australian government for a number of years but the size of the 2020 R&D tax rebate is substantially higher than the historic norm (A\$1.6m in each of 2017, 2018 and 2019) and reflects the incremental rebate associated with the Murata manufacturing project. Coupled

with the proceeds of December's exercise of share options (c. £0.7m), the business is comfortably funded. 2021 represents an important year for CPX with the products now being delivered from the new manufacturing lines and management reports a significantly expanded sales order book.

* *Allenby Capital acts as Nomad and Broker to CAP-XX Ltd.*

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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.

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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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