



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.

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Allenby Capital TMT Update - 04.10.21 - CPX.L, MWE.L, MIRA.L, MBT.L

CAP-XX Ltd* (CPX.L, 5.7p/£29.0m)

Finals: Sales order book up more than 160% (29.09.21)

[Note published](#)

Allenby Capital comment: Finals from CAP-XX Ltd (CPX.L), the leading designer and manufacturer of prismatic and cylindrical supercapacitors, were in line with forecasts and June’s update. Revenue +14% to A\$4.1m with Product sales revenue +30% to A\$3.5m as the coatings, DMF and DMT manufacturing assets acquired from Murata came online. Adj. EBITDA loss of A\$0.4m reduced A\$1.2m and was comfortably better than forecast (ACLe: A\$0.6m). CPX continues to defend its IP with the ongoing case against Maxwell/Tesla and is pursuing an existing licensee for royalty underpayment. Management reports that the closing sales order book was up more than 160% y-o-y with contract announcements across multiple sectors in CY21. FY21 cash of A\$0.2m was lower than expected (A\$0.6m) but has since been bolstered by July’s placing (£2.6m net) and option exercise (£0.4m) and we anticipate an R&D tax rebate of c. A\$3.0m later this year. P&L forecasts and 16.5p/share fair value unchanged but cash forecasts increased to reflect the funding.

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

MTI Wireless Edge Ltd* (MWE.L, 70p/£62.0m)

Contract win: MTI Summit secures multi-year customer agreement (30.09.21)

- MTI Summit, MTI's subsidiary that offers consulting, representation and marketing services to foreign companies in the field of RF and Microwave communications systems, has signed a three-year strategic agreement with a large, long term-customer operating in the defence sector with the option for the client to extend by a further two years.
- The agreement confirms MTI Summit as the primary supplier of an extensive range of components with pre-agreed pricing, enabling the customer to make orders quicker and more efficiently. The customer has been worth c. \$4m per annum and management believes that the level of future orders is likely to be higher.
- No changes to [forecasts](#) or 95p/share fair value.

Allenby Capital comment: The agreement with MTI Summit's largest customer is a natural extension of the long term relationship and streamlines the order process going forward. MTI Summit works closely with the client on engineering

projects and hence has good visibility on future projects and hence management is hopeful that there will be an increase in future orders.

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

Mirada plc* (MIRA.L, 65p/£5.8m)

Finals: Considerable pipeline of sales opportunities (29.09.21)

[Note published](#)

Allenby Capital comment: Finals from Mirada, the leading provider of integrated software for digital TV operators and broadcasters, were in line with expectations with revenue down 15% to \$11.1m (ACLe: \$11.5m) as COVID-19 delayed both existing deployments plus investment decisions. Adj. EBITDA fell 30% to \$1.75m but was better than forecast (ACLe: \$1.3m). H2 saw some revenue growth over H1 and management is optimistic for the outlook with a considerable pipeline of new sales opportunities, partly a function of a new reseller-based commercial model. The successful launch of the Android TV Operator Tier solution at izzi Telecom was the standout feature of FY21. This major reference site, plus the integration with key content providers, means Mirada can capitalise on the investment by traditional TV players to embrace newer streaming services and provide consumers with a one-stop shop, 'super-aggregation'. FY22 profit forecast unchanged on revenue expectation reduced by \$0.9m to \$14.0m. 160p/share fair value unchanged.

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

Mobile Tornado plc* (MBT.L, 2.98p/£11.3m)

Interims: Recurring revenue resilient (29.09.21)

- Total revenue down 2% to £1.3m with recurring revenue +5% to £1.1m while non-recurring revenue (installation fees, hardware, professional services and capex licence fees) was down 28% to £0.2m. Operating expenses decreased 11% to £1.2m and there was a small adj. EBITDA (£0.01m) compared with H1 FY20's £0.2m loss. Net cash inflow from operating activities was £0.1m (H1 FY20: £0.3m) and new debt was £9.1m (H1 FY20: £8.2m). Post period end there was a 12-month extension to its £0.3m revolving loan facility that remains undrawn.
- During H1, MBT secured a significant deal in Columbia with a global security company but customer engagement and new customer acquisition has otherwise continued to be a challenge given COVID-19 travel restrictions particularly in the company's primary markets (South America and Africa). Management reports clear signs that enterprises and government agencies are engaging once again with its local partners.
- Longer term, the pandemic has positively impacted the workforce management market, driving digitisation and automation, with many organisations now recognising the need to improve employee time, attendance and scheduling processes to drive efficiency.
- Consequently management is looking to develop a more comprehensive resource management offering, combining its existing Push To Talk (PTT) service with specific workforce management (WFM) and mobile device management (MDM) functionality. Beta trials have been commenced with several companies and MBT expects to launch in November.

Allenby Capital comment: A challenging first half but recurring revenue has remained resilient and management points to signs of activity with potential clients. The expanded product offering will considerably expand Mobile Tornado's addressable market and the potential monthly revenue per user. Meanwhile InTechnology, the company's largest shareholder, continues to be supportive, recently extending its loan facility.

* Allenby Capital acts as Nomad and Broker to Mobile Tornado 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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