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## **TMT UPDATE - 25.06.18 (CPX.L, FBT.L)**

### **CAP-XX plc\* (CPX.L, 9.4p/£28.1m)**

#### **Trading update: Sharp increase in enquiry levels (20.06.18)**

- H2 revenue expected to be A\$3.35m, a 117% increase on H1 (A\$1.54m) and FY18 revenue of not less than A\$4.9m (FY17: A\$4.1m; ACLe: A\$5.3m). H2 includes licence revenue from AVX as well as revenue from the previously announced high volume order for prismatic cells.
- The price associated with the high-volume order is lower and this has reduced the company's overall average selling price (ASP) by 20%. This, coupled with extra start-up costs for production for this order, relocating manufacturing assets from a former contract manufacturer's site, and the pursuit of patent infringement actions, has pushed up the cost base and impacted margins. H2 EBITDA loss is expected to be A\$120k (H1: A\$1.5m) resulting in a FY18 EBITDA loss of c. A\$1.6m (FY17: A\$1.2m; ACLe: A\$0.6m). Closing net cash of >A\$1.8m (FY17: A\$3.9m; ACLe: A\$2.6m).
- Management reports a sharp increase in enquiry levels across all product ranges, including its recently announced 3V thin prismatic technology. Total enquiries, if converted into orders, are estimated to be worth \$20m per annum. This includes more than \$2m that have been classed as design wins covering >70 projects for cylindrical and automotive; small IoT and Thinline; and the new 3V prismatic supercapacitors that are in development.
- 3V technology programme remains on track and management believes that the 3V prismatic will be a breakthrough for IoT applications as it will use coin cell battery form factor. Production trials are commencing and there are discussions with potential customers and licensees.

**Allenby Capital comment:** Strong growth in H2 revenue and highly encouraging increase in enquiry levels across the company's portfolio of prismatic and cylinder supercapacitors. Within this, the use of supercapacitors with 3V prismatic coin cell batteries offers considerable potential across multiple applications. Supercapacitors offer a buffer between a low power energy source (a 3V coin cell battery) and a load with a high peak power requirement. As a result, supercapacitors can expand the applicability of 3V coin cells and greatly extend the battery run time. CAP-XX offers market leading volumetric power density to energy density and is the first to develop a 3V thin prismatic supercapacitor - removing the need for a low drop out (LDO) voltage regulator or buck convertor. The licensing process remains long, however, and FY18 revenue will be A\$0.4m light against our forecasts. This shortfall, coupled with the non-recurring costs means that the EBITDA loss will be A\$1m greater than forecast.

*\* Allenby Capital acts as Nomad and Joint Broker to CAP-XX plc  
Allenby Capital's coverage on CAP-XX plc is available [here](#)*

## **Forbidden Technologies plc\* (FBT.L, 5.1p/£8.7m) Partnership expansion with TownNews.com (25.06.18)**

- Significant expansion of Forbidden's OEM licence agreement with TownNews.com where TownNews.com uses Forbidden's Blackbird cloud-based video manipulation platform in its media broadcast infrastructure.
- Forbidden has agreed a significant six-digit two-year deal and its Blackbird Forte will be used by one of TownNews.com's major partners to deliver news content across multiple platforms to towns and cities in 11 states across the US.
- Blackbird, the only codec specifically designed for manipulating video in the cloud, enables content to be accessed, navigated and manipulated rapidly from anywhere.
- TownNews.com provides more than 1,700 newspaper, broadcast and magazine publications in the US with web, print, mobile and social media services and solutions. It acquired Field59, a creator of video management and streaming solutions for media organisations, in April 2018. Field59 was a long term Forbidden customer.

**Allenby Capital comment:** Significant expansion of the partnership with TownNews.com and fits with Forbidden's OEM strategy for Blackbird to be sold as part of the core media infrastructure requirements of companies in its targeted verticals. Under this model, the software is sold on a SaaS basis increasing revenue visibility and the use of partners considerably increases FBT's sales reach. FBT conditionally raised £5.75m at 5p/share earlier this month - the GM for the second tranche takes place today - and the proceeds will be used to resource larger infrastructure contracts, open up the Blackbird platform via API interfaces, enhance the value of its IP portfolio and strengthen the balance sheet.

*\* Allenby Capital acts as Nomad and Joint Broker to Forbidden Technologies plc*

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