



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 - 16.03.20 (CPX.L, ECSC.L)**

### **CAP-XX Ltd\* (CPX.L, 2.75p/£11.6m)**

#### **Interims: Manufacturing expansion project on track (16.03.20)**

##### [Note published](#)

**Allenby Capital comment:** Interims from CAP-XX Ltd, the leading designer and manufacturer of thin, flat supercapacitors and energy management systems, were in line with management expectations with growth in revenue, improved gross margin and operating costs essentially flat resulting in reduced losses. The project to transfer the former Murata manufacturing assets remains on track. As set out in November’s [note](#), this transaction provides access to established product designs, proven manufacturing assets and potential customers in its small form factor target markets. Management also continues to pursue its IP licensing/patent infringement strategy. Management reports strong sales pipelines for both prismatic and cylindrical can supercapacitors although some customers and suppliers are starting to report a negative Covid-19 impact with delivery dates extended and manufacturing constraints. Hence, we temper our revenue growth assumptions (50% to 41% in FY20). FY21 growth unchanged but off a lower base.

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

### **ECSC Group plc\* (ECSC.L, 95p/£8.6m)**

#### **Managed Services contract wins (12.03.20)**

- Managed Services contracts for a national charity and high street retailer worth in aggregate >£590k over the three year terms – representing >20% of the current Managed Services order book. Both contracts utilise ECSC's proprietary Kepler Artificial Intelligence, managed from the Group's Security Operations Centres (SOC) in the UK and US. The Charity contract is the first Managed Services contract via ECSC's indirect channel.
- No reason to change forecasts at this point - more an underpinning of our Managed Services growth forecasts for FY20 and FY21. We are forecasting 30% growth in Managed Services in FY20 and 10% in FY21. This benefits gross margin as utilisation of ECSC's facilities increase.
- These were not displacement sales nor a response to breaches but organisations recognising the need to step up their cybersecurity cover.
- No change to [forecasts](#), FY19 results are scheduled for 25 March.

**Allenby Capital comment:** Good contract newsflow from ECSC, the UK's longest running full service cyber security provider, with growth in Managed Services revenue that offers both higher visibility and margin accretion through increased utilisation of the company's SOCs. The Partner Programme has been a source of Consulting clients to date and the Managed Services customer win is an encouraging development. January's pre-close pointed to revenue of c. £5.9m (FY18: £5.4m) that indicates record H2 revenue of c. £3.3m, up 21% on H2 FY18 and 25% sequentially. This included >25% growth in Managed Services revenue and a good recovery in Consulting in H2. Cyber security remains high on the agenda for all organisations with the number of high profile attacks and the threats of fines under the GDPR regime. ECSC is well positioned to capitalise.

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

=====

### **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](mailto:d.johnson@allenbycapital.com).*

=====

#### **DISCLAIMER**

Allenby Capital Limited ("Allenby") is incorporated in England no. 6706681; is authorised and regulated by the Financial Conduct Authority ("FCA") (FRN: 489795) and is a member of the London Stock Exchange. This communication is for information only it should not be regarded as an offer or solicitation to buy the securities or other instruments mentioned in it. It is a marketing communication and non-independent research, and has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The cost of Allenby research product on independent companies is paid for by research clients.

This communication is for the use of intended recipients only and only for distribution to investment professionals as that term is defined in article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Its contents are not directed at, may not be suitable for and should not be relied upon by anyone who is not an investment professional including retail clients. Any such persons should seek professional advice before investing. For the purposes of this communication Allenby is not acting for you, will not treat you as a client, will not be responsible for providing you with the protections afforded to clients, and is not advising you on the relevant transaction or stock. This communication or any part of it do not form the basis of and should not be relied upon in connection with any contract.

Allenby uses reasonable efforts to obtain information from sources which it believes to be reliable. The communication has been prepared without any substantive analysis undertaken into the companies concerned or their securities, and it has not been independently verified. No representation or warranty, express or implied is made, or responsibility of any kind accepted by Allenby its directors or employees as to the accuracy or completeness of any information in this communication. Opinions expressed are our current opinions as of the date appearing on this material only and are subject to change without notice. There is no regular update series for research issued by Allenby.

No recommendation is being made to you; the securities referred to may not be suitable for you and this communication should not be relied upon in substitution for the exercise of independent judgement. Neither past performance or forecasts are a reliable indication of future performance and investors may realise losses on any investment. Allenby shall not be liable for any direct or indirect damages including lost profits arising from the information contained in this communication.

Allenby and any company or persons connected with it, including its officers, directors and employees may have a position or holding in any investment mentioned in this document or a related investment and may from time to time dispose of any such security or instrument. Allenby may have been a manager in the underwriting or placement of securities in this communication within the last 12 months, or have received compensation for investment services from such companies within the last 12 months, or expect to receive or may intend to seek compensation for investment services from such companies within the next 3 months. Accordingly, recipients should not rely on this communication as being impartial and information may be known to Allenby or persons connected with it which is not reflected in this communication. Allenby has a policy in relation to management of conflicts of interest which is available upon request.

This communication is supplied to you solely for your information and may not be reproduced or redistributed to any other person or published in whole or part for any purpose. It is not intended for distribution or use outside the European Economic Area except in circumstances mentioned below in relation to the United States. This communication is not directed to you if Allenby is prohibited or restricted by any legislation or registration in any jurisdiction from making it available to you and persons into whose possession this communication comes should inform themselves and observe any such restrictions.

Allenby may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country's laws for which Allenby does not accept liability.

By accepting this communication, you agree that you have read the above disclaimer and to be bound by the foregoing limitations and restrictions.

**Research recommendation disclosure**

David Johnson is the author of this research recommendation. David Johnson is employed by Allenby Capital Limited as an Equity Analyst.

Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication. Information on research methodologies, definitions of research recommendations, and disclosure in relation to interests or conflicts of interests can be found at [www.allenbycapital.com](http://www.allenbycapital.com).

**Allenby Capital**

**5 St Helen's Place London EC3A 6AB**

**+44 (0)20 3328 5656**

[www.allenbycapital.com](http://www.allenbycapital.com)