Unaudited Interim Report

for the six months ended 30 June 2023

Mobile Tornado Group plc
Company registration number: 5136300

Contents

Mobile Tornado

Chairman's report

Financial highlights

	Six months ended 30 June 2023 Unaudited £'000	Six months ended 30 June 2022 Unaudited £'000
Recurring revenue	**964**	932
Non-recurring revenue*	**293**	172
Total revenue	**1,257**	1,104
Gross profit	**1,129**	1,066
Administrative expenses	**(1,284)**	(1,275)
Adjusted EBITDA**	**(155)**	(209)
Group operating loss	**(144)**	(454)
Loss before tax	**(527)**	(775)

- Total revenue increased by 14% to £1.26m (H1 2022: £1.10m)
  - Recurring revenues increased by 3% to £0.96m (H1 2022: £0.93m)
  - Non-recurring revenues* increased by 70% to £0.29m (H1 2022: £0.17m)
- Operating expenses increased by 1% to £1.28m (H1 2022: £1.28m)
- Adjusted EBITDA** loss of £0.16m (H1 2022: £0.21m)
- Group operating loss for the period decreased to £0.14m (H1 2022: £0.45m) – impacted by exchange differences of £0.10m gain (H1 2022: £0.15m loss)
- Loss before tax of £0.53m (H1 2022: £0.78m)
- Basic loss per share of 0.14p (H1 2022: 0.20p)
- Net cash outflow from operating activities of £0.28m (H1 2022: £0.02m inflow)
- Net debt at 30 June 2023 of £10.43m (H1 2022: £10.03m)
- Cash and cash equivalents of £0.05m (30 June 2022: £0.12m)

**Non-recurring revenues comprising installation fees, hardware, professional services and capex license fees*
***Earnings before interest, tax, depreciation, amortisation, exceptional items and excluding exchange differences*

Operating Highlights

- Increased investment in business development activities to capitalize on strength of our technical solution. Post 2022 year end fundraise was completed to support this scale up
- Landmark push-to-talk over cellular ("PoC") deal concluded with Leeds Bradford Airport
- Extension to agreement with our existing partner in South Africa which will see us become an exclusive reseller of their personnel management platform

Chairman’s report

Financial results

Total turnover in the six-month period to 30 June 2023 increased by 14% to £1.26m (H1 2022: £1.10m). Recurring revenues increased by 3% to £0.96m (H1 2022: £0.93m).

Non-recurring revenues, comprising installation fees, hardware, professional services and capex license fees increased by 70% to £0.29m (H1 2022: £0.17m). Gross profit increased by 6% to £1.13m (H1 2022: £1.07m).

Our underlying total operating cost-base remained largely unchanged over the comparative period, increasing by 1% to £1.28m (H1 2022: £1.28m). Due to the annual revaluation of certain financial liabilities on the balance sheet, the Group reported a currency translational gain of £0.10m (H1 2022: £0.15m loss) arising principally from the appreciation of Sterling against the US Dollar compared to the start of the period. As a result of the above, the loss after tax for the period decreased to £0.56m (H1 2022: Loss of £0.76m).

The Group reported a net cash outflow from operating activities during the period of £0.28m (H1 2022: £0.02m inflow). At 30 June 2023, the Group had £0.05m cash at bank (30 June 2022: £0.12m) and net debt of £10.43m (30 June 2022: £10.03m).

Review of operations

The Board are pleased to report a robust set of financial results for the first six months of the year. A small increase in the recurring revenue stream illustrates the high quality customer base we have established, and the 70% uplift in non-recurring revenues reflects the renewals on existing capex based license deals. As highlighted earlier in the year, the Board is now focused on delivering a significantly enhanced business development operation to build out a much wider partner base, and ultimately generate a material uplift in customers. We are confident that the investment we have made in the technical platform over recent years has delivered superior performance against competing solutions. It’s now essential that we capitalise on this and expose the platform to many more partners across all international markets and industry sectors.

To facilitate this, there has been an increase in business development activity during the period. A sophisticated outreach campaign has been developed, supported by our attendance at the major critical communication trade shows. We have recruited into the sales team to manage the increasing levels of new partner and customer engagement. As a result of this activity, new partners have been contracted in the UK, USA, Chile, Germany and UAE with expansion into further new territories anticipated.

Our existing partners have continued to make progress during the year. In South and Central America, we continued to focus on the deployment of the solution to public safety organisations and progress has been made here. We are now awaiting final confirmation around the hardware that will be utilised alongside our platform, and this should be the catalyst for a significant roll out. A number of other public safety organisations are now using our solution across the Caribbean, and we are in discussions with others across multiple territories. The quality of our solution and the relative cost compared to traditional radio platforms is attracting a lot of interest across the public safety sector, and we hope for a breakthrough before the end of the year.

In the UK we closed out a deal at Leeds Bradford airport (‘LBA’), to provide their ground operations staff with our full PTToC solution. We understand that LBA is one of the first airports in Europe to upgrade its radio system to PTToC, and the publicity that was generated from this deal has resulted in a significant amount of interest from other airports.

A partnership agreement has also been reached with a UK security services business to deploy our solution into water utility businesses. This represents an interesting development, whereby our solution is adapted to meet the specific requirement of a particular industry sector. On a similar note, we are working with another UK partner to develop the solution specifically for the retail supermarket sector, to address opportunities both in the UK and Ireland. If these bespoke applications meet with success, we will look to roll them out to our global partner network and work with them to address their own local markets.

In Africa, we recently extended our partnership with Instacom, a leading provider of critical communication solutions to government agencies and private companies. As part of the agreement, we will also act as exclusive UK reseller for Instacom’s PTX personnel management platform. The platform enables the simple and effective management of employees, helping to improve operational efficiencies and productivity as well as reducing costs. We have been working with Instacom since 2010 and the continued growth of mobile network coverage across Africa is creating big opportunities for government agencies and private enterprises to increase safety, reduce costs, boost productivity and improve efficiency among their remote workforces. Completing this deal, and integrating the PTX platform into our own, will allow the Company to reduce R&D operating costs, as we can reduce the resources currently allocated to the development of our own workforce management platform.

In the Caribbean, our partner has built up strong sales momentum with Digicel, one of the main mobile network operators in the region. Deals have been closed within multiple sectors including public safety, security, hotels and logistics.

Funding

As announced on 22 September 2023, we agreed a 12-month extension of our revolving loan facility with our principal shareholder, InTechnology plc. This facility has a term ending on 26 September 2024 with a maximum principal amount of £500,000. The balance drawn down at 30 June 2023 was £150,000 and as at today’s date, the balance drawn down is £190,000.

In March 2023, we concluded a subscription for 25.0m new ordinary shares of 2 pence each representing approximately 6.6 per cent. of the existing issued ordinary share capital of the Company at a price of 2 pence per share to raise £500,000. The Company also announced the capitalisation of £259,490 of indebtedness owed by the Company to InTechnology plc into 12,974,492 new Ordinary Shares, also at 2 pence per share.

We remain confident that our available cash resources together with our long-established recurring revenue customer base and anticipated future contracts will provide us with adequate financial resources for the foreseeable future.

Outlook

The Company has for some time been a key player in the PTToC market, with a presence in Africa, South America and Europe. Our solution meets the mission-critical communication needs of our customers, and is characterised by a number of key differentiators, such as seamless transition, market-leading group sizes, a unique dispatcher console, and highly efficient data utilization. These features continue to set us apart from our competitors and allow us to deliver market leading performance to our partners and customers.

The process of building a much deeper and wider business development operation commenced during the first half of the year and has made great progress. As a result, we have begun to open up new markets in the USA, parts of Asia and the Middle East. Physical attendance at trade shows and a more sophisticated PR strategy is generating significant inbound interest across many international markets. As previously mentioned, we have strengthened our sales teams to handle this increased activity and are now in the process of building much deeper and better quality sales pipelines.

Despite a challenging economic environment, the Board are confident that our solution offers quality and good value, particularly when compared to the traditional radio platforms. We are building a much wider partner network and are confident that the developing sales pipeline will convert into new customers in due course. At the same time, we are working with our partners to develop bespoke solutions for key verticals which will provide further opportunity as we look to push those solutions into the wider partner network.

Jeremy Fenn
Chairman
28 September 2023

Consolidated income statement
For the six months ended 30 June 2023

	Note	Six months ended 30 June 2023 Unaudited £'000	Six months ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Continuing operations				
Revenue		**1,257**	1,104	2,279
Cost of sales		**(128)**	(38)	(56)
Gross profit		**1,129**	1,066	2,223
Operating expenses				
Administrative expenses		**(1,284)**	(1,275)	(2,507)
Exchange differences		**101**	(148)	(227)
Depreciation and amortisation expense		**(90)**	(97)	(212)
Total operating expenses		**(1,273)**	(1,520)	(2,946)
Group operating loss before exchange differences, depreciation and amortisation expense		**(155)**	(209)	(284)
Group operating loss		**(144)**	(454)	(723)
Finance costs		**(383)**	(321)	(696)
Loss before tax		**(527)**	(775)	(1,419)
Income tax (expense)/credit		**(29)**	12	37
Loss for the period		**(556)**	(763)	(1,382)
Loss per share (pence)				
Basic and diluted	3	**(0.14)**	(0.20)	(0.36)

Consolidated statement of comprehensive income
For the six months ended 30 June 2023

	Six months ended 30 June 2023 Unaudited £'000	Six months ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Loss for the period	**(556)**	(763)	(1,382)
Other comprehensive income			
Exchange differences on translation of foreign operations	**23**	(58)	(61)
Total comprehensive loss for the period	**(533)**	(821)	(1,443)

Consolidated statement of financial position
As at 30 June 2023

	Note	30 June 2023 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000
Assets				
Non-current assets				
Property, plant and equipment		**130**	139	155
Right-of-use assets		**300**	-	350
		430	139	505
Current assets				
Trade and other receivables		**1,472**	1,701	1,414
Inventories		**35**	34	25
Cash and cash equivalents		**45**	122	145
		1,552	1,857	1,584
Liabilities				
Current liabilities				
Trade and other payables		**(5,244)**	(5,139)	(5,191)
Borrowings		**(4,748)**	(4,414)	(10,558)
Lease liabilities		**(105)**	-	(105)
Net current liabilities		**(8,545)**	(7,696)	(14,270)
Non-current liabilities				
Trade and other payables		**(861)**	(1,219)	(1,076)
Borrowings		**(5,723)**	(5,734)	(27)
Lease liabilities		**(209)**	-	(258)
		(6,793)	(6,953)	(1,361)
Net liabilities		**(14,908)**	(14,510)	(15,126)
Equity attributable to the owners of the parent				
Share capital	4	**8,354**	7,595	7,595
Share premium	4	**15,787**	15,797	15,797
Reverse acquisition reserve		**(7,620)**	(7,620)	(7,620)
Merger reserve		**10,938**	10,938	10,938
Foreign currency translation reserve		**(2,247)**	(2,267)	(2,270)
Accumulated losses		**(40,120)**	(38,953)	(39,566)
Total equity		**(14,908)**	(14,510)	(15,126)

Consolidated statement of changes in equity
For the six months ended 30 June 2023

Mobile Tornado

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Accumulated Losses £'000	Total equity £'000
Balance at 1 January 2022	**7,595**	**15,797**	**(7,620)**	**10,938**	**(2,209)**	**(38,196)**	**(13,695)**
Loss for the period	-	-	-	-	-	(763)	(763)
Exchange differences on translation of foreign operations	-	-	-	-	(58)	-	(58)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(58)**	**(763)**	**(821)**
Equity settled share-based payments	-	-	-	-	-	6	6
Balance at 30 June 2022	**7,595**	**15,797**	**(7,620)**	**10,938**	**(2,267)**	**(38,953)**	**(14,510)**

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Accumulated Losses £'000	Total equity £'000
Balance at 1 July 2022	**7,595**	**15,797**	**(7,620)**	**10,938**	**(2,267)**	**(38,953)**	**(14,510)**
Loss for the period	-	-	-	-	-	(619)	(619)
Exchange differences on translation of foreign operations	-	-	-	-	(3)	-	(3)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(3)**	**(619)**	**(622)**
Equity settled share-based payments	-	-	-	-	-	6	6
Balance at 31 December 2022	**7,595**	**15,797**	**(7,620)**	**10,938**	**(2,270)**	**(39,566)**	**(15,126)**

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Accumulated Losses £'000	Total equity £'000
Balance at 1 January 2023	**7,595**	**15,797**	**(7,620)**	**10,938**	**(2,270)**	**(39,566)**	**(15,126)**
Issue of share capital	759	(11)	-	-	-	-	749
Transactions with owners	**759**	**(11)**	**-**	**-**	**-**	**-**	**749**
Loss for the period	-	-	-	-	-	(556)	(556)
Exchange differences on translation of foreign operations	-	-	-	-	23	-	23
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**23**	**(556)**	**(532)**
Equity settled share-based payments	-	-	-	-	-	2	2
Balance at 30 June 2023	**8,354**	**15,786**	**(7,620)**	**10,938**	**(2,247)**	**(40,120)**	**(14,908)**

Consolidated statement of cash flows
For the six months ended 30 June 2023

Mobile Tornado

	Note	**Six months ended 30 June 2023 Unaudited £'000**	Six months ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Operating activities				
Cash used in operations	5	**(247)**	(265)	(173)
Tax (paid)/received		**(29)**	281	238
Interest paid		**-**	-	9
Net cash (outflow)/inflow from operating activities		**(276)**	16	74
Investing activities				
Purchase of property, plant & equipment		**(1)**	(20)	(60)
Disposal of property, plant & equipment		**-**	-	-
Net cash used in investing activities		**(1)**	(20)	(60)
Financing				
Issue of ordinary share capital		**759**	-	-
Share issue costs		**(11)**	-	-
(Repayment of)/Increase in borrowings		**(514)**	145	240
IFRS 16 leases		**(55)**	(89)	(180)
Net cash (outflow)/inflow from financing		**179**	56	60
Effects of exchange rates on cash and cash equivalents		**(2)**	5	6
Net (decrease)/increase in cash and cash equivalents in the period		**(100)**	57	80
Cash and cash equivalents at beginning of period		**145**	65	65
Cash and cash equivalents at end of period		**45**	122	145

Notes to the interim report
For the six months ended 30 June 2023

1 General information

The financial information in the interim report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and has not been audited or reviewed. The financial information relating to the year ended 31 December 2022 is an extract from the latest published financial statements on which the auditor gave an unmodified report that did not contain statements under section 498 (2) or (3) of the Companies Act 2006 and which have been filed with the Registrar of Companies.

2 Basis of preparation

These interim financial statements are for the six months ended 30 June 2023. They have been prepared using the recognition and measurement principles of IFRS.

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2022. The accounting policies have been applied consistently throughout the Group for the purpose of preparation of the interim financial statements.

3 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of £556,000 (30 June 2022: £763,000, 31 December 2022: £1,382,000) by the weighted average number of ordinary shares in issue during the period of 406,390,009 (30 June 2022: 379,744,923, 31 December 2022: 379,744,923).

	Six months ended 30 June 2023 Unaudited Basic and diluted		Six months ended 30 June 2022 Unaudited Basic and diluted		Year ended 31 December 2022 Audited Basic and diluted	
	Loss	**Loss per share**	Loss	Loss per share	Loss	Loss per share
	£'000	**pence**	£'000	pence	£'000	pence
Loss attributable to ordinary shareholders	**(556)**	**(0.14)**	(763)	(0.20)	(1,382)	(0.36)

4 Share capital and share premium

	Number of issued and fully paid shares '000	**Share capital £'000**	**Share premium £'000**	**Total £'000**
At 1 January 2022, 30 June 2022 & 31 December 2022	379,745	7,595	15,797	23,392
Issue of shares	37,974	759	(11)	749
As at 30 June 2023	**417,719**	**8,354**	**15,786**	**24,141**

Non-voting preference shares

	Number of shares '000	Nominal Value £'000
As at 30 June 2022, 31 December 2022 and 30 June 2023	**71,277**	**5,702**

Liabilities and preference shares totalling £5,702k were converted into 71,277k 8p preference shares on 28 August 2013. The preference shares are non-voting, non-convertible redeemable preference shares currently redeemable at par value on 31 December 2024, or, at the Company's discretion, at any earlier date. The Preference Shares accrue interest at a fixed rate of 10% per annum.

5 Cash used in operations

	Six months ended 30 June 2023 Unaudited £'000	Six months ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Loss before taxation	**(527)**	(775)	(1,419)
Adjustments for:			
Depreciation and amortisation	**90**	97	212
Share based payment charge	**2**	6	12
Interest expense	**383**	321	696
Changes in working capital:			
(Increase)/decrease in inventories	**(17)**	41	49
(Increase)/decrease in trade and other receivables	**(59)**	(264)	41
(Decrease)/increase in trade and other payables	**(119)**	309	236
Net cash used in operations	**(247)**	(265)	(173)

6 Shareholder information

The interim announcement will be published on the company's website www.mobiletornado.com on 28 September 2023.

Corporate information

Mobile Tornado

Company Registration Number:	5136300
Registered Office:	Cardale House Cardale Court Beckwith Head Road Harrogate HG3 1RY
Directors:	Jeremy Fenn (Executive Chairman & acting CEO) Peter Wilkinson (Non-Executive Director) Jonathan Freeland (Non-Executive Director)
Nominated Advisor and Broker:	Allenby Capital Ltd 5 St Helen's Place London EC3A 6AB
Bankers:	Barclays Bank Plc Hanover Square 50 Pall Mall London SW1Y 5AX
Solicitors:	Schofield Sweeney LLP Wellington Street Leeds LS1 2AY
Registrars:	Link Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU
Auditors:	Saffery Champness LLP Mitre House North Park Road Harrogate HG1 5RX

Internet addresses:
www.mobiletornado.com