Mobile Tornado

Unaudited Interim Report

for the six months ended 30 June 2024

Mobile Tornado Group plc
Company registration number: 5136300

Contents

Mobile Tornado

Chairman's report

Mobile Tornado

Financial highlights

	Six months ended 30 June 2024 Unaudited £'000	Six months ended 30 June 2023 Unaudited £'000
Recurring revenue	**859**	964
Non-recurring revenue*	**203**	293
Total revenue	**1,062**	1,257
Gross profit	**1,031**	1,129
Administrative expenses	**(1,180)**	(1,284)
Adjusted EBITDA**	**(149)**	(155)
Group operating loss	**(191)**	(144)
Loss before tax	**(604)**	(527)

- Total revenue decreased by 16% to £1.06m (H1 2023: £1.26m)
  - Recurring revenues decreased by 11% to £0.86m (H1 2023: £0.96m)
  - Non-recurring revenues* decreased by 31% to £0.20m (H1 2023: £0.29m)
- Operating expenses decreased by 8% to £1.18m (H1 2023: £1.28m)
- Adjusted EBITDA** loss of £0.15m (H1 2023: £0.16m)
- Group operating loss for the period increased to £0.19m (H1 2023: £0.14m) – impacted by exchange differences of £0.04m gain (H1 2023: £0.10m gain)
- Loss before tax of £0.60m (H1 2023: £0.53m)
- Basic loss per share of 0.15p (H1 2023: 0.14p)
- Net cash inflow from operating activities of £0.04m (H1 2023: £0.28m outflow)
- Net debt at 30 June 2024 of £11.10m (H1 2023: £10.43m)
- Cash and cash equivalents of £0.13m (30 June 2023: £0.05m)

**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*

Chairman's report

Mobile Tornado

Operating Highlights

- Multiple new partner deals signed, a result of our wider business development strategy launched in 2023
- Deal closed with Zain Iraq, part of Zain Group, a leading mobile network operator ("MNO") in the Middle East and Africa through our in-country partner
- Partner deals agreed with major systems integrators including Wiconnect, 3GCOM and CAYES
- Development and launch of a new live video streaming service and software radio bridge, further enhancing our offering to the market

Financial results

Total turnover in the six-month period to 30 June 2024 decreased by 16% to £1.06m (H1 2023: £1.26m). Recurring revenues decreased by 11% to £0.86m (H1 2023: £0.96m).

Non-recurring revenues, comprising installation fees, hardware, professional services and capex license fees decreased by 31% to £0.20m (H1 2023: £0.29m). Gross profit decreased by 9% to £1.03m (H1 2023: £1.13m).

Administrative expenses before depreciation, amortisation, exceptional items and exchange differences in the year decreased by 8% to £1.18m (2023: £1.28m), reflecting the continued positive impact that further investment in the development and operating efficiencies of our enhanced technical platform have delivered.

Due to the annual revaluation of certain financial liabilities on the balance sheet, the Group reported a currency translational gain of £0.04m (H1 2023: £0.10m gain) 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 increased to £0.63m (H1 2023: Loss of £0.56m).

The Group reported a net cash inflow from operating activities during the period of £0.04m (H1 2023: £0.28m outflow). At 30 June 2024, the Group had £0.13m cash at bank (30 June 2023: £0.05m) and net debt of £11.10m (30 June 2023: £10.43m).

Review of operations

Recurring revenues were down slightly because of the renegotiated exclusive contract with our partner in South Africa, where we adjusted the commercial terms to provide a more competitively priced proposition. We are focussed on developing a significant uplift in recurring revenues over the next few years and embarked, in early 2023, on a broad-based business development strategy to materially enhance our commercial footprint across all key global markets. Attendance at key trade shows, marketing outreach into key industry verticals, and investment in sales and business development personnel have been the key drivers, and as a result, we have increased the number of our contracted partners significantly since early 2023.

During the first half a new partnership was entered into with Wiconnect to make our platform available across The Cooperation Council for the Arab States of the Gulf (GCC) region. Wiconnect was established in 2005 and has grown into one of the leading system integrators for carrier grade wireless communications technologies and services in The GCC region.

We formally re-entered the Canadian market in signing a new partner agreement with Prairie Mobile Communications, a leading Canadian telecommunications provider based in the Prairie provinces. They have grown into a significant regional player, offering a wide range of services including wireless communications, two-way radios, and satellite systems and specialize in serving industries like agriculture, oil and gas, and emergency services.

A new partnership agreement was signed with One Choice Technology, a U.S.-based company that provides comprehensive IT and telecommunications services to businesses across various industries. Specializing in managed IT solutions, the company offers services like cloud computing, network security, VoIP (Voice over IP) communications, and data backup solutions.

A further partner agreement was signed with Excelerate, a leading UK-based provider of mobile communications and connectivity solutions, specializing in critical and emergency response sectors. Their solutions are widely used by emergency services, government agencies, and organizations that require resilient communication networks during disasters, crisis management, or field operations. They are thus well positioned to offer our mission-critical communications across the UK and internationally.

We also expanded our presence in the continent of Africa through a reseller partnership with 3GCOM one of the leading global system integrators for IT and telecom solutions in North Africa. 3GCOM is based in Morocco and spearheads the promotion of innovative proven technology across a range of government, public and private organisations.

In recent weeks we entered into the Nordics market through a new reseller agreement with CAYES, an enterprise security solutions provider. CAYES have worked with industry leaders in security and mobile markets for over 20 years and offer secure scalable solutions for businesses and public customers of all sizes in the Nordic region.

As well as partners that sell our solution directly into their own customer bases, we are also collaborating with other solution providers where there is strong compatibility between the two offerings. For example, we recently announced a new partnership with Flic, which allows users of our application to access PTToC and trigger the SOS alert feature with a simple push of the discreet smart Flic button, rather than via the device itself. The Flic button is in demand across a range of industry sectors where efficiency, instant communication and safety are priorities. It is ideal for users who want or need to operate discreetly and for users who cannot readily access their device. We are also in discussions with one of the leading bodycam manufacturers to integrate our solution with their hardware and hope to launch this proposition to the market before the end of the year.

Notwithstanding the greater focus on business development and sales, we continue to invest significant sums into our R&D activity to ensure our solution remains at the forefront of critical communications. Most development work is driven by existing or prospective customer requirements and during the period we launched two exciting new products.

Our new live video streaming service allows users to make one-to-one video calls with other PTToC users, either directly from their device or from the PC dispatcher application. Video calls can also be made with groups of up to 35 PTToC users per call. In critical situations, push-to-video at the scene of an incident allows command centres to get a clear, real-time understanding of what is unfolding. For example, footage from an officer's body camera can provide invaluable visual context, allowing a workforce to make more informed decisions and coordinate an effective response plan.

We also launched a new software radio bridge which acts as a central hub and integrates seamlessly with an existing LMR and DMR network. It provides unparalleled flexibility and reach, without the need for a physical gateway and donor devices.

As well as continually developing our software platform, we must also ensure that the service can be deployed on multiple handsets covering all key price points. During the period, we have successfully introduced new devices from Motorola, Inrico, Nokia, Lynknex, Estalky and Ruggear into our ecosystem.

Chairman's report

Board Changes

The Board announced on 20 June the appointment of Luke Wilkinson as Chief Operating Officer and Marcus Emptage as Finance Director.

On 6 September, the Company announced that Peter Wilkinson, Non-Executive Director, had resigned and stepped down with immediate effect. Having joined the Board in November 2006 Peter has made a huge contribution to the business with significant provision of both debt and equity finance. Peter informed the Company that he was looking to reduce his business commitments but would continue to support the business through the provision of the revolving credit facility. A search is currently underway for a new Non-executive Director.

Funding

As announced on 30 August 2024, our revolving loan facility with InTechnology plc was assigned by them to Holf Investments Ltd. In addition to the assignment, the term of the loan facility was extended by 12 months to 26 September 2025. This facility has a maximum principal amount of £500,000. The balance drawn down at 30 June 2024 and also at today's date is £150,000.

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 strategy we launched in early 2023 to widen our network of industry partners and establish a presence in new international markets has continued. During 2024, we have secured deals with multiple new partners covering the Nordics, Gulf States, USA, UK and North Africa. We have significantly expanded our addressable market over the last 18 months and the plan is to continue investing in this strategy as we move through this year and into 2025.

At the same time, we will continue to invest in the technical platform to ensure we evolve feature sets and functionality to meet developing market demands. The recent launch of our Push to Video service and our software switching functionality were driven by clear requirements from existing and prospective customers.

In one of our most significant deals in recent years, we announced on 8 May 2024 that we had been chosen to supply a range of cutting-edge technologies to a prominent MNO and provider of innovative technologies in the Middle East and Africa. We are now pleased to be able to confirm that this MNO is Zain Iraq, part of Zain Group ("Zain"). Zain serves over 50 million active individual and business customers, offering a comprehensive selection of mobile voice and data services. Zain was in search of a range of solutions to enhance its services for enterprise customers managing diverse workforces across various industries. After a competitive procurement process involving globally recognised telecoms companies, Guardia Systems, an IT systems integrator, was selected to deliver our push-to-talk over cellular and live video communication services. I am delighted to see this new commercial partnership being formally launched this week at the ITEX Expo being held in Iraq, with members of our team in attendance.

We will continue seeking these types of quality partner in the markets where we can see significant growth opportunity and these efforts will continue over the coming months with attendance at multiple trade exhibitions and expos. The partners we have signed up are being provisioned and trained to deploy our technology to their end user customers, and as this base expands, we hope to see our revenue streams building as we finish this year and move into 2025.

The Board is focused on growing the Company's recurring revenues as this will be the primary driver for delivering increased shareholder value. We are now engaged with significantly more partners and end customers than we were 18 months ago, and I am hopeful that these relationships will begin to deliver material uplifts in sales activity as we move forward. We will also continue to explore initiatives where we can improve the efficiency of the business to ensure that our operational gearing is maximized when the revenue streams start to grow.

Once again, I would like to thank our whole team for their contribution across the last few months, and Peter for the 17 years of service and support he has given the Company.

Jeremy Fenn
Chairman
26 September 2024

Consolidated income statement
For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 Unaudited £'000	Six months ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
Continuing operations				
Revenue		**1,062**	1,257	2,266
Cost of sales		**(31)**	(128)	(186)
Gross profit		**1,031**	1,129	2,080
Operating expenses				
Administrative expenses		**(1,180)**	(1,284)	(2,328)
Exchange differences		**39**	101	75
Depreciation and amortisation expense		**(81)**	(90)	(120)
Total operating expenses		**(1,222)**	(1,273)	(2,373)
Group operating loss before exchange differences, depreciation and amortisation expense		**(149)**	(155)	(248)
Group operating loss		**(191)**	(144)	(293)
Finance costs		**(413)**	(383)	(779)
Loss before tax		**(604)**	(527)	(1,072)
Income tax (expense)/credit		**(23)**	(29)	80
Loss for the period		**(627)**	(556)	(992)
Loss per share (pence)				
Basic and diluted	3	**(0.15)**	(0.14)	(0.24)

Consolidated statement of comprehensive income
For the six months ended 30 June 2024

	Six months ended 30 June 2024 Unaudited £'000	Six months ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
Loss for the period	**(627)**	(556)	(992)
Other comprehensive income			
Exchange differences on translation of foreign operations	**(6)**	23	28
Total comprehensive loss for the period	**(633)**	(533)	(964)

Consolidated statement of financial position
As at 30 June 2024

	Note	**30 June 2024 Unaudited £'000**	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Assets				
Non-current assets				
Property, plant and equipment		**110**	130	135
Right-of-use assets		**200**	300	250
		310	430	385
Current assets				
Trade and other receivables		**1,169**	1,472	1,345
Inventories		**17**	35	13
Cash and cash equivalents		**128**	45	186
		1,314	1,552	1,544
Liabilities				
Current liabilities				
Trade and other payables		**(5,576)**	(5,244)	(5,376)
Borrowings		**(5,516)**	(4,748)	(10,840)
Lease liabilities		**(110)**	(105)	(110)
Net current liabilities		**(9,888)**	(8,545)	(14,782)
Non-current liabilities				
Trade and other payables		**(577)**	(861)	(769)
Borrowings		**(5,713)**	(5,723)	(18)
Lease liabilities		**(104)**	(209)	(155)
		(6,394)	(6,793)	(942)
Net liabilities		**(15,972)**	(14,908)	(15,339)
Equity attributable to the owners of the parent				
Share capital	4	**8,354**	8,354	8,354
Share premium	4	**15,797**	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		**(2,248)**	(2,247)	(2,242)
Accumulated losses		**(41,193)**	(40,130)	(40,566)
Total equity		**(15,972)**	(14,908)	(15,339)

Consolidated statement of changes in equity
For the six months ended 30 June 2024

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 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**	**-**	**-**	**-**	**-**	**-**	**749**
Loss for the period	-	-	-	-	-	(556)	(556)
Exchange differences on translation of foreign operations	-	-	-	-	23	-	23
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**23**	**(567)**	**(532)**
Equity settled share-based payments	-	-	-	-	-	2	2
Balance at 30 June 2023	**8,354**	**15,797**	**(7,620)**	**10,938**	**(2,247)**	**(40,130)**	**(14,908)**

	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 2023	**8,354**	**15,797**	**(7,620)**	**10,938**	**(2,247)**	**(40,130)**	**(14,908)**
Loss for the period	-	-	-	-	-	(436)	(436)
Exchange differences on translation of foreign operations	-	-	-	-	5	-	5
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**5**	**(436)**	**(430)**
Balance at 31 December 2023	**8,354**	**15,797**	**(7,620)**	**10,938**	**(2,242)**	**(40,566)**	**(15,339)**

	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 2024	**8,354**	**15,797**	**(7,620)**	**10,938**	**(2,242)**	**(40,566)**	**(15,339)**
Loss for the period	-	-	-	-	-	(627)	(627)
Exchange differences on translation of foreign operations	-	-	-	-	(6)	-	(6)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(6)**	**(627)**	**(633)**
Balance at 30 June 2024	**8,354**	**15,797**	**(7,620)**	**10,938**	**(2,248)**	**(41,193)**	**(15,972)**

Consolidated statement of cash flows
For the six months ended 30 June 2024

Mobile Tornado

	Note	**Six months ended 30 June 2024 Unaudited £'000**	Six months ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
Operating activities				
Cash from/(used in) operations	5	**60**	(247)	(129)
Tax (paid)/received		**(23)**	(29)	60
Net cash (outflow)/inflow from operating activities		**37**	(276)	(69)
Investing activities				
Purchase of property, plant & equipment		**(4)**	(1)	(7)
Net cash used in investing activities		**(4)**	(1)	(7)
Financing				
Issue of ordinary share capital		**-**	500	500
Share issue costs		**-**	(11)	(10)
(Repayment of)/Increase in borrowings		**(36)**	(255)	(260)
IFRS 16 leases		**(55)**	(55)	(110)
Net cash (outflow)/inflow from financing		**(91)**	179	120
Effects of exchange rates on cash and cash equivalents		**-**	(2)	(3)
Net (decrease)/increase in cash and cash equivalents in the period		**(58)**	(100)	41
Cash and cash equivalents at beginning of period		**186**	145	145
Cash and cash equivalents at end of period		**128**	45	186

Mobile Tornado

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 2023 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 2024. 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 2023. 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 £627,000 (30 June 2023: £556,000, 31 December 2023: £992,000) by the weighted average number of ordinary shares in issue during the period of 417,719,415 (30 June 2023: 406,390,009, 31 December 2023: 412,101,271).

	Six months ended 30 June 2024 Unaudited Basic and diluted		Six months ended 30 June 2023 Unaudited Basic and diluted		Year ended 31 December 2023 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	**(627)**	**(0.15)**	(556)	(0.14)	(992)	(0.24)

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 2023	379,745	7,595	15,797	23,392
Issue of shares	37,974	759	0	759
As at 30 June 2023, 31 December 2023 & 30 June 2024	**417,719**	**8,354**	**15,797**	**24,151**

Non-voting preference shares

	Number of shares '000	Nominal Value £'000
As at 30 June 2023, 31 December 2023 and 30 June 2024	**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 2025, 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 2024 Unaudited £'000	Six months ended 30 June 2023 Unaudited £'000	Year ended 31 December 2023 Audited £'000
Loss before taxation	**(604)**	(527)	(1,072)
Adjustments for:			
Depreciation and amortisation	**81**	90	120
Share based payment charge	**-**	2	2
Debt conversion to equity	**-**	-	259
Interest expense	**413**	383	779
Changes in working capital:			
(Increase)/decrease in inventories	**(4)**	(17)	11
(Increase)/decrease in trade and other receivables	**180**	(59)	87
(Decrease)/increase in trade and other payables	**(6)**	(119)	(315)
Net cash from/(used in) operations	**60**	(247)	(129)

6 Shareholder information

The interim announcement will be published on the company's website www.mobiletornado.com on 26 September 2024.

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) Luke Wilkinson (Chief Operating Officer) Marcus Emptage (Finance 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