

This announcement contains inside information for the purposes of Regulation 11 of the Market Abuse (amendment) (EU Exit) Regulations 2019/310.

27 January 2021

Mobile Tornado Group plc
("Mobile Tornado", the "Company" or the "Group")

Full Year Trading Update

Mobile Tornado (AIM: MBT), the leading provider of instant communication mobile solutions to the enterprise market, today issues a trading update ahead of the publication of its audited results for the year ended 31 December 2020 which are expected to be announced during the week commencing 29 March 2021.

The Directors currently expect revenues for the six months to 31 December 2020 to be approximately £1.23m with an approximate EBITDA loss of £0.19m. As a result, based on unaudited management accounts and subject to audit, full year revenues for 2020 are expected to show revenue of approximately £2.52m with an EBITDA* loss of approximately £0.40m.

Despite the huge impact of COVID-19 across all of the Group's main markets, the Directors are pleased to report that the Group's recurring revenues remained stable at approximately £2.03m (2019: £2.06m) demonstrating the quality and robustness of the underlying business. It has been much more challenging to close out new business during the period, particularly as two of the Group's most important markets, South America and South Africa, have been particularly severely impacted by the pandemic. This has made it difficult to conduct the necessary trials with new customers, many of whom have been 'working from home' most of the year, and to secure the attention and budget from Government departments, who have inevitably been more focused on the public health challenges. As a result, non-recurring revenues were approximately £0.49m compared to £1.39m in 2019. Some of this shortfall has been offset by further efficiencies in operations, driven by the continuing performance improvements of our technical platform and resulted in total operating expenses falling to approximately £2.73m in the year from £3.16m in 2019.

Notwithstanding the challenges of 2020, the Board is looking forward to 2021 with a good measure of optimism. The Group has started the year with some strong momentum in Colombia, where it has been operating for around 18 months. Having built a server platform for one of the major Mobile Network Operators ("MNOs"), to facilitate the establishment of a dedicated communication system for the largest bus operator in Colombia, the Group is now seeing an increased interest in its solution from some significant businesses in the transportation, security and logistics sectors. Activity levels are also being driven by the shutdown of the country's IDEN platform, which has forced businesses to find alternative radio-based communication platforms. With our MNO partner, we are well placed to meet the requirements.

The Board is also pleased to confirm that, in December 2020, the Group renewed the contract with its MNO customer in North America for a further 12 months, where we have now provided services to their customers for 7 years.

Together with the Board's expectations that activity levels will begin to pick up again in the Group's other key markets, the Group is focused on driving the business into an EBITDA positive position during 2021.

Jeremy Fenn, Chairman, said:

"Despite the unprecedented challenges that were presented during 2020, where it was very difficult to generate new business, I am pleased that the robustness of our business model and recurring revenue streams has allowed us to trade through the period with only modest losses.

“Our team has worked hard during the year to support our customers and partners around the world and we are seeing early signs that the business environment in our key markets is improving, and activity levels are beginning to pick up.

“There is still a huge amount of uncertainty in the marketplace, so it is difficult to make forecasts for the year. However, we have started the year brightly and the Board is totally focused on moving the business into sustainable profit during the current financial year.”

*EBITDA refers to earnings before interest, tax, depreciation, amortisation and exchange rate gains or losses

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About Mobile Tornado

Mobile Tornado is a leading provider of push-to-talk (PTT) solutions for top-tier mobile operators and solution providers specializing in instant communication between mobile devices. The Company's range of solutions includes: Instant Talk, Instant Locate, Instant Alert and Instant Message as well as an advanced Dispatch Console. These supersede traditional PTT radio communication by empowering organisations and employees to connect one-to-one or one-to-many at the touch of a button.