



Unaudited Interim Report
for the six months ended 30 June 2022

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Chairman's report

Financial highlights

	Six months ended 30 June 2022 Unaudited £'000	Six months ended 30 June 2021 Unaudited £'000
Recurring revenue	932	1,066
Non-recurring revenue*	172	203
Total revenue	1,104	1,269
Gross profit	1,066	1,232
Administrative expenses	(1,275)	(1,219)
Adjusted EBITDA**	(209)	13
Group operating loss	(454)	(76)
Loss before tax	(775)	(378)

- Total revenue decreased by 13% to £1.10m (H1 2021: £1.27m)
 - Recurring revenues decreased by 13% to £0.93m (H1 2021: £1.07m)
 - Non-recurring revenues* decreased by 15% to £0.17m (H1 2021: £0.20m)
- Operating expenses increased by 5% to £1.28m (H1 2021: £1.22m) – adversely impacted by the depreciation of sterling comparative to the previous period
- Adjusted EBITDA** loss of £0.21m (H1 2021 £0.01m profit)
- Group operating loss for the period increased to £0.45m (H1 2021: £0.08m) – impacted by further exchange differences of £0.15m loss (H1 2021: £0.08m gain)
- Loss before tax of £0.78m (H1 2021: £0.38m)
- Basic loss per share of 0.20p (H1 2021: 0.09p)
- Net cash inflow from operating activities of £0.02m (H1 2021: £0.11m)
- Net debt at 30 June 2022 of £10.03m (H1 2021: £9.09m)
- Cash and cash equivalents of £0.12m (30 June 2021: £0.16m)

*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

- Commercial discussions in progress with organisation in South America requiring mission critical capabilities, after successful trials concluded
- Deal closed in Caribbean with leading mobile network operator ('MNO')
- Further platform operating efficiencies achieved, creating additional costs savings effective from the second half
- Development of further functionality across our resource management solution

Financial results

Total turnover in the six-month period to 30 June 2022 decreased by 13% to £1.10m (H1 2021: £1.27m). Recurring revenues decreased by 13% to £0.93m (H1 2021: £1.07m). Our customer in Canada which ceased at the end of 2021 as previously reported, accounted for 22% of total revenue and 18% of recurring revenues in the prior year comparative figures. It is pleasing to report therefore, that outside of this, we recorded a modest increase in both our total and recurring revenues across the remainder of our customer base.

Non-recurring revenues, comprising installation fees, hardware, professional services and capex license fees decreased by 15% to £0.17m (H1 2021: £0.20m). Gross profit decreased by 13% to £1.07m (H1 2021: £1.23m).

The majority of our operating expenses are denominated in New Israeli Shekels and whilst our underlying operating cost-base remained largely unchanged over the comparative period on a like-for-like basis, our reported operating expenses increased by 5% to £1.28m (H1 2021: £1.22m) due primarily to the depreciation of Sterling comparative to the first half of the previous period.

Due to the annual revaluation of certain financial liabilities on the balance sheet, the Group reported a currency translational loss of £0.15m (H1 2021: £0.08m gain) arising principally from the depreciation of Sterling against the US Dollar comparative to the start of the period. As a result of the above, the loss after tax for the period increased to £0.76m (H1 2021: Loss of £0.36m).

The Group reported a net cash inflow from operating activities during the period of £0.02m (H1 2021: £0.11m) reflecting the continued strong focus on cash management. At 30 June 2022, the Group had £0.12m cash at bank (30 June 2021: £0.16m) and net debt of £10.03m (30 June 2021: £9.09m).

Review of operations

Whilst the financial performance of the business during the first half was fairly steady, we made some excellent progress across all our key markets.

Significant trials were concluded with major customers across South and Central America. In certain of these trials, our platform was being tested for its mission critical capabilities. This has been driven by the success we have seen over the last two years in Colombia, where the platform has performed at 100% availability. For this reason, our territory partner has been keen to showcase the solution to customers that require mission critical credentials, and we have worked hard to support these extensive trials. We are now engaged on commercial discussions with a view to first deployments during the final quarter of 2022.

Our partner in the Caribbean signed a deal with a leading mobile network operator ('MNO') and discussions and trials are now being conducted with multiple customers across a number of countries. A healthy sales pipeline has developed, and we are now exploring expansion into Central America with the same MNO.

Activity levels with our partner in South Africa have been subdued given the economic and political difficulties in the country, but we remain engaged with the public utilities and agencies that continue to discuss the deployment of our platform. We are hopeful that budgets and decision making will materialise in the second half of the year and provide the catalyst for wider engagement in this territory.

As previously reported, our workforce management solution was launched into our partner network and I'm pleased to report that our first customer, based in the UK, was loaded onto the system. Following positive feedback from our partner network, further

Chairman's report



enhancements are currently being made to the offering which we are hopeful will accelerate uptake.

We have seen some strong sales activity across the UK following the appointment of a new partner last year. As a result, we are looking carefully at the possibility of extending our business development footprint into the wider European market. We have been necessarily constrained in recent years through the impact of the pandemic and the consequent resourcing constraints. Given the feedback we are getting from our partner and customers in the UK, we are confident that now is the right time to open up activities in Europe alongside our current focus in Africa and South America.

We continue to drive efficiencies within the business and through a continued improvement in the technical platform, we have further shifted resource into our lower cost technical centre in India, allowing us to reduce the office and ancillary costs in Israel. These savings will materialise during the second half.

Research and development

Our resource management solution, which combines the current Push to Talk ('PTT') application with workforce management functionality ('WFM') and mobile device management ('MDM'), was launched to our partner network during the period. As detailed above, we deployed with our first customer in the UK, but have run many more trials. These have generated positive feedback and driven the development of further functionality and feature sets across the platform. These include -

- a 'Dual Recorder' function for high availability system wide recording – this feature is specifically required for public safety customers such as Police forces
- full multimedia messaging allowing the transmission of large, compressed video files to users and dispatchers
- Google maps integration allowing the sharing of location data to all devices for users in distress
- the enhancement of the 'Man Down' feature to a full 'Lone Worker' solution allowing better monitoring of users operating in remote or hazardous areas – this solution is required by law across the UK and Europe and constitutes a very large addressable market

The technical team have also successfully completed tests to operate all our applications across the public cloud. This will provide us with additional sales opportunities around the world, regardless of customer location, and significantly reduce the cost of ownership for all customers.

Funding

As announced on 24 March 2022, we agreed a 12-month extension of our revolving loan facility with our principal shareholder Intechology plc, as well as an increase to the maximum principal amount that may be drawn. This facility now has a term ending on 26 September 2023 with a maximum principal amount of £500,000 (previously £300,000). The balance drawn down at 30 June 2022 was £300,000 and as at today's date, the balance drawn down is £350,000.

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.

Chairman's report



Outlook

Having delivered a solid set of numbers for the first half, we have also progressed a number of strategically important engagements in our key markets, with major trials concluding successfully. The quality of our communication platform has been validated by significant and credible organisations, and we are now working to ensure the deals are concluded this year.

Alongside our existing target markets, we are encouraged by the progress that has been made in the UK during the first half and are now carefully exploring how we can develop a wider European opportunity.

I'm confident that the business is emerging from a difficult two years and there are some high-quality prospects developing across all of our markets. We are focused on moving the business back to operating profitability by the end of this financial year.

Jeremy Fenn

Chairman

28 September 2022

Consolidated income statement For the six months ended 30 June 2022



	Six months ended 30 June 2022 Unaudited £'000	Six months ended 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
Continuing Operations			
Revenue	1,104	1,269	2,591
Cost of sales	(38)	(37)	(100)
Gross profit	1,066	1,232	2,491
Other operating expenses	(1,275)	(1,219)	(2,525)
Group operating profit/(loss) before exchange differences, exceptional items, depreciation and amortisation expense	(209)	13	(34)
Exchange differences	(148)	78	78
Depreciation and amortisation expense	(97)	(167)	(297)
Total operating expenses	(1,520)	(1,307)	(2,744)
Group operating loss	(454)	(76)	(253)
Finance costs	(321)	(302)	(608)
Loss before tax	(775)	(378)	(861)
Income tax credit	12	22	231
Loss for the period	(763)	(356)	(630)
Loss per share (pence)			
Basic and diluted	3	(0.20)	(0.17)

Consolidated statement of comprehensive income For the six months ended 30 June 2022

	Six months ended 30 June 2022 Unaudited £'000	Six months ended 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
Loss for the period	(763)	(356)	(630)
Other comprehensive income			
Exchange differences on translation of foreign operations	(58)	7	(5)
Total comprehensive loss for the period	(821)	(349)	(635)

Consolidated balance sheet
As at 30 June 2022



	Note	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
Assets				
Non-current assets				
Property, plant & equipment		139	116	122
Right-of-use assets		-	200	83
		139	316	205
Current assets				
Trade and other receivables		1,701	1,620	1,632
Inventories		34	43	67
Cash and cash equivalents		122	159	65
		1,857	1,822	1,764
Liabilities				
Current liabilities				
Trade and other payables		(5,139)	(4,318)	(4,661)
Borrowings		(4,414)	(3,504)	(9,662)
Lease liabilities		-	(213)	(91)
Net current liabilities		(7,696)	(6,213)	(12,650)
Non-current liabilities				
Trade and other payables		(1,219)	(1,776)	(1,213)
Borrowings		(5,734)	(5,743)	(37)
		(6,953)	(7,519)	(1,250)
Net liabilities		(14,510)	(13,416)	(13,695)
Shareholders' equity				
Share capital	4	7,595	7,595	7,595
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		(2,267)	(2,197)	(2,209)
Retained earnings		(38,953)	(37,929)	(38,196)
Total equity		(14,510)	(13,416)	(13,695)

Consolidated statement of changes in equity For the six months ended 30 June 2022



	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	7,595	15,797	(7,620)	10,938	(2,204)	(37,583)	(13,077)
Loss for the period	-	-	-	-	-	(356)	(356)
Exchange differences on translation of foreign operations	-	-	-	-	7	-	7
Total comprehensive income for the period	-	-	-	-	7	(356)	(349)
Equity settled share-based payments	-	-	-	-	-	10	10
Balance at 30 June 2021	7,595	15,797	(7,620)	10,938	(2,197)	(37,929)	(13,416)

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2021	7,595	15,797	(7,620)	10,938	(2,197)	(37,929)	(13,416)
Loss for the period	-	-	-	-	-	(274)	(274)
Exchange differences on translation of foreign operations	-	-	-	-	(12)	-	(12)
Total comprehensive income for the period	-	-	-	-	(12)	(274)	(286)
Equity settled share-based payments	-	-	-	-	-	7	7
Balance at 31 December 2021	7,595	15,797	(7,620)	10,938	(2,209)	(38,196)	(13,695)

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'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 income for the period	-	-	-	-	(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)

Consolidated cash flow statement
For the six months ended 30 June 2022



	Six months ended 30 June 2022 Unaudited Note	Six months ended 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
Operating activities			
Cash (used in)/from operations	5	(265)	(247)
Tax credit received		281	238
Net cash inflow from operating activities		16	(9)
Investing activities			
Purchase of property, plant & equipment		(20)	(19)
Disposal of property, plant & equipment		-	7
Net cash used in investing activities		(20)	(12)
Financing			
Increase in borrowings		145	147
IFRS 16 leases		(89)	(248)
Net cash (outflow)/inflow from financing		56	(101)
Effects of exchange rates on cash and cash equivalents		5	-
Net increase/(decrease) in cash and cash equivalents in the period		57	(122)
Cash and cash equivalents at beginning of period		65	187
Cash and cash equivalents at end of period		122	65

Notes to the interim report For the six months ended 30 June 2022



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 2021 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 2022. 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 2021. 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 £763,000 (30 June 2021: £356,000, 31 December 2021: £630,000) by the weighted average number of ordinary shares in issue during the period of 379,744,923 (30 June 2021: 379,744,923, 31 December 2021: 379,744,923).

	Six months ended 30 June 2022 Unaudited Basic and diluted Loss per share		Six months ended 30 June 2021 Unaudited Basic and diluted Loss per share		Year ended 31 December 2021 Audited Basic and diluted Loss per share	
	£'000	pence	£'000	pence	£'000	pence
Loss attributable to ordinary shareholders	(763)	(0.20)	(356)	(0.09)	(630)	(0.17)

4 Share capital and share premium

	Number of shares '000	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2021, 31 December 2021 & 30 June 2022	379,745	7,595	15,797	23,392

Notes to the interim report
For the six months ended 30 June 2022



Non-voting preference shares

	Number of shares '000	Nominal Value £'000
At 30 June 2021, 31 December 2021 and 30 June 2022	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 2023, 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 2022 Unaudited £'000	Six months ended 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
Loss before taxation	(775)	(378)	(861)
Adjustments for:			
Depreciation and amortisation	97	167	297
Share based payment charge	6	10	-
Interest expense	321	302	608
Changes in working capital:			
Decrease/(Increase) in inventories	41	13	(10)
(Increase)/Decrease in trade and other receivables	(264)	12	192
Increase/(Decrease) in trade and other payables	309	(313)	(473)
Net cash used in operations	(265)	(187)	(247)

6 Shareholder information

The interim announcement will be published on the company's website www.mobiletornado.com on 28 September 2022.

Corporate information



Company Registration Number:	5136300
Registered Office:	Cardale House Cardale Court Beckwith Head Road Harrogate HG3 1RY
Directors:	Jeremy Fenn (Executive Chairman) Avi Tooba (Chief Executive Officer) 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

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