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31 July 2019

**Mobile Tornado Group plc**  
("Mobile Tornado", the "Company" and, together with its subsidiary undertakings,  
the "Group")

### **Subscription to raise £750,000 and trading update**

Mobile Tornado (AIM: MBT) today announces a subscription for 15,000,000 new ordinary shares of 2 pence each ("**Ordinary Shares**"), representing approximately 4.3 per cent. of the existing issued ordinary share capital of the Company (the "**Subscription Shares**") at a price of 5.00 pence per Subscription Share (the "**Subscription Price**") to raise approximately £750,000 (before expenses) (the "**Subscription**"). The Company also announces the capitalisation of £775,234 of indebtedness owed by the Company to InTechnology plc into 15,504,687 new Ordinary Shares.

**Jeremy Fenn, Chairman of Mobile Tornado, commented:** *"I'm pleased to report further trading momentum during the first half and some positive developments in our key trading markets. To provide us with a little more flexibility when negotiating contracts with new customers, and to facilitate an increase in handset stock levels following an exclusive agreement we have recently signed, we have chosen to raise £750,000 of additional working capital. The fundraise has been completed at a small premium to the current share price and I'm grateful to our shareholders for their continued support. I look forward to further updating the market with our half year results during the week commencing 16 September."*

### **Background to and reasons for the Subscription**

Mobile Tornado plc is a mobile technology business offering an enterprise-grade Instant Communications platform. It sells its workforce management applications such as Push to Talk ("**PTT**") to Tier 1 Mobile Network Operators ("**MNO**") and large multinational corporate clients through a range of market sales channels.

As announced in the Company's annual report and accounts for the year ended 31 December 2018 ("**2018 Accounts**"), the Company has seen a significant increase in demand for its Bundled PTT sales solution that combines a perpetual software licence, handset and dispatch console. From the Group's perspective, a Bundled PTT solution has multiple commercial benefits; it reduces the sales cycle considerably allowing for large numbers of the same PTT configured handsets to be sold into large enterprises without significant intervention from the Company's MNO partner. It also allows the Company to capture additional sales margin on the handset itself, an entirely new revenue stream, and which is highly cash-flow generative as both handset sales and license revenue are received upfront.

The Company has recently concluded an exclusive deal with a major rugged handset manufacturer to enhance the bundled solution offered in Israel. To maintain its exclusivity, the Company is required to commit to the purchase of a minimum of 5,000 handsets across the first 12 months which will necessitate a commensurate increase in stock levels.

The Directors consider it appropriate to undertake the Subscription at the current time in order to provide the Company with the resources to increase its handset stock levels, provide the Group with increased flexibility when negotiating Bundled PTT contracts with potential new customers and for general working capital purposes.

### **Trading update**

The Company expects to announce its unaudited interim results for the six-month ended 30 June 2019 in the week commencing 16 September 2019. Revenue for the period is expected

to be approximately £1.46 million, compared to £1.23 million in H1 2018, an increase of 18%. Gross margin is expected to be approximately £1.37m (H1 2018: £1.14 million), an increase of 20%. EBITDAE loss is expected to be around £300,000, a significant improvement on the first half loss of £636,000 for H1 2018.

The Company's first half performance has been driven by solid performance across its three main markets, namely Israel, South Africa and South America.

- In Israel, the Company's bundled solution has sold well during the first half, with notable deals concluded with public utilities, local authorities and government agencies. With the IDEN switch-off scheduled for the end of 2019, the Board anticipates activity levels to accelerate in the second half.
- In South America, the Company sold and commissioned a new server platform for a major MNO in Colombia, and this will be deployed during the second half of the year, initially for a major transportation group.
- In South Africa, the Company has been working with its MNO customer on the submission of a tender for the deployment of services across a major government agency.

The 2018 Accounts highlighted a significant outstanding receivable with one of Mobile Tornado's partners. This amount stood at £638,000 as at 31 December 2018 and £796,000 as at 30 June 2019. The 2018 Accounts noted that the Company was hoping to collect the outstanding debt in the short term following an equity investment into said partner. The equity investment was not completed as anticipated and the Company has now entered into discussions with the partner to determine a way forward. A further update will be provided in due course.

#### **Details of the Subscription**

The Subscription will result in the issue of 15,000,000 Subscription Shares representing, in aggregate, 4.3 per cent. of the existing issued ordinary share capital of the Company and have been subscribed for by certain existing shareholders of the Company. The Subscription Shares have been issued utilising the Company's existing share authorities.

The Subscription Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Settlement for the Subscription Shares is expected to take place at 8.00 a.m. on 28 August 2019.

#### **Capital Reorganisation**

The Company announces the capitalisation of £775,234.35 of short term indebtedness owed by the Company to InTechnology plc ("**InTechnology**") at the Subscription Price, resulting in the issue of 15,504,687 new Ordinary Shares (the "**Capitalisation Shares**") to InTechnology (the "**Capital Reorganisation**"). The indebtedness comprises accrued interest over preference shares held by InTechnology. The Directors believe that it is in the best interests of the Company to take this opportunity to strengthen its balance sheet by undertaking the Capital Reorganisation.

The Capitalisation Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue.

The Capital Reorganisation is a related party transaction under Rule 13 of the AIM Rules.

Jeremy Fenn, Avi Tooba and Jonathan Freeland, being Independent Directors in relation to the Capital Reorganisation, consider, having consulted with Allenby Capital Limited, that the

terms of the Capital Reorganisation are fair and reasonable insofar as the Company's shareholders are concerned.

### **Admission to trading and total voting rights**

Application has been made for the Subscription Shares and Capitalisation Shares to be admitted to trading on the AIM ("**Admission**"). It is anticipated that Admission will occur and dealings will commence in the Subscription Shares and Capitalisation Shares at 8:00 a.m. on 28 August 2019.

Following Admission, and for the purposes of the the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the Company's total issued share capital will consist of 379,744,923 Ordinary Shares.

The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company, under the Disclosure Guidance and Transparency Rules.

### **InTechnology shareholding**

Following Admission, InTechnology will hold a total of 193,013,822 Ordinary Shares in the Company, equivalent to 50.8% of the total issued ordinary share capital of the Company as enlarged by Admission. In addition, Peter Wilkinson holds a further 38,146,141 Ordinary Shares, equivalent to 10.0% of the total issued ordinary share capital of the Company on Admission. InTechnology also holds 71,276,735 Preference Shares.

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