

MediaZest Plc - Trading Update

PR Newswire

London, March 22

25 March 2019

MediaZest plc

("MediaZest", the "Company" or "Group", AIM:MDZ)

Trading Update

MediaZest, the AIM quoted creative audio-visual company, is pleased to provide shareholders with an update on current trading.

Trading Performance in Current Year and New Business Developments

Since announcing its interim results on 5 November 2018, the Company has continued to make progress against a difficult economic backdrop. As such, the Board expects the full year results for the year ended 31 March 2019 to be below current market expectations, despite showing an improvement compared to the prior year.

Several clients are delaying projects and investment decisions, particularly in the retail sector, the result of which is that the Group's trading results for the second half of the financial year (6 months to 31 March 2019) are expected to be lower than the first half of the year. As a result, MediaZest is now expecting to be profitable at Group level EBITDA and to make a small loss after tax at year end, notwithstanding the strong first 8 months of the year.

Despite the challenging macroeconomic and political headwinds, the Company's strategic targeting of longer-term projects with roll out potential and ongoing managed service revenues continues to generate returns. Since the beginning of 2019, the Group has won four significant new projects and work on two of these projects has already commenced. The third is a large project for an UK University which is expected to be delivered during late summer 2019. The fourth opportunity is an ongoing project which has already generated some revenues in February and March 2019, but which is expected to grow substantially over the coming years. The total combined revenue value of these projects is in excess of £500,000.

MediaZest International, the Group's wholly owned operational company, continues to grow. It is expected to deliver revenues in excess of £3 million for the year to 31 March 2019 and profit after tax of approximately £250,000, compared to £95,000 in the previous year.

The Group has prioritised entering into new recurring revenue contracts over the last few years. If projects are delayed the presence of this ongoing revenue stream is important and the Board calculates that annualised recurring revenues are currently worth approximately £700,000 per annum (2017: approximately £600,000). Despite the progress compared to the prior year, delays and cancellations to projects for the aforementioned reasons will result in the Company falling short of the target figure of £800,000 which was announced on 5 November 2018.

Following the collapse into administration of HMV, a long-standing client, the Company has made a bad debt provision of £16,000 against outstanding invoices representing amounts due no more than 30 days at the time of administration. The Group has continued to work with the new owners of HMV and expects to generate additional revenues from this relationship.

Balance Sheet and Income Statement

The Company raised £110,000 (before expenses) from existing investors in February 2019 via the placing of 110,000,000 new ordinary shares at a placing price of 0.1p per share. This placing has strengthened the Group's balance sheet and has also provided the Group with additional working capital.

In addition, the Board has moved to cut costs of approximately £200,000 per annum from overheads, the impact of which will begin to be realised from March 2019 onwards.

Outlook

The Company's new business efforts have delivered progress compared to the prior year and the Board is confident that this, combined with recurring revenue contracts, will provide the Group with a base for further growth in the next twelve months.

The Company's Board look forward to providing shareholders with further updates as appropriate.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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Notes to Editors:

About MediaZest

MediaZest is a creative audio-visual systems integrator that specialises in providing innovative marketing solutions to leading retailers, brand owners and corporations, but also works in the public sector in both the NHS and Education markets. The Group supplies an integrated service from content creation and system design to installation, technical support, and maintenance. MediaZest was admitted to the London Stock Exchange's AIM market in February 2005. For more information, please visit www.mediazest.com.

Anonymous (not verified) Trading Update

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28802465 A Mon, 03/25/2019 - 07:00 PR Newswire Company Announcement - General MDZ