

MediaZest Plc - Posting of Circular and Notice of General Meeting

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MediaZest plc

("MediaZest", the "Company" or "Group", AIM:MDZ) Posting of Circular and Notice of General Meeting

MediaZest, the AIM quoted creative audio-visual company, announces that a Circular (the "**Circular**") incorporating a formal Notice of General Meeting ("**General Meeting**") and the associated form of proxy are being posted to Shareholders today, and will be available to download from the Company's website at www.mediazest.com.

NOTICE OF GENERAL MEETING

A General Meeting of the Company to consider, and if thought fit, approve a Share Capital Reorganisation and to comply with section 656 of the Companies Act, will be held at the registered office address of the Company at Unit 9, Woking Business Park, Albert Drive, Woking, Surrey, England, GU21 5JY at 10:30 a.m. on 13 November 2019. Key extracts from the Circular are summarised below.

BACKGROUND

The Board wishes to retain flexibility in seeking alternative sources of additional working capital and cash resources to enable the Company to maintain and enhance its business activities, including by way of issuing further shares.

As a result of challenging market conditions, the existing ordinary shares of 0.1p each in the capital of the Company (the "**Existing Ordinary Shares**") have, at times, traded on AIM at a price less than the nominal value of such shares. The issue of new shares at a price which is less than the current nominal value of the Existing Ordinary Shares is prohibited by the Companies Act. The Board, therefore, considers it prudent to implement the proposed share capital reorganisation (the "**Share Capital Reorganisation**") in order that the market price of the ordinary shares to be created pursuant to the Share Capital Reorganisation (the "**New Ordinary Shares**") becomes higher than the nominal value of the same therefore allowing the Company to raise funds by issuing further shares, should the Directors elect to do so.

Share Capital Reorganisation

Accordingly, it is proposed to sub-divide and effectively convert each issued and unissued Existing Ordinary Share into one New Ordinary Share and one deferred share (the "**New A Deferred Shares**"). The purpose of the Circular is to explain and seek Shareholder approval for the Share

Capital Reorganisation. The Share Capital Reorganisation is similar to the one implemented in 2009 when the existing deferred shares in the capital of the Company (the “**Existing Deferred Shares**”) were created.

The New Ordinary Shares will have the same rights (including rights as to voting, dividends and return of capital) as the Existing Ordinary Shares. New Ordinary Shares will be traded on AIM in the same way as the Existing Ordinary Shares, with the exception of the difference in nominal value.

The rights attaching to the New A Deferred Shares are set out in Resolution 2 in the Notice of General Meeting in the Circular. The New A Deferred Shares will be effectively valueless as they will not carry any rights to vote or dividend rights. In addition, holders of New A Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of New Ordinary Shares have received a payment of £1,000,000 on each such share, and after the holders of the Existing Deferred Shares have been repaid the amounts paid up on the Existing Deferred Shares.

The New A Deferred Shares will not be listed or traded on AIM and will not be transferable without the prior written consent of the Company. No share certificates will be issued in respect of the New A Deferred Shares. The Board may further appoint any person to act on behalf of all the holders of the New A Deferred Shares to transfer all such shares to the Company in the terms of the Companies Act.

It is not intended to issue new share certificate(s) to the holders of the New Ordinary Shares following the Share Capital Reorganisation. Pending the issue of a new share certificate Shareholder’s existing share certificate(s) will remain valid for the same number of shares but with a different par value of 0.01p per share. Following the Share Capital Reorganisation should Shareholders wish to receive an updated share certificate they should please contact the Company’s Registrars at the address set out in this the Circular. The CREST accounts of Shareholders who hold their Existing Ordinary Shares in CREST will be credited with New Ordinary Shares at approximately 8:00 a.m. on 14 November 2019.

The Share Capital Reorganisation will not of itself affect the value of Shareholder’s holdings, as can be seen from the worked example (which assumes a market price per share of 0.07p) below:

Example

Existing Ordinary Shares held prior to the Share Capital Reorganisation	100,000
Current market price per Existing Ordinary Share	0.07p
Current aggregate market value of shareholding	£70
Number of New Ordinary Shares held immediately following Share Capital Reorganisation	100,000
Market price per New Ordinary Share immediately following Share Capital Reorganisation	0.07p
Aggregate market value of New Ordinary shareholding immediately following Share Capital Reorganisation	£70
Number of New A Deferred Shares held immediately following Share Capital Reorganisation	100,000
Value of New A Deferred shareholding immediately following Share Capital Reorganisation	£Nil (effectively)

By effecting the Share Capital Reorganisation in this way, the Company’s issued share capital

remains the same. Similarly, the nominal value of Shareholder's holdings will remain unchanged. In the example above, the 100,000 Existing Ordinary Shares held today each have a nominal value of 0.1p giving a total nominal value for the holding of £100. The New Ordinary Shares will have a nominal value of 0.01p (£10 in aggregate nominal value) which when added to the aggregate nominal value of the New A Deferred Shares (£90) means that the nominal value of the holding remains at £100.

Amendments to the Articles of Association

Certain amendments to the Company's Articles of Association are required to implement the Share Capital Reorganisation and require approval at the General Meeting. The proposed amendments relate to the recategorisation of the Existing Ordinary Shares as New Ordinary Shares and New A Deferred Shares and certain consequential amendments. The changes are set out in Part 2 of the Circular.

Section 656 of the Companies Act 2006

It has recently come to the attention of the Board that the value of the Company's net assets has become less than half of its called-up share capital. It is a requirement of section 656 of the Companies Act that, where the net assets of a public company are half or less of its called-up share capital, the directors must call a general meeting of the company to consider whether any, and if so what, steps should be taken to deal with the situation. This is termed a serious loss of capital.

Accordingly, the business to be conducted at the General Meeting will also include consideration of what, if any, such steps should be taken. The Board is of the view that the serious loss of capital does not pose any risk to the solvency of the Company, therefore no specific measures are proposed to deal with the serious loss of capital. Notwithstanding, the Board recognises this technical requirement and invites Shareholders to discuss accordingly.

Resolutions

A notice convening the General Meeting, which is to be held at the registered office address of the Company at Unit 9, Woking Business Park, Albert Drive, Woking, Surrey, England, GU21 5JY at 10:30 a.m. on 13 November 2019, is set out within the Circular. At the General Meeting, in addition to considering the serious loss of capital, the following Resolutions will be proposed:

1. an ordinary resolution to effect the Share Capital Reorganisation; and
2. a special resolution to alter the Articles of Association to reflect the capital structure changes made pursuant to the Share Capital Reorganisation, incorporating provisions relating to the New A Deferred Shares and the Existing Deferred Shares.

Action to be taken

A Form of Proxy will be posted with the Circular for use at the General Meeting and available at the Company's website. Whether or not Shareholders intend to be present at the General Meeting they are requested to complete, sign and return the Form of Proxy to the Company's Registrars as soon as possible, but in any event so as to arrive not later than 10:30 a.m. on 11 November 2019 in accordance with the notes to the Form of Proxy. The completion and return of a Form of Proxy will not preclude Shareholders from attending the meeting and voting in person should they subsequently wish to do so.

RECOMMENDATION

The Board believes that the Resolutions are in the best interests of the Company and Shareholders, taken as a whole. The Board unanimously recommends the Shareholders to vote in favour of the Resolutions, as the Directors intend to do so in respect of their own beneficial holdings amounting in aggregate to 88,160,365 Existing Ordinary Shares representing approximately 6.31 per cent of the Existing Ordinary Shares.

Unless otherwise indicated, all defined terms in this announcement shall have the same meaning as described in the Circular.

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) Posting of Circular and Notice of General Meeting

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