

MediaZest Plc - Trading and Covid-19 update

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MediaZest Plc
("MediaZest" or the "Company"; AIM: MDZ)

Trading and Covid-19 update

The Board provides the following update on trading for the second half of the Group's financial year to 31 March 2020 and also updates shareholders on the impact on the Group of and subsequent response to, the Covid-19 outbreak.

Due to the significant impact of Covid-19 on trading from February onwards, this trading update is split to more clearly reflect financial performance.

Trading prior to Covid-19 impact

In the period from October 2019 to January 2020, the business performed well and trading was much improved from the first half of the financial year.

For these four months alone, revenue was £1.2 million and profit at the operating subsidiary MediaZest International was £167,000 at EBITDA level, generating a net profit of £127,000 after tax.

At consolidated level, revenue was £1.2 million with EBITDA profit of £58,000 and a small loss after tax of £5,000.

This progress was driven by the completion of a large project for University of Central Birmingham, the delivery of nine new Pets at Home store projects and other work for ongoing clients including Lululemon Athletica, Tiffany & Co., HMV and Kuoni. The Group was pleased to see that in March 2020 Pets at Home won the coveted Store of the Year award at the Retail Week Awards for their refurbished Stockport store, for which the Company provided the audio-visual solutions.

Trading post Covid-19 impact

Results for February and particularly March 2020 have been materially adversely impacted by the Covid-19 outbreak, as clients initially began to defer some projects and more recently temporarily close stores and other places of business.

Whilst the UK and certain other countries remain in "lockdown", all deployments and installations in progress are currently on hold until further notice. In particular this has affected key projects across the UK and in Milan, Copenhagen and Berlin, all of which are now expected to complete later in 2020.

Several of these projects were scheduled to fall in February or March 2020 and would have contributed to the ongoing improving performance across the second half of the year to 31 March 2020. Due to the disruption caused by Covid-19, the Board expects revenue for these two months to be lower than forecast and reduced to approximately £300,000 in aggregate (comparable period last year £319,000), with a modest net profit at operational level and a subsequent small loss at consolidated Group level.

In light of this, rather than the anticipated profit for the 6 months to 31 March 2020 the Group now expects to realise a modest loss after tax (6 months ended 31 March 2019 loss of £201,000) albeit with a profitable EBITDA for the period (6 months ended 31 March 2019 loss of £144,000). Within this the Group's operating subsidiary MediaZest International is still expected to be profitable for the 12-month period.

Some recurring revenue streams have been affected by store closures, although three of the Company's clients are keeping stores open at this current time being deemed as selling essential goods. The Group is continuing to provide support and maintenance services to these businesses remotely and in accordance with the latest Government recommendations and guidelines.

Outlook and Covid-19 Response

At this time, it is not possible to assess the extent to which Covid-19 will affect forthcoming trading and financial performance and the situation is evolving rapidly. Further updates will be provided as soon as more information is known.

The Board is working on the assumption that the "lockdown" period and ongoing disruption caused by Covid-19 will have an impact for a minimum of six months and is therefore planning accordingly as best it can.

It is expected that once a more normal business environment resumes, projects that have been delayed from February, March, April and possibly beyond, will be required to be completed and as such there will be an initial period post restrictions when the Company will be extremely busy.

Beyond that, there are several ongoing roll-out programmes for clients with which the Group is engaged. These are currently on hold but also believed likely to resume promptly once the current restrictions on movement and store openings are lifted.

Accordingly, for this period of disruption, the Company has implemented a range of cost cutting measures to help secure the long term future of the Group, whilst keeping the hard working and high quality delivery teams that have been built over recent years intact where possible.

The Group has therefore utilised the Government's Job Retention Scheme to furlough certain employees and is in discussions with its banks and larger shareholders regarding other measures.

In addition, approximately £150,000 of cost savings have been identified and executed already with further reductions under consideration should they be necessary.

Furthermore, the Board has agreed to extend the current accounting period to 30 September 2020 in order to defer audit costs until later in the year so that cash can be conserved during the current "lockdown" period.

It is the Group's intention to announce information regarding financial performance for the 6-month period ending 31 March 2020 as soon as practical in the coming weeks in order to provide shareholders and other stakeholders with suitable financial detail, albeit not in audited statutory

account format.

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

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