

MediaZest Plc - Updated Trading Performance and Covid-19 update

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MediaZest Plc

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

Updated Trading Performance and Covid-19 update

The Board provides the following update on trading for the six months to 31 March 2020 and updates shareholders on the current position of the Group in the context of the Covid-19 pandemic (the "Pandemic").

- Group revenue £1,454,000, EBITDA profit of £57,000 and a loss after tax of £50,000 for the 6 months to 31 March 2020 despite negative impact of the Pandemic
- Net assets of £1,629,000 as of 31 March 2020
- New recurring revenue contracts in excess of £150,000 written since "lockdown" begun
- Secured additional funding of £50,000 from Bounce Back Loan in May 2020

Trading for the 6 months ended 31 March 2020

As announced on 3 April 2020, 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.

Within that announcement the Board committed to provide shareholders and other stakeholders with information regarding financial performance for the 6-month period ending 31 March 2020, albeit not in audited statutory account format.

For the 6 months to 31 March 2020, Group revenue was £1,454,000 leading to a profitable EBITDA of £57,000 and a loss after tax of £50,000. Net assets were £1,629,000 and the Groups cash balance as at 31 March 2020 was £16,000.

The Group's cash balance on 31 May 2020 was £55,000. The Group is currently considering both its short- and medium-term funding options as a result of the Pandemic.

The impact of the Pandemic was particularly pronounced on the Group's financial results for March 2020 as projects had been put on hold due to the "lockdown". The Group estimates that the adverse impact on the business within the 6 months was to reduce revenue by approximately £200,000 and profit by £80,000.

These figures reflect the improvement in trading and business performance between September

2019 and the onset of the Pandemic, as previously noted. This was largely a result of the development of several key projects and new opportunities from a range of clients across the Retail, Education and Corporate sectors. Several involved long term roll out opportunities which the Group has begun delivering and expects to continue as the “lockdown” restrictions in various countries are lifted.

Trading post the impact of the Pandemic

During the “lockdown” period in the UK, all Group deployments and installations have been on hold, and the ability of the Group to generate project-based revenue during this period has thus been restricted. However contractual revenues based around the Group’s service, maintenance, data, and content management offerings have been robust and delivered most of the turnover during the period.

A handful of clients continued to keep stores open being in ‘critical industries’ throughout the “lockdown” period. Strictly following the latest Government guidelines including social distancing rules, the Group has continued to support these clients on an ongoing basis; often using advanced remote management tools to quickly assist clients. These clients have been able to use digital signage installed by the Group to communicate quickly and effectively with their customers to improve safety and introduce/react to new rules as they evolve.

The Group is pleased to now note that as the lockdown has been eased across many countries, further client sites have re-opened and in May 2020 MediaZest delivered on two of the previously delayed projects. There are several other projects now similarly scheduled for completion in June 2020 and the Board expects that all previously delayed projects will be delivered in the coming weeks.

In addition to these existing projects which are now at the completion stage, the Group has been involved in active discussions in relation to potential new client mandates over the last month, and several are expected to be won during the next 4-6 weeks.

Contractual recurring revenue streams continue to be robust and the Group recently renewed a key long-term contract until October 2022 (with a clause to extend for a further 12 months) plus a significant annual contract with another client in May 2020. The combined value of these over the initial contractual periods is approximately £150,000 rising to up to £220,000 if extension clauses are activated.

Response to the Pandemic

At this time, it remains difficult to fully assess the extent to which the Pandemic will affect forthcoming trading and financial performance as the situation is evolving rapidly. April and May trading were adversely impacted but it is expected that the operating subsidiary, MediaZest International Limited, broke even for May 2020.

The Board is still working on the assumption that the disruption caused by the Pandemic will have an impact for a minimum of six months and continues to plan accordingly as best it can.

As previously announced, cost savings of approximately £150,000 had been identified and executed at the beginning of April, and in the intervening period the Group has secured further savings of £20,000 in addition to this amount.

The Group continues to utilise the Government’s Job Retention Scheme to furlough certain employees and secured a Bounce Back Loan under the Government’s scheme of £50,000 in May

2020 to provide additional cash resources during the “lockdown”.

New technology and products

As well as reducing costs, the Group has been investigating several new lines of business, all associated with the audio-visual market, aimed at meeting client’s changing needs after the Pandemic.

This includes research and development around motion sensing technology and haptic technology. With the latter, the Group has been working to incorporate new emerging tools that allow it to create experiences for clients which simulate touch in mid-air - without physically having to touch the object. Examples include the vibration felt in a mobile phone, but there are also wide-ranging applications in terms of customer experience that the Group is working to develop.

Initial reaction from potential customers for these two product lines has been encouraging.

In addition, the Group’s management team has used the time to further develop the data tracking options provided to customers and improve the delivery mechanism of these in order to allow for easier analysis and to create greater value for clients. The Group uses a range of tools such as touch screens, push buttons and footfall counters to provide data that can be used to measure return on investment of digital signage implementations and most importantly to help refine content and messaging to maximise impact for our clients. This includes triggering specific content at different times of day, based on different weather or different audiences, for example. In the coming months, as businesses emerge from the Pandemic into a “new normal”, it is the Board’s belief that being able to actively demonstrate return on investment will be key to returning to and continuing the growth achieved prior to the Pandemic.

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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