MediaZest Plc - Half-year Report

PR Newswire

LONDON, United Kingdom, June 28

28 June 2023

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

MediaZest Plc

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

Half-year Report

Unaudited Interim Results

for the six months ended 31 March 2024

MediaZest plc (AIM: MDZ), the creative audio-visual solutions provider, announces its unaudited interim results for the six months ended 31 March 2024 (the "H1 FY24" or the "Period"), showing considerable improvement on the prior comparative period, with the business growing revenue and reducing losses. This trend is expected to continue and accelerate in the second half as a result of recent project wins and new business activity as MediaZest targets year-on-year growth and a return to profitability.

Financial Highlights	**H1 FY24 £'000**	H1 FY23 £'000
Revenue	**1,173**	1,054
Gross Profit	**701**	599
Gross Margin	**60%**	57%
EBITDA[1]	**(28)**	(148)
(Loss) after tax	**(141)**	(260)
(Loss) per share (pence)	**(0.0092)**	(0.0186)
Cash	**14**	10

[1] EBITDA is defined as (Loss)/Profit before tax adding back Finance costs, depreciation and amortisation

Operational Highlights

- Positive H1 FY24 performance driven by long-term project roll outs with key customers including **Hyundai** and **Pets at Home**
- Continued good visibility over recurring revenue streams which remained consistent during the Period
- Work completed on further **Lululemon Athletica** stores as MediaZest continues to work with them across Europe

- First LED videowall delivered for **Arc'Teryx** in its new Covent Garden flagship store

Post-period end & Outlook

- Strong start to H2 FY24, with a series of new orders from a wide range of well-known brands
- New business wins include installations in the Netherlands, Germany and France, to be delivered in H2 FY24 and the pipeline of potential new project work in Europe continues to expand
- Follow-on contract to supply digital signage to a large global automotive client across several of its sites in an EU country announced in May 2024
- Strong long-term demand for audio-visual technology in MediaZest's three core sectors (retail, automotive and corporate offices)

- **Positive Outlook** – aiming to build on the progress in H1 and generate positive growth organically and targeting a return to profitability for the full financial year ending 30 September 2024, whilst continuing to evaluate suitable parties for a potential "Buy and build" acquisition

Geoff Robertson, Group Chief Executive, commented: *"With an improvement in the first half results compared to 2023 and a strong start to the second half, we remain confident that this momentum will continue and result in an improved overall performance for the year.*

"We were delighted to announce a follow-on contract with a large global automotive client last month, which will provide additional revenues of around €150,000 in the short to medium term and which will contribute to recurring revenue streams. Our project pipeline continues to grow and we expect further contract confirmations before the financial year end."

Enquires

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About MediaZest (www.mediazest.com)

MediaZest is a creative audio-visual solutions provider that specialises in delivering innovative digital signage and audio systems to leading retailers, brand owners and corporations. The Group offers 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 in February 2005.

CHAIRMAN'S STATEMENT

The Board presents the consolidated unaudited results for the six months ended 31 March 2024 for MediaZest plc and its wholly owned subsidiary companies MediaZest International Ltd ("MDZI") and MediaZest International BV ("MDZBV") (together "MediaZest" or the "Group").

Overview

The Board pleased to deliver a much improved H1 FY24 performance. Whilst revenues improved by 11%, gross profits increased by 17% with a greater mix of more profitable recurring revenue projects compared to the prior year. EBITDA and pre-tax losses were significantly reduced, with a positive start to H2 FY24 and a strong pipeline for the rest of the year and beyond, we believe the outlook for MediaZest is very encouraging.

Operational Review

Positive H1 FY24 performance driven long term project roll outs with key customers

The Company's long-term client base remains consistent and continues to generate new opportunities. During the Period, the Group provided digital signage solutions to another tranche of stores for long-standing client, Pets at Home, and continued to deliver new dealership experiences for Hyundai. MediaZest also continues to provide and expand its ongoing professional services in support of projects with these clients.

MediaZest also completed work on additional Lululemon Athletica stores as it continues to work with the Group across Europe and delivered a first LED videowall for Arc'Teryx in its new Covent Garden flagship store.

Other long-term clients such as Ted Baker, Halfords Autocentres, and Post Office continued to utilise professional services provided by MediaZest, including software licences, content management, support and maintenance. As such, the Group continues to have good visibility over recurring revenue streams which remained consistent.

Post-period end, we announced an agreement to deliver more projects for a large global automotive client won which now includes providing solutions across three European territories with the potential to expand this agreement further. These projects are longer term, over a three-year period, and will contribute to our recurring revenues for future periods.

Financial Review

Year-on-year improvement in results

- Revenue was £1,173,000, up 11% (H1 FY23: £1,054,000).
- Gross profit was up by 17% to £701,000 (H1 FY23: £599,000).
- Gross margin rose to 60% (H1 FY23: 57%) reflecting the improvement in business compared to the prior period and the Group's drive to higher margin recurring revenue work.
- Administrative expenses before depreciation and amortisation were £803,000, an increase of 8% (H1 FY23: £747,000) due to inflationary pressures and increased marketing spend.
- EBITDA improved significantly to a loss of £28,000 (H1 FY23: loss of £148,000).
- Net loss after taxation was £141,000 (H1 FY23: loss of £260,000).
- The basic and fully diluted loss per share was 0.0092 pence (H1 FY23: loss per share 0.0186 pence).
- Cash and cash equivalents at 31 March 2024 were £14,000 (H1 FY23: £10,000).

The Period showed considerable improvement on the prior comparative period and also the second half of the previous financial year. EBITDA moved closer to profitability reflecting increasing levels of new business, as long-term work to deliver more recurring revenue contracts begins to take effect.

This trend is expected to continue and accelerate in the second half of the financial year with recent project wins and new business activity.

Margins continue to be robust with the mix of services offered and also reduced project revenues as a percentage of total revenue resulting in a greater percentage of gross profit coming from recurring revenue contracts, which typically have lower direct cost of sales.

The Board continues to keep a close eye on costs, however inflationary pressures and additional investment in the sales and marketing process have led to increases in costs during the Period, compared to the first six months of the prior year.

In January 2024 the Group completed an equity placing, raising gross proceeds of £120,000.

Outlook

Encouraging outlook for full year

The Board believes the outlook for the remainder of the financial year and beyond is very encouraging. Several large new projects have been won which will be delivered in the period. This is expected to be reflected in improving financial results in the second half of the financial year.

MediaZest continues to seek new opportunities in Europe which has been an area showing significant potential for the Group. The Netherlands subsidiary continues to perform well and attract client interest, allowing the Group to better facilitate project delivery and logistics and to capitalise on these new opportunities within the EU.

Recurring revenue streams have been robust and the Company continues to target the growth of these, in addition to new client wins.

At a strategic level, the Board believes adding scale to the current operational business via acquisition would unlock shareholder value. The Group continues to evaluate potential targets in the market that may be suitable, whilst remaining focussed on the opportunities provided by recent organic growth.

Whilst the three markets in which the Group primarily operates – Retail, Automotive and Corporate – are seeing strong long term demand, the Board remains mindful of macro-economic uncertainty but remains optimistic that current growth will continue. We continue to monitor and control the cost base carefully, whilst balancing the growth of the business and continuing to seek additional clients and projects. The Board remains confident in MediaZest’s ability to deliver year-on-year growth, alongside targeting a return to profitability, and continues to be positive about the Group's future potential.

Lance O’Neill

Chairman

28 June 2024

MEDIAZEST PLC

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2024

MediaZest’s interim results are set out below, with comparisons to the same period in the previous year, as well as to MediaZest’s audited results for the year ended 30 September 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 MARCH 2024

	Note	Unaudited 6 months 31-Mar-24	Unaudited 6 months 31-Mar-23	Audited 12 months 30-Sep-23
		£'000	**£'000**	**£'000**
Continuing Operations				
Revenue		1,173	1,054	2,335
Cost of sales		(472)	(455)	(1,073)
Gross profit		**701**	**599**	**1,262**
Administrative expenses before depreciation and amortisation		(803)	(747)	(1,487)
Exceptional items		-	-	(97)
EBITDA		(28)	(148)	(322)
Administrative expenses - depreciation and amortisation		(38)	(31)	(67)
Operating (loss)/profit		(66)	(179)	(389)
Finance costs		(75)	(81)	(164)
Profit / (Loss) before taxation		(141)	(260)	(553)
Taxation			-	-
(Loss)/profit for the period and total comprehensive loss/income for the period attributable to the owners of the parent		(141)	(260)	(553)
(Loss)/profit per ordinary 0.1p share				
Basic	2	(0.0092)	(0.0186)	(0.0396)
Diluted	2	(0.0092)	(0.0186)	(0.0396)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	Unaudited 6 months 31-Mar-24	Unaudited 6 months 31-Mar-23	Audited 12 months 30-Sep-23
		£'000	**£'000**	**£'000**

ASSETS				
Non-current assets				
Goodwill		2,772	2,772	2,772
Owned - Property plant and equipment		44	51	60
Right of Use - Property plant and equipment		15	60	37
Total non-current assets		2,831	2,883	2,869
Current assets				
Inventories		85	117	97
Trade and other receivables		551	301	406
Cash and cash equivalents	4	14	10	40
Total current assets		**650**	**428**	**543**
TOTAL ASSETS		**3,481**	**3,311**	**3,412**
EQUITY				
Shareholders' Equity				
Called up Share capital		3,686	3,656	3,656
Share premium account		5,334	5,244	5,244
Share options reserve		146	146	146
Retained earnings		(8,500)	(8,065)	(8,358)
TOTAL EQUITY		666	981	688
LIABILITIES				
Non-current liabilities				
Interest bearing loans and borrowings		7	70	195
Current liabilities				
Trade and other payables		1,284	991	1,308
Interest bearing loans and borrowings		1,524	1,269	1,221
Total current liabilities		2,808	2,260	2,529
TOTAL LIABILITIES		**2,815**	**2,330**	**2,724**
TOTAL EQUITY AND LIABILITIES		**3,481**	**3,311**	**3,412**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2024

	Share Capital £'000	Share Premium £'000	Share Options Reserve £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 30 September 2022	**3,656**	**5,244**	**146**	**(7,805)**	**1,241**

Loss for the period	-	-	-	(260)	(260)
Total comprehensive loss for the period	-	-	-	(260)	(260)
Balance at 31 March 2023	**3,656**	**5,244**	**146**	**(8,065)**	**981**
Loss for the period	-	-	-	(293)	(293)
Total comprehensive loss for the period	-	-	-	(293)	**(293)**
Balance at 30 September 2023	**3,656**	**5,244**	**146**	**(8,358)**	**688**
Profit for the period	-	-	-	(141)	**(141)**
Total comprehensive loss for the period	-	-	-	(141)	**(141)**
Issue of new shares	30	90	-	-	**120**
Balance at 31 March 2024	**3,686**	**5,334**	**146**	**(8,500)**	**667**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 MARCH 2024

	Note	Unaudited 6 months 31-Mar-24 **£'000**	Unaudited 6 months 31-Mar-23 **£'000**	Audited 12 months 30-Sep-23 **£'000**
Cash flows from operating activities				
Cash generated from/(absorbed by) operations	**3**	(185)	119	162
Taxation		-	0	0
Net cash generated by/(used in) operating activities		(185)	119	162
Cash flows used in investing activities				
Purchase of property, plant and equipment		-	(25)	(47)
Sale of tangible fixed assets		-	-	16
Net cash used in investing activities		-	(25)	(31)
Cash flows from financing activities				
Other loans repayments		(5)	(4)	30
Shareholder loan receipts		66	88	131
Bounce back loan (repayments)/receipts		(5)	(5)	(10)
Invoice financing (repayments)/receipts		91	(168)	(154)
Payment of lease liabilities		(33)	(12)	(50)
Share issue proceeds		120	-	-
Interest paid		(75)	(28)	(83)

Net cash (used in) / generated from financing activities		159	(129)	(136)
(Decrease)/increase in cash and cash equivalents		**(26)**	**(35)**	**(5)**
Cash and cash equivalents at beginning of period		40	45	45
Cash and cash equivalents at end of the year	**4**	**14**	**10**	**40**

NOTES TO THE FINANCIAL INFORMATION

1. Basis of Preparation

The Group's annual financial statements are prepared in accordance with UK adopted International Accounting Standards and, accordingly, the consolidated six-month financial information in this report has been prepared on the same basis. The financial statements have been prepared under the historical cost convention.

The International Accounting Standards are subject to amendment and interpretation by the International Accounting Standards Board (IASB). The financial information has been prepared on the basis of UK adopted international accounting standards expected to be applicable as at 30 September 2024.

This interim report does not comply with IAS 34 "Interim Financial Reporting" as permissible under the AIM Rules for Companies.

Going Concern

The Directors have considered financial projections based upon known future invoicing, existing contracts, pipeline of new business and the number of opportunities it is currently working on. These projections reflect the improvement in business post period end, as noted in the review above, and the associated improvement in financial results and therefore cash generation in the second half of the financial year ended 30 September 2024.

In addition, these forecasts have been considered in the light of the ongoing challenges in the global economy as a result of inflationary pressures, the legacy of the Covid-19 pandemic, war in Ukraine, consequences of the UK Brexit agreement, and previous experience of the markets in which the Group operates and the seasonal nature of those markets.

These forecasts indicate that the Group will generate sufficient cash resources to meet its liabilities as they fall due over the next 12-month period from the date of this interim announcement.

As a result, the Directors consider that it is appropriate to draw up the financial information on a going concern basis.

Accordingly, no adjustments have been made to reflect any write downs or provisions that would be necessary should the Group prove not to be a going concern, including further provisions for impairment to goodwill and investments in Group companies.

The main operating business, MediaZest International Limited, retains long term relationships with major clients and is developing further large clients and continues to win new project business. As such the Board believes the long-term outlook for the group is positive and no impairment is necessary to the carrying value of this asset

Non-statutory accounts

The financial information contained in this document does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (“the Act”).

The statutory accounts for the year ended 30 September 2023 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The audit report drew attention by way of emphasis to a material uncertainty relating to going concern.

The financial information for the six months to 31 March 2024 has not been audited.

2. **Earnings per Share**

	Unaudited 6 months 31-Mar-24	Unaudited 6 months 31-Mar-23	Audited 12 months 30-Sep-23
(Loss)/profit after tax £000	(141)	(260)	(553)
Weighted average numbers of shares	1,530,852,004	1,396,425,774	1,396,425,774
Basic earnings per share (pence)	(0.0092)	(0.0186)	(0.0396)
Diluted earnings per share (pence)	(0.0092)	(0.0186)	(0.0396)

The diluted loss per share is identical to that used for basic loss per share as the options are "out of the money" and therefore anti-dilutive.

3. **Cash from operating activities**

	Unaudited 6 months 31-Mar-24 **£'000**	Unaudited 6 months 31-Mar-23 **£'000**	Audited 12 months 30-Sep-23 **£'000**
(Loss)/profit after tax	(141)	(260)	(553)
Depreciation/amortisation charge	38	31	67
Profit on disposal of fixed assets	-	-	(16)
Finance Costs	75	81	164
Decrease/(increase) in inventories	12	4	24
(Decrease)/increase in payables	(24)	(110)	268
Decrease/(increase) in receivables	(145)	373	208
Cash from operating activities	(185)	119	162

4. Cash and cash equivalents

	Unaudited 6 months 31-Mar-24	Unaudited 6 months 31-Mar-23	Audited 12 months 30-Sep-23

	£'000	£'000	£'000
Cash in hand	14	10	40

5. Subsequent events

There were no significant subsequent events.

6. Distribution of the interim report

Copies of the interim report will be available to the public from the Company's website, www.mediazest.com, and from the Company Secretary at the Company's registered address at Unit 9, Woking Business Park, Albert Drive, Woking, Surrey, GU21 5JY.