MediaZest Plc

Unaudited Interim Results for the six months ended 31 March 2023

MediaZest, the creative audio-visual company, announces its unaudited interim results for the six months ended 31 March 2023 (the "Period").

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 2022.

CHAIRMAN'S STATEMENT

Introduction

The Board presents the consolidated unaudited results for the six months ended 31 March 2023 for MediaZest plc and its wholly owned subsidiary company MediaZest International Ltd ("MDZI") (together the "Group").

Financial Review

- Revenue for the Period was £1,054,000, down 25% (2022: £1,402,000) due to delays to client projects, subsequently happening in the second half of the financial year.
- Gross profit was down by 21% accordingly to £599,000 (2022: £756,000).
- Gross margin rose to 57% (2022: 54%) with a greater percentage of revenue generated from higher margin managed services than from hardware sales.
- Administrative expenses before depreciation and amortisation were £747,000, an increase of 21% (2022: £618,000) due to inflationary pressures and increased marketing spend.
- EBITDA was a loss of £148,000 (2022: profit of £138,000).
- Net loss for the period after taxation was £260,000 (2022: profit of £40,000).
- The basic and fully diluted loss per share was 0.0186 pence (2022: profit per share 0.029 pence).
- Cash and cash equivalents at 31 March 2023 were £10,000 (2022: £46,000).

Operational Review

Following a strong improvement during the financial year ended 30 September 2022, macro-economic uncertainty and operational changes at key clients had a profound impact on the Group's performance during the Period, particularly in the first quarter of calendar year 2023. This resulted in delays to a major client roll out project whilst design format changes were made, a slower than expected conclusion of deals in progress and hesitation over projects from new clients, all of which led to a drop in revenue in the Period compared to H1 2022. The Board believes the latter two issues are related to customer concerns regarding general market conditions, including inflationary pressures.

Subsequent to the Period, these issues appear to have eased somewhat and the second half of the Group's financial year is expected to show a significant improvement compared to the first half. In particular, the major client roll out has now restarted, some significant projects are expected to close in the run up to the summer period and several new clients have now placed orders.

Margins continue to be robust with the mix of services offered and also reduced project revenues 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.

Client Work in the Period

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 between October and December

2022 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.

The Group added a new large global automotive client during the Period, providing solutions in one European territory which it expects to expand to further substantial work in the coming months.

MediaZest also completed work on additional Lululemon Athletica stores as it continues to work with the Group across Europe. A notable project was the new flagship store in Paris on the Champs Elysees which featured LED screens behind the main cashdesk, internal digital signage and a 'transparent' LED in one window. 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.

Engagements with new clients began including Rank Foundation and Wren Kitchens and the Group continued to develop its relationships with recently won clients such as Vodafone, with new projects completed and additional opportunities under discussion.

The business development team has been supplemented and continues to identify and work on new client projects. The Group has focussed on marketing during the period to generate new opportunities and garner new clients.

Financing

Due to the strong results delivered in the prior year to 30 September 2022 and improvement in business subsequent to the six months to 31 March 2023, additional equity fundraising was again not required in the period.

The Group issued £150,000 of Convertible Loan Notes in August 2020 with a 3 year term. £20,000 of these will be repaid in August 2023, and the Group is in discussion with the holders of the balances regarding potentially extending or renewing these instruments. The Group will update on these discussions in due course.

Outlook

The Board believes the outlook for the remainder of the financial year is encouraging. Projects delayed from the first half of the year have now commenced and some are completed, and that 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. In the Period, the Board established an office in the Netherlands to better facilitate project delivery and logistics and to capitalise on these new opportunities within the EU. The first project delivered via this subsidiary is already underway.

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 an acquisition or acquisitions would unlock shareholder value. The Group continues to evaluate potential targets in the market that may be suitable, with considerable effort going into this workstream over the most recent months.

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 headwinds in the coming months, already seen in the first quarter of the calendar year. As such, the Group continues to monitor and control the cost base carefully, whilst balancing the growth of the business and continuing to seek additional clients and projects.

Lance O'Neill
Chairman
29 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 MARCH 2023

	Note	Unaudited 6 months 31 Mar 23 £'000	Unaudited 6 months 31 Mar 22 £'000	Audited 12 months 30 Sept 22 £'000
Continuing Operations				
Revenue		1,054	1,402	2,820
Cost of sales		(455)	(646)	(1,321)
Gross profit		**599**	**756**	**1,499**
Administrative expenses before depreciation and amortisation		(747)	(618)	(1,279)
EBITDA		**(148)**	**138**	**220**
Administrative expenses – depreciation & amortisation		(31)	(32)	(63)
Operating (Loss)/profit		**(179)**	**106**	**157**
Finance costs		(81)	(66)	(145)
(Loss)/profit before taxation		**(260)**	**40**	**12**
Taxation		-	-	-
(Loss)/profit for the period and total comprehensive loss / income for the period attributable to the owners of the parent		**(260)**	**40**	**12**
(Loss)/earning per ordinary 0.1p (2022:0.01p) share				
Basic	2	(0.0186)	0.0029p	0.0009
Diluted	2	(0.0186)	0.0029p	0.0009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	Unaudited 6 months 31 Mar 23 £'000	Unaudited 6 months 31 Mar 22 £'000	Audited 12 months 30 Sept 22 £'000
ASSETS				
NON CURRENT ASSETS				
Goodwill		2,772	2,772	2,772
Owned				
Property, plant and equipment		51	27	34
Right of use				
Property, plant and equipment		60	105	83
		2,883	2,904	2,889
CURRENT ASSETS				
Inventories		117	137	121
Trade and other receivables		301	545	674
Cash and other equivalents	4	10	46	45
		428	**728**	**840**
TOTAL ASSETS		**3,311**	**3,632**	**3,729**
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital		3,656	3,656	3,656
Share premium		5,244	5,244	5,244
Share options reserve		146	146	146
Retained earning		(8,065)	(7,777)	(7,805)
TOTAL EQUITY		**981**	**1,269**	**1,241**
LIABILITIES				
NON CURRENT LIABILITIES				
Financial liabilities – borrowings				
Interest Bearing loans and borrowings		70	255	83
CURRENT LIABILITIES				
Trade and other payables		991	983	1,101
Financial liabilities – borrowings				
Interest bearing loans and borrowings		1,269	1,125	1,304
		2,260	2,108	2,405
TOTAL LIABILITIES		**2,330**	**2,363**	**2,488**
TOTAL EQUITY AND LIABILITIES		**3,311**	**3,632**	**3,729**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2023

	Share Capital	Share Premium	Share Option Reserve	Retained Earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 30 September 2021	3,656	5,244	146	(7,817)	1,229
Profit for the period	-	-	-	40	40
Total comprehensive profit for the period	-	-	-	40	40
Balance at 31 March 2022	3,656	5,244	146	(7,777)	1,269
Loss for the period	-	-	-	(28)	(28)
Total comprehensive loss for the period	-	-	-	(28)	(28)
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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 MARCH 2023

	Note	Unaudited 6 months 31 Mar 23 £’000	Unaudited 6 months 31 Mar 22 £’000	Audited 12 months 30 Sept 22 £’000
Cash flows from operating activities				
Cash from operating activities	3	119	(129)	(24)
Taxation		-	-	-
Net cash generated by/(used in) operating activities		119	(129)	(24)
Cash flows used in investing activities				
Purchase of property, plant and equipment		(25)	(19)	(35)
Net cash from investing activities		(25)	(19)	(35)
Cash flow from financing activities				
Other loans payments		(4)	(5)	1
Shareholder loan receipts		88	145	15
Shareholder loan repayments		-	(80)	-
Bounce back loan repayments		(5)	(5)	(10)
Invoice financing (repayments)/receipts		(168)	61	98
Lease liability payments		(12)	(23)	(46)
Interest paid		(28)	(19)	(74)
Net cash (used in) / generated from financing activities		(129)	74	(16)
(Decrease) in cash and cash equivalents		(35)	(74)	(75)
Cash and cash equivalents at beginning of period		45	120	120
Cash and cash equivalents at end of period		10	46	45

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 international accounting standards expected to be applicable as at 30 September 2023.

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 2023.

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 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 2022 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 financial information for the six months to 31 March 2023 has not been audited.

2. Earnings per Share

	Unaudited 6 months 31 Mar 23	Unaudited 6 months 31 Mar 22	Audited 12 months 30 Sept 22
(Loss)/profit after tax	(260)	40	12
Weighted average number of shares	1,396,425,774	1,396,425,774	1,396,425,774-
Basic earnings per share (pence)	(0.0186)	0.0029p	0.0009
Diluted earnings per share (pence)	(0.0186)	0.0029p	0.0009

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 23	Unaudited 6 months 31 Mar 22	Audited 12 months 30 Sept 22
(Loss)/profit after tax	(260)	40	12
Depreciation/amortisation charge	31	32	63
Finance Costs	81	18	145
Decrease/(increase) in inventories	4	(13)	29
(Decrease) in payables	(110)	(62)	(13)
Decrease /(Increase) in receivables	373	(144)	(260)
Cash from operating activities	119	(129)	(24)

4. Cash and cash equivalents

	Unaudited 6 months 31 Mar 23	Unaudited 6 months 31 Mar 22	Audited 12 months 30 Sept 22
Cash in hand	10	46	45

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.