

RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

[MEDIAZEST PLC](#)

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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 the "Group")

Results for the year ended 30 September 2023

MediaZest plc (AIM: MDZ), the creative audio-visual solutions provider, announces its consolidated audited results for the year ended 30 September 2023 ("FY23").

The second half performance, particularly Q4, showed a marked improvement on the first half year's trading, despite the uncertainty of the macro-economic environment in 2023, which these results reflect. The resumption of key client projects at the end of the year, a notable increase in incoming opportunities post year end, and an increasing contribution from recurring revenues, gives the board confidence in MediaZest's potential as it targets year-on-year growth and a return to profitability.

Operational Highlights

- Pick up in client demand, with new project briefs in H2 and resumption of key client project in Q4
- Growth in long term recurring revenue contracts with recurring annual run rate at 30 September 2023 of c. £700,000
- European subsidiary established in the Netherlands; first project delivered, and orders secured
 - *New large global automotive client added in FY23, providing solutions initially in one EU territory*
- Ground-breaking project undertaken with digital artist client for immersive art gallery in London
- Long term clients progressed roll out programmes or ongoing works during the year:
 - *Hyundai show room audio visual roll out continued, leading to several new dealership projects*
 - *Pets at Home digital signage solutions deployed in over 100 stores with more in the pipeline*
 - *Lululemon UK projects supplemented by new stores in several European locations in H2 FY23*
 - *HMV continued to open and refurbish new stores with audio solutions across the UK*

Financial Highlights

Year ended 30 September	FY23 £'000	FY22 £'000
Revenue	2,335	2,820
Gross Profit	1,262	1,499
Gross Margin	54%	53%
EBITDA ¹ (before exceptional costs ²)	(225)	220
(Loss)/Profit after tax	(553)	12
(Loss)/Earnings per share (pence)	(0.0396)	0.0009
Cash	40	45

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

² Exceptional costs relate to a one-off due diligence cost relating to a potential acquisition by the Group of £97,000

Post-period End and Outlook

- Demand in MediaZest's three core sectors (retail, automotive and corporate offices) continue to grow
- Notable rise in incoming opportunities post year end due to increased marketing activity
- Long term client projects set to continue in FY24
- Orders secured with Netherlands subsidiary that will be delivered in FY24
 - *New large global automotive client likely to provide additional work across further territories*
- Equity fundraising of £120,000 (gross) completed as announced [on 8 January 2024](#)
- Discussions held with a number of suitable parties for potential "Buy and build" acquisition
- Well-positioned to take advantage of a fragmented digital signage market which is ripe for acquisition, to build economies of scale
- **Positive Outlook** – aiming to build on the progress in H2 and generate positive growth organically and targeting a return to profitability, whilst continuing to evaluate potential acquisitions

Geoff Robertson, Chief Executive Officer, commented: *"Naturally we are disappointed to report a weaker set of results this year, particularly after the positive progress made in the prior financial year. Several factors, many outside of our control, contributed to lower revenues and gross profit, but we were pleased to report a slightly improved profit margin. Most importantly, activity in the final quarter was encouraging and we believe the fundamentals of the Company remain strong.*

"Following the uptick in activity in Q4, we believe we are well-positioned moving into the next financial year. Ongoing long term project roll outs with existing customers including Hyundai, Pets at Home and Lululemon, in Europe in particular, have continued into FY24 with further installations already completed and additional projects forthcoming. As audio-visual technology plays a greater role in day-to-day operations, we remain positive about the Group's future growth potential."

Investor presentation

Geoff Robertson, Group Chief Executive, will provide a live presentation in relation to the Company's final results via the Investor Meet Company platform in due course and a further

announcement will be made in due course. Investors can sign up to Investor Meet Company for free and add to meet MediaZest [here](#).

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About MediaZest (www.mediazest.com)

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.

MediaZest Plc

CHAIRMAN'S STATEMENT

for the Year Ended 30 September 2023

Introduction

The Board presents the consolidated audited results for the year ended 30 September 2023 for MediaZest plc ("MDZ" or the 'Company') and its wholly owned subsidiary companies MediaZest International Ltd ("MDZI") and MediaZest International BV ("MDZBV") which together constitute the "Group".

MDZ Group Results for the year and Key Performance Indicators ("KPIs")

- Revenue for the year fell 17% to £2,335,000 (2022: £2,820,000)
- Gross profit decreased by 16% to £1,262,000 (2022: £1,499,000)
- Gross margins improved slightly to 54% (2022: 53%)
- Administrative expenses excluding depreciation and amortisation were £1,487,000 (2022: £1,279,000), a 16% increase
- There were exceptional costs in the year of £97,000 (2022: £nil) relating to due diligence costs on a potential acquisition
- Depreciation and amortisation costs were £67,000 (2022: £63,000)
- Finance costs were £164,000 (2022: £145,000)
- EBITDA before exceptional costs was a loss of £225,000 (2022: profit of £220,000) See *definition in note 2*

- Loss After Tax was £553,000 (2022: Profit After Tax of £12,000)
- The basic and fully diluted earnings per share was a loss per share of 0.0396 pence (2022: profit per share 0.0009 pence)
- Net assets of the group are £688,000 (2022: £1,241,000)
- Cash in hand at 30 September 2023 was £40,000 (2022: £45,000)

MDZ Group Summary

The Group's financial results for the year ("FY23") were disappointing following on from the progress of the prior year, with top line sales dropping 17%.

This reflected an increasingly uncertain macro-economic environment, and the impact of operational changes at a key client. Both lead to delays in projects and reduced revenue during the year. At the same time, inflationary pressures, the one-off exceptional cost relating to a due diligence process, and additional costs arising from investment in marketing activities also impacted the FY23 results.

Revenue was adversely affected as clients took longer to consummate expected deals, particularly in the first half of the year, resulting in delays to projects which negatively impacted sales in FY23, but will now benefit the new financial year ending 30 September 2024 ("FY24") instead. Revenue was also lower than expected in the first half of the year as operational changes at a key client meant that investment in a major roll out programme was paused for several months. This has now resumed in earnest, with the final quarter of FY23 (July to September 2023) benefitting in particular, as well as the new financial year, 2024.

The gross profit margin held up well in the face of this economic uncertainty, as did recurring revenues. The continued emphasis on long term recurring revenue contracts began to show growth again, with the recurring annual run rate now approximately £700,000 per annum. In addition, several new deals were structured to generate additional profit from recurring revenue, rather than upfront project fees which should improve visibility over margins in the short to medium term.

An unequivocal success in the year was the establishment of the Group's European subsidiary, MediaZest International BV. Orders in excess of €500,000 have already been secured that will be delivered via this subsidiary, mostly beginning in FY24. This subsidiary is already allowing the Group to attract potential clients direct from Europe, as well as to help facilitate EU based work won by the UK sales team.

As noted, one-off due diligence costs relating to a potential acquisition by the Group of £97,000 also impacted the results.

Excluding this exceptional cost, the second half of the year showed improvement over the first half, particularly in the final quarter.

Client demand in all three key sectors in which the Company operates - Retail, Automotive and Corporate Office spaces - continued to be encouraging with new project briefs and new client pitches seen consistently throughout the second half of the year after a quietening down of this activity in the first half.

There has been a notable increase in incoming opportunities post the year end as a result of the additional investment in marketing activity. The Company intends to continue its marketing push throughout 2024.

Long term clients including Pets at Home, Lululemon, Hyundai, Harrods, Wincanton, Ted Baker and HMV all progressed roll out programmes or ongoing works during the financial year and are set to continue in 2024.

The Group continues to operate in three core sectors:

Retail - Digital transformation continues as retailers deploy digital signage displays including window displays, self-service kiosks and large-scale displays such as LED and videowalls.

Automotive - As this sector evolves rapidly, the role of technology in the showroom journey increases. As a result, many of the audio-visual solutions deployed in general Retail are being seen in these markets.

Corporate Offices - typical projects in this sector include hybrid meeting rooms, video conferencing technology and innovation centres - all of which are undergoing radical transformation with the adoption of widespread hybrid working models putting additional requirements upon office building technology.

As expected, demand in all three sectors continues to grow and the Company is receiving an increasing number of enquiries regarding new opportunities, as audio visual technology plays a greater role in day-to-day operations.

Group Strategy

The Board's strategy continues to be focussed on growing revenues and client numbers, with emphasis on those with long-term opportunities to deploy solutions across multiple sites at scale. The quality of revenue and duration of recurring revenue streams remain a key focus to enable the Group to generate long term value and focus is on this rather than short term gains that are unsustainable.

The Group's market positioning is to provide a high-quality Managed Service offering wrapped around hardware and software delivery that generates ongoing contractual revenues from the customer base over several years.

The Board believes that in addition to organic growth, the current state of the digital signage market is well suited to a 'buy-and-build' acquisition strategy to take advantage of economies of scale and the maturing market. As one of very few listed vehicles in this space, the Board believes MediaZest is well positioned to take advantage of this opportunity. As such the Board has held discussions with a number of suitable parties and continues to do so, with the intention of consummating at least one revenue enhancing, synergistic acquisition in the short to medium term.

One specific opportunity was evaluated in depth in 2023 including due diligence work which led to the exceptional costs noted above. Although at that time a deal could not be concluded that the Board believed would deliver suitable shareholder value, there remains the potential to revisit this and other opportunities in the near future.

MDZ Group Operational Review

Long standing clients in the automotive sector such as Hyundai continued to work with the Group during the year, continuing the roll out of audio-visual technology in showrooms to assist with Electric Vehicle sales. This led to several new dealership projects in the financial year.

The Group also added a new large global automotive client during the year, providing solutions in one European territory in FY23 with substantial additional work deploying solutions in showrooms in a further two EU countries in FY24.

Pets at Home continued to roll out digital signage solutions to stores and the Company has now deployed these to over 100 of their stores with more in the pipeline.

Lululemon Athletica projects in the UK were also supplemented by new stores in European locations, of which there were a significant number in the second half of the financial year. These included several stores in Paris, a large flagship store in Amsterdam and other locations including in Berlin and Zurich.

HMV, the Group's longest standing client, continued to open and refurbish new stores with audio solutions across the UK, provided by MediaZest.

The Group completed a ground-breaking project with a digital artist client which included installation and technical design assistance for an immersive art gallery piece in London.

The European subsidiary, based in the Netherlands, delivered its first projects in FY23, with significant additional work already confirmed for 2024. This includes substantial work with a large global car manufacturer in several of the EU territories in which it operates.

Financing

During the financial year, the Group repaid £150,000 of 3 year convertible loan notes that were previously issued in August 2020. At the same time £130,000 of new 3 year convertible loan notes were issued under similar terms to existing shareholders. Further detail on the terms of these loans is in Note 24 of the 2023 Annual Report.

Post year end, the Group completed a small fundraising of £120,000 before expenses through the issue of 300,000,000 new ordinary shares at 0.0425 pence per share in January 2024 to help support the recruitment of additional sales resource, the development of the Group's overseas subsidiary and provide additional working capital.

Current trading and outlook into FY24

Ongoing long term project roll outs with customers including Hyundai, Pets at Home and Lululemon, in Europe in particular, have continued into FY24 with further installations already completed and additional projects forthcoming. Market demand and pitch opportunities across all sectors in which the Company specialises are robust as 2024 begins. In addition, roll out programmes which had experienced delays have now resumed. As a result of these factors, the Group is targeting a year-on-year increase in revenue for FY24. The Board continues to monitor opportunities for acquisition and remains positive about the Group's future growth potential.

Lance O'Neill
Chairman

1 March 2024

Consolidated Statement of Profit or Loss for the Year Ended 30 September 2023

	2023	2022
	£'000	£'000
<hr/>		
CONTINUING OPERATIONS		
Revenue	2,335	2,820
Cost of sales	(1,073)	(1,321)
	<hr/>	<hr/>
GROSS PROFIT	1,262	1,499
Administrative expenses	(1,554)	(1,342)
	<hr/>	<hr/>

OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS	(292)	157
Exceptional items	(97)	-
OPERATING (LOSS)/PROFIT	(389)	157
Finance costs	(164)	(145)
(LOSS)/PROFIT BEFORE INCOME TAX	(553)	12
Income tax	-	-
(LOSS)/PROFIT FOR THE YEAR	(553)	12
(Loss)/profit attributable to: Owners of the parent	(553)	12
Earnings per share expressed in pence per share:		
Basic	(0.0396)	0.0009
Diluted	(0.0396)	0.0009

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 30 September 2023**

	2023	2022
	£'000	£'000
(LOSS)/PROFIT FOR THE YEAR	(553)	12
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(553)	12
Total comprehensive income attributable to: Owners of the parent	(553)	12

**Consolidated Statement of Financial Position
30 September 2023**

	2023	2022
	£'000	£'000
ASSETS		
NON-CURRENT ASSETS		
Goodwill	2,772	2,772
Owned: Property, plant and equipment	60	34
Right-of-use: Property, plant and equipment	37	83
	2,869	2,889
CURRENT ASSETS		
Inventories	97	121
Trade and other receivables	406	674
Cash and cash equivalents	40	45
	543	840

TOTAL ASSETS	3,412	3,729
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	3,656	3,656
Share premium	5,244	5,244
Share option reserve	146	146
Retained earnings	(8,358)	(7,805)
TOTAL EQUITY	688	1,241
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities - borrowings		
Interest bearing loans and borrowings	195	83
CURRENT LIABILITIES		
Trade and other payables	1,308	1,101
Financial liabilities - borrowings		
Interest bearing loans and borrowings	1,221	1,304
TOTAL LIABILITIES	2,529	2,405
TOTAL EQUITY AND LIABILITIES	2,724	2,488
	3,412	3,729

**Consolidated Statement of Changes in Equity
for the Year Ended 30 September 2023**

	Called up Share capital £'000	Retained earnings £'000	Share premium £'000	Share option reserve £'000	Total equity £'000
Balance at 1 October 2021	3,656	(7,817)	5,244	146	1,229
Changes in equity					
Total comprehensive income	-	12	-	-	12
Balance at 30 September 2022	3,656	(7,805)	5,244	146	1,241
Changes in equity					
Total comprehensive income	-	(533)	-	-	(533)
Balance at 30 September 2023	3,656	(8,358)	5,244	146	688

**Consolidated Statement of Cash Flows
for the Year Ended 30 September 2023**

	2023	2022
	£'000	£'000

Cash flows from operating activities

Cash generated from operations	162	(24)
Net cash from operating activities	<u>162</u>	<u>(24)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(47)	(35)
Sale of tangible fixed assets	16	-
Net cash from investing activities	<u>(31)</u>	<u>(35)</u>
Cash flows from financing activities		
Other loans receipt/(repayments)	30	1
Shareholder loan net receipt/(repayment)	131	15
Bounce back loan (repayment)/receipt	(10)	(10)
Payment of lease liabilities	(50)	(46)
Invoice financing (repayment)/receipt	(154)	98
Interest paid	(83)	(74)
Net cash from financing activities	<u>(136)</u>	<u>(16)</u>
Decrease in cash and cash equivalents	(5)	(75)
Cash and cash equivalents at beginning of year	<u>45</u>	<u>120</u>
Cash and cash equivalents at end of year	<u>40</u>	<u>45</u>

NOTES TO THE FINANCIAL STATEMENTS

The financial information set out in this announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006.

The financial information for the period ended 30 September 2022 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was (i) unqualified, and (ii) did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The statutory accounts for the year ended 30 September 2023 have not yet been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was (i) unqualified, (ii) did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006, and (iii) drew attention by way of emphasis to a material uncertainty related to going concern as addressed below.

The 2023 accounts will be delivered to the Registrar of Companies following the Company's Annual General Meeting, details of which will be announced shortly.

Going concern

The Group made a loss after tax of £553,000 (2022: profit of £12,000) and has net current liabilities of £1,986,000 (2022: £1,565,000). The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

The Directors have considered financial projections based upon known future invoicing, existing contracts, the pipeline of new business and the increasing number of opportunities it is currently working on in 2024, the expected macroeconomic environment and prior year trading.

Several substantial new contracts have been won during the new financial year, ongoing roll out projects with existing clients continue apace, and recurring revenues remain robust. Projected group revenues include material client roll outs with new and existing clients, the timing of which the Directors acknowledge is difficult to predict.

These circumstances represent a material uncertainty relating to the timing of revenue and cash flows from these clients that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern.

In addition to the significant number of new project wins and sign up of new clients since the year end, to further mitigate against this uncertainty the Group raised equity funding of £120k before costs in January 2024, demonstrating the ability to raise finance from capital markets and strengthening the Group balance sheet.

The Directors have obtained agreement from two shareholders who have provided material loans to the Group, stating that they will not call for repayment of the loan within the 12 months from the date of approval of these financial statements or, if earlier, until the Group has sufficient funds to do so. The balance of these loans at 30 September 2023 totalled £805,000 (2022: £705,000) and are included in the net current liabilities position.

As a result the Directors consider, after making due enquiries and considering the uncertainty above, that it is appropriate to draw up the accounts on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The Report and Consolidated Financial Statements for the year ended 30 September 2023 will be posted to shareholders shortly and will also be available to download from the Company's website: www.mediazest.com

1. SEGMENTAL REPORTING

Revenue for the year can be analysed by customer location as follows:

	2023	2022
	£'000	£'000
UK and Channel Islands	1,979	2,718
Rest of Europe	356	102
	<u>2,335</u>	<u>2,820</u>

An analysis of revenue by type is shown below:

	2023	2022
	£'000	£'000
Hardware and installation	1,686	2,191
Support and maintenance - recurring revenue	595	498
Other services (including software solutions)	54	131
	<u>2,335</u>	<u>2,820</u>

Segmental information and results

The Chief Operating Decision Maker ('CODM'), who is responsible for the allocation of resources and assessing performance of the operating segments, has been identified as the Board. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Board. The Board have reviewed segmental information and concluded that there is only one operating segment.

The Group does not rely on any individual client and there are seven clients who have contributed over 5% of total revenue each. The following revenues arose from sales to the Group's largest client:

	2023 £'000	2022 £'000
Goods and services	332	589
Service and maintenance	116	117
Other services	25	40
	473	746

2. EARNINGS PER SHARE

	2023 £'000	2022 £'000
Profit/(Loss)		
(Loss)/profit for the purposes of basic and diluted earnings per share being net loss attributable to equity shareholders	(553)	12

	2023 Number	2022 Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,396,425,774	1,396,425,774
Number of dilutive shares under option or warrant	-	-
Weighted average number of ordinary shares for the purposes of dilutive loss per share	1,396,425,774	1,396,425,774

Basic earnings per share is calculated by dividing the loss after tax attributed to ordinary shareholders of £553,000 (2022 profit: £12,000) by the weighted average number of shares during the year of 1,396,425,774 (2022: 1,396,425,774).

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. RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2023 £'000	2022 £'000
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(Loss)/profit before income tax	(553)	12
Depreciation charges	67	63
Profit on disposal of fixed assets	(16)	-
Finance costs	164	145
	<u>(338)</u>	<u>220</u>
Decrease in inventories	24	29
Decrease/(increase) in trade and other receivables	268	(260)
Increase/(decrease) in trade and other payables	208	(13)
Cash generated from operations	<u>162</u>	<u>(24)</u>

4. CASH AND CASH EQUIVALENTS

	30.09.23	01.10.22
	£'000	£'000
Cash and cash equivalents	<u>40</u>	<u>45</u>

5. EVENTS AFTER THE REPORTING PERIOD

On 8 January 2024 the Group agreed a capital raising of £120,000 before costs.