



Immedia Group PLC - IME
2018 Preliminary Results
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The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

Tuesday, 21 May 2019

Immedia Group Plc

("Immedia" or "the Group" or "the Company")

multi-media content and digital solutions provider to global businesses and organisations

2018 Preliminary Results

Immedia Group Plc (AIM: IME) today announces its preliminary results for the year ended 31 December 2018.

"2018 delivered a substantial improvement in performance over the prior year in terms of revenue and profitability.

Our unique mix of brand engagement and creative skills is underpinning our ability to secure new and exciting business. 2019 business activity is performing in line with our expectations while we are also witnessing a pipeline of new and exciting opportunities with several key potential clients across our target verticals."

Tim Hipperson, Chairman

FINANCIAL HIGHLIGHTS

- A much-improved performance over the prior year
- 32% increase in revenue to £4,686,934
- EBITDA profit of £262,588 (2017: loss £512,847)
- PBT of £106,204 (2017: loss £693,268)
- Cash balances increased to £369,698 (2017: £53,743)
- The Group remains debt free apart from finance leases totaling £77,044

OPERATIONAL HIGHLIGHTS

- Immedia's audience engagement strategies achieve true market traction
- Launched the innovative JD-X app project for JD Sports Fashion plc
- Expanded the reach of our multimedia content to smart devices and other audio platforms such as Amazon Alexa, Google Home, Apple Podcasts, Overcast and iHeart
- Dreamstream-X platform delivered a class leading broadcast audio solution to the entire Nationwide Building Society estate
- Landmark work for clients such as FIFA, Weir Oil and Gas, Maersk, Halliburton and Visit Aberdeenshire
- IME geographical reach has grown on the back of client expansion and this is set to continue

"Over the last 18 months we have made considerable progress in maximising efficiencies within the Group which leaves us well placed to leverage increased engagement with current clients and the conversion of a significant pipeline of new business opportunities."

"Our experiences in 2018 and in the year to date have reinforced our view that now is the time for Immedia's unique mix of brand engagement and creative skills. We are in advanced dialogue with a number of key potential clients across our target verticals, specifically for the development of Omni Channel and content development in both physical and digital locations. We expect to bring you further updates on these discussions within this financial period."

Bruno Brookes, Chief Executive of Immedia

Immedia Group Plc **Preliminary results for the year ended 31 December 2018**

	12 months ended 31 December 2018	12 months ended 31 December 2017
2018 Financial Summary		
Revenue	£4,686,934	£3,548,689
Profit/(loss) before interest, taxation, depreciation, amortisation and impairment charges (EBITDA)	£262,588	£(512,847)
Profit/(loss) before tax	£106,204	£(693,268)
Net fair value (loss/profit) on equity investments not held for trading designated as fair value through OCI	£(112,800)	£7,800
Total comprehensive profit/(loss) for the year	£42,949	£(663,768)
Basic earnings/(loss) per share	1.13p	(4.89)p
Diluted earnings/(loss) per share	1.08p	(4.89)p
Basic pre-tax earnings/(loss) per share	0.77p	(5.05)p
Year-end balance of cash and cash equivalents	£369,698	£53,743
Net funds	£292,654	£46,687

Statement by the Chairman, Tim Hipperson

"The Group remains confident in its ability to leverage its unique market positioning into client engagement, incremental sales revenue and ultimately enhanced shareholder value."

In my 2017 statement I referred to an expected improvement in the performance of our business in the 2018 financial year. I am gratified that this has proved to be the case and that our service offerings continue to lead the market in our sector.

Over the 2018 year under review Immedia witnessed the strengthening of relationships with its key clients, in particular JD Sports Fashion plc and Nationwide Building Society, for whom we delivered a substantial equipment installation programme to ensure that every branch is able to receive Nationwide Live.

Our experience in 2019 to date is performing in line with management expectations with some of our more traditional historic contracts reaching end of life, enabling us to focus on the newer innovative business partnerships we have been developing over the last couple of years.

As a Group we deliver, day in day out, a huge range of content and services to our clients, on time and on budget. This is a testament to the talent and dedication of every member of Immedia staff and I would like to thank every one of them.

The Board and management of Immedia Group continue to benefit from the commitment and talents of the entire team to deliver the Group strategy - developing a broader creative content portfolio to convert app, web based, audio platform and physical retail environments into audio and visual entertainment and engagement media properties for our clients.

Our objective is to continue to build on the momentum recently generated and focus on being able to deliver sustained growth and value to all our stakeholders over the coming years.

Review by the Chief Executive, Bruno Brookes

[The business](#)

2018 saw Immedia's audience engagement strategies achieve true market traction. Not only did we launch the innovative JD-X app project for JD Sports Fashion plc, we also expanded the reach of our multimedia content to smart devices and other audio platforms such as Amazon Alexa, Google Home, Apple Podcasts, Overcast and iHeart.

The power of our Dreamstream-X platform was harnessed to deliver a class leading broadcast audio solution to the entire Nationwide Building Society estate. We also supplied and installed connectivity and sound systems into the Nationwide estate.

We are pleased to report that our geographical reach has grown as a result of our clients' own development: this has included the expansion of both the JD and Subway retail services into additional territories and we expect this trend to continue over the current financial period.

We continue to produce audio and visual content of the highest class for all our clients in particular those across retail, energy and sports.

Our Aberdeen production division has enjoyed a high-profile year, filming at all venues of the FIFA World Cup in Russia and producing landmark work for clients such as Weir Oil and Gas, Maersk, Halliburton and Visit Aberdeenshire. This area of our business

also showed improvement at the trading level due to enhanced top line sales and cost control measures implemented in 2017. Although market conditions in the local economy remain challenging, we continue to work on spreading the geographical reach of our Aberdeen team to the rest of the UK and beyond.

Current trading and prospects

Over the last 18 months we have made considerable progress in maximising efficiencies within the Group which leaves us well placed to leverage increased engagement with current clients and the conversion of a significant pipeline of new business opportunities. Our engagement with potential new clients is flourishing under the guidance of our new Director of Partnerships Paul Atherton.

Our experiences in 2018 and in the year to date have reinforced our view that now is the time for Immedia's unique mix of brand engagement and creative skills. We are in advanced dialogue with several key potential clients across our target verticals, specifically for the development of Omni Channel and content development in both physical and digital locations. We expect to bring you further updates on these discussions within this financial period.

Financial review by Ross Penney, Chief Operating Officer

2018 saw an improved performance in the Group as a result of factors already highlighted - a significant one-off installation project for Nationwide Building Society, other new business coming on stream and the full year's impact of cost control measures implemented in 2017.

Summary of financial results

Having reported a very challenging 2017, it has been very encouraging to witness a turnaround from a significant pre-tax loss in the prior year to achieve a profit before tax in 2018.

Revenue increased 32% on the previous year to £4,686,934 (2017: £3,548,689). The Group reported an EBITDA profit (earnings before interest, taxation, depreciation, amortisation, impairment charges and other exceptional items) of £262,588 (2017: loss £512,847) and a profit before tax of £106,204 (2017: loss £693,268). This equates to a pre-tax profit per share of 0.77p (2017: loss 5.05p). The total comprehensive profit was £42,949, reflecting a reduction in the carrying value of £112,800 in our strategic investment in the AIM quoted spoken word audio platform Audioboom Group Plc (AIM: BOOM).

Reconciliation of EBITDA to statutory results

	2018	2017
	£	£
Operating profit/(loss)	110,693	(692,118)
Depreciation	93,301	120,326
Amortisation	58,594	58,945
EBITDA	262,588	(512,847)

The significant improvement in EBITDA is due to a number of factors: a significant installation contract on behalf of Nationwide Building Society as above, new business coming on stream and the impact of a full year of cost reduction measures implemented in 2017. Whilst we don't anticipate benefiting from significant one-off installation earnings in the 2019 financial year, we have taken the steps necessary to deliver substitutional and incremental revenue and margin across several market verticals.

Cash balances increased to £369,698 (2017: £53,743) as a result of improved EBITDA performance.

Consolidated statement of financial position and cash flows

Management of costs and cash remains a key focus, and in the period cash collections from customers were again improved. Costs in our Aberdeen division have been continuously monitored and stabilised. Together with enhanced revenue and margin performance the result has been an increase in cash to £369,698 (2017: £53,743).

During 2018 the Group invested £122,992 in tangible fixed assets. £82,886 of these assets are IT hardware, servers and telephone systems at Newbury and were funded by finance leases. The Group repaid leases totalling £12,898 during the year. The net cash inflow from Group activities was £315,955 and the Group ended the year with a cash balance of £369,698.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2018

	2018 £	2017 £
Continuing operations		
Revenue	4,686,934	3,548,689
Cost of sales	<u>(2,166,366)</u>	<u>(1,759,046)</u>
Gross profit	2,520,568	1,789,643
Administrative expenses	<u>(2,409,875)</u>	<u>(2,481,761)</u>
Profit/(loss) from operations	110,693	(692,118)
Finance income	159	202
Finance cost	<u>(4,648)</u>	<u>(1,352)</u>
Profit/(loss) before tax	106,204	(693,268)
Tax income	<u>49,545</u>	<u>21,700</u>
Profit/(loss) for the year from continuing operations	155,749	(671,568)
		-
Earnings/(loss) per share		
Basic (pence)	1.13	(4.89)
Diluted (pence)	1.08	(4.89)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

	2018	2017
	£	£
Profit/(Loss) for the year	155,749	(671,568)
Items that will not be reclassified subsequently to profit or loss:		
Fair value (loss)/gain on equity investments not held for trading designated as fair value through OCI	<u>(112,800)</u>	<u>7,800</u>
Total comprehensive profit/(loss) for the year	<u>42,949</u>	<u>(663,768)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	2018	2017
	£	£
Assets		
Non-current assets		
Property, plant and equipment	225,475	200,838
Intangible assets	307,505	366,099
Deferred tax assets	84,395	34,850
Financial assets	<u>60,000</u>	<u>172,800</u>
Total non-current assets	<u>677,375</u>	<u>774,587</u>
Current assets		
Inventories	153,915	69,803
Trade and other receivables	643,422	519,129
Prepayments	126,857	107,915
Cash and cash equivalents	<u>369,698</u>	<u>53,743</u>
Total current assets	<u>1,293,892</u>	<u>750,590</u>
Total assets	<u><u>1,971,267</u></u>	<u><u>1,525,177</u></u>
Equity		
Share capital	1,455,684	1,455,684
Share premium	3,586,541	3,586,541
Merger reserve	2,245,333	2,245,333
Share based payment reserve	4,578	4,578
Investment valuation reserve	(30,000)	82,800
Retained losses	<u>(7,043,745)</u>	<u>(7,199,494)</u>
Total equity	<u>218,391</u>	<u>175,442</u>

Liabilities**Non-current liabilities**

Finance leases	49,580	1,542
Provisions	42,500	42,500
Total non-current liabilities	92,080	44,042

Current Liabilities

Finance leases	27,464	5,514
Trade and other payables	1,511,586	1,233,522
Contract liabilities	121,746	66,657
Total current liabilities	1,660,796	1,305,693
Total liabilities	1,752,876	1,349,735
Total equity and liabilities	1,971,267	1,525,177

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium account £	Merger reserve £	Share based payment reserve £	Investment valuation reserve £	Retained losses £	Total equity £
Balance at 1 January 2018	1,455,684	3,586,541	2,245,333	4,578	82,800	(7,199,494)	175,442
Profit for the year	-	-	-	-	-	155,749	155,749
Other comprehensive income for the year:							
Fair value loss on financial assets	-	-	-	-	(112,800)	-	(112,800)
Total comprehensive (loss)/gain for the year	-	-	-	-	(112,800)	155,749	42,949
Balance at 31 December 2018	1,455,684	3,586,541	2,245,333	4,578	(30,000)	(7,043,745)	218,391

	Share capital £	Share premium account £	Merger reserve £	Share based payment reserve £	Investment valuation reserve £	Retained losses £	Total equity £
Balance at 1 January 2017	1,455,684	3,586,541	2,245,333	4,578	75,000	(6,527,926)	839,210
Loss for the year	-	-	-	-	-	(671,568)	(671,568)
Other comprehensive income for the year:							
Fair value gain on financial assets	-	-	-	-	7,800	-	7,800
Total comprehensive gain/(loss) for the year	-	-	-	-	7,800	(671,568)	(663,768)
Balance at 31 December 2017	1,455,684	3,586,541	2,245,333	4,578	82,800	(7,199,494)	175,442

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit/(loss) for the year before income tax	106,204	(693,268)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment charges	151,895	179,271
Loss on sales of assets	5,054	1,396
Finance income	(159)	(202)
Finance expense	4,648	1,352
(Increase)/Decrease in trade and other receivables and prepayments	(143,236)	267,476
(Increase)/Decrease in inventories	(84,111)	28,550
Increase in trade and other payables and contract liabilities	333,153	166,790
Net cash from operating activities	373,448	(48,635)
Taxation		
Taxation	-	-
Cash flows from investing activities		
Interest received	159	202
Acquisition of property, plant and equipment	(40,106)	(18,631)
Net cash from investing activities	(39,947)	(18,429)
Cash flows from financing activities		
Repayment of finance leases	(12,898)	(3,727)
Interest paid	(4,648)	(1,352)
Net cash from financing activities	(17,546)	(5,097)
Net increase/(decrease) in cash and cash equivalents	315,955	(72,143)
Cash and cash equivalents at 1 January	53,743	125,886
Cash and cash equivalents at 31 December	369,698	53,743

Immedia Group Plc

NOTES TO THE FINANCIAL INFORMATION

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

The financial information for the year ended 31 December 2017 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 unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 31 December 2018 have not yet been delivered to the Registrar of Companies, nor have the auditors yet reported on them.

The 2018 accounts will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The Annual Report and Notice of Annual General Meeting will be posted to the shareholders by 5 June 2019 and will be made available on the Company's website (www.immediapl.com) at that time.

This preliminary announcement was approved by the Board on 20 May 2019.

1. Principal activity

The Group is involved in marketing and communication services through the provision of interactive digital channels products and services using music, radio and screen-based media to provide brand conversation, engaging entertainment and innovative technical solutions. It also supplies, installs and maintains the equipment required to deliver these services.

2. Basis of preparation

The financial information has been prepared and approved by the Directors in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs").

The Directors have considered the Group's prospects for winning new business and reviewed a range of possible outcomes when reviewing forecasts of future cash flows of the Group. On the basis of current financial projections prepared to 30 June 2020, recent news of new contracts won and of contract renewals, and continuing improvements in the management of costs, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis.

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The financial statements were approved by the Board of Directors on 20 May 2019.

3. Financial assets

In March 2014, the Group invested £90,000 in the purchase of 6,000,000 shares in AudioBoom Group Plc, an AIM-listed spoken-word audio platform for hosting distributing and monetising content, as part of the Group's strategy to broaden its digital marketing and communications services.

The Group has taken the irrevocable election to classify this investment as fair value through OCI. At 31 December 2018 the fair value of the investment was £60,000 (31 December 2017: £172,800) with a net fair value loss in 2018 of £112,800 recognised in other comprehensive income (2017: gain £7,800).

As at the date of approval of this report, the investment represents c.0.005% of Audioboom Group Plc's ordinary shares in issue and has a fair value of £114,000.

4. Earnings per share

	2018 Number	2017 Number
<u>Basic</u>		
Weighted average number of shares in issue	14,556,844	14,556,844
Less weighted average number of own shares	(832,374)	(832,374)
	<hr/>	<hr/>
Weighted average number of shares in issue for basic earnings per share	13,724,470	13,724,470
	<hr/>	<hr/>
Basic earnings/(loss) per share	1.13p	(4.89)p
	<hr/>	<hr/>
	2018 Number	2017 Number
<u>Diluted</u>		
Weighted average number of shares in issue	13,724,470	13,724,470
Add shares which dilute	666,847	-
	<hr/>	<hr/>
Weighted average number of shares in issue for diluted earnings per share	14,391,317	13,724,470
	<hr/>	<hr/>
Diluted earnings/(loss) per share	1.08p	(4.89)p
	<hr/>	<hr/>

The **basic** and **diluted** earnings/(loss) per share are calculated using the after-tax profit attributable to equity shareholders for the financial period of £155,749 (2017: loss £671,568).

In accordance with IAS 33 the diluted basic earnings/ (loss) per share is stated at the same amount in 2017 as basic as there is no dilutive effect, whereas there is a dilutive effect in 2018.

Pre-tax earnings/(loss) per share	2018	2017
	<hr/>	<hr/>
Basic pre-tax earnings/(loss) per share	0.77p	(5.05)p
	<hr/>	<hr/>
Diluted pre-tax earnings/(loss) per share	0.74p	(5.05)p
	<hr/>	<hr/>

The basic and diluted pre-tax earnings/(loss) per share are calculated using the before tax earnings/(loss) attributable to equity shareholders for the financial period of £106,204 (2017: £693,268).

5. Adoption of IFRS 9 and IFRS 15

IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" were both adopted with effect from 1 January 2018 in line with the transitional provisions provided in the new standards.

The effect of adopting IFRS 9 has been to reclassify investments previously held as available for sale using the irrevocable election to classify equity investments as fair value through other comprehensive income. The impact of any increased loss allowance is deemed immaterial.

The adoption of IFRS 15 has not resulted in any changes to existing revenue recognition policies and as a result there are no transitional adjustments made.

For further information please contact:

Immedia Group Plc

Tim Hipperson, Non-executive Chairman
Bruno Brookes, Chief Executive

Tel: +44 (0) 1635 556200

SPARK Advisory Partners Limited (*Nomad*)

Mark Brady
Neil Baldwin

Tel: +44 (0) 203 368 3550

SP Angel Corporate Finance LLP (*Stockbroker*)

Abigail Wayne

Tel: +44 (0) 207 470 0470

TooleyStreet Communications (*IR & Media Relations*)

Fiona Tooley

Tel: +44 (0) 7785 703523

About Immedia Group Plc

Immedia Group Plc is a multi-media content and digital solutions provider to global businesses and organisations, who are investing in internal and/or brand communications.

Our business provides a wide range of 'live' branded channels specifically to retail locations across the UK and Europe with an estimated listening audience of 8.5 million listeners per week. Immedia's interactive audio channels deliver original and relevant content, via its own DreamStream-X platform with encrypted Dreamstream technology deployed in each location. Dreamstream-X provides a mix of 'on brand' national and localised content to a client's workforce and customer base. Each channel is supported with powerful data analytics tools which monitor audience activity and provide data to enable us to further enhance audience engagement.

Immedia Group also creates original video content, 3D animation, app and web development, as well as supplying and installing Audio Visual equipment.

Immedia clients include, HSBC, Shell, Subway, BP, Nationwide Building Society, JD Sports, O2, BMW, IKEA and FIFA.

To read more about our business, visit www.immediapl.com or email us on enquiries@immediapl.com

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