

RNS Number : 7397E
SerVision plc
13 February 2018

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

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SerVision plc
("SerVision" or the "Company")

Trading update

SerVision plc, the AIM quoted developer and manufacturer of digital security systems, today provides an update on trading and the Company's financial position following the conclusion of the financial year ended 31 December 2017.

Revenues for the year to 31 December 2017 were up strongly on 2016, with the Company experiencing quarter on quarter sales growth through the year. Trading in the fourth quarter of 2017 showed a marked improvement on recent years and it is the first time since 2014 that sales in the second half of the year have been higher than in the first half.

The current order book of the Group currently stands at US\$700,000 plus a signed agreement for an additional US\$350,000. These orders include new business with Cardtronics, a leading ATM service provider, and Aggregate Industries, a manufacturer and supplier of heavy construction materials. Going forward, the Company is working to leverage new and ongoing pilots with Mobileye distributors in Japan, South Africa, Chile and Argentina, as well as recent opportunities resulting from a strategic cooperation with Gurtam, an industry leader in telematics software that has just completed integration with SerVision's IVG.

Whilst the Company's performance for 2017 has been encouraging, there is still a long way to go to achieve the sales target of c\$6.5 million that is needed for the Company to trade at break-even. The cumulative losses of the last three years have been largely funded by increased borrowings and, as at 31 January 2018, the Company's net loans from banking institutions and others amounted to approximately \$3.7 million, including Yorkville and CSS Alpha (BVI) Ltd who, as at the date of this announcement, are owed a total of US\$0.9 million. With no additional debt facilities that can be used, the Company is required to raise further finance in the near term or face having to convert some of the existing debt into equity.

The Company has access to the SEDA facility with Yorkville but recognises the potential dilutive effect could be significant and the intention remains that the Company does not utilise the SEDA facility. Instead, the Company continues to seek new investors who share its vision of the future. As such the Company is currently in discussions with a potential new investor who is considering taking a significant equity stake in the business. Ahead of this investor completing its due diligence over the next couple of months, it has also indicated a willingness to lend SerVision between US\$0.3 million and US\$0.6 million to help the Company relieve some of the immediate funding pressure.

At this stage no guarantee can be given on the loan being secured by the Company nor to the terms of such loan funding. Nor can there be any assurances on any future refinancing of the Company being successful nor any guarantee, inter alia, on the quantum, terms, structure or timing of such funding being forthcoming.

Further updates will be provided by the Company at the appropriate time.

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Notes to Editors

SerVision is a pioneer in the field of security communications technology and a leading developer and manufacturer of fully integrated video recording and transmission systems for homeland security and transportation applications. The Company's core technology is proprietary video compression which is optimised for streaming real-time video over any type of cellular or narrowband network.

This information is provided by RNS
The company news service from the London Stock Exchange

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