



PRESS RELEASE

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DIGICUT PRODUCTION & ADVERTISING PLC
TURNAROUND PLAN

DIGICUT has released the attached turnaround plan for the information of the general investing public.

Issued in Accra, this 31st
Day of May 2021

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att'd.

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**WA*



TURNAROUND PLAN

MAY 2021

TABLE OF CONTENTS



- ∥ **BACKGROUND**
- ∥ **DOWNTURN ASSESSMENT**
- ∥ **TURNAROUND PLAN**
 - ∥ **STAGE 1**
 - ∥ **STAGE 2**
 - ∥ **STAGE 3**
- ∥ **2021 AND BEYOND**
- ∥ **APPENDIX**

BACKGROUND



Digicut Production and Advertising PLC (Digicut) is a full-service advertising agency and public relations consultancy. It was established and started operations in 2010 as part of the former Ghana Media Group until October 2014, when it registered as a stand-alone company to service the increasing advertising, production, and PR need of its client base of affiliate companies.

The company's key products and services are outlined below.

ADVERTISING

- billboards
- mobile advertising vans (MAVs)
- creative design
- brand management

PRODUCTION

- signages
- banners
- laser engraving
- video/animation
- event activation

PUBLIC RELATIONS

- communications
- press conferences
- media engagement
- corporate social responsibility

BACKGROUND



Between 2014 and 2017, Digicut underwent incredible growth in its topline (2.5x), gross profit (5.0x), and net profit (8.5x). The company had annual turnover of GHS 6 million, servicing the needs of the bank with the most branches (GN Bank) and key clients in insurance, hospitality, and education. Digicut also began expanding its business to Liberia and Togo.

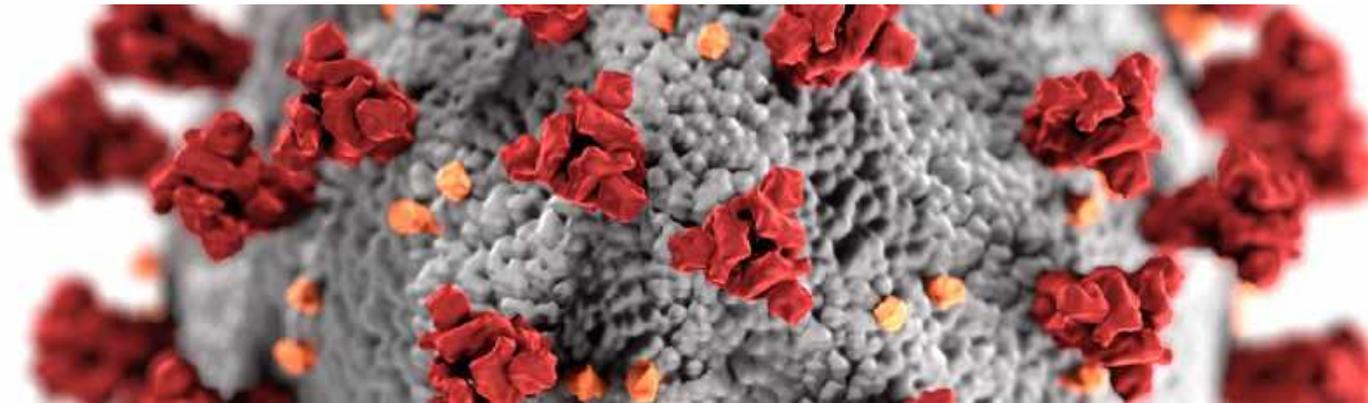
	2014	2015	2016	2017
REVENUE	2,426,595	3,775,273	6,155,815	6,288,033
GROSS PROFIT	814,298	970,923	2,839,290	4,336,476
NET PROFIT	161,795	165,978	1,014,345	1,388,360

BACKGROUND



Shortly after its IPO, Digicut began to run into serious challenges as several key clients were not able to pay their outstanding receivables, including GN Bank. The company was also unable to access the GHS 1.4 million of its IPO proceeds placed with GN Bank due to the bank's liquidity challenges, which was further compounded by the revocation of the bank's license by Bank of Ghana in August 2019. Digicut's revenue dropped by over 60% in 2018.

The company's situation was exacerbated by the corona virus pandemic (COVID-19). The lockdowns of Accra / Kumasi, and later the whole country, brought Digicut's business to a standstill in the second quarter of 2020. On the back of the above difficulties, Digicut had to place almost all staff on indefinite leave starting May 2020.



BACKGROUND



Efforts by management to recover the company receivables and locked up IPO proceeds have not yet been successful. However, management is positive that these will be recovered for the benefit of the company and its objectives.

As the global and domestic economy begin to recover from the COVID-19 pandemic, Digicut's new management present this plan to revamp operations and turn the finances of the company around.

DOWNTURN ASSESSMENT



Three key factors led to Digicut's current state of distress.

1. WEAK CASH COLLECTION

Often, client work was done on credit with cash not being collected on time. By end of 2017, accounts receivable ballooned to GHS 3.5 million (more than 50% of annual revenue). GN Bank, a key client, has been under receivership since 2019, with deposit funds and receivables outstanding.

2. LIMITED CLIENT BASE

Digicut was set up to serve the advertising, production, and PR needs of affiliate companies of Groupe Nduom, as described in the company's IPO Prospectus. Digicut's revenues relied heavily on affiliate business -- and were severely affected by the challenges faced by the group in 2018.

3. COVID-19 PANDEMIC

The corona virus pandemic (COVID-19) was a global shock to business, with Ghana being no exception. The country's lockdown in early 2019 and subsequent restrictions brought Digicut's business to a halt, as many businesses cut their marketing/advertising budgets.

DOWNTURN ASSESSMENT



Digicut's downturn had numerous consequences for its operations, including:

- **No working capital to support day-to-day operations**
- **IPO proceeds locked up with the Receiver of GN Savings and Loans**
- **No permanent staff or history from previous client work**
- **Removal or breakdown of billboards due to lack of maintenance**
- **Breakdown of mobile advertising van (MAVs) and other vehicles due to lack of maintenance**
- **Loss of computers and office furniture due to flooding during the last rainy season**
- **Non-compliance with GSE/SEC reporting requirements**

TURNAROUND PLAN



There are several stages to the turnaround plan proposed by management.

STAGE 1

RESOLVE ACUTE ISSUES

- Hire new management; reactivate board
- Access working capital; new credit policy
- Engage regulatory bodies to resolve non-compliance
- Clean up office

STAGE 2

STREAMLINE + STABILIZE OPERATIONS

- Identify highest ROI products/services; use agents
- Refurbish mobile advertising vans (MAVs)
- Reconcile billboard assets
- Provide advertising service to affiliate clients

STAGE 3

EXPAND BUSINESS

- Retrieve GHS 1.4 million with the Receiver
- Hire and develop human capital
- Fix CNC machine
- Expand client base

STAGE 1: RESOLVE ACUTE ISSUES



Ahead of a comprehensive turnaround, management resolved several pressing issues in Q1 to halt further damage to operations (as outlined below).

1. HIRE NEW MANAGEMENT; REACTIVATE BOARD

Unsatisfactory leadership by management

Board dormant due to coronavirus lockdown and restrictions

- New management team, led by Manish Padhiar, brought in January 2021. The team restarted select operations and drafted turnaround plan.
- Digicut's Board of Directors has been reorganized to support the new strategic direction and ensure adequate corporate governance to protect investor funds. The board consists of Joseph Kusi-Tieku, John Sterlin, and Victoria Aligboh. The company intends to add two additional directors, including advertising industry veterans by the close of 2021.
- The profiles of the management and board can be found in the Appendix.

STAGE 1: RESOLVE ACUTE ISSUES



2. ACCESS WORKING CAPITAL; NEW CREDIT POLICY

Limited cash to operate (GHS 5k)

Lax credit policy and cash collection ballooned accounts receivable

- Digicut completed and collected GHS 80k for a rebranding project, funds which has helped to complete 2019 audit and restart strategic operations.
- Management implemented a strict credit policy to maintain healthy cash balance and limit increase in accounts receivable. Clients must pay a significant portion upfront, with remaining balance to be paid before final delivery.
- Within the last few months, the company has completed and collected on several production, design, and advertising projects. The company has been able to maintain operational funds and intends to grow organically through new business.
- Management has engaged previous clients to confirm their accounts receivable balance and collect monies owed.

STAGE 1: RESOLVE ACUTE ISSUES



3. ENGAGE REGULATORY BODIES TO RESOLVE NON-COMPLIANCE

Non-compliance with GSE/SEC reporting requirements

- Management met with GSE and SEC officials to inform them of change in management and request time to meet compliance requirements. Regulatory bodies were receptive and requested for information, including communications to update the public.
- 2019 audit was completed and submitted to GSE/SEC in April. 2020 audit is expected to be completed by end of Q2.

4. CLEAN UP OFFICE

Office flooded during the last rainy season, destroying property and assets

- Furniture, office equipment, and physical documents were checked for damage. Damaged items were disposed off (including most furniture); salvaged items were put in storage (including financial docs).
- Management currently working remotely, until new furniture can be purchased to set up office.

STAGE 2: STREAMLINE + STABLIZE OPERATIONS



Management is currently reconciling the asset base, identifying highest ROI products/services, and reengaging past clients. We expect these actions to be completed by end of Q3.

1. IDENTIFY HIGH ROI PRODUCTS/SERVICES; USE AGENTS

Full-services agency with limited capital and no permanent staff is not viable

- Management has identified the below products/services to restart and revamp due to their high gross margin / return on investment (ROI).
 - Billboard
 - Mobile advertising vans (MAVs)
 - CNC machine
 - Creative design work
- To maintain low overhead in 2020, the company will engage agents and contractors on a project basis, as and when we get work for creative design and billboard rentals. The company has kept the full-time driver for MAV rentals, as the vehicles require experience and care.

STAGE 2: STREAMLINE + STABLIZE OPERATIONS



2. REFURBISH MOBILE ADVERTISING VANS (MAVs)

MAVs need maintenance work and facelift

MAV rentals ceased due to Covid-19 restrictions

- Digicut has 5 mobile advertising vans, though all had mechanical issues and damage to their bodies. Two MAVs with minor issues have been fixed to working condition and will be repainted to be given a facelift.
- Rental enquires are coming in as Covid-19 restrictions ease. Management has reached out to church clients and ad agencies for rentals during programs or activations. The current MAV pricelist is in the Appendix.



STAGE 2: STREAMLINE + STABLIZE OPERATIONS



3. RECONCILE BILLBOARD ASSETS

Limited data on billboard assets around the country

Breakdown or removal of some billboards

- Digicut reconciled billboard assets between Tema and Takoradi (12 large, 12 medium, and 9 small billboards). Management hopes to track down an additional 30 large/medium billboards across the country by end of Q2.
- The company will engage municipal/district assemblies to secure current billboards, including making necessary payments.
- Management has shared the billboard list with affiliate companies and external agencies for rentals. We expect rentals to come in before end of Q2. The current billboard list is outlined in the Appendix.



STAGE 2: STREAMLINE + STABLIZE OPERATIONS



4. PROVIDE ADVERTISING SERVICE TO AFFILIATE CLIENTS

Affiliates in insurance, hospitality, and education have advertising needs

- Digicut has re-engaged its affiliate companies to provide them advertising, production, and PR support. Currently engaged with 4 affiliates on projects related to creative design and production.
- Management believes affiliate business will provide adequate cashflow to stabilize core operations of Digicut.

STAGE 3: EXPAND BUSINESS



By the new year, Digicut plans to enter a renewed growth phase. We expect aggressively market our products and services to non-affiliate clients and restart operations in Liberia.

1. RETRIEVE GHS 1.4 MILLION FROM THE RECIEVER

IPO proceeds locked up at CBG by the Receiver of GN Savings and Loans

- Digicut has engaged with CBG, where Digicut's GHS 1.4 million have been placed, who informed us that funds could not be released as the company is a "related party" to Groupe Nduom.
- Management has submitted a formal letter and supporting documents to the Receiver indicating Digicut is a public company and most of the GHS 1.4 million are proceeds from the company's IPO. Management hopes the Receiver will release the company's funds soon.
- These funds will play a key role to help Digicut rehire staff and expand business operations.

STAGE 3: EXPAND BUSINESS



2. HIRE AND DEVELOP HUMAN CAPITAL

Staff on indefinite leave starting May 2020; currently, limited staff or history from previous client work

- Management has engaged several former staff members, on a per project base, to reconcile assets and restart select operations; plan to rehire former staff and/or hire new talent, when the business / cashflow is stable.
- Digicut will focus on hiring experienced staff, as well as provide training opportunities to develop human capital.

3. FIX CNC MACHINE

CNC machine needs specialty parts from manufacturer

- Management to determine which specific parts need to be fixed or replaced, including the computer, due to lack of maintenance.
- Aggressively market unique cut / engraved products that can be made with Digicut's CNC machine.

STAGE 3: EXPAND BUSINESS



4. EXPAND CLIENT BASE

Revenue relied heavily on affiliate business -- and are severely affected by the challenges faced by affiliates

- Management plans to expand client base in Ghana to diversify revenue steams away from affiliate business. Company will begin pitching its products and services to non-affiliate businesses.
- Digicut has already begun discussing partnerships with large domestic and international agencies on billboards and MAVs rental agreements.

2021 AND BEYOND



Management has begun executing the 3-stage plan to rebuild Digicut as a profitable business.

We are hopeful to complete the turnaround in operations 2021, with a focus on maintaining positive cashflow in the near term. We plan to build a strong foundation for growth in 2022 and beyond to become a dominant advertising agency in Ghana.

We expect to share half-year 2021 results with our investors in the third quarter. At this stage, management can not provide specific earnings guidance; though, we expect Digicut to operate near breakeven in 2021, with positive net profit in 2022 and beyond.



TURNAROUND PLAN

MAY 2021

APPENDIX

PROFILES

MANAGEMENT TEAM



Manish Padhiar is the General Manager at Digicut. He brings 8+ years of corporate strategy and operations experience in both Ghana and the United States. He most recently served as a strategy consultant with an African business conglomerate, where his projects spanned mobile money, plastics manufacturing, and banking operations. Previous experience also includes consulting for pharmaceutical and biotechnology companies in California and teaching integrated science at an SHS in rural Ghana. Manish holds an MBA and a MS in Foreign Service from Georgetown University and BS in Microbiology, Immunology and Human Genetics from the University of California, Los Angeles.



Frank Ofori Owusu is the Head of Operations at Digicut. He has 14+ years experience in journalism, public relations, and advertising. His experience includes working with the corporate affairs unit of business conglomerate Groupe Nduom, PR firm and media mogul Global Media Alliance / Global Media Broadcasting Company, and media firm Evolutions Multimedia Ghana. Frank holds a masters degree in Development Communications from Ghana Institute of Journalism. He is a member of the Ghana Journalist Association.

BOARD OF DIRECTORS



Joseph Kusi-Tieku is the Managing Director of GN Reinsurance. He has 30+ years of insurance practice in Ghana, including with the State Insurance Company of Ghana and Metropolitan Insurance (now Hollard). He also worked with Munich Reinsurance's West African Office for 11 years as Reinsurance Treaty Underwriter and Operational Manager, before joining GN Re as a MD. Mr. Kusi-Tieku holds a BA from the University of Ghana and a Diploma from the West African Insurance Institute, Banjul. He is currently the President of the Institute of Risk Management Professionals Ghana (IRMPG).



John Sterlin is the Projects and Maintenance Manager at Coconut Grove Hotels, since 2008. He has had a breadth of professional experience in Ghana and the United Kingdom, including in the marine fishing industry, data analysis, sales and marketing, and social services. He serves on the company boards of FreshPak Products, Bokodo Quarry, and Sterlin Security Services. Mr. Sterlin is a Catholic, involved in community development and politics within the Komenda Edina Eguafo Abrem (KEEA) district in the Central Region. He serves as the Chairman of the Central Region Basketball Association.



Victoria Aligboh is the General Manager of PenTrust, leading the strategic planning, design, governance, and delivery of the company's pension policies and programs. She has 13+ years of professional experience in the pension fund industry, start up advisory, and consumer marketing research. Ms. Aligboh holds a BS in Marketing (first class honors) and MS in Marketing Social and Organizational Research from Central University. She has an MBA from Cyprus Institute of Marketing. She is a member of the governing council of the Chamber of Corporate Trustees, Ghana.

MOBILE ADVERTISING VANS (MAVs)

MOBILE ADVERTISING VANS



Get closer to your customers whenever they are with Digicut's mobile advertising vans (MAVs), using cutting-edge technology in digital media.



MOBILE ADVERTISING VANS



Get closer to your customers whenever they are with Digicut's mobile advertising vans (MAVs), using cutting-edge technology in digital media.



MEDIUM SIZE Daily rate

GHC 2,000

Accra

GHC 3,000

Outside Accra

GHC 5,000

Kumasi + North

LARGE SIZE Daily rate

GHC 4,000

Accra

GHC 6,000

Outside Accra

GHC 10,000

Kumasi + North

Discounts available based on duration of partnership

MOBILE ADVERTISING VANS



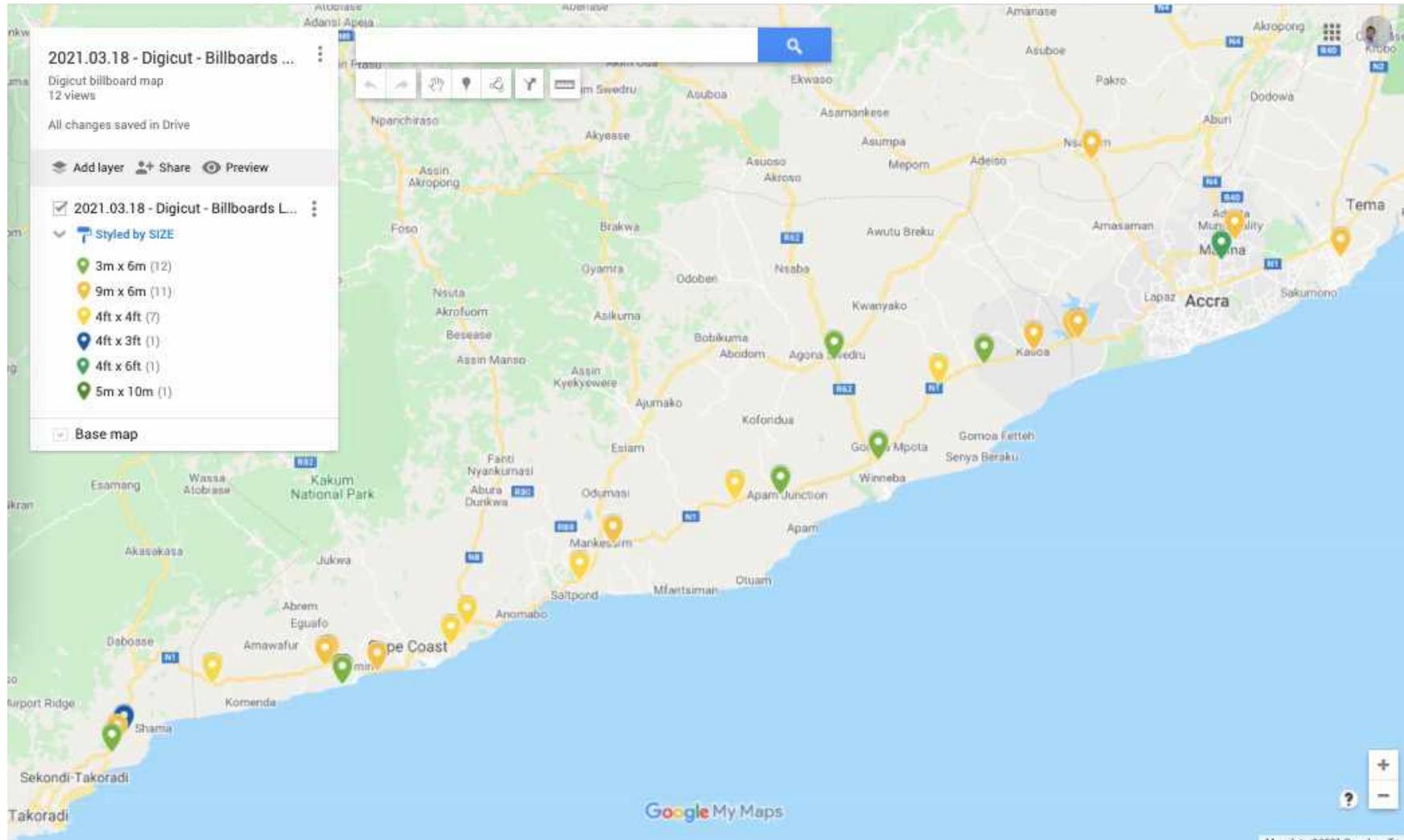
Get closer to your customers whenever they are with Digicut's mobile advertising vans (MAVs), using cutting-edge technology in digital media.



Optional branding of vehicle at an extra fee

BILLBOARDS

BILLBOARD OPPORTUNITY (ACCRA TO TAKORADI)



Digidut has 20+ billboard and 10+ advertising signboards between Accra and Takoradi.

TAKE YOUR BRAND TO THE NEXT LEVEL

DIFFERENT SIZES TO FIT YOUR BUDGET



LARGE



9m x 6m GHC 2,000 per month (1 face)
5m x 10m

MEDIUM



3m x 6m GHC 1,500 per month (1 face)

SMALL



4ft x 3ft GHC 500 per month (2 face)
4ft x 4ft
4ft x 6ft

Discounts available based on number and duration of partnership

BILLBOARD LIST - LARGE SIZE GHC 2,000 per month (1 face)



REF	LOCATION	ROAD	REGION	GPS
96-001	Before Weija Toll Booth	N1, Accra to Winneba	Greater Accra	5.550536, -0.372746
96-002	Before Weija Toll Booth	N1, Accra to Winneba	Greater Accra	5.552123, -0.365669
96-003	Kasoa Roundabout	N1, Accra to Winneba	Central	5.534851, -0.425344
96-004	Before Mankessim Roundabout	N1, Winneba to Mankessim	Central	5.270057, -1.001601
96-005	Just as you enter Elmina	N1, Cape Coast to Takoradi	Central	5.097487, -1.322547
96-006	Before Ataadadze Junction	N1, Cape Coast to Takoradi	Central	5.105426, -1.388089
96-007	Ataadadze Junction	N1, Cape Coast to Takoradi	Central	5.104816, -1.393652
96-008	Between Ntwaaban and Inchaban	N1, Cape Coast to Takoradi	Western	4.999905, -1.677954
96-009	Valco Roundabout	Harbour Road	Greater Accra	5.662138, -0.004809
96-010	Nsawam By-pass	N6, Accra to Kumasi	Eastern	5.795337, -0.346241
96-011	Madina, 3rd Gate	Ritz Junction to 3rd Gate	Greater Accra	5.686161, -0.150907
510-001	After Agona Junction	N1, Takoradi to Agona	Western	4.917479, -1.977675

Ref # denotes billboard size: 96 = 9m x 6m // 510 = 5m x 10m

BILLBOARD LIST - MEDIUM SIZE GHC 1,500 per month (1 face)



REF	LOCATION	ROAD	REGION	GPS
36-001	After Buduburam	N1, Accra to Winneba	Central	5.516920, -0.492338
36-002	Before Winneba Roundabout	N1, Accra to Winneba	Central	5.386420, -0.638185
36-003	Junction before Agona Swedru	Winneba to Swedru	Central	5.523347, -0.698751
36-004	After Apam Junction	N1, Winneba to Mankessim	Central	5.338711, -0.771346
36-005	Before Sekondi School Junction	N1, Cape Coast to Takoradi	Western	4.987013, -1.685548
36-006	Golf Course	Coconut Grove Beach Resort	Central	5.078349, -1.370952
36-007	Golf Course	Coconut Grove Beach Resort	Central	5.078349, -1.370952
36-008	Golf Course	Coconut Grove Beach Resort	Central	5.078349, -1.370952
36-009	Golf Course	Coconut Grove Beach Resort	Central	5.078349, -1.370952
36-010	Golf Course	Coconut Grove Beach Resort	Central	5.078349, -1.370952
36-011	Golf Course	Coconut Grove Beach Resort	Central	5.078349, -1.370952
36-012	Golf Course	Coconut Grove Beach Resort	Central	5.078349, -1.370952

Ref # denotes billboard size: 36 = 3m x 6m

BILLBOARD LIST - SMALL SIZE GHC 500 per month (2 face)



REF	LOCATION	ROAD	REGION	GPS
46-001	UPSA Entrance	IPS Rd, Goil traffic light to UPSA	Greater Accra	5.659894, -0.168616
44-001	Before Gomoa Dabanyin	N1, Accra to Winneba	Central	5.488626, -0.555931
44-002	Between Apam and Antsaadze	N1, Winneba to Mankessim	Central	5.329813, -0.833854
44-003	Before Afrangua Junction	N1, Mankessim to Cape Coast	Central	5.220847, -1.046456
44-004	Before Yamoransa Junction	N1, Mankessim to Cape Coast	Central	5.159978, -1.199662
44-005	Cape Coast Junction	N1, Mankessim to Cape Coast	Central	5.135387, -1.222022
44-006	After Kisi	N1, Cape Coast to Takoradi	Central	5.081161, -1.547077
43-001	After Shama Junction	N1, Cape Coast to Takoradi	Western	5.011173, -1.668526
44-007	After Agona Junction	N1, Takoradi to Agona	Western	4.921433, -1.978889

Ref # denotes billboard size: 46 = 4ft x 6ft // 44 = 4ft x 4ft // 43 = 4ft x 3ft