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Interim Results November 2017

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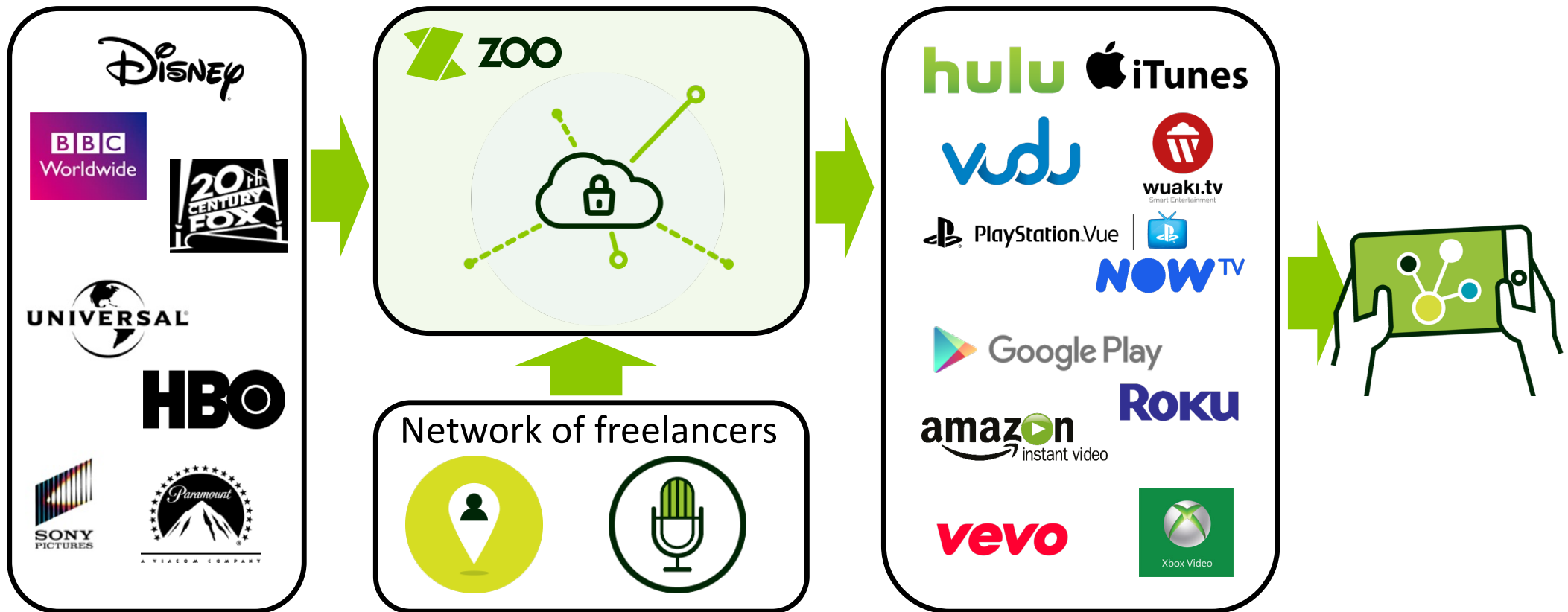
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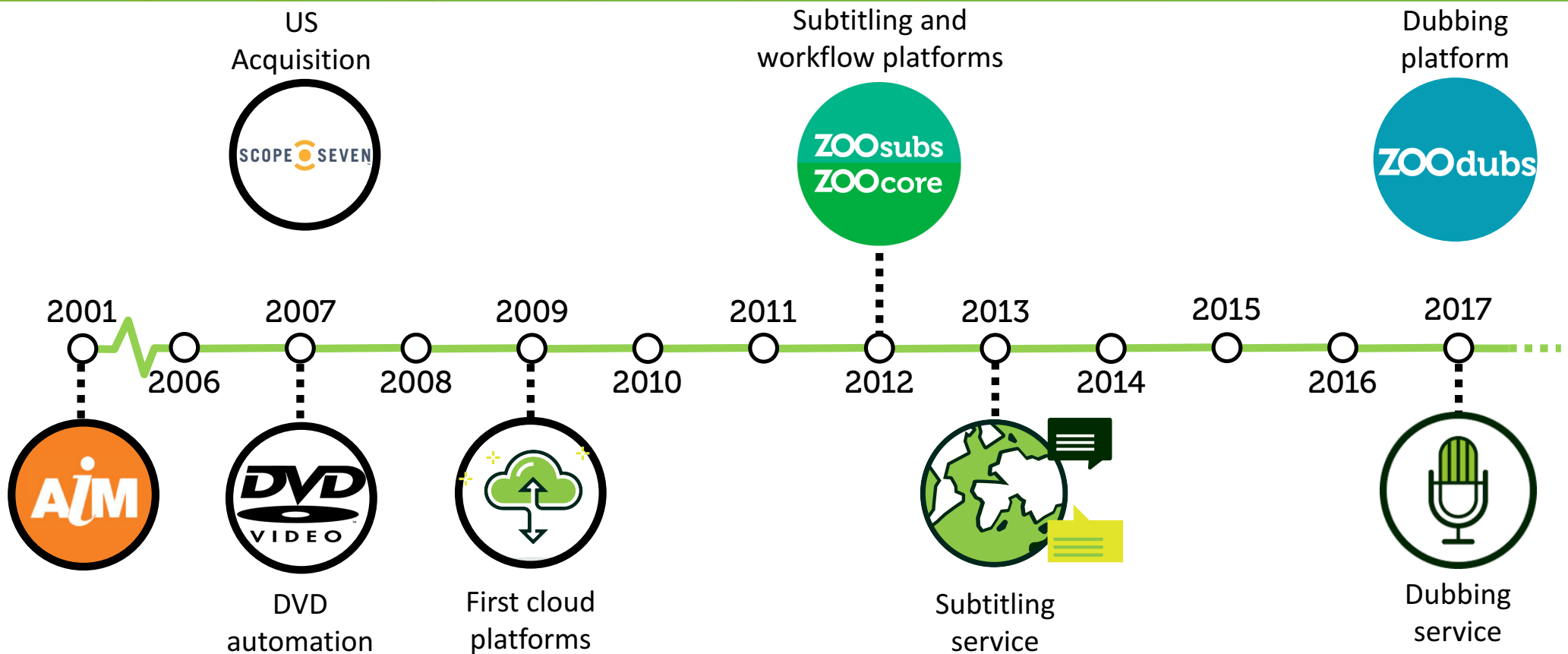
Executive Summary

- **Strong performance across all business facets**
 - First projects processed for newly launched ZOOdubs
 - Ongoing R&D investments to support rapid growth
 - Recruitment of talent and strengthening of Board
- **Robust demand and building pipeline**
 - Growing adoption and demand for localisation services
 - Enhanced reputation and recognition in market
 - Broadening customer base and increased diversification
- **Healthy financials**
 - 68% increase in revenues
 - Adjusted EBITDA* improved by 34%
 - Successful fund raise and debt capitalisation

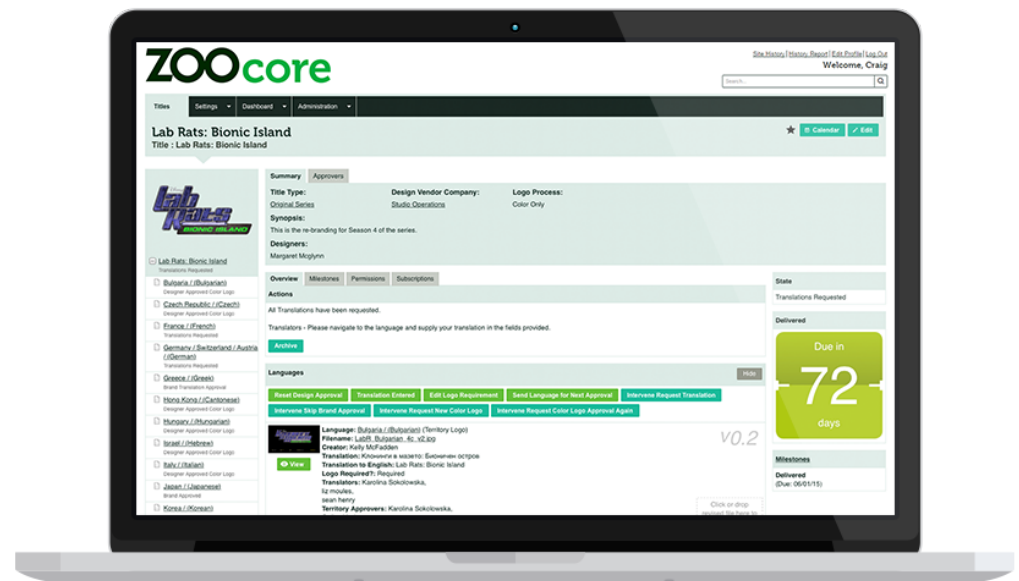
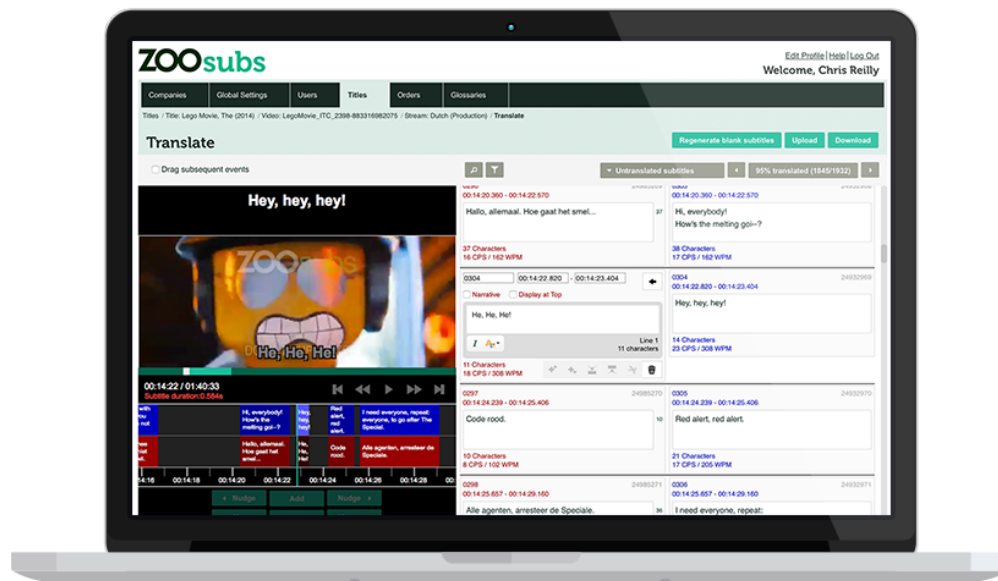
ZOO Business Environment



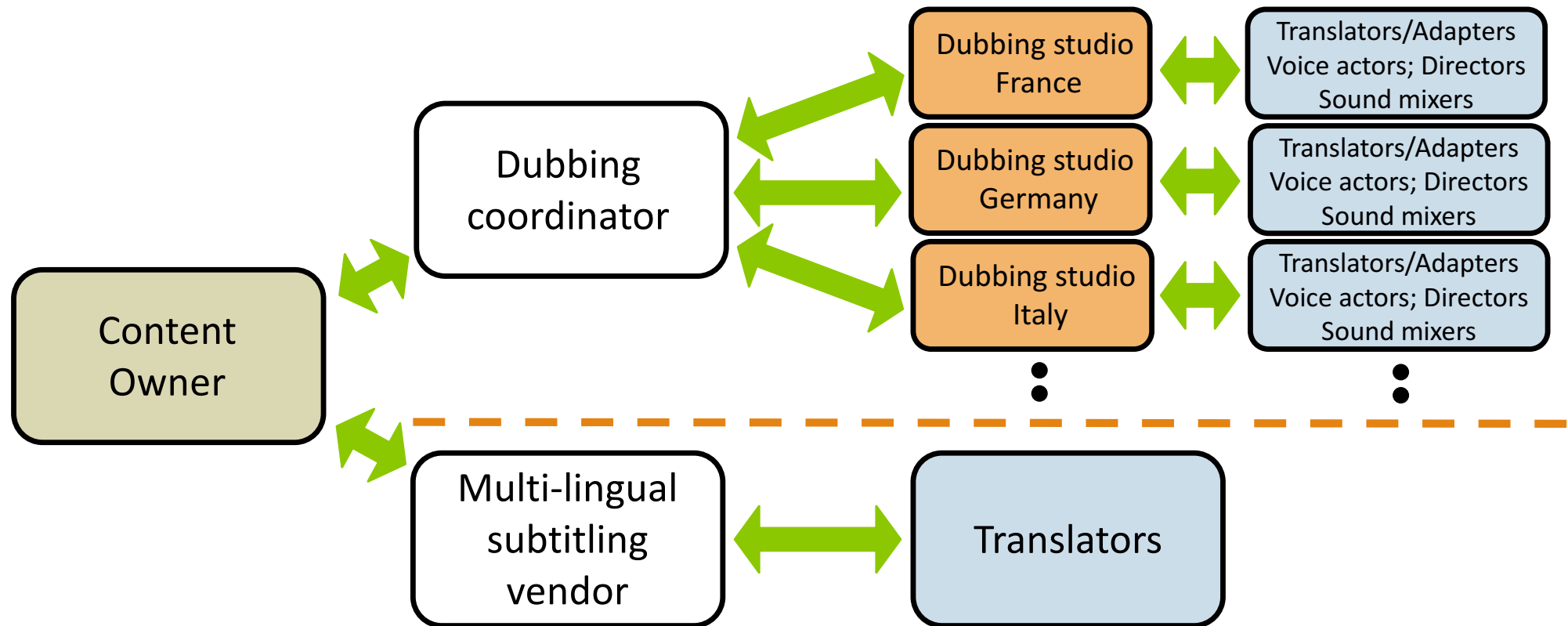
ZOO Timeline



Localisation in the cloud



Traditional localisation ecosystem

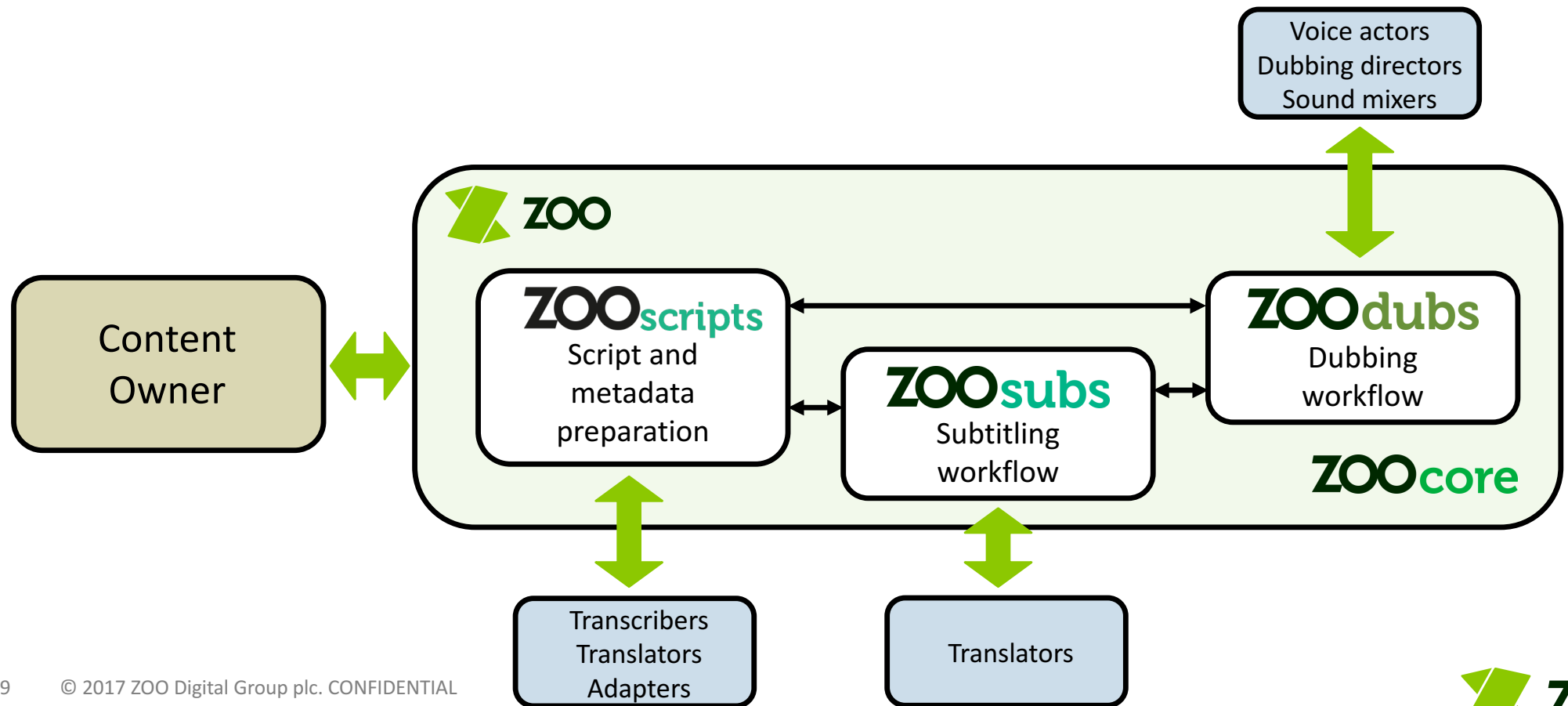


Traditional dubbing recording session

- Bricks-and-mortar operation
- Central recording location
- Live room/control room
- Recording engineer
- Digital Audio Workstation
- Dubbing director



ZOO localisation ecosystem

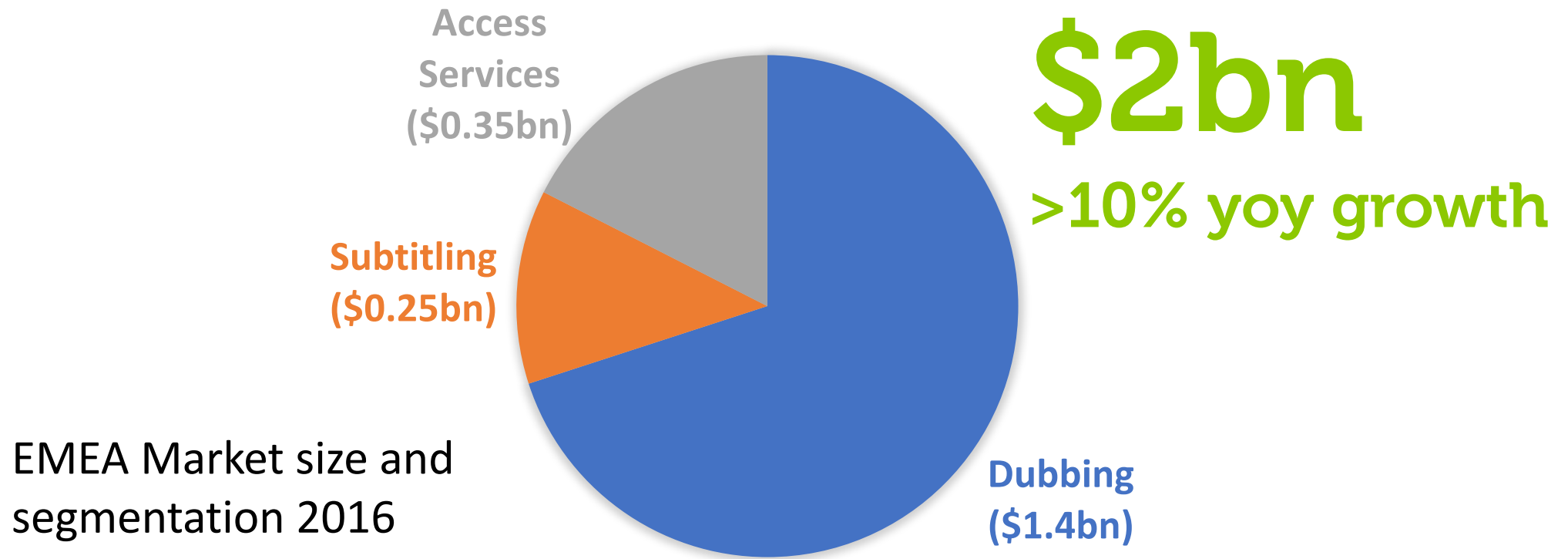


ZOO dubbing recording session

- Any suitable recording space
- Web browser, microphone, internet connection
- Distributed operation
- No recording engineer or complex audio workstation
- Self-directed, or dubbing director via video link



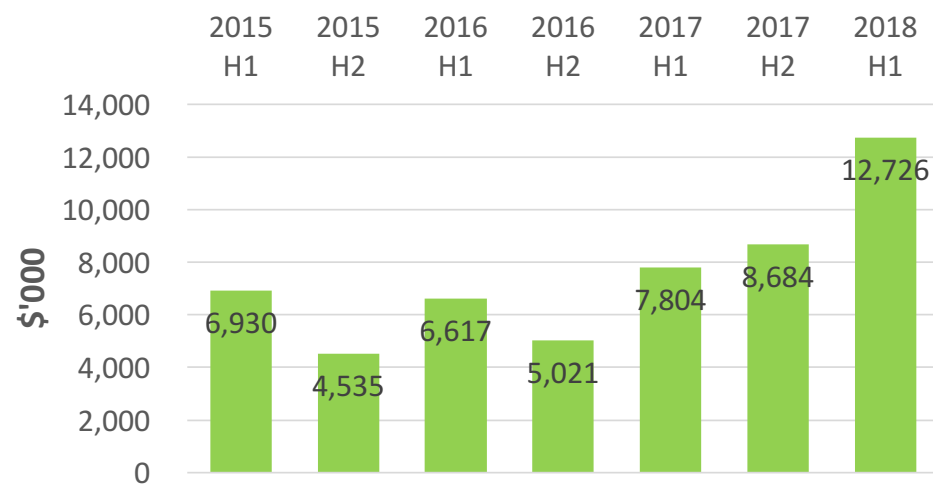
EMEA Entertainment Localisation Market



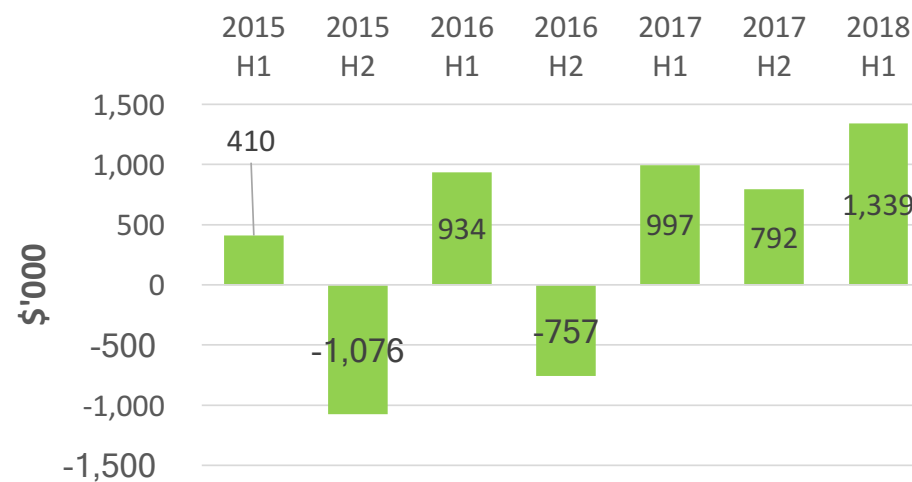
Source: Media & Entertainment Services Alliance (MESA) Europe, Content Localisation Council, June 2017

Business Growth

Revenue



Adjusted EBITDA



Operational Highlights

- Launched a new cloud-powered dubbing service to critical acclaim
- Successfully completed first dubbing projects for a global entertainment client
- Launched a cloud-powered scripting service
- Largest client concentration further reduced to 28% of sales (H1 2016: 47%)
- Added three new affiliates in emerging markets
- Board strengthened by the appointment of Mickey Kalifa as NED

Financial Highlights

- Revenues increased by 63% to \$12.7m (H1 2016: \$7.8m)
- Adjusted EBITDA* up by 34% to \$1.3m (H1 2016: \$1.0m), reflecting investments in staff and exceptional costs of initial dubbing projects
- Fundraise generated £2.6m cash and capitalised a further £1.1m of debt
- Net debt reduced to \$3.9m (H1 2016 \$6.2m)

* Adjusted for share-based payments

Consolidated Statement of Comprehensive Income (unaudited) for the six months ended September 2017

	6 months to 30 Sep 2017	6 months to 30 Sep 2016	Year ended 31 Mar 2017
	\$000	\$000	\$000
Revenue	12,726	7,804	16,488
Cost of sales	(4,668)	(1,952)	(4,483)
Gross Profit	8,058	5,852	12,005
Other operating income	-	74	196
Operating expenses	(7,645)	(5,613)	(11,699)
Operating profit	413	313	502
Analysed as			
EBITDA before share based payments	1,339	996	1,780
Share based payments	(191)	(7)	(11)
Depreciation	(222)	(114)	(259)
Amortisation and impairment	(513)	(562)	(1,008)
	413	313	502
Exchange (loss)/gain on borrowings	(184)	399	624
Conversion of convertible loan note	(145)	-	-
Finance cost	(221)	(291)	(591)
Total finance cost	(550)	108	33
(Loss)/profit before taxation	(137)	421	535
Tax credit	222	256	256
Profit and total comprehensive income for the period attributable to equity holders of the parent	85	677	791
Profit per ordinary share			
- basic	0.13 cents	2.07 cents	2.42 cents
- diluted	0.11 cents	2.07 cents	2.42 cents

Consolidated Statement of Financial Position (unaudited) as at 30 September

	As at 30 Sep 2017 \$000	As at 30 Sep 2016 \$000	As at 31 Mar 2017 \$000
ASSETS			
Non-current assets			
Property, plant and equipment	1,034	359	1,073
Intangible assets	6,671	7,134	6,915
Deferred income tax assets	486	486	486
	8,191	7,979	8,474
Current assets			
Trade and other receivables	7,100	3,722	3,753
Cash and cash equivalents	722	328	607
	7,822	4,050	4,360
Total assets	16,013	12,029	12,834
LIABILITIES			
Current liabilities			
Trade and other payables	(3,977)	(3,016)	(4,045)
Borrowings	(734)	(1,466)	(4,102)
	(4,711)	(4,482)	(8,147)
Non-current liabilities			
Borrowings	(3,912)	(5,097)	(2,126)
Total liabilities	(8,623)	(9,579)	(10,273)
Net assets	7,390	2,450	2,561

Consolidated Statement of Cashflows (unaudited) for the six months ended 30 September 2017

	6 months to 30 Sep 2017 \$000	6 months to 30 Sep 2016 \$000	Year ended 31 Mar 2017 \$000
Cash flows from operating activities			
Operating profit for the period	413	313	502
Depreciation	222	114	259
Amortisation and impairment	513	562	1,008
Share based payments	191	7	11
Disposal of property, plant and equipment	-	-	1
Changes in working capital:			
Increases in trade and other receivables	(3,347)	(1,191)	(1,222)
(Decreases)/increases in trade and other payables	(68)	(80)	949
Cash flow from operations	(2,076)	(275)	1,508
Tax received	222	256	256
Net cash flow from operating activities	(1,854)	(19)	1,764
Investing Activities			
Purchase of intangible assets	(269)	(314)	(541)
Purchase of property, plant and equipment	(183)	(40)	(168)
Net cash flow from investing activities	(452)	(354)	(709)
Cash flows from financing activities			
Repayment of borrowings	(392)	(66)	(164)
Proceeds from borrowings	93	688	-
Finance cost	(267)	(235)	(591)
Issue of Share Capital (net of costs of issue)	2,987	-	(7)
Net cash flow from financing	2,421	387	(762)
Net increase in cash and cash equivalents	115	14	293
Cash and cash equivalents at the beginning of the period	607	314	314
Cash and cash equivalents at the end of the period	722	328	607

Summary and Outlook

- Trading in H2 has begun well with a strong pipeline
- Significant opportunity in dubbing
- Strong organic growth expected
- Margin growth in dubbing expected in future periods
- Prudent cost management in line with growth and working capital
- Board confident of meeting full year expectations



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Appendix

The Board



Roger Jeynes, *Chairman* – Roger's early career included senior roles at IBM, EMC and Pyramid. He was COO of the technology merchant bank Interregnum plc, and he has more than 16 years' experience as an NED of LSE-listed VCTs and AIM-listed companies. He currently serves as an independent NED of Downing Three VCT plc, Development Bank of Wales plc, and mxData Group Limited.



Mickey Kalifa, *Non-Executive Director* – Mickey is a Chartered Accountant with nearly 30 years' experience across the technology, media and gaming sectors, most recently as CFO of Sportech PLC. Previously, Mickey served in a number of executive and finance director roles with some of the world's largest media and technology companies, including Liberty Global, BSkyB PLC, Time Warner, Disney and Young and Rubicam.



Dr. Stuart Green, *CEO* – Previously CTO of ZOO Digital Group, CEO of Kazoo3D plc, Technical Director of LightWork Design Limited, Stuart was appointed as CEO in 2006. He has over 25 years experience in team building and executive management in the software industry. He has more than 30 patents granted in the fields of image processing and digital media production.



Helen Gilder, *CFO* – Joined ZOO as Group Financial Controller in 2000 and became Group Finance Director in 2006. Previously, Helen was Finance Director within a highly acquisitive listed technical group of companies. She became a qualified ACA in 1991.



Gordon Doran, *Commercial Director* – Held senior positions in sales and marketing roles for a variety of UK and US companies in the software industry since the early 1990s. Most recently COO for Mediostream Inc. – a consumer DVD software developer; joined ZOO in 2005 to establish a North American division where he now operates in the role of President.

Major Shareholders

Shareholder*	% of capital
Canaccord Genuity Group Inc. (Hargreave Hale Ltd.)	15.80
Stuart Green (CEO)	15.68
Herald Investment Trust plc	15.67
Old Mutual plc	5.61

* As of 3 November 2017 the Company had been made aware of the above shareholdings amounting to 3% or more of the ordinary share capital of the Company.

Issued share capital and total voting rights = 73,493,994 ordinary shares.



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