



ZOO Digital Group plc Preliminary Results August 2013

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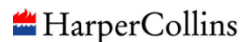




Workflow solutions for the creative media industries



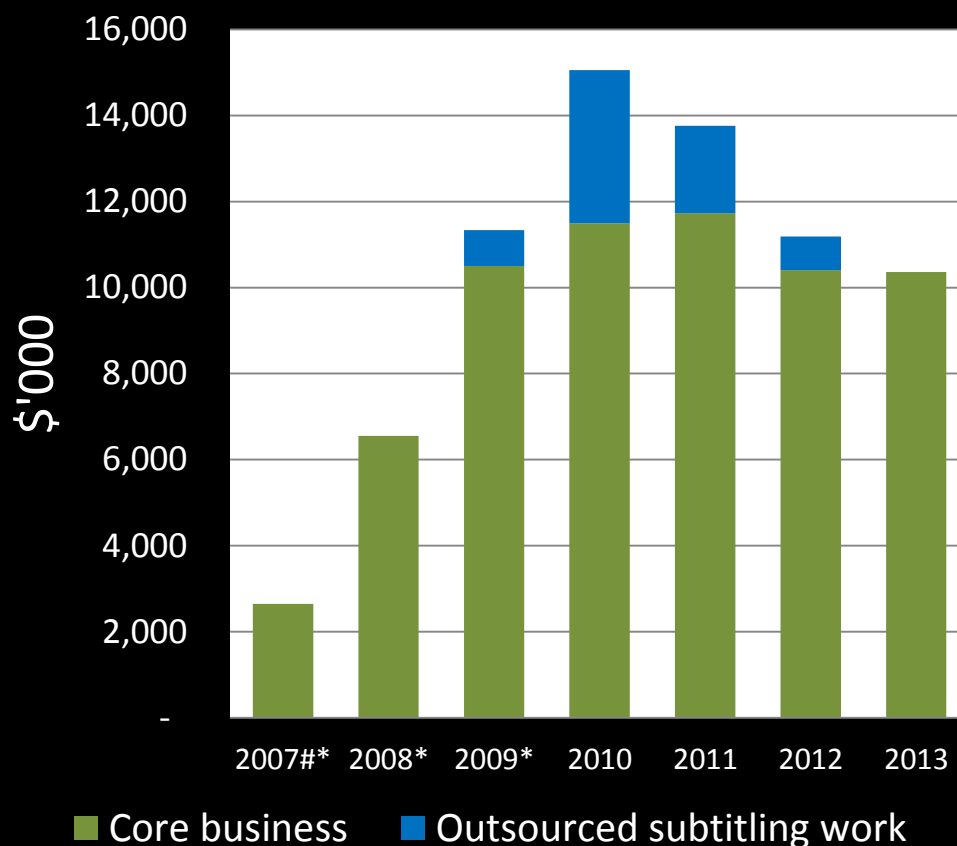
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Financial Results

- Revenues of \$10.4m (2012: \$11.2m)
- Adjusted EBITDA[†] of \$0.7m (2012: \$0.5m)
- Adjusted operating loss[†] of \$0.9m (2012: loss of \$0.7m) after amortisation and impairment of \$1.4m (2012: \$0.9m)
- Year-end cash balance \$1.0m (2012: \$1.2m)

Turnover



[†] Adjusted EBITDA and operating loss are stated before share based payments of \$0.1m (2012: \$0.3m).

^{*} Originally stated in UK£; translated into US\$ at the average rate prevailing through the relevant year

[#] Continuing business



Operational Highlights

- Continued profitability at EBITDA level
- Completion of restructuring initiatives to realign cost base
- Diversified product offering and accelerated SaaS licensing
- Early positive success in new industries outside traditional home entertainment market
- ZOOsubs already now used by two of six major film studios; a third expected shortly





Market Context

- Workflow systems for creative production
- Multiple market segments:
 - Filmed entertainment
 - Broadcast
 - Publishing
 - Marketing





Business Profile

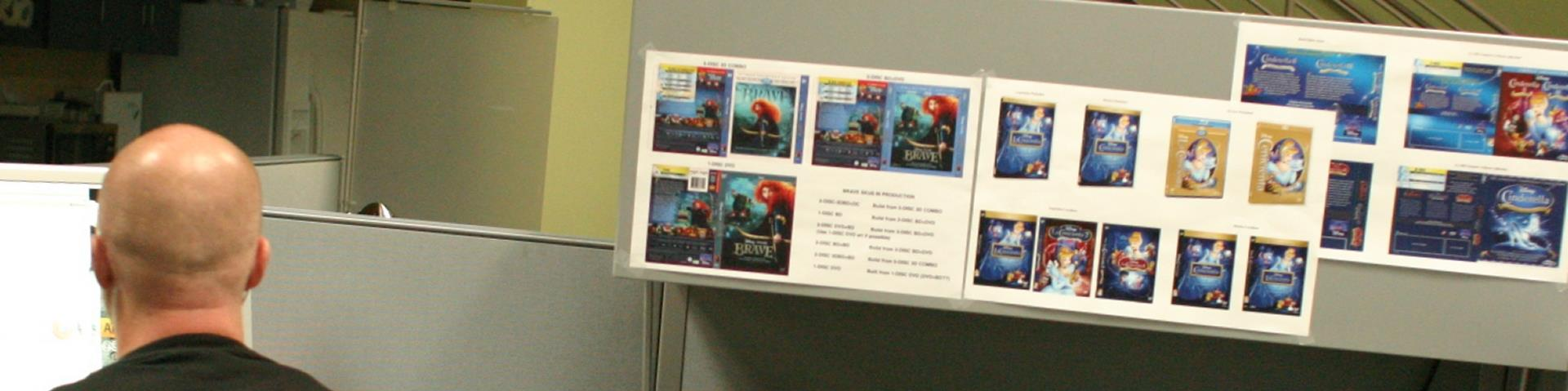
- Software-as-a-Service
- Growth in recurring revenue
- Enterprise clients – software & production services
- New product and service expansion





Business Restructured

- Reduced fixed cost base by c\$2m pa (savings realised primarily in the year to March 2014)
- Cost base more variable
- Sharper market focus
- Increasing sales & marketing

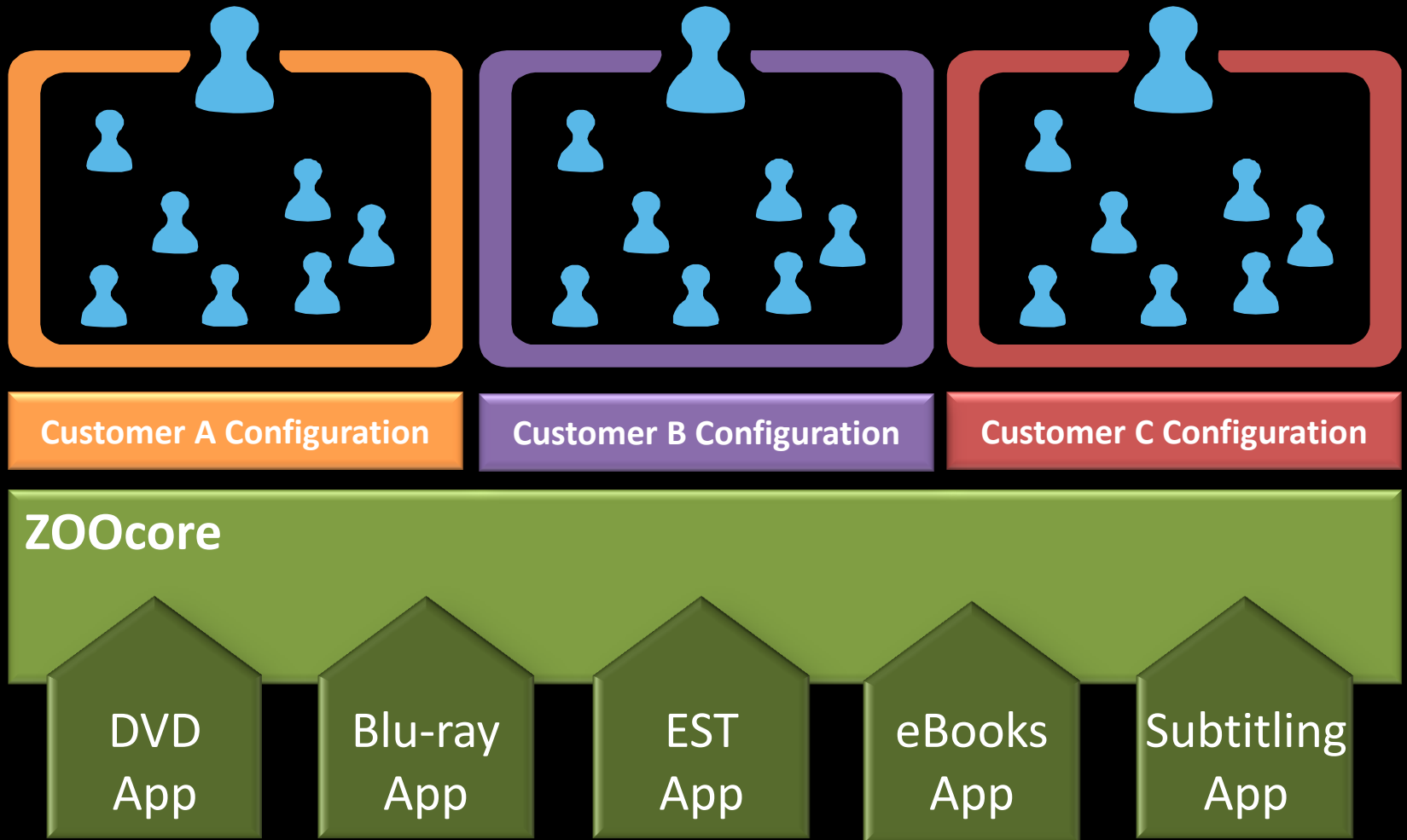


ZOOcore

- New generation workflow management
- Configurable for bespoke deployments
- Business won across multiple segments:
 - Marketing campaigns
 - Advertising sales
 - Creative design
 - Production management



ZOOcore





ZOOsubs

- European subtitling/dubbing EUR 0.5B annually[†]
- Subtitling workflow and automation
- Augmented with translation services
- Secured two major film studios and expect a third to follow shortly



[†] The size of the language industry in the EU, European Commission Directorate-General for Translation, 2009



ZOOpubs

- eBook workflow and automation
- Market niche: fixed layout formats for illustrated books
- ZOOpubs adopted by leading publishers
- Early stage market development



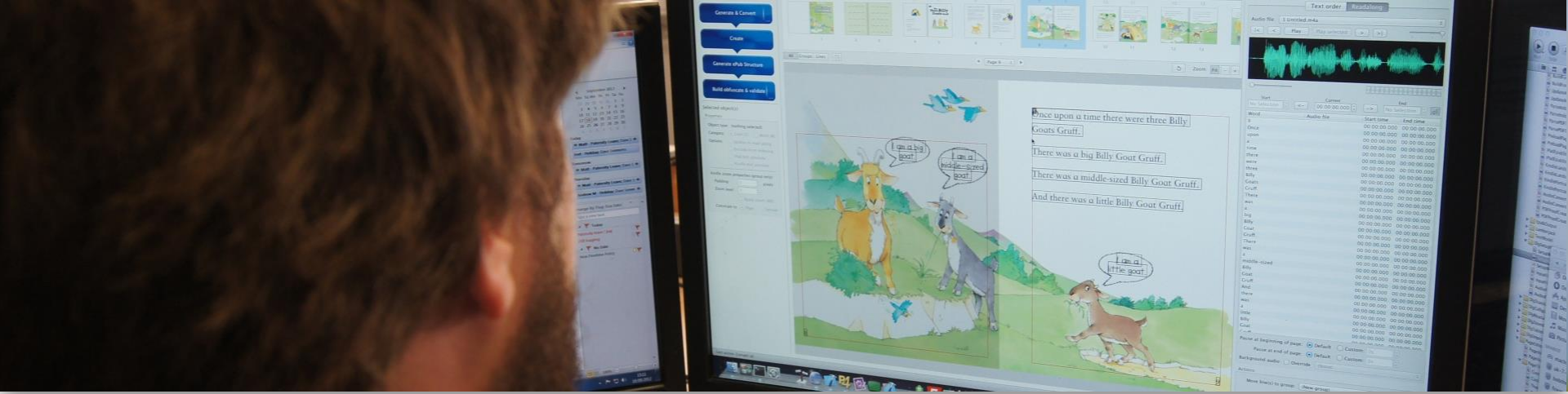


Home Entertainment

- Market volatility but ...
- ... strong growth: Blu-ray +28%, EST +51% 2013Q1[†]
- Production services
- Workflow & automation



[†] Digital Entertainment Group, May 2013



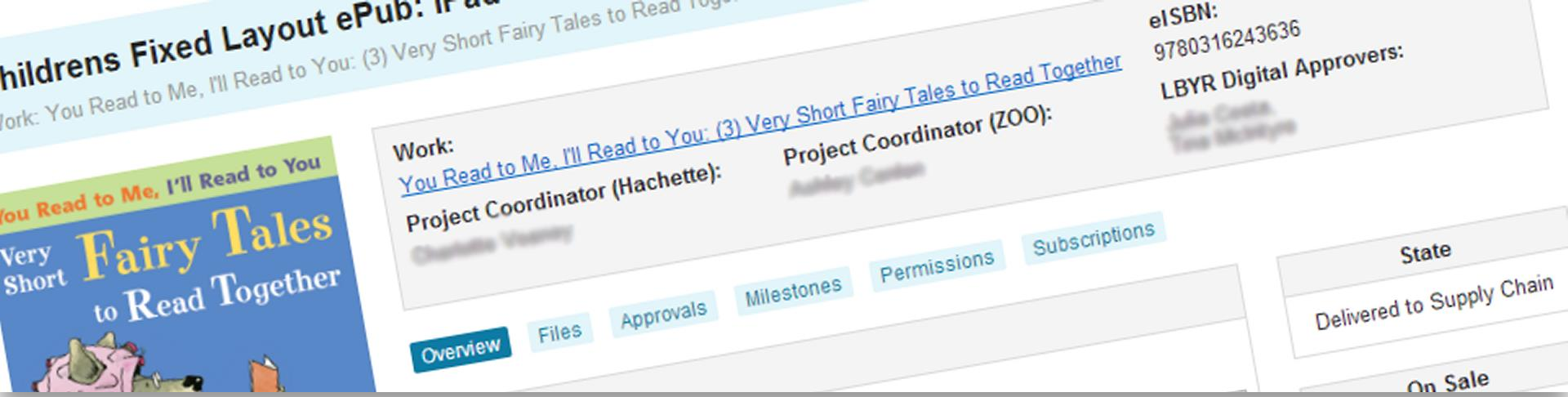
Summary

- Strong customer relationships
- Attractive new products and services
- Growing recurring revenues
- Diversifying customer base



Thank you

www.zoodigital.com



Appendix

Consolidated Statement of Comprehensive Income

	2013 \$000	2012 \$000
Revenue	10,363	11,186
Cost of sales	(745)	(1,907)
Gross Profit	9,618	9,279
Other operating income	293	168
Other operating expenses	(9,278)	(9,211)
Profit before interest, tax, depreciation and amortisation	633	236
Depreciation	(260)	(393)
Amortisation and impairment	(1,425)	(867)
Total operating expenses	(10,963)	(10,471)
Operating loss	(1,052)	(1,024)
Exchange gain on borrowings	142	14
Renegotiation of convertible loan stock	-	(526)
Finance cost	(286)	(430)
Total finance cost	(144)	(942)
Loss before taxation	(1,196)	(1,966)
Tax on loss	106	(60)
Loss and total comprehensive income for the year attributable to equity holders of the parent	(1,090)	(2,026)



Consolidated Statement of Financial Position

	2013 \$000	2012 \$000
ASSETS		
Non-Current Assets		
Property, plant and equipment	419	430
Intangible assets	9,260	9,487
Deferred income tax assets	486	486
	10,165	10,403
Current Assets		
Trade and other receivables	2,103	2,365
Cash and cash equivalents	960	1,234
	3,063	3,599
Total Assets	13,228	14,002
LIABILITIES		
Current Liabilities		
Trade and other payables	(3,014)	(2,722)
Borrowings	(2,864)	(194)
	(5,878)	(2,916)
Non-current Liabilities		
Borrowings	(115)	(2,939)
Total Liabilities	(5,993)	(5,855)
Net Assets	7,235	8,147



Consolidated Statement of Cashflows

	2013 \$000	2012 \$000
Cash flows from operating activities		
Operating loss for the year	(1,052)	(1,024)
Depreciation	260	393
Amortisation & impairment	1,425	867
Share based payments	116	278
Purchase of own shares	(13)	(68)
Disposal of own shares	75	115
Disposal and de-recognition of intangible assets	15	68
Disposal of property, plant and equipment	3	-
Changes in working capital:		
Decreases in inventories	-	80
Decreases in trade and other receivables	262	651
Increases/ (decreases) in trade and other payables	292	(597)
Cash flow from operations	1,383	763
Tax received/ (paid)	106	(60)
Net cash flow from operating activities	1,489	703
Investing Activities		
Purchase of intangible assets	(1,213)	(1,942)
Purchase of property, plant and equipment	(252)	(274)
Net cash flow from investing activities	(1,465)	(2,216)
Cash flows from financing activities		
Repayment of borrowings	(336)	(202)
Proceeds from borrowings	304	187
Finance cost	(266)	(340)
Share and convertible loan issue costs	-	(243)
Issue of share capital	-	2,745
Net cash flow from financing	(298)	2,147
Net (decrease)/ increase in cash and cash equivalents	(274)	634
Cash and cash equivalents at the beginning of the year	1,234	600
Cash and cash equivalents at the end of the year	960	1,234



The Board



Roger Jeynes, *Chairman* – Roger has over 20 years experience in the technology sector, encompassing senior sales, marketing and general management roles in the UK, Italy and the USA with IBM, Pyramid Technology Inc., and EMC Corporation. His most recent executive position was Chief Operating Officer at AIM-listed technology merchant bank Interregnum Plc.



Dr. Stuart Green, *CEO* – Previously CTO of ZOO Digital Group, CEO of Kazoo3D plc, Technical Director of LightWork Design Limited. Stuart has over 20 years experience in team building and executive management in the software industry. He has more than 20 patents granted in the fields of image processing and digital media production.



Helen Gilder, *Group Finance Director* – 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. 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.



James Livingston, *Non Executive Director* – Investment Director at Foresight Group, a leading UK asset manager. Current serves as NED at six other UK SME companies in tech and healthcare. Prior to Foresight James was a strategy consultant at Deloitte.



Major Shareholders

Shareholder	% of capital
Foresight Group	20.1%
Herald Investment Trust	19.4%
Stuart Green (CEO)	14.9%
JM Finn & Co	6.6%
Multi Packaging Solutions	6.6%
South Yorkshire Investment Fund	5.6%
Investec Wealth & Investment Limited	4.0%
Others	22.8%

Loan Note Holders

Loan Note Holder	% of loan note
Herald Investment Trust	31.9%
Foresight	26.3%
JM Finn & Co	15.7%
South Yorkshire Investment Fund	12.7%
Stuart Green (CEO)	9.7%
Others	3.7%