



# Preliminary Results August 2014

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Roger Jeynes, Chairman  
Stuart Green, CEO  
ZOO Digital Group plc

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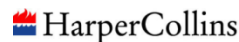


## About ZOO

Providing cloud-based media production services  
and software to global creative organisations



warner | music | group



# Financial Results

- Revenues of \$9.6m (2013: \$10.4m)
- Adjusted EBITDA<sup>†</sup> of \$0.4m loss (2013: \$0.7m profit)
- Adjusted operating loss<sup>†</sup> of \$2.1m (2013: \$0.9m)
- Year end cash balance \$0.1m (2013: \$1.0m)

<sup>†</sup> Adjusted EBITDA and operating loss are stated before share based payments of \$0.03m (2013: \$0.1m).

# A Year of Transition

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- Initially affected adversely by dramatic changes in the packaged media market
- Accelerated investment in subtitling services and platforms
- Secured line of credit to support working capital
- Significant new clients, diversified customer base and reduced dependence on packaged media
- Addressing wider markets for digital content delivery and less dependent on packaged media
- Revenue growth in H2 has continued into the new year

# Operational Highlights

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- Launch of the ZOOsubs subtitling and captioning services delivered using proprietary cloud-based systems
- Products and services more focused and differentiated, serving a greatly diversified client base
- Now serving five of the six major Hollywood studios either directly or indirectly through intermediaries, plus second tier film and TV producers
- Monthly billings increased in the second half, a trend which has continued into the new year
- Agreed an extension of the term of £1.77m convertible loan notes by four years to October 2017

# Business Profile

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- Provider of cloud-based media production services and software
- Serving global creative organisations
- Entertainment industry focused

# Services

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- Localisation of audio-visual content
  - Subtitling
  - Captioning
  - Dubbing
- Creative workflow systems and digital distribution solutions in the cloud
  - Collaboration
  - Centralised asset storage
  - Order placement
  - Review and approval





# Cloud-based Platforms

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## ZOOsubs

enabling highly efficient  
subtitling and captioning  
services

## ZOOcore

powering creative media  
collaborative production  
processes

## ZOOdubs

sourcing premium multi-  
lingual dubbing services

## ZOOpost

delivering media post-  
production services  
globally

# Outlook

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- Delivering robust growth in sales of subtitling into the new financial year
- Now in strong position to provide increasing volumes of localisation services across multiple platforms
- Reduced dependence on packaged media reduces exposure to market changes
- We expect further growth through new client additions and increase in orders from existing clients

# Summary

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- Successfully launched new localisation services
- Differentiated through cloud technology
- Delivering significant client benefits
- Greater client and market diversification
- Reduced dependence on packaged media
- Strong growth in subtitling services



**Thank you**



# Appendix

# Consolidated Statement of Comprehensive Income

	2014 \$000	2013 \$000
<b>Revenue</b>	<b>9,562</b>	10,363
Cost of sales	(1,708)	(745)
<b>Gross Profit</b>	<b>7,854</b>	9,618
Other operating income	34	293
Other operating expenses	(8,383)	(9,278)
Profit before interest, tax, depreciation and amortisation	(495)	633
Depreciation	(279)	(260)
Amortisation and impairment	(1,317)	(1,425)
Total operating expenses	(9,979)	(10,963)
<b>Operating loss</b>	<b>(2,091)</b>	(1,052)
Exchange gain on borrowings	(254)	142
Finance cost	(332)	(286)
<b>Total finance cost</b>	<b>(586)</b>	(144)
<b>Loss before taxation</b>	<b>(2,677)</b>	(1,196)
Tax on loss	(15)	106
<b>Loss and total comprehensive income for the year attributable to equity holders of the parent</b>	<b>(2,692)</b>	(1,090)

# Consolidated Statement of Financial Position

	2014 \$000	2013 \$000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	509	419
Intangible assets	8,598	9,260
Deferred income tax assets	486	486
	9,593	10,165
<b>Current Assets</b>		
Trade and other receivables	3,207	2,103
Cash and cash equivalents	122	960
	3,329	3,063
<b>Total Assets</b>	<b>12,922</b>	<b>13,228</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	(2,971)	(3,014)
Borrowings	(2,082)	(2,864)
	(5,053)	(5,878)
<b>Non-current Liabilities</b>		
Borrowings	(3,303)	(115)
<b>Total Liabilities</b>	<b>(8,356)</b>	<b>(5,993)</b>
<b>Net Assets</b>	<b>4,566</b>	<b>7,235</b>

# Consolidated Statement of Cashflows

	2014 \$000	2013 \$000
<b>Cash flows from operating activities</b>		
Operating loss for the year	(2,091)	(1,052)
Depreciation	279	260
Amortisation & impairment	1,428	1,425
Share based payments	27	116
Purchase of own shares	(2)	(13)
Disposal of own shares	-	75
Disposal and de-recognition of intangible assets	-	15
Disposal of property, plant and equipment	-	3
Exchange loss on foreign operations	(2)	-
Changes in working capital:		
Decreases in trade and other receivables	(1,104)	262
Increases/ (decreases) in trade and other payables	(43)	292
<b>Cash flow from operations</b>	<b>(1,508)</b>	<b>1,383</b>
Tax received/ (paid)	(15)	106
<b>Net cash flow from operating activities</b>	<b>(1,523)</b>	<b>1,489</b>
<b>Investing Activities</b>		
Purchase of intangible assets	(766)	(1,213)
Purchase of property, plant and equipment	(369)	(252)
<b>Net cash flow from investing activities</b>	<b>(1,135)</b>	<b>(1,465)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(200)	(336)
Proceeds from borrowings	2,327	304
Finance cost	(307)	(266)
<b>Net cash flow from financing</b>	<b>1,820</b>	<b>(298)</b>
Net (decrease)/ increase in cash and cash equivalents	(838)	(274)
Cash and cash equivalents at the beginning of the year	960	1,234
Cash and cash equivalents at the end of the year	122	960



# The Board

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**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

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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%