



AGM Presentation September 2015

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About ZOO

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



UNIVERSAL MUSIC GROUP



A VIACOM COMPANY



Financial Results

- Revenues of \$11.5m (2014: \$9.6m)
- EBITDA loss of \$0.7m (2014: \$0.4m)
- Operating loss of \$2.1m (2014: \$2.1m)

Operational Highlights

- Significant growth in localisation with client numbers more than doubling in the period
- Workflow management and centralised subtitling platform adopted by BBC Worldwide
- Approved by Apple to deliver motion picture and television content directly to iTunes and appointed as one of four global partners to provide localisation and digital packaging services
- New convertible loan note secured raising \$1.2m (£0.8m) in new working capital support

Business Profile

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

Services

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

Market Growth

- Ongoing expansion of OTT digital video services
- Legislative pressures for closed captions
- Day-and-date product release schedules



OTT Video Services



Closed Captioning

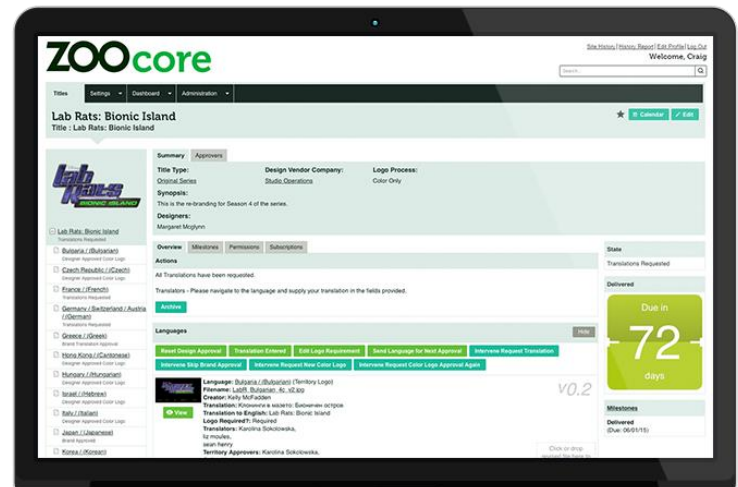
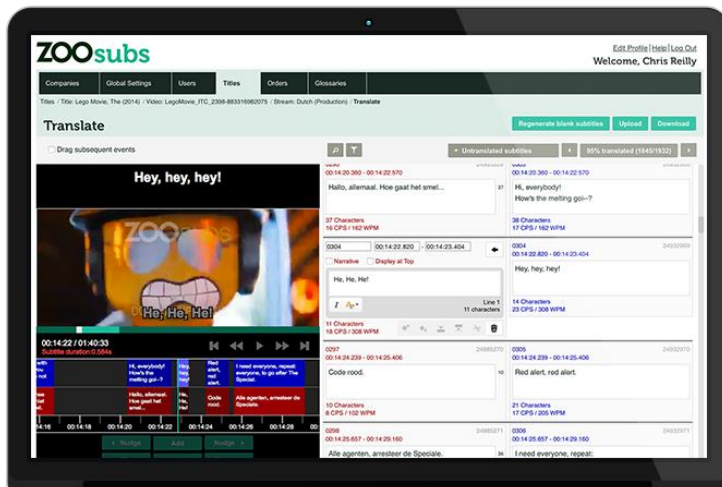
- Americans with Disabilities Act 1990 (USA)
 - Applicable to online video – Netflix 2012
- Accessibility Act of 2010 (USA)
 - Applicable to broadcast material delivered via internet
 - 30 day deadline since 30 March 2015
 - Reduces to 15 days on 30 March 2016
 - Near-live clips within 12 hours by 1 July 2017
- Apple iTunes Store compliance
 - Captions mandatory from 30 June 2015

Day-and-Date Release

- Driven by impact of piracy
- Industry is moving towards simultaneous release in theatres, home entertainment and digital...
- ... and across all territories
- Significant challenges for localization



The ZOO Difference



Customer Benefits

- Web services deliver personalised solutions
 - Ordering
 - Progress
 - Fulfilment
- Automation for faster, more cost-effective services
- Self-service access to materials
- Secure, centralised localisation repository
- Workflow support gives client productivity gains
- Services tailored for individual client needs

BBC Worldwide Subtitle Management

- Selected by BBC Worldwide to provide subtitle and caption management
- Provides centralised, secure repository for localisation assets
- Automated production of English variants for USA and Australia/New Zealand
- Supports BBC Store – the Electronic Sell Through platform to be launched Autumn 2015
- Built using ZOOsubs and ZOOcore

ZOOsubs **ZOOcore**



iTunes Distribution Partner

- Apple has appointed ZOO an iTunes Distribution Partner
- ZOO provides services to media owners to publish movies and TV content on the iTunes store
- These services are delivered through the ZOOstudio cloud platform

ZOOstudio

Opportunity

- Grow market share quickly
- Establish dominant market position
- Maintain excellent gross margins

Summary

- ZOO is poised at a tipping point
- Uniquely positioned in a growing market
- Already secured significant clients
- Growing pipeline of opportunities



Thank you



Appendix

Consolidated Statement of Comprehensive Income

	2015 \$000	2014 \$000
Revenue	11,465	9,562
Cost of sales	(2,483)	(1,708)
Gross Profit	8,982	7,854
Other operating income	-	34
Other operating expenses	(9,669)	(8,272)
Loss before interest, tax, depreciation and amortisation	(687)	(384)
Depreciation	(214)	(279)
Amortisation and impairment	(1,200)	(1,428)
Total operating expenses	(11,083)	(9,979)
Operating loss	(2,101)	(2,091)
Exchange gain/(loss) on borrowings	561	(254)
Finance cost	(584)	(332)
Total finance cost	(23)	(586)
Loss before taxation	(2,124)	(2,677)
Tax on loss	66	(15)
Loss and total comprehensive income for the year attributable to equity holders of the parent	(2,058)	(2,692)

Consolidated Statement of Financial Position

	2015 \$000	2014 \$000
ASSETS		
Non-current assets		
Property, plant and equipment	421	509
Intangible assets	7,967	8,598
Deferred income tax assets	486	486
	8,874	9,593
Current assets		
Trade and other receivables	1,918	3,207
Cash and cash equivalents	325	122
	2,243	3,329
Total assets	11,117	12,922
LIABILITIES		
Current liabilities		
Trade and other payables	(3,031)	(2,971)
Borrowings	(105)	(147)
	(3,136)	(3,118)
Non-current liabilities		
Borrowings	(5,453)	(5,238)
Total liabilities	(8,589)	(8,356)
Net assets	2,528	4,566

Consolidated Statement of Cashflows

	2015 \$000	2014 \$000
Cash flows from operating activities		
Operating loss for the year	(2,101)	(2,091)
Depreciation	214	279
Amortisation and impairment	1,200	1,428
Share based payments	21	27
Purchase of own shares	(1)	(2)
Exchange loss on foreign operations	-	(2)
Changes in working capital:		
Decreases/ (increases) in trade and other receivables	1,289	(1,104)
Increases/ (decreases) in trade and other payables	60	(43)
Cash flow from operations	682	(1,508)
Tax received/(paid)	66	(15)
Net cash flow from operating activities	748	(1,523)
Investing Activities		
Purchase of intangible assets	(569)	(766)
Purchase of property, plant and equipment	(67)	(369)
Net cash flow from investing activities	(636)	(1,135)
Cash flows from financing activities		
Repayment of borrowings	(512)	(200)
Proceeds from borrowings	1,187	2,327
Finance cost	(584)	(307)
Net cash flow from financing	91	1,820
Net increase/ (decrease) in cash and cash equivalents	203	(838)
Cash and cash equivalents at the beginning of the year	122	960
Cash and cash equivalents at the end of the year	325	122

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 25 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.

Major Shareholders

Shareholder*	% of capital
Funds managed by Foresight Group	19.6%
Herald Investment Trust plc	19.4%
Stuart Green (CEO)	14.9%
John Henry Holdings Inc.	6.6%
Hargreaves Lansdown Nominees Ltd	4.9%
TD Direct Investing Nominees Europe Ltd	3.5%
Lynchwood Nominees Ltd.	3.1%

* As of 10 August 2015 the Company had been made aware of the above shareholdings amounting to 3% or more of the ordinary share capital of the Company