



Final Results July 2016

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ZOO Digital Group plc

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About ZOO

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



Financial Results

- Revenues of \$11.6m (2015: \$11.5m)
- EBITDA Profit of \$0.2m (2015 Loss of: \$0.7m)
- Gross margin 79% (2015: 78%)

Operational Highlights

- 29% increase in customer numbers
- Small increase in total revenues with a 25% increase in adjusted* revenues
- Introduced new services for captioning of TV advertisements and enriched metadata creation
- Raised £500,000 in new working capital by way of the issue of a new convertible loan note
- Established as a preferred vendor for two of the largest online entertainment retailers in the industry
- Appointed two new senior sales positions for Europe and Asia

Business Profile

- Provider of next generation subtitling and digital distribution services
- Powered by our innovative cloud technology
- Targeting owners of premium TV and film content

Services

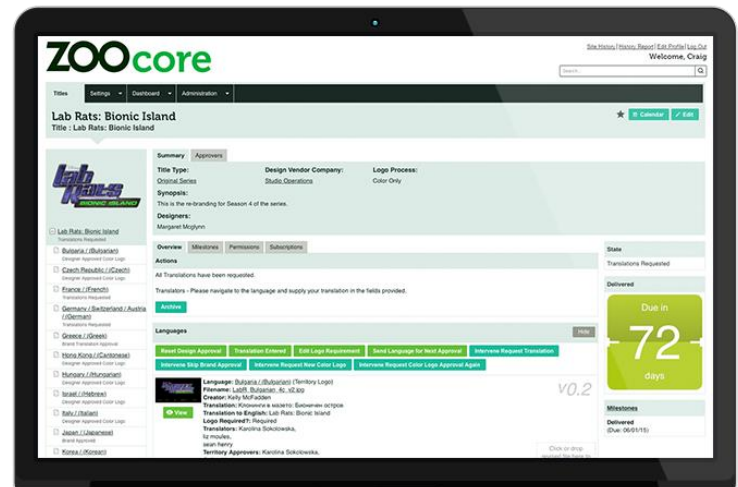
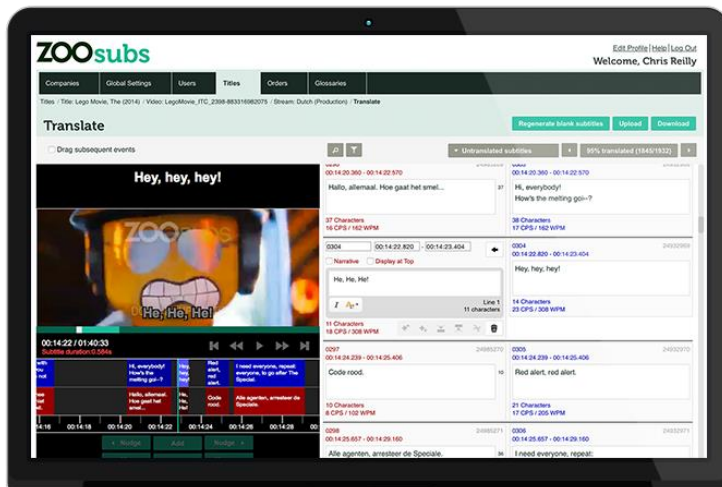
- **Digital distribution:** preparing TV & film content for online delivery
- **Subtitling and captioning:** high quality translations into all languages
- **Metadata management:** create, manage, translate and deliver metadata
- **Dubbing:** lip sync dubbing and voice-overs in all languages
- **Artwork localisation:** translating marketing materials for territory release
- **Workflow:** managing clients' projects, people and progress
- **Asset management:** secure cloud store for media assets
- **Award screeners:** a service to deliver TV and film previews

Market Growth

- Online retailers (Apple, Amazon, Netflix, Google, Hulu, ...) give much enlarged opportunity due to global reach
- Research from European Commission and Common Sense Advisory suggest subtitling market of over \$500m annually
- According to Digital Entertainment Group, overall electronic sell-through (EST) spending rose 18% in calendar 2015
- Research from Adobe and The Diffusion Group indicates that US consumers now spending 42% of TV viewing time watching streaming video services
- In the US growth of video captioning services has been brought about by legislation, including recent changes in Federal Communications Commission (FCC) regulations



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

Opportunity

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

Summary

- Rising industry demand for premium services
- Uniquely positioned in a growing market
- Securing preferred vendor status with key clients
- Stronger pipeline, broader services, enlarged capability



Appendix

Consolidated Statement of Comprehensive Income

	2016 \$000	2015 \$000
Revenue	11,638	11,465
Cost of sales	(2,399)	(2,483)
Gross Profit	9,239	8,982
Other operating income	115	-
Other operating expenses	(9,198)	(9,669)
Profit/(Loss) before interest, tax, depreciation and amortisation	156	(687)
Depreciation	(181)	(214)
Amortisation and impairment	(1,078)	(1,200)
Total operating expenses	(10,457)	(11,083)
Operating loss	(1,103)	(2,101)
Exchange gain/(loss) on borrowings	206	561
Finance cost	(559)	(584)
Total finance cost	(353)	(23)
Loss before taxation	(1,456)	(2,124)
Tax on loss	669	66
Loss and total comprehensive income for the year attributable to equity holders of the parent	(787)	(2,058)

Consolidated Statement of Financial Position

	2016 \$000	2015 \$000
ASSETS		
Non-current assets		
Property, plant and equipment	433	421
Intangible assets	7,382	7,967
Deferred income tax assets	486	486
	8,301	8,874
Current assets		
Trade and other receivables	2,531	1,918
Cash and cash equivalents	314	325
	2,845	2,243
Total assets	11,146	11,117
LIABILITIES		
Current liabilities		
Trade and other payables	(3,096)	(3,031)
Borrowings	(142)	(105)
	(3,238)	(3,136)
Non-current liabilities		
Borrowings	(6,142)	(5,453)
Total liabilities	(9,380)	(8,589)
Net assets	1,766	2,528

Consolidated Statement of Cashflows

	2016 \$000	2015 \$000
Cash flows from operating activities		
Operating loss for the year	(1,103)	(2,101)
Depreciation	181	214
Amortisation and impairment	1,078	1,200
Share based payments	21	21
Purchase of own shares	-	(1)
Exchange loss on foreign operations	-	-
Changes in working capital:	-	-
(Increases)/decreases in trade and other receivables	(613)	1,289
Increases in trade and other payables	65	60
Cash flow from operations	(371)	682
Tax received	669	66
Net cash flow from operating activities	298	748
Investing Activities		
Purchase of intangible assets	(493)	(569)
Purchase of property, plant and equipment	(32)	(67)
Net cash flow from investing activities	(525)	(636)
Cash flows from financing activities		
Repayment of borrowings	(145)	(512)
Proceeds from borrowings	710	1,187
Finance cost	(349)	(584)
Net cash flow from financing	216	91
Net (decrease)/increase in cash and cash equivalents	(11)	203
Cash and cash equivalents at the beginning of the year	325	122
Cash and cash equivalents at the end of the year	314	325

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 5 July 2016 the Company had been made aware of the above shareholdings amounting to 3% or more of the ordinary share capital of the Company