



ZOO Digital Group plc

Final Results
June 2017

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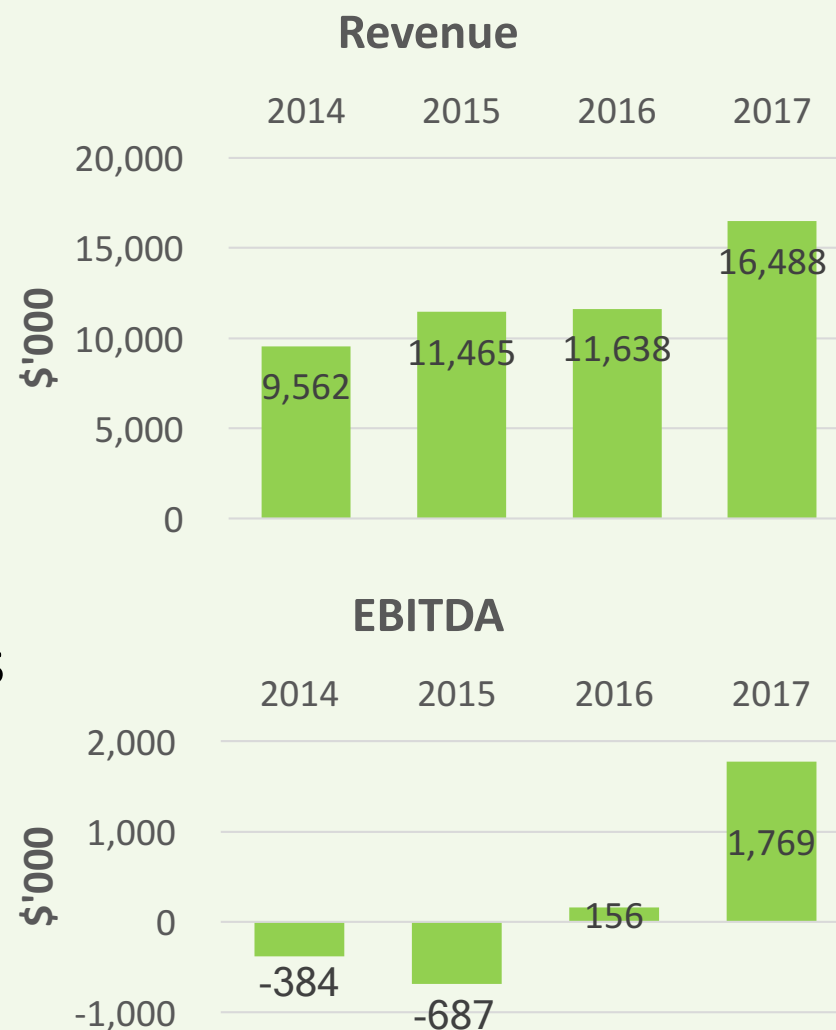
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Financial Results

- Revenue increased by 42% to \$16.5m (2016: \$11.6m)
- EBITDA up significantly to \$1.8m (2016: \$0.2m)
- Profit Before Tax \$0.5m (2016: loss of \$1.5m)
- Business is less seasonally weighted with 53% revenues generated in H2 (2016: 43%)
- Post period end raised £2.6m gross and capitalised £1.1m debt



Operational Highlights

- Number of clients invoiced increased by 25%
- Largest client contributed 44% (2016: 60%); revenue from other clients grown by 90%
- Selected as a *preferred vendor* for one of the world's largest video streaming service providers, and for three of six major Hollywood Studio clients
- Two new services launched, enabled by proprietary cloud computing platforms
- Named by TVConnect as one of top 10 innovators in Entertainment
- Launched Affiliate Partner programme to provide international presence

April 2017 Placing

- Equity fund raise of £2.6m provides growth capital
- £500k of Convertible Unsecured Loan Stock capitalised at the placing price
- Remaining Convertible Unsecured Loan Stock of £2.57m maturity date extended to 31 October 2020
- CEO Stuart Green capitalised all of 10% coupon loan of £600k
- Chairman Roger Jeynes participated
- Herald retained shareholding of 20%
- Hargreave Hale now holds 25% of equity

We are in the age of on-demand digital video entertainment



Feature film and TV programme makers face unprecedented challenges

Old World

- One or two platforms
- 5 to 10 languages
- Release windows span years or months
- DVD/Blu-ray give high margin sales

New World

- 100+ platforms
- 50+ languages
- Release windows span weeks or days
- Deal terms with digital channels vary greatly

Content owners need partners equipped to deal with new challenges

Old World

- Large teams of in-house staff
- Multiple owned international offices
- Projects individually overseen by managers
- Various desktop tools; spreadsheets, email

New World

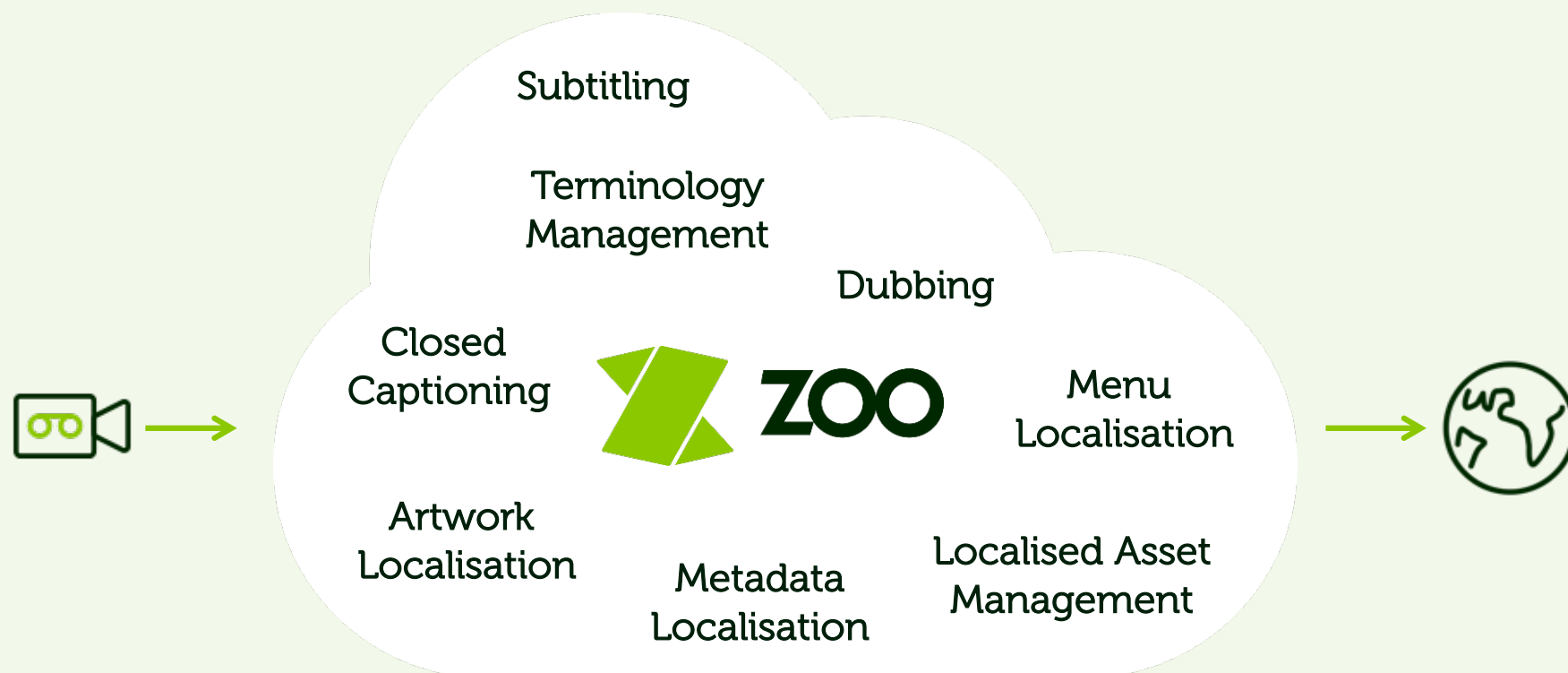
- Agile teams including freelance staff
- Partnerships to provide international presence
- Management by exception
- Centralised cloud computing platforms

A large, rapidly growing market

- EMEA market for entertainment localisation services estimated as \$2billion in 2016
- 70% of market is dubbing
- Growing at a rate of 8-10% pa
- Expected to reach \$2.5billion by 2020
- Growth due to two primary factors:
 - Adoption of streaming video on demand; and
 - Geographical expansion

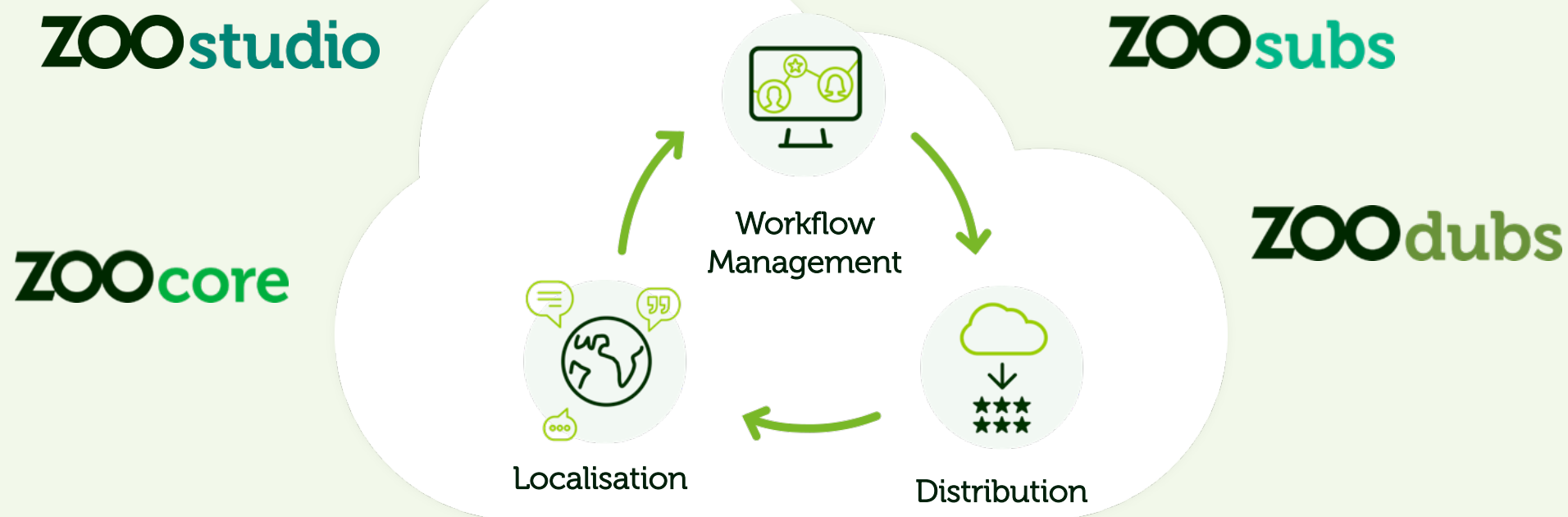
Source: Media & Entertainment Services Alliance (MESA) Europe, Content Localisation Council, June 2017

About ZOO: Global Content Services



Connected in the cloud

Our Offering



**Services to securely showcase, localize
and distribute entertainment content**

Trusted by major Hollywood Studios and Global Brands for over 10 years

- All major Hollywood Studios
- BBC Worldwide
- Leading digital download and streaming services
- Independent film studios
- TV programme makers
- Post-production facilities

Strategy and competitive advantage

- Develop software platforms to apply automation that improves quality, lowers cost, and enhances management control
- Engage scalable contract labour for translation, quality control, metadata preparation, etc.
- Continue to innovate to fulfil end-to-end services for worldwide digital video distribution
- Secure position as approved vendor with leading media organisations

Summary and Outlook

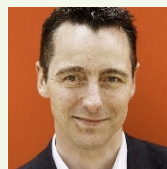
- Continuing to secure relationships with large content owners and online retailers
- Greater differentiation with new technology innovations to deliver greater efficiencies and broader scope
- Increasing penetration of an expanding market with a differentiated proposition
- Excellent client relationships with industry leaders in media and entertainment – delivering high quality and first class service
- Market growth in content, platforms and languages

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, Finance Wales plc, and mxData Group Limited.



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 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. 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.

Consolidated Statement of Comprehensive Income

	2017 \$000	2016 \$000
Revenue	16,488	11,638
Cost of sales	(4,483)	(2,399)
Gross Profit	12,005	9,239
Other operating income	196	115
Other operating expenses	(10,432)	(9,198)
Profit before interest, tax, depreciation and amortisation	1,769	156
Depreciation	(259)	(181)
Amortisation	(1,008)	(1,078)
Total operating expenses	(11,699)	(10,457)
Operating profit/(loss)	502	(1,103)
Exchange gain on borrowings	624	206
Finance cost	(591)	(559)
Total finance cost	33	(353)
Profit/(loss) before taxation	535	(1,456)
Tax credit	256	669
Profit/(loss) and total comprehensive income for the year attributable to equity holders of the parent	791	(787)

Consolidated Statement of Financial Position as at 31 March*

	2017 \$000	2016 \$000
ASSETS		
Non-current assets		
Property, plant and equipment	1,073	433
Intangible assets	6,915	7,382
Deferred income tax assets	486	486
	8,474	8,301
Current assets		
Trade and other receivables	3,753	2,531
Cash and cash equivalents	607	314
	4,360	2,845
Total assets	12,834	11,146
LIABILITIES		
Current liabilities		
Trade and other payables	(4,045)	(3,096)
Borrowings	(4,102)	(142)
	(8,147)	(3,238)
Non-current liabilities		
Borrowings	(2,126)	(6,142)
Total liabilities	(10,273)	(9,380)
Net assets	2,561	1,766

Pro Forma Consolidated Statement of Financial Position Post Fundraising

	Balance sheet as reported	Pro-forma balance sheet after fundraising
	\$'000	\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,073	1,073
Intangible assets	6,915	6,915
Deferred income tax assets	486	486
	8,474	8,474
Current assets		
Trade and other receivables	3,753	3,753
Cash and cash equivalents	607	3,505
	4,360	7,258
Total assets	12,834	15,732
LIABILITIES		
Current liabilities		
Trade and other payables	(4,045)	(3,964)
Borrowings	(4,102)	(281)
	(8,147)	(4,245)
Non-current liabilities		
Borrowings	(2,126)	(4,574)
Total liabilities	(10,273)	(8,819)
Net assets	2,561	6,913

Consolidated Statement of Cashflows

	2017	2016
	\$000	\$000
Cash flows from operating activities		
Operating profit/(loss) for the year	502	(1,103)
Depreciation	259	181
Amortisation and impairment	1,008	1,078
Share based payments	11	21
Purchase of own shares	-	-
Disposal of property, plant and equipment	1	-
Changes in working capital:		
Increases in trade and other receivables	(1,222)	(613)
Increases in trade and other payables	946	65
Cash flow from operations	1,505	(371)
Tax received	256	669
Net cash flow from operating activities	1,761	298
Investing Activities		
Purchase of intangible assets	(541)	(493)
Purchase of property, plant and equipment	(168)	(32)
Net cash flow from investing activities	(709)	(525)
Cash flows from financing activities		
Repayment of borrowings	(164)	(145)
Proceeds from borrowings	-	710
Finance cost	(591)	(349)
Share and convertible loan issue costs	(7)	
Net cash flow from financing	(762)	216
Net increase/(decrease) in cash and cash equivalents	293	(11)
Cash and cash equivalents at the beginning of the year	314	325
Cash and cash equivalents at the end of the year	607	314

Major Shareholders

Shareholder*	% of capital
Hargreave Hale Ltd.	24.2
Herald Investment Trust plc	20.0
Stuart Green (CEO)	15.7
Ymagis SA	6.8

* As of 26 June 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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