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EMBARGOED UNTIL FRIDAY 29 MARCH 2019

ZONAL INCREASES R&D SPEND AS IT CELEBRATES 40TH ANNIVERSARY

Financial highlights for the year ended 30 June 2018

- Investment in R&D spend was up 41% to £6.9m (£4.9m)
- Like for like gross margin grew by 4% to 70% (66%)
- Cash balances grew by £5.6m to £13m
- Group turnover remained at £54m and after significant investment in R&D, operating profit before tax was £3.7m (£4m)
- 95% year-on-year increase in SaaS sales revenue

Celebrating 40 years in business, hospitality tech innovator, Zonal, increases investment in Research and Development (R&D) by 41%.

In the year up to 30 June 2018, Zonal invested an additional £2m in R&D spending £6.9m up from £4.9m the previous year.

The Edinburgh-based family firm enjoyed another successful year of customer growth, adding new clients, system upgrades and increased product penetration to their existing customer base. This expansion contributed to a 95% year-on-year sales growth in Zonal's Software as a Service (SaaS) business (2017: 62%).

[Zonal](#) predicts its sales to exceed £60m in FY19 thanks to a robust sales pipeline and further uptake of its suite of market leading products. The strategic acquisition of Comtrex Systems Corporation in 2018 has further strengthened the group's customer base and delivered further expansion into North America.

Group turnover remained consistent year-on-year while like-for-like gross margins grew significantly to 70%. Due to its considerable investment in R&D, net margins were 7.0%, slightly down by 0.4%. Cash balances grew sharply by £5.6m to £13m.

Zonal's core strategy is continued investment in its people and its solutions. The company recruited over a hundred additional employees during the year with R&D taking the lion's share. This catapults Zonal's workforce to more than 650 in locations across the UK including Edinburgh, Abingdon, Cardiff and Stafford.

Chief Executive Stuart McLean said: "This is a milestone anniversary for Zonal as we celebrate 40 years since our founder, and my father, Ralph McLean, launched the company after inventing the first hospitality EPoS system for our family hotel. Since then, technology has changed beyond recognition and so have we as a business, both in terms of size and ambitions. We are still a family business that cares passionately about our customers and our employees and we are proud to be leading the way in providing technology solutions for the hospitality industry."

As for the future, Stuart added: "R&D will continue to be a key focus for Zonal as we look to enhance our existing offering and develop brand new products in 2019. These are exciting times and we look forward to another 40 years of cutting-edge innovation."

During 2018, Zonal was recognised with a number of award wins including, Restaurant Magazine Readers Choice Award for best EPoS brand, The Herald's Scottish Family Business of the Year, the Scottish Family Business Award & Supreme Champion at the Family Business Awards and Corporate Partner of the Year with its adopted charity, Hope for Children.

Zonal is the leading provider of integrated technology solutions to more than 16,000 leisure and hospitality businesses across the UK. For 40 years, the company has been working closely with clients to enhance the customer experience through market-leading technology, sector expertise and knowledge and a partnership approach to business.

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Issued by Limegreen Communications on behalf of Zonal

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