

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Zedge, Inc.

Form: 8-K

Date Filed: 2018-03-13

Corporate Issuer CIK: 1667313

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): March 13, 2018

ZEDGE, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-37782
(Commission File Number)

26-3199071
(IRS Employer
Identification No.)

22 Cortlandt Street (14th Floor), New York, NY
(Address of principal executive offices)

10007
(Zip Code)

Registrant's telephone number, including area code: (330) 577-3424

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01 Regulation FD.

The slide presentations (the “Presentations”) attached hereto as Exhibit 99.1 will be provided to certain investors.

The Registrant is furnishing the information contained in this Report, including Exhibit 99.1, pursuant to Item 7.01 of Form 8-K promulgated by the Securities and Exchange Commission (the “SEC”). This information shall not be deemed to be “filed” with the SEC or incorporated by reference into any other filing with the SEC. In addition, the Presentations contain statements intended as “forward-looking statements” that are subject to the cautionary statements about forward-looking statements set forth in the Presentations.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Document |
|--------------------|--|
| 99.1 | Investor Presentations |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ZEDGE, INC.

By: /s/ Jonathan Reich

Name: Jonathan Reich

Title: Chief Financial Officer

Dated: March 13, 2018

EXHIBIT INDEX

| Exhibit Number | Document |
|-------------------|--|
| 99.1 | Investor Presentations |

ZEDGE™

we make phones personal

Investor Presentation 30th Annual Roth Conference

-> March 13, 2018



Safe Harbor Statement

This presentation contains statements that are, or may be considered to be, forward-looking statements. All statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include:

- statements about Zedge Inc.'s future performance;
- projections of Zedge Inc.'s results of operations or financial condition;
- statements regarding Zedge Inc.'s plans, objectives or goals, including those relating to its strategies, initiatives, competition, acquisitions, dispositions and/or its products; and

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "aim," "will," "should," "likely," "continue" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on Zedge Inc.'s current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond Zedge Inc.'s control. Such known and unknown risks, uncertainties and other factors may cause Zedge Inc.'s actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements.

These factors include those discussed under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Zedge Inc.'s Registration Statement on Form 10 and periodic reports filed with the Securities and Exchange Commission.

Zedge, Inc. cautions that such factors are not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements.

Forward-looking statements speak only as of the date they are made and are statements of current expectations concerning future results, events and conditions and Zedge is under no obligation to update any of the forward-looking statements, whether as a result of new information, future events or otherwise.

Global Leader In Device Personalization



Global Leader In Device Personalization

35 million customers use the Zedge to personalize their phone with awesome wallpapers, ringtones, app icons and widgets, monthly

We're the #1 personalization provider and we're all about the power of self-expression



ZEDGE APP

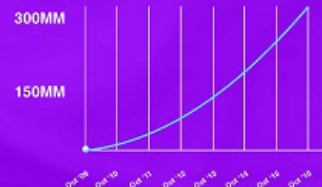
- Wallpapers
- Lock screens
- Ringtones / Notification sounds
- App icons
- Widgets



- 35MM monthly active users
- Ad supported business model, historically
- High impact media and lots of 1x1 engagement
- Attractive demographics
- Launched beta of Zedge Premium, a marketplace for professional artists in December 2017
- More dominant on Android yet great demand on iOS



Cumulative Installs





35MM MAU



4.5MM 5-STAR
Ratings



Google play

TOP 30 FREE APPS
Google Play
for 5 years



~100MM Search
queries monthly

Milestones + KPI's

We aren't niche



300MM Installs



TOP 30
iTunes Entertainment



BEST APPS
Google Play



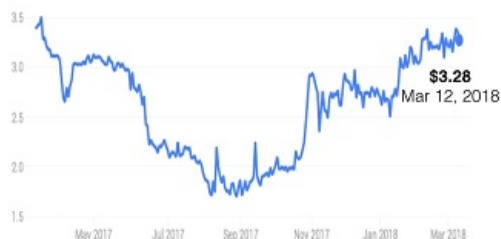
1.2 MM Facebook
Likes

Source: Google Play, iTunes, Facebook & Company Estimates (March 2018)

Financial Snapshot

| KEY FINANCIAL / PERFORMANCE INDICATORS | | | | |
|--|------------------|------------------|------------------|------------------|
| Fiscal Year Aug 1 - July 31 & \$'000. | Q2 '18 | Q1 '18 | Q4 '17 | Q3 '17 |
| Revenue | \$3,045 | \$2,659 | \$2,547 | \$2,530 |
| Direct Cost of Revenue | 356 | 372 | 381 | 406 |
| Gross Profit | \$2,689 | \$2,287 | \$2,166 | \$2,124 |
| Gross Margin | 88% | 86% | 85% | 84% |
| Costs & Expenses: | | | | |
| SG&A | \$2,586 | \$2,972 | \$2,247 | \$2,151 |
| D&A | 225 | 157 | 156 | 166 |
| (Loss)/Income from Operations | \$ (122) | \$ (842) | \$ (237) | \$ (193) |
| Cash + Receivables - Payables | \$ 5,702 | \$ 5,906 | \$ 6,259 | \$ 6,827 |
| LT Debt | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Monthly Active Users - MAU (MM) | 35.5 | 33.4 | 31.7 | 31.7 |
| Average Revenue / MAU | \$ 0.0273 | \$ 0.0256 | \$ 0.0255 | \$ 0.0249 |

| NYSE AMERICAN: ZDGE | |
|-----------------------------------|-----------|
| Shares Outstanding | 10.2MM |
| Market Capitalization* | \$34 MM |
| Insider Ownership | 26.1% |
| Fiscal Year | July 31st |
| Spun off from IDT on July 1, 2016 | |



* As of market close on March 12, 2018

Brand Reinforcement Through Self Expression



WE'RE THE
TIMES SQUARE BILLBOARD
IN THE PALM OF YOUR HAND



FULLY BRANDED PHONE

WALLPAPERS / RINGTONES
WIDGETS / APP ICONS

Brand Reinforcement Through Self Expression

#Homescreen: Average person
sees and hears their phone ~150x
daily

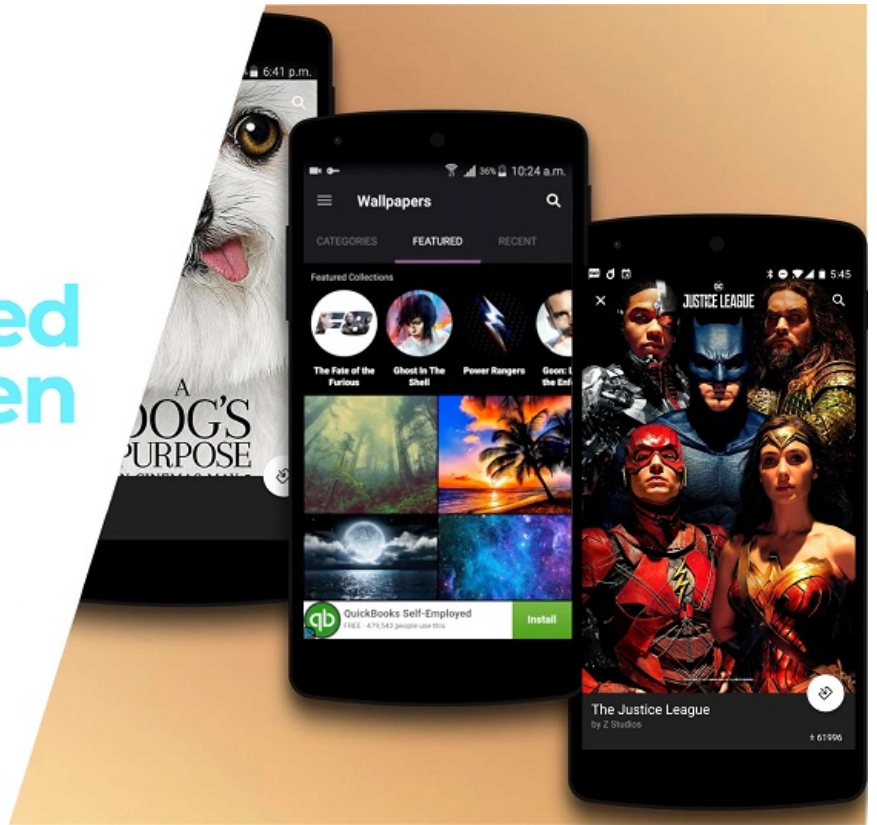
Users are highly engaged with
the immersive content

We're the Times Square billboard
in the palm of your hand



Zedge Collections Fully Themed Home Screen Experience

Highly immersive and
engaging



Zedge Premium Marketplace For Professional Artists



Zedge Premium Marketplace For Professional Artists

OVERVIEW

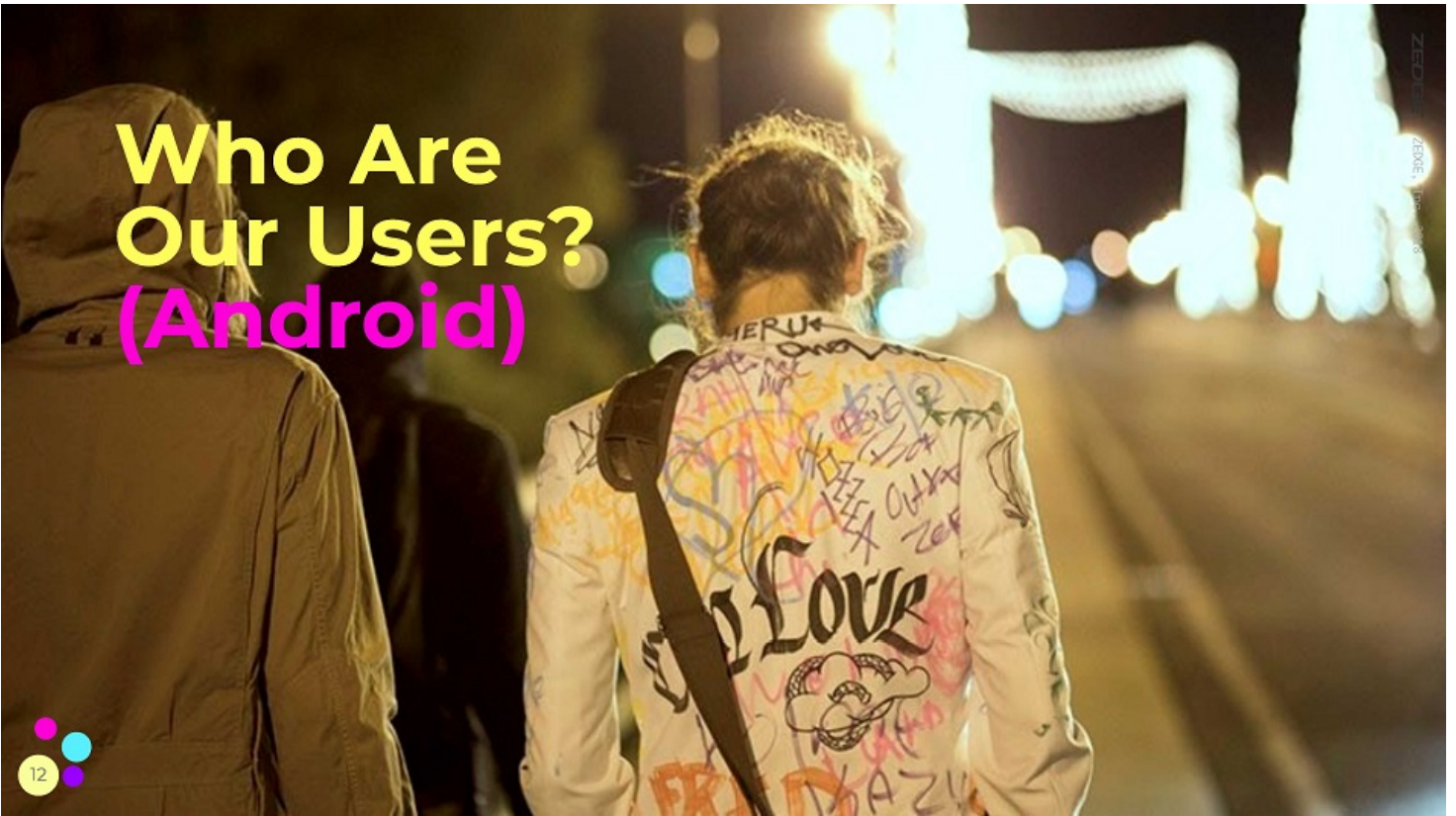
- Geared to amateur, semi pro and professional artists
- Promote to 35MM MAU
- Unlocking content keeps to core value proposition
- Classic marketplace split
- Wide variety of content
- Drive more users into Zedge

STATUS

- Freeform acquire in September 2017 to accelerate rollout
- Launched on iOS in December 2017 and on Android in February 2018
- 60+ creators currently in Zedge Premium
- Next major milestone is self serve platform
- Trends encouraging for conversion, revenue per user and overall revenue but nominal numbers are immaterial
- Interesting learnings



Who Are Our Users? (Android)



ZEDRA

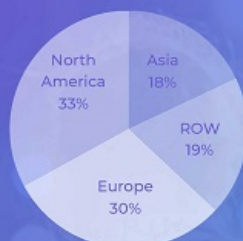
Who Are Our Users? (Android)

Demographic targeting based on our 1st party data

OUR USERS ARE:

- ENTERTAINMENT ADDICTS
- SOCIAL INFLUENCERS
- SPORTS FANS
- GAMERS

BY CONTINENT



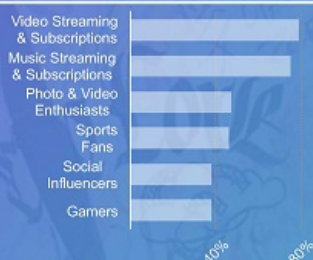
BY AGE (US)



BY GENDER (US)



TOP PERSONAS (US)



OVER INDEXING PERSONAS (US)

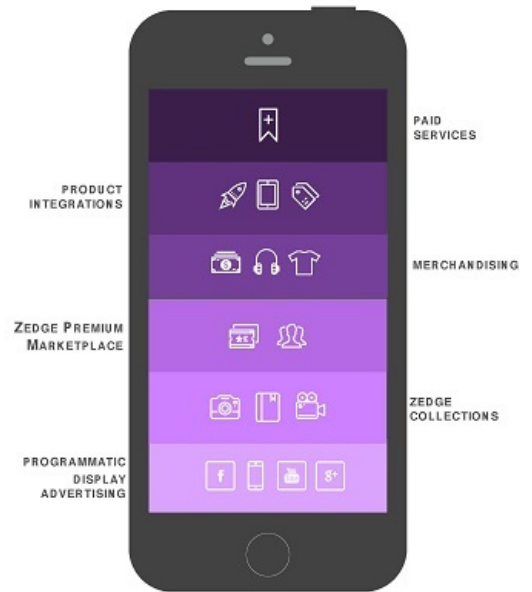


Source: Google Analytics, Pushing / comScore and Company Estimates (January 2018)

Monetization And Financials

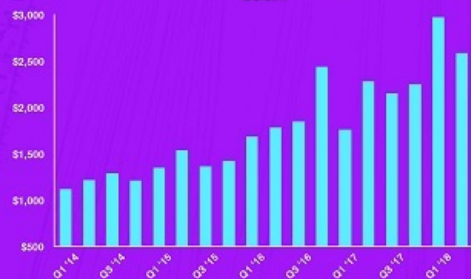
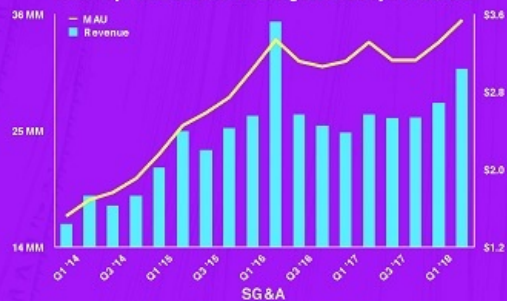
Monetization And Financials

Users.
Usage.
Engagement.



Financials (\$ '000)

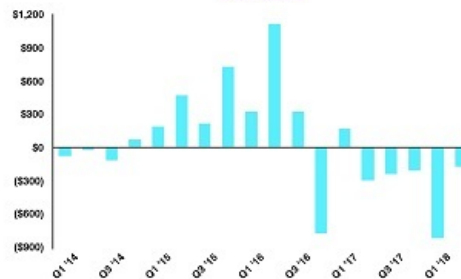
Quarterly Revenue & MAU During Last 30 Days of Quarter



Direct Cost of Revenue as a Percentage of Revenue



Net Income



Financials (\$ '000)

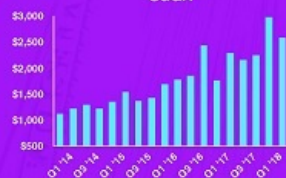
Quarterly Revenue and MAU During Last 30 Days of Quarter



Direct Cost of Revenue as a Percentage of Revenue



SG&A



Net Income



Monthly Active Users (MAU)

- Q2 '18 MAU grew by 6.3% with growth across all regions, globally, but primarily in the emerging markets

Revenue

- Q2 '18 revenue grew 18.4% YoY / 14.5% QoQ
- 6th consecutive quarter of ARPMAU growth
- Growth factors included more users, changes to user interface, new add units and optimization to viewed ads
- Geographical make up of user base
- Still recovering from being removed from iTunes in early '16
- We no longer generate revenue from desktop / mobile web

Direct Cost of Revenue as a Percentage of Revenue

- Newly deployed backend
- Redesigned infrastructure
- Phase II infrastructure build underway

iOS

- Zedge Premium is iOS friendly
- Premium ringtones launched in April with modest growth

SG&A

- Cost cutting initiatives expected to generate \$1.5-\$2.0MM in annual savings
- We are reinvesting savings to build Zedge Premium
- FX exposure

Big Takeaways

2017 Was Dedicated To Building

- Infrastructure
- Zedge Premium
- Fundamental app experience
- We are now starting to see the fruit of our labor

Stable, Sustainable, Organic Growth Story

- More than 300MM app installs
- Customer acquisition is organic
- Marketing expense is de minimus

Valuable Customer Base

- N. America and Europe
- Average Revenue Per Monthly Active User (ARPMU)
- Incremental benefit from emerging markets

Product

- Core product investments bearing fruit
- Android Go
- Self serve for Zedge Premium

Exciting Growth Opportunities

- Zedge Premium
- Tremendous leverage to growth revenue
- M&A (no assurances that anything will materialize)

Thank You!

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jonathan.reich@zedge.net

