



Pursuant to the terms set forth under Memoranda of the Mercado Alternativo Bursátil (MAB), in order to make this information available to the public, ZINKIA ENTERTAINMENT S.A. (“Zinkia” or the “Company”) states the following,

RELEVANT FACT

In light of the news that have recently appeared in different media, as President and majority stakeholder of Zinkia, I would like to share with the market some information I deem relevant:

ABOUT ZINKIA ENTERTAINMENT, S.A.

- Zinkia’s revenues have increased from 3,7 Million Euros in 2009 to 13,3 Million Euros in 2013. This represents an increase of 355% comparing to 2009, the year in which Zinkia listed on the stock exchange. In three years we have multiplied our size by almost by four.
- In the last 24 months the access of financing for Zinkia has been completely inexistent. Certainly, all the objectives, that were more ambitious than the 355% growth achieved, would have been reached if there would have been financing access. Even though it is true that the sales forecasts have not been reached, the company has increased and its business keeps growing.
- The company currently is working with 9 agencies and it is currently negotiating with new agencies, which represent or will represent our brands in more than 50 countries.
- In Spain, most of our contracts valid during 2013 have been and are being renewed. We are renewing or in the process of incorporating 13 licensees to the other 21 already existent.
- Globally, we have renewed and kept 75% of our clients in Asia and 85% in the U.S and Latam during 2013.
- We are in the process of signing 30 new contracts that accounts, in terms of minimum guarantees, a total of over 1,3 Million Euros belonging to 17 new clients and 13 renewals. We are expecting an important growth in the licensing area in the coming months.



- Throughout this year, the first educational apps developed under a contract financed by the U.S Government which Zinkia obtained in 2012, will be launched. They will be first launched in the U.S and then in the rest of the world, which will represent, without any doubt, an important push in terms of benefits and brand awareness in the most important markets of the world. Up to date, there have been over 10 Million downloads of Pocoyo apps.
- The net revenues in the area of Advertising have increased from 600,000 Euros in 2011 to 1,7 Million Euros in 2013. This business line did not exist in 2009.
- Zinkia is present in more than 80 countries through TV channels. As a key fact, in order to understand Pocoyo's audience in the world, only through YouTube, we have passed from having 475 Million views in 2011 to over 1 Billion views in 2013, doubling our audience in two years and the U.S being our main market. Pocoyo has become for YouTube one of the 50 most important brands in the world.
- Growth within the Marketing Division has also been continuous in the last two years:
 - On Facebook, the number of fans increased by 132% in 2012, and 154% in 2013
 - Pocoyo's Official Website has received over 42 Million visits since 2009 and from 200 different countries.
 - On Google's search engine, the organic traffic has been of 1,2 Million in 2012 and 3,6 Million in 2013.
- Pocoyo is today one of the most important children entertainment brands in the world and certainly one of the largest and most important ever created and developed brand in Spain.
- The business and the future of Zinkia are perfectly viable. A large number of creditors of Zinkia have already made clear their interest in refinance the company in this situation of no access to financing. What Zinkia needs is to renegotiate with its creditors to defer the payment of its debts and then pay without any debt deduction. It is to overcome this temporary situation that in the Spanish Law there is the Arrangement with Creditors procedure which Zinkia is looking to benefit from it, with the aim of having legal coverage in negotiations with each of the creditors, so there is the minimum impact to the business of the company. Zinkia is viable without needing any capital increase. It is true that it is having temporary cash flow problems, but this situation will be solved when either it obtains a refinancing by the creditors –whose answer has already been positive in most cases– or that it gets new financing, something in which it is currently working as well. While all of this is occurring, a potential Agreement with Creditors' procedure in the case of a viable company and business is a protection that Law offers to companies and not a way to its closure.



ABOUT THE MAJORITY SHAREHOLDER IN ZINKIA ENTERTAINMENT, S.A.

- The minority shareholder of Zinkia, the Mexican Don Miguel Valladares García, has indeed bought to Bankia a credit of JOMACA 98 Ltd., which is the majority shareholder of Zinkia, on August 29th, 2013.
- According to Mr. Valladares statements, this loan –for an amount over 18 Million Euros– was bought for 2,9 Million Euros. That day, Zinkia’s stock, which were pledged for this operation, were worth on the stock market over 9 Million Euros. Moreover, besides these guarantees, the loan included other guarantees. Even at the closure of last Friday, the price is higher than what he paid in August. Once again, without including other guarantees.
- Mr. Valladares is violating an agreement he personally reached with me and with the majority shareholder Zinkia –something that is currently at a judicial stage– concerning the purchase of such loan. In accordance with this agreement, the loan has not expired nor it is enforceable.
- Through this operation, to which he has had access thanks to its special relationship with Zinkia and in view of its behavior, he is trying to acquire stocks at a very lower price than the market price, without going through the market and taking advantage of circumstances that are not in the reach of the rest of Zinkia’s shareholders or potential investors.
- In my opinion, his statements to the media about the evolution of Zinkia, are not motivated by *“a management that proved to be deficient”*, as Mr. Valladares has recently publicly stated. Up above is the information and figures that proves the contrary. It seems clear that there is rather its personal interests what leads him to try by all ways to destabilize the future of Zinkia, which probably are not the interests of the rest of stakeholders. He is taking advantage of a moment of weakness of the company, and he is publishing the most negative information he can find, omitting all the positive ones – that moreover he knows perfectly and seem to be most relevant that the negative ones– and as of now, in the pursuit of reaching his goal to acquire Zinkia and Pocoyo by any mean, he is seriously damaging the prestige of Zinkia and all its team, and also gravely harming Zinkia’s stakeholders and more specially Zinkia’s majority stakeholder.

While all this is happening and despite the adverse circumstances, I can assure that we are working on a daily basis to overcome this situation, the company business is and will keep increasing. We believe in Justice, in the Regulatory Institutions, and even more we believe we can keep developing our business, with the help of God and every professional that makes part of Zinkia and its associates.



Please do not hesitate to contact us should you have any queries.

Madrid, 24th February 2014

José María Castilejo Oriol
President of the Board of Directors