



INTRODUCING ZOO DIGITAL GROUP PLC

3 February 2022

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PRESENTERS



Stuart Green, CEO

- Co-founder
- CEO since 2006
- Over 30 years experience in team building and executive management in the TMT industry
- More than 30 patents granted in the fields of image processing and digital media production

Phillip Blundell, CFO

- Senior finance professional and Chartered Accountant
- Over 20 years experience in software industry
- CFO roles with DotDigital Group plc, Eagle Eye Solutions Group plc and Intelligent Environments plc.
- Joined ZOO in 2018

INTRODUCTION



- ZOO is an exciting growth story focused on the global streaming video market
- A unique set of circumstances have aligned to create and accelerate this opportunity
- We will detail our path and how we plan to grow sales to \$100m in the medium term



ABOUT ZOO

ZOO Digital is a leading provider of cloud-based localisation and media services to the global entertainment industry

Our services, solutions and technologies support major Hollywood studios and streaming services to globalise their new and catalogue content for audiences around the world – in all languages and for all streaming platforms

365 global team

24-hour coverage

LA, London, Dubai & Turkey

Introducing ZOO Digital

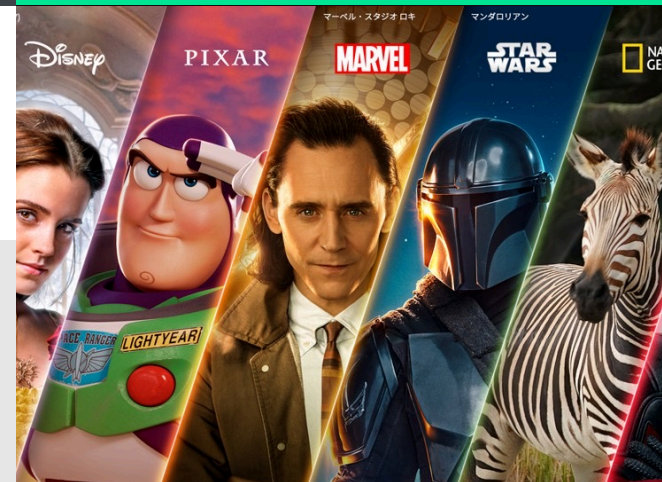


Distributed workforce
in **59** countries

10,000
freelance language
specialists & voice talents

83 languages

47 in-house R&D
specialists





Hit Movies



Recommended For You



OUR CUSTOMERS

ZOO operates as part of the rapidly expanding global media and entertainment industry. Our customers are the world's biggest content creators that distribute TV shows and movies to vast multi-lingual audiences via global streaming services.



FACEBOOK



VIACOMCBS

LIONSGATE

magnolia

pluto tv

A+E
NETWORKS

HBO



WHAT WE DO: LOCALISATION SERVICES

- Services for entertainment localisation provided in *80+ languages*:
 - Subtitling
 - Dubbing
- Material is predominantly dialogue, therefore:
 - Literal translation inappropriate
 - Translations must be culturally suitable
 - Appropriate use of idiomatic language
 - Sensitive to context (speaker, situation, etc.)
- Current AI suited to *literal* translation
- ZOO's software enables scalability, high quality, fast turnaround and efficiency
- Currently contributing c50% of sales

WHAT WE DO: MEDIA SERVICES

Preparing digital 'packages' of media assets compatible with the unique requirements of each streaming service

Introducing ZOO Digital



NETFLIX prime video hulu Apple tv+



Formatting

Delivering video, audio, subtitles, etc. in the correct technical formats (transcoding, compression, encoding, etc.)

Conforming

Ensuring playout synchronisation of all materials – video, audio, subtitles, captions, audio description, timed metadata

Editing

Making changes to the source materials to remove defects, commercial breaks, ensure compliance, etc.

Quality Control

Ensure that all deliverables are fully compliant with the requirements of each target platform

Digital Packaging

Combining all deliverables into a 'package' that is compliant with the ingest requirements of each platform

INVESTMENT SUMMARY

Strategically aligned with the world's biggest content creators and streaming services, ZOO addresses their current needs and anticipates future challenges better than anyone else in the sector. This customer-focused approach to services, solutions and technologies will continue to deliver sustainable, profitable revenue growth.

**Large, growing
global market**
**\$1.5 billion est.
addressable**

**Significant year-
on-year growth**
64% in H1 FY22

**Continued R&D
investment**
**\$1 million+ in
H1 FY22**

**Market-leading
position**
**Top 35 leader in
global LSP index**

**Fully supported
remote solutions**
**100% remote
during lockdowns**

**Distributed global
supply chain**
**Network of 10,000
translators, actors,
directors**

**International
partner network**
**230+ studios and
vendors**

**Engaged, growing
global workforce**
**22% growth in
H1 FY22, 81%
engagement index**

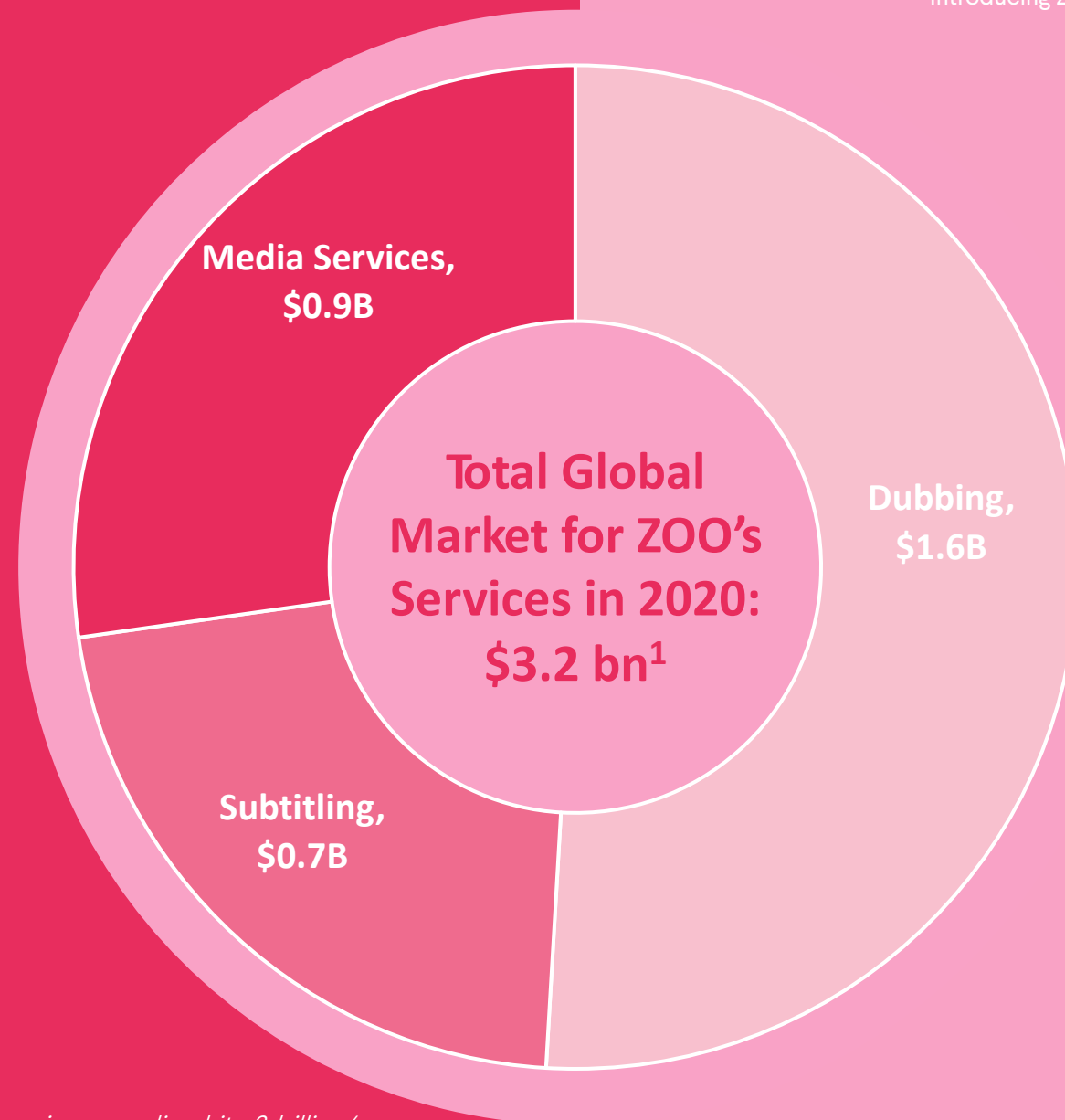
**Well funded for
growth**
**£7.4 million (\$10.3
million) placing in
FY21**

Total global market size for ZOO's services made up of:

- Media Localisation
 - Predominantly subtitling (30%) and dubbing (70%)^{3, 4}
 - Declined by 5.4% in 2020 due to pandemic; 'high growth vertical' expected to recover in 2021²
- Media Services
 - Increasingly bundled with media localisation

ZOO's addressable market:

- Consists of large US buyers (studios, OTT providers)
- Trend is to centralise buying of multilingual services
- Estimated to be \$1.5 billion currently¹
- Served by small number of vendors



¹ Management estimate derived partly from 2, 3 and 4 below

² Slator <https://slator.com/data-research/slator-2021-language-industry-market-report/>

³ MESA Europe <https://www.mesaonline.org/2017/06/27/study-emea-content-localization-service-spending-hits-2-billion/>

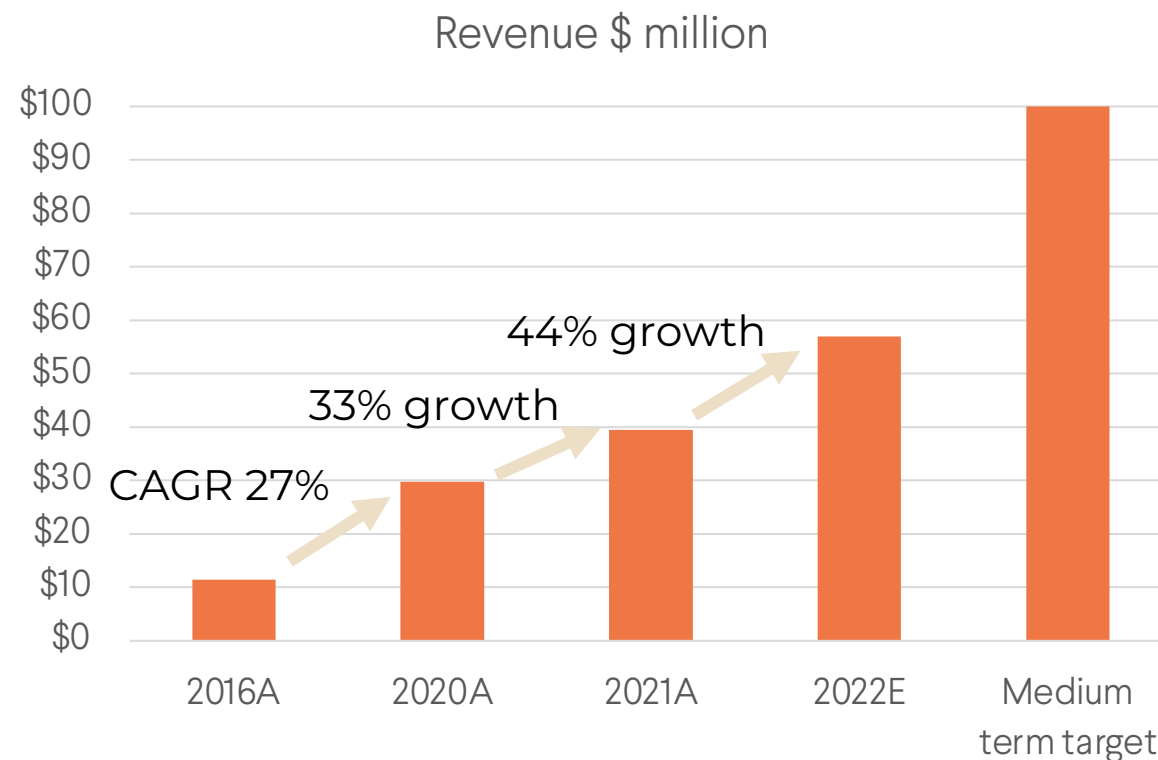
⁴ Slator <http://zoodigital.com/CMD2020>

With new title production resuming and migration of catalogue content accelerating, ZOO's services are pivotal to the global growth ambitions of all major media companies



REVENUE GROWTH

- Estimated FY22 revenue growth 44% to at least \$57 million (FY21: \$39.5 million)
- Consensus FY22 EBITDA forecast* \$5.4 million (9% EBITDA margin)
- Stated medium term target of \$100 million sales



* Stifel Europe, Singer Capital Markets and Progressive Equity Research

SALES BRIDGE TO \$100 MILLION

Medium term target

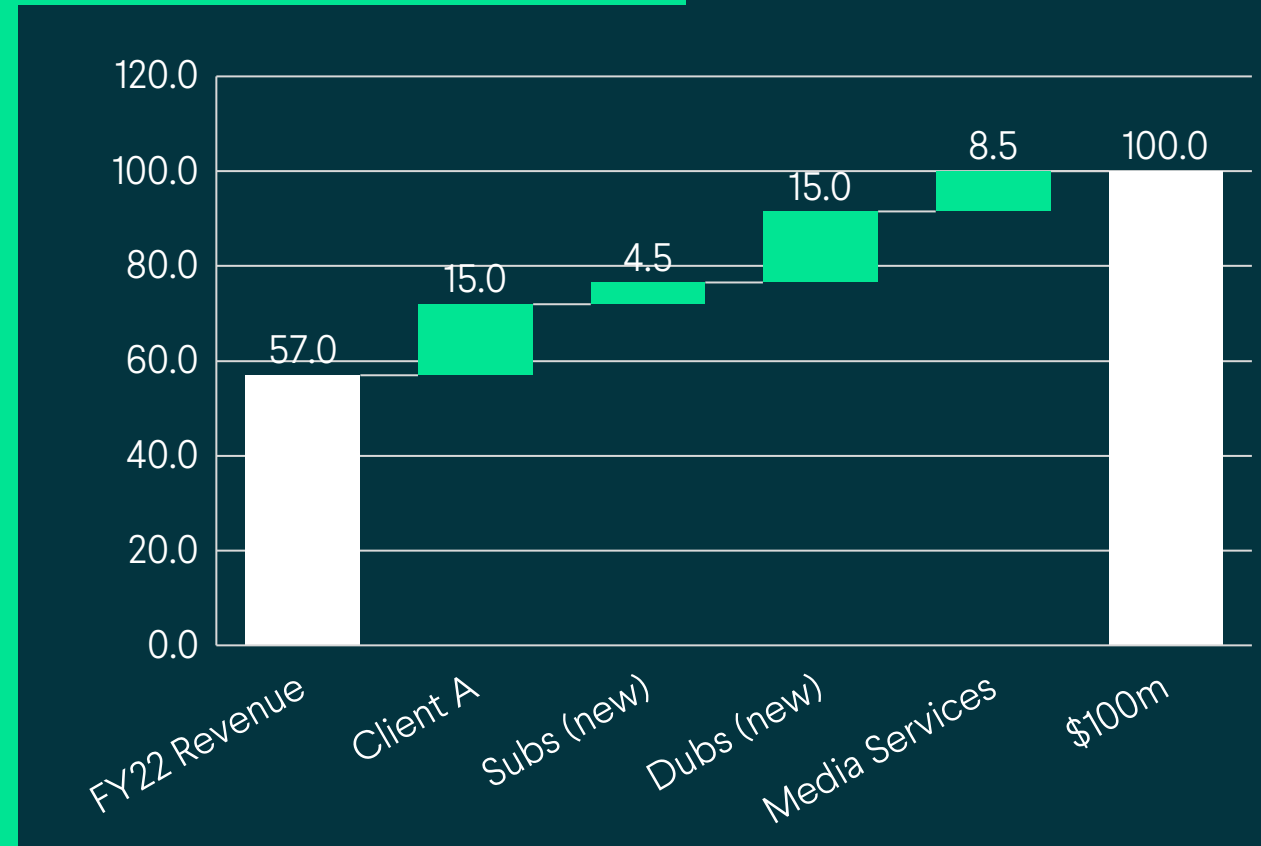
\$100 million breakdown:

- Media services 35%
- Subtitling 30%
- Dubbing 35%

Market share of addressable market:

- Current share 3% of est. \$1.5 billion of major studio spend – significant growth potential
- Assumes no more than 30% of any one studio's budget – opportunity to upsell

Entrenched integration with “Client A”



OTT CONSUMER ADOPTION

Over-the-Top (OTT), which refers to film and television content platforms provided via high-speed internet connections instead of cable or satellite provider-based platforms, has displaced PayTV and optical disc as the preferred way to consume entertainment.

DOMINANT METHOD OF CONSUMPTION

- 82% of US consumers use OTT whilst 67% use PayTV¹
- Average number of subscriptions per US household: 4¹

ADOPTION RATES SUSTAINED POST-PANDEMIC

- 86% of subscribers plan to maintain or add to their subscriptions²

1. Deloitte; 2. Brightback

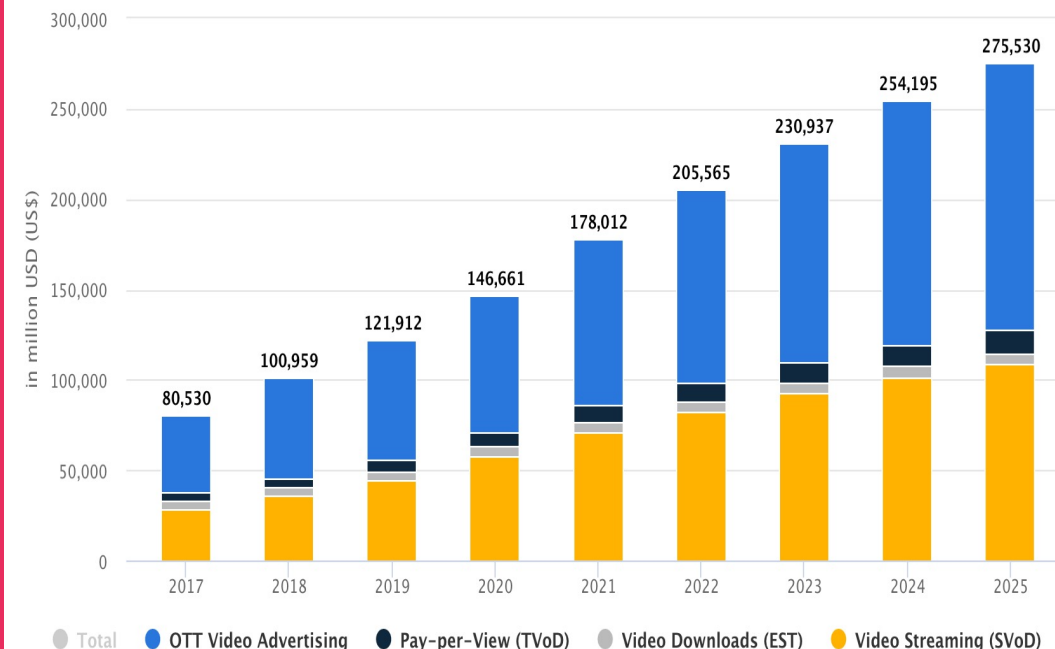


OTT INTERNATIONAL GROWTH

The global OTT market was worth \$122 billion in 2019. It is forecast to grow to \$1 trillion by 2027¹.

While penetration of US households is high, emerging markets are growing strongly.

ZOO is making in-roads into these markets.



Source: eMarketer, Statista 2021

APAC

Market in the Asia Pacific region is forecast to grow 90% by 2026²

India

Market in India is expected to triple by 2026²; leading OTT services are available in eight languages

MENA

The Middle East and North Africa region is expected to grow by 74% by 2026²

CEE

Strong growth in Central and Eastern Europe expected from 2022 following OTT platform launches²

China

The second largest OTT market after USA, in 2020 OTT exceeded cinema box office revenues for the first time³



PRODUCTION

NEW PRODUCTIONS RESUMED

- In August 2021 projects in Los Angeles returned to pre-pandemic levels¹

SPEND ON ENTERTAINMENT CONTENT AT RECORD LEVELS

- Streaming global spend increased 14% in 2021 to \$220 billion²

INTERNATIONAL APPEAL OF NON-ENGLISH CONTENT

- Squid Game most popular Netflix show in over 90 countries³
- Netflix has invested over \$1 billion in Korean content alone³

1. FilmLA; 2. Ampere Analysis; 3. Netflix

ADDRESSING INDUSTRY CHALLENGES

Content creators face unprecedented challenges as they launch new platforms and distribute content to new audiences around the world. In ZOO, they have a partner with a purpose to make their lives easier. We work alongside them to address their current challenges and anticipate their future needs.



Speed

Reduce time-to-market to hit simultaneous 'day-and-date' releases

Security

Protect content rigorously when delivered and processed over the internet

Quality

Global audiences demand a high-quality experience

Diversity

Authenticity of local dubbed versions requires diverse voice talent

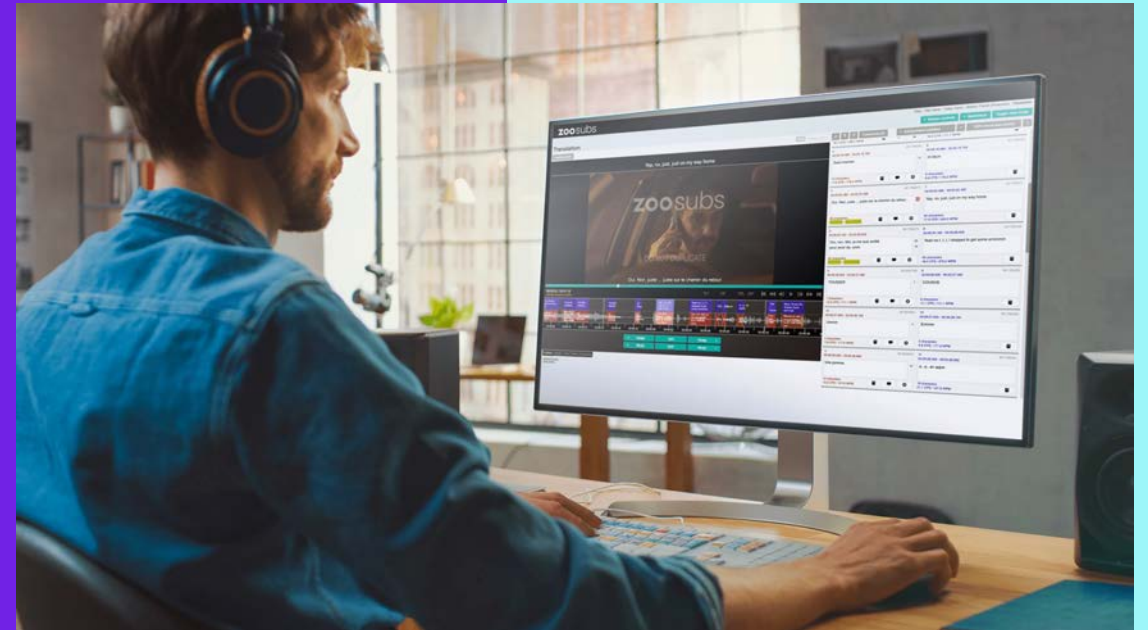
Volume

More content produced and archives repurposed than ever before

CLOUD-BASED MEDIA LOCALISATION TECHNOLOGY

ZOO has created an interconnected ecosystem of cloud-based production and management software platforms. The platforms support efficiency, quality and security across all ZOO services.

Cost-effective, scalable servicing capacity is achieved by working collaboratively with a global network of independent dubbing studios, translation partners and a freelance translator and dubbing community around the world. This global workforce collaborates as one in our cloud-based platforms, with security and quality standards enforced by ZOO technologies.



INNOVATION IN DUBBING



- Cloud dubbing and production management platform
- Virtualises workflow
- Allows voice talent and dubbing directors to work from different locations
- Eliminates space and capacity constraints of traditional studios
- Enables flexible, socially-distanced working
- Provides scalability
- Shortens time to market
- Capital efficient

POST-TO-PLATFORM SERVICES

Trusted by the biggest names in entertainment to deliver localisation and media services at scale using proprietary cloud technology

- Subtitling and captioning
- Dubbing
- Audio Description
- Metadata Localisation
- Media Services
- Artwork Localisation
- Scripting
- Compliance
- Mastering

BUILDING A RESPONSIBLE, FUTURE-FOCUSED BUSINESS

ZOO is always looking forward, to ensure that we and our services are built for tomorrow as well as today



Education

Our ZOO Academy initiatives are educating the global workforce of the future

Diversity

Building a far-reaching voice actor community, representing diverse ethnicities, cultures and gender identities

Innovation

ZOO Digital Labs is researching and developing tools and technologies of the future

Environment

Use of cloud-based technology enables work with minimal equipment, less travel and fewer offices

Workplace

Creating workplaces designed for collaboration, allowing staff to balance office and home working

GROWTH – FIVE STRATEGIC PILLARS

INNOVATION

Create value-adding software technology

Recent developments:

zoostudio – building out financial management features

zoodubs – new editing functionality

zoomedia – now integrated with ZOOsubs, ZOOdubs and ZOOscripts

zoovault – new secure cloud-based media asset management platform

SCALABILITY

Operate a freelance network

Recent developments:

- Talent pool grown to 9,752 individuals
- Focus on languages in SEA and CEE
- Growing dubbing capacity ahead of greater demand
- Announced global growth initiative to support needs of major content creators and streaming services



COLLABORATION

Work with like-minded, world-class experts in localisation, education and research

Recent developments:

- Initiated a further research collaboration in speech technologies
- Developing a series of online training courses under our ZOO Academy programme

365+ global team

24-hour coverage

LA, London, Dubai & Turkey



Over 230 partner studios & vendors

Education Partners



L-Università
ta' Malta



The
University
Of
Sheffield.

Universitat d'Alacant
Universidad de Alicante



University
of Essex



**zoosubs and
zoodubs**

Used in teaching of
media localisation

Research Partner



The
University
Of
Sheffield.



FACEBOOK



VIACOMCBS

PLUTO TV

LIONSGATE

CUSTOMER

Secure preferred partner status with leading buyers

Recent developments:

- Currently, preferred vendor for seven major media companies
- Primary vendor for two D2C streaming video services
- Two large media companies have adopted ZOOstudio
- Secured a major client for Asset Health Check service

TALENT

Engage with experienced and effective professionals

Recent developments:

- Established a new division for providing mastering services
- Recruited initial team of specialists
- Led by Melissa McAllister, formerly of Fox Filmed Entertainment as Director of TV Mastering & Servicing



SUMMARY

- Strong revenue growth reported in interims continued into H2
- Tailwinds caused by explosion of new content and accelerated migration of catalogue creates strong drivers of growth
- Secured strong and growing pipeline of orders across all service lines
- Additional profits in FY22 are being reinvested in staff, infrastructure, facilities and international operations
- First customer relationship for mastering is delivering a significant contribution in H2
- New primary vendor relationship expected to deliver meaningful revenues in FY23
- Will announce further investments to expand international footprint



THANK YOU



APPENDIX

OPERATIONAL HIGHLIGHTS

- Extended ZOOstudio platform further and secured a new customer deployment
- Media services grew by 142% due to a high volume of work in preparing back catalogue titles for release on streaming platforms
- Localisation grew 30% as new productions resumed in Q2
- The freelancer network grew to 9,752 (H1 FY21: 8,272, +18%)
- Established mastering team, launched new service and secured first customer
- Launched global growth initiative with investment to establish ZOO Turkey
- Signed lease to rent new property in Sheffield to support long-term innovation and growth

FINANCIAL HIGHLIGHTS – ACCELERATION TO \$100M SALES

- Revenues increased by 64% to \$26.9 million (H1 FY21: \$16.4 million) driven by very strong growth in the period for subtitling and media services
- Gross profit increased by 68% to \$8.6 million (H1 FY21: \$5.1 million)
- Adjusted EBITDA* up 82% to \$2.4 million (H1 FY21: \$1.3 million) reflecting the strong revenue growth and operational gearing
- Operating profit of \$0.4 million (H1 FY21: loss of \$0.1 million)
- Cash balance of \$8.2 million at period end (H1 FY21: \$2.1 million) benefitted from the \$10.3 million placing in April 2021 to fund accelerated growth
- Conversion of the 7.5% unsecured convertible loan stock into 5,273,959 new shares, removed the main borrowings of the Group and associated interest

* *Adjusted for share-based payments*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenues

- Media Services up 142%
- Localisation up 30%
- Licences down 13%

Cost of sales

- Direct cost of sales 2% points higher
- Direct staff costs down 2% points

Operating expenses

- Fixed operating expenses up 57%, however a reduction in percentage terms of 1.5% points
- R&D expenditure up 42%

Loss for the period

- Embedded derivative accrual of \$971k
- Finance costs of \$1,197k

\$000's	H1 2022	H1 2021	% change
Revenue	26,927	16,393	64.3%
Cost of sales	(18,357)	(11,277)	(62.8%)
Gross profit	8,570	5,116	67.5%
Operating expenses	(8,332)	(5,306)	(57.0%)
Operating profit/(loss)	373	(80)	566.3%
EBITDA*	2,355	1,291	82.4%
Loss for the period	(1,668)	(725)	(130.1%)

* Adjusted for share-based payments

SEGMENTAL ANALYSIS

Revenues

- Localisation – strong recovery in subtitling
- Media Services – two major territory launches
- Software Solutions – no bespoke work

Gross profit

- Localisation margins up 5% points due to favourable product mix
- Media Services margin has dropped by 15% points due to mix of work
- Software Solutions margins up 6% points due to no bespoke work

\$000's	H1 2022	H1 2021	% change
Revenues			
Localisation	12,906	9,940	29.8%
Media Services	13,122	5,416	142.3%
Software Solutions	899	1,037	(13.3%)
Total	26,927	16,393	64.3%

\$000's	H1 2022	H1 2021	% change
Gross profit			
Localisation	2,658	1,549	71.6%
Media Services	6,835	3,620	88.8%
Software Solutions	831	895	(7.2%)
Total*	10,323	6,064	70.2%
	38.3%	37.0%	

* Before unallocated COS of \$1,753k (H1 FY21: \$948k)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- Non current Assets up 21%
- Trade receivables
 - Trade debtors up 70%
 - Prepayments up 210%
 - Investment in partner
- Cash up due to placing
- Current liabilities
 - Trade payables up 20%
 - Accruals up 55%
 - Borrowings flat
- Non current borrowings
 - No loan note liability
 - No embedded derivative
 - IFRS 16 provision for new Sheffield office lease

\$000's	H1 2022	H1 2021
Assets	14,297	11,829
Trade and other receivables	14,634	9,180
Cash	8,214	2,073
Total Assets	37,145	23,082
Current liabilities	13,545	11,645
Non-current liabilities	3,093	6,788
Total liabilities	16,638	18,433
Net Assets	20,507	4,649

KEY PERFORMANCE INDICATORS

Financial KPIs

- Revenue up 64% to \$26.9 million (H1 FY21: \$16.3 million)
- EBITDA margin¹ improved by 0.8 points to 8.7% (H1 FY21: 7.9%)
- Opex as a % of revenue improved 1.5% to 30.9% (H1 FY21: 32.4%)

Operational KPIs

- Number of freelancers² up 18% to 9,752 (FY20: 8,272)
- Retained Sales³ improved by 0.6 points to 99.0% (FY20: 98.4%)

1 Adjusted for share-based payments

2 The number of active freelance workers in ZOO's systems who are engaged directly

3 Proportion of client revenues retained from one year to the next

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Interim Results FY22

	Unaudited 6 months to 30 Sep 2021 \$000	Unaudited 6 months to 30 Sep 2020 \$000	Audited Year ended 31 Mar 2021 \$000
Revenue	26,927	16,393	39,525
Cost of sales	(18,357)	(11,277)	(25,882)
Gross Profit	8,570	5,116	13,643
Other operating income	135	110	188
Operating expenses	(8,332)	(5,306)	(12,869)
Operating profit/(loss)	373	(80)	962
Analysed as			
EBITDA before share-based payments	2,355	1,291	4,534
Share based payments	(124)	(57)	(649)
Depreciation	(1,097)	(705)	(1,702)
Amortisation	(761)	(609)	(1,221)
	373	(80)	962
Exchange loss on borrowings	(5)	(284)	(359)
Costs re raise of capital	(596)	-	-
Fair value movement on embedded derivative	(971)	-	(3,474)
Other finance cost	(317)	(346)	(700)
Total finance cost	(1,889)	(630)	(4,533)
Loss before taxation	(1,516)	(710)	(3,571)
Tax on loss	(152)	(15)	408
Loss and total comprehensive income for the period attributable to equity holders of the parent	(1,668)	(725)	(3,163)
Profit per ordinary share			
- basic	(2.02) cents	(0.97) cents	(4.24) cents
- diluted	(2.02) cents	(0.97) cents	(4.24) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

Interim Results FY22

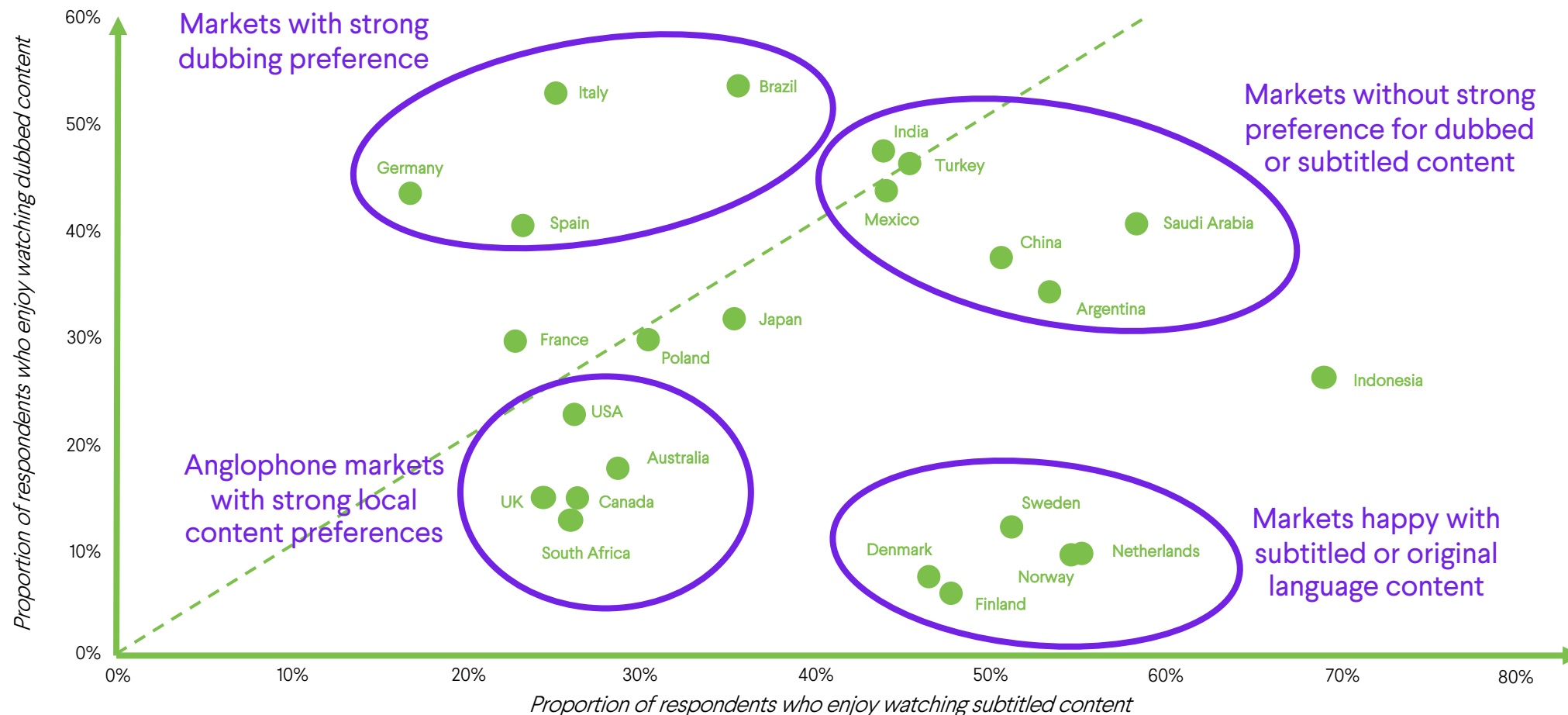
	Unaudited as at 30 Sep 2021 \$000	Unaudited as at 30 Sep 2020 \$000	Audited as at 31 Mar 2021 \$000
ASSETS			
Non-current assets			
Property, plant and equipment	6,935	4,650	4,362
Intangible assets	6,876	6,693	6,812
Deferred tax assets	486	486	486
	14,297	11,829	11,660
Current assets			
Trade and other receivables	12,440	7,313	8,063
Contract assets	2,194	1,867	2,178
Cash and cash equivalents	8,214	2,073	2,949
	22,848	11,253	13,190
Total assets	37,145	23,082	24,850
LIABILITIES			
Current liabilities			
Trade and other payables	(11,216)	(9,311)	(9,955)
Contract liabilities	(558)	(736)	(813)
Borrowings	(1,771)	(1,598)	(5,032)
Separable embedded derivative	-	-	(4,452)
	(13,545)	(11,645)	(20,252)
Non-current liabilities			
Borrowings	(3,093)	(5,810)	(1,759)
Separable embedded derivative	-	(978)	-
Total liabilities	(16,638)	(18,433)	(22,011)
Net assets	20,507	4,649	2,839

CONSOLIDATED STATEMENT OF CASH FLOWS

Interim Results FY22

	Unaudited 6 months to 30 Sep 2021 \$000	Unaudited 6 months to 30 Sep 2020 \$000	Audited Year ended 31 Mar 2021 \$000
Cash flows from operating activities			
Operating profit/(loss) for the period	373	(80)	962
Depreciation	1,097	705	1,715
Amortisation	761	609	1,221
Share based payments	124	57	649
Changes in working capital:			
(Increases)/decreases in trade and other receivables	(4,377)	143	(918)
Increases/(decreases) in trade and other payables	1,261	1,998	2,719
Cash flow from operations	(761)	3,432	6,348
Tax (paid)/received	(152)	(15)	408
Net cash flow from operating activities	(913)	3,417	6,756
Investing Activities			
Purchase of intangible assets	(17)	(41)	(67)
Capitalised development costs	(808)	(569)	(1,274)
Purchase of property, plant and equipment	(1,285)	(1,588)	(2,290)
Net cash flow from investing activities	(2,110)	(2,198)	(3,631)
Cash flows from financing activities			
Repayment of borrowings	(283)	(540)	(982)
Proceeds from borrowings	-	1,042	1,043
Proceeds from fund raise	10,107	-	-
Repayment of principal under lease liabilities	(503)	(543)	(1,102)
Finance cost	(593)	(343)	(414)
Share options exercised	-	-	61
Share issue costs	(596)	19	-
Issue of Share Capital	156	1	-
Net cash flow from financing	8,280	(364)	(1,394)
Net Increase in cash and cash equivalents	5,265	855	1,731
Cash and cash equivalents at the beginning of the period	2,949	1,218	1,218
Cash and cash equivalents at the end of the period	8,214	2,073	2,949

ENJOYMENT OF SUBTITLED VS DUBBED CONTENT, Q3 2020



Source: Ampere Analysis 2020

MAJOR COMPETITORS IN MEDIA LOCALISATION



- **IYUNO-SDI** – formed in 2021 through the acquisition by IYUNO Media Group of SDI Media, which follows the acquisition of BTI Studios in 2019; 67 offices in 34 countries; 2,500 employees; pre-COVID sales of IYUNO \$185m and SDI \$191m; Korean headquartered



- **Deluxe Entertainment** – US headquartered; Chapter 11 process in 2020 when ownership passed from PE to debt providers; Distribution group acquired by PE; offers wide range of entertainment services; owns two dubbing studios; media localisation business believed to have generated \$180m in sales pre-COVID



- **VSI Group** – owns and operates 25 dubbing studios in Europe and the Americas; 2020 sales of \$102m; London headquartered



- **Pixelogic** – US business established 2016; majority of equity purchased in 2019 and 2020 by Japan-based Imagica, former parent of SDI Media

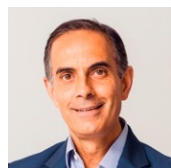
THE BOARD



Gillian Wilmot
Chairman

Since 2019

Extensive board level leadership in private and public environments with industry experience across B2B, technology, advertising and communications. Strengths in value creation, operational insight and corporate governance.



Mickey Kalifa
Non-Executive

Since 2017

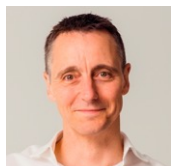
Chartered accountant and finance professional with nearly 30 years' experience across technology, media and gaming sectors. Currently CFO of M&C Saatchi plc. Formerly CFO Sportech plc.



Nathalie Schwarz
Non-Executive

Since January 2022

Brings 20 years of board-level international experience from roles in both publicly listed and privately owned companies, with a career spanning broadcasting, mobile and digital interactive platforms, including Group Commercial and Development Director at Channel 4 Television Corporation.



Stuart Green
CEO

Co-founder; CEO
since 2006

Over 30 years experience of executive management in the software industry. PhD in Computer Science. Co-founded and sold three software companies. 19 years AIM board director.



Phill Blundell
CFO

Since 2018

Senior finance professional and Chartered Accountant with over 20 years experience in software industry including CFO roles with DotDigital Group plc, Eagle Eye Solutions Group plc and Intelligent Environments plc.



Gordon Doran
CCO

Joined 2005;
Commercial Director
since 2009

Career in commercial roles with technology businesses in UK and USA. Almost 30 years experience leading sales and marketing teams. Based on West Coast USA..

MAJOR SHAREHOLDERS

Shareholder*	% of capital
Stuart Green (CEO)	12.90
Herald Investment Management Ltd	12.88
Invesco Ltd	8.12
Canaccord Genuity Wealth Management (Institutional)	7.35
Hargreaves Lansdown private clients	5.50
Stonehage Fleming Investment Management Ltd	4.66
Deka Investment	4.08
Sarasin & Partners	3.84
Canaccord Genuity Wealth Management (Retail)	3.69
Chelverton Assset Management	3.24

* Based on an independent analysis of ZOO's share register as of 31 December 2021.

Issued share capital and total voting rights as of 31 December 2021 = 87,684,094 ordinary shares.



www.zoodigital.com