



TRADING UPDATE AND ACQUISITION ZOO DIGITAL GROUP PLC

28 April 2023



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Disney

PIXAR

MARVEL

STAR WARS

NATIONAL GEOGRAPHIC

STAR

Bingeable Series

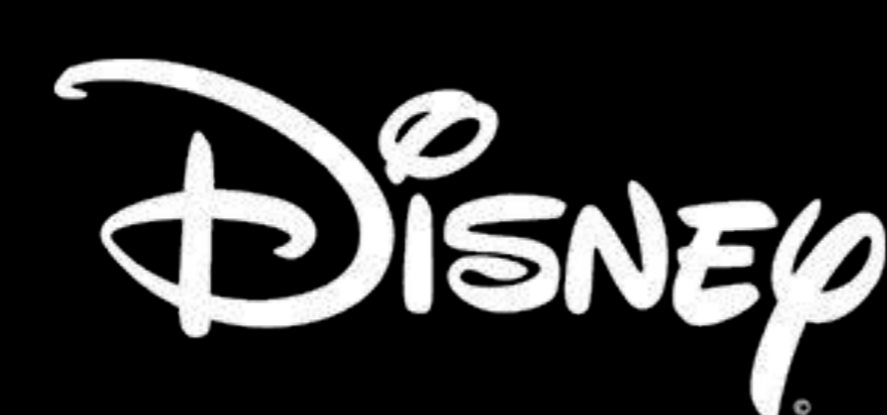


New to Disney+



TECH-ENABLED PROVIDER OF SERVICES TO GLOBAL ENTERTAINMENT

- Provider of localisation and media services
- Serving major media and entertainment companies
- Addressing global market for content production and distribution
- Differentiated through proprietary cloud software
- A capital efficient and scalable model
- One of five industry vendors with the capability to address the requirements of major buyers

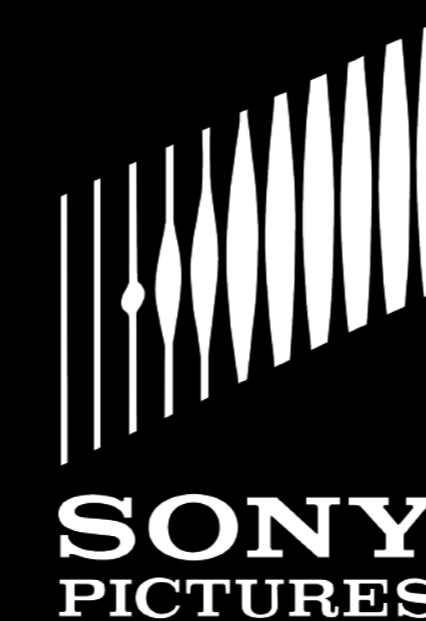


Meta



LIONSGATE

magnolia



pluto tv

A+E NETWORKS

HBO



PRE-CLOSE TRADING STATEMENT – IN-LINE RESULTS DELIVER STRONG ORGANIC GROWTH

- Revenues for the year expected to be at least **\$90 million** (FY22: \$70.4 million) an increase of at least **28%** of which 25% organic
- Adjusted EBITDA¹ expected to be at least **\$12 million** (FY22: \$8.3 million) an increase of at least **44%**
- Strong balance sheet with cash at period end of **\$11.8 million** (FY22: \$5.4 million)
- Implementation of ZOOstudio for a second major streaming company expected to be deployed in April 2023
- Acquisition of the remaining shares in ZOO Korea
- Good progress with ZOO India and further expansion of capacity in Chennai, India due to potential pipeline of future work

¹ Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and share-based payments

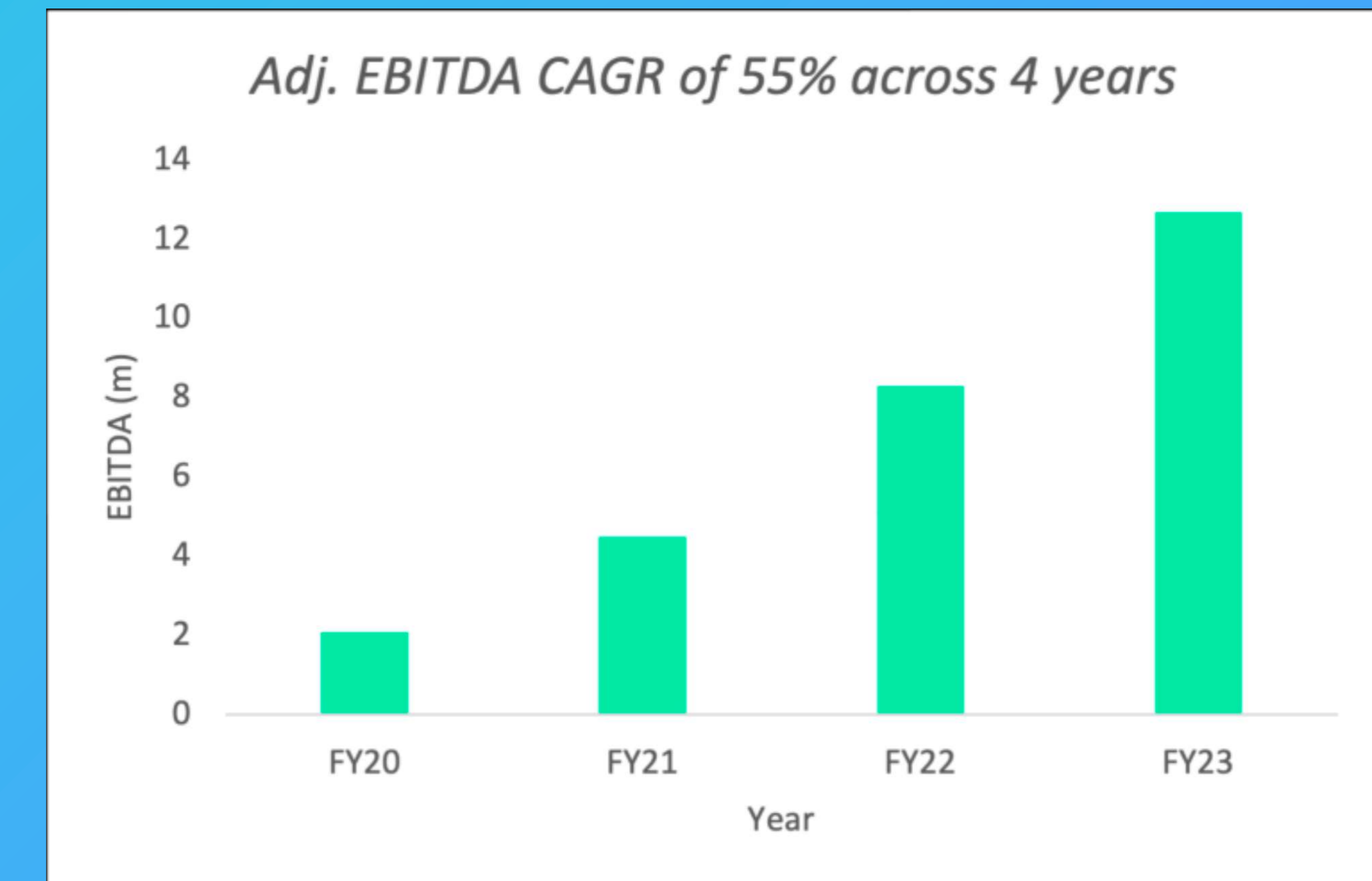
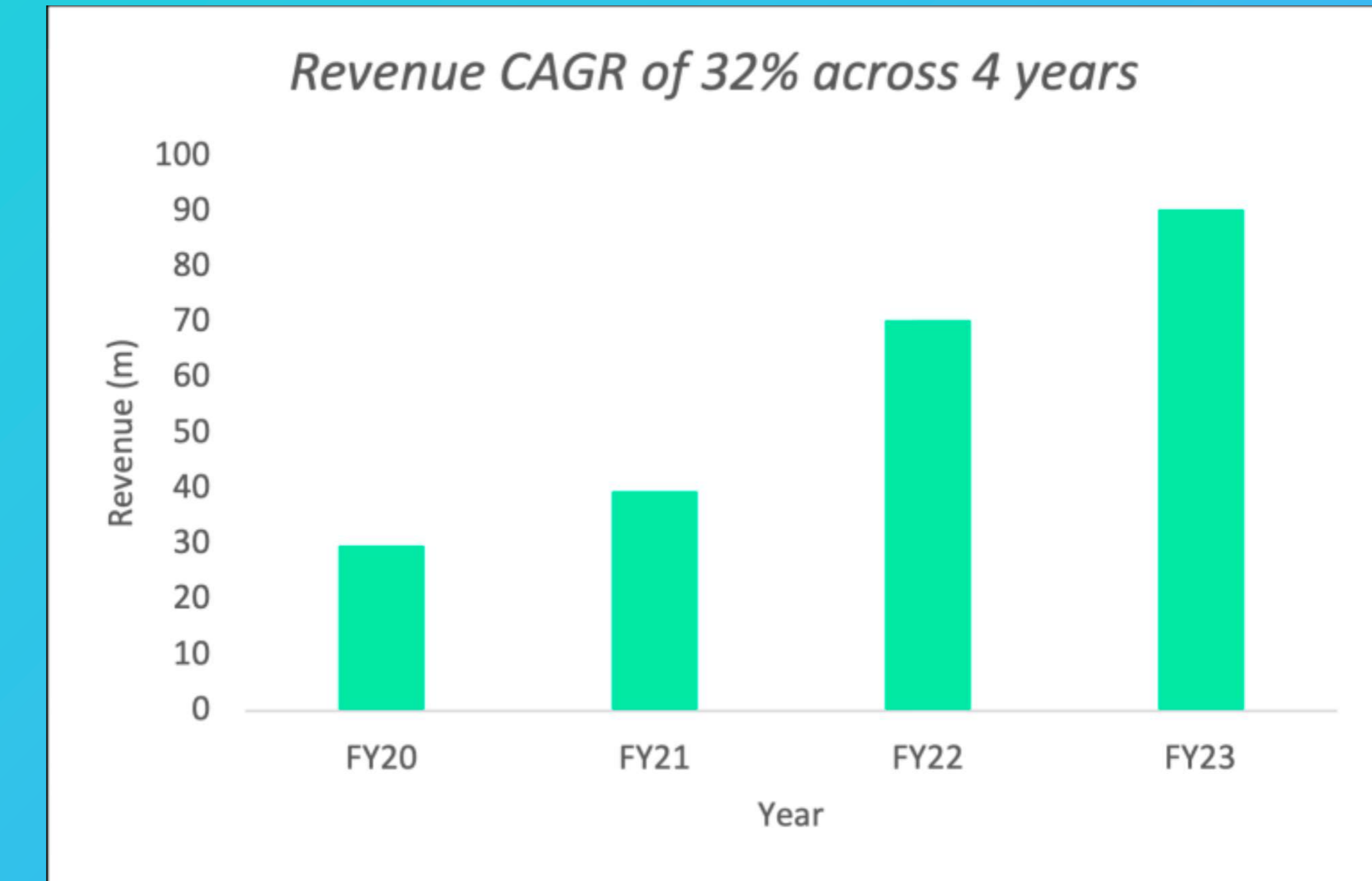
GROWTH STRATEGY IN ACTION

Summary

- Continue to deliver strong financial results and organic growth
- Building a connected global network through strategic partnerships and acquisitions
- Global end-to-end service provider with all operations in ZOO's platform, delivering localisation and media services at scale
- Continuing to build ZOO's presence in the fastest growing markets, ensure ZOO is strategically aligned with customers
- Sizeable opportunity to expand ZOO's customer footprint globally

Outlook

- ZOO's established and robust model is well placed to navigate current macroeconomic uncertainty
- Focused on delivering strong organic growth and strategic acquisitions to accelerate ZOO's position in leading growth markets
- Advanced negotiations with five potential targets for FY24



PROPOSED ACQUISITION

Accretive acquisition of existing Japanese outsource partner

- Target is a media localisation subsidiary of a leading Japanese technology company
- Target has been a trusted partner to ZOO for many years and works in ZOO's platforms
- Chosen as preferred bidder
- Expected to complete calendar Q3
- ZOO's cloud-based services will enable significant capital-efficient expansion of capacity
- Meets ZOO's M&A criteria
- ZOO has a track record of success with acquisitions in India and Korea

Japan is a leading growth market for all global streaming services

- Delivering media localisation services in Japanese requires operations in the country due to cultural factors
- ZOO currently fulfils these services by outsourcing to partners
- Japanese subtitling is charged at the highest rate of any language
- Japanese dubbing is the sixth most expensive rate of any language
- Target provides ZOO with experience and capability for Japanese language services



JAPAN MEDIA & ENTERTAINMENT SECTOR



- Japan is home to a large and highly developed media industry
- Audiences increasingly prefer dubbing to subtitling for Western content¹
- Japan has the third largest box office after North America and China²
- Total entertainment revenue expected to show a CAGR 2022-2027 of 7.83%³
- In 2022, the Japanese SVOD market size was up 16.7% from the previous year⁴ with market penetration at 38%⁵
- Netflix took the largest SVOD share in 2022 with 22.3% followed by U-NEXT (12.6%)⁴
- Global demand for anime grew 118% in the two years to 2022⁶ with a 7.5% CAGR to 2023⁷

¹ The Japan Times <https://www.japantimes.co.jp/news/2010/08/31/national/viewers-of-western-movies-tiring-of-subtitles-prefer-dubbed-voice-versions/>

² Variety <https://variety.com/2023/data/news/global-box-office-in-2022-1235480594/>

³ Statista <https://www.statista.com/outlook/dmo/app/entertainment/Japan>

⁴ GEM Standard https://gem-standard.com/p/en/column_673

⁵ Statista <https://www.statista.com/statistics/1197377/japan-participation-rate-svod-services/>

⁶ Parrot Analytics <https://www.parrotanalytics.com/announcements/anime-and-asian-series-dominate-4th-annual-global-tv-demand-awards/>

⁷ Future Market Insights <https://www.futuremarketinsights.com/reports/anime-market>



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