



October 15, 2019

To,
National Stock Exchange of India Limited
Listing Department
Exchange Plaza,
Bandra-Kurla Complex
Bandra East, Mumbai – 400 051
Fax Nos.: 26598237 / 26598238

To,
BSE Limited
Listing Department
Phiroze Jeejebhoy Towers,
Dalal Street,
Mumbai – 400 001
Fax Nos.: 22723121 / 2037 / 2039

Dear Sir/ Madam,

Ref.: Scrip Code: BSE – 532748 / NSE – PFOCUS

Sub.: Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “LODR Regulations”)

This is to inform you that a subsidiary of our Company, namely, DNEG Limited (the “DNEG”), has announced its intention to publish a registration document, that has been submitted for approval to the United Kingdom Financial Conduct Authority, and is considering proceeding with an initial public offering (“IPO”) of its ordinary shares. Pending a decision to proceed with its intention to IPO, DNEG would apply for admission of its ordinary shares to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange’s main market for listed securities.

A copy of the announcement made by DNEG today of its intention to publish a registration document and expected intention to float on the London Stock Exchange, is attached as an **Annexure**.

This disclosure is being made pursuant to Regulation 30 of the LODR Regulations. Kindly take the above on your record.

Thanking You,

For Prime Focus Limited

Parina Shah

Parina Shah

Company Secretary & Compliance Officer



Encl.: a/a

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT.

This announcement is an advertisement for the purposes of the Prospectus Regulation Rules of the Financial Conduct Authority (the "FCA") and not a prospectus and not an offer to sell, or a solicitation of an offer to subscribe for or to acquire, securities in any jurisdiction, including in or into the United States, Australia, Canada, Japan or South Africa.

Neither this announcement, nor anything contained herein, nor anything contained in the Registration Document referred to herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors should not subscribe for or purchase any ordinary shares referred to in this announcement or the Registration Document except on the basis of information contained in a prospectus in its final form (together with any supplementary prospectus, if relevant) (the "**Prospectus**") that may be published by DNEG Limited (to be re-registered as a public company) (the "**Company**") and together with its subsidiaries and subsidiary undertakings, the "**Group**" or "**DNEG**") in due course in connection with the possible offer of ordinary shares of the Company (the "**Shares**") and the possible admission of its Shares to the premium listing segment of the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange plc (the "**London Stock Exchange**"). A copy of any Prospectus published by the Company will, if published, be available for inspection from the Company's website at <https://investors.dneg.com/>, subject to certain access restrictions.

15 October 2019

DNEG LIMITED

Announcement of Intention to Publish a Registration Document and Expected Intention to Float on the London Stock Exchange

DNEG, one of the world's leading digital visual effects, animation and stereo conversion companies for feature film and television, today announces that it intends to publish a registration document (the "**Registration Document**") that has been submitted for approval to the UK Financial Conduct Authority (the "**FCA**") and is considering proceeding with an initial public offering (the "**IPO**" or the "**Offer**") of its ordinary shares ("the **Shares**").

Pending a decision to proceed with its intention to IPO, the Company would apply for admission of its Shares to the premium listing segment of the Official List of the FCA (the "**Official List**") and to trading on the London Stock Exchange's main market for listed securities (the "**Main Market**").

DNEG HIGHLIGHTS

- Multi-award-winning independent provider of computer-generated visual special effects ("**VFX**") services including photoreal image generation, 2D to 3D content conversion and animation services, for visual content used in film, television, over-the-top ("**OTT**") subscription-based video on demand services, augmented reality ("**AR**") and virtual reality ("**VR**"), and location-based and experiential entertainment.
- Global, integrated workforce of over 6,900 headquartered in London, with operations in Canada, India and the United States.
- Customers include some of the world's leading content producers:
 - Major Hollywood studios, such as 20th Century Fox, Disney (including Marvel Studios), Legendary Entertainment, MGM, Sony Pictures (including Columbia), Universal Pictures and Warner Bros.

- OTT video service providers, such as Amazon, Hulu and Netflix.
- Other content producers and distributors, such as the BBC, HBO, ITV, Sky and TNT.
- An industry leader in developing proprietary workflow processes and technologies that enable its highly qualified, creative and technical personnel to provide cutting-edge VFX services to its customers, with a strong track record of delivering projects within budget and on time.
- Achieved significant industry recognition, including eight Oscar nominations (five wins), ten BAFTA nominations (four wins) since 2009 and four Emmy Award nominations for 2018 and 2019 (one win).
- For the fiscal year ended 31 March 2019, the Group generated total income of \$309.0 million, profit of \$20.7 million and Adjusted EBITDA of \$69.6 million, resulting in an Adjusted EBITDA margin of 22.5%.
- For the three months ended 30 June 2019, the Group generated total income of \$80.7 million, and Adjusted EBITDA of \$17.6 million, resulting in an Adjusted EBITDA margin of 21.8%.
- Operating in a highly fragmented industry that includes a limited number of VFX services providers capable of providing the scale and expertise needed to satisfy the VFX output and quality, the directors of the Company (the “**Directors**”) believe that DNEG is well-positioned and distinct from its competitors due to its independence and highly scalable WorldSourcing™ model.
- Demand for VFX services has increased as content producers have continued to develop more premium and original content across various platforms - from traditional cinema to OTT - and to allocate more of their growing production budgets specifically to VFX services. As a result, the Group’s total addressable market (“**TAM**”) is estimated to grow to \$6.0 billion by 2021, representing an estimated 11% CAGR from 2018, according to FTI Consulting LLP (“**FTI**”).

Namit Malhotra, Chief Executive Officer said: *“This is a golden age for premium content as major markets re-establish their love for film, especially with the exponential growth of high-quality streamed content. A London listing will continue our development as one of the world’s leading partners for the film, television and entertainment industries. Over the last five years, we have invested heavily in our workflow processes and bespoke technologies, enabling us to build DNEG into a global powerhouse, supplying visual effects services to the world’s largest entertainment markets. In addition to the recognition the London main market would give DNEG, we have a clear plan to invest the proceeds to further advance our ability to support the world’s greatest storytellers.*

“We have built a recognised and trusted brand, along with a large, growing and loyal customer base across the major international movie studios in Hollywood and Bollywood, as well as the newcomers in the streaming space such as Netflix and Hulu. Our WorldSourcing model allows us to leverage our scale and global workforce to successfully realise the creative vision of the studios we support, delivering projects on time and to budget, while maintaining consistently high standards of quality. The work of our hugely talented global workforce has primed us to lead the way in one of the world’s most exciting creative industries.

“We now look to the next chapter in our exciting growth story and the opportunities that a London listing can bring, as we seek to build on the strong momentum we have generated over the past two decades, whilst continuing to put quality and creativity at the forefront of the products and services we deliver.”

EXPECTED GLOBAL OFFER HIGHLIGHTS

Should DNEG proceed with an IPO, the following is intended:

- Premium listing on the Official List of the FCA and admission to trading on the Main Market for listed securities of the LSE.

- The Offer would be comprised of New Shares to be issued by the Company (raising gross proceeds of £150 million) and an offer of existing Shares to be sold by certain existing Shareholders.
- The Company intends to use the net proceeds from the issue of the New Shares in order to finance further growth plans and reduce net debt.
- Immediately following Admission the Company intends to have a free float of at least 25% of the Company's issued share capital and an over-allotment option of up to 15% of the total offer size would be made available by an existing shareholder.
- The Company expects that it would be eligible for inclusion in the FTSE UK indices post Admission.
- The Group believes that the Offer would further support the Group's growth plans by increasing its public profile and brand awareness as well as giving the Group access to a wider range of capital-raising options.
- DNEG has engaged J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("**J.P. Morgan Cazenove**") to act as Sole Sponsor and Sole Global Coordinator. Deutsche Bank AG, London Branch ("**Deutsche Bank**"), J.P. Morgan Cazenove, Numis Securities Limited ("**Numis**"), Banco Santander, S.A. ("**Santander**") and BNP PARIBAS ("**BNP Paribas**"), to act as Joint Bookrunners in the event the Offer proceeds.

Following approval of the Registration Document, a copy will be submitted to the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/uk/NSM. A copy of the Registration Document will also be available from the Company's website at <https://investors.dneg.com/>, subject to certain access restrictions.

INVESTMENT HIGHLIGHTS

1. *Global integrated, highly scalable service delivery capabilities*

- WorldSourcing™, the Group's integrated global service delivery model, allows the Group to leverage its scale and global workforce to complete projects on time, and to budget, while maintaining consistently high standards of quality. The model involves the following key attributes:
 - **Significant global scale.** As one of the largest independent providers of VFX services to global visual content producers, the Group employs a global workforce of over 6,900 creative and technical personnel located across the United Kingdom, Canada, India and the United States and has facilities located in London, Vancouver, Montréal, Los Angeles, Mumbai, Chennai, Hyderabad, Chandigarh and Goa, as of 30 June 2019.
 - **Operations in economically attractive locations.** Presence in cost-advantaged locations enhances the Group's ability to scale its workforce efficiently. India-based creative personnel help expand the Group's output capabilities and improve the efficiency of higher-cost, more experienced artists located in the UK, Canada and USA, allowing them to focus on the most complex creative work. The Group's presence in locations that provide tax incentives for customers allows the Group to more effectively compete for business more effectively.
 - **Integrated technology and infrastructure with highly-skilled creative and technical workforce.** The Group's integrated technology and infrastructure allows its global workforce to collaborate and efficiently implement the customers' creative vision, utilising an integrated set of standardised creative tools and commercial and proprietary technologies that are continually enhanced and refined by a dedicated team of engineers.

2. *Reputation as a trusted provider of leading VFX services with established relationships throughout the entertainment industry*

- Since 2009, the Group has provided VFX services for films that received eight Oscar nominations and ten BAFTA nominations for Best Special Visual Effects and has provided VFX services for films that have won:
 - Five Oscar awards for Best Visual Effects, for *First Man* (2018), *Blade Runner 2049* (2017), *Ex Machina* (2015), *Interstellar* (2014) and *Inception* (2010).
 - Four BAFTA awards for Best Special Visual Effects for *Blade Runner 2049* (2017), *Interstellar* (2014), *Harry Potter and the Deathly Hallows Part 2* (2011) and *Inception* (2010).
- The Group received two Emmy Awards nominations in 2018 for Outstanding Special Visual Effects for *Altered Carbon* and *Westworld* and two Emmy Awards nominations in 2019 for Outstanding Special Visual Effects in Supporting Role for *Chernobyl* and *Catch-22*, winning the Emmy for *Chernobyl*.
- In addition, since 2008, the Group has won six AIS Lumiere Awards and ten Visual Effect Society Awards, including winning two Visual Effect Society Awards for *First Man* and *Altered Carbon* in 2018.
- The Group has worked on ten of the top fifteen films of 2018 and seven of the top fifteen films of 2017, as measured by box office receipts.
- The Group has strong relationships with traditional content providers including all of the major Hollywood studios, such as Universal, Warner Bros., 20th Century Fox, as well as emerging content producers, such as Netflix, Amazon and producers, directors and technical professionals.
- As a result, the Directors believe that the Group is competitively positioned to win projects from its existing and new customers.
- The Group's track record of working on franchise films, such as *Avengers*, *Harry Potter*, *James Bond*, *Batman*, *Bourne Collection* and *X-Men* also provides it with significant advantages in competing for participation in their sequels and spin-offs.

3. *Attractive business model, with significant revenue visibility and compelling opportunities for long-term margin expansion and cash flow generation*

- The Group's ability to leverage its feature film VFX credentials and industry relationships enables it to have significant revenue visibility. The Group's continued revenue growth, which has seen an 11% CAGR since 2018, is supported by an expanding market, order book and pipeline and the Group's ability and capacity to diversify revenues by expanding into other content such as the growing segments of OTT and TV production.
- The Group's globally integrated delivery model provides opportunities for long-term EBITDA margin expansion as it enables the Group to scale its workforce of 6,921, including 4,773 employees in India, as of 30 June 2019, efficiently through various cost-advantaged locations, as well as, nurture the talent of highly-skilled creative and technical personnel globally to ensure they are capable of meeting the Group's customers' creative and quality expectations.
- The Group has a capital-efficient business model having largely completed an extensive build-up of global infrastructure, resulting in limited recurring capital expenditure requirements and higher cash flow conversion driven by growth in EBITDA.
- In the medium to long term, the Group expects to maintain a conservative balance sheet strategy and believes that the steady state medium term ratio of net indebtedness to adjusted last twelve month EBITDA should be below 2.0x.

4. *Experienced management team with extensive managerial, creative and technical expertise and industry relationships*

- Since its formation in 2014, the Group's highly experienced management team has successfully overseen the growth of the business into a leading global VFX services provider by combining managerial, creative and technical know-how with deep industry experience.
- The Group's diverse creative and technical talent, including experienced professionals who have been recognised for their creative and technical skills and achievements, allows the Group to secure roles on large, high-profile projects and to effectively run its business.
- In addition to Chief Executive Officer, Namit Malhotra, and Chief Financial Officer, Vikas Rathee, the Board has been significantly strengthened with the appointment of a number of Directors with extensive public company and media sector experience, including: Rupert Gavin (Chairman), Massoud Entekhabi (Non-Executive Director), Udai Dhawan (Non-Executive Director), Tom McGrath (Independent Non-Executive Director), Mark Opzoomer (Independent Non-Executive Director), Sue Farr (Independent Non-Executive Director) and Sangeeta Desai (Independent Non-Executive Director).

GROUP STRATEGY

The Group has the following key business growth strategies:

1. *Strategically increase the Group's scale and capture additional share of the growing VFX services market*

As the demand for visual content continues to grow, the Group plans to continue leveraging its existing relationships and track record of quality to take on additional projects across the entire content production industry. The Group intends to enhance its scale through continued investment in technologies, infrastructure and facilities to meet the growing needs of its existing customers and new customers, who continue to produce more films and TV shows with significant VFX content.

2. *Maintain creative, technical and managerial leadership by leveraging the Group's brand and reputation to recruit leading talent*

The Group's global brand and track record of quality, as evidenced by its numerous Oscar, BAFTA and Emmy awards and nominations, will continue to help attract leading creative, technical and managerial talent globally. In addition, as a public company, the Group will have the opportunity to offer equity-based incentives to more effectively recruit top creative, technical and managerial talent.

3. *Expand the Group's VFX services offering to content producers in new, high-growth geographic markets*

The Chinese and Indian markets are large and rapidly growing consumer-driven markets. The Chinese and Indian combined box office is expected to increase from approximately \$9.5 billion in 2017 (compared to approximately \$11 billion in the United States), to over \$13.4 billion in 2021. Additionally, according to PwC China, the number of cinema screens in China is expected to grow from approximately 41,000 in 2016 to more than 80,000 screens in 2021, and forecasts that there will be twice as many cinema screens in China as compared to the United States by 2021. The Group regularly evaluates opportunities to provide services in these markets. Through the Group's "ReDefine" brand, which markets its VFX services to content producers primarily in India and China, and using its WorldSourcing™ model the Group is positioned to scale rapidly, while retaining high quality standards and operating efficiencies across its global footprint.

4. *Pursue emerging content media and expand the Group's total addressable market*

The Group intends to increase its offering of VFX services to emerging content production media, such as AR/VR, and location-based and experiential entertainment, such as theme parks. To date, the Group has participated in several AR/VR projects. For example, the Group was hired by Warner Bros. to create a custom VR experience based on the film *Dunkirk*, which was showcased at certain VR theatres in New York and Los Angeles.

5. *Selectively pursue accretive acquisitions to consolidate the fragmented VFX services market*

The Directors will continue to consider potential acquisitions within the fragmented VFX services market that would be complementary to the Group's services, business model and objectives. Building on the Group's successful acquisition of Double Negative Holdings Limited in 2014 and Gener8, a leader in 2D to 3D conversion technology headquartered in Canada, in 2015, the Directors will continue to consider opportunities to expand the Group's talent base, capabilities and customer relationships while leveraging the Group's existing infrastructure and processes to integrate acquired businesses.

CURRENT TRADING AND PROSPECTS

Overall trading during the year to date has been in line with management's expectations. The Directors believe that the Group is well placed to achieve continued revenue growth momentum on the back of the expected growth of the Group's TAM and its competitive position. Overall, the Directors remain confident in the medium term finance guidance, which is set out below.

Over the medium term the Group is targeting low double-digit revenue growth supported by the expected growth in the Group's TAM and execution of the Company's strategy. The Group is targeting growth in Adjusted EBITDA in the medium term in line with recent historical trends as it seeks to continue to leverage its globally integrated platform. The Group is targeting capital expenditure in the region of 5.0% to 6.0% of revenue, also over the medium term. The Group also expects its depreciation and amortisation expense to decrease on an annual basis, and to trend towards its capital expenditure in the year ending 31 March 2021. This is primarily due to large scale investments by the Group in recent years, and post completion of this transition phase, the Group expects that it will incur normalised depreciation and amortisation expenses in relation to its capital expenditure.

The Group intends to maintain a conservative balance sheet and believes that the steady state medium term ratio of net indebtedness to adjusted last 12 month EBITDA should be below 2.0x.

The Group expects Net Working Capital Days to be approximately 60 days in the medium term. Net Working Capital is calculated as current trade receivables plus current unbilled revenue less deferred income less advances from customers and less trade payables. Net Working Capital Days is calculated as Net Working Capital divided by the sum of revenue and other operating income in a fiscal year multiplied by 365.

These targets are forward-looking statements and have been developed based on assumptions with respect to future business decisions and conditions that are subject to change as well as expected growth in the markets in which the Group operates. The Group's ability to achieve them will depend on a number of factors, many of which are outside the Group's control. As a result, the Group's actual results may vary from the targets set out above, and those variations may be material.

Access to supplemental information for bona-fide, unconnected research analysts:

Bona fide unconnected research analysts may receive additional information, including details of a potential presentation, on the Group by requesting access from Yellow Jersey at dneg@yellowjerseypr.com. The Company reserves the right to not hold any in-person management presentation.

Enquiries:

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FURTHER INFORMATION ON THE GROUP

HISTORY OF THE GROUP

Namit Malhotra founded a one room editing studio in Mumbai in 1995, which became Prime Focus Limited, the Group's ultimate parent company, in 1997. From its inception, Prime Focus Limited has supported various aspects of the U.S., British and Indian film industries. In April 2008, Prime Focus Limited created the Group's predecessor's business through its acquisition of the VFX business of Frantic Films Corp. and Post Logic Inc. The Frantic Films Corp. acquisition provided Prime Focus Limited with an established business in the VFX market, with operations in Canada and Los Angeles.

Double Negative Holdings Limited was founded in London in 1998 with a team of 30 employees. Double Negative Holdings Limited focused on providing VFX and feature animation services for films and television, and had won various awards for their work, including one Oscar prior to its merger with Prime Focus World N.V.

In June 2014, Double Negative Holdings Limited and Prime Focus World N.V., combined to form the Group. The two companies integrated their offices, employees and capabilities to offer customers a unified portfolio of high-end VFX services.

OVERVIEW OF THE BUSINESS

DNEG is a leading independent provider of computer-generated VFX services. The Group specialises in photoreal image generation, 2D to 3D content conversion and animation services, for visual content used in film, television, OTT, AR and VR, and location-based and experiential entertainment. The Group has operations in the United Kingdom, Canada, India and the United States, and its customers include some of the world's leading content producers, among whom are major Hollywood studios and OTT video service providers.

DNEG has provided VFX services for films that have achieved significant industry recognition. Since 2009, the Group has provided VFX services for films that received eight Oscar nominations for Best Special Visual Effects and ten BAFTA nominations for Best Special Visual Effects and has won five Oscar awards for Best Special Visual Effects, including four out of the last five such awards *First Man* (2018), *Blade Runner 2049* (2017), *Ex Machina* (2015), *Interstellar* (2014) and *Inception* (2010)), and four BAFTA awards for Best Visual Effects (*Blade Runner 2049* (2017), *Interstellar* (2014), *Harry Potter and the Deathly Hallows Part 2* (2011) and *Inception* (2010)). Furthermore, in addition to critical acclaim for the Group's VFX services for films, the Group recently won its first Special, Visual and Graphic Effects BAFTA Television award for its work on *Black Mirror* and received two Emmy Awards nominations for Outstanding Special Visual Effects for *Altered Carbon* and *Westworld* in 2018 and two Emmy Award nominations in 2019 for Outstanding Special Visual Effects in Supporting Role for *Chernobyl* and *Catch-22*, winning the Emmy for *Chernobyl*.

DIRECTORS

Rupert Gavin – Chairman

Mr. Gavin was appointed as the Chairman of the Company on 23 September 2019. Mr. Gavin is also the chairman of the Historic Royal Palaces, executive chairman of Incidental Colman Limited and a director of Trellis Acquisitions Limited, Countrywide plc, Society of London Theatre and Majid al Futtaim Ventures. In the past, Mr. Gavin has also served as chief executive officer of Odeon and UCI Cinemas Limited, chairman and chief executive officer of BBC Worldwide, managing director (consumer division) of British Telecom and deputy managing director of Dixons Stores Group. In addition, Mr. Gavin was also the non-executive chairman of Contender Limited, a non-executive director of Virgin Mobile plc and Ambassador Theatre Group Limited as well as Master of the Worshipful Company of Grocers. Mr. Gavin is also a fellow of the Royal Television Society and has earned an MA from Magdalene College, University of Cambridge.

Namit Malhotra – Chief Executive Officer and Executive Director

Mr. Malhotra has served as Chairman and CEO of Prime Focus World N.V. and as a member of its board of directors since August 2011. Mr. Malhotra is the founder and non-executive director of Prime Focus Limited, the parent company of the Group, having previously served as Executive Chair and Global CEO and has a family history in the motion picture industry that dates back three generations. In 1995, he established Video Workshop, a predecessor to Prime Focus Limited. In 1997, Mr. Malhotra founded Prime Focus Limited, which listed its shares on BSE Limited and National Stock Exchange of India Limited and has performed award-winning VFX work for over 80 Bollywood movies.

Vikas Rathee – Chief Financial Officer and Executive Director

Mr. Rathee has served as the Chief Financial Officer of Prime Focus World N.V. since May 2015. In the past, Mr. Rathee has also served as the Chief Financial Officer of Prime Focus Limited from August 2014 to February 2018 and Chief Operating Officer of Prime Focus Limited from October 2013 to August 2014. Mr. Rathee has also served as Head of Corporate Finance and M&A at Suzlon Energy Limited from 2009 to 2013. From 2006 to 2009, Mr. Rathee was a senior investment banker for telecom, media and technology (“TMT”), clients at Bank of America Merrill Lynch. Prior to Bank of America Merrill Lynch, Mr. Rathee was an executive director of TMT investment banking group at ABN AMRO from 1999 to 2006. Mr. Rathee earned a Bachelor of Engineering Degree from Delhi Institute of Technology, Delhi University, and an MBA in Finance from the R.H. Smith School of Business from the University of Maryland. Mr. Rathee is a CFA charterholder.

Massoud Entekhabi – Non-Executive Director

Mr. Entekhabi has served as a member of the board of directors of Prime Focus World N.V. since August 2011 and has served as its chief financial officer from May 2012 to May 2015 and chief operating officer from August 2012 to May 2015. Mr. Entekhabi is the founder of Zenith Equity Partners, a private investment firm based in southern California. Prior to founding Zenith Equity Partners, from 2000 to 2003, Mr. Entekhabi was a general partner and managing director of TL Ventures, a nationally focused venture capital firm with over \$1.2 billion under management. Prior to TL Ventures, Mr. Entekhabi spent 27 years with Coopers & Lybrand LLP and PricewaterhouseCoopers LLP. Mr. Entekhabi is a Fellow of the Institute of Chartered Accountants in England and Wales and is a Certified Public Accountant.

Udai Dhawan - Non-Executive Director

Mr. Dhawan is a Founding Partner and Head of India Private Equity at Affirma Capital, a recently formed emerging markets private equity fund with approximately \$3.5 billion assets under management. Prior to Affirma Capital, Mr. Dhawan has served as the Managing Director and Head of India for Standard Chartered Private Equity (“SCPE”). Having joined SCPE in 2008, Mr. Dhawan was responsible for building the India franchise and was involved with several of the fund’s investments including Café Coffee Day, Endurance, Fortis Healthcare, GMR Airports, Interglobe, Northern Arc Capital, Prime Focus, Redington, Sterlite Powergrid, Tirupati Medicare, Travel Boutique Online and Varun Beverages. Prior to SCPE, Udai worked for over a decade in corporate investing, mergers and acquisitions and corporate finance, across India and the United States with JP Morgan, Sabre Inc., Kotak Mahindra Capital and Arthur Andersen. Mr. Dhawan has 24 years of financial services experience, and serves on the Executive Committee of the Indian Private Equity & Venture Capital Association, India’s premier private equity industry body. Mr. Dhawan has an MBA from the Wharton School, University of Pennsylvania and is also a chartered accountant from the Institute of Chartered Accountants of India.

Tom McGrath - Independent Non-Executive Director

Mr. McGrath has served as a member of the board of directors of Prime Focus World N.V. since 2011. Mr. McGrath is currently Chairman and CEO of Crossroads Live, which presents international touring productions of "Broadway" musicals and plays in markets such as the UK and Ireland, The UAE, Singapore, Australia/New Zealand and China. Previously, Mr. McGrath has also served as Chief Operating Officer of STX Entertainment, a Los Angeles based film and TV production and distribution company, Executive Chairman of Key Brand Entertainment, a leading company in the production and touring of Broadway shows across the United States and Canada; Executive Chairman of Bug/Windswept Music, a music publishing company based in the United States; and a board member of Cineworld, a publicly-traded U.K. cinema company. Mr. McGrath has received seven Tony Awards for productions, as well as the Olivier Award for Spring Awakening. Mr. McGrath was previously Chief Operating Officer of Viacom Entertainment Group, including Paramount Pictures, and President of Act III Entertainment. As President of Time Warner International, Mr. McGrath was responsible for the launch of Classic FM (UK), Channel 5 (UK), and the VIVA and NTV Cable Channels in Germany. Mr. McGrath has a Bachelor's degree from Harvard University and an MBA from Harvard Business School. Mr. McGrath serves as a Trustee of The New England Conservatory of Music and the American Repertory Theater at Harvard. Mr. McGrath is a member of the Recording Academy and a Board Member of the International Television Academy.

Mark Opzoomer - Independent Non-Executive Director

Mr. Opzoomer has extensive knowledge of internet, communications and media markets in many different countries and 30 years of corporate operating and deal-making experience. Mr. Opzoomer is currently a partner in Bond Capital Partners, Non-Executive Chairman of Somo Global Ltd, Non-Executive Director of Ennovy Group Limited and Benross Golf Limited and Senior Independent Director and Remuneration Chair at Entertainment One Limited. In the past, Mr. Opzoomer has served as a Non-Executive director for Web Reservations International Limited, Newbay Software Limited, Autonomy plc and Miva Inc. In addition, Mr. Opzoomer's past operating experience includes Chief Executive Officer of Rambler Media Ltd, Regional Vice-President of Yahoo! Europe, Deputy Chief Executive of Hodder Headline, Commercial and Financial Director of Sega Europe Ltd and Commercial Director of Virgin Communications Ltd. Mr. Opzoomer qualified as a chartered accountant through the Canadian Institute of Chartered Accountants, and has an MBA from IMD, Lausanne, Switzerland.

Sue Farr - Independent Non-Executive Director

Ms. Farr has considerable expertise in marketing, branding and communication. Ms. Farr is currently a non-executive director on the boards of Helical plc, British American Tobacco plc and Accsys Technologies PLC and also serves as a Special Advisor to the Chime Group. In the past, Ms. Farr has served as chair of both the Marketing Society and the Marketing Group of Great Britain as well as Marketing Director of the BBC, Director of Corporate Affairs, Thames Television and Director of Corporate Communications, Vauxhall Motors. Ms. Farr has also served as a non-executive director for Millennium & Copthorne Hotels plc, New Look plc, Dairy Crest plc, Dolphin Capital Partners and Historic Royal Palaces. Ms. Farr has been awarded an Honorary Doctorate by the University of Bedford in 2011.

Sangeeta Desai - Independent Non-Executive Director

Ms. Desai currently serves on the board of Ocean Outdoor Ltd as a non-executive director and member of the Audit Committee. Ms. Desai was previously the Group COO and CEO of Emerging Markets of FremantleMedia, a leading content company with production and distribution operations in over 30 countries worldwide. As Group COO, she was responsible for the global operations of the company across all its offices, as well as the central functions of Strategy, Mergers & Acquisitions, Legal & Business Affairs, International Co-Productions, Marketing and Social Media. As CEO of Emerging Markets, she was responsible for growing and expanding FremantleMedia's presence in key growth regions, which included offices across Asia, Latin America and the Middle East. Prior to joining FremantleMedia, Ms. Desai was the COO of HIT Entertainment, one of the world's leading independent kids entertainment producers and rights-owners, where she had global responsibility for all the revenue generating and brand divisions of the business, including distribution, licensing & merchandising and live events, across its offices in the US, Europe and Asia. Ms. Desai was a key member of the management team that successfully sold HIT Entertainment to Mattel in 2012. Prior to joining HIT Entertainment, Ms. Desai was a Principal at Apax Partners, where she was responsible for sourcing, evaluating and executing leveraged buyouts in the media sector globally. Ms. Desai has also held positions in the Investment Banking Division of Goldman Sachs and JPMorgan. Ms. Desai has an MBA with Honours from the Wharton School and a BS with Highest Honours from the Haas School of Business at the University of California, Berkeley.

Key performance indicators and selected financial information

| | Year ended March 31, 2017 \$million | Year ended March 31, 2018 \$million | Year ended March 31, 2019 \$million | Three months ended June 30, 2018 \$million | Three months ended June 30, 2019 \$million |
|---|---|---|---|---|---|
| Revenue | 244.9 | 269.9 | 301.6 | 77.2 | 79.5 |
| Adjusted EBITDA (1) | 48.9 | 59.3 | 69.6 | 15.3 | 17.6 |
| Adjusted EBITDA margin (1) | 19.7% | 21.5% | 22.5% | 19.5% | 21.8% |
| Profit before tax | 5.4 | 15.4 | 19.1 | 5.0 | 6.5 |
| Profit for the period | 0.5 | 11.8 | 20.7 | 11.1 | 4.9 |
| Capex (2) | 24.0 | 33.8 | 18.0 | 3.9 | 2.9 |
| Adjusted EBITDA minus Capex(3) | 24.9 | 25.5 | 51.6 | 11.4 | 14.7 |
| Adjusted EBITDA minus Capex as a percentage of Adjusted EBITDA (3) | 50.9% | 43.0% | 74.1% | 74.5% | 83.6% |
| Net Debt (4) | 89.1 | 143.6 | 209.4 | | 304.2 |

(1) EBITDA is defined as the Group's profit / (loss) for the period before finance costs, finance income, tax expenses/income and depreciation and amortisation expense. Adjusted EBITDA is defined as EBITDA, before additional specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses, specifically non-cash stock compensation expense, restructuring and integration costs, certain legal costs, legacy project receivables written off and the re-measurement of contingent consideration. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Total Income, expressed as a percentage.

(2) Capital Expenditure is defined as additions to property, plant and equipment and other intangible assets.

(3) Adjusted EBITDA minus Capex is defined as Adjusted EBITDA less Capital Expenditure incurred by the Group. Adjusted EBITDA minus Capex as a Percentage of Adjusted EBITDA is defined as Adjusted EBITDA minus Capex divided by Adjusted EBITDA, expressed as a percentage.

(4) Net Debt is defined as non-current borrowings plus current borrowings minus cash and cash equivalents. Net Debt as at 30 June 2019 includes non-current and current lease liabilities recognised on transition to IFRS 16, therefore it is not comparable to the other periods presented.

Non-IFRS Financial Measures

Please refer to the Registration Document, which will be available in electronic form from the Company's website <https://investors.dneg.com/>, once approved by the FCA and subject to certain access restrictions, for further details on non-IFRS measures.

Consolidated Statements of Profit or Loss

| | Year ended March 31, 2017 \$000 | Year ended March 31, 2018 \$000 | Year ended March 31, 2019 \$000 | Three months ended June 30, 2018 \$000 (unaudited) | Three months ended June 30, 2019 \$000 |
|---|---|---|---|--|---|
| Revenue | 244,866 | 269,857 | 301,632 | 77,159 | 79,506 |
| Other operating income | 3,728 | 5,838 | 7,408 | 1,237 | 1,234 |
| Employee benefits expense | (150,637) | (165,359) | (192,666) | (50,293) | (52,830) |
| Depreciation and amortisation expense | (24,329) | (25,991) | (28,591) | (7,121) | (8,188) |
| Other operating expenses (net) | (52,798) | (52,969) | (50,574) | (12,966) | (10,532) |
| Operating profit | 20,830 | 31,376 | 37,209 | 8,016 | 9,190 |
| Finance income | 600 | 1,282 | 1,684 | 376 | 133 |
| Finance costs | (16,078) | (17,242) | (19,779) | (3,397) | (2,795) |
| Profit before tax | 5,352 | 15,416 | 19,113 | 4,995 | 6,528 |
| Tax (expense) / income | (4,883) | (3,584) | 1,556 | 6,071 | (1,589) |
| Profit for the period attributable to the owners | 469 | 11,832 | 20,669 | 11,066 | 4,939 |

Important legal information

The contents of this announcement, which have been prepared by and is the sole responsibility of the Company, have been approved by J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 (as amended).

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

Any securities referred to herein have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. Any securities referred to herein have not been and will not be registered under the applicable securities laws of Australia, Canada, South Africa or Japan and, subject to certain exceptions, may not be offered or sold within Australia, Canada, South Africa or Japan or to any national, resident or citizen of Australia, Canada, South Africa or Japan. Neither this announcement nor any copy of it may be taken or transmitted, directly or indirectly, into the United States (including its territories and possessions), Australia, Canada, South Africa or Japan or to any persons in any of those jurisdictions or any other jurisdictions where to do so would constitute a violation of the relevant securities laws of such jurisdiction.

Any failure to comply with the foregoing restrictions may constitute a violation of United States, Australian, Canadian, South African or Japanese securities laws. The publication or distribution of this announcement in other jurisdictions may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about, and observe, any such restrictions.

Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Any offer, if made subsequently, is and will be only addressed to and directed at persons in member states of the European Economic Area (the “**EEA**”) who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Regulation (Regulation (EU) 2017/1129), as amended (including any relevant implementation measures in Member States) (“**Qualified Investors**”). In addition, in the United Kingdom, and any offer, if made subsequently, is and will be only directed at, and should only be relied upon by, Qualified Investors who are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), are persons who are high net worth entities, unincorporated associations and other persons falling within Article 49(2)(a) to (d) of the Order or are persons to whom it may otherwise be lawful to communicate it to (all such persons being referred to as “**Relevant Persons**”). Any investment or investment activity to which this announcement relates will be available only to Relevant Persons in the United Kingdom and Qualified Investors in any member state of the EEA other than the United Kingdom and will be engaged in only with such persons.

This announcement does not constitute an offer or invitation for the sale, issuance or subscription for any securities in any jurisdiction, nor does it purport to give legal, tax or financial advice. Nothing contained herein shall form the basis of or be relied upon in connection with, or act as an inducement to enter into, any investment activity. The information, statements and opinions contained in this announcement do not constitute a public offer under any applicable legislation or an offer to sell, or a solicitation of an offer to purchase, any securities in and are not for release, publication or distribution (directly or indirectly) in or into the United States, Canada, Japan, Australia, South Africa or any other jurisdiction where such distribution or offer is unlawful.

Neither this announcement, nor the Registration Document referred to herein, constitutes a recommendation concerning any offer. The value of shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of any offer for the person concerned. You should not base your financial decision on this announcement. The Company may decide not to go ahead with any offer and there is therefore no guarantee that Admission will occur.

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions.

Forward looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward looking statements speak only as of the date they are made.

The Company expressly disclaims any obligation or undertaking to update, review or revise any forward looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

Neither the Company nor any of its parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such persons' respective partners, directors, officers, employees, agents, affiliates, advisers or agents is under an obligation to update, revise or keep current the information contained in this announcement and the information in this announcement is subject to change without notice.

Neither the Company, the Group nor any of their respective parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such persons' respective partners, directors, officers, employees, agents, affiliates, advisers or agents accepts any responsibility, obligation or

liability whatsoever for, or makes any representation or warranty, express or implied, as to, and no reliance should be placed on, the fairness, truth, fullness, accuracy, completeness or correctness of, the information in this announcement or whether any information has been omitted from the announcement or as to any other information relating to the Company or the Group, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement, its contents or otherwise arising in connection therewith.

Any subscription or purchase of Shares in the possible Offer should be made solely on the basis of information contained in the Prospectus which may be issued by the Company in connection with the Offer. The information in this announcement is subject to change. Before subscribing for or purchasing any Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus if published. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. Neither this announcement, nor anything contained in the Registration Document referred to herein, shall form the basis of or constitute any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any Shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

The Company may decide not to go ahead with the Offer and there is therefore no guarantee that Admission will occur. You should not base your financial decision on this announcement. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested.

Persons considering making investments should consult an authorised person specialising in advising on such investments. Neither this announcement, nor the Registration Document referred to herein, constitutes a recommendation concerning a possible offer. The value of shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of a possible offer for the person concerned.

For the avoidance of doubt, the contents of the Company's website are not incorporated by reference into, and does not form part of, this announcement.