

A fashion show runway scene with models in the background. The focus is on a model in the foreground wearing a dark, patterned, sleeveless dress with a high collar and a scarf-like detail. The background is blurred, showing other models and the runway environment.

@rightster

*Simplifying Delivery to TV Scale
Audiences in the Complex
Online Video Market*

Interim Results Presentation – H1 2014

September 2014



Summary

Market Context

- Demand for online video still growing fast - accounting for over half of mobile traffic today and estimated to account for half of the global internet by 2016¹
- Online video is also the social currency of 'Millennials' – the first generation to prefer online video to television²
- Key players are beginning to emerge in the marketplace but fragmentation of audience across 1000's of sites and channels remains a huge challenge

Rightster's Strategy

- Rightster simplifies delivery to TV scale audiences in the complex online video market
- Our cloud based software and services platform supports three main distribution models:
 - Editorial Ad-funded;
 - Editorial Subscription; and
 - Brand-funded content
- Scale is key determinant of success. A critical mass of Content Owners, Publishers and Brands ensures a strong network effect

Rightster's Execution to Date

- Announced IPO on 12 November 2013
- Raised £42m³ in July 2014 and completed two transformative acquisitions - Base79 (which completed on 1 August 2014) and Viral Spiral (which completed on 7 July 2014)
- Integration is underway & producing results. **Since the acquisitions completed**, the combined business has signed over 75 new content owners, signed advertising contracts to the value of over £1.4 million revenue and our Brand solutions offering is rapidly growing

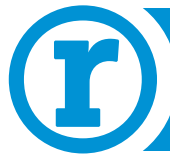
Rightster is the No.1 MCN outside North America⁴

1. Source: Pixability; YouTube - July 2014

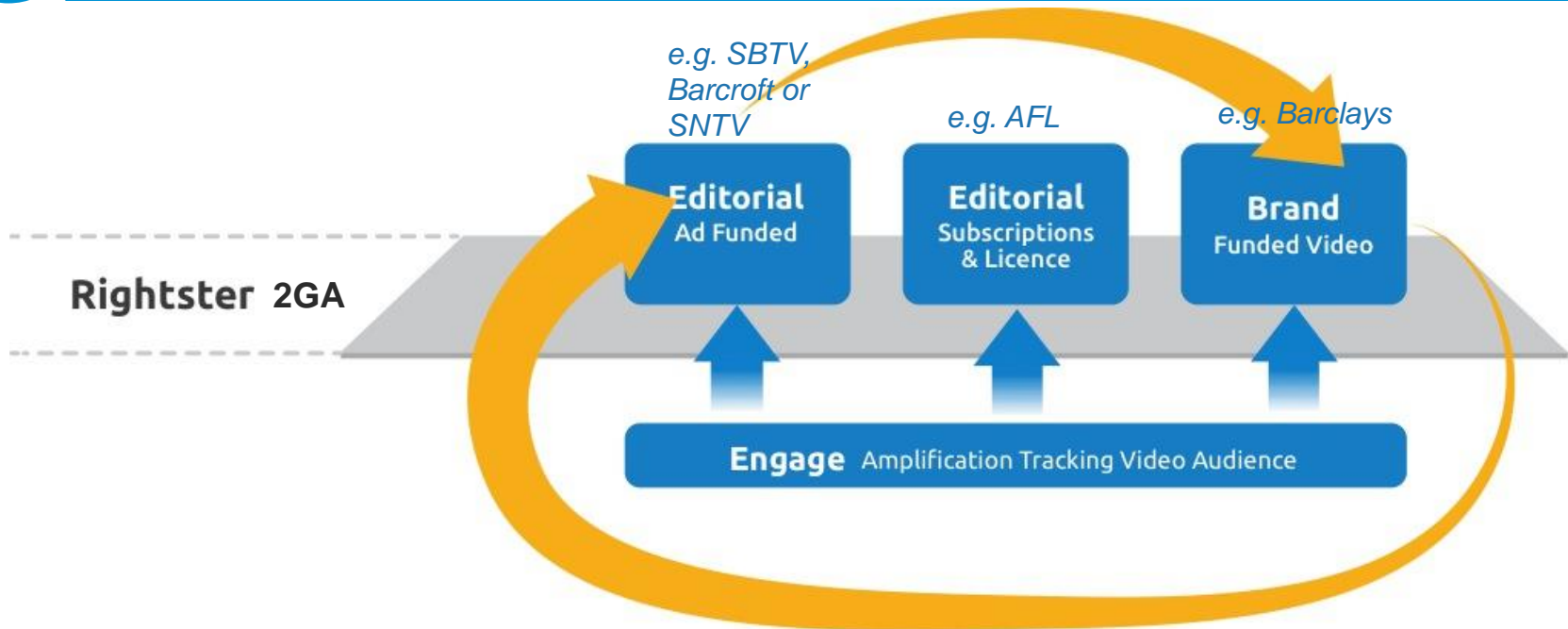
2. Source: Ofcom Communications Market Report - August 2014

3. Before placing expenses

4. Rightster analysis on Comscore data, greatest number of unique viewers across US and Europe from an MCN headquartered outside of North America



Overview of Business Model



- Rightster supports **three distribution models**:
 - Editorial Ad-funded,
 - Editorial Subscription and
 - Brand-funded content
- The three content models are **mutually reinforcing** – quality attracts quality
- **Engage** is Rightster's audience **amplification service**

Highly leveraged, technology powered operating model

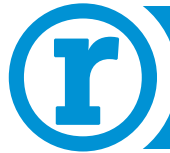


IPO and Acquisitions

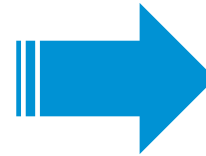
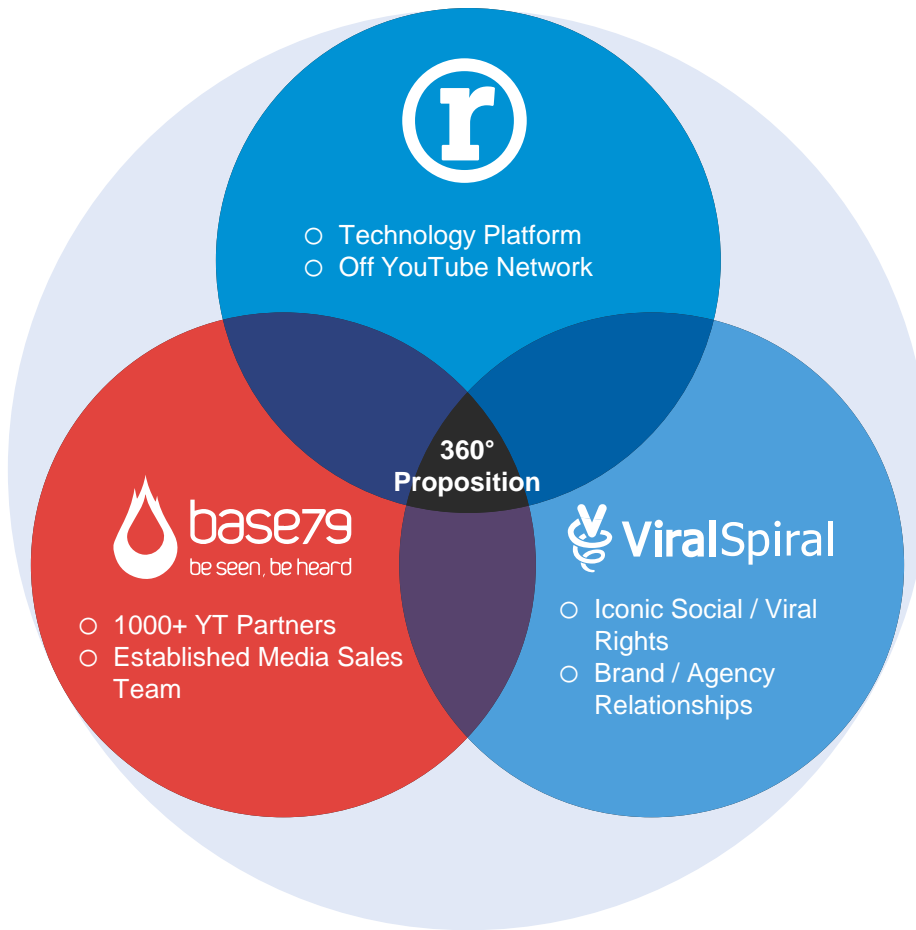
- On IPO in November 2013, we stated that acquisitions would be pursued where the Directors considered there to be clear value through the addition of expertise, customers, monetisation potential or geographic footprint
- On 8 July 2014, we announced the acquisition of Viral Management Limited (“Viral Spiral”) and the proposed acquisition of Base79 Limited (“Base79”), together with a successful £42 million¹ equity raise
- The Viral Spiral acquisition completed on 7 July 2014 and the Base79 acquisition completed on 1 August 2014.



Following through on acquisition strategy



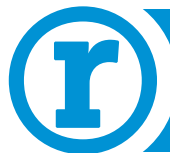
Mission is to be our clients "Trusted Guide"



Goal: Unified 360° Proposition

- Scale
- Premium Advertising
- Independent
- Software Innovation
- Global
- Talent Expertise
- Brand Expertise
- Off YouTube Network
- YouTube Expertise
- Data Scientists

Goal is to become the No.1 player worldwide



Expected New Rightster MCN Ranking (US Comscore)

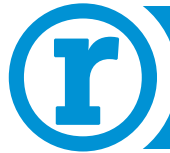
COMSCORE RANK	YOUTUBE MCN	TOTAL UNIQUE VIEWERS (MM)
1 ST	Fullscreen	26
2 ND	ZEFR	25
3 RD	Maker Studios	24
4 TH	BroadbandTV	14
5 TH	JukinMedia	13
6 TH	T3Media	13
7 TH	Base79	12
8 TH	Defy Media	12
9 TH	CDS	11
10 TH	Machinima	10
11 TH	Rightster	10
12 TH	AwesomenessTV	9

Combined entity ranks as **4th** biggest MCN by audience in the US¹

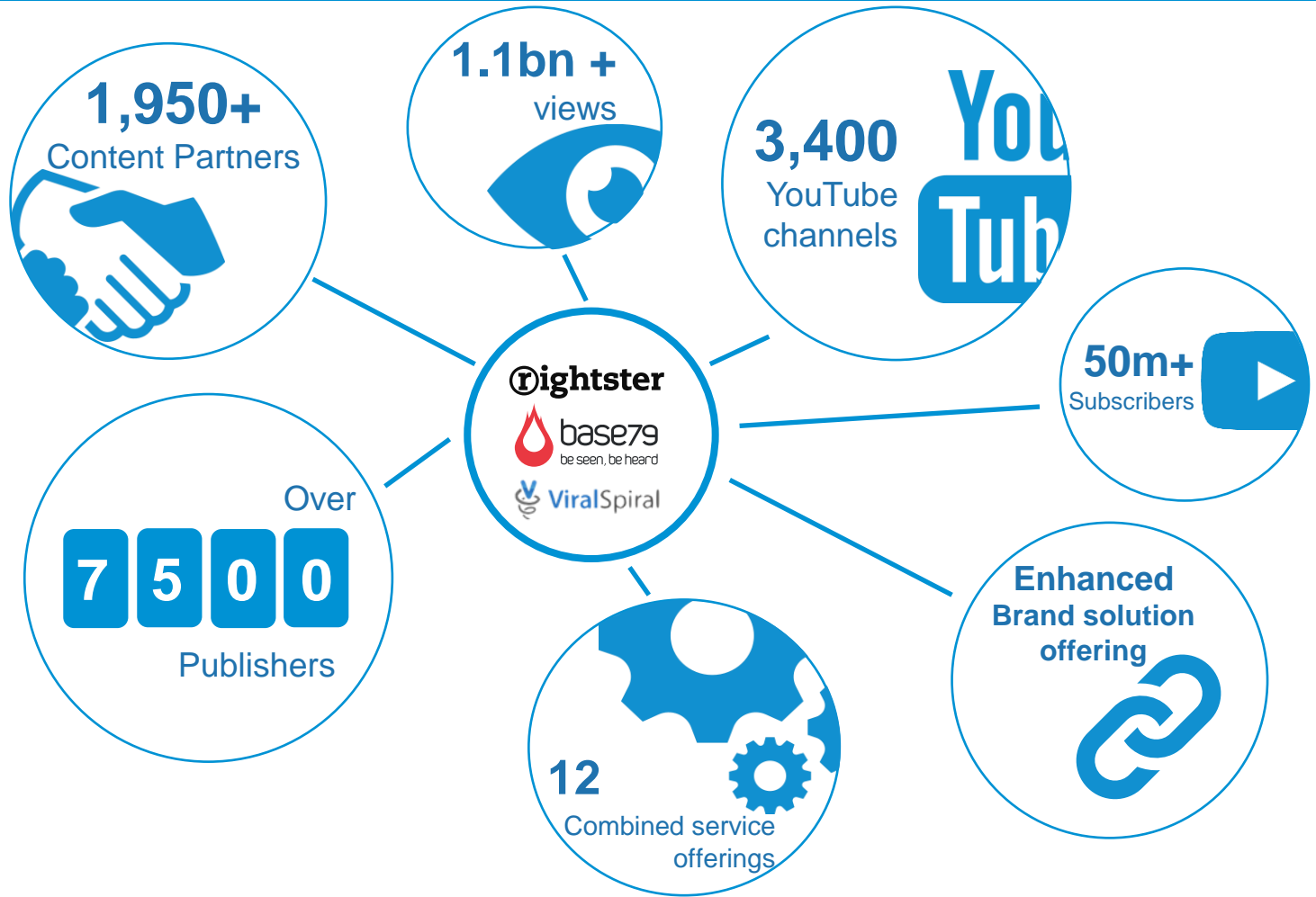
- Combined = **1.1bn+** global video views per month
- Largest MCN outside North America²
- Combined US uniques for combined business is over 18M

Source: ComScore YouTube Partners Report April 2014

1. Assumes no more than 70% of Rightster's audience overlaps with Base79's
2. Greatest number of unique viewers across US and Europe from an MCN headquartered outside of North America



The combined business



Greater scale & expertise improves Rightster service offering



Post-acquisition success

- The focus placed on integrating our sales organisation and consolidating our pipelines is producing results
- **In the six weeks since the acquisitions**, the combined business has signed:
 - **over 75 new Content Owners** onto the Rightster network; and
 - **advertising contracts** to the **value of over £1.4m** revenue
 - all in addition to recurring, ongoing revenues across all three businesses
- Pre-acquisition, Rightster was receiving RFP briefs from clients worth between £10k to £200k
- **Since the acquisitions**, Rightster is now **receiving RFP / brand briefs** from prospective clients **for £1m to £3m**

Receiving RFP briefs for £1m - £3m



Next Steps

- Continue integration work across the combined business to ensure staff are completely aligned and working towards a central business plan
- Launch a marketing campaign to firmly establish Rightster's unique presence in this market and reinforce our desire to help brands and agencies reach the right audience with the right content in the right context and with the right scale
- Roll out our Rightster 2GA platform, the aim of which is to ensure rapid distribution, syndication and monetisation of content across the Rightster network, bringing additional benefits to clients and further efficiencies to Rightster

Integration, marketing and rolling out 2GA

Interim Results H1 2014



Key Highlights

£5.1m | 84% 

Total transaction value and growth rate
(versus H1 2013 after adjusting for a terminated contract in 2013)

£1.9m | 385% 

Net revenue and growth rate
(a growth rate of 385% versus H1 2013, after adjusting for a terminated contract in 2013)

371m | 131% 

Increase in average monthly video views
(from 161 million in H1 2013 to 371 million per month)

£0.5m | 697% 

Gross profit and % increase
(697% growth from H1 2013)



New Agreements Across All Verticals



Agreement with Agence France-Presse, one of the world's leading news agencies, to syndicate a selection of its international news videos to websites within Rightster's network in over 7 languages.



Partnership with Al Jazeera Media Network to syndicate up to 30 English language short-form international news clips per day across new international territories including the UK, Australia, New Zealand, Scandinavia, Singapore & Hong Kong.



Five year agreement with the International Boxing Association to enable boxing fans to access the WSB on a dedicated service across multiple devices at AIBAboxingTV.com.



Distribution partnership with Scripps Network International, the leading global developers and broadcasters of lifestyle programming, to syndicate and monetise premium lifestyle content in the UK for both Food Network and Travel Channel.



Agreements with the British Film Institute to manage its YouTube presence and plans to work closely with the BFI to grow partnership through future syndication opportunities.



Partnership with the International Table Tennis Federation, to further develop the ITTF's YouTube channel and help maximise its exposure and revenue for the channel.



Interim Results Summary

£1.9m | 385% 

Net Revenue after commission growth

(after adjusting for a terminated contract) to £1.9m from
£0.4m in H1 2013

- **385%** Net Revenue after commission growth (after adjusting for a terminated contract) to £1.9m from £0.4m in 2013
 - Gross Profit increased from £0.07m to £0.55m (**697%** increase) reflecting a 28% GP percentage
 - Lower Operating Loss of £7.2m from £8.5m in 2013 due to lower expenditure on legal and professional costs and capitalisation of R&D spend in current period
-
- Total cost base for remainder of the year expected to remain stable (before impact of acquisitions)
 - 2GA platform on track for release in early Q4. Benefits limited in 2014 but much greater in 2015
 - Good customer wins bolsters network and video views up 131% versus 2013
 - Post period share placing raised £42m (pre-costs) and acquisitions of Base79 and VSG expected to improve revenue and profits growth



Revenue

269%  (£0.8m v £0.2m)

Increase in advertising revenue streams versus 2013 (subscription & theatrical also up)

- Total Transaction Value of £5.1m reflects **84%** growth on same period in 2013 (after adjusting for a terminated contract in 2013)
- All main segment revenue streams (advertising, subscription and theatrical) up versus 2013, with advertising up **269%** (£0.8m v £0.2m).
- Bookmaker revenue stream in 2013 was wholly related to a terminated contract in 2013



Advertising revenue (video, display & sponsorship)

- Year on year revenue growth of **268%** to £0.83m
- Video views grew to average 371m per month from average 161m per month in 2013

371m | 131% 

Increase in average monthly video views

(from 161 million to 371 million per month)

- eCPM has been positively impacted by sell through rate increasing as new ad exchange deals concluded, but global ad CPMs have declined both on and off YouTube. We see this trend continuing.
- Approximately 20 new ad exchange deals concluded across India, Africa and APAC



Subscription revenue

- Year on year revenue growth of **28%** to £0.52m
- Driven primarily by improved AFL performance (both on unit prices and number of subscriptions)
- Other subscription deals including FIH, AIBA still early stages
- Subscription pipeline is mostly sports related and dependent on 3-5 year licensing cycles but some strong opportunities exist. These will be revenue generating in 2015 only

28% 

Year on year revenue growth
(to £0.52m)



84% 

Year on year revenue growth
(to £0.57m)

- Year on year revenue growth of **84%** to £0.57m
- NB: H1 2013 only included 3 months of the theatrical business versus 6 months in H1 2014.
- Southern European film market continues to struggle and marketing budgets are being cut, but Germany and Scandinavia remain strong.
- Company believes acquisition of Base79 and launch of Film360 product will help deliver growth in 2015



Operating costs – R&D (& solutions)

- Year on year decrease in spend of **8%** from £2.5m to £2.3m (before capitalisation of R&D) representing a decrease to an average 100 FTE during the period from 117 in 2013
- £1.8m of R&D spend was capitalised to the balance sheet (£0 in 2013)
- Investment focused on 2GA (2nd Generation Architecture) which is currently in customer demo and still on track for commercial release in Q4 2014

8% 

Year on year decrease in spend

(from £2.5m to 2.3m)



2014 outlook

- Base79 and Viral Spiral acquisitions completed 1 August 2014 and 7 July 2014 respectively
- These **transformational acquisitions** expected to take 3 months to bed down
- **Brand deals** across the newly enlarged group have seen **significantly increased activity** - RFPs up to £3m
- We have been focused on integrating our sales organisation and consolidating our pipelines and are pleased to report that **post acquisition we have already finalised 75 deals with Content Owners** and **advertising contracts to the value of over £1.4m**
- **2GA platform** in demo phase with **commercial launch in Q4 2014**

