

12 November 2024

**ZOO DIGITAL GROUP PLC**

**("ZOO", the "Group" or the "Company")**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

***Revenues up 29%; streamlined business positioned to support  
sustainable growth as trading environment improves***

***Analyst & Investor Presentations***

ZOO Digital Group plc (LON: ZOO), a world-leading provider of cloud-based localisation and digital media services to the global entertainment industry, announces its unaudited financial results for the six months ended 30 September 2024 ("H1 FY25").

**Summary**

**Key Financials**

- Revenues increased by 29% to 27.6 million (H1 FY24: 21.4 million) as content output continues to recover following the Hollywood writers' and actors' strikes of 2023
- Gross profit increased by 386% to 10.1 million (H1 FY24: 2.1 million)
- Adjusted EBITDA1 returned to profit, as previously guided, of 1.6 million (H1 FY24: EBITDA loss of 7.1 million)
- Operating loss of 2.5 million (H1 FY24: loss of 10.9 million)
- Cash balance of 4.3 million at period end (H1 FY24: 16.8 million)
- Operating cash inflow in H1 FY25 approximately 1.0 million compared to an outflow of 4.8 million in H2 FY24

**Operational Highlights**

- Strengthened market position as a highly trusted, global, end-to-end vendor
  - Leading standard of customer satisfaction maintained - retained sales KPI of 97.7%
  - Gold-standard security audit by the Trusted Partner Network for ZOO's production platforms
- Streamlined the business while protecting production capability to ramp up with recovering demand
  - Salary costs reduced by 4.5 million to 13.5 million (H1 FY24 18.0 million)
  - Freelancer network grew slightly to 12,112 (H1 FY24: 11,745)
- Targeted global investments in key growth regions for customers
  - Established ZOO Italy with the launch of operations in Milan
  - India production centres fully functional and supporting ZOO's follow-the-sun strategy

**Post Period Events**

- Named Netflix Preferred Fulfilment Partner of the year for the Americas for excellence in asset quality and project management at scale, including 100% on-time delivery rate
- Published AI white paper on enhancing the localisation of premium content, ensuring faster delivery times without compromising quality or creative control
- Secured additional debt facility of £2 million giving 5.6 million funding in total

**Current Trading and Outlook**

- Entertainment industry recovery expected to continue steadily in H2 FY25, gradually improving through calendar 2025
- While H1 FY25 trading was in line with full year expectations, visibility of Q4 orders remains limited
- Ongoing restructuring of cost base to give reduced unit cost of production in H2 FY25 provides strong platform to return to cash breakeven
- Board believes its cash and debt facilities provide the Company with sufficient working capital to meet its operating requirements for the foreseeable future
- Anticipate incremental new revenue opportunities from increased licensing of premium content and accelerated delivery services

<sup>1</sup> adjusted for share-based payments.

**Stuart Green, CEO of ZOO Digital, commented:**

*"These results demonstrate that ZOO is recovering well from the impact of the Hollywood strikes and aligning with our customers' evolving content strategies. Taking action to deliver efficiencies, including relocating some operations to India; embracing innovations such as Artificial Intelligence; and the pursuit of opportunities in new regions, have seen ZOO become a more agile and efficient business, ready for the next chapter of our growth story."*

*"As we approach a new year, investments in scalable technology and global talent have enabled us to expand our service offerings, and partnerships with leading content creators and distributors have strengthened, underscoring our position as a trusted partner in the media and entertainment industry. We remain focused on driving innovation, operational excellence and efficiency in an evolving digital landscape which should position ZOO well to return to cash breakeven as our industry recovers."*

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 ("MAR"). Upon the publication of this announcement, this inside information is now considered to be in the public domain. The persons responsible for making this announcement are CEO Stuart Green and CFO Phillip Blundell.

**Analyst and Investor Presentations**

An interim results presentation will be made available on the Company's website at [www.zoodigital.com](http://www.zoodigital.com).

Stuart Green, Chief Executive Officer, and Phillip Blundell, Chief Financial Officer, will be hosting an analyst presentation at 9.30am GMT on Tuesday 12 November 2024 at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ. Analysts wishing to attend should register their interest by contacting: [ZOO@instinctif.com](mailto:ZOO@instinctif.com).

In addition, an online presentation for private investors will also be held at 17:00 GMT on Tuesday 12 November 2024. For those interested in joining, please register via the following link: <https://www.zoodigital.com/interims2025>.

**For further enquiries, please contact:**

<b>ZOO Digital Group plc</b> Stuart Green - Chief Executive Officer Phillip Blundell - Chief Finance Officer	<b>+44 (0) 114 241 3700</b>
<b>Stifel Nicolaus Europe Limited (Nominated Adviser and Joint Broker)</b> Fred Walsh / Erik Anderson / Ben Good	<b>+44 (0) 20 7710 7600</b>
<b>Singer Capital Markets (Joint Broker)</b> Shaun Dobson / Asha Chotai	<b>+44 (0) 20 7496 3000</b>
<b>Instinctif Partners (Financial PR)</b> Matthew Smallwood / Augustine Chipungu	<b>+44 (0) 207 457 2020</b> <a href="mailto:zoo@instinctif.com">zoo@instinctif.com</a>

**About ZOO Digital Group plc:**

ZOO Digital supports major Hollywood studios and streaming services to globalise their content and reach audiences everywhere, by providing leading, technology-enabled localisation and media services.

Founded in 2001, ZOO Digital operates from hubs in Los Angeles, London, Dubai, Turkey, South Korea, India, Denmark, Spain, Italy and Germany with a development and production centre in Sheffield, UK.

The Group provides media services through its platforms that include: ZOOSubs, ZOOdubs and ZOOstudio. Its full-service proposition delivers the end-to-end services required to prepare both original and catalogue content for digital distribution; these services include dubbing, subtitling & captioning, metadata creation & localisation, mastering, artwork localisation and media processing. Alongside this offering, ZOO also provides its customers with management platforms and strategic solutions to support their own internal globalisation operations.

ZOO is a go-to service partner for media businesses looking to globalise their content across different territories, languages and distribution platforms. Using its innovative technology-enabled approach, ZOO helps its customers to reduce time to market, lower costs and deliver high quality products to their global audiences. The business has frameworks in place with all major Hollywood studios and streaming services. Its customers include Disney, NBCUniversal, HBO and Paramount Global.

ZOO's competitive advantage arises from three interlinking factors - the leading role it has played in the digital transformation of its sector; the world class proprietary platforms that it develops to enable this transformation; and the global supply chain of thousands of freelancers, working collaboratively in ZOO's platforms, which delivers services that scale easily to meet demand. These factors combine to make ZOO uniquely placed to capitalise on new market opportunities in a fast-paced and constantly evolving industry.

[www.zoodigital.com](http://www.zoodigital.com)

## CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

### Overview

Trading for H1 FY25 delivered a marked improvement over the prior year period as original film and TV production projects completed and were passed to ZOO for processing. The Company's target customers continue to evolve their content strategies, and consequently, visibility of production schedules and order pipelines remains limited. However, the industry is clearly recovering, slowly at first, but expected to gradually improve through calendar 2025, and changes made by ZOO's customers, together with the Company's reconfigured cost base, give the Board confidence of a return to sustainable growth.

### Market

The Media and Entertainment (M&E) industry has reached an inflection point in its evolution. As consumers around the world cancel their subscriptions to multichannel services, this is leading to the demise of traditional linear television and has presented unprecedented challenges for legacy broadcasters, including large US-based media organisations. However, these businesses are adapting to this evolving ecosystem.

#### *Ongoing market recovery led by Netflix and Amazon*

The current phase of disruption began in early 2023 when most major US studios launched wide ranging strategic reviews that subsequently led to significant changes to their business models and strategies for the creation of entertainment content. The strikes that took place in Hollywood later that year, which brought many productions to a halt in the US, UK and other locations, were symptoms of the challenges the industry is facing. After a long period of significant reduced activity, companies are now commissioning more shows, but the resumption of business in Los Angeles continues to be significantly below its peak.

The recovery of the streaming sector so far has been led by both Netflix and Amazon, which are responsible for a large share of the programming launched since the end of the strikes. In the first half of 2024, Netflix commissioned 149 programs in North America, the most since the first half of 2022, according to research by Ampere Analysis. In contrast, traditional broadcast television, cable and streaming commissions by major entertainment companies in the U.S. and Canada increased 39% to 1,013 programs in the first half of 2024 compared to the second half of 2023, but this is down compared with the first half of 2022 when those companies created 1,515 programmes in the region.

#### *Streaming, advertising and emerging markets drive M&E industry growth*

Encouragingly, from a global perspective, research by PwC points to an M&E industry that will grow at a 4% CAGR through 2028, fuelled by large new revenue pools in advertising, streaming and emerging markets. As subscription revenue growth levels off, global advertising video on demand (AVOD) will continue to expand through 2028 at a five-year CAGR of 14.1%. By 2028, advertising will account for about 28% of global streaming revenues, up from 20% in 2023.

#### *International productions reduce reliance on Hollywood*

Whilst the number of productions originating from North America has fallen from peak levels, streamers are increasingly sourcing programming from international locations. Ampere Analysis reports that more film and TV production is happening outside the US. While both Netflix and Amazon continue to make programmes in North America, roughly 60% of their commissions in the first half of 2024 were international as they sought to expand their audiences by creating local-language content in hubs like India, Spain and Germany. Making content abroad can also bring significant savings: a premium drama series can cost 8 - 10 million per episode in the US. The same title in Europe with tax credits can be made for less than half this amount.

#### *Evolving content and monetisation strategies create new revenue opportunities*

Established operating practices of network television that were initially eschewed by streamers, such as advertising and weekly episodes, have since been adopted, leading to an audience experience of streaming that has become indistinguishable from the cable bundle. More significantly, licensing premium content to competitors, bundling of channels, inclusion of sports and other genres of live and near-live programming are all being adopted widely as strategies to add and retain subscribers.

Consumers are overwhelmed with the proliferation of platforms, rising prices and managing multiple subscriptions and billing sources. As a result, the demand for bundles is growing as consumers seek a simplified experience that gives access to more content through fewer apps, with better value, emulating the old cable offering.

Streamers are increasingly looking to incorporate live sports events to broaden their offerings and further differentiate their services. Netflix has invested heavily in events such as "World Wrestling Entertainment's Monday Night Raw" and NFL American football. In a deal with FIFA, Apple hopes to show the Club World Cup in 2025, and Amazon Prime now offers National Basketball Association games and Champions League matches. The inclusion of sport is seen as a driver of time

spent watching content, now regarded as a more important measure than subscriber numbers.

A further evolution of the streaming market is the inclusion of other forms of live and near-live programming. In September 2024, Disney+ introduced its "Streams" feature - a live feed of content including ABC News and other continuous programming that subscribers can enjoy without having to select title by title. This follows the introduction by Netflix of live events which include comedy stand-up, award shows and other programmes that stream live on the platform. This is a further trend that is bringing to streaming platforms the familiar channel-type features of network TV.

As ZOO's target customers continue their evolution, although this brings some disruption in the short term, it is a precursor to the return to growth in the medium to longer term. It also opens several new opportunities for ZOO. The Company's trading in the first half of FY25 clearly shows the resumption of business as demand for localisation and media services has expanded, with all current indications being of a recovery continuing through calendar 2025.

## Operations

The post-strike return of orders is clearly reflected in ZOO's improved financial KPIs for the period:

- Revenue grew to 27.6 million (FY24 H1: 21.4 million)
- Adjusted EBITDA<sup>1</sup> margin 6% (FY24 H1 EBITDA loss 33.0%)
- OPEX as a % of revenue 46% (FY24 H1: 60.7%)
- Operating Loss margin 9% (FY24 H1: loss 51%)
- Number of freelancers<sup>2</sup> 12,112 (FY24 H1: 11,745)
- Retained Sales<sup>3</sup> 97.7% (FY24 H1: 99.5%)

<sup>1</sup> Adjusted for share-based payments.

<sup>2</sup> The number of active freelance workers in ZOO's systems who are engaged directly.

<sup>3</sup> Proportion of client revenues retained from one year to the next.

The Company has continued to manage costs by streamlining the business while protecting production capability to enable it to ramp up as demand continues to recover. By reducing its cost base through growing its freelance network and by further transitioning certain service lines to its facilities in India, operational efficiencies and round-the-clock availability have been achieved. Investments in scalable technology, such as AI which can drive productivity whilst supporting the Company's skilled human experts, have also improved the flexibility of ZOO's offering. As work volumes recover, the newly structured cost base should enhance operating margins.

In a continuation of its global growth initiatives to establish points of presence in strategic locations, the Company launched its operation in Milan from which it now provides Italian dubbing. Despite the temporary contraction of orders, the Board is confident that Italian will continue to be an in-demand dubbing language and that the facility and team in Milan will enhance the Company's access to this business.

## Security

For ZOO's customers, the security and safekeeping of content assets will always be an essential qualification for selection of media and localisation vendors, the importance of which was brought into sharp focus during the period following an industry security breach. In August 2024 a prominent vendor's systems were compromised, resulting in some popular TV shows belonging to several streaming services being leaked on X, 4Chan and torrent sites. ZOO's strategy differs from that of some leading competitors due to the Company's technology-first approach, where all services are processed and fulfilled through ZOO's proprietary cloud software platforms in which security has been built as standard. The Company's credentials in this regard were demonstrated during the period when it achieved gold standard in a security audit under the Trusted Partner Network programme for its ZOObsubs, ZOObdubs and ZOObscripts production platforms.

## ZOO Academy

In August 2024 the Company announced that ZOO Academy had achieved a significant milestone in its journey to revolutionise audiovisual translation education with the signing of the 50th academic partner. ZOO's community of localisation teaching establishments now spans 25 countries. ZOO Academy is committed to equipping educational institutions with the Company's subtitling and dubbing tools. Advanced software and resources are tailored to offer students practical, real-world experience. By incorporating this technology into their curriculum, partners can ensure that their students are well-equipped to enter the rapidly changing field of audiovisual translation. ZOO extends its heartfelt gratitude to all partners for their trust and collaboration.

## Quality Award

The quality of ZOO's services continues to be amongst the best in the industry, and during the period achieved exceptionally high KPI scores as measured by its largest client. This is underlined by an accolade post period where the Company was named Netflix Preferred Fulfilment Partner of the year in the Americas for excellence in asset quality and project management at scale. The Company achieved an on-time delivery rate of 100%, a redelivery rate of 0.22% and project management KPI of 9.99 out of 10.0.

## AI and innovation

The application of Artificial Intelligence software to the creative industries widely, including the media localisation market, continues to develop at pace, together with the legal and ethical considerations that surround its use. Post period end, the Company published a white paper titled "*Will Robots Take Over the World of Localisation?*" to provide further detail on its analysis of AI.

As an innovator in its market, ZOO has identified opportunities to deploy AI in ways that can drive productivity and scalability by supporting skilled human experts to achieve high levels of accuracy and authenticity as well as shortening the time-to-market of entertainment products.

The Company harnesses the power of AI to enhance the localisation of premium content, ensuring faster delivery times without sacrificing quality or creative control. The paper explains how ZOO's innovative approach is driving efficiency while maintaining the high standards required for global entertainment using AI as an "artificial assistant" rather than a replacement for creative talent.

## Outlook

The Board currently anticipates a continuing industry recovery, steady during H2 FY25 and gradually improving through calendar 2025. Whilst trading in H1 FY25 was in line with the Board's expectations, given limited current visibility in Q4, the FY25 outturn is very dependent on two factors: continuing improvement in trading at a significantly higher run rate of sales than H1 FY25 for the remainder of the year, and the timing of new projects.

The ongoing restructure of the Company's cost base, including relocating several service lines to its Indian facilities, will result in a reduced unit cost of production in H2 FY25, which provides a strong platform to pave the way for a return to cash breakeven. The Board believes that the H1 FY25 period end cash position of £4.3 million, together with an existing £3 million US debt facility and a recently secured UK debt facility of £2 million, provide the Company with sufficient working

5 million US debt facility and a recently secured UK debt facility of £2 million, provide the Company with sufficient working capital to meet its operating requirements for the foreseeable future.

Since early in calendar 2023, ZOO's largest customers have all either reconfigured their businesses or are in the process of doing so, which has brought about changes in what they require of their vendors. As a result, the Board has identified several new opportunities.

The return of licensing new original content by streamers to their competitors is creating demand for both media services and localisation, albeit in the form of one-off projects. In H2 FY25 the Board anticipates meaningful order volumes relating to such work.

The emerging requirement amongst streamers for fast turn-around media localisation services to support the global distribution of live and near-live programming creates another new opportunity for which ZOO, using its cloud-based platforms, is well placed to fulfil. The Company is currently working on prototype service offerings and is optimistic about securing new lines of business commencing in H2 FY25.

The Board believes that more large media companies will transition to the End-to-End (E2E) model, partly due to their restructured operations. As an accomplished and proven supplier, ZOO is well placed to address these requirements and is currently in discussions regarding several opportunities.

## FINANCIAL REVIEW

Revenues of 27.6 million were 29% above the same period last year (H1 FY24:21.4 million). The recovery from the actors' and writers' strikes in FY24 is the major reason for the positive variance as new productions recommenced in the first half.

Gross profit improved from 2.1 million to 10.1 million in the period, reflecting the revenue increase and better utilisation of internal production staff which was 27% lower compared to the same period last year.

The Company reports segment contribution by service line which is calculated as revenue less both external and internal variable costs. This is detailed as a table in the notes to these financial statements. Media localisation contribution improved to 5.3 million from 2.2 million in H1 FY24. This is due to better staff utilisation and a reduction in external subtitling costs. Media services contribution improved from 2.7 million in H1 FY24 to 6.8 million in the latest period. This was achieved by better staff utilisation and a 7% improvement in the margin achieved on external direct costs.

Operating expenses decreased 2.5% to 12.7 million (H1 FY24:13.0 million) as indirect staff were reduced in both Los Angeles and the UK. Investment in India, Germany and Italy continued as the business pivoted to lower cost production locations. This is reflected in OPEX as a percentage of revenue, which decreased from 61% to 46%. The Company continued to invest in its R&D programme where expenditure totalled 0.9 million in the period.

Salary costs were reduced from 18.0 million in H1 FY24 to 13.5 million in H1 FY25, a saving of 4.5 million, following significant cost reductions that commenced in H2 FY24; savings in H2 FY25 over the prior year period are expected to be approximately 3.7 million.

Adjusted EBITDA of 1.6 million compares to a loss of 7.1 million last year as a result of the revenue increase with a small decrease in OPEX, people and R&D. This is also reflected in the greatly reduced operating loss of 2.5 million (H1 FY24:10.9 million).

The loss before tax for the period was 2.7 million, which compares to a loss of 10.1 million last year.

The cash balance as of 30 September 2024 was 4.3 million (H1 FY24:16.8 million). The decrease was driven by second half FY24 operation losses of 8.2 million. This was further impacted by the outflow of 4.8 million from investing activities between 30 September 2023 and 30 September 2024. The investing activities comprised R&D of 2.1 million and capital expenditure of 1.0 million. The latter was used to extend the production capacity in both India and Korea. The Group purchased companies in Germany and Italy in the past 12 months and made deferred consideration payments which totalled 1.7 million, both investments following the stated strategy to build international capacity to support global media customers when the expected growth in media localisation spend returns.

The Group remains financially robust with cash of 4.3 million at the end of September 2024. This is further enhanced by 3.0 million debt facility with HSBC of which 0.5 million was utilised at the period end. The Group has secured a further invoice discounting facility with HSBC for an additional £2.0 million (2.6 million) to help fund the working capital cycle as revenues increase. Over the coming months the Board is focused on aligning costs and revenues to reach break-even in Q1 FY26.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the six months ended 30 September 2024

	Unaudited 6 months to 30 Sep 2024 000	Unaudited 6 months to 30 Sep 2023 000	Audited Year ended 31 Mar 2024 000
Revenue	27,561	21,408	40,629
Cost of sales	(17,451)	(19,329)	(35,172)
Gross Profit	10,110	2,079	5,457

Other operating income	-		256
Operating expenses	(12,612)	(12,988)	(24,831)
<b>Operating (loss)</b>	<b>(2,502)</b>	<b>(10,909)</b>	<b>(19,118)</b>
<b>Analysed as</b>			
EBITDA before share-based payments	1,658	(7,094)	(13,578)
Share based payments	(63)	(286)	1,729
Depreciation	(2,905)	(2,506)	(4,998)
Amortisation	(1,192)	(1,023)	(2,271)
	<b>(2,502)</b>	<b>(10,909)</b>	<b>(19,118)</b>
Share of profit of associates and JVs	-	1,100	(869)
Finance income	25	165	206
Exchange gain/ (loss) on borrowings	27	(100)	(100)
Other finance cost	(214)	(340)	(566)
<b>Total finance cost</b>	<b>(162)</b>	<b>(275)</b>	<b>(460)</b>
<b>(Loss)/Profit before taxation</b>	<b>(2,664)</b>	<b>(10,084)</b>	<b>(20,447)</b>
Tax on (Loss)/profit	41	(152)	(1,480)
<b>(Loss)/profit and total comprehensive income for the period attributable to equity holders of the parent</b>	<b>(2,623)</b>	<b>(10,236)</b>	<b>(21,927)</b>
<b>Profit per ordinary share</b>			
- basic	<b>(2.70) cents</b>	(10.6) cents	(22.6) cents
- diluted	<b>(2.70) cents</b>	(10.6) cents	(22.6) cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2024

	Unaudited as at 30 Sep 2024 000	Unaudited as at 30 Sep 2023 000	Audited as at 31 Mar 2024 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8,754	14,092	11,189
Intangible assets	14,827	13,443	15,115
Investments	3,097	4,709	3,097
Deferred tax assets	104	1,708	336
	<b>26,782</b>	<b>33,952</b>	<b>29,737</b>
<b>Current assets</b>			
Trade and other receivables	11,799	7,742	11,485
Contract assets	4,645	4,831	2,569
Cash and cash equivalents	4,340	16,783	5,315
	<b>20,784</b>	<b>29,356</b>	<b>19,369</b>
<b>Total assets</b>	<b>47,566</b>	<b>63,308</b>	<b>49,106</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	(16,344)	(12,828)	(15,171)
Contract liabilities	(483)	(571)	(536)
Borrowings	(1,837)	(1,445)	(1,422)
	<b>(18,664)</b>	<b>(14,844)</b>	<b>(17,129)</b>
<b>Non-current liabilities</b>			
Borrowings and other payables	(3,792)	(6,945)	(4,326)
<b>Total liabilities</b>	<b>(22,456)</b>	<b>(21,789)</b>	<b>(21,455)</b>
<b>Net assets</b>	<b>25,110</b>	<b>41,519</b>	<b>27,651</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Called up share capital	1,284	1,284	1,284
Share premium reserve	70,701	70,683	70,683
Other reserves	12,320	12,320	12,320

Share option reserve	2,748	4,690	2,685
Capital redemption reserve	6,753	6,753	6,753
Merger reserve	1,326	1,326	1326
Foreign exchange translation reserve	(156)	(992)	(152)
Accumulated losses	(69,803)	(54,496)	(67,185)
	25,173	41,568	27,714
Interest in own shares	(63)	(49)	(63)
Attributable to equity holders	25,110	41,519	27,651

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

As at 30 September 2024

	Ordinary shares	Share premium reserve	Foreign exchange translation reserve	Share option reserve	Capital redemption reserve	Merger reserve	Other reserves	Accumu- lated losses	Interest in own shares	Total
	000	000	000	000	000	000	000	000	000	000
Balance at 1 April 2023	1,179	55,797	(992)	4,391	6,753	-	12,320	(44,266)	(49)	35,133
Issue of share capital	105	15,604	-	-	-	1,326	-	-	-	17,035
Transaction costs incurred	-	(718)	-	-	-	-	-	-	-	(718)
Share options exercised	-	-	-	13	-	-	-	-	-	13
Share-based payments	-	-	-	286	-	-	-	-	-	286
Foreign exchange translation	-	-	-	-	-	-	-	6	-	6
Transactions with owners	105	14,886	-	299	-	-1,326	-	-	-	16,616
Profit for the period	-	-	-	-	-	-	-	(10,236)	-	(10,236)
Total comprehensive income for the period	-	-	-	-	-	-	-	(10,230)	-	(10,230)
Balance at 30 September 2023	1,284	70,683	(992)	4,690	6,753	1,326	12,320	(54,496)	(49)	41,519
Share options exercised	-	-	-	10	-	-	-	-	-	10
Share-based payments	-	-	-	(2,015)	-	-	-	-	-	(2,015)
Purchase of own shares	-	-	-	-	-	-	-	-	(14)	(14)
Transactions with owners	-	-	-	(2,005)	-	-	-	-	(14)	(2,019)
Foreign exchange translation	-	-	(152)	-	-	-	-	(6)	-	(158)
Reclassification of legacy reserve	-	-	992	-	-	-	-	(992)	-	-
Profit for the period	-	-	-	-	-	-	-	(11,691)	-	(11,691)
Total comprehensive income for the period	-	-	840	-	-	-	-	(12,689)	-	(11,849)
Balance at 31 March 2024	1,284	70,683	(152)	2,685	6,753	1,326	12,320	(67,185)	(63)	27,651
Share based payments	-	-	-	63	-	-	-	-	-	63
Deferred tax on share options	-	-	-	-	-	-	-	5	-	5
Share options exercised	-	18	-	-	-	-	-	-	-	18
Transactions with owners	-	18	-	63	-	-	-	5	-	86
Loss for the period	-	-	-	-	-	-	-	(2,623)	-	(2,623)
Foreign exchange translation	-	-	(4)	-	-	-	-	-	-	(4)
Total comprehensive income for the period	-	-	(4)-	-	-	-	-	(2,623)	-	(2,627)
Balance at 30 September 2024	1,284	70,701	(156)	2,748	6,753	1,326	12,320	(69,803)	(63)	25,110

## CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six months ended 30 September 2024

	30 Sep 2024 Unaudited 6 months to 30 Sep 2024 000	30 Sep 2023 Unaudited 6 months to 30 Sep 2023 000	31 Mar 2024 Audited Year ended 31 Mar 2024 000
<b>Cash flows from operating activities</b>			
Operating (loss)/profit for the period	(2,502)	(10,909)	(19,118)
Depreciation	2,905	2,506	4,999
Amortisation	1,192	1,023	2,271
Share based payments	63	286	(1,729)
Disposal of property, plant and equipment	-	(12)	(256)
Changes in working capital:			
(Increases)/decreases in trade and other receivables	(2,390)	9,346	7,704
Increases/(decreases) in trade and other payables	1,420	(7,048)	(5,963)
<b>Cash flow from operations</b>	<b>688</b>	<b>(4,643)</b>	<b>(12,092)</b>
Tax (paid)/received	278	(196)	152
<b>Net cash flow from operating activities</b>	<b>966</b>	<b>(4,839)</b>	<b>(11,940)</b>
<b>Investing Activities</b>			
Purchase of intangible assets	(2)	(20)	(28)
Capitalised development costs	(902)	(1,512)	(2,714)
Purchase of subsidiaries (net of cash acquired)	-	(240)	(1,157)
Purchase of investments	-	(905)	(1,262)
Purchase of property, plant and equipment	(265)	(1,362)	(2,180)
Sale of property, plant and equipment	-	-	(1)
Payment of deferred consideration	(300)	-	-
Finance income	25	165	206
<b>Net cash flow from investing activities</b>	<b>(1,444)</b>	<b>(4,039)</b>	<b>(7,136)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	-	(123)	(101)
Proceeds from borrowings	453	-	-
Repayment of principal under lease liabilities	(750)	(710)	(1,435)
Finance cost	(214)	(342)	(832)
Share options exercised	18	13	23
Issue of share capital	-	15,702	15,702
Transaction costs for issue of share capital	-	(718)	(718)
<b>Net cash flow from financing</b>	<b>(493)</b>	<b>13,822</b>	<b>12,639</b>
<b>Net Increase in cash and cash equivalents</b>	<b>(971)</b>	<b>4,944</b>	<b>(6,437)</b>
Cash and cash equivalents at the beginning of the period	5,315	11,839	11,839
Exchange loss on cash and cash equivalents	(4)	-	(87)
Cash and cash equivalents at the end of the period	4,340	16,783	5,315

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

#### General information

ZOO Digital Group plc ('the Company') and its subsidiaries (together 'the Group') provide end-to-end cloud-based localisation and media services to the global entertainment industry and continue with on-going research and development to enhance the Group's core offerings. The Group has operations in the UK, the US, India, Europe and South Korea.

The Company is a public limited company which is listed on the Alternative Investment Market and is incorporated and domiciled in the UK. The address of the registered office is Castle House, Angel Street, Sheffield. The registered number of the Company is 3858881.

This condensed consolidated financial information is presented in US dollars, the currency of the primary economic environment in which the Group operates.

The interim accounts were approved by the board of directors on 12 November 2024.

This consolidated interim financial information has not been audited.

#### Basis of preparation

The consolidated financial statements of ZOO Digital Group plc and its subsidiary undertakings for the period ending 31 March 2025 will be prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006.



This Interim Report has been prepared in accordance with UK AIM listing rules which require it to be presented and prepared in a form consistent with that which will be adopted in the annual accounts having regard to the accounting standards applicable to such accounts. It has not been prepared in accordance with IAS 34 "Interim Financial Reporting".

The policies applied are consistent with those set out in the annual report for the year ended 31 March 2024, and have been consistently applied, unless stated otherwise.

This condensed consolidated financial information is for the six months ended 30 September 2024. It has been prepared with regard to the requirements of IFRS. It does not constitute statutory accounts as defined in S343 of the Companies Act 2006. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2024 which contained an unqualified audit report and have been filed with the Registrar of Companies. They did not contain statements under s498 of the Companies Act 2006.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2024 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 April 2024 and will be adopted in the 2025 financial statements. There are no standards materially impacting the Group that will be required to be adopted in the annual financial statements for the year ending 31 March 2025.

### Basis of Consolidation

The consolidated financial statements of ZOO Digital Group plc include the results of the Company and its subsidiaries. Subsidiary accounting policies are amended where necessary to ensure consistency within the Group and intra group transactions are eliminated on consolidation.

### Going concern

The Group's financial statements are prepared on a going concern basis despite the losses incurred in the period. The Group continues to have a strong order pipeline and has significant cash reserves, and its results reflect predominantly the impact of the Hollywood strikes which is anticipated to be short term and, as at the date of approval of these financial statements, has finished.

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting regularly reviewed by the Group's chief operating decision maker to make decisions about resource allocation to the segments and to assess their performance.

	Localisation		Media services		Software Services	Total	
	FY25 H1	FY24 H1	FY25 H1	FY24 H1	FY25 H1	FY25 H1	FY24 H1
	000	000	000	000	000	000	000
Revenue	17,133	13,471	9,948	7,065	480	27,561	21,408
Segment contribution	5,318	2,282	6,791	2,676	339	12,448	5,647
Unallocated cost of sales						(2,338)	(3,568)
Gross profit						10,110	2,079
Gross profit %	31%	17%	68%	38%	71%	37%	10%

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US Dollars which is the Group's functional and presentation currency.

### Transactions and balances

Transactions in foreign currencies are recorded at the prevailing rate of exchange in the month of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are recognised in the income statement.

### Group companies

The results and financial positions of all Group entities that use a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each entity are translated at the closing rate at the period end date;
- income and expenses for each Statement of Comprehensive Income item are translated at the prevailing monthly exchange rate for the month in which the income or expense arose and all resulting exchange rate differences are recognised in other comprehensive income with the foreign exchange translation reserve.

### Earnings per share

Earnings per share is calculated based upon the profit or loss on ordinary activities after tax for each period divided by the weighted average number of shares in issue during the period.

### Weighted average number of shares for basic & diluted profit per share

	30 Sep 2024	30 Sep 2023	31 Mar 2024
	No. of shares	No. of shares	No. of shares
Basic	97,880,145	97,220,638	97,220,638
Diluted	100,577,564	99,856,302	99,863,011

Where the Group has recorded a loss, diluted earnings per share is equal to basic earnings per share.

#### Alternative performance measure

Adjusted EBITDA is a key performance measure for the Group and is presented on the face of the Income Statement. The basis for this is disclosed in the annual financial statements.

#### Intangible Assets

	Goodwill 000	Customer relationships 000	Development costs 000	Patents and trademarks 000	Computer software 000	Total 000
<b>Cost</b>						
At 1 April 2023	18,168	1,424	17,421	821	269	38,103
Additions	2,593	-	1,512	20	-	4,125
At 30 September 2023	20,761	1,424	18,933	841	269	42,228
Additions	1,715	-	1,202	1	7	2,925
Disposals	-	-	-	-	(5)	(5)
At 31 March 2024	22,476	1,424	20,135	842	271	45,148
Additions	-	-	902	2	-	904
<b>At 30 September 2024</b>	<b>22,476</b>	<b>1,424</b>	<b>21,037</b>	<b>844</b>	<b>271</b>	<b>46,042</b>
<b>Amortisation and impairment</b>						
At 1 April 2023	12,620	142	14,156	624	220	27,762
Amortisation	-	71	920	17	15	1,023
At 30 September 2023	12,620	213	15,076	641	235	28,785
Amortisation	-	71	1,153	17	7	1,248
At 31 March 2024	12,620	284	16,229	658	242	30,033
Charge	-	72	1,096	18	6	1,192
<b>At 30 September 2024</b>	<b>12,620</b>	<b>356</b>	<b>17,325</b>	<b>676</b>	<b>248</b>	<b>31,225</b>
<b>Net book value</b>						
At 30 September 2023	8,141	1,211	3,857	200	34	13,443
At 31 March 2024	9,856	1,140	3,906	184	29	15,115
<b>At 30 September 2024</b>	<b>9,856</b>	<b>1,068</b>	<b>3,712</b>	<b>168</b>	<b>23</b>	<b>14,827</b>

#### Further Copies

Copies of the Interim Report for the six months ended 30 September 2024 will be available, free of charge, for a period of one month from the registered office of the Company at Castle House, Angel Street, Sheffield, S3 4LN or from the Group's website: [www.zoodigital.com](http://www.zoodigital.com).

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