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20 February 2025

ZOO DIGITAL GROUP PLC

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

Trading Update

ZOO Digital Group plc (AIM: ZOO), the localisation and digital media services partner to the global entertainment industry, today provides an update on trading and outlook for the financial year ending 31 March 2025 ("FY25").

The Board currently expects full year FY25 revenues will be at least 50.5 million, which is up 24% on the prior year. The full year revenues will result in a return to EBITDA profit of at least 1.0 million, compared to a loss of 13.6 million last year. As a result, FY25 revenues and EBITDA¹ are expected to be below market expectations².

The Company has implemented targeted cost saving measures, reducing its fixed costs by 20% during the year and also expects blended gross margins to improve to 36%. The ongoing restructuring of the cost base to reduce the unit cost of production provides a strong platform to return to cash breakeven. The Company has also been closely managing its cash position and it expects the balance at the end of FY25 will exceed c. 1 million, and has invoice discounting facilities of 3m and £2m, which are expected to be largely unutilised.

Whilst the Company's order book has improved in recent months through the addition of several high value projects, these are not included in the Company's current expectations for FY25. The timing of revenue recognition for these projects is uncertain as commencement for much of this work is dependent on the supply of original assets from licensors. In addition, some projects in the FY25 pipeline relate to titles that customers have either delayed or cancelled.

The Company has secured several new customer engagements which are expected to begin to deliver meaningful incremental revenues in FY26. This includes being named a Preferred Fulfilment Vendor (PFV) for Amazon Prime Video, positioning ZOO among a select group of vendors that production companies may use to digitally package and distribute content on Amazon Prime Video.

The Company is seeing a marked increase in customer discussions around new projects to a level greater than at any time over the past two years. Currently, an enlarged proportion of customer assignments relate to them both licensing in third party content and licensing out catalogues, rather than the processing of new original programming. The Board envisages that this will be an ongoing trend, with the additional volumes of original content starting to recover later in FY26.

Based on current visibility, ZOO expects that dubbing revenues for FY26 will be lower than in FY25. However, with a lower cost base and higher margin revenue mix the overall profitability of the business is expected to improve significantly year on year.

The Company will provide a further update on trading in a pre-close statement in April.

The persons responsible for arranging for the release of this announcement on behalf of ZOO are Stuart Green, Chief Executive Officer and Phillip Blundell, Chief Financial Officer of ZOO.

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¹ Adjusted for share-based payments.

² For the purpose of this announcement, the Group believes market consensus for FY25 to be revenue of 55m, and adjusted EBITDA of 2.75m.

About ZOO Digital Group plc:

ZOO Digital partners with major Hollywood studios and streaming services to tell their stories to audiences around the world.

The Group's localisation and digital media services allow customers to globalise content across different territories, languages and distribution platforms, extending its reach and profitability.

Deploying proprietary technology platforms and 12,000+ freelancers, ZOO offers end-to-end dubbing, subtitling and captioning, metadata creation and localisation, mastering, artwork creation and localisation, and media processing.

ZOO has frameworks in place with all major Hollywood studios and streaming services, helping them to capitalise on new opportunities in a fast-paced industry. Customers include Disney, NBCUniversal, Netflix and Paramount Global.

Founded in 2001, the Group has a global presence with dedicated hubs in Los Angeles, London, Dubai, Turkey, South Korea, India, Denmark, Spain, Italy and Germany as well as a development and production centre in Sheffield, UK.

www.zoodigital.com

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