

This Announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 as retained as part of UK law by virtue of the European Union (Withdrawal) Act 2018 as amended. Upon the publication of this Announcement, this inside information is now considered to be in the public domain.

8 May 2025

ZOO DIGITAL GROUP PLC
("ZOO", the "Group" or the "Company")

Trading Update

- Subject to audit, FY25 revenue is expected to be up 22% to 49.4* million and adjusted EBITDA of at least 0.1 million (FY24: loss of 13.6 million)
- Net cash as at 31 March 2025 of 2.6 million
- Business is proactively restructuring its costs to focus on being profitable and cash-generative from a lower revenue base, reflecting the challenging trading conditions
- 6.8 million of annualised fixed cost savings made since the start of FY25 with a further 1.7 million savings being implemented in FY26

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

Further to the announcement of 2 February 2025, the assets related to several high value projects were not delivered during FY25Q4 and are expected to be delivered during the first half of FY26. As a result, the Board expects revenue for FY25 to be 49.4 million, which is up 22% on the prior year, and for EBITDA (adjusted for share-based payments) to be at least 0.1 million (FY24: loss of 13.6 million)*.

Cash at 31 March 2025 was ahead of expectations at 2.6 million* due to a strong focus on cash management and working capital, including active management of trade creditors. The Group's invoice discounting facilities of 3 million and £2 million were unutilised at 31 March 2025. The Board expects to partially draw on these facilities during FY26. Cash management continues to be a key focus for the business.

The Board has continued its programme of cost reductions throughout 2025, having implemented 6.8 million of costs savings in FY25 attributed to people, property and legal and professional expenses. This initiative is ongoing with the Board having already identified a further 1.7 million of additional savings to be delivered in FY26, attributed primarily to people and IT expenditure. The Board is committed to continuing to improve operational efficiency in FY26 to enable the business to deliver profits and positive cash generation in the event market conditions continue to remain challenging.

The cost savings are a result of a continued efficiency programme, taking advantage of previous offshore investments to lower the fixed costs of fulfilling a range of services while moving some previously fixed costs to variable, as well as a detailed review of property, IT and other expenses. The Company is adopting a range of AI technologies that, taken together with the wider efficiency programme, are focussed on delivering a more flexible, lower cost operation that can scale efficiently with revenue growth as the end markets recover.

The media and entertainment industry continues to adapt to a changing market environment following the disruption of the past two years, including the Hollywood writers' and actors' strikes. The Company expects its customers to continue to license a greater proportion of content and as a result, the Board anticipates that FY26 revenues are likely to include several larger, non-repeating projects. This leads to greater challenges in forecasting of revenues and resourcing due to the uncertainty and timing of ZOO's customers concluding arrangements with licensors and licensees.

The Board also notes the recent announcement from the US government relating to potential 100% tariffs on films made outside the United States. The Board is monitoring the tariff proposals and engagement with the industry and will provide a further update in due course. While the Board believes that it is too early to form a view on the impact on ZOO's operations or that of its customers, it is fully committed to adjusting the cost base as necessary to achieve its FY26 objectives of delivering profits and generating cash. As a result of the current challenging market environment the Board believes that revenues for FY26 will be below previous expectations.

Further to the announcement of 23 January 2025 that it is seeking a new CFO, the Board is pleased to separately announce today the appointment of a new CFO.

Stuart Green, Chief Executive Officer of ZOO Digital, said:

"We are fundamentally reshaping the business to right size our operations and create a sustainable platform for the future. This proactive approach positions ZOO to be profitable and cash generative in the current challenging market, and as industry dynamics change, benefitting from our competitive advantage as a technology-enabled, highly scalable business. We continue to explore new revenue streams with our partners and are well placed to adapt and capitalise on an evolving media and entertainment market."

**The above represents a forecast of the likely performance of the business for FY25 and FY26. It is not a guarantee.*

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.

* For the purposes of this announcement, the Group believes market consensus for FY25 to be revenue of 50.7 million, EBITDA (adjusted for share-based payments) of 1.5 million and cash of 1.4 million.

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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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