

12 August, 2025

**ZOO Digital Group plc**

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

**Final Results for the Year Ended 31 March 2025**

**Operations restructured to return the Group to operating profit and cash generation in FY26**

ZOO Digital Group plc (AIM: ZOO), the localisation and digital media services partner to the global entertainment industry, today announces its audited financial results for the year ended 31 March 2025.

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

*"ZOO has shown resilience through a period of market transition and made significant progress to restructure its operations to position the Group to deliver operating profit and cash generation in FY26. I believe we have struck a balance between creating a sustainable platform for the future while retaining the flexibility to scale as we deliver increased order volumes.*

*"As a trusted partner, with a technology-enabled, end-to-end model, we can build solutions for customers' specific needs. Our new Fast Track service, tailored for localising live and near-live content, has been well received and although revenue is modest at this stage, the Board is encouraged by the potential growth opportunity this presents the Group as we seek to increase our share of spend by several global streamers over the longer term.*

*"Today we believe most media companies are operating profitable streaming platforms, supported by new content formats and monetisation models. We enter FY26 better positioned to navigate this environment and capture profitable revenue opportunities as the market continues to evolve."*

**HIGHLIGHTS**

**Key Financials**

- Revenue increased by 22% to 49.6 million (FY24: 40.6 million).
- Adjusted EBITDA<sup>1</sup> returned to a profit of 1.1 million (FY24: loss of 13.6 million).
- Operating loss of 6.5 million (FY24: loss of 19.1 million).
- Reported loss before tax of 8.3 million (FY24: loss of 20.5 million).
- Gross cash at year-end of 2.7 million (FY24: 5.3 million) with no amount drawn on the invoice financing facilities; strong focus on cash management.

**Operational Highlights**

- During the period, 8.4 million of annual fixed cost cash savings were delivered (including 1.6 million of capitalised R&D costs), and further actions implemented in FY26 that the Board expects will deliver at least a further 2.5 million of annual fixed cost savings, highlighting the Company's focus to be profitable and cash generative.
- Retained sales<sup>2</sup> of 98.4% (FY24: 92.3%), demonstrating recovery in demand and customer satisfaction.
- Strengthened relationships with non-traditional studios to support customer diversification.
- ZOO named a Preferred Fulfilment Vendor for Amazon Prime Video.

**Current Trading and Outlook**

- Current reduced demand for dubbing led to FY26Q1 revenue 18% lower than the same period in FY25.
- Service lines excluding dubbing have generated three consecutive quarters of revenue growth to FY26Q1.
- Continuing cost reductions resulted in an EBITDA profit for FY26Q1 after restructuring costs in line with

management expectations.

- The combination of the implementation of AI and other forms of automation, together with the operational efficiencies delivered in FY25 and continuing in FY26, provide a leaner operating model to enable enhanced margins as revenues recover.

<sup>1</sup> Adjusted EBITDA means earnings before interest, tax, depreciation, amortisation and share-based payments.

<sup>2</sup> Retained sales represents the proportion of client revenues retained from one year to the next and provides a quality indication that helps to assess customer satisfaction.

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**Analyst presentation**

Stuart Green, Chief Executive Officer, will host an online presentation for sell-side equity analysts, followed by Q&A, at 10:00 BST today. Analysts wishing to join should register their interest by contacting: [ZOO@vigoconsulting.com](mailto:ZOO@vigoconsulting.com).

**Investor engagement**

Management will hold an online presentation for private investors at 17:00 BST today. For those interested in joining, please register via the following link: <https://www.zoodigital.com/prelims2025>. A recording of the webinar will be made available via the Company's website afterwards.

**CHAIRMAN'S STATEMENT**

It has been a testing year for ZOO as we have had to adapt to profound changes across the film and television entertainment industry. Following the disruption of 2023, which led to the first joint strike of Hollywood actors and writers in 60 years, media companies have spent the last two years fundamentally reshaping their content strategies to futureproof their streaming operations. This has required us to adapt to align ZOO's strategy with our customers and industry partners.

The partial market recovery contributed to a 22% revenue increase to 49.6 million in FY25, and adjusted EBITDA returned to profitability. Our performance was driven primarily by media localisation in H1 as dubbing work rebounded from its standstill during the strikes, to clear a backlog of orders. As the year progressed and our customers' revised content strategies took effect, we saw an increased level of licensing of third-party content, which typically requires less dubbing but a greater proportion of media services work. While the pre-tax loss narrowed considerably year-on-year, the priority for FY26 is achieving profitability and cash generation.

Given the ongoing industry uncertainty, during the year the Board proactively reduced our cost base to rightsize the business. In FY25, 8.4 million of annual fixed cost cash savings were delivered, (including 1.6 million of capitalised R&D costs), and further actions taken already in FY26 that the Board expects will deliver at least a further 2.5 million of annual fixed cost savings. These have not been easy decisions; however, they are important in the context of positioning ZOO's operations to be profitable even from a lower revenue base should our markets prove to be challenging. Ultimately, this will secure the sustainability of the business and allow us to look to the future with confidence. In addition, we accelerated plans to move a range of services to the Company's facilities in India. This reduced operating expenditure as a percentage of revenue to 49.4% from 61.2% in the prior year, an initiative that is still ongoing, highlighting our leaner cost base as we rebuild our revenues.

ZOO is an integral partner to streaming services, helping to prepare and distribute content for international audiences. It is therefore significant that the recent industry disruption is very much a symptom of the structural shift towards streaming. Although the journey to this point has been difficult for the wider ecosystem, we believe that companies such as Netflix, Disney, Warner Bros. Discovery and Paramount have now reached a point where their streaming businesses are profitable and sustainable. We are now seeing this overlaid with new content formats and

monetisation models that will support the growth of the industry in the years ahead.

These evolving content formats play to our strengths and bring new opportunities. In particular, ZOO has pioneered *Fast Track*, a fulfilment service capable of localising live and near-live programmes such as sports content and topical shows in multiple languages, condensing a process that for certain traditional vendors would typically take weeks, to a matter of days or even hours. This is only possible because of the technical skills of our team, our investment in local hubs in key markets and our tech-enabled end-to-end offering. During the year, ZOO was named Preferred Fulfilment Vendor for Amazon Prime Video, and we have successfully prepared several programmes for global distribution on the platform. In recognition of our service quality - including a 100% on-time delivery rate - ZOO was also named Netflix Preferred Fulfilment Partner of the Year for the Americas.

Fast Track is just the latest example of ZOO innovating to stay ahead of our peers. In September 2024, we published our first whitepaper on the role of Artificial Intelligence in media localisation, outlining the opportunities and limitations of AI in our market. We are trusted by global media companies to localise premium film and TV content where accuracy and authenticity are essential. This informs our hybrid approach, which is now embedded in the business, maintaining the importance of a human-in-the-loop while embracing AI to improve productivity and shortening time-to-market for new content. We now regularly use AI to assist in the fulfilment of some services and will continue to implement further solutions where it can provide benefits.

Similarly, we continue to align our operational footprint with the needs of our customers. In FY25, we established our latest global hub with the launch of dubbing studios in Italy to meet the evolving needs of major studios and streaming platforms across Europe. By adopting a 'follow-the-sun' model across global time zones, we can provide a truly end-to-end service and deliver on a timely basis the type of complex projects increasingly important to our customers.

In challenging circumstances, our teams have demonstrated professionalism and commitment to deliver outstanding work for our customers, which is reflected in our 98.4% retained sales figure. I would like to extend my gratitude to all ZOO colleagues for their dedication despite the uncertain market conditions. On behalf of the Board, I would also like to thank Phillip Blundell for his contribution to ZOO over the last seven years. Phill informed us of his decision to resign to pursue other opportunities which was announced in January 2025. We welcome Rob Pursell as Chief Financial Officer who joined us on 11th August and look forward to working closely with him in the years ahead.

I am proud of the leading position ZOO has established in the structural growth market of streaming. The measures we have taken to improve operational efficiency have made us a leaner, more agile business while retaining the advantages of our end-to-end, flexible model. Crucially, this should position the business to deliver profits and cash generation should market conditions remain challenging. We remain confident that ZOO is well positioned to capture the evolving market opportunity.

**Gillian Wilmot, CBE**  
Chairman

## **STRATEGIC REPORT**

### **Introduction**

The Media and Entertainment (M&E) industry began to recover during FY25 following strategic realignments by several large studios and streaming platforms as well as the double Hollywood strikes of 2023. Against this backdrop, ZOO grew revenue for the period by 22% to 49.6 million and the business returned to adjusted EBITDA\* profitability. Compared with an adjusted EBITDA loss of 13.6 million in the prior year, FY25 adjusted EBITDA was 1.1 million.

While the first half of ZOO's FY25 benefited from an initial increase in orders as a backlog of projects resumed following the strikes, business in the second half settled at a lower level as the impact of changes to customer content strategies took effect. To adapt to this evolving industry landscape, the Board took the decision to realign the business by implementing cost reductions and accelerating its plans to move fulfilment of a range of services to its facilities in India. The result has been not only a significantly reduced cost base but also a more efficient organisation that should position the business to generate enhanced margins as revenues recover. Through this period of significant disruption and change, gross margin has recovered to 36.4%, close to the 37.6% achieved prior to the industry disruption in FY23, when annual revenues exceeded 90 million. This restructuring has laid the foundations for further margin improvement in FY26.

As the industry recovery continues, and with further cost savings implemented, the Company is well positioned to be profitable and cash generative. This is a strategic priority for the Board in FY26.

*\* Earnings before interest, taxes, depreciation, amortisation and share based payments.*

## **Market Overview**

### *Content strategies adapt to the streaming era*

The structural shift from broadcast and cable to streaming has brought about profound changes across the global M&E ecosystem akin to those that occurred in the music industry in the mid 2000s. According to Nielsen's monthly report, *The Gauge*, May 2025 marked the inflection point where streaming's share of total television usage in the US outpaced the combined share of broadcast and cable for the first time with 44.8% share versus 44.2%. A February 2025 report from Kantar Media revealed that the number of adults who primarily watch traditional linear TV channels has dropped from 12% in 2021 to just 7% in 2025.

This shift in consumption has had a profound impact on the M&E industry, requiring large media companies to change their economic models and causing a period of disruption. These organisations have reassessed their content procurement strategies to attract and retain viewers of direct-to-consumer streaming platforms. The strategic shifts of ZOO's largest customers are now delivering the intended results, as most global streaming platforms became profitable, or at least close to break even, during the period under review.

However, this evolution has brought about changes in the demand for the services provided by ZOO and its peers. The global film and TV production industry began 2025 with a notable downturn, marked by a 10% decline in overall production activity compared to previous periods, which has had an impact on ZOO's second half results. This decrease reflects a combination of economic caution and strategic adjustments in commissioning by major studios and streaming platforms. The decline in global production activity is attributed to several factors, including seasonal production delays, commissioning gaps, and more conservative content spending by major players

### *New formats and monetisation models drive market growth*

From a wider perspective, the large new revenue pools in advertising, streaming and emerging markets are growth drivers for the industry. According to PwC's latest Global Entertainment and Media Outlook 2024-28, these factors will contribute to M&E industry growth of 4% compound annual growth rate, (CAGR) through 2028. 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. ZOO's services are applicable to all forms of streaming irrespective of whether content is monetised via subscriptions or advertising, and therefore this suggests growth in the Company's addressable market.

While commissions of new content remain at lower levels than in earlier periods, this has been partly offset by greater licensing activity between content owners and streamers which has provided platforms with a source of new programming. This has caused a change in the mix of services commissioned by ZOO's customers - when titles are licensed, the streaming service is less likely to commission dubbing, and media services account for a higher proportion of order value.

Another key development has been the gradual shift to streaming of live and near-live events that used to be shown solely on broadcast. In 2021, Amazon secured exclusive broadcasting rights for *Thursday Night Football*, with Prime Video becoming the first streaming service to carry a package of NFL games exclusively. Since 2024 Netflix has paid the NFL for the rights to stream Christmas day games, while Apple signed a 10-year deal with Major League Soccer. In November 2024, Netflix live-streamed a boxing match in what became the most streamed sporting event in history. Such deals enable licensees to generate revenue from streaming live events through advertising in addition to subscription fees.

Leading streaming platforms are also beginning to deliver other content types, including awards ceremonies, stand-up comedy, chat shows and TV game shows. In due course, other genres such as weekly soap operas and other daytime TV programming can be expected to transition also. For content that has international appeal, this requires media localisation in multiple languages on turnaround times that are unprecedented in the industry. ZOO believes it has built a leading market position with its *Fast Track* fulfilment service already successfully completing fast turnaround assignments for one major global streaming service and engagement underway with several others.

In June 2025, Netflix announced a landmark deal to show linear TV for the first time with French TV network TF1. TF1 will use Netflix's platform to stream a wide range of shows, as well as major live sports in its home country. All five linear channels of France's largest commercial broadcaster will be viewable on Netflix, as well as more than 30,000 hours of TV shows available on demand. This was quickly followed in July 2025 by an announcement from Amazon Prime Video and France Télévisions that the france.tv offering will be distributed on Prime Video in France. These are

further indications of traditional broadcast content in transition to streaming which should lead to growth in ZOO's addressable market.

#### *Regulatory drivers and political environment*

The European Accessibility Act 2025 mandates that audiovisual media services, including streaming platforms, must ensure that new content published after 28 June 2025 is accessible to people with disabilities. The Act, which will harmonise accessibility standards across EU member states, requires streaming platforms to provide closed captions, subtitles and audio descriptions that synchronise with their content. This will lead to an increase in demand for such services across a greater number of countries and languages than before.

In May 2025, the US government announced an intention to impose 100% tariffs on any film "produced in foreign lands" due to the decline in on-location filming in Hollywood. In recent decades, American films and TV series have benefited from generous tax incentives for shooting in Europe, Canada or Australia, making Hollywood locations comparatively expensive, and benefiting the economies of those countries. There is currently still no clarity on the Hollywood tariff plans, however, most industry participants and market commentators are of the view that financial incentives provide a better way for Hollywood to compete with other locations, both in the US and overseas. The Governor of California, Gavin Newsom, has since signed a budget bill to more than double the amount the state gives to productions per year, from 330 million to 750 million and plans a further bill that will make the incentive even more lucrative. The Board does not anticipate that changes in relation to tariffs or incentives will have any material impact on the Company's addressable market.

#### *Media localisation market size*

Considering the technological advances applicable to the language industry, the 2025 Language Industry Market Report from Slatior, a leading provider of research and market intelligence for translation, localisation, interpreting, and language AI, now distinguishes between Language Solutions Integrators and Language Technology Platforms. Its estimate of the global market in 2025 is 31.7 billion of which 87% is attributed to the former, with the media sector valued at 5.0 billion.

Slatior's analysis further subdivides the media localisation sector into five distinct verticals of which those currently applicable to ZOO are *Film and Streaming* ( 1.7 billion), *Broadcast* ( 1.4 billion) and *Digital Media* ( 0.4 billion). The Board estimates that large content producers and streamers, which the Company targets, account for approaching half of this spend. Assuming industry spend on media services (as distinct from localisation) is in the same proportion as ZOO's revenues, this would suggest a total addressable market for the Company of 1.5 billion to 2.0 billion.

#### *ZOO is well positioned to capture recovering demand*

Despite ongoing changes in the M&E industry, I believe ZOO remains well-placed to capitalise as demand recovers, and the Company's tech-enabled approach, including its proactive adoption of AI technologies, provides a point of differentiation from most other media specialists that should yield efficiency and accuracy benefits. The drive to shorten project turnaround times for live and near-live content means ZOO is well placed and has a strong position from which to capitalise on the expected growth in the market.

In addition, I believe ZOO's end-to-end service offering and presence in key international locations is increasingly important for buyers who favour partnering with vendors that can provide a combined multilingual localisation and media services offering. This remains important as global trends to distribute and make content accessible internationally continue to create new opportunities.

### **Strategy**

The Company's strategy is built upon five pillars:

#### *Innovation*

ZOO's history of innovating and adapting to changing markets positions it well to navigate the continuing challenges and evolving nature of the industry. As a technology-first business, ZOO is receptive to developments that could benefit its customers, the most notable area at present being Artificial Intelligence (AI). The Company's AI-ready infrastructure enables evaluation and adoption of third-party services quickly and efficiently, seamlessly integrated with its established workflows. Further details on ZOO's AI adoption are set out in the section "Artificial Intelligence" below.

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. I believe 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 with in-built security. 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 ZOOsubs, ZOOdubs and ZOOscripts production platforms. ZOO continues to be proactive in implementing further measures throughout its systems to safeguard customer content assets.

#### *Scalability*

ZOO's proprietary cloud software platforms provide the foundation for its scalability, on which is built a variable-cost model for fulfilment of creative services through the engagement of freelance talent. The combination of the Company's implementation of AI and other forms of automation, together with the operational efficiencies delivered in FY25 and continuing in FY26, provide a leaner operating model to enable enhanced margins as revenues recover.

The Company employs a 'follow-the-sun' approach that provides a cost-effective way to deliver 24/7 services by allowing projects to continue to progress across time zones between ZOO's primary locations in USA, UK, India and Korea. This is critical to support fast turn-around of localisation and media services. Traditionally, the time to complete subtitling projects is measured in days or weeks, while dubbing is measured in weeks or months. Global release of a title depends on the availability of localised assets, and consequently customers are seeking accelerated processing at reasonable prices to get products to market more quickly. This is particularly true of time-sensitive content that, on broadcast channels, would be delivered live or near-live. ZOO's 'follow-the-sun' model provides the Company with scalability to accelerate service fulfilment and produce subtitles in a few hours and dubbed soundtracks within 24-hours.

#### *Collaboration*

In August 2024, ZOO Academy signed its 50<sup>th</sup> academic partner, a significant milestone in its journey to revolutionise audiovisual translation education. ZOO's community of localisation teaching establishments now spans 25 countries. ZOO Academy supplies 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.

#### *Customer Focus*

The quality of ZOO's services is monitored by several of its major customers, and during the period achieved exceptionally high KPI scores as measured by its largest client. This is underlined by an accolade received in October 2024 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 10.00.

#### *Talent*

ZOO has built a talent pool of employed staff across its international facilities together with a freelance community numbering over 12,000. Due to the disruption across the industry, like most of its peers, it was necessary for ZOO to reduce its workforce during the period. While the Company is committed to its follow-the-sun strategy and will therefore continue to operate teams in entertainment centres in Los Angeles and London, its facility in Chennai, which opened in the prior year, provides the opportunity to expand certain service lines as demand requires, resulting in lower operating costs and enhanced margins. The Chennai facility will become a major operational centre for the Group as the business grows.

### **Review of Operations**

The Group manages on an internal basis the following KPIs which assist in measuring progress against its strategy.

KPI	FY25	FY24	Comments
<b><i>Financial</i></b>			
Revenue	49.6 million	40.6 million	Increased 22% due to the start of an industry recovery that followed the disruption of the prior year period.
Adjusted EBITDA margin	2.2%	(33.4)%	FY25 margin is after restructuring costs of 0.8 million, the improvement due to the early industry recovery combined with the cost reduction measures that were taken during the period.
OPEX as % of revenue	49.4%	61.2%	
Operating (loss) margin	(13.1)%	(47.1)%	The improvement in the operating margin is due to the recovery in sales coupled with a reduced

			cost base.
<b>Operational</b>			
Number of freelancers	12,238	11,952	Used as a proxy for potential production capacity and as such is not an important KPI.
Retained sales	98.4%	92.3%	Recovered closer to historically typical levels compared to the prior year when many customers had no new titles to publish because of the strikes.
Employee engagement	65%	78%	Given the high level of further redundancies in the period it is no surprise that the score has fallen further, and it is a priority in FY26 to rebuild engagement as the industry and business recover. Further details are provided in the S172 statement. The data is compiled by a staff survey which is carried out every 12 months.

ZOO's media localisation segment grew 11% in the period to 30.3 million. Within this segment, dubbing was up by over 50% due to a low comparator in the prior period which was the consequence of Hollywood strikes. This led to a catch-up in the first half that subsided in the second half. This is partly due to an increased level of licensing of third-party content by streamers for which dubbing demand is lower, which gave rise to a half-on-half decline in overall revenue. During the period the Company has seen growing demand for fast turnaround media localisation and is now regularly assigned work to deliver captions and subtitles within a few hours.

Media services were up 54% to 18.3 million, and within this segment artwork doubled and metadata creation increased 65%. This growth is again attributed to a shift in the mix of content that ZOO has processed in the period towards a greater proportion of licensed programmes which tends to result in demand that is weighted towards media services rather than localisation.

During the period the Company has diversified its customer base by strengthening its relationships with certain non-traditional studios. In February 2025, ZOO was named a Preferred Fulfilment Vendor (PFV) for Amazon Prime Video, marking another milestone in the Company's ongoing commitment to providing cutting-edge localisation and digital media services. This new certification places ZOO among a select group of vendors trusted to help production companies prepare and distribute content for one of the world's leading streaming platforms.

While the higher proportion of orders for licensed content has led to improved margins during the period under review, the planning of such large, non-repeating projects tends to be more challenging, both for ZOO and its customers, which has a detrimental effect on revenue visibility. 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. For example, multiple large licensing deals that were assigned to ZOO and expected early in the final quarter of FY25 were delayed until after the end of the period and have since been processed during the first quarter of FY26.

The Board has continued its programme of cost reductions throughout FY25, having implemented 8.4 million of annual fixed cost cash savings in the year. This programme, which is ongoing, should position the Company to deliver profits and generate cash even at lower levels of revenue.

### Climate-related Financial Disclosures

This section sets out ZOO's climate related financial disclosures as required by The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and the Task Force on Climate-related Financial Disclosures, (TCFD). This requirement is not yet in scope however we want to start the process to provide the recommended disclosures.

Our work in this area is overseen by the ESG management committee with regular updates to the Board. We are still working towards further integration of our climate change risks into the overall risk management processes.

Given the disruption to the business over the last twelve months which is detailed in the Strategic Report, progress has been slow, however, over the coming year we will improve our disclosures to meet best practice. Our progress to date is summarised below.

TCFD recommended disclosures	Disclosure	Summary of progress
<b>Governance</b> Disclose the organisation's governance around climate-related issues and opportunities.	1. Board oversight of climate related risks and opportunities. 2. Management's role in assessing and managing climate risks and opportunities.	The Board receives monthly an update on all ESG matters from the CFO who leads the ESG committee. This provides updates on our environmental initiatives and risk register which includes an environmental section.
<b>Strategy</b>	3. Climate-related risks and	The Board and senior management have

Actual and potential impacts of climate risks and opportunities on the business.	<p>opportunities.</p> <p>4. Impact on the business and financial planning.</p> <p>5. Resilience of the organisation strategy.</p>	reviewed the environment risks associated with the business in the last 12 months and have concluded that the multi-site strategy coupled with cloud-based working makes the risk low. In the coming year the Board has requested a scenario analysis to be conducted.
<p><b>Risk Management</b></p> <p>How the organisation identifies, assesses and manages climate related risks.</p>	<p>6. Risk identification.</p> <p>7. Risk management process.</p> <p>8. Integration into overall risk management.</p>	<p>The ESG committee, which comprises managers from all departments and locations, meets monthly to assess key risks and progress on initiatives. This is chaired by the CFO who reports back to the Board monthly.</p> <p>Any new risk is identified, an action plan for mitigation completed and costed by finance. Where considered a high risk the mitigation plan is implemented. An example in the year was that all sites were fitted with Uninterruptible Power Supplies to prevent loss of data if external power supplies failed.</p>
<p><b>Metric and Targets</b></p> <p>The metrics and targets to assess and manage relevant climate related risks and opportunities.</p>	<p>9. Disclose scope 1 and scope 2 greenhouse gas emissions.</p> <p>10. Metrics used to assess climate-related risks.</p> <p>11. Describe the targets used to improve or mitigate climate-related risks and opportunities.</p>	Other than calculating the SECR metrics for gas emissions the organisation is not yet ready to set targets or measure performance.

## Artificial Intelligence

The application of Artificial Intelligence software to the creative industries, including the media localisation market, continues to develop at pace, together with the legal and ethical considerations that surround its use. In October 2024, the Company published a white paper titled "*Will Robots Take Over the World of Localisation?*" to provide further detail on the application of AI in ZOO's industry. Due to the rapid pace of change, ZOO will publish an updated edition in FY26.

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 white 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.

ZOO's proprietary cloud-based platforms are 'AI-ready', meaning that the Company can quickly evaluate and deploy emerging third-party technologies that once proven can subsequently be fully integrated within its proven workflows. This enables hybrid solutions that can combine the benefits of best-in-class AI technologies with those of ZOO's existing platforms and human-based practices.

During the period, major media companies began to exercise tight controls on the use by vendors of AI systems due to concerns about copyright and quality. It is vital to understand the provenance of training data used by such systems to be sure that there is no infringement risk with the outputs generated.

There are multiple third parties active in the development of media localisation technologies, particularly those that fall into the category of 'AI dubbing'. In many cases these are developed by pure play technology companies, and for the premium entertainment market that ZOO serves, we believe the participation of experienced practitioners is essential to deliver the required levels of quality and authenticity. ZOO is monitoring these developments closely to identify best-in-class solutions that may deliver value in its market, including in collaboration with some of its customers. For example, on behalf of a major customer, the Company has recently completed trials to apply Machine Translation technology for subtitling of certain content and is now approved by this customer for such use which should lead to shortened delivery times and margin enhancement.

The Slator 2025 Language Industry Market Report provides an indication of "Language AI Adoption Readiness" in each vertical market and identifies that the *Creators* segment (which includes social media influencers, podcasters and video-first micro-brands) has been most receptive, with adoption stated as "very high". This is due in part to price sensitivity and the lower perceived necessity for quality and authenticity. In contrast, *Film and Streaming*, which is ZOO's primary segment, is stated as being at a "medium-low" adoption readiness due to "premium content buyers; quality-sensitive and union-aware; cautiously experimenting with AI for scale and cost-efficiency", which accords with ZOO's experience.



AI systems are evolving at a rapid pace, and, given its successful history of innovation and industry relationships, ZOO operates a proactive programme to identify opportunities and adopt emerging technologies that can deliver efficiencies without compromise of quality or authenticity. To achieve this, the Board believes that in its market, AI will play an increasing role, but a human-in-the-loop will for the foreseeable future remain essential for most applications.

### **Current Trading and Outlook**

The current reduced industry demand for dubbing is reflected in ZOO's trading in the first quarter of FY26 for which total revenue reduced by around 18% on the same period in FY25. In contrast, other lines of business are in recovery: quarterly revenues excluding dubbing grew strongly for the periods FY25Q3, FY25Q4 and FY26Q1. With the inclusion of dubbing, total revenues were flat across each of these three quarters. After restructuring costs, the Group was adjusted EBITDA\* positive in FY26Q1 and cash neutral over the quarter.

The pipeline of orders in FY26 has so far continued the trend towards licensed titles, resulting in relatively subdued demand for lower margin dubbing and a greater demand for higher margin media services. This has led to improved gross margins from revenues at a similar level to the second half of FY25. The Board expects this trend to continue, at least into the second quarter.

The Board believes demand for its *Fast Track* fulfilment service will grow over the coming years as more content that warrants accelerated localisation becomes available on streaming platforms. In June 2025, ZOO successfully completed the first 24-hour turnaround dubbing assignments for a major streaming service in multiple languages across eight weekly episodes of a new TV show, an achievement that the Board believes is unprecedented in the industry. The Company is now in discussions with several customers regarding this service and expects further projects in Q2.

The Company's cost saving programme has continued into FY26 with the Board having already implemented actions that it expects will deliver at least a further 2.5 million of annual fixed cost cash savings, over and above the 8.4 million annual fixed cost cash savings from FY25. A strategic priority of the Board is to continue to improve operational efficiency in FY26, which should position the business to deliver profits and positive cash generation even if market conditions remain challenging.

The Group's priority in FY26 is to ensure operating profit and cash generation are restored. The combination of the implementation of AI and other forms of automation, together with the operational efficiencies delivered in FY25 and continuing in FY26, provide a leaner operating model to enable enhanced margins as revenues recover.

*\* Adjusted EBITDA is EBITDA adjusted for share-based payment expenses in the year.*

### **Stuart Green**

Chief Executive Officer

## **FINANCIAL REVIEW**

### **Introduction**

FY25 was another challenging period for both ZOO and its wider industry, as the expected recovery in entertainment budgets was delayed. The uncertainty of spend on media localisation had a knock-on effect on ZOO's ability in forecasting revenues and resources. ZOO's financial performance improved significantly from the previous year with revenues up 22%, and an adjusted EBITDA profit of 1.1 million compared to a significant loss in FY24. As a result of revenues being below our original expectations, the need to make significant cuts in operating expenses and the write-off of the investment in Vista India DM Inc, ZOO recorded a loss before taxation of 8.3 million, a 59% improvement on the previous year's loss, and a cash outflow of 2.6 million. The significant cut in operating expenses has reduced the Group's break-even monthly revenue point which, coupled with the year-end net cash position of 2.7 million, leaves the business in a strong position to grow profitably in FY26.

The revenue growth in the year was encouraging and translated into an improving operating loss of 6.5 million (FY24: loss of 19.1 million), contributed to Net Assets falling to 19.8 million (FY24: 27.7 million) and a net cash balance on 31 March 2025 of 2.7 million (FY24: 5.3 million).

### **Revenue**

In the financial year ended 31 March 2025, total revenues increased 22% to 49.6 million (FY24: 40.6 million). This reflects a gradual recovery in the market after the disruption in the prior year including Hollywood strikes. ZOO's

reflects a gradual recovery in the market after the disruption in the prior year including Hollywood strikes. 2025 customers have cautiously increased their budgets compared to FY24 and this is reflected in the orders placed with ZOO. The encouraging aspect has been new engagements with customers which has potential to diversify revenue in FY26.

Most of the Group's operations are in the United States, where revenues were up 1% at 31.5 million. The balance of work was performed in Europe and Asia which grew by 91% to 18.1 million, driven by a 53% increase in European dubbing projects.

Customer concentration increased during the period with the revenue contribution from the Company's two largest clients rising to 68% of sales (FY24: 58%). This was primarily a consequence of an improvement in orders from the largest US customer post the strikes. In FY26 this is expected to drop due to recent customer wins with non-traditional studios.

The Group reports two revenue segments: media production and software solutions. The media production segment is split into localisation and media services to provide investors with greater transparency.

Media localisation revenues increased by 11% in the year to 30.3 million (FY24: 27.2 million), as a direct result of the return of dubbing projects after the strikes.

Media services revenues increased by 54% to 18.3 million (FY24: 11.9 million) again because of the industry rebound from the strikes resulting in more new content releases.

Software solutions revenue, the legacy segment that has been a reducing proportion of the business, decreased by 30% in the year to 1.0 million, as customers retired old marketing platforms. Inter-company licences paid by Group companies for the use of the software unit's IP are expected to grow as our media localisation business continues to recover. This means the software solutions cash generating unit is expected to improve its profitability over time resulting in no impairment in the allocated goodwill to that unit.

### **Segment contribution**

The Group reports gross profit after deducting both external and internal variable costs to reflect that most of its revenues are derived from the provision of services to our customers. To add clarity to the financial statements, a table is included of performance by the Group's two key operating segments. This shows that overall gross profit grew by 230% to 18.0 million (FY24: 5.5 million). This represents a gross profit margin of 36%, up from 13% in FY24, driven by the increase in revenue, favourable revenue mix and cost savings.

Media localisation contribution increased in the year from 6.2 million to 9.2 million, an increase of 48% driven by the revenue growth in both subtitling and dubbing and lower production costs.

Media services contribution expanded to 12.4 million, up 188% on last year. This is again due to the revenue increase and the lower staff costs following the cost saving programme. The margins achieved in the year are more in line with the Group's best year in FY23 when overall gross margins were 37% and is a signal of the potential for further improvements going forward.

Software solution segment contribution fell nine points to 70% in the year because of the drop in revenues.

### **Administrative expenses**

Operational fixed costs, which are defined as operating expenses less share-based payments, depreciation and amortisation, decreased by 12% in the year due to a significant reduction in headcount. Overall, operating expenses only decreased by 1% to 24.5 million, due to the 1.8 million reversal of the accrual for share-based payments in FY24, depreciation costs rising by 4% and amortisation costs rising by 5%, both due to higher expenditure in FY23 and FY24.

### **Non-operating income and costs and loss for the year**

Share of (loss)/profit of associates and JVs worsened from a loss of 0.9 million in FY24 to a loss of 1.5 million due to the higher impairment this year of the investment in Vista India DM Inc.

Finance costs were down slightly in the year at 0.4 million (FY24: 0.5 million) because of lower interest payments on property leases.

As a result of the increase in revenues and a major improvement in gross profit, the Company reported an operating loss of 6.5 million compared to a loss of 19.1 million in FY24.

Loss before tax was 8.3 million compared to a loss of 20.5 million last year for the reasons highlighted above.

In the year the Group received an R&D tax credit of 0.2 million and a refund of US tax from the previous year which resulted in a tax credit of 0.4 million. In the prior year, given the recent performance of the US subsidiary, a deferred tax asset was written off resulting in a tax charge of 1.5 million.

### **Liquidity and debt facilities**

Since 2022 the Company has had an invoice discounting facility from HSBC in the US which can be used for customer invoices raised from our US subsidiary. This provides up to 3 million of debt and its next annual renewal is in July 2026.

More recently HSBC in the UK has provided a further invoice discounting facility which can be used for invoices raised from our UK subsidiary, providing up to £2 million of debt. This was arranged in October 2024, and its first annual renewal is in October 2025.

The Company also has an overdraft facility with HSBC UK for £0.25 million which has been in place since 2018.

The invoice discounting facilities were used selectively during the year as part of management of working capital. No amount was drawn on the invoice discounting facilities on 31 March 2025.

### **Statement of financial position**

Non-current assets decreased by 21% in the period. The decrease is due to the depreciation of PPE being significantly higher than the value of new assets acquired in the year and the write-off of the investment in Vista India DM Inc.

The capitalisation of research and development costs decreased by 44% to 1.5 million as we completed key product developments and rightsized the R&D team. The amortisation charge increased by 4% to 2.4 million.

Trade and other receivables increased by 12% to 12.9 million (FY24: 11.5 million) reflecting the stronger sales performance in the second half of the year. Contract assets, which represent work in progress and sales accruals on customer projects, decreased by 13% to 2.2 million due to quicker invoicing of completed projects.

Current liabilities increased by 7% to 18.3 million as trade creditor days slipped out slightly.

Cash and cash equivalents of 2.7 million at year end (FY24: 5.3 million) were down 49% due to the adjusted EBITDA being offset by investment in intangible assets and the repayment of principal under lease liabilities. During FY25 there was a strong focus on cash management and working capital together with active management of trade creditors.

Non-current liabilities decreased in the year by 26% due to the reduction in the "right to use" liability on our property lease in Los Angeles having one less year to run.

### **Consolidated statement of cash flows**

Net cash generated from operating activities was an inflow of 1.1 million, up from an outflow of 12.1 million in FY24. The increase of 13.2 million is attributable to a lower loss for the year and a neutral working capital position. The inflow from operating activities was offset by a 2.2 million spend on investing activities, which was a decrease of 4.9 million on FY24. The decrease was due to the reduction in R&D spend and no further investments in international assets. The outflow from financing was predominately due to the repayment of principal under lease liabilities relating to a leasehold property in the USA. Overall, the cash balance dropped from 5.3 million to 2.7 million. The business also had a strong focus on cash management and working capital together with active management of trade creditors during the year and ended FY25 with gross cash of 2.7 million (FY24: 5.3 million) with no amount drawn on the invoice financing facilities.

### **Post balance sheet events and going concern**

Going forward, the Company remains confident that it has sufficient headroom to trade for the foreseeable future, as the renewal of the US 3 million invoice discounting facility from HSBC to July 2026, together with a separate European facility of £2 million, gives us the required working capital headroom. In addition, the improving trading position, reduction in monthly costs, forecast profitability and cashflows from operations gives us additional confidence in the future. The budget for FY26 and FY27 has been stress tested by our financial modelling which demonstrates our ability to reduce the trade creditors balance to more normal levels. For these reasons, we continue to adopt the going concern basis in preparing the financial statements.

### **Principal risks and uncertainties**

Company law requires the Group to report on principal risks and uncertainties facing the business, which the Directors believe to be as follows:

#### *International business*

While the Group is domiciled in the UK, its main country of operations is the US and over 69% of ZOO's revenues come from overseas clients. As with most small international businesses cash flow and exchange rate fluctuations management present risks. The Group continues to focus on conservative cash management and closely monitors currency transactions.

#### *Political uncertainty*

The political climates in the UK and US are currently challenging due to the global economic environment. Although the terrible situations in Ukraine and the Middle East continue to have a major effect on the world economy, the current impact on ZOO is negligible. The Directors monitor emerging news and trends and remain alert to any potential impact on the trading of the Group. Specifically, the threats of tariffs on media assets are not expected to dim the international appeal of film and TV programmes and therefore the need to localise content.

#### *Technology conservation*

The Group continues with a patent protection policy, with 14 patents granted, having allowed some legacy patents which are no longer beneficial to lapse. These active patents are integral to the business in the protection of our unique technologies.

#### *Operational risks*

The main operational risk is managing any unexpected peaks or troughs in production orders and ensuring that the appropriate levels of resource are available to provide the quality of services expected by our clients. This risk is managed by having a core of highly skilled permanent staff along with a pool of temporary staff that can be brought in at short notice to help at times of high volume. In the current year we have supplemented these resources by engaging international businesses to operate within our technology platform, giving us further variable cost capacity. The use of technology helps mitigate this risk by streamlining processes as much as possible and enabling efficient access to a large, global and scalable pool of independent contractors. The Company is actively implementing artificial intelligence where appropriate to help with reducing costs and managing capacity.

#### *Cyber Risks*

Like most digital businesses, the Group faces cyber risks in four key areas: **Intellectual Property Theft** refers to unauthorised access and use of the Group's own software and data that could undermine its competitive position; **Data Breaches** refers to exposure of sensitive data, such as client information and unreleased media which could result in disclosure of confidential information, leading to reputational and financial damage; **Ransomware Attacks**, caused by malicious software that could prevent us from accessing our IT systems and the data stored on them, could disrupt our operations and delay project completions; and **Social Engineering**, which refers to manipulating people so they give up confidential information (e.g. the fraudulent practice of Phishing where messages are sent purporting to be from reputable people and companies in order to induce individuals to reveal personal information such as passwords), could compromise our systems and data security. Although we assess our risk level as medium/low compared to more prominent industry players, the potential impact of these risks remains high. To mitigate these threats, we have implemented industry-standard security tools, managed by reliable third parties. ZOO's proprietary cloud-based software has been designed from the outset with high levels of security in mind and incorporates a range of measures to protect confidential data throughout end-to-end workflows, incorporating features that include encryption, multi-factor authorisation and watermarking. In June 2024 the Company completed a third-party Trusted Partner Network (TPN) security audit, which involved a thorough evaluation of ZOO's security protocols, infrastructure, and practices, earning a Gold Shield for the ZOOsubs, ZOOdubs and ZOOscripts platforms. TPN is the leading, global, industry-wide film and television content security initiative. Designed to assist companies in preventing leaks, breaches, and hacks of movies and television shows prior to their intended release, TPN seeks to raise security awareness, preparedness, and capabilities within the industry. TPN is owned and managed by the Motion Picture Association. Cyber security is a key focus of management and our IT team, and we ensure all staff are continuously trained to maintain a security-first approach.

#### *Artificial Intelligence*

Third party software products and services have emerged that make use of Artificial Intelligence, which refers to the ability of a machine-based system to apply analysis and logic-based techniques to solve problems, perform tasks and improve as more data is analysed. This includes applications in which the Company provides services, including the creation of closed captions, inter-lingual subtitles, audio description and dubbing. Such technologies have the potential to displace the services currently offered by the Company. The Directors monitor emerging technologies, evaluate third party products where applicable and remain alert to any commercial implications they may have. The Group's internal Research and Development department has actively developed and enhanced such technologies over several years with some already incorporated into the Company's cloud platforms. As an innovator in its sector the Directors believe that the Group is well positioned to assess where AI technologies are applicable in its business and to capitalise on these, thereby mitigating any apparent threat.

#### *Loss of the Group's key clients*

Client relationships are crucial to the Group and the strength of them is key to its continued success. The Group mitigates this risk by a diverse number of contacts working closely with the largest clients across different business units and seeking to secure long term contractual agreements for supply of technology and services. The Group

focuses on providing high quality services to all clients to ensure an attractive and differentiated offering thereby reducing the likelihood of client loss.

#### *Corporate activity within key clients*

Merger and acquisitions within key clients represent a risk as they can disrupt sales. This risk is mitigated by ensuring an awareness of news in the market and focussing on diversifying the client base.

#### *Financial risks*

The main financial risks faced by the Group are in relation to foreign currency and liquidity. The Directors regularly review and agree policies for managing these risks.

The functional currency and presentation currency of the Company are US dollars as most of the Group's transactions are undertaken in US dollars, however, the Consolidated Statement of Financial Position can be affected by movements between pound sterling and the US dollar as the parent company and UK subsidiaries have some pound sterling debtors and creditors. Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure. Further information on the financial risks is given in note 28 to the accounts.

The Group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The Group regularly monitors cash flows and cash resources and can draw down funds from financing facilities in the UK and the US.

#### **By order of the Board**

Approved by:

**Phillip Blundell**

**Director and Secretary**

**11 August 2025**

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**for the year ended 31 March 2025**

	Note	2025 000	2024 000
<b>Revenue</b>		<b>49,570</b>	40,629
Cost of sales		(31,549)	(35,172)
<b>Gross Profit</b>		<b>18,021</b>	5,457
Other income		-	256
Administrative expenses		(24,499)	(24,831)
<b>Operating loss</b>		<b>(6,478)</b>	(19,118)
<b>Analysed as:</b>			
EBITDA before share based payments		1,109	(13,578)
Share based payments		-	1,729
Depreciation and impairment		(5,197)	(4,998)
Amortisation		(2,390)	(2,271)
		(6,478)	(19,118)
<b>Share of loss of associates and JVs</b>		<b>(48)</b>	(869)
<b>Impairment loss on associate</b>		<b>(1,457)</b>	-
Finance income		43	206
Exchange gain/(loss) on borrowings		20	(100)
Finance cost		(422)	(566)
<b>Total finance costs</b>		<b>(359)</b>	(460)

<b>Loss before taxation</b>	<b>(8,342)</b>	<b>(20,447)</b>
Tax credit/(charge) on loss	<b>362</b>	<b>(1,480)</b>
<b>(Loss) for the year</b>	<b>(7,980)</b>	<b>(21,927)</b>
<b>Other comprehensive income</b>		
Currency translation gain/(loss)	<b>14</b>	<b>(153)</b>
<b>Total comprehensive loss for the year</b>	<b>(7,966)</b>	<b>(22,080)</b>

Loss for the year and total comprehensive loss for the year are all attributable to the owners of the Parent Company

<b>Loss per share</b>	<b>4</b>	
basic	<b>(8.10) cents</b>	<b>(22.60) cents</b>
diluted	<b>(8.10) cents</b>	<b>(22.60) cents</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2025

	Note	2025 000	2024 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		14,285	15,115
Property, plant and equipment		7,218	11,189
Investment in associated undertakings		1,591	3,097
Deferred income tax assets		321	336
		23,415	29,737
<b>Current assets</b>			
Trade and other receivables		12,883	11,485
Contract assets		2,244	2,569
Cash and cash equivalents		2,714	5,315
		17,841	19,369
<b>Total assets</b>		<b>41,256</b>	<b>49,106</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		(16,160)	(15,171)
Contract liabilities		(618)	(536)
Borrowings	7	(1,473)	(1,422)
		(18,251)	(17,129)
<b>Non-current liabilities</b>			
Borrowings	7	(3,185)	(4,326)
		(3,185)	(4,326)
<b>Total liabilities</b>		<b>(21,436)</b>	<b>(21,455)</b>
<b>Net assets</b>		<b>19,820</b>	<b>27,651</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Called up share capital	6	1,290	1,284
Share premium reserve	6	70,805	70,683
Foreign exchange translation reserve	6	(138)	(152)
Share option reserve	6	2,692	2,685
Capital redemption reserve	6	6,753	6,753
Interest in own shares	6	(63)	(63)
Other reserves	6	12,320	12,320
	6	4,326	4,326

merger reserve	0	1,520	1,520
Accumulated losses	6	(75,165)	(67,185)
<b>Attributable to equity holders</b>		<b>19,820</b>	<b>27,651</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2025

	Ordinary shares	Share premium reserve	Foreign exchange translation reserve	Share option reserve	Capital redemption reserve	Merger reserve	Other reserves	Accumulated losses	Interest in own shares	Total equity attributable to the owners of the Parent
	000	000	000	000	000	000	000	000	000	000
<b>Balance at 1 April 2023</b>	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	-	-	-	23	-	-	-	-	-	23
Share based payments	-	-	-	(1,729)	-	-	-	-	-	(1,729)
Purchase of own shares	-	-	-	-	-	-	-	-	(14)	(14)
Transactions with owners	105	14,886	-	(1,706)	-	1,326	-	-	(14)	14,597
Loss for the year	-	-	-	-	-	-	-	(21,927)	-	(21,927)
Foreign exchange loss on overseas subsidiary translation	-	-	(152)	-	-	-	-	-	-	(152)
Reclassification of historic foreign exchange reserve (note 2.4.1)	-	-	992	-	-	-	-	(992)	-	-
Total comprehensive income for the year	-	-	840	-	-	-	-	(22,919)	-	(22,079)
<b>Balance at 31 March 2024</b>	<b>1,284</b>	<b>70,683</b>	<b>(152)</b>	<b>2,685</b>	<b>6,753</b>	<b>1,326</b>	<b>12,320</b>	<b>(67,185)</b>	<b>(63)</b>	<b>27,651</b>
Issue of Share Capital	6	122	-	-	-	-	-	-	-	128
Share options exercised	-	-	-	7	-	-	-	-	-	7
Transactions with owners	6	122	-	7	-	-	-	-	-	135
Loss for the year	-	-	-	-	-	-	-	(7,980)	-	(7,980)
Foreign exchange loss on overseas subsidiary translation	-	-	14	-	-	-	-	-	-	14
Total comprehensive loss for the year	-	-	14	-	-	-	-	(7,980)	-	(7,966)
<b>Balance at 31 March 2025</b>	<b>1,290</b>	<b>70,805</b>	<b>(138)</b>	<b>2,692</b>	<b>6,753</b>	<b>1,326</b>	<b>12,320</b>	<b>(75,165)</b>	<b>(63)</b>	<b>19,820</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2025

	Note	2025 000	2024 000
<b>Cash flows from operating activities</b>			
Operating loss for the year		(6,478)	(19,118)
Depreciation and impairment		5,197	4,999
Amortisation and impairment		2,390	2,271
Share based payments		-	(1,729)
Disposal of property, plant and equipment		-	(256)
Changes in working capital:			
(Decrease)/Increase in trade and other receivables		(1,074)	7,704
Increase/(Decrease) in trade and other payables		1,073	(5,963)
<b>Cash flow from operations</b>		<b>1,108</b>	<b>(12,092)</b>
Tax received		377	152
<b>Net cash inflow/(outflow) from operating activities</b>		<b>1,485</b>	<b>(11,940)</b>
<b>Investing activities</b>			
Purchase of intangible assets		(7)	(28)
Capitalised development costs		(1,519)	(2,714)
Purchase of investments		-	(1,262)
Business combinations (net of cash acquired)		(30)	(1,157)
Purchase of property, plant and equipment		(731)	(2,180)
Sale of property, plant and equipment		-	(1)
Finance income		43	206
<b>Net cash outflow from investing activities</b>		<b>(2,244)</b>	<b>(7,136)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	(101)
Repayment of principal under lease liabilities		(1,585)	(1,435)
Finance cost		(388)	(832)
Share options exercised		7	23
Issue of share capital		128	15,702
Transaction costs for issue of share capital		-	(718)
<b>Net cash (outflow)/inflow from financing</b>		<b>(1,838)</b>	<b>12,639</b>
Net (decrease) in cash and cash equivalents		(2,597)	(6,437)
Cash and cash equivalents at the beginning of the year		5,315	11,839
Exchange (loss) on cash and cash equivalents		(4)	(87)
Cash and cash equivalents at the end of the year	5	2,714	5,315

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

### 1. General information

ZOO Digital Group plc ('the company') and its subsidiaries (together 'the group') provide productivity tools and services for digital content authoring, video post-production and localisation for entertainment, publishing and packaging markets and continue with on-going research and development in those areas. The group has operations in the UK, US, India, Italy, Germany and S. Korea and joint ventures in Turkey and Spain.

The company is a public limited company which is listed on the AIM Market of the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is Floor 2 Castle House, Angel Street, Sheffield.

The registered number of the company is 03858881.



The consolidated financial statements are presented in US dollars, the currency of the primary economic environment in which the company operates (note 2.4.1). Monetary amounts in these financial statements are rounded to the nearest 000.

## **2. Statement of compliance**

The financial information set out in this preliminary announcement does not constitute the Group's statutory financial statements for the period ended 31 March 2025 or 31 March 2024 as defined in section 435 of the Companies Act 2006 (CA 2006) but is derived from those audited financial statements. Statutory financial statements for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered in due course. The auditors reported on those accounts; their reports were unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group.

## **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

### **3.1 Basis of preparation and going concern**

#### *Group financial statements*

These financial statements have been prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006.

The preparation of financial statements in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006 requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

#### *Going concern*

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The events of the actors' and writers' strikes that had such a negative impact on the financial results for FY24 were a once in a generation disruption to the market. Once these disputes were resolved in November 2023, with a three-year agreement secured between the Unions and major studios, and with demand already picking up, coupled with the long-term growth in the need for content for streaming platforms, the future remains positive for ZOO.

The Directors have reviewed the Group's forecasts up until 31 August 2026, taking account of the recovery and reasonably possible changes in trading performance, together with the planned capital investment over that same period. The Group is expected to have a sufficient level of financial resources available through operating cash flows for the period to 31 August 2026 ("the going concern period").

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have produced a financial model which includes a profit and loss account, balance sheet and cash flow forecast for the group for the period to 31 August 2026. The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty. In addition, this is based on firm orders for quarter one, a schedule of project deliverables to October 2025 and expected run-rate orders for the remainder of the forecast period. This forecast shows that in Q1 FY25 the business is EBITDA profitable and thereafter remains in a position of profit for the full forecast period. The cash position stabilises at the end of Q2 FY26 with approximate cash of 1.5 million and improves from that point onwards. In line with industry practice in this sector the Directors have had informal indications from major and smaller clients to substantiate a significant proportion of the forecast sales.

The Directors have also conducted a stress test exercise which involved reducing the sales forecast by 18% in the period from 1 July 2025 to 31 August 2026 without a significant reduction in the cost base and this results in the cash position remaining positive throughout the period. If revenues in Q3 FY26 were to track the stress test model the Directors would take corrective action to reduce the Group's cost base to ensure the business did not exhaust all cash reserves. To mitigate, the Board would instigate a round of redundancies to align the cost base with future projected revenues.

The group has a facility with HSBC Bank which provides invoice financing of up to 3.0 million against US client invoices raised by ZOO Digital Production LLC. This facility is reviewed on an annual basis in June of each year. In the UK there is a similar facility which provides up to £2 million against UK and Non-US client invoices raised by ZOO Digital Limited and an overdraft facility with a limit of £250,000 ( 345,000) in place with HSBC. The reverse stress test scenario does not include the use of any banking facilities. The Board of Directors is exploring extending the banking facilities to include a more structured debt vehicle to add further confidence to the working capital headroom.

The directors believe the assumptions used in preparing the trading and cash flows forecasts to be realistic and that the reverse stress test is implausible. Consequently, the Directors believe the group will continue in operational existence for the foreseeable future, and the financial statements have therefore been prepared on a going concern basis.

### **3.1.1 Standards and interpretations in issue at 31 March 2025 but not yet effective and have not yet been adopted early by the Group**

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the UK Endorsement Board):

<b>Standard/Interpretation</b>	<b>Effective Date</b>
The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21)	1 January 2025
Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9)	1 January 2026
Contracts Referencing Nature-Dependent Electricity (Amendments to IFRS 7 and IFRS 9)	1 January 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027

Effective dates refer to periods commencing on or after this date. The Group's reported financial results are not expected to be materially affected by any standard. However, the presentation and disclosure of its results are expected to be impacted by the adoption IFRS 18 which is predominantly a disclosure-only standard. Given this impacts only disclosures, the Directors do not expect there to be an impact on the reported profits or net assets of the Group from adopting these standards. As this is a disclosure-led standards, the Directors have not presented a list of impacts on the financial statements.

### **3.2 Consolidation**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained until the date that control ceases.

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.

The Group applies the acquisition method when accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and equity interests issued the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition date fair values. However, such fair values and all associated accounting entries are subject to revision during a period not exceeding 12 months following the date of acquisition, insofar as the accounting for the business combination is incomplete by the end of the first reporting period date. As a result, ZOO Digital Group plc revises any provisional amounts retrospectively to reflect further evidence received in respect of acquisition date values. There have been no revisions in the current year.

### **3.3 Foreign currency translation**

### 3.3.1 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 parent company and Group's functional and presentation currency. The functional currency of the company's primary operating subsidiaries is US dollars, therefore the majority of transactions between the company and its subsidiaries and the company's revenue and receivables are denominated in US dollars.

The US dollar/pound sterling exchange rate at 31 March 2025 was 0.775 (2024: 0.794).

In 2009 the Group changed its functional currency from Pound Sterling to US Dollars, creating a translation reserve at this date. Following a review of the reserve at that date, the Directors have determined that the continued existence of this does not support the clarity of the financial statements, and that the reserve is better utilised in the ongoing translation of new foreign subsidiaries that do not have the US Dollar as functional currency. Accordingly, in the prior year the brought forward element of the reserve has been reclassified in its entirety to retained earnings.

### 3.3.2 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 profit/(loss) for the year in the Consolidated Statement of Comprehensive Income.

### 3.3.3 Group companies

The results and financial position of all group entities that have 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 year end date;
- income and expenses for each Statement of Comprehensive Income are translated at the prevailing monthly exchange rate for the month in which the income or expense arose.

## 4. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Diluted EPS is calculated by dividing the profit attributable to the equity holders of the Parent by the weighted average number of ordinary shares outstanding plus the weighted average number of shares that would be issued on conversion of all the dilutive share options into ordinary shares.

	Basic and Diluted	
	2025	2024
	000	000
(Loss)/profit for the financial year	(7,979)	(21,927)
	2025	2024
	Number of shares	Number of shares
Weighted average number of shares for basic & diluted profit per share		
Basic	97,976,898	97,220,638
Effect of dilutive potential ordinary shares:		
Share options	-	2,635,664
Diluted	97,976,898	99,856,302
	2025	2024
	Cents	Cents
Basic	(8.20)	(22.60)

Diluted	(8.20)	(22.60)
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Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options. In the event that a loss is recorded for the year, share options are not considered to have a dilutive effect.

## 5. Notes to the cash flow statement

### 5.1 Significant non-cash transactions

During the year the group acquired property, plant and equipment and computer software with a cost of 1,226,000 (2024: 2,634,000) of which 495,000 (2024: 449,000) was acquired by means of a lease.

### 5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following consolidated and parent company statement of financial position amounts.

	Group		Company	
	2025	2024	2025	2024
	000	000	000	000
Cash on hand and balances with banks	2,714	5,315	21	307

All cash balances are readily available with withdrawal in less than 90 days.

## 6. Share capital and reserves for Group and Company

### Called up share capital

	2025	2024
	000	000
Allotted, called-up and fully paid		
98,318,228 (2024: 97,856,924) ordinary shares of 1p each	1,290	1,284

Reconciliation of the number of ordinary shares outstanding:

Opening balance	97,856,924	89,285,291
Shares issued under UK share save scheme at a price of 41p	31,304	27,391
Korea Acquisition	-	550,000
Fundraise	-	7,914,242
Share options exercised at a price of 15p	430,000	80,000
<b>Closing balance</b>	<b>98,318,228</b>	<b>97,856,924</b>

### Reserves

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Share premium reserve	Represents the amount subscribed for share capital in excess of the nominal value.
Foreign exchange translation reserve	Cumulative exchange differences resulting from the Group changing reporting currency from pounds sterling to USD.
Share option reserve	Cumulative cost of share options issued to employees.
Capital redemption reserve	Represents 32,660,660 deferred shares of 14p each created during the share reorganisation on 4 May 2017.
Interest in own shares	This arises from ZEST and concerns historical transactions as part of the Group's employee benefit trust.
Merger reserve	As part of acquisitions the Group has issued share capital as part of its consideration. As set out in s612 Companies Act 2006, merger relief has been applied and the excess above the nominal value of share capital has been

applied and the excess above the nominal value of share capital has been recognised in the merger reserve.

Other reserves	Created as part of the reverse takeover between Kazoo3D plc and ZOO Media Corporation Ltd in 2001.
Accumulated losses	Cumulative net losses recognised in profit or loss.

## 7. Borrowings

	Group		Company	
	2025	2024	2025	2024
	000	000	000	000
<b>Non-current</b>				
Other Loans (Gov. loan to ZOO Korea)	237	243	-	-
Lease liabilities	2,948	4,083	61	196
	3,185	4,326	61	196
<b>Current</b>				
Amounts owed to subsidiary undertakings	-	-	9,701	9,701
Lease liabilities	1,473	1,422	102	123
Borrowings	1,473	1,422	9,803	9,824
<b>Total borrowings</b>	<b>4,658</b>	<b>5,748</b>	<b>9,864</b>	<b>10,020</b>

The group has renewed on 1 June 2025 with HSBC Bank US an invoice financing facility of up to 3.0 million against US client invoices raised by ZOO Digital Production LLC. The facility is in place until the renew date of 31 May 2026.

The UK banking partner, HSBC, continues to provide an overdraft facility of £250,000. The principal outstanding at 31 March 2025 was nil (2024: nil). This line of funding has been secured as a floating charge over the assets of the UK companies and automatically renews on an annual basis.

In October 2024 the group was approved for an invoice financing facility of up to 2.0 million against UK client invoices raised by ZOO Digital Limited. The facility is in place until the renewal date of 30 September 2025.

## Annual report and Accounts

Copies of the Report & Accounts for the year ended 31 March 2025 will shortly be available to view on the Group's website [www.zoodigital.com](http://www.zoodigital.com).

The Report & Accounts for the year ended 31 March 2025, together with the notice of annual general meeting, are expected to be posted to shareholders in early September 2025; an announcement to notify shareholders of this will be made in due course. Further copies will be available from the Company's Registered Office: 2<sup>nd</sup> Floor, Castle House, Angel Street, Sheffield S3 8LN.

## Annual General Meeting

The Annual General Meeting of the Group will be held at Canaccord Genuity limited, London EC2V 7QR on 25th September 2025 at 5pm.

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