

ZOO DIGITAL GROUP PLC

(Company number: 03858881)

ANNUAL REPORT

YEAR ENDED 31 MARCH 2025

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.

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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

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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 Slator, 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.

Slator'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.

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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 ZOObubs, 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 50th 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

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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
Financial			
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.
Operational			
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.

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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
Governance 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.
Strategy Actual and potential impacts of climate risks and opportunities on the business.	3. Climate-related risks and opportunities. 4. Impact on the business and financial planning. 5. Resilience of the organisation strategy.	The Board and senior management have 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.
Risk Management How the organisation identifies, assesses and manages climate related risks.	6. Risk identification. 7. Risk management process. 8. Integration into overall risk management.	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. 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.

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Metric and Targets The metrics and targets to assess and manage relevant climate related risks and opportunities.	9. Disclose scope 1 and scope 2 greenhouse gas emissions. 10. Metrics used to assess climate-related risks. 11. Describe the targets used to improve or mitigate climate-related risks and opportunities.	Other than calculating the SECR metrics for gas emissions the organisation is not yet ready to set targets or measure performance.
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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

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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 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.

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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

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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. Further details can be found in the Directors' Report on page 29.

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

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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 focusses 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 30 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

CORPORATE GOVERNANCE STATEMENT

All members of the board believe strongly in the value and importance of good corporate governance and in our accountability to all of ZOO's stakeholders, including shareholders, staff, clients, our growing network of freelance workers and other suppliers. In the statement below, we explain our approach to governance and how the board and its committees operate.

The corporate governance framework which the group operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the group's values. Of the two widely recognised formal codes, we decided in 2018 to adhere to the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (revised in April 2018 to meet the current requirements of AIM Rule 26).

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The board considers that it does not depart from any of the principles of the QCA Code.

Board Composition and Compliance

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors of which at least two should be independent. The group has three independent non-executive directors. Gillian Wilmot is the Board Chairman, Nathalie Schwarz chairs the Remuneration Committee and Mickey Kalifa is the chair of the Audit Committee.

Board Evaluation

For many years we have supported the QCA Code's principle to review regularly the effectiveness of the board's performance as a unit, as well as that of its committees and individual directors. The most recent review was in June 2023. The major recommendation was to instigate a formal process for succession planning which is expected to be completed by the end of September 2025. We will be considering the use of external facilitators in future board evaluations.

Shareholder Engagement

We have made significant efforts to ensure effective engagement with both institutional and private shareholders. In addition to the usual roadshows following the release of full year and interim results, each of which was expanded to include a greater number of existing and potential new investors and included one or more presentations for retail investors, we have actively promoted our AGM as a forum to present to and meet with investors, and presented at investor conferences. The company has also continued to distribute a quarterly shareholder newsletter to which investors can subscribe via email, providing an easy to access source of information on operational activities taking place within the group.

The board has continued to commission Progressive Equity Research to produce and provide both institutional and private investors with independent research on the group.

The board has ultimate responsibility for reviewing and approving the Annual Report and Accounts and it has considered and endorsed the arrangements for their preparation, under the guidance of its Audit Committee. The Directors confirm the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's position and performance, business model and strategy.

The following paragraphs set out ZOO's compliance with the 10 principles of the QCA Code.

Establish a strategy and business model which promote long-term value for shareholders

The purpose of the group is encapsulated in the expression of its mission, which is to make life easier for the people who entertain the world. Our business model is to provide media localisation and media services to content owners and

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distributors. Our strategy is to deliver these through a combination of proprietary software technology that acts as a competitive differentiator, and a large global network of linguistic professionals engaged on a freelance basis. We believe this will deliver a profitable and highly valued business with competitive advantages over other providers of similar services, leading to faster turn-around of projects, to a consistently high quality at an attractive price point.

The key challenges we face include:

- **Maintaining consistently high levels of quality** – very high standards are now expected by the digital distributors who influence much of the localisation that is commissioned by industry players. We have implemented automated testing wherever possible, and our system-driven workflow management ensures that manual linguistic quality control is engaged as necessary. In the case of dubbing operations, we have developed software to analyse the acoustic performance of recording environments to ensure they meet minimum specifications.
- **Ensuring security of client assets** – the safekeeping of materials is of paramount importance. Our production facilities in Sheffield, London, Los Angeles, Dubai and Mumbai are audited for security annually by the Trusted Partner Network. Features to prevent the copying of assets and provide effective deterrents are implemented throughout our proprietary software and systems. During the period we enhanced features within our software that provide a high level of deterrent for copyright theft.
- **Delivering continuous availability** – a failure in the group's systems could lead to an inability to deliver services. This is addressed by operating redundant systems across multiple availability zones, a comprehensive disaster recovery programme and assigning staff from multiple facilities on each project. During the period the group operated a hybrid working model allowing staff to work from home and deliver uninterrupted service and maintain the same high standards of quality and security, as well as attending the office when required, without any interruption in productivity.
- **Operating a large freelancer network** – the group's capacity for processing orders is dependent, in part, on the network of freelance workers. The cloud software is enhanced on an ongoing basis to make the group's systems increasingly attractive to freelance workers. Financial processes are designed to ensure that all freelancers are paid on time. A process of peer review is implemented in the group's production systems to ensure that all work undertaken by freelancers is independently checked and verified and its quality is assured.
- **Recruiting and retaining suitable staff** – the group's ability to execute its strategy is dependent on the skills and abilities of its staff. We undertake ongoing initiatives to foster good staff engagement and ensure that remuneration packages are competitive in the market. We have adopted hybrid working as a permanent practice across the group which aids efficiency and staff retention.

We believe we have the right strategy and service in place to deliver strong growth in sales over the medium to long term. We expect the gross profit of our localisation revenue stream to improve in future periods as our dubbing service and software mature, which will result in improving EBITDA margins or provide us with scope for additional investment in new services. This will enable us to deliver sustainable shareholder value.

Seek to understand and meet shareholder needs and expectations

Responsibility for investor relations rests with the CEO, supported by the CFO. During the period under review the following activities were pursued to develop a good understanding of the needs and expectations of all constituents of the group's shareholder base:

Date	Description	Participants	Comments
Apr 24	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders
May 24	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders
Jun 24	Investor newsletter	-	Investor e-newsletter including CEO video distributed to subscribers
Jun 24	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders
Jun 24	Media interview	SG	Call with Shares magazine
Jul 24	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders
Aug 24	Preliminary results roadshow and media meetings	SG, PB	Institutional investors, analysts, and PCBs via in-person meetings and Zoom calls

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Date	Description	Participants	Comments
Aug 24	Retail investor meeting	SG, PB	Open invitation to retail investors; virtual presentation and Q&A; recording made and published via website
Aug 24	Investor newsletter	-	Investor e-newsletter including CEO video distributed to subscribers
Sep 24	AGM and trading update	SG, PB, GD, GW, MK, NS	Actively encouraged all shareholders and prospective investors to attend a meeting held in person in London and live streamed; event made available on website subsequently
Sep 24	Ad hoc institutional investor meetings	SG, PB	Several ad hoc meetings and Zoom calls requested by institutional holders and non-holders in UK and US
Oct 24	Singer video interview	SG	Interviewed by Singer Capital Markets on the topic of "AI in action"
Oct 24	Edison TV interview	SG	Participated in an Executive Interview with Edison's Dan Ridsdale with a "deep dive into AI"
Oct 24	Live streamed a fireside chat on AI hosted by Progressive	SG	Actively encouraged all shareholders and prospective investors to join a live stream on AI include Q&A session; event made available on website subsequently
Oct 24	Published AI white paper	-	Published first annual edition of AI whitepaper and made available to investors
Nov 24	Participated in Slator podcast	SG	Participated in a podcast with Slator on the topic of AI and promoted to investors
Nov 24	Interim results roadshow and media meetings	SG, PB	Institutional investors, analysts, and PCBs via in-person meetings and Zoom calls
Nov 24	Retail investor meeting	SG, PB	Open invitation to retail investors; virtual presentation and Q&A; recording made and published via website
Nov 24	Investor newsletter	-	Investor e-newsletter distributed to subscribers
Dec 24	Ad hoc institutional investor meetings	SG, PB	Calls with institutional shareholders and non-holders
Feb 25	Investor calls following trading update	SG, PB	Institutional investors, analysts, and PCBs via Zoom calls scheduled proactively to follow release of a trading update
Feb 25	Investor newsletter	-	Investor e-newsletter distributed to subscribers
Mar 25	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders

Key: GW: Gillian Wilmot; SG: Stuart Green; PB: Phillip Blundell; GD: Gordon Doran; MK: Mickey Kalifa; NS: Nathalie Schwarz.

The group is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. We communicate with shareholders through the Annual Report and Accounts, full-year and half-year announcements, trading updates and the annual general meeting (AGM), and we encourage shareholders' participation in virtual meetings. A range of corporate information (including all ZOO announcements) is also available to shareholders, investors and the public on our website.

Private shareholders: The AGM is the principal forum for dialogue with private shareholders, and we encourage all shareholders to attend and participate through RNS announcements and a quarterly newsletter. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the board and all committees, together with all other directors whenever possible, attend the AGM and are available to answer questions raised by shareholders.

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Shareholders vote on each resolution, by way of a poll. For each resolution we announce the number of votes received for, against and withheld and subsequently publish them on our website.

Institutional shareholders: The directors actively seek to build a mutual understanding of objectives with institutional shareholders. Our CEO and CFO make presentations to institutional shareholders and analysts immediately following the release of the full-year and half-year results. We communicate with institutional investors frequently through a combination of formal meetings, participation at investor conferences, roadshows and informal briefings with management. Most meetings with shareholders and potential investors are arranged by the broking teams of our joint brokers. Following meetings, the broker provides anonymised feedback to the board from all fund managers met, from which sentiments, expectations and intentions may be gleaned.

In addition, we review analysts' notes to achieve a wide understanding of investors' views. This information is considered by the board and is compared to the group's Investor Relations strategy to ensure adherence.

Take into account wider stakeholder and social responsibilities and their implications for long-term success

Stakeholder	Reason for engagement	How we engage
Staff – our ability to fulfil client services and develop and enhance the cloud software platforms on which they depend relies on having talented and motivated staff.	Good two-way communication with staff is a key requirement for high levels of engagement, fostering a culture of innovation.	<p>Monthly staff briefings delivered to all locations by webcast.</p> <p>Invitation to staff to ask questions of management that are answered in the briefings.</p> <p>Operation of an employee communications platform to provide ad hoc news, industry developments and other information to all staff in an accessible way.</p> <p>Annual engagement survey.</p> <p>These have provided insights that have led to enhancement of management practices and staff incentives. Since the recent cost cutting exercise, the Executive team are stepping this engagement to ensure staff remain committed and feel fully engaged in the recovery phase.</p>
Clients – our success and competitive advantage are dependent upon fulfilling client requirements, particularly in relation to quality of service, its speed of delivery and security.	Understanding current and emerging requirements of clients enables us to develop new and enhanced services, together with software to support the fulfilment of those services	<p>Seek feedback on services and software systems.</p> <p>Obtain fulfilment metrics employed by clients to measure performance.</p> <p>Obtain requests for new services and service enhancements.</p> <p>These have led to the group securing approved vendor status with several large media organisations.</p>
Suppliers – a key supplier group is our network of freelancers who fulfil linguistic services.	Freelance workers will provide similar services to other organisations, including our competitors, so we must ensure they are available to us and are accommodating.	<p>We optimise our systems to simplify the work of freelancers as much as possible, including in relation to administration of projects.</p> <p>We operate systems to ensure that supplier invoices are processed and paid as quickly as is possible.</p> <p>These have led to a large, growing and supportive freelancer network.</p>

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Stakeholder	Reason for engagement	How we engage
Shareholders – as a public company we must provide transparent, easy-to-understand and balanced information to ensure support and confidence.	Meeting regulatory requirements and understanding shareholder sentiments on the business, its prospects and performance of management.	Regulatory news releases. Keeping the investor relations section of the website up to date. Quarterly investor newsletters. Participation at investor events. Publishing of videos of investor presentations and interviews. Annual and half-year reports and presentations. AGM. We believe we successfully engage with our shareholders; over the past 12 months this engagement has led to support for the group.
Industry bodies – the services we provide must meet certain requirements.	The views of certain industry groups, including the Motion Picture Association of America (MPAA), the Trusted Partner Network (TPN) and the Entertainment Globalisation Association (EGA) are influential in the way the group is perceived by certain clients.	Membership of MPAA, MESA, EGA, DPP and TPN and participation in security programs. Annual audit of security. These have resulted in audit reports that have led to certain clients commencing engagement.
Communities – what we do impacts communities in the places where we operate and elsewhere.	It is important to be, and to be perceived as a reputable business that makes a positive contribution to local economies and is attractive as an employer and partner.	Multiple activities to support fundraising of local charities and good causes. Operation of ZOOgooders programme which provides all staff with two paid days per year to work for a charity of their choice. Participation in apprenticeship and other schemes to support and provide opportunities to young people. One director is a trustee of a registered charity. These have led to a favourable profile for the group in the local areas of its major operations.

Corporate social responsibility

The Company strives to ensure that its business activities positively benefit all stakeholders by committing to conduct its business in a fair and responsible manner, to treat its employees fairly, supporting personal growth and development, and to have a positive impact in its local community.

We strongly value our customers and seek to deliver a world-class product backed by class-leading customer service and support. The Company routinely seeks customer feedback and performance appraisal inputs and takes active steps to remedy any instances of customer dissatisfaction.

Key customers are also routinely invited to provide product improvement inputs, and in some cases to test key features or functionality prior to general release.

The Company has agreed rate cards with its major customers to provide a fair and transparent pricing structure so that customers can be confident that the Company's services are cost effective.

The key themes of our Environment, Social and Governance strategy are to grow globally in a smarter, easier and better way ensuring we scale up responsibly.

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People

The Company is an Equal Opportunity Employer and its policy is to ensure that all employees and job applicants will be given equal opportunities in all aspects of employment and training irrespective of their gender, ethnic origin, disability, age, marital status, sexual orientation or religious affiliation (and/or any other protected characteristics under relevant legislation). ZOO encourages, where possible, the employment of disabled people and the retention of those who become disabled during their employment with the Group.

The Company recognises the benefit of involving employees in target setting and keeping them informed of progress. The Board has expanded the internal communication network to include all sites across the globe involving more contact, more frequent communication and more opportunities for feedback. The views of employees are considered when making decisions which are likely to affect their interests. This has included the introduction of increased ability for employees to put questions to senior management members during Group wide meetings and has also included the introduction of various digital surveys issued to employees throughout FY25 so that they can give their views and feedback on relevant Group wide matters. ZOO ensures that it communicates clear and appropriate policies to employees setting out data protection rules, information security rules, commercial contract rules (e.g. sales contracts, procurement contracts and partner contracts), commercial dispute resolution rules, share dealing rules, anti-bribery rules, anti-bullying/harassment rules and anti-discrimination rules and codes of conduct. These policies and procedures are made available to employees via the Group's Human Resources Information System and are regularly reviewed and updated as necessary. The Board regularly reviews, considers and updates the salaries, benefits and support offered to the Group's employees. The aim of this is to ensure that individuals with the appropriate experience and skill to add value to the business and drive its long-term success are attracted to the Group and then retained. In addition, this approach by the Board aims to ensure that staff are provided with the appropriate environment, career progression and rewards to remain motivated and enabled to produce the best possible output and add the maximum possible value to the Group.

The current gender analysis is as follows:

	Female	Male	Total
Executive Directors	0	5	5
Senior Managers	8	18	26
Staff	147	254	401
Total	155	277	432
Non-Executive Directors	2	1	3

Diversity, Equity and Inclusion

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position, and to provide appropriate training and reasonable working environment adjustments as required to achieve this aim.

As part of its DE&I initiatives the company continues to review its hiring practices. The company promotes and invests in apprenticeship programs to complement its strategy to diversify the workforce, along with internal mobility opportunities across the business. The company believes that apprenticeships and cross training provide access to career opportunities that not only offer paths to higher-paying jobs, but also better opportunities for its workforce.

Community

The pandemic accelerated trends that are reshaping the way of work including what employees expect employers to provide in terms of working arrangements. With the increase in hybrid and remote working, employees are looking for more rewarding, engaging and meaningful workplace experiences.

Through listening to its employees, the company launched its first employee volunteering programme (ZOOgooders) in FY22 which actively encourages all staff to take two additional paid leave days each year and donate them for the support of charitable projects in the community as a way to give back to local communities and increase our employees' sense of purpose and improve engagement.

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During FY25, employees across the UK and US participated in volunteering activities that either had been arranged by the company or by the individual. During the year some charities supported through volunteering included:

- SCCC knit a winter blanket appeal, gifting the elderly with handmade blankets.
- Ben Centre - This charity aims to provide a safe space and an open hand to those who suffer through substance misuse and its associated barriers.
- Cavendish Cancer Care - Providing support to people affected by cancer.
- Live Love Animal Rescue - A charity that partners with local shelters to save homeless animals by providing them a lifelong commitment.

The recycling of IT equipment that is no longer required in the business has been started, working with a local charity that can repurpose the equipment for local and international use. In the UK we are now recycling 100% of such equipment. In the coming year we hope to extend the scheme to the US.

Environment

In FY22 we published our Environmental policy.

ZOO is a technology first service group that has developed platforms that deliver media localisation projects in an efficient and environmentally friendly way by reducing travel and the need for carbon intensive buildings. We are committed to further innovation to support our customers and freelancers in reducing their impact on the environment.

We also recognise that as a company we do have a small impact on the environment relative to other industries and as such will constantly look for ways to reduce and ultimately eliminate our environmental footprint and meet relevant environmental legislation. To achieve this our environmental strategy will focus on:

- Working with suppliers with a responsible attitude to the environment
- Eliminate waste within our offices
- Operating to international and local environmental laws and regulations in all countries in which we operate
- Actively promoting recycling in all our locations
- Source locally to reduce carbon emissions
- Reducing our water consumption

We are currently measuring the impact on the environment in FY26 which we will publish and use for future performance measurement.

Board-level commitment to diversity, equity and inclusion

Our commitment to sustainability from the Board also includes a focus on diversity, equity and inclusion (DE&I). We recently commissioned a comprehensive survey into DE&I across the ZOO workforce, which will give us a benchmark from which to measure future improvements.

We operate ZOO Academy, the goal of which is to bring more diverse talent into the industry. We will also soon be launching an innovative apprenticeship scheme to encourage more young people to become software engineers.

Supporting home working

Our People and Culture team has been very busy supporting enhanced health and safety procedures in our upgraded offices – offering support to our working from home initiative and operating an e-learning platform that is available to all staff to assist in building their work and life skills.

The introduction of a formal ESG strategy means we can codify and measure how we are improving our impact on these critical topics. We are excited about developing and executing our ESG strategy over the coming months and years.

Modern Slavery

ZOO Digital Group plc is committed to preventing modern slavery and human trafficking in all our operations and supply chains. We enforce rigorous systems and controls to ensure ethical business practices and compliance with UK and international laws. Our approach includes continuous review and improvement of our practices, training, and vigilance to safeguard against modern slavery.

For further information, our detailed Anti-Slavery and Human Trafficking Policy is available at <https://www.zoodigital.com/legal/>.

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Embed effective risk management, considering both opportunities and threats, throughout the organisation

The CFO has prepared a risk register for the group that identifies key risks in the areas of corporate strategy, financial, clients, staff, environmental and the investment community. All members of the board are provided with a copy of the register. The register is reviewed periodically and is updated as and when necessary.

Specific financial risks are evaluated in detail, including in relation to foreign currency, interest rates, liquidity and credit.

Staff are reminded every month to report, anonymously or otherwise, any security risks or threat they perceive in the operations of the business. On receipt of any such notification, a security incident team is mobilised to assess and take remedial action as appropriate in the circumstance.

Staff are reminded every month that they should seek approval from the CFO if they, or their families, plan to trade in the group's equities.

Maintain the board as a well-functioning, balanced team led by the chair

The members of the board have a collective responsibility and legal obligation to promote the interests of the group and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.

The board consists of six directors of which three are executive and three are independent non-executives. The board is supported by two committees: audit and remuneration. The board does not consider that it is of a size at present to require a separate nominations committee, and all members of the board are involved in the appointment of new directors. The board may appoint additional non-executive directors as its business expands.

Non-executive directors are required to attend 10-12 board and board Committee meetings per year and to be available at other times as required for video and telephone meetings with the executive team and investors.

Meetings held during the period under review and the attendance of directors is summarised below:

	Board meetings		Audit Committee		Remuneration Committee	
	Possible	Attended	Possible	Attended	Possible	Attended
Executive Directors						
Dr. Stuart Green	11	11	–	–	2	2
Gordon Doran	11	11	–	–	–	–
Phillip Blundell	11	11	2	2	–	–
Non-executive Directors						
Gillian Wilmot	11	11	2	2	2	2
Mickey Kalifa	11	9	2	2	2	2
Nathalie Schwarz	11	11	2	2	2	2

In addition to the formal Board meeting Board introduced weekly catch up calls to monitor the turnaround plan.

The board has a schedule of regular business, financial and operational matters, and each board Committee has compiled a schedule of work to ensure that all areas for which the board has responsibility are addressed and reviewed during the course of the year. The Chairman is responsible for ensuring that, to inform decision-making, directors receive accurate, sufficient and timely information. The Company Secretary compiles the board and Committee papers which are circulated to directors prior to meetings. The Company Secretary provides minutes of each meeting and every director is aware of the right to have any concerns recorded in the minutes and to seek independent advice at the group's expense where appropriate. In January 2025 Phillip Blundell announced his intention to leave the Company. The Board does not think given the size of the business to establish a nomination committee and consequently all the Directors have played an active part in the search for a replacement Chief Financial Officer, and we are pleased to be joined by Rob Pursell, who joins in the role in August 2025.

Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

All six members of the board bring relevant sector experience in media and technology, all have at least nine years of public markets experience and two members are chartered accountants. The board believes that its blend of relevant

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experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. Directors attend seminars and other regulatory and trade events to ensure that their knowledge remains current.

Gillian Wilmot CBE, Independent Chairman

Term of office: Appointed as Chairman with effect from 1 July 2019; Member of the Remuneration Committee and a member of the Audit Committee.

Background and suitability for the role: Along with extensive board level leadership roles in both private and public company environments, Gillian brings a wealth of relevant industry experience across B2B, technology and communication sectors. As Xpediator plc Chairman she successfully completed the delisting with a sale to Baltcap in 2022/2023. She advised Government for 9 years on IDAB to 2021, was recognised in the 2014 UK NED awards and awarded a CBE in January 2023 for her contribution to business, entrepreneurship and the prevention of problem gambling. She brings strong experience of governance, public markets and growth companies.

Current external appointments: Non-Executive Chairman of Brighter Beauty Group, Non-Executive Chairman of JISP.com trading as Bubbles Online Services Ltd., Director of Board Mentoring Ltd and Director of SixEnterprises Ltd

Time commitment: two to three days per month.

Mickey Kalifa, Independent Non-Executive Director

Term of office: Joined as Non-Executive Director on 5 October 2017; Chair of the Audit Committee and member of the Remuneration Committee.

Background and suitability for the role: Mickey is a Chartered Accountant and finance professional with nearly 30 years' experience across the technology, media and gaming sectors. Mickey is currently CFO of Next 15 plc, an LSE listed company, having joined the business in June 2025. Prior to this he was CFO of digital agency Dept between April 2022 and May 2025, having previously held the role of CFO with M&C Saatchi plc, an LSE listed business, since March 2019. Previously he was CEO of the betPawa Group and CFO of Sportech plc. He brings a combination of financial expertise, knowledge of public markets as well as a wide range of sector experience gained from a career spent in the technology, media and gaming sectors with some of the world's largest media and technology companies, including Liberty Global, BSkyB PLC, Time Warner, Disney and Young and Rubicam.

Current external appointments: CFO of Next15 Communication plc

Time commitment: one to two days per month.

Nathalie Schwarz, Independent Non-Executive Director

Term of office: Joined as Non-Executive Director on 13 January 2022; Senior Independent Director, Chair of the Remuneration and a member of the Audit Committee.

Background and suitability for the role: Nathalie brings over 20 years of board-level international experience as an Executive Director, Non-Executive Director and Chair, with a proven track record of success in the corporate world across a diverse range of sectors in both publicly listed and privately owned businesses. She also has a particular expertise in the media and digital technology sector with a career spanning broadcasting (television and radio), mobile and digital interactive platforms and information/data services.

She began her career as a Corporate Finance lawyer at Clifford Chance where she specialised in mergers and acquisitions, IPO's, private equity and corporate transactions. She then joined Capital Radio PLC (FTSE 250) initially as Group General Counsel and PLC Company Secretary where she was responsible for managing legal, regulatory and compliance issues as well as key stakeholder relationships. Her subsequent positions at Capital Radio evolved to assume commercial, strategic and operational responsibilities. She was appointed to the Main Board as PLC Group Strategy and Development Director where she was responsible for an £800million+ merger creating the UK's largest commercial and radio group, doubling the size of the business.

At Channel 4 Television Corporation, Nathalie was the Group Commercial and Development Director on the Main Board, responsible for the Group's commercial divisions across various platforms as well as corporate and new business development. She successfully led the competitive bid for a government awarded national commercial digital multiplex and a £1billion+ commercial partnership with UKTV.

Nathalie is an experienced Non-Executive Director of publicly listed and private equity owned companies in diverse sectors. This includes having served 9 years as a Non-Executive Director on the Board of Wilmington PLC and also on the Boards of IABM, Matomy Media Plc, Bighand, Optionis and Amiad Water Systems plc. Nathalie is a strategic thinker with strong commercial, operational and financial acumen and has a proven track record of helping companies grow, instigating transformational change and embracing digital innovation and mergers and acquisitions.

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Current external appointments: Nathalie has recently completed her maximum term of office and service as the Chair of the Supervisory Board of IABM (the global trade association for the suppliers and users of technology in the global media and broadcasting industry) and is serving as a director of a number of privately held businesses.

Time commitment: one to two days per month.

Dr. Stuart Green, CEO

Term of office: A co-founder from the group's inception in 2001, originally in the role CTO, and appointed CEO on 1 February 2006.

Background and suitability for the role: Stuart brings over 30 years of experience of team building and executive management in the software industry to his role as CEO. Stuart established ZOO's business strategy and difference in the marketplace by using software technology to deliver disruptive innovation. With a PhD in Computer Science, he brings expertise in software technology, a track record of innovation having secured over 30 software patents, experience of leading innovative technology businesses as a result of having co-founded and sold three private software companies, and experience of capital markets gained from 25 years as a main board director of AIM-quoted companies.

Current external appointments: Trustee of Sheffield Chamber Orchestra.

Time commitment: full time.

Phillip Blundell, CFO

Term of office: Appointed as Chief Financial Officer in July 2018. Due to leave in August 2025.

Background and suitability for the role: Phill has extensive experience with AIM listed businesses having worked as an Executive Director for Dot Digital Group plc, Eagle Eye Solutions Group plc and Intelligent Environments Group plc. During the 21 years working for AIM listed businesses, he has floated one business and raised substantial funds to assist the growth strategies of the businesses. A qualified Chartered Accountant since 1987 with 31 years' experience in the software and media industries, Phill brings both financial expertise and sector experience. He has 23 years as a CFO and Company secretary of AIM listed businesses providing strong Corporate Governance experience.

Current external appointments: Flamefinch Partners.

Time commitment: full time.

Gordon Doran, Chief Commercial Officer

Term of office: Originally engaged as a commercial consultant in 2005 to establish the group's US operations and was appointed Commercial Director on 28 July 2009.

Background and suitability for the role: Gordon has spent his career in commercial roles with technology businesses in the UK and USA. As Chief Commercial Officer and President of ZOO's US operation, Gordon is responsible for all global operations and has been pivotal in establishing relationships with a number of large US entertainment companies including the 'big six' Hollywood studios. Based on the West Coast of the USA, Gordon brings significant experience of sales and marketing in the software industry since the early 1990s, having held senior positions in a number of companies, including as COO for Mediostream Inc., and capital markets experience as a main board director for 13 years.

Current external appointments: None.

Time commitment: full time.

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

A board evaluation process led by the Chairman took place in June 2023. All directors began by completing questionnaires about the effectiveness of the board and a self-assessment of their own contributions which were returned to the Chairman. The Chairman then reviewed this information and used it as the basis for an individual discussion with each director, followed by a collective discussion with the board.

The review considers effectiveness in several areas including general supervision and oversight, business risks and trends, succession and related matters, communications, ethics and compliance, corporate governance and individual contribution.

Several refinements in working practices were identified as a result of this exercise and are in the process of being adopted.

We will be considering the use of external facilitators in future board evaluations.

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As the business expands, the executive directors will be challenged to identify potential internal candidates who could occupy board positions and set out development plans for these individuals.

Promote a corporate culture that is based on ethical values and behaviours

Our long-term growth is underpinned by our core values which reflect our core brand proposition to make globalising media content smarter, easier and better:

● ***Think Smarter***

- **Inspiration everywhere:** We're always open to learning. From our colleagues, from our customers, even from our suppliers. When we work together and share ideas, we share success.
- **There is no box:** When you look at things differently, you'll find new and creative ways to take on any challenge.

● ***Make it easier***

- **We are family:** Everyone is heard, everyone is valued. We challenge each other, but it's done with love and respect.
- **Be the customer:** We put ourselves in our customers' shoes to anticipate their future needs and blow their minds.

● ***Be better***

- **Daydream believers:** Think big and be bold. See a way to change something for the better and then believe you can make it happen. Remember... disruption favours the brave!
- **There's always a way:** Never underestimate the power of determination. From dreaming up new tech to just good old-fashioned graft. We'll get the job done.

The culture of the group is characterised by these values which are conveyed regularly to staff through internal communications, in monthly staff briefings and forums.

The board believes that a culture that is based on its core values is a competitive advantage and consistent with fulfilment of the group's mission and execution of its strategy.

The culture is monitored through the use of a widely used satisfaction and engagement survey that is operated on an annual basis and to which all permanent staff are invited to contribute. The board reviews the findings of the survey and determines whether any action is required.

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The **Board** provides strategic leadership for the group and operates within the scope of a robust corporate governance framework. Its purpose is to ensure the delivery of long-term shareholder value, which involves setting the culture, values and practices that operate throughout the business, and defining the strategic goals that the group implements in its business plans. The board defines a series of matters reserved for its decision and has approved terms of reference for its Audit and Remuneration Committees to which certain responsibilities are delegated. The chair of each committee reports to the board on the activities of that committee.

The **Audit Committee** monitors the integrity of financial statements, oversees risk management and control, monitors the effectiveness of the internal audit function and reviews external auditor independence.

The **Remuneration Committee** sets and reviews the compensation of executive directors including the setting of targets and performance frameworks for cash- and share-based awards.

The **Executive Board**, consisting of the Executive Directors, the US-based Chief Operations Officer and the CTO, operates as a management committee, chaired by the CEO, which reviews operational matters and performance of the business, and is responsible for significant management decisions while delegating other operational matters to individual managers within the business.

The **Chairman** has overall responsibility for corporate governance and in promoting high standards throughout the group. She leads and chairs the board, ensuring that committees are properly structured and operate with appropriate terms of reference, ensures that performance of individual directors, the board and its committees are reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the group and its shareholders.

The **CEO** provides coherent leadership and management of the group, leads the development of objectives, strategies and performance standards as agreed by the board, monitors, reviews and manages key risks and strategies with the board, ensures that the assets of the group are maintained and safeguarded, leads on investor relations activities to

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ensure communications and the group's standing with shareholders and financial institutions is maintained, and ensures that the board is aware of the views and opinions of employees on relevant matters.

The **Executive Directors** are responsible for implementing and delivering the strategy and operational decisions agreed by the board, making operational and financial decisions required in the day-to-day operation of the group, providing executive leadership to managers, championing the group's core values and promoting talent management.

The **Independent Non-Executive Directors** contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the Executive Directors and ensure that the group is operating within the governance and risk framework approved by the board.

The **Company Secretary** is responsible for providing clear and timely information flow to the board and its committees and supports the board on matters of corporate governance and risk.

The matters reserved for the board are:

- Setting long-term objectives and commercial strategy;
- Approving annual operating and capital expenditure budgets;
- Changing the share capital or corporate structure of the group;
- Approving half year and full year results and reports;
- Approving dividend policy and the declaration of dividends;
- Approving major investments, disposals, capital projects or contracts;
- Approving resolutions to be put to general meetings of shareholders and the associated documents or circulars; and
- Approving changes to the board structure.

The board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this Code on an annual basis and revise its governance framework as appropriate as the group evolves.

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In addition to the investor relations activities described above, the following Audit and Remuneration committee reports are provided.

Audit Committee Report

During the year, the Audit Committee has continued to focus on the effectiveness of the controls throughout the group. The Audit Committee consists of Mickey Kalifa, chair, Gillian Wilmot and Nathalie Schwarz. The committee met twice, and the external auditor and CFO were invited to attend these meetings. Consideration was given to the auditor's pre- and post-audit reports, and these provide opportunities to review the accounting policies, internal control and the financial information contained in both the annual and interim reports. The Committee also met with the auditors with no executives present.

Directors' Remuneration Policy

This section sets out the Directors' Remuneration Policy. The Remuneration Committee considers the Remuneration Policy annually to ensure that it continues to underpin the Group's strategy.

Key principles

The main aim of the Group's policy is to align the interests of Executive Directors with the Group's growth strategy and long-term creation of shareholder value. The policy is designed to remunerate the Executive Directors competitively and appropriately and allow them to share in this success and the value delivered to shareholders. The policy is based on the following principles:

- Promote shareholder value creation and support the business growth strategy.
- Ensure that the interests of the Directors are aligned with the long-term interests of shareholders.
- Deliver a competitive level of pay for the Directors sufficient to attract, retain and motivate individuals.
- Ensure that an appropriate proportion of the package is determined by targets linked to the Group's performance.
- Ensure the total reward cost to ZOO are affordable and sustainable.

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Component	Purpose and link to strategy	Operation	Maximum	Performance measure
Base salary	To provide a competitive base salary to attract, motivate and retain directors with the experience and capabilities to achieve the strategic aims.	Reviewed annually against salary surveys for market rate, Group performance, role and experience.	No overall maximum, however, they are reviewed to ensure they are proportionate and fair when compared to other salaries in the Group.	N/A
Benefits	To provide a market competitive benefits package	Receive benefits in line with market practise, these include death in service plus health care in the US.	Set a level deemed appropriate by the Remuneration committee	N/A
Pension	To provide an appropriate level of retirement benefit	Executive Directors are eligible to participate in the Group's pension scheme.	Up to 5% of base salary	N/A
Annual bonus	To reward performance against annual targets which support the strategic plan.	Awards are made annually and are paid in cash	Maximum of 100% of base salary	Minimum of 80% based on financial performance and a maximum of 20% linked to smart personal objectives.
L-T incentives	Awards are linked to long-term financial and strategic objectives. To further promote equity ownership and long-term performance, vesting occurs at the end of a three-year period with holding periods applying up to a further seven years.	Awards are made at market price at date of grant and with performance targets that require to be met in the first 3 years after grant.	No maximum, subject to not exceeding the Group's overall share based incentive schemes limit that apply across all employees of 15% of issued share capital.	Performance metrics will be linked to financial performance.
Shareholdings	To promote share ownership for Executive Directors	Executive Directors are encouraged to build a shareholding in the Group over time.	No maximum	N/A

Explanation of performance measures

Performance measures are selected that are aligned with the performance of the Group and the interests of shareholders. Stretching targets are set each year for the annual bonus and long-term incentive awards. When setting these performance targets, the Committee will consider several different reference points, which may include the Group's business plan and strategy and the economic environment.

The Committee retains the ability to adjust or set different performance measures if events occur which cause the Committee to determine that the measures are no longer appropriate, and that amendment is required so that they can achieve their original purpose. Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the share option scheme.

Non-Executive Directors Remuneration Policy

The Remuneration Policy for the Non-Executive Directors is to pay fees necessary to attract an individual of the talent required, taking into consideration the size of the business and the time commitment of the role. This is reviewed

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annually by the Group Chairman and the Chief Executive. The basis of the fees is cash only and Non-Executive Directors do not receive any other benefits other than reasonable travel and other expenses incurred in the course of performing their duties.

The Company welcomes dialogue with its shareholders over matters of remuneration. The Chairman of the Remuneration Committee is available for contact with institutional investors concerning the approach to remuneration.

The remuneration committee report is contained on page 50.

By order of the board

Gillian Wilmot

Chairman

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors act in a manner consistent with this statement, and in doing so they promote the success of the Company for the benefit of its shareholders, taking into consideration the interests of all stakeholders.

In this statement we outline the key aspects of our approach to section 172 and how our Directors have fulfilled their duties throughout the year. In summary, the Directors have consistently acted in accordance with their duties under section 172, working diligently to promote the success of ZOO and safeguard the interests of shareholders and stakeholders alike. We will continue to uphold these principles as we navigate the challenges and opportunities ahead, striving to create lasting value for all those connected to our business.

1. The likely consequences of any decisions in the long term

Our directors are committed to making strategic decisions that drive long-term growth and value creation for our shareholders. This includes investments in development, forming strategic partnerships, and expanding both our service offerings and geographic footprint to achieve further market penetration.

2. The interests of the company's employees

Details of how the Directors have engaged with employees is provided in our Corporate Governance Statement.

We recognise the importance of attracting, retaining, and developing a talented workforce. We are committed to providing a safe and inclusive working environment, offering competitive remuneration packages, and investing in training and development programmes to help our employees reach their full potential.

3. The need to foster the company's business relationships with suppliers, customers, and others

Details of our approach to stakeholder engagement is provided in our Corporate Governance Statement.

4. The impact of the company's operations on the community and environment

The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain this in our corporate governance section of this Annual Report.

5. The desirability of the company maintaining a reputation for high standard of business conduct

The Company has taken a low-risk approach in its investments and acquisitions by targeting long-established businesses that have been affiliate partners of ZOO for several years. These companies, which include media services providers and localisation vendors, have accumulated extensive experience of working in the cloud-based technology that ZOO operates throughout its global ecosystem of partners and freelancers. The all-encompassing approach supports unrestricted creativity while enforcing high standards of production quality, workflow efficiency and content security across the entire global Group.

The Chairman has overall responsibility for corporate governance and in promoting high standards throughout the group. She leads and chairs the board, ensuring that committees are properly structured and operate with appropriate terms of reference, ensures that performance of individual directors, the board and its committees are reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the group and its shareholders.

6. The need to act fairly between members of the company

Details of our decision making in this respect are provided in our Corporate Governance Statement.

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The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. The Board regularly reviews its principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves. During the coming year the Directors will continue to value input from all stakeholders and this will be formalised in more detail in the coming months. In the opinion of the Directors the following significant events or decisions were required to be separately reported under this section.

- To address the need to put the business on a sustainable footing the Board has engaged in right-sizing the business to reduce costs and also maintain sufficient capacity to take on new opportunities and products that are emerging in the media localisation market.
- The transfer of production to our Indian subsidiary needs careful planning to both reduce our unit costs and maintain the quality of customer deliveries. The plan for this transfer was discussed, challenged and monitored by the Board.

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DIRECTORS' REPORT

The directors present their report on the affairs of the group, together with the financial statements and the independent auditor's report, for the year ended 31 March 2025.

Principal activities

The principal activity of the group for the year under review was to provide a range of services to allow TV and movie content to be localised in any language and prepared for sale with all major online retailers and to continue with ongoing research and development of productivity software in those areas. The principal activity of the company was to act as a holding company for its trading subsidiaries.

Review of the business and future developments

A review of the development of the business together with an indication of future developments is included in the Chairman's Statement and the Strategic Report set out on pages 2 to 9.

The audited financial statements for the year ended 31 March 2025 are set out on pages 45 to 94. The directors do not recommend the payment of a dividend for the year.

Research and development

The group undertakes research and development into software solutions for media preparation and processing. The aim of the software developed is to improve efficiencies, therefore reducing time and costs of producing physical and digital products.

Political contributions

During the year the group made no political donations. (2024: nil)

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 strike 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, 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 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. The forecast cash position at the end of September 2025, includes a significant effort to catch up with overdue trade creditors and reducing the aging of creditors. 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.

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The group has a facility with HSBC Bank which provides invoice financing of up to \$3.0 million against US clients invoices raised by ZOO Digital Production LLC. This facility is reviewed on an annual basis in June of each year and has been renewed for a further 12 months. In the UK there is a similar facility which provides up to £2 million against UK and Non-US clients 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 group will continue in operational existence for the foreseeable future, and the financial statements have therefore been prepared on a going concern basis.

Directors

The directors who served during the year were as follows:

Gillian Wilmot	Non-Executive Chairman
Dr Stuart A Green	Chief Executive Officer
Phillip Blundell	Chief Finance Officer
Gordon Doran	Chief Commercial Officer
Mickey Kalifa	Non-Executive Director
Nathalie Schwarz	Non-Executive Director

Details of the interests in the shares of the company at the beginning or subsequent date of appointment and end of the financial year of those directors who held office at 31 March 2025 are disclosed in the Directors' Remuneration report. In accordance with the company's Articles of Association, Stuart Green and Nathalie Schwarz retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' indemnities

The group has granted an indemnity to one or more of its directors against liability in respect of any proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. The company has purchased and maintains directors' and officers' insurance cover against certain legal liabilities and costs for claims in connection with any act or omission by such director in the execution of their duties.

Financial risk management

The financial risk management is included in the Strategic Report and in note 30.

Streamlined Energy and Carbon Reporting (SECR)

ZOO's mandatory reporting of greenhouse emissions is pursuant to the Companies Act 2006 (Strategic report and Directors' report). ZOO's reporting year is the same as its financial year 31 March to align with our fiscal year and financial reporting year.

ZOO has only recently passed the test for reporting emissions data and is still refining the measures and data collection to comply with the legal requirements. We are only to report on an operational basis which is emissions ZOO is directly responsible for. This was calculated using data provided by our energy providers in both the UK and USA.

Our Group greenhouse electricity and gas emissions for the year ended 31 March 2025 and the year ended 31 March 2024 is summarised below.

SECR Metrics

	2025		2024	
	Kwh	tco2	Kwh	tco2

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Scope 1 natural gas	0		0	
Scope 2 electricity	595,992	122	625,434	128
Scope3 car mileage	n/a		n/a	
Total	595,992	122	625,434	128

Substantial shareholdings

At 30 June 2025, the company had been notified, in accordance with sections 791 to 825 of the Companies Act 2006, of the following interests in the ordinary share capital of the company:

Name of holder	Percentage held	Number
Dr S A Green*	12.00%	11,755,472
Herald Investment Trust plc	9.85%	9,681,978
Stonehage Fleming IM Limited LLC	7.28%	7,156,739
Canaccord Genuity Group Inc.	4.94%	4,860,831

* Shareholdings of directors include any interests of a “connected person” (this term being defined as a shareholder and their spouse).

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report, the Directors' remuneration report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and Directors' Remuneration report comply with the Companies Act

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2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report and a Directors' report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

HaysMac LLP have expressed their willingness to continue in office. In accordance with Section 489 (4) of the Companies Act 2006 a resolution to reappoint HaysMac LLP will be proposed at the Annual General Meeting.

By order of the board

Signed 11th August 2025

Phillip Blundell

Director and Secretary

Remuneration Committee report

I am pleased to present the remuneration committee report for FY2025, which sets out the remuneration earned and paid to Directors in the year ended 31 March 2025.

As an AIM listed company, ZOO Digital Group plc is not required to comply with the remuneration reporting requirements applicable to fully listed companies in the UK. However, the Committee has taken a number of these regulations into account in the preparation of this report for the year as a matter of best practice.

The work carried out by the Remuneration Committee during the year included the following:

- A review of the performance of the Executive Directors
- A formal review of the scale and structure of their remuneration,
- Reviewing the basis of their service agreements and,
- Reviewing incentive plans and other employment related benefits with due regard to the interests of the shareholders

The Annual report on remuneration, detailed on pages 34 to 37 provides details of the amounts earned in respect of the year ended 31 March 2025 and how Directors' Remuneration Policy has operated and will be subject to an advisory shareholder vote at the 2025 AGM.

Review of the year ended 31 March 2025

As described earlier in the annual report, the Company missed its financial goals for the year. As a result of this performance the Executive Directors will not receive a bonus.

No share options held by the Executive Directors vested in the period, nor were there share option grants in the year.

Outlook for FY2026

The Committee remains committed to a fair and responsible approach to executive pay whilst ensuring it remains in line with best practice and appropriately incentivises Executive Directors over the longer term to deliver the Group's strategy. In respect of the Remuneration policy for FY 2026:

- The committee determined it was appropriate to not increase the base salaries of the 3 Executive Directors to reflect the slow recovery of the business.
- With regard to the annual cash bonus provision, the committee felt it appropriate to leave the on-target earnings percentage at an average of 54% of base salary. This mirrors similar schemes at comparable companies. Any such bonus will reflect the slow recovery of the business.
- The committee determined that it was not appropriate to grant further long-term incentives at this stage. The committee agreed to review the broader remuneration policy and to make recommendations in due course.

On behalf of the Board

Chairman of the Remuneration Committee

DIRECTORS' REMUNERATION REPORT

Directors' remuneration report

The directors' remuneration report is presented as a voluntary disclosure in order to aid the understanding of the financial statements.

The Remuneration Committee

During the year ended 31 March 2025 the Remuneration Committee consisted of all non-executive directors, and was chaired by Nathalie Schwarz.

The Remuneration Committee is responsible for determining the executive directors' remuneration packages, including bonuses, share options and other incentive schemes.

Executive directors

The committee aims to ensure compensation is fair and reasonable and that it motivates the executive directors in both the short and long-term.

The remuneration packages include:

- Basic salary
- Defined contribution to personal pension plans
- Private medical insurance
- Discretionary bonus
- Share options

Non-executive directors

Gillian Wilmot, Mickey Kalifa and Nathalie Schwarz are paid as employees for their board services.

Directors' remuneration

Directors' remuneration for the year to 31 March 2025 is:

	Salary	Bonus *	Benefits	Sub total	Pensio n	2025 Total	2024 Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Dr Stuart A Green	309	-	-	309	8	317	338
Gordon Doran	413	-	33	446	-	446	443
Phillip Blundell	257	-	-	257	-	257	253
Gillian Wilmot	86	-	-	86	-	86	82
Mickey Kalifa	50	-	-	50	1	51	50
Nathalie Schwarz	50	-	-	50	1	51	50
	1,165	-	33	1,198	10	1,208	1,216

*No bonus was payable to the executive directors in respect of the year ended 31 March 2025. The balance of the payment of the bonus for the year ended 31 March 2023 is subject to the approval of the remuneration committee.

Of the above, the following directors were remunerated in pound sterling for the year to 31 March 2025. The pound sterling amounts are shown below:

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	Salary	Bonus	Sub total	Pension	2024 Total	2024 Total
	£000	£000	£000	£000	£000	£000
Dr Stuart A Green	243	-	243	6	249	270
Phillip Blundell	202	-	202	-	202	202
Gillian Wilmot	68	-	68	-	68	67
Mickey Kalifa	39	-	39	1	40	40
Nathalie Schwarz	39	-	39	1	40	40
	591	-	591	8	599	619

Gordon Doran is remunerated in US dollars.

Three directors (2024: three) serving during the year have been members of money purchase pension schemes into which the company contributes.

The highest paid director received emoluments and benefits as follows:	2025	2024
	\$000	\$000
Emoluments	446	443

The highest paid director exercised 250,000 share options at 15p in the year.

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Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the company granted to or held by the directors. Details of the options are as follows:

Name of director	1 April 2024	Granted during the year	Exercise d during the year	Surrende red during the year	31 March 2024	Exercis e price (\$)	Exercise price (£)	Date from which exercise-able	Expiry date
Stuart A Green	175,000	-	-	-	175,000	\$0.20	15.25p*	Sep-17	Aug-27
Gordon Doran	250,000	-	250,000	-	-	\$0.23	15.00p	Jan-16	Jan-25
Gordon Doran	1,500,000	-	-	-	1,500,000	\$0.20	15.25p*	Sep-17	Aug-27
Gordon Doran	1,000,000	-	-	-	1,000,000	\$0.20	15.25p**	Aug-18	Aug-27
Mickey Kalifa	30,000	-	-	-	30,000	\$0.49	37.50p	Oct-18	Oct-27
Phillip Blundell	150,000	-	-	-	150,000	\$0.80	63.00p	Jun-20	Jun-29
Gillian Wilmot	50,000	-	-	-	50,000	\$0.80	63.00p	Jun-20	Jun-29
Gordon Doran	110,000	-	-	-	110,000	\$0.89	72.5p***	May-21	May-30
Phillip Blundell	400,000	-	-	-	400,000	\$0.89	72.5p***	May-21	May-30
Gordon Doran	150,000	-	-	-	150,000	\$1.76	1.30****	Jan-23	Jan-32
Phillip Blundell	150,000	-	-	-	150,000	\$1.76	1.30****	Jan-23	Jan-32
	3,965,000	-	250,000	-	3,715,000				

* The 2017 issue of share options has a vesting condition that the company's share price must be £0.20 or higher for 3 months immediately prior to exercise.

** The 1,000,000 share options issued to Gordon Doran in 2017 have a vesting condition relating to the profitability of the group which was achieved in 2022.

*** The share options granted in May 2021 have a vesting condition relating to the profitability of the group and were achieved in 2023.

**** The share options granted in January 2023 have a vesting condition relating to the profitability of the group. This has been judged to be unattainable, and these share options lapsed in April 2025.

The exercise of share options granted prior to 31 March 2020 is staggered over the exercise period with typically 40% exercisable after the first year and a further 30% in each of the next two years.

The charge to profit or loss in respect of directors' share options amounted to (\$nil) (2024: \$42,000).

The market price of the ordinary shares at 31 March 2025 was 12 cents (9.5p) and the range during the year was 84 cents (66p) (high) to 12 cents (9.5p) (low).

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Service contracts

The service contracts and letters of appointment of the directors include the terms in the table below.

All the directors are on rolling director appointments and offer themselves for re-election by rotation in accordance with the company's Articles of Association.

Upon termination of their service agreement, executive directors are entitled to salary equivalent to their notice period.

Name of director	Date of appointment	Notice period
Executive directors		
Dr Stuart A Green	28 January 2000	12 months
Phillip Blundell	8 August 2018	6 months
Gordon Doran	28 July 2009	12 months
Non-executive directors		
Gillian Wilmot	1 July 2019	3 months
Mickey Kalifa	5 October 2017	3 months
Nathalie Schwarz	13 January 2022	3 months

Directors' interests

The directors who held office at 31 March 2025 had the following interests, including any interests of a "connected person", in the 1p ordinary shares of ZOO Digital Group plc:

Name of director	2025 Beneficial	2024 Beneficial
Gillian Wilmot	194,422	194,422
Dr Stuart A Green	11,755,472	11,755,472
Phillip Blundell	100,000	80,000
Gordon Doran	406,033	156,033
Mickey Kalifa	50,000	50,000

Shares are held on behalf of two of the directors in the long-term incentive plan.

No other transactions have taken place with directors.

No changes (other than noted above) took place in the interests of directors between 31 March 2025 and 30 June 2025.

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Independent auditors' report

to the members of Zoo Digital Group PLC

Opinion

We have audited the financial statements of Zoo Digital Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise:

Group	Company
<ul style="list-style-type: none"> the Consolidated Statement of Comprehensive Income; the Consolidated Statement of Changes in Equity; the Consolidated Balance Sheet; the Consolidated Statement of Cash flows; and related notes to the financial statements 	<ul style="list-style-type: none"> the Company Statement of Changes in Equity; the Company Balance Sheet; and related notes to the financial statements

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2025 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

The Group consists of 13 components, located in various geographical territories where all components are trading.

The scope of the audit and our audit strategy was developed by using our audit planning process to obtain an understanding of the Group, its activities, its internal control environment and where relevant to our audit, likely future developments.

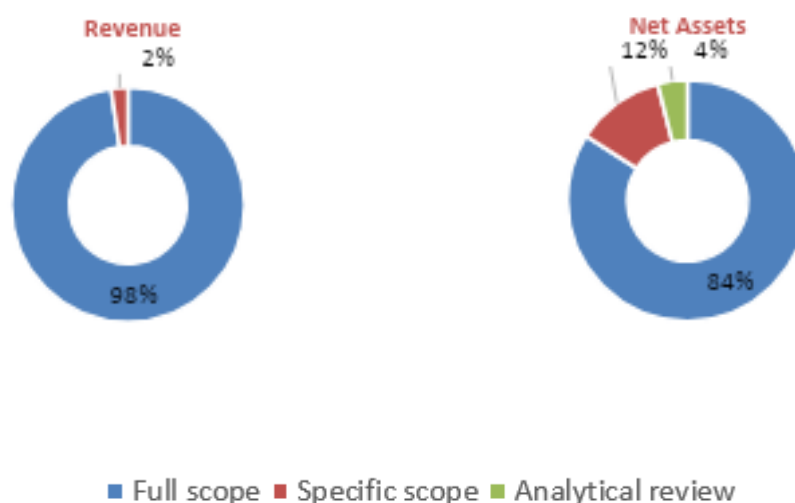
Our audit testing was informed by this understanding of the Group and accordingly was designed to focus on areas where we assessed there to be the most significant risks of material misstatement.

Audit work to respond to the assessed risks was performed directly by the audit engagement team who performed full scope audit procedures on the Parent Company and the Group as a whole.

Our audit planning and risk assessment identified 3 components (one of which was Zoo Digital Group PLC, the Parent company) which we categorised as full scope audits. Two components were deemed to be material to the group where specific scope procedures were performed to address risks of material misstatement of the group financial statements arising from these components. The remaining components were deemed to be out of scope and were therefore tested as analytical review components. Further information around these procedures is disclosed within the key audit matters section of this report.

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The below graphs summarise the monetary coverage achieved through our audit procedures:



Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In addition to the key audit matters highlighted below in our report, going concern was also considered to be a key audit matter within our audit. Our audit procedures to evaluate the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included, but were not limited to:

- Evaluating the methodology used by the Directors to assess the Group's and Parent Company's ability to continue as a going concern;
- Reviewing the Director's going concern assessment and evaluating the key assumptions used and judgements applied;
- Corroborating contracted revenue and considering the ability for management to convert revenue forecasts based on historical revenue conversion;
- Reviewing the liquidity headroom by applying a number of sensitivities to the base forecast and plausible worst-case forecast, prepared by management, to provide comfort over there being sufficient cash to pay debts as they fall due throughout the going concern period;
- Assessing the current financing facilities available to the Group and the impact of withdrawing these facilities on the liquidity headroom position;
- Reviewing post year end bank statements to assess cashflow performance of the Group, including reviewing documentation in relation to post year-end financing obtained;
- Reviewing the appropriateness of disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on:

- the overall audit strategy,
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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In determining the key audit matters we considered the:

- Areas of higher risks of material misstatement or significant risks identified in accordance with ISA (UK) 315
- Significant audit judgements on financial statement line items that involved significant management judgement such as accounting estimates, and
- The impact of significant events and transactions during the period covered by the audit.

The following table summarises the key audit matter we have identified and rationale for their identification together we how we responded to each in our audit and our key observations. In addition to the matter described in the conclusion related to the going concern section, we have determined the following matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How we addressed the key audit matter in the audit
<p><u>Revenue recognition (Group)</u></p> <p>The Group has two revenue streams, media production and software licensing. Details of the accounting policies applied are given in note 1.5.</p> <p>During the year ended 31 March 2025, the Group have recognised revenues of \$49,570k (2024: \$40,629k).</p> <p>For media production, the Group recognises revenue largely over time as the group satisfies performance obligations by transferring the promised services to the customers.</p> <p>For software licensing, the revenue is again recognised over time, with revenue assessed on a contract-by-contract basis to identify the performance obligations included within the contract and specifically whether the licence is considered to be a distinct performance obligation.</p> <p>The application of the five-step model of IFRS 15, in particular determining whether a contract exists with a customer, and the determination of whether the performance obligations included in such contract have been satisfied, involves judgement.</p> <p>Revenue is also deemed to be a key metric to users of the financial statements.</p> <p>As a result, this was deemed to be an area of high importance in the Group audit and was therefore determined to be a key audit matter.</p>	<ul style="list-style-type: none"> • In response to this risk, our work consisted of, but was not limited to, the following audit procedures in respect of all full scope and specific scope components: <ul style="list-style-type: none"> • We obtained a detailed understanding of the revenue recognition policy for each stream of income and evaluating whether it is in accordance with IFRS 15, "Revenue from Contracts with Customers"; • We performed a substantive review over the occurrence of revenue through reconciling cash receipts for completed projects in the period to the nominal ledger and completion within ZOOCORE; • Determined whether management had correctly identified the various performance obligations and allocated the appropriate transaction price to each performance obligation for contracts in the year and at year end; • Assessed the appropriateness of recognition of contract assets and liabilities and whether income had been adjusted accordingly; • For media production we substantively tested a number of transactions by agreeing to supporting documentation including purchase orders, sales invoices and evidence of delivery of the performance obligation to customers to ensure that the revenue recognition at year end was accurate, and that fully recognised contracts in the year had occurred and been completed; • For software licensing revenue we substantively tested a sample of transactions and recalculated the expected monthly revenue from these contracts to ensure that the revenue recognition was appropriate; • Using Data Analytics procedures, we performed a review of entries posted to revenue accounts in the period to determine entries which did not follow the expected flow of transactions; and • We performed a test of detail for transactions in March 2025 and April 2025 obtaining evidence to demonstrate the performance obligations were satisfied in the period in which the transactions had been recognised.



Our application of materiality

The scope and focus of our audit were influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

	Group Financial Statements	Parent Company Financial Statements
Materiality	\$765,000	\$396,000
Benchmark	<p>Materiality for the Group was determined to be 1.5% of total forecast Group revenues for the period, based on the point at which we performed our audit planning and risk assessment.</p> <p>Revenue is a key metric to management and users of the financial statements, and as such was deemed the most appropriate benchmark for determining materiality.</p> <p>We also considered other important metrics in determining materiality for the Group, and the chosen revenue materiality fell within the acceptable range for these alternative metrics, including EBITDA and Net Profit.</p>	<p>Materiality for the Parent company was determined to be 0.5% of total assets. The Parent company is a holding company for investments in subsidiaries, intercompany balances and intangible assets, and as such total assets is deemed to be an important metric to users of the Parent company financial statements.</p>

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Basis for, and judgements used in the determination of materiality

Revenue is a key metric to management and users of the financial statements, and as such was deemed the most appropriate benchmark for determining materiality. The Group's long term strategic plans highlight a focus on revenue growth.

The Parent company is a holding company for investments in subsidiaries, intercompany balances and intangible assets, and as such total assets is deemed to be an important metric to users of the Parent company financial statements.

We also considered other important metrics in determining materiality for the Group, such as profit based metrics, and the chosen revenue materiality fell within the acceptable range for these alternative metrics.

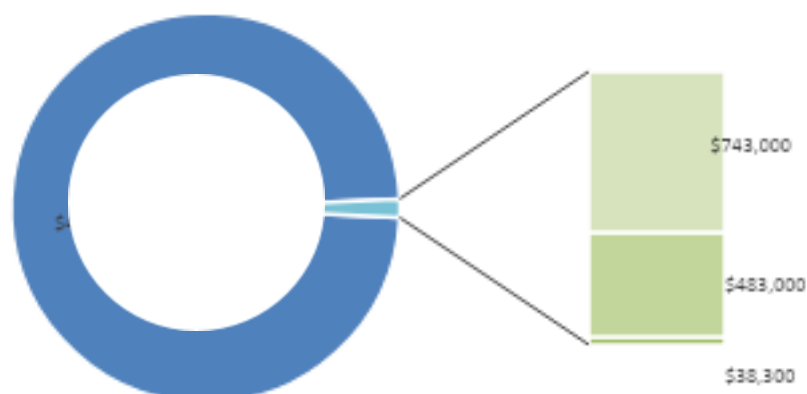
Performance materiality - Based on our risk assessment and our review of the Group's control environment, performance materiality was set at 65% of materiality, being \$483,000. We determined performance materiality to be 65% for the Group and all full scope components to reflect the inherent risks of a first-year audit, where there is greater uncertainty in assessing misstatement risk. We evidenced effective controls in place which mitigate the risk of misstatement and have obtained evidence to support their effectiveness through our assessment of controls and walkthrough procedures.

Performance materiality for the Parent company was set at 65% of materiality being \$257,000.

Reporting threshold - The reporting threshold to the audit committee was set as 5% of materiality, being \$38,300.

Reporting threshold for the Parent company was set at 5% of materiality, being \$19,800.

Overall Materiality - Group



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements in respect of employment law, including but not limited to minimum wage regulation. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to postings impacting revenue around the year end date and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- The evaluation of management's controls designed to prevent and detect irregularities;
- The identification and review of manual journals, in particular journal entries which shared key risk characteristics; and
- The review and challenge of assumptions, estimates and judgements made by management in their recognition of accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jon Dawson (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors
10 Queen Street Place
London EC4R 1AG
11 August 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2025

	Note	2025 \$000	2024 \$000
Revenue	5	49,570	40,629
Cost of sales		(31,549)	(35,172)
Gross Profit		18,021	5,457
Other income	6	-	256
Administrative expenses	8	(24,499)	(24,831)
Operating loss		(6,478)	(19,118)
Analysed as:			
EBITDA before share based payments	11	1,109	(13,578)
Share based payments	8	-	1,729
Depreciation and impairment	8	(5,197)	(4,998)
Amortisation	8	(2,390)	(2,271)
		(6,478)	(19,118)
Share of loss of associates and JVs	18	(48)	(869)
Impairment loss on associate	18	(1,457)	-
Finance income	7	43	206
Exchange gain/(loss) on borrowings	7	20	(100)
Finance cost	7	(422)	(566)
Total finance costs		(359)	(460)
Loss before taxation		(8,342)	(20,447)
Tax credit/(charge) on loss	12	362	(1,480)
(Loss)for the year		(7,980)	(21,927)
Other comprehensive income			
Currency translation gain/(loss)		14	(153)

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Total comprehensive loss for the year	(7,966)	(22,080)
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Loss for the year and total comprehensive loss for the year are all attributable to the owners of the Parent Company

Loss per share	14	
basic	(8.10) cents	(22.60) cents
diluted	(8.10) cents	(22.60) cents

The notes on pages 53 to 94 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2025

	Note	2025 \$000	2024 \$000
ASSETS			
Non-current assets			
Intangible assets	17	14,285	15,115
Property, plant and equipment	15	7,218	11,189
Investment in associated undertakings	18	1,591	3,097
Deferred income tax assets	19	321	336
		23,415	29,737
Current assets			
Trade and other receivables	20	12,883	11,485
Contract assets	26	2,244	2,569
Cash and cash equivalents	21	2,714	5,315
		17,841	19,369
Total assets		41,256	49,106
LIABILITIES			
Current liabilities			
Trade and other payables	25	(16,160)	(15,171)
Contract liabilities	26	(618)	(536)
Borrowings	24	(1,473)	(1,422)
		(18,251)	(17,129)
Non-current liabilities			
Borrowings	24	(3,185)	(4,326)
		(3,185)	(4,326)
Total liabilities		(21,436)	(21,455)
Net assets		19,820	27,651
EQUITY			
Equity attributable to equity holders of the parent			
Called up share capital	23	1,290	1,284
Share premium reserve	23	70,805	70,683
Foreign exchange translation reserve	23	(138)	(152)
Share option reserve	23	2,692	2,685
Capital redemption reserve	23	6,753	6,753
Interest in own shares	23	(63)	(63)
Other reserves	23	12,320	12,320
Merger reserve	23	1,326	1,326
Accumulated losses	23	(75,165)	(67,185)
Attributable to equity holders		19,820	27,651

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The notes on pages 53 to 94 are an integral part of these consolidated financial statements.

The financial statements on pages 45 to 94 were approved and authorised for issue by the board of directors on 11 August 2025 and were signed on its behalf.

Stuart A Green
Chief Executive Officer

Phillip Blundell
Chief Finance Officer

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 March 2025

	Note	2025 \$000	2024 \$000
ASSETS			
Non-current assets			
Property, plant and equipment	15	960	1,646
Intangible assets	17	2	2,287
Investments in associated undertakings	18	1,591	3,072
Investment in subsidiary undertakings	18	8,066	7,963
Amounts due from subsidiary undertakings	20	59,370	49,928
		69,989	64,896
Current assets			
Trade and other receivables	20	511	519
Cash and cash equivalents	21	21	307
		532	826
Current liabilities			
Trade and other payables	25	(25,361)	(17,114)
Borrowings	24	(9,803)	(9,824)
		(35,164)	(26,938)
Total assets less current liabilities		35,357	38,784
Non-current liabilities			
Borrowings	24	(61)	(196)
		(61)	(196)
Net assets		35,296	35,588
EQUITY			
Called up share capital	23	1,290	1,284
Share premium reserve	23	70,805	70,683
Foreign exchange translation reserve	23	(13)	(13)
Share option reserve	23	2,692	2,685
Capital redemption reserve	23	6,753	6,753
Interest in own shares	23	(4)	(4)
Other reserves	23	10,596	10,596
Merger reserve	23	1,326	1,326
Accumulated losses	23	(58,149)	(54,722)
Total equity		35,296	38,588

Company registration number: 03858881

The company has elected to take the exemption under section 408(2) of the Companies Act 2006 to not present the parent company Statement of Comprehensive Income.

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The loss for the parent company for the year was \$3,427,000 (2024: loss of \$6,782,000).

The notes on pages 53 to 94 are an integral part of these consolidated financial statements.

The financial statements on pages 45 to 94 were approved and authorised for issue by the board of directors on 11 August 2025 and were signed on its behalf.

Stuart A Green
Chief Executive Officer

Phillip Blundell
Chief Finance Officer

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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	Accumulate d losses	Interest in own shares	Total equity attributable to the owners of the Parent
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 April 2023	1,179	55,797	(992)	4,391	6,753	-	12,320	(44,266)	(49)	35,133
Issue of Share Capital	105	15,604	-	-	-	1,326	-	-	-	17,035
Transaction costs incurred	-	(718)	-	-	-	-	-	-	-	(718)
Share options exercised	-	-	-	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)
Balance at 31 March 2024	1,284	70,683	(152)	2,685	6,753	1,326	12,320	(67,185)	(63)	27,651
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)
Balance at 31 March 2025	1,290	70,805	(138)	2,692	6,753	1,326	12,320	(75,165)	(63)	19,820

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COMPANY 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 redemptio n reserve	Merger reserve	Other reserves	Accumulat ed losses	Interest in own shares	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Restated balance at 1 April 2023	1,179	55,797	(13)	4,391	6,753	-	10,596	(47,940)	(4)	30,759
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)
Transfer of converted loan note reserve	-	-	-	-	-	-	-	-	-	-
Transactions with owners	105	14,886	-	(1,706)	-	1,326	-	-	-	14,611
Loss for the year	-	-	-	-	-	-	-	(6,782)	-	(6,782)
Total comprehensive income for the year	-	-	-	-	-	-	-	(6,782)	-	(6,782)
Balance at 31 March 2024	1,284	70,683	(13)	2,685	6,753	1,326	10,596	(54,722)	(4)	38,588
Issue of share capital	6	122	-	-	-	-	-	-	-	128
Share options exercised	-	-	-	7	-	-	-	-	-	7
Transactions with owners	6	122	-	7	-	-	-	-	-	135
Loss for the year	-	-	-	-	-	-	-	(3,427)	-	(3,427)
Total comprehensive income for the year	-	-	-	-	-	-	-	(3,427)	-	(3,427)
Balance at 31 March 2025	1,290	70,805	(13)	2,692	6,753	1,326	10,596	(58,149)	(4)	35,296

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2025

		2025	2024
	Note	\$000	\$000
Cash flows from operating activities			
Operating loss for the year		(6,478)	(19,118)
Depreciation and impairment	15	5,197	4,999
Amortisation and impairment	17	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)
Cash flow from operations		1,108	(12,092)
Tax received		377	152
Net cash inflow/(outflow) from operating activities		1,485	(11,940)
Investing activities			
Purchase of intangible assets	17	(7)	(28)
Capitalised development costs	17	(1,519)	(2,714)
Purchase of investments		-	(1,262)
Business combinations (net of cash acquired)		(30)	(1,157)
Purchase of property, plant and equipment	15	(731)	(2,180)
Sale of property, plant and equipment		-	(1)
Finance income		43	206
Net cash outflow from investing activities		(2,244)	(7,136)
Cash flows from financing activities			
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)
Net cash (outflow)/inflow from financing		(1,838)	12,639
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	21	2,714	5,315

The notes on pages 53 to 94 are an integral part of these consolidated financial statements.

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. 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.

2.1 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.

Parent Company financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, and intangible assets;
- a reconciliation of the number and weighted average exercise prices of share options, how the fair value of share-based payments was determined and their effect on profit or loss and the financial position;
- comparative narrative information;
- for financial instruments measured at fair value and within the scope of IFRS 13, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value; and

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- related party disclosures for transactions with the parent or wholly owned members of the Group.

The Company applies accounting policies, key judgements, and key estimates on a consistent basis as the Group, except for disclosure exemptions set out above. To the extent that an accounting policy is relevant to both Group and Parent Company financial statements, the Group accounting policy disclosed below provides details of the accounting policy insofar as this is relevant to the Company.

A separate Statement of Comprehensive Income for the parent company has not been presented as permitted by section 408 (2) of the Companies Act 2006.

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.

2.1.1 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):

Standard/Interpretation	Effective Date
The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21)	1 January 2025

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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.

2.2 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.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting regularly reviewed by the group's chief operating decision maker (chief executive) to make decisions about resource allocation to the segments and to assess their performance. The segments are described further in note 4.

2.4 Foreign currency translation

2.4.1 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

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functional currency. Accordingly, in the prior year the brought forward element of the reserve has been reclassified in its entirety to retained earnings.

2.4.2 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.

2.4.3 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.

2.5 Intangible assets

2.5.1 Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2.5.2 Patent and trademark costs

Patent and trademark costs are stated at cost, net of amortisation and any provision for impairment. Patents and trademarks have a finite useful life and amortisation is charged to profit or loss on a straight line basis over the estimated useful economic life which is assessed to be 10 years.

2.5.3 Research and Development costs

Research expenditure is charged to profit or loss in the period in which it is incurred. Development costs are recognised as an intangible asset if they fulfil the following criteria:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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Development costs recognised as an intangible asset are amortised on a straight line basis over the estimated useful life of three years or the length of any current sales contracts, from the point at which the asset is ready for sale or use.

2.5.4 Computer software

Acquired computer software is shown at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over its estimated useful life of three years from the date the asset is available for use.

Costs that are directly associated with the development of identifiable and unique software products controlled by the group, and are expected to generate economic benefits exceeding costs beyond one year, are recognised as development costs within intangible assets. See note 2.5.3 Research and Development costs.

2.6 Investments in subsidiary undertakings

In the company, investments in subsidiary undertakings are carried at cost less any impairment. The investments are reviewed on an annual basis for any indication of impairment. The investments are eliminated on consolidation.

2.6.1 Joint ventures and associates

Joint ventures are all entities in which the Group has shared control with another entity, established by contractual agreement. Associates are all entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights. Joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of the profits or losses is recognised in the Consolidated Statement of Comprehensive Income. If the share of losses equals its investment, the Group does not recognise further losses, except to the extent that there are amounts receivable that are long-term and may not be settled in the foreseeable future. Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in them. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the joint ventures and associates are consistent with those of the Group.

2.7 Property, plant and equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation and impairment. Depreciation is provided on all such assets at rates calculated to write off the cost of each asset less estimated residual value, on a straight-line basis, over its estimated useful life, as follows:

- Leasehold improvements	5 years or over the term of the lease, if shorter
- Computer hardware	between 2 and 3 years
- Office equipment, fixtures and fittings	between 2 and 5 years
- Production equipment	between 2 and 3 years

2.8 Impairment of non-current assets

The group assesses at each year end date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

For goodwill, intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated at each year end date and an impairment loss is recognised for the amount by which the asset's carrying value amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

2.9 Financial instruments

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

The group monitors its exposure and adopts forward foreign exchange contracts where it deems appropriate and where commercially viable to hedge its exposure to currency risk.

Financial instruments are recognised in the Statement of Financial Position at fair value when the group becomes a party to the contractual provisions of the instrument, with movements reflected in profit or loss. The group does not use hedge accounting for its forward foreign currency contracts and does not use forward foreign currency contracts for speculative purposes.

2.9.1 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Amounts due in respect of invoice financing are separately disclosed as current and non-current liabilities. The group can use these facilities to draw down the value of certain sales invoices. The management and collections of trade receivables remains with the group.

2.9.2 Trade receivables

Trade receivables are amounts due from clients for provision of services in the ordinary course of business. They are recognised initially at their transaction price and subsequently at their amortised cost using the effective interest rate method, less provision for any expected credited losses.

Impairment of financial assets

The impairment requirement of IFRS 9 uses forward-looking information to recognise expected credit losses – the “expected credit loss (ECL) model”. Instruments within the scope of IFRS 9 included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit and loss.

Recognition of credit losses is no longer dependent on the group first identifying a credit loss event. Instead the group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1”) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the reporting date.

“12-month expected credit losses” are recognised for the first category while “lifetime expected credit losses” are recognised for the second category.

The Group adopts the simplified approach to calculate expected credit losses for short term receivables. The measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the trade receivables, as adjusted for forward-looking information, or over the expected life of the financial instrument for other instruments. The Group considers financial assets to be in default when the borrower is unlikely to pay its obligations or has entered into a formal insolvency process (or similar).

2.9.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits held with banks.

2.9.4 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recorded initially at fair value and subsequently measured at their amortised cost using the effective interest rate method.

2.10 Share based payments

Options are measured at fair value at grant date using the binomial model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

Under the group's share option scheme, share options are granted to directors and selected employees. The options are expensed in the period over which the share based payment vests. A corresponding increase to the share option reserve under shareholder's funds is recognised.

When share options are exercised, the company issues new shares. The nominal share value from the proceeds received are credited to share capital and proceeds received above nominal value, net of attributable transaction costs, are credited to the share premium when the options are exercised. When share options are forfeited, cancelled or expire, the corresponding fair value is transferred to the accumulated losses reserve.

The group has no legal or constructive obligation to repurchase or settle the options in cash.

The Group operates an employee share incentive scheme, namely the Enterprise Management Incentive (the "EMI" and the share incentive plan ("SIP").

The total expense for the period relating to employee share-based payment plans have been included in the consolidated financial statements as the Group exercises control over the EMI in accordance with the terms of the scheme rules.

The Group's EMI scheme is an equity-settled share option scheme approved by HMRC. Options have also been granted under the terms of HMRC's schedule, which is not approved.

Under the EMI scheme the trustees may grant options over shares in the Company to eligible employees. The eligible employees to whom options are granted and the terms of such options will be determined by the Directors of ZOO or the trustees. The employees who are eligible to participate in the EMI scheme are all ZOO's employees, including the employees of the Company's subsidiaries. Options are not transferable.

ZEST holds shares for employees only. Its statement of financial position is consolidated within the Group.

2.11 Pension costs and other post-retirement benefits

The group operates only defined contribution schemes and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further obligations once the contributions have been paid. The amount charged to the Consolidated Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

2.12 Revenue

Revenue arises from the provision of cloud-based localisation and digital distribution services. To determine whether to recognise revenue, the group follows a 5-step process as follows:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at transaction price, stated net of VAT and other sales related taxes.

Revenue is recognised over time as the group satisfies performance obligations by transferring the promised services to its customers.

Costs are recognised when the liability transfers to ZOO, which is determined by work being completed.

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A contract asset must be recognised if the Group recorded revenue for fulfilment of a contractual performance obligation before the customer paid consideration or before – irrespective of when payment is due – the requirements for billing and thus the recognition of a receivable exist.

A contract liability must be recognised when the customer paid consideration or a receivable from the customer is due before the Group fulfilled a contractual performance obligation and thus recognised revenue.

2.12.1 Sales of services

Service revenue is recognised in accordance with the transfer of value to the customer and typically this is over one to four months. Where a project goes over a month end, projects completed but not invoiced are accrued. At year end projects that have not completed are assessed for the value to the customer of services transferred to date and a contract asset is recognised if appropriate.

The major consideration for ZOO is the timing of revenue recognition. The board believes that the length of projects is short and that the current method of recognising revenues is appropriate.

All customers are onboarded before any orders can be placed. This includes credit check, account information and agreement of a customer ratecard. Any customer wishing to place an order sends an email to ZOO production outlining the project requirements. ZOO production then evaluates the project and sends the customer a quote. The contract is confirmed either by email or a purchase order request.

The customer reviews the quote and signs off the project by issuing a purchase order or email confirming the contract. This clearly states the deliverables for the project. There may be multiple performance obligations in the contract, i.e. More than one service and more than one language. This allows us to identify the individual obligations within a contract and also where requested make separate deliveries of the localised assets. Performance obligations within each contract are separated to identify distinct elements to which transaction prices are allocated. Revenue is recognised over time because the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Invoices for goods or services transferred are due within 45 days of receipt by the customer.

Having an agreed ratecard with all customers and either an email or purchase order confirming the individual projects gives certainty to the transaction price and the individual components of the contract. There are no variable components to ZOO contracts, nor financing or non-cash elements in transaction price.

Where a project is still ongoing at the end of an accounting period, the asset enhancement completed to date is estimated based on reports within ZOO core and ZOO invoicing which use the project status and the customer ratecard to determine revenue to date. As a result, Zoo core provides a measurable and observable way to depict the stage of each contract in order to allow revenue to be allocated across accounting periods. The revenue stream forms the Media Production segment.

2.12.2 Software licence fees

Revenue arising from software licences is assessed on a contract by contract basis to identify the performance obligations included within the contract, and specifically whether the licence is considered to be a distinct performance obligation. Generally, the contracts include hosting, support, maintenance and other services which are not distinct from the licence. As the licence is not distinct, the contract is treated as a series of distinct goods and services that are all substantially the same and have the same pattern of transfer to the customer, with revenue being recognised over time pro-rata over the period of the contract, as the customer simultaneously receives and consumes the benefits of the service as ZOO performs it. All costs relating to complete or partially complete performance are expensed as incurred. This revenue stream forms the Software Solutions revenue stream.

2.13 Leases

The Group as a lessee

For any new contracts entered into the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

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- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentive received).

The Group depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is removed to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to those are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in borrowings.

2.14 Deferred taxation

Deferred tax, including UK corporation tax and foreign tax, is provided in full using the Statement of Financial Position liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the consolidated and parent company Statement of Financial Position. Deferred tax assets and liabilities are not recognised if they arise in the following situations; the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end date.

The group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, joint ventures and associates as it is not considered probable that the temporary differences will reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill

Goodwill (detailed in note 16) is tested annually for impairment at the year-end date. The recoverable amounts of cash generating units have been estimated based on value in use calculations. Value in use calculations have been based on a pre-tax discount rate of 26.8% (2024: 26.4%). No impairment loss is incurred at this discount rate. No reasonable adjustment to the discount rate or other inputs would result in an impairment.

Intangible non-current assets

These are estimated on the basis of value in use, which is calculated from the present value of future cash flows expected to be derived from the asset under review. The key elements of estimation are the calculation of future cash flows. For intangible assets, future cash flows are forecast revenues from the associated cash-generating unit. Further estimation is made in determining an appropriate discount rate that reflects the specific risks associated with the asset or cash-generating unit. See note 17 for further details of assumptions made and sensitivity testing regarding intangible assets.

3.2 Critical judgements in applying the group's accounting policies

Functional currency of the company

The functional currency of the company's largest subsidiaries is US dollars. Therefore, as the majority of transactions between the company and these subsidiaries and the company's revenue and receivables are denominated in US dollars, management have determined that the company's functional and presentation currency is US dollars.

Identification of performance obligations

The determination of the number of distinct performance obligations in a contract requires judgement. There may be multiple performance obligations in the contract such as multiple services or languages. As such, there is judgement based on whether the customer can benefit from the use of the service on its own or together with other resources that are readily available, and also whether the promise to transfer the service is separately identifiable from other promises in the contract.

Allocation of the transaction price to performance obligations

Where a contract contains multiple performance obligations, the transaction price is required to be allocated to the different performance obligations. Wherever possible the transaction price is allocated on a stand-alone selling price basis, by reference to the agreed customer ratecard. In the event that this is not available, the price is allocated to the various performance obligations on a reasonable basis, with reference to other ratecards, the expected time involved in performing the service, and management's experience of similar projects. The allocation of such a price is done using the output method, reflecting that ZOO's delivery is to deliver services to enhance the customer's assets.

The major consideration for ZOO is the timing of revenue recognition. The Board believes that the length of projects is short and that the current method of recognising revenues is appropriate.

After providing all customers with a quote, they sign off the project by issuing a purchase order or email confirming the contract. This clearly states the deliverables for the project. There may be multiple performance obligations in the contract, i.e. More than one service and more than one language. This allows us to identify the individual obligations within a contract and also where requested make separate deliveries of the localised assets. Performance obligations within each contract are separated to identify distinct elements to which transaction prices are allocated. Revenue is recognised over time because the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Invoices for goods or services transferred are due within 45 days of receipt by the customer.

Having an agreed ratecard with all customers and either an email or purchase order confirming the individual projects gives certainty to the transaction price and the individual components of the contract. There are no variable components to ZOO contracts, not financing or non-cash elements in transaction price.

When a project is still ongoing at the end of an accounting period, the asset enhancement completed to date is estimated based on reports within ZOO core and ZOO invoicing which use the project status and the customer ratecard to determine revenue to date. As a result, ZOO core provides a measurable and observable way to depict the stage of each contract in order to allow revenue to be allocated across accounting periods.

The revenue stream forms the Media Production segment.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted, in accordance with the requirements of IAS 12 'Income Taxes'.

Where the temporary differences related to unused tax losses, evidence considered to support the recognition of deferred tax assets include the existence of relevant taxable profits in the current and preceding periods and in the period after the reporting date and expectations of profits in the future. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

Intercompany non-current asset classification (parent company only)

The amounts owed by subsidiary undertakings as non-current assets because the Group is still in an investment phase and does not expect or require its subsidiaries to repay its debts to the Group in the next 12 months.

Share-based payments

The outstanding and unvested share based payments, detailed in note 30, included solely conditions relating to non-market performance conditions in order for employees to be able to benefit from the vesting. As a result of the Group's performance in the year, it is virtually certain that such non-market performance conditions, namely revenue growth and EBITDA margin targets, will no longer be met by the end vesting date. As a result, the entire fair value expensed in prior years in respect of these options has been reversed and credited back to the Income Statement.

Recognition of revenue from multiple element contracts, and revenue recognition

Management uses judgement in determining the fair value of multiple element contracts in order to appropriately recognise the revenue attributable to each element, which may be based on contractual terms or (for bundled contracts) the standalone selling price that would be attributed to each service.

For revenues recognised over time, the value of revenue recognised in the period is dependent on an assessment of work to the reporting period end date. (see 2.12.1).

Capitalisation of development costs

The capitalisation of development expenditure is dependent on the costs meeting the recognition criteria in accordance with IAS 38 'Intangible Assets'. In assessing the criteria, management makes judgements on the level of future economic benefits of the asset flowing to the Company. Management is assisted in making these judgements through the monitoring both of sales forecasts and of the level of future cost benefits arising.

Recognition of separable intangibles

In the current year the Group has made a number of acquisitions which qualify as business combinations. However, the Group has not recognised any separable intangible assets for these business combinations on the basis of the ability of a market participant to generate cashflows from those intangible assets.

In particular, for the acquisition of Whatsub Pro Limited ("Korea"), the Group had a number of pre-existing relationships which carried value only to the Group and not to a market participant. It has therefore not separately recognised the intangibles of Korea so as to avoid recognising intangibles associated with the Group itself.

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4 Segmental reporting

Operating segments

At 31 March 2025, the group is organised on a worldwide basis into two main operating segments:

- Segment 1 – Media Production – being localisation and media services
- Segment 2 - Software solutions

These divisions are the basis on which the group reports its segment information and manages the business. Although there is overlap and interconnectivity between the segments the dynamics and growth prospects differ from one another so it is appropriate that they are separately identified. The categories identified also depict how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic factors. The media production segment generates revenue which is reported as “Localisation” and “Media Services”. Both types of revenue are interdependent and are generated by the same processes, people and assets, accordingly are considered to represent one segment.

The segment profit reported to the Group’s Chief Operating Decision Maker (“CODM”) is to a segment contribution level only, which is to the extent required for the purpose of resource allocation and assessment of segment performance. Thus, a further analysis is not provided nor arbitrarily allocated on the basis that the CODM does not use this information. Similarly, assets and liabilities of the Group are not reported to the CODM by segment.

The segment results are as follows:

Media Production								
	Localisation		Media services		Software solutions		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total revenue	41,161	32,475	23,192	13,673	1,028	1,475	65,381	47,623
Inter-segment revenue (10,900)		(5,230)	(4,911)	(1,764)	-	-	(15,811)	(6,994)
Revenue	30,261	27,245	18,281	11,909	1,028	1,475	49,570	40,629
Segment contribution**	9,220	6,241	12,377	4,290	719	1,161	22,316	11,692
Non-productive cost of sales *							(4,295)	(6,235)
Gross profit							18,021	5,457
Unallocated corporate administrative expenses							(24,499)	(24,575)
Operating loss							(6,478)	(19,118)
Finance income							43	206
Finance cost							(402)	(666)
Profit share of loss of associates and JVs							(1,505)	(869)
Loss before taxation							(8,342)	(20,447)
Tax credit/(charge) on loss							362	(1,480)
Loss for the year							(7,980)	(21,927)

* Non-productive cost of sales represents the time-cost of staff not working on customer contracts; examples include (but are not limited to) holiday, sickness, training, and excess capacity downtime. These are not absorbed into the main segments so as to better present the underlying profit margins directly contributed by customer contracts.

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** Segment contribution refers to the portion of the company's total gross profit that is generated by a specific segment of the business.

Assets and liabilities are not reported to the chief operating decision maker by segment. Accordingly, no disclosure is provided in these financial statements on the grounds that the chief operating decision maker does not utilise this information in reviewing the performance of the Group.

Geographical areas

The group's operating divisions operate in several principal geographical areas of the world. All European operations are run from the UK office. The analysis below presents revenues and assets as split by location of the operating division delivering the relevant business activities:

	Revenue		Total assets		Non-current assets	
	2025	2024	2025	2024	2025	2024
	\$000	\$000	\$000	\$000	\$000	\$000
United Kingdom (domicile)	16,843	8,474	22,861	23,805	18,018	19,800
India	1,641	2,133	4,496	5,070	1,565	2,924
Korea	170	52	943	951	361	333
Germany	-	-	256	135	50	20
Italy	48	26	989	130	556	88
US	30,868	29,944	13,768	19,015	3,984	6,236
	49,570	40,629	43,313	49,106	24,534	29,401

At 31 March 2025, contract assets amounted to \$2.2m (2024: \$2.6m) and contract liabilities amounted to \$0.6m (2024: \$0.5m). Revenue for the year ended 31 March 2025 includes \$0.3m (2024: \$0.4m) included in the contract liability balance at the beginning of the period. Further information on the values of contract assets and liabilities is provided in note 27.

The group has taken advantage of the practical expedient permitted by IFRS 15, and has therefore not disclosed the amount of the transaction price allocated to unsatisfied performance obligations or when it expects to recognise that revenue, as contracts have an expected duration of less than one year.

5 Revenue

All revenue is derived from continuing operations.

The group's revenue comprises:

	2025	2024
	\$000	\$000
Service revenue (recognised over time)	48,542	39,154
Licence revenue (recognised over time)	1,028	1,475
	49,570	40,629

The group's revenue disaggregated by customer location (as invoiced to) is as follows:

For the year ended 31 March 2025		
Service	Licensing	Total
\$'000	\$'000	\$'000

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United Kingdom	15,414	34	15,448
USA	30,514	994	31,508
Europe	251	-	251
India	1,641	-	1,641
Other countries	722	-	722
	48,542	1,028	49,570

For the year ended 31 March 2024

	Service \$'000	Licensing \$'000	Total \$'000
United Kingdom	5,496	62	5,558
USA	29,809	1,413	31,222
Europe	312	-	312
Singapore	1,983	-	1,983
Other countries	1,554	-	1,554
	39,154	1,475	40,629

The group's revenue disaggregated by pattern of revenue recognition is as follows:

For the year ended 31 March 2025

	Service \$'000	Licensing \$'000	Total \$'000
Services transferred over time	48,542	1,028	49,570

For the year ended 31 March 2024

	Service \$'000	Licensing \$'000	Total \$'000
Services transferred over time	39,154	1,475	40,629

Major clients

The group has two major customers contributing 61% and 7% (2024: 45% and 13%) of the group's revenue respectively. The debtor receivable balance as at 31 March 2025 for the two largest clients was \$5.3m (2024: \$4m). The revenues are as follows:

	2025 \$000	2024 \$000
Largest two clients	33,902	23,705
Other clients	15,668	16,924
	49,570	40,629

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6 Other income

	2025	2024
	\$'000	\$'000
Loss on disposal of assets	-	256
Other income	-	256

7 Finance income and costs

	2025	2024
	\$'000	\$'000
Finance income		
Interest received	43	206
Finance costs		
Interest on borrowings	11	32
Interest on lease liabilities	411	534
	422	566
Exchange loss on borrowings	(20)	100
Finance costs	402	666

8 Operating loss

Group operating loss for the year is stated after charging/ (crediting) the following:

	2025	2024
	\$000	\$000
Other exchange losses	66	75
Staff costs (indirect)	9,701	12,044
Capitalised staff costs	(1,519)	(2,714)
Share based payment	-	(1,729)
Depreciation	5,197	4,998
Amortisation of other intangible assets	2,390	2,271
Research and non-capitalised development costs	528	513
Non-property short-term lease payments not recognised as a liability	11	14
Auditor's remuneration	200	238

9 Auditor's remuneration

	2025	2024
	\$000	\$000

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Fees payable to the company's auditor for the audit of the company's financial statements	174	208
For audit services:		
Fees payable to the company's auditor and its associates for other services:		
The audit of subsidiary financial statements	26	30
	200	238

10 Employees including directors

The average number of employees (including executive directors) was:

	Group		Company	
	2025	2024	2025	2024
	No.	No.	No.	No.
Product design and service delivery	426	509	106	142
Sales and marketing	4	14	2	7
Administration	46	46	15	18
	476	569	123	167

Their aggregate remuneration comprised:

	Group		Company	
	2025	2024	2025	2024
	\$'000	\$000	\$'000	\$000
Wages and salaries	23,854	30,026	1,851	2,145
Social security costs	1,458	1,998	173	284
Other pension costs	391	520	78	141
Share based payments	-	(1,729)	-	(1,729)
	25,703	30,815	2,102	841

The group pension arrangements are operated through a defined contribution scheme.

The write back in the share based payment accrual in FY24 was a result of the significant drop in the share price in the year which has not recovered in FY25.

Compensation of key management personnel (including directors)

	Group	
	2025	2024
	\$000	\$'000
Short-term employee benefits	1,479	1,487
Contributions to defined benefit scheme pensions	10	10
Share based payments	-	(129)
	1,489	1,368

This includes all directors listed on pages 21 and 22 and senior management.

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Directors' remuneration for the year to 31 March 2025 is:

					2025	2024
	Salary	Bonus	Benefits	Pension	Total	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Dr Stuart A Green	309	-	-	8	317	338
Gordon Doran	413	-	33	-	446	443
Phillip Blundell	257	-	-	-	257	253
Mickey Kalifa	50	-	-	1	51	50
Gillian Wilmot	86	-	-	-	86	82
Nathalie Schwartz	50	-	-	1	51	50
	1,165	-	33	10	1,208	1,216

Three directors (2024: three) serving during the year have been members of money purchase pension schemes into which the company contributes.

The highest paid director received emoluments and benefits as follows:	2025	2024
	\$000	\$000
Emoluments and benefits	446	443

11 Alternative Performance Measures

The Directors have used a number of Alternative Performance Measures ("APM") in the preparation of these financial statements. The Consolidated Statement of Comprehensive Income has presented 'Earnings before Interest, Tax, Depreciation and Amortisation' ("EBITDA") before share-based payments, which removes the non-cash aspect of employee remuneration which is, in the opinion of the Directors, not relevant to the underlying performance and cash generation of the business.

The Directors have presented this APM because they feel it most suitably represents the underlying performance and cash generation of the business, and allows comparability between the current and comparative period in light of the changes in the business, and will allow an ongoing trend analysis of this performance based on plans for the business.

The Consolidated Statement of Comprehensive Income provides a reconciliation of EBITDA before share-based payments to operating profit, which is presented within the boxed section. This reconciliation is relevant throughout this annual report when "EBITDA before share-based payments" or "adjusted EBITDA" is stated.

12 Income tax

	2025	2024
	\$000	\$000
Current tax:		
<i>UK corporation tax</i>		
Research and development tax credit	(215)	-
Foreign tax	(162)	152
Total current tax	(377)	152
Total deferred tax – Origination and reversal of timing differences	15	1,328
Tax (credited)/charged	(362)	1,480

Corporation tax is calculated at 25% (2024: 25%) of the estimated assessable profit for the year.

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Tax charge for the year

The tax charge for the year can be reconciled to the loss for the year as follows:

	2025	2024
	\$000	\$000
(loss) before tax	(8,341)	(20,461)
Tax calculated at standard rate of corporation tax of 25% (2024: 25%)	(2,085)	(5,112)
Disallowable items	365	(100)
Impairment expense for joint ventures and associates	398	500
Research and development tax credit (<i>see below</i>)	(215)	-
Permanently disallowed depreciation	116	-
Other movements	(57)	20
Derecognition of tax losses no longer considered recoverable	-	1,328
Effect of change in unrecognised tax losses	1,116	4,847
Recognition of deferred tax losses	-	4,844
Tax credited	(362)	1,480

Companies within the Group are entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure under the Research and Development Tax Incentive regime. The Group accounts for these allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. The tax credits are recognised in the Statement of Comprehensive Income when received.

The UK corporation tax rate was 25% throughout the year.

Tax losses carried forward

The group has tax losses carried forward of approximately \$50.9m (2024: \$32.6m), of which \$0.5m (2024: \$0.5m) has been recognised at a rate of 25% (UK) and 30% (US) as a deferred tax asset for the year. The balance of tax losses remain unrecognised at the balance sheet date due to the uncertainty in the timing of future profits. Further analysis is provided in note 20.

13 Dividends

There were no dividends paid or proposed.

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14 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	Number of
	shares	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)

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.

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15 Property, plant and equipment

Group	Production equipment	Right-of-use-assets	Leasehold property improvement	Computer hardware	Office equipment, fixtures & fittings	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost						
Opening cost at 1 April 2023	762	9,864	3,146	8,365	349	22,486
On Acquisitions	72	-	-	398	82	552
Additions	90	449	883	1,174	33	2,629
Disposals	-	(2,145)	-	(44)	-	(2,189)
Opening cost at 1 April 2024	924	8,168	4,029	9,893	464	23,478
Reclassification	-	-	(29)	-	29	-
Additions	396	495	93	172	70	1,226
Disposals	-	(100)	-	-	-	(100)
Closing cost at 31 March 2025	1,320	8,563	4,093	10,065	563	24,604
Accumulated depreciation						
Opening balance at 1 April 2023	456	2,553	804	3,794	143	7,750
Depreciation	239	1,471	753	2,430	106	4,999
Eliminated on disposal	-	(444)	-	(16)	-	(460)
Opening balance at 1 April 2024	695	3,580	1,557	6,208	249	12,289
Reclassification	-	-	(10)	-	10	-
Depreciation	223	1,442	798	2,632	102	5,197
Eliminated on disposal	-	(100)	-	-	-	(100)
Closing balance at 31 March 2025	918	4,922	2,345	8,840	361	17,386
Opening carrying value at 1 April 2024	229	4,588	2,472	3,685	215	11,189
Closing carrying value at 31 March 2025	402	3,641	1,748	1,225	202	7,218

The Group has leases for offices in London, California, Chennai and Mumbai. Each lease is reflected on the balance sheet as a right-of-use-asset and a lease liability. The lease for Castle House is currently under negotiation. This is currently at will and the building is up for sale. Therefore until a lease can be agreed rents will continue to be expensed to the Statement of Comprehensive Income as incurred.

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Company	Leasehold improvements	Right-of-use-assets	Computer & Production hardware	Office equipment, fixtures & fittings	Total
	\$000	\$000	\$000	\$000	\$000
Cost					
Opening cost at 1 April 2024	1,922	808	1,875	118	4,723
Additions	-	-	134	-	134
Closing cost at 31 March 2025	1,922	808	2,009	118	4,857
Accumulated depreciation					
Opening balance at 1 April 2024	859	808	1,329	81	3,077
Depreciation	377	-	413	30	820
Closing balance at 31 March 2025	1,236	808	1,742	111	3,897
Opening carrying value at 1 April 2024	1,063	-	546	37	1,646
Closing carrying value at 31 March 2025	686	-	267	7	960

16 Leases

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Current	1,473	1,422	102	125
Non-current	2,948	4,083	61	193
	4,421	5,505	163	318

The Group has leases for offices in London, California, Chennai and Mumbai. Each lease is reflected on the balance sheet as a right-of-use-asset and a lease liability. The Group classifies its right-of-use-assets in a consistent manner to its property, plant and equipment (see Note 15).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use-asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet:

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	No of right-o f-use assets	Range of remaining term	Average remaining lease term	No of leases with extensio n options	No of leases with options to purchase	No of leases with variable payment s linked to an index	No of leases with termin ation option s
Right-of-use-asset							
Office building	12	0.1-4.75 years	1.93 years	-	-	-	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 31 March 2025 were as follows:

	Within 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	After 5 years \$'000	Total \$'000
31 March 2025							
Lease payments	1,768	1,645	1,382	125	44	-	4,964
Finance charges	(294)	(177)	(63)	(8)	(1)	-	(543)
Net present values	1,474	1,468	1,319	117	43	-	4,421
31 March 2024							
Lease payments	1,801	1,615	1,578	1,323	67	-	6,384
Finance charges	(379)	(275)	(165)	(55)	(5)	-	(879)
Net present values	1,422	1,340	1,413	1,268	62	-	5,505

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability amounted to \$11,000 for leases of low value assets. (2024: \$14,000).

At 31 March 2025 the total commitment was \$18,000 (2024: \$15,000). This excludes any amounts for the Sheffield office, which are on a rolling 30 day notice period at the year end.

Total cash outflow for leases for the year ended 31 March 2025 was \$1.6 million (2024 \$1.4 million).

Group

Tangible assets for the group includes the following amounts where the company is a lessee:

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At 31 March 2025	Leasehold improvements	Total
	\$000	\$000
Cost - capitalised leases	8,563	8,563
Accumulated depreciation	(4,922)	(4,922)
Net book value	3,641	3,641

At 31 March 2024	Leasehold improvements	Total
	\$000	\$000
Cost - capitalised leases	8,167	8,167
Accumulated depreciation	(3,581)	(3,581)
Net book value	4,586	4,586

Company

The company holds no tangible assets that are under a lease.

17. Intangible assets

Group	Goodwill	Customer relationships	Development costs	Patents and trademarks	Computer software	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost						
Opening cost at 1 April 2023	18,168	1,424	17,421	821	269	38,103
Additions	4,308	-	2,714	21	7	7,050
Exchange differences	-	-	-	-	(5)	(5)
Opening cost at 1 April 2024	22,476	1,424	20,135	842	271	45,148
Additions	30	-	1,519	2	5	1,556
Exchange differences	4	-	-	-	-	4
Closing cost at 31 March 2025	22,510	1,424	21,654	844	276	46,708
Accumulated amortisation and impairments						
Opening balance at 1 April 2023	12,620	142	14,156	624	220	27,762

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		142				
Amortisation	-		2,073	34	22	2,271
Disposals	-	-	-	-	-	-
Opening balance at 1 April 2024	12,620	284	16,229	658	242	30,033
Amortisation	-	142	2,200	36	12	2,390
Closing balance at 31 March 2025	12,620	426	18,429	694	254	32,423
Opening carrying value at 1 April 2024	9,856	1,140	3,906	184	29	15,115
Closing carrying value at 31 March 2025	9,890	998	3,225	150	22	14,285

Development costs are internally generated software development costs. The major projects include ZOO Studio, ZOO Screen, ZOO Subs and ZOO Dubs. Management is confident that the projects will deliver sufficient profit in future years and therefore require no impairment. All other intangible assets are acquired externally.

The remaining life of the majority of development costs is 5 years.

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Company	Goodwill \$000	Computer software \$000	Total \$000
Cost			
Opening cost at 1 April 2024	10,960	17	10,977
Additions	-	-	-
Disposals (1)	(10,960)	-	(10,960)
Closing cost at 31 March 2025	-	17	17
Accumulated amortisation/ impairment			
Opening balance at 1 April 2024	8,679	11	8,690
Amortisation	-	4	4
Eliminated on disposal (1)	(8,679)	-	(8,679)
Closing balance at 31 March 2025	-	15	15
Opening carrying value at 1 April 2024	2,281	6	2,287
Closing carrying value at 31 March 2025	-	2	2

- (1) The disposal relates to the goodwill of Zootech Limited, which was acquired in 2001. The trade and assets were transferred around the group subsequently and the group continues to benefit from the use of the goodwill, as determined in accordance with IFRS 3. However, the Company no longer trades using this goodwill and therefore it has recognised a disposal in the year.

Impairment tests for cash-generating units

Goodwill attracts to cash-generating units ("CGU's"); these CGU's are subject to annual impairment testing, or more frequently if there are indications that the CGU's might be impaired. After internal discussion and external advice it was agreed to consolidate the India CGU into Media production as the majority of its work is now of an internal nature, and represents a shift in the composition of the Indian revenues.

During the current and comparative year the Group has incurred significant trading losses, which call into question the recoverable value of its non-monetary assets. Further, at the year end the Group's market capitalisation was approximately \$12.0m, which is lower than the Group's net asset value at the same date, representing an indicator of impairment under IAS 36.12(d).

The recoverable amount of a CGU has been determined based on its value in use. In calculating the value in use the group used a pre-tax discount rate of 26.8% (2024: 26.4%). The carrying amount of goodwill is allocated as follows:

Software solutions		Media production		Group	
2025	2024	2025	2024	2025	2024
\$000	\$000	\$000	\$000	\$000	\$000
2,281	2,281	7,609	7,575	9,890	9,856

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Management has based its pre-tax cash flow projections on financial budgets approved by the Board covering the next financial period. These are based on its expectations of prices, volumes and margin obtained from its current products and services and products and services development. These are forecast specifically for the first 2 years, with a significant growth projection to normalise the cashflows after the challenges disclosed for the current year. Thereafter, sales are projected to increase by 10% per annum (media) (2024: 10%) and 0% per annum (software) (2024: 0%) for the next 3 years.

Cash flows after this period have been extrapolated based on estimated growth rates and discount rates disclosed below for each segment over the next five years and into perpetuity. The discount rate has been calculated for each CGU and is considered to reflect the risks specific to the asset as well as the time value of money. The below are post-tax discount rates.

	Software solutions	Media production
Discount rate	20.9% (2024 – 17.0%)	18.1% (2024 – 17.0%)
Growth rate	2% (2024 - 3%)	2% (2024 - 3%)

The risks associated with each CGU are considered to be similar, therefore it is appropriate to use the same discount rate for each but adjusted for geographical risks; Software Solutions is based in the UK, whilst Media Production is based primarily in the USA but with international operations. The rate disclosed is the rate used for the US component of its operations, although smaller overseas operations have been discounted in the range 18.3% - 27.1%. A more detailed disclosure of this is not provided on grounds of materiality.

Management has based the growth rate of 2% on its expectations of prices, volumes and margin obtained from its current products and services and products and services under development. Current estimates from clients and market trends would support a higher growth rate but management have adopted a cautious assumption when assessing any potential impairment and are therefore considered a “worse case” scenario. The pre-tax discount rate of 26.8% (2024 – 26.4%) is what management consider to be its cost of obtaining funds, with the increase primarily attributed to the Group’s market capitalisation at the year end.

If sector growth assumption rates were applied at 2% and a post-tax discount rate of 30% was applied, the software solutions segment and the media production segments would require no impairment.

If sector growth assumption rates were applied at 2% and a post-tax discount rate of 35% was applied, the software solutions segment and the media production segments would require no impairment.

If sector growth assumption rates were applied at 0% and a post-tax discount rate of 35% was applied, the software solutions segment and the media production segments would require no impairment. The CGU’s continue to not have an impairment until the pre-tax discount rate increases to 45.4% (software solutions) and 37.7% (media production). The level of these discount rates are in excess of those determined at prevailing market rates for the Group as at the year end and mean that the Directors are confident that the impairment assessment is insensitive to all reasonable changes in the discount rate applied.

Based on the above, the Directors are confident that no impairment of goodwill or other non-monetary assets is required in the Group and Company at 31 March 2025, in respect of the trading assets of the Group.

18. Investments

Parent company – shares in group undertakings

	\$000
Cost	
At 1 April 2024	20,101
Additions	103
At 31 March 2025	20,204
Amounts written off	
At 1 April 2024	(12,138)
Impairment expense	-
At 31 March 2025	(12,138)

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Carrying amount	
At 31 March 2025	8,066
At 31 March 2024	7,963

Investments in joint ventures and associates

Group

	2025			2024		
	Joint ventures	Associate s	Total	Joint ventures	Associate s	Total
	\$000	\$000	\$000	\$000	\$000	\$000
At 1 April	1,596	1,501	3,097	909	3,391	4,300
Additions	-	-	-	1,262	17	1,279
Transfer to subsidiary	-	-	-	(570)	-	(570)
Impairment	-	(1,457)	(1,457)	-	(1,930)	(1,930)
Share of loss for the year	(5)	(44)	(49)	(5)	23	18
At 31 March	1,591	-	1,591	1,596	1,501	3,097

Included within the Income Statement are the following:

	2025	2024
	\$000	\$000
Share of (losses)/profits for the year	(48)	18
Impairment of investment in Vista India DM Inc	(1,457)	(1,930)
Profit on step acquisition of Korea (see note 33)	-	1,043
Total charged to the Income Statement	(1,505)	(869)

Company

	2025			2024		
	Joint ventures	Associate s	Total	Joint ventures	Associate s	Total
	\$000	\$000	\$000	\$000	\$000	\$000
At 1 April	1,596	1,476	3,072	909	3,289	4,198
Additions	-	-	-	1,461	94	1,555
Impairment	-	(1,432)	(1,432)	-	(1,930)	(1,930)
Share of loss for the year	(5)	(44)	(49)	(5)	23	18
On Korea acquisition	-	-	-	(769)	-	(769)
At 31 March	1,591	-	1,591	1,596	1,476	3,072

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On 20 October 2021, the Company invested £200,000 (\$318,000) for new shares in Studyo Ares Filmcilik ve Yapimcilik Ticaret A.S (“Ares Media”), a company incorporated in Turkey, which resulted in the Company obtaining a 20% equity stake in that Company. The voting rights attaching to the stake will result in the investment being classified as a joint venture for accounting purposes.

On 4 October 2023, the Company invested £275,000 (\$335,000) for new shares in Studyo Ares Filmcilik ve Yapimcilik Ticaret A.S (“Ares Media”), a company incorporated in Turkey, which resulted in the Company obtaining a further 20% equity stake in that Company.

On 28 February 2022, the Company invested \$588,000 for new shares in Whatsub Pro Inc, a company incorporated in South Korea, which resulted in the Company obtaining a 51% equity stake in that Company. The voting rights attaching to the stake will result in the investment being classified as a joint venture for accounting purposes. This was disposed in April 2023 when the investment converted to a subsidiary, resulting in a fair value gain on disposal which has been taken to the Consolidated Income Statement.

On 3 May 2023, the Company invested €825,000 (\$906,000) for new shares in AM Escudero Estudios Audiovisuales SL and in Escuela de Voz AM SL, which resulted in the Company obtaining a 30% equity stake in the two companies. The voting rights attaching to the stake will result in the investment being classified as a joint venture for accounting purposes.

Name	Address of registered office	Class of share held	Proportion of ordinary share capital held
Ares Media	Kireçburnu Mah. Arabayolu Cad. No: 136 Sarıyer, Istanbul	Ordinary Shares	40%
AM Escudero	Calle Gran Via 57. 28013, Madrid, Spain.	Ordinary Shares	30%
Vista India DM Inc	2600 West Olive Ave, Suite 500, Burbank. CA 915	Ordinary Shares	35%

The accounting date for Ares Media, AM Escudero and Vista India DM Inc is 31 December.

The investments are not considered material in the context of the Group as the consideration of any of the three investments represents less than 5% of Group sales.

19. Deferred income tax

	Group		Company	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Deferred tax assets comprise:				
Vista India Digitek	47	98	-	-
Vista Tanweer	36	36	-	-
Business combinations	(249)	(285)	-	-
Unused tax losses	487	716	-	-
Lease liabilities	-	1,147		
Right-of-use assets	-	(1,376)		

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As at 31 March	321	336	-	-
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Analysed as:

	Group		Company	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Deferred tax assets	570	1,997	-	-
Deferred tax liabilities (offset)	(249)	(1,661)	-	-
Total deferred tax asset recognised	321	336	-	-

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
At 31 March	336	1,664	-	-
Charged to the statement of comprehensive income	(15)	(1,328)	-	-
At 31 March	321	336	-	-

Tax losses carried forward

The group has tax losses carried forward of approximately \$50.1m (2024: \$32.6m), of which \$0.5m (2024: \$0.5m) has been recognised at a rate of 25% (UK) and 30% (US) as a deferred tax asset for the year. The balance of tax losses remains unrecognised at the balance sheet date due to the uncertainty of the ability to offset against future profits. Any deferred tax assets on share based payments will not be recognised due to the uncertainty of the ability to offset future profits.

20. Trade and other receivables

	Group		Company	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Trade receivables	10,401	9,105	-	-
Less: allowance for impairment of trade receivables	(191)	(191)	-	-
Trade receivables - net	10,210	8,914	-	-
Amounts owed by subsidiary undertakings	-	-	59,440	49,995
VAT	-	-	30	7
Other debtors	714	732	75	55
Prepayments	1,959	1,839	336	390
	12,883	11,485	59,881	50,447
Less non-current portion: amounts owed by subsidiary undertakings	-	-	(59,370)	(49,928)

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Current portion	12,883	11,485	511	519
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The fair values of trade and other receivables equal their carrying amounts.

The amounts owed by subsidiary undertakings are shown in as non-current assets because the Group is still in an investment phase and does not expect or require its subsidiaries to repay its debts to the Group in the next 12 months.

As of 31 March 2025, trade receivables of \$1,948,000 (2024: \$2,277,000) were overdue. The ageing analysis of these trade receivables is as follows:

	Group	
	2025	2024
	\$000	\$000
Less than 3 months	1,538	1,662
3 to 6 months	73	387
7 to 12 months	145	40
Over 12 months	192	188
	1,948	2,277

The above disclosure has been updated to remove the overdue credit balances detailed in the prior year.

There were no trade receivables outstanding in the company at 31 March 2025 that were overdue (31 March 2024: nil).

All of the group's trade and other receivables have been reviewed for indicators of impairment. A trade receivables impairment provision of \$191,000 was made in the accounts to 31 March 2024, which has been carried forward in FY25. (2024: \$191,000).

Expected credit loss as a % of gross receivables.

Group	Current	1-3 months	3-6 months	Over 6 months
Expected credit loss %	0.1%	0.2%	0.5%	1%
	\$'000	\$'000	\$'000	\$'000
Trade receivables	9,029	1,519	(112)	(189)
Expected credit loss	9	3	-(1)	(2)

The expected credit loss based on the above is not material and has therefore no provision has been made.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Pound sterling	718	587	329	150
US Dollar	8,954	9,152	59,502	50,287
Hong Kong dollar	-	4	-	-
Japanese Yen	-	(26)	-	-

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UAE dirham	50	10	50	10
Indian rupee	1,885	1,247	-	-
South Korean won	306	378		
Euro	970	133	-	-
	12,883	11,485	59,881	50,447

Allowance for impairment of trade receivables:

	Group	
	2025	2024
	\$000	\$000
At 1 April	191	-
Allowance for receivables impairment	-	191
At 31 March	191	191

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables, other debtors and cash and cash equivalents. The group does not hold any collateral as security.

The directors believe that a reasonable provision has been made for outstanding amounts, or values impaired and expected credit losses and, when taking into consideration the historic rate of impairment, the remaining un-provided amounts are considered to be recoverable.

The amounts owed by the subsidiary undertakings to the parent company have no payment terms and bear no interest, but they are considered to be recoverable in the future.

21 Notes to the cash flow statement

21.1 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.

21.2 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.

22. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings	Lease liability	Total
	\$000	\$000	\$000
1 April 2024	243	5,505	5,748
Cash-flows			
- Repayment	-	(1,580)	(1,580)
Non-cash			
- Additions	-	495	495
- Foreign exchange differences	(6)	1	(5)
31 March 2025	237	4,421	4,658

The inception of new leases in the year with value \$495,000 represents a major non-cash transaction.

	Long-term borrowings	Lease liability	Total
	\$000	\$'000	\$000
1 April 2023	-	8,376	8,376
Cash-flows			
- Repayment	(101)	(1,435)	(1,536)
Non-cash			
- Disposals	-	(1,980)	(1,980)
- Additions	-	449	449
- Business combinations	344	100	444
- Foreign exchange differences	-	(5)	(5)
31 March 2024	243	5,505	5,748

23. 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
Closing balance	98,318,228	97,856,924

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 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.

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24. Borrowings

	Group		Company	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Non-current				
Other Loans (Gov. loan to ZOO Korea)	237	243	-	-
Lease liabilities	2,948	4,083	61	196
	3,185	4,326	61	196
Current				
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
Total borrowings	4,658	5,748	9,864	10,020

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.

Lease liabilities

Lease liabilities are payable as follows:

At 31 March 2025 Group only	Future minimum lease payments	Interest	Present value of minimum lease payments
	\$000	\$000	\$000
Less than one year	1,767	(293)	1,474
Between one and five years	3,196	(249)	2,947
	4,963	(542)	4,421

The lease periods range from between 1 and 10 years, with options to purchase the asset at the end of the term if applicable. Lease liabilities are secured against the leased assets.

25. Trade and other payables

	Group		Company	
	2025	2024	2025	2024
Current	\$000	\$000	\$000	\$000
Trade creditors	10,354	4,957	861	330
Amounts owed to subsidiary undertaking	-	-	22,923	13,789
Social security and other taxes	550	624	237	299
Deferred consideration	300	1,431	300	1,216
Accrued expenses	4,956	8,159	1,040	1,480
	16,160	15,171	25,361	17,114

The fair values of trade and other payables equal their carrying amounts.

The amounts owed to subsidiary undertakings are shown in current liabilities because there are no fixed repayment terms, and the liabilities do not bear interest. The Company does not therefore have an unconditional right to avoid repayment of these liabilities on demand by its subsidiaries.

The deferred consideration relates to amount due to Vista India Digitek.

There are no long-term liabilities.

26. Contracts with customers

The Group and Company have recognised the following assets and liabilities relating to contracts with customers:

	Group	
	2025	2024
	\$000	\$000
Current contract assets	2,244	2,569
Current contract liabilities	(618)	(536)

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	Group
	\$000
Contract liabilities as at 1 April 2024	536
New contract liabilities	1,050
Revenue recognised in the year:	
- That was included in the contract liability balance as at 31 March 2024	(272)
- Relating to new contract liabilities in the year	(696)
Contract liabilities as at 31 March 2025	618

Of the existing contracts that were unsatisfied or partially unsatisfied at 31 March 2025, revenue is expected to be recognised in the financial year to 31 March 2026.

27. Commitments for Group and Company

Capital commitments

The group had no capital commitments at 31 March 2025.

Operating commitments

For FY24 & FY25 the group has applied IFRS 16 to operating leases. Other than the lease liabilities included in the Statement of Financial Position, the Group (and Company) has no operating lease commitments.

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28. Related parties

Subsidiaries

The parent company has investments in the following subsidiary undertakings:

Subsidiary undertakings	Country of incorporation	Registered Office	Principal activity	Holding	%
ZOO Digital Limited	UK	2 nd Floor, Castle House, Angel Street Sheffield S3 8LN	Technology development	2 ordinary shares	100
ZOO Digital Inc.	USA	2201 Park Place, El Segundo, CA 90245, USA	Sale & distribution technology products	10,000 shares of common stock	100
ZOO Digital Production LLC	USA	2201 Park Place, El Segundo, CA 90245, USA	Media production	100 shares of common stock	100*
ZOO Employee Share Trust Limited	UK	2 nd Floor, Castle House, Angel Street Sheffield S3 8LN	Employee share scheme	2 ordinary shares	100
ZOO Digital Production Limited	UK	2 nd Floor, Castle House, Angel Street Sheffield S3 8LN	Dormant	100 ordinary shares	100
ZOOtech Limited	UK	2 nd Floor, Castle House, Angel Street Sheffield S3 8LN	Dormant	95,714 ordinary shares	100
Vista India Digitek Private Limited	India	5 th Floor, Front wing, Modi House, C10 Dalia Estate, Mumbai	Media production	1333 ordinary shares	100
Vista Tanweer Studios Private Limited	India	5 th Floor, Front wing, Modi House, C10 Dalia Estate, Mumbai	Media production	266,667 ordinary shares	100
ZOO Korea Co. Ltd	S. Korea	Room 309 424, Yangcheon-ro Gangseo-gu Seoul	Media production	10,204 ordinary shares	100
ZOO Digital Italy SRL	Italy	Milano (MI) Via Tiziano 32 Cap 20145	Media production	10,000 ordinary shares	100
ASR Audio Networks GmbH	Germany	Odenwaldstrasse 8, 12161 Berlin	Media production	2 ordinary shares	100

*ZOO Digital Production LLC is indirectly held by ZOO Digital Group plc through ZOO Digital Inc.

Transactions between ZOO Digital Group plc and its subsidiaries, which are related parties, have been eliminated on consolidation.

Subsidiary guarantee

The company has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under section 479A of the Companies Act 2006 in respect of the period ended 31 March 2025.

ZOO Employee Share Trust Limited

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Subsidiary undertakings

Key management personnel

The details of key management remuneration is disclosed in note 10.

Related party transactions

The Company owns 40% of the shares in Ares Media. ZOO Digital Production LLC (subsidiary) owed Ares Media \$42,297 at 31 March 25, payable on 45 day terms and purchased services from them of \$302,843 in the year. ZOO Digital Limited (subsidiary) was owed \$24,311 from Ares Media at 31 March 25 and invoiced total sales of \$46,311 in the year.

The Company owns 35% in Vista India DM Inc.. ZOO Digital Production LLC (subsidiary) was owed \$23,298 from Vista Inc at 31 March 2025 and invoiced total sales of \$552,415 in the year.

The Company owns 30% in AM Escudero. ZOO Digital Production LLC (subsidiary) owed AM Studios \$163,219 at 31 March 2025, payable on 45 day terms and purchased services from them of \$704,152 in the year.

29. Share based payments

Employee share option schemes

Share options have been granted under the following schemes to subscribe for ordinary shares of the company. Movements in the number of options, under each of the schemes, and their related weighted average exercise price are as follows:

	2025		2024	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	No.	\$	No.	\$
ZOO Digital Group plc EMI scheme				
Outstanding at the beginning of the year	3,541,478	1.07	3,586,478	1.06
Granted during the year	1,272,000	0.41	-	-
Exercised during the year	(25,000)	0.23	(45,000)	0.23
Surrendered during the year	-	-	-	-
Outstanding at the end of the year	4,788,478	0.90	3,541,478	1.07
Exercisable at the end of the year	3,516,478	1.07	2,236,478	0.66

The underlying weighted average exercise price for the shares under option at 31 March 2025 was 57p (2024:78p).

ZOO Digital Group plc Unapproved

Outstanding at the beginning of the year	6,490,673	0.71	6,525,673	0.71
Granted during the year	728,000	0.41	-	-
Exercised during the year	(405,000)	0.23	(35,000)	0.24
Surrendered during the year	-	-	-	-
Outstanding at the end of the year	6,813,673	0.71	6,490,673	0.71
Exercisable at the end of the year	6,085,674	0.74	4,915,674	0.38

The underlying weighted average exercise price for the shares under option at 31 March 2025 was 57p (2024:50p).

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Under these schemes the percentage of shares that can be exercised is staggered over the exercise period with typically 40% exercisable after the first year and a further 30% in each of the following two years.

Share options granted to key management personnel, including directors, during the year ended 31 March 2018 have vesting conditions. A total of 3,820,000 share options have a vesting that the company's share price must be £0.20 or higher for a period of at least three months immediately prior to exercise and 1,000,000 share options have a vesting condition related to the profitability of the group.

Out of the 11,602,151 outstanding options (2024: 10,032,151 options), 9,602,152 were exercisable (2024: 7,152,152).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Scheme	Volatility	Options No.	Expiry date	Exercise price	Exercise price
				\$	£
ZOO Digital Group plc EMI scheme	3%	25,000	17 Sep 2025	0.23	0.1500
ZOO Digital Group plc EMI scheme	57.5%	838,651	2 Aug 2027*	0.20	0.1525
ZOO Digital Group plc EMI scheme	49%	240,000	2 July 2028	1.33	1.01
ZOO Digital Group plc EMI scheme	47%	1,107,827	13 May 2030**	0.89	0.73
ZOO Digital Group plc EMI scheme	75%	1,305,000	25 Jan 2032***	1.76	1.30
ZOO Digital Group plc EMI scheme	64%	1,272,000	2 Apr 2034****	0.41	0.33
ZOO Digital Unapproved	3%	68,500	17 Sept 2025	0.23	0.1500
ZOO Digital Unapproved	57.5%	3,262,000	2 Aug 2027*	0.20	0.1525
ZOO Digital Unapproved	57.5%	30,000	5 Oct 2027	0.49	0.3800
ZOO Digital Unapproved	49%	155,000	2 Jul 2028	1.33	1.01
ZOO Digital Unapproved	31%	200,000	30 June 2029	0.80	0.63
ZOO Digital Unapproved	47%	795,173	13 May 2030**	0.89	0.73
ZOO Digital Unapproved	75%	1,575,000	25 Jan 2032***	1.76	1.30
ZOO Digital Unapproved	64%	728,000	2 Apr 2034****	0.41	0.33
Outstanding at the end of the year		11,602,151			

*The 2017 issue of share options has a vesting condition that the company's share price must be £0.20 or higher for 3 months immediately prior to exercise.

**The share options granted in the year and FY21 have a vesting condition relating to the profitability of the group and were achieved in 2023.

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***The share options granted in the year and FY21 have a vesting condition relating to the profitability of the group. This has been judged to be unattainable, and these share options will lapse in April 2025.

****The share options granted in the year have a vesting condition relating to the profitability of the group and revenue targets. This has been judged to be highly improbable to achieve and therefore no charge has been recognised in the current year's reported profits.

There are no other vesting conditions other than those listed above.

The credit arises from an expected failure to meet non-market performance conditions, which are further detailed in note 3.1.	Share based payments have had the following impact on the group's profit for the year:	2025	2024
		\$000	\$000
	Total expense recognised from share option transactions	-	(1,728)

On 2 April 2024 a further tranche of share options were granted to certain key employees. The key terms on these are:	Share based payment reserve appears in the statement of financial position under:	2025	2024
		\$000	\$000
	Share option reserve	2,692	2,688

- Number of options – 2,000,000
- Share price and exercise price - £0.33
- Vesting criteria – conditional solely on revenue growth rates through to 2027, and EBITDA margin targets over the same period.
- Expected life – exercisable between 3 and 10 years after grant date, only if the vesting criteria are met.

Based on the above terms, the fair value of the options have been determined to be \$380,163. This fair value will be recognised over the 3 years to 2 April 2027, adjusted for whether the vesting criteria are successfully or likely to be met. In this period no expense was recognised due to the vesting criteria not currently being expected to be met by 2027 and as a result no shares are expected to ultimately vest based on year-end conditions.

30. Financial instruments

The group's financial instruments comprise cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the group's operations.

Categories of financial instruments - Group

	2025	2024
	\$000	\$000
Financial assets		
Trade and other receivables excluding pre-payments and VAT (note 20)	10,925	9,646
Contract assets	2,244	2,569
Cash and cash equivalents	2,714	5,315
Total	15,883	17,530
	2025	2024
	\$000	\$000
Financial liabilities		
Lease liabilities (note 25)	4,658	5,748
Contract liabilities	618	536
Trade and other payables excluding payroll taxes (note 25)	15,610	14,547

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Total	20,886	20,831
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Market Risk

Foreign currency risk

The main risks arising from the group's financial instruments are from foreign currency risk.

The group includes subsidiaries operating in both the UK and USA. The majority of the group's transactions are denominated in US dollars, however the costs arising from the UK subsidiaries are denominated in pound sterling therefore exposing it to a currency risk of fluctuations in the pound sterling/US dollar exchange rate, whilst the increasing focus on local specialists has introduced new currency exposures within the Group to Euros, South Korean Won and Indian Rupees. The Group is further exposed to Turkish Lira through its joint ventures. The Group is most exposed to fluctuations in Pound Sterling and all other currencies have a comparatively immaterial impact on the risk to the Group.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
US Dollars (USD)	12,094	16,994	15,945	15,714
Pound Sterling (GBP)	772	743	2,612	2,913
Euros (EUR)	1,952	1,045	793	998
Indian Rupees (INR)	2,402	1,631	1,609	1,283
South Korean Won (KRW)	581	618	332	264
Turkish Lira (TRY)	732	732	-	-
Other currencies	71	46	-	-
	18,604	21,809	21,291	21,172

During the year ended 31 March 2025 there was similar volatility in the pound sterling/US dollar rate as in the previous year with the rate peaking at 0.8427 and falling to a low of 0.745695, with an average rate of 0.7842. If the US dollar had remained at its highest level throughout the full year the group would have shown a post-tax loss of \$0.5m (2024: Loss \$15.1m), if US dollar had been at its lowest level throughout the full year the group would have shown a post-tax profit of \$0.4m (2024: Loss \$14.3m) and if the US dollar had remained at the average rate throughout the year the group would have shown a post-tax profit of \$nil (2024: Loss \$14.7m). No sensitivity analysis is presented for other currencies on the basis that exposure to assets and liabilities for those currencies is immaterial, and net exposure to each currency is negligible at the year end.

Transactions between the company and its subsidiaries are in US dollars, however the company is exposed to exchange rate fluctuations due to the majority of its costs being denominated in pound sterling and through the revaluation of the company's pound sterling creditors.

The pound sterling/US dollar exchange rate at the 31 March 2025 was 0.775 (2024: 0.792).

Interest rate risk

The group has a facility with HSBC Bank which provides invoice financing of up to \$3m against US clients' invoices raised by ZOO Digital Production LLC. This facility is in place until 1 June 2026. Interest is payable on a monthly basis at an interest rate linked to SONIA. The group is subject to interest rate risk on the movement in the SONIA rate.

The group also has a UK invoice financing facility provided by HSBC of up to \$2m against UK clients' invoices raised by ZOO Digital Limited. This facility is in place until 1 October 2025. Interest is payable on a monthly basis at an interest rate linked to the UK base rate. The group is subject to interest rate risk on the movement in the UK base rate.

The HSBC bank overdraft facility has terms linked to the UK base rate, but the interest rate risk is minimal due to the reduced need for drawing down upon the facility.

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Liquidity risk

Liquidity risk is the risk that the group and company will not be able to meet their financial obligations as they fall due. Management monitors rolling forecasts of the group's cash and cash equivalents on the basis of expected cash flows, reducing its liquidity risk through management of bank accounts, trade debtors and trade creditors, by utilising the availability of an overdraft facility, leases and invoicing financing facilities and through controls on expenditure.

The group has a facility with HSBC Bank which provides invoice financing of up to \$3m against US clients' invoices raised by ZOO Digital Production LLC. This facility is in place until 1 June 2025.

The group has a £250,000 overdraft facility in place from HSBC for the UK companies. There was no overdrawn balance at the year-end 31 March 2025.

The tables below analyse the financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2025	\$000	\$000	\$000	\$000
Borrowings	-	-	237	-
Lease liabilities	1,474	1,468	1,479	-
Trade and other payables	15,610	-	-	-

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2024	\$000	\$000	\$000	\$000
Borrowings	-	-	243	-
Lease liabilities	1,422	1,340	2,743	-
Trade and other payables	15,171	-	-	-

Credit risk

Credit risk arises from cash and cash equivalents and credit exposures on outstanding receivables. The group's and company's main credit risks are on the outstanding trade receivables. This risk is reduced through credit control procedures. An analysis of outstanding receivables is included in note 20.

31. Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The group sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Consolidated Statement of Financial Position plus net debt.

2025

2024

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	\$000	\$000
Total borrowings	4,658	5,748
Less cash and cash equivalents	(2,714)	(5,315)
Net debt	1,944	433
Total equity	19,821	27,651
Total capital	21,765	28,084
Gearing ratio	9%	2%

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