



ZOO DIGITAL GROUP PLC INTERIM RESULTS FY24

30 November 2023

DISCLAIMER

This document has been prepared by ZOO Digital Group plc (the “Company”). It should not be reproduced, redistributed or passed to any other person. This document, the talks given by the presenters, the information communicated during the delivery of the presentation and any question and answer session (together the “Presentation”) is being solely issued to and directed at (i) persons having professional experience in matters relating to investments and who are investment professionals as specified in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotions Order”) or (ii) persons who are high net worth corporate bodies, unincorporated associations, partnerships or high value trusts as specified in Article 49(2) of the Financial Promotions Order, or any director, officer, employee of any such corporate body, unincorporated association, partnership or trust or (iii) high net worth individuals or self-certified sophisticated investors pursuant to Articles 48 and 50A of the Financial Promotions Order respectively or (iv) shareholders of the Company within Article 43 of the Financial Promotions Order (“Exempt Persons”). Persons who are not Exempt Persons should not rely on this Presentation nor take any action upon this Presentation, but should return it immediately to the Company. In consideration of receipt of, attending any delivery of, or electronically accessing, this Presentation each recipient warrants and represents that he or she or it is an Exempt Person.

This Presentation does not constitute or form any part of any offer or invitation to sell or issue or purchase or subscribe for any shares in the Company nor shall they or any part of them, or the fact of their distribution, form the basis of, or be relied on in connection with, any contract with the Company relating to any securities. Any decision regarding any proposed purchase of shares in the Company must be made solely on the basis of the information issued by the Company at the relevant time. Past performance cannot be relied upon as a guide to future performance. This Presentation is being provided to recipients on the basis that they keep confidential any information contained within them or otherwise made available, whether orally or in writing in connection with the Company or otherwise. This Presentation is not intended to be distributed or passed on, directly or indirectly, or to any other class of persons. They are being supplied to you solely for your information and may not be reproduced, forwarded to any other person or published, in whole or in part, for any other purpose. In particular they, directly or indirectly, must not be distributed to persons in the United States of America, its territories or possessions, or Australia or Canada or Japan or the Republic of South Africa. Any such distribution could result in a violation of United States, Australian, Canadian, Japanese or South African laws and regulations.

This Presentation does not constitute or form part of a prospectus prepared in accordance with the UK Prospectus Regulation Rules and has not been approved as a prospectus by the FCA (as the competent authority in the UK). This Presentation does not contain any offer of transferable securities to the public as such expression is defined in section 102(b) FSMA or otherwise and does not constitute or form part of any offer or invitation to subscribe for, underwrite or purchase securities nor shall this Presentation, or any part of it, form the basis of, or be relied upon in connection with, any contract with the Company relating to any securities.

Certain information contained in this Presentation consists of forward-looking statements reflecting the current view of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including industry trends, and changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in such forward-looking statements.

Recipients of this Presentation are cautioned not to place any reliance on these forward-looking statements. The Company undertakes no obligation to republish revised forward-looking statements to reflect changed events or circumstances.

The Presentation is provided for general information only and does not purport to contain all the information that may be required to evaluate the Company and/or any investment in it. The information in this Presentation is provided at the date of the Presentation (unless stated otherwise) and is subject to updating, revision and further correction. No reliance may be placed for any purpose whatever on the information or opinions contained or expressed in the Presentation or on the accuracy, completeness or fairness of such information or opinions. To the extent permitted by law or regulation, no undertakings, representations or warranties of any kind are being made by any person (including without limitation the Company, Stifel Nicolaus Europe Limited (the Company’s nominated adviser and joint broker) (“Stifel”), Singer Capital Markets Securities Ltd. (the Company’s joint broker) (“Singer”) or any of their respective directors, officers, partners, employees, agent, affiliates, representatives or advisors) as to the accuracy of any statements, information or opinions contained or expressed in this Presentation and no statement in this Presentation is intended as a profit forecast or a profit estimate. Save in the case of fraud, no responsibility or liability is accepted by any person for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred, from any use of, as a result of the reliance on, or otherwise in connection with, the Presentation.

Stifel, which is authorized and regulated in the United Kingdom by the FCA is acting for the Company and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Stifel or for providing advice in relation to any matter contained in this document or any matter or arrangement referred to in it.

MEET OUR PRESENTERS



Stuart Green, CEO

- Co-founder and CEO since 2006
- Over 30 years experience in team building and executive management in the TMT industry
- More than 30 patents granted in the fields of image processing and digital media production



Phillip Blundell, CFO

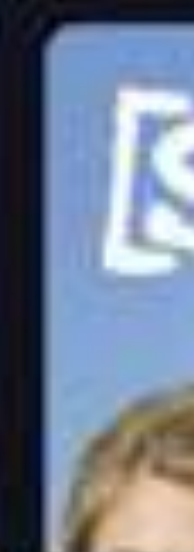
- Senior finance professional and Chartered Accountant
- Over 20 years experience in software industry
- CFO roles with DotDigital Group plc, Eagle Eye Solutions Group plc and Intelligent Environments plc.
- Joined ZOO in 2018



New to Disney+

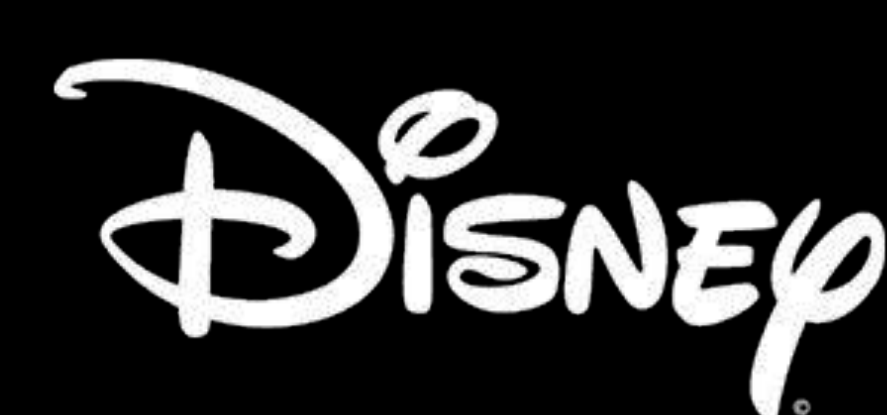
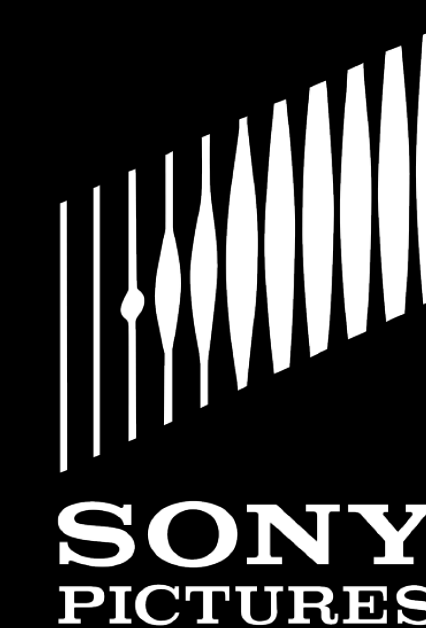


Star Highlights



ZOO IS A LEADING END-TO-END VENDOR WELL PLACED TO GROW MARKET SHARE

- FY24 overshadowed by customer strategic reviews and Hollywood strikes by writers and actors
- This has caused a temporary hiatus lasting nine months, with recovery now underway from November
- ZOO's tech-enabled proposition positions the company well for a return to growth and expansion of market share
- Once normal industry operations are restored ZOO expects to emerge stronger

HOLLYWOOD STRIKES OVER

First simultaneous strike of US writers' and actors' unions in 60 years

- Dispute over pay and use of AI
- Brought film and TV production projects to a halt for six months
- ZOO's pipeline of work significantly affected

Recovery underway

- Writers' strike ended in September and actors' in November
- Projects are now resuming
- Most will not restart before January
- ZOO's business will recover through H2 and into FY25

H1 FY24 RESULTS

FINANCIAL HIGHLIGHTS – DISRUPTION DURING A PERIOD OF INDUSTRY TRANSITION

- Revenues fell to **\$21.4 million** (H1 FY23: \$51.4 million) due to production hiatus caused by customer strategic reviews and strikes
- Adjusted LBITDA¹ **\$7.1 million** (H1 FY23: EBITDA \$7.3 million) due to retention of staff through the hiatus to enable rapid recovery
- H1 operating loss of **\$10.9 million** (H1 FY23: profit of \$3.8 million)
- Loss per share of **10.6 cents** (H1 FY23: EPS of 3.80 cents)
- Cash at period end of **\$16.8 million** (H1 FY23: \$10.8 million)
- Completed equity fundraise of **£12.5 million** (\$15.5 million) in April 2023 for the proposed acquisition of a trusted partner in Japan

¹ Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and share-based payments

OPERATIONAL HIGHLIGHTS

- Segment revenues fell due to a low pipeline of orders during the strikes – localisation down 58%, media services down 61%
- Strategic international investments in Korea and Turkey, and launch of Chennai facility post period, as ZOO continues to align with major customers' growth plans
- Freelancer pool declined slightly to 11,745 (H1 FY23: 12,343)
- Continuing development and integration of ZOOstudio with customer operations
- Leading standard of customer satisfaction maintained – retail sales KPI was 99.5%
- Post period, named APAC Netflix Preferred Fulfilment Partner of the Year



RESHAPING ZOO FOR PROFITABLE GROWTH

Monthly Financials

Operating Activities

- Fixed costs reduced by \$0.8 million from 1 December
- EBITDA break-even reduced to \$4.4 million of revenues
- Cash break-even reduced to \$4.8 million

Investing Activities

- R&D reduced by 15% to \$0.3 million per month
- CAPEX reduced by 20% to \$0.2 million per month
- Cash burn less than \$1.0 million by January
- Target to reach at least EBITDA break-even in Q4 and reduce cash burn to nil by April

MARKET UPDATE



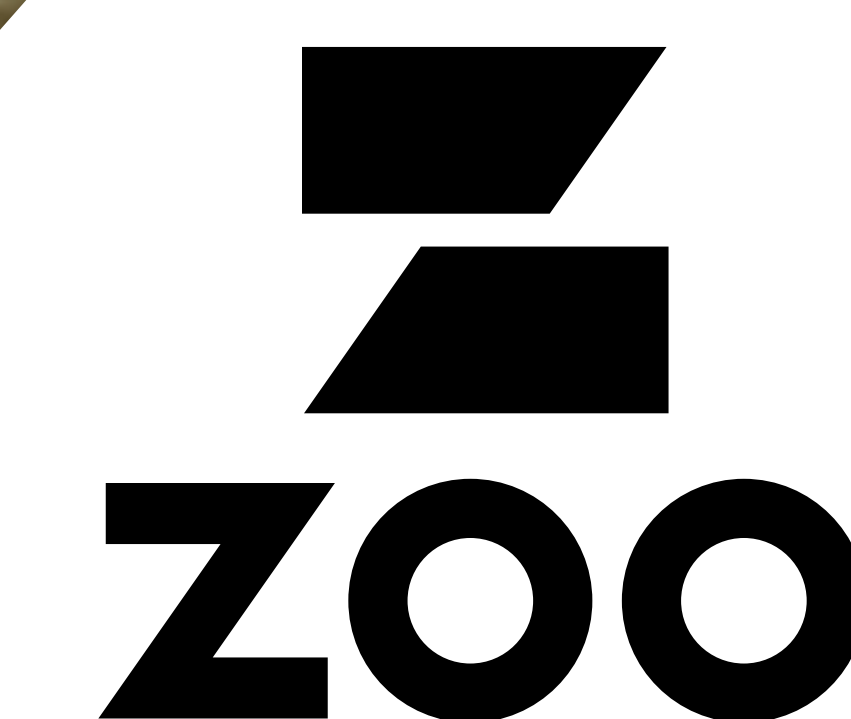
The ending of strikes will pave the way for industry recovery

- First joint industrial action by writers and actors in more than 60 years
- Brought productions to a halt for six months
- New agreements now reached means projects can resume, mostly in January
- Expect ZOO order pipeline to start to recover in Q3 with Q4 stronger
- Full recovery will accelerate in FY25

OPERATIONAL PRIORITIES FOR H2

Focus on break-even in Q4

- Capture market share as productions resume
- Support major clients with international roll-out
- Promote wider adoption of ZOOstudio
- Expand capacity in Chennai
- Establish further international hubs



OUTLOOK

- Productions in Hollywood, UK and elsewhere are now resuming
- Expect progressively stronger sequential performance in each of Q3 and Q4
- Expect significant expansion of sales from Q1 FY25
- ZOO expects to remain a valued partner to major clients and a beneficiary as production resumes
- The Board is focused on achieving EBITDA break-even in Q4 and return to profitable growth in FY25

THANK YOU



APPENDIX

\$000's	H1 2024	H1 2023	% change
Revenue	21,408	51,422	(58%)
Cost of sales	(19,329)	(34,941)	(45%)
Gross profit	2,079	16,481	(87%)
Operating expenses	(12,988)	(12,671)	3%
Operating profit/(loss)	(10,909)	3,810	(386%)
Adjusted EBITDA ¹	(7,094)	7,286	(197%)
Profit/(loss) for the period	(10,236)	3,364	(404%)

¹ Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and share-based payments

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenues

- Localisation down 58%
- Media services down 61%
- Licences up 2%

Cost of sales

- Direct costs down 69%
- Direct staff costs up 10%

Operating expenses

- Fixed operating expenses up 3%
- R&D expenditure up 67%

Finance costs

- Finance costs of \$275k (H1 FY23: \$299k)

SEGMENTAL ANALYSIS

Revenues

- Localisation – impact of strikes and Disney reorganisation
- Media Services – as above
- Software Solutions – new client win

Gross profit

- Localisation margins – retention of direct staff
- Media Services margin – retention of direct staff
- Software Solutions margins – development work for new client

\$000's	H1 2024	H1 2023	% change
Revenues			
Localisation	13,471	32,325	(58%)
Media Services	7,065	18,241	(61%)
Software Solutions	872	856	3%
Total	21,408	51,422	(58%)

\$000's	H1 2024	H1 2023	% change
Gross profit			
Localisation	2,282	8,533	(73%)
Media Services	2,676	9,870	(73%)
Software Solutions	689	766	(10%)
Total*	2,079	16,481	(87%)
	9.7%	32.1%	

* After unallocated COS of \$3,568k (H1 FY23: \$2,688k)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current Assets

- PPE up 9% due to upgrade to Indian and Korea facilities
- Intangible assets up 38% due to acquisition goodwill and higher R&D capitalisation
- Investments up 23% due to Korea and Spain

Trade and other receivables

- Down due to slowdown in business by 33%

Current liabilities

- Down due to business slowdown by 20%

Non-current liabilities

- Down by 19% as life of long-term property leases has reduced by a year

\$000's	H1 2024	H1 2023
Assets	33,952	28,359
Trade and other receivables	12,573	18,692
Cash	16,738	10,818
Total Assets	63,308	57,869
Current liabilities	14,844	18,600
Non-current liabilities	6,945	8,579
Total liabilities	21,789	27,179
Net Assets	41,519	30,690

ZOO'S PROPOSITION

“

You don't understand. I coulda had class. I coulda been a contender. I coulda been somebody, instead of a bum, which is what I am, let's face it.

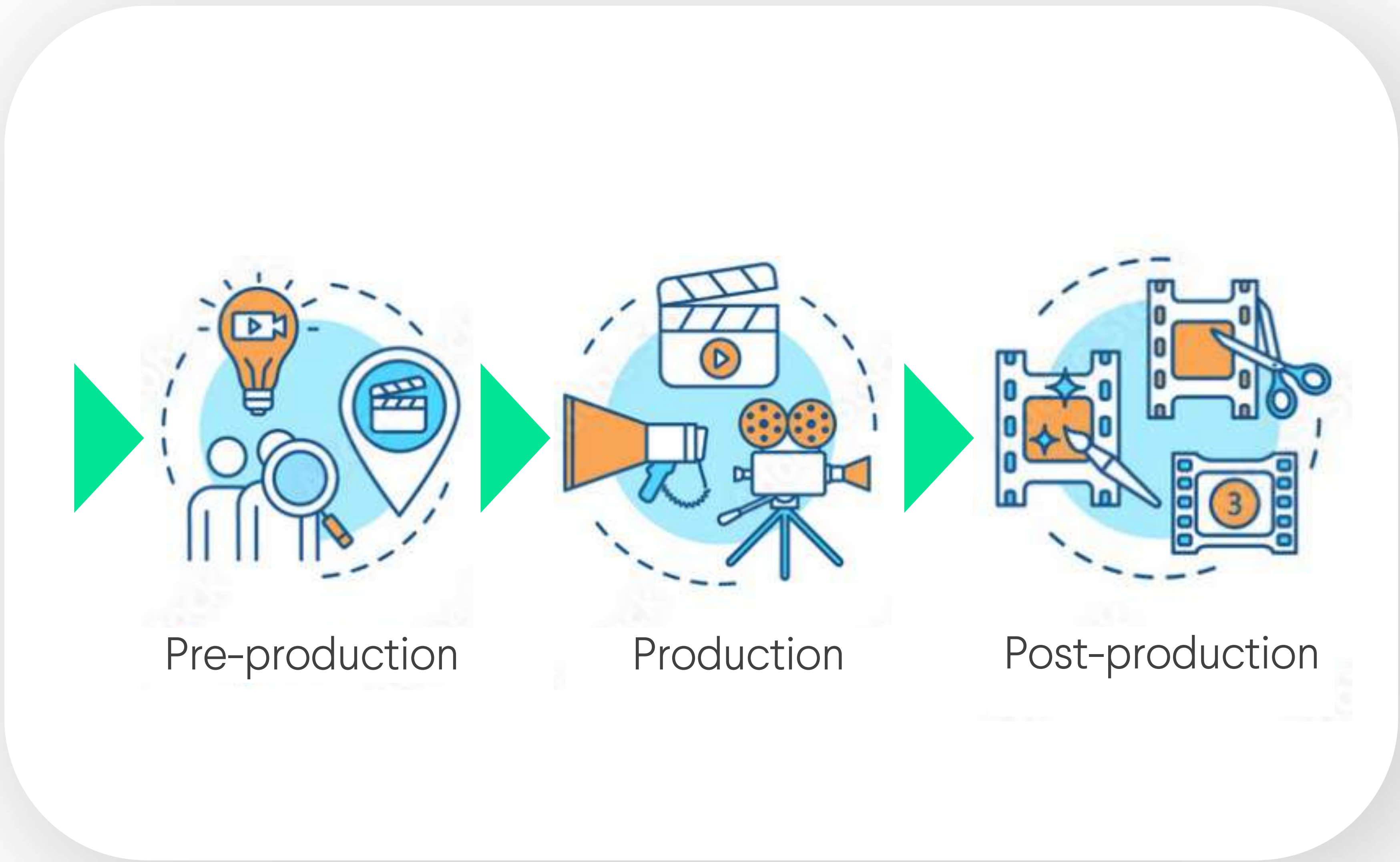
On the Waterfront, 1954

NEEDS OF THE STREAMERS

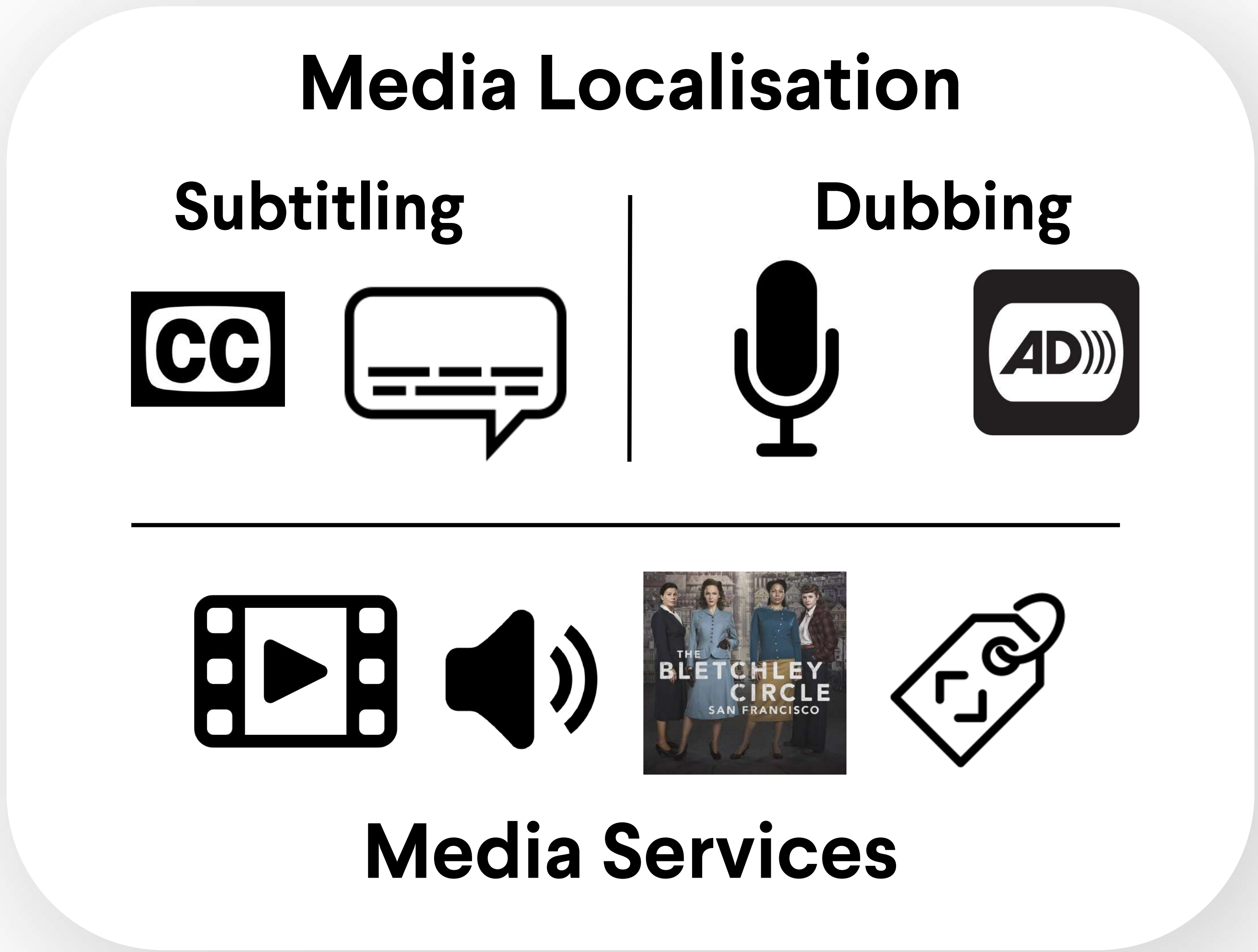
From completion of a new title, work is required to prepare technical materials for distribution (“**media services**”) and adapt for different countries, languages and cultures (“**localisation services**”)



\$



Production company



Consumer OTT services

COMPETITIVE LANDSCAPE

Language Offering

Subset or local languages only

Global languages

Media services specialists

End-to-End Vendors



100s of independent dubbing studios
Some multinational dubbing studios

Multilingual subtitling specialists
Corporate market suppliers



Service Line Offering

All services

Subset of services



Hit Movies

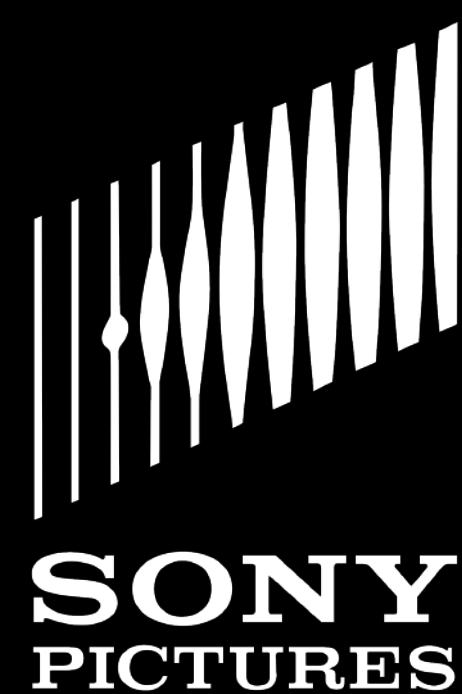
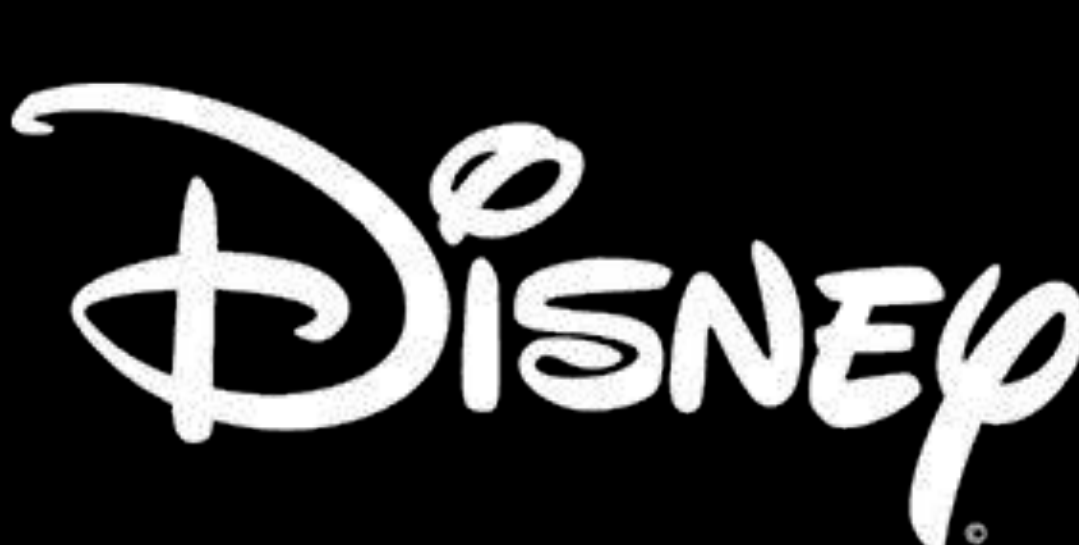


Recommended For You



TARGET CUSTOMERS

Our customers are the world’s biggest content creators that distribute TV shows and movies to vast multilingual audiences via global streaming services.

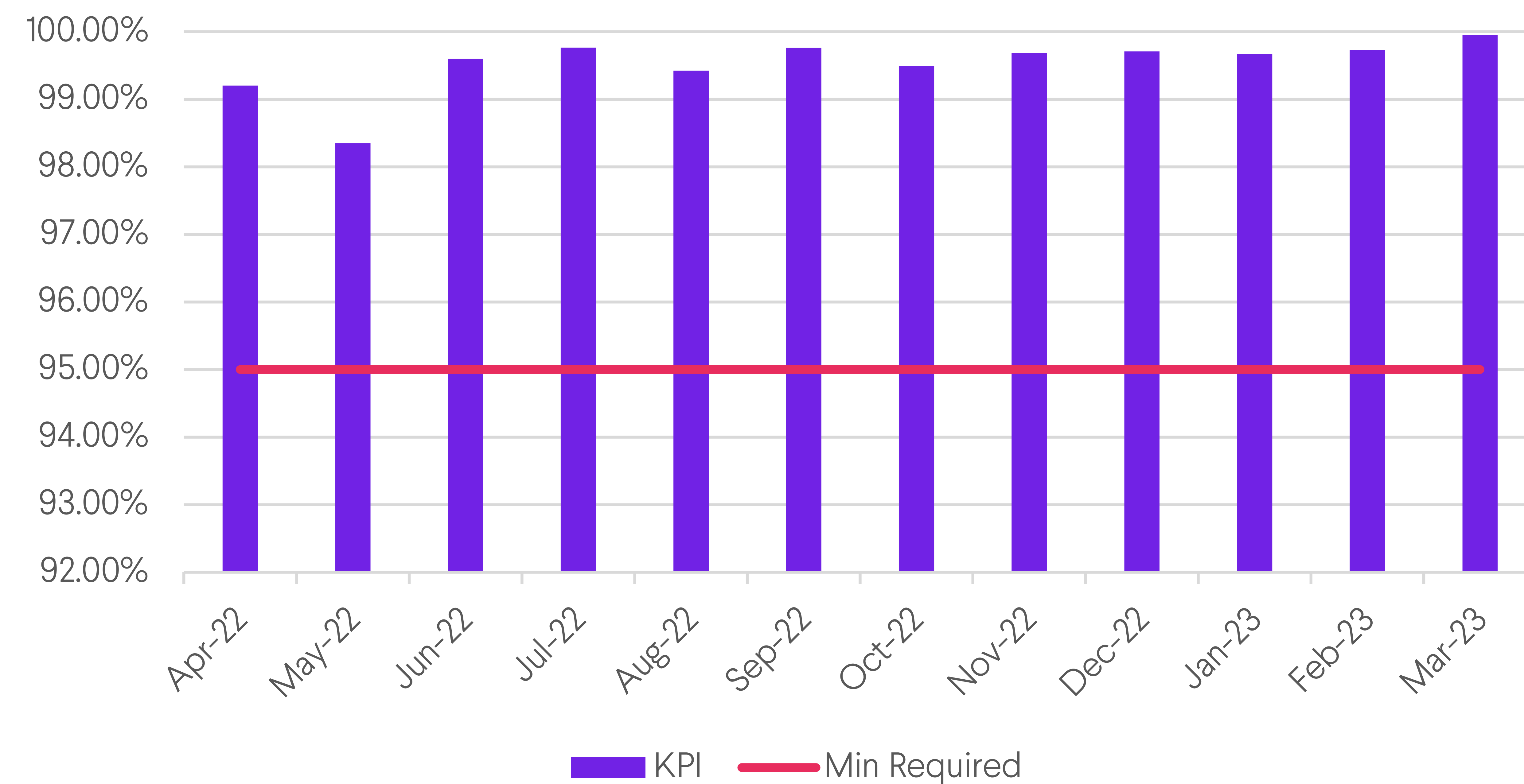


CLOUD-BASED MEDIA LOCALISATION

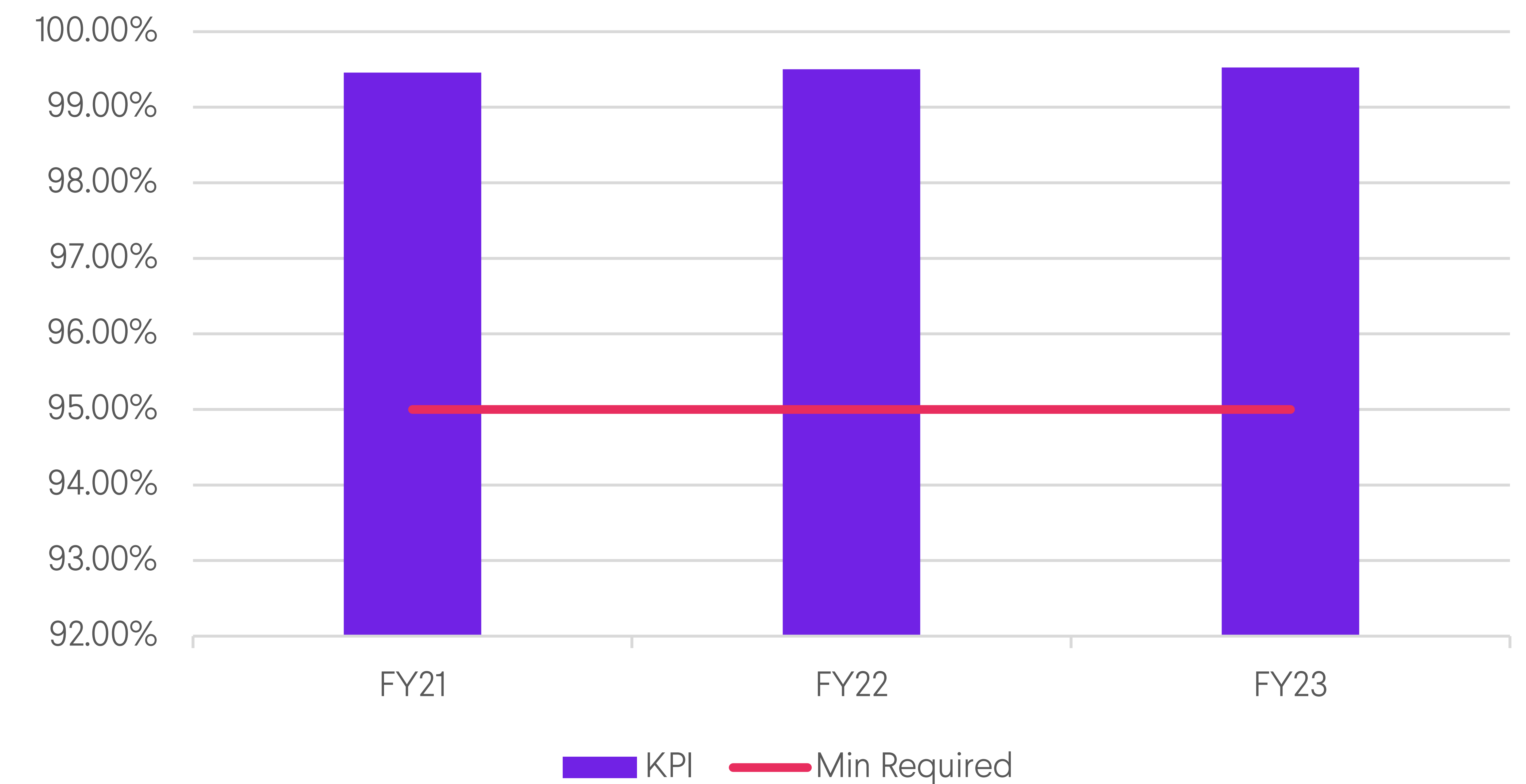
- Interconnected ecosystem of production and management software platforms
- Focus on efficiency, quality and security
- A tech-enabled dubbing solution removes the need to own and operate facilities in every country

ZOO'S CUSTOMER QUALITY METRICS ARE AMONG THE HIGHEST IN THE INDUSTRY

Client Quality Scorecard by Month FY23



Client Quality Scorecard by Year FY21 to FY23



- ZOO's performance metrics are amongst the highest in the industry
- The 'retained sales' KPI of 98.5% confirms excellent customer satisfaction

GLOBAL GROWTH INITIATIVE

Growing a connected global network through acquisition and strategic partnerships

- Establishing regional hubs in strategic locations
- Investing in high growth markets
- Flexible, multipurpose facilities
- Supporting all service lines
- All operations in ZOO’s platforms



Our current locations

Mumbai	Seoul
Los Angeles	Copenhagen
Istanbul	London
Sheffield	Madrid
Valencia	Dubai
Chennai	Italy

INVESTMENT STRATEGY



ZOO Korea



ZOO Turkey



ZOO Denmark



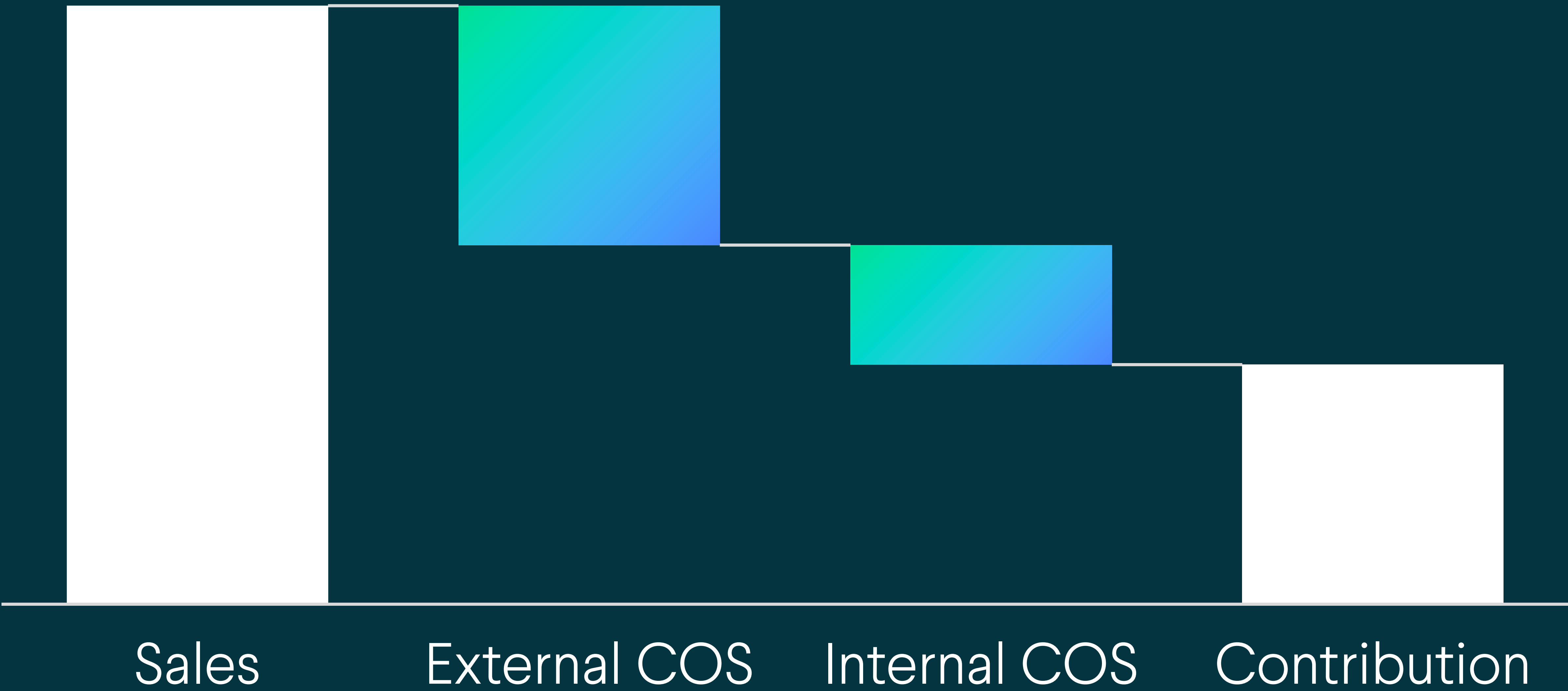
ZOO India

- Enhanced existing facilities
- Investments in strategic partners
- Flexible, multipurpose facilities
- Supporting all service lines
- Alignment of regional hubs
- All operations in ZOO's platforms

Further investments planned

- Europe
- Southeast Asia

BUSINESS MODEL



Services charged predominantly based on minutes of runtime

Freelancers paid on same basis



Framework agreements with large customers

Current contribution margins are lower than the business at maturity, due to being in a heavy investment phase

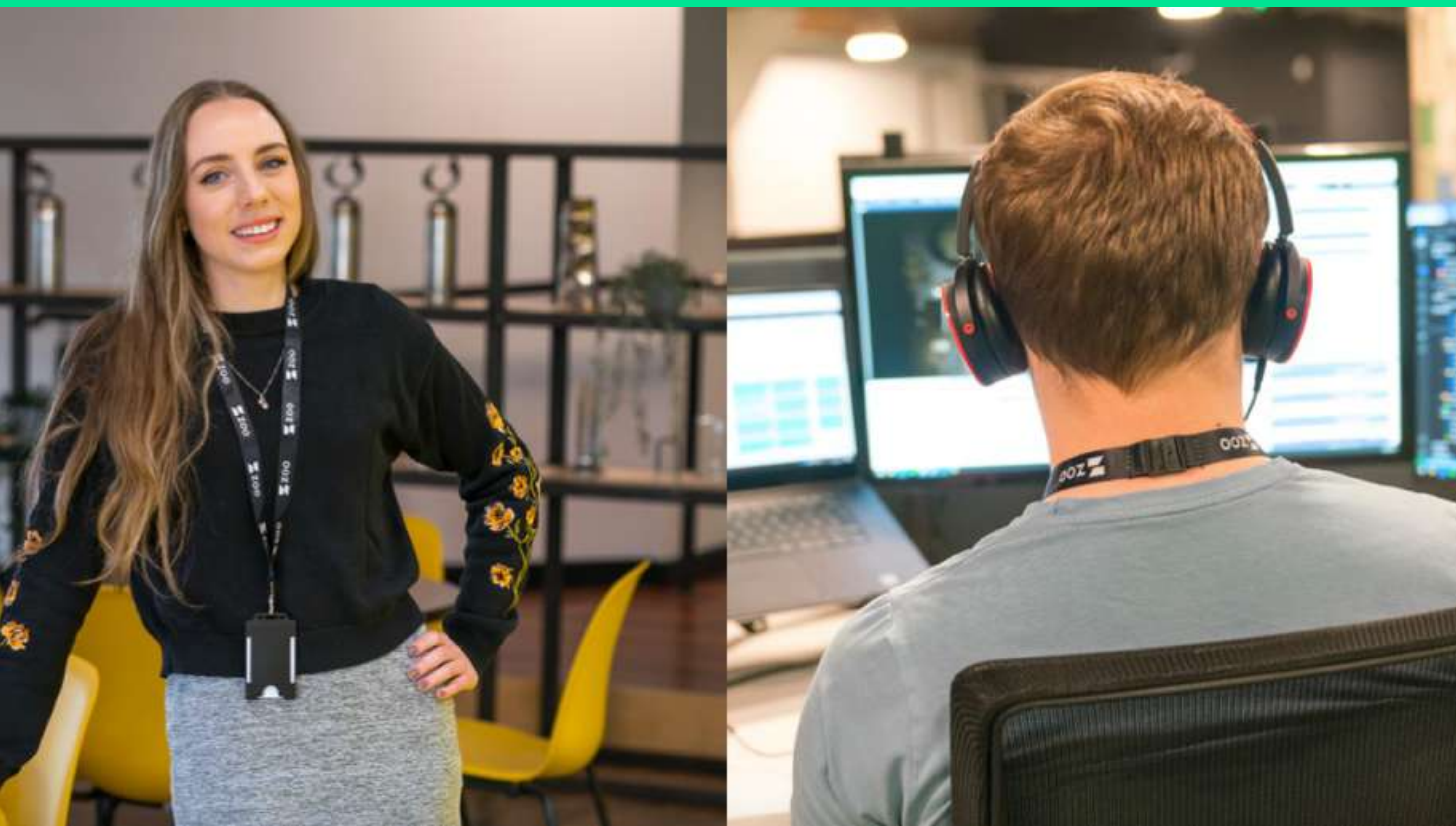
Projects allocated based on quality of service and capacity

Rates are pre-agreed

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ZOO Digital is committed to building a responsible future-focused business

- Cloud software gives customers an energy and infrastructure efficient approach
- Significantly reduces the need for purpose-built studios
- Reduces time and emissions for voice actors and directors
- Helps to significantly reduce Scope 2 and Scope 3 Greenhouse Gas emissions



FY24 H1 FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Interim Results FY24

	Unaudited 6 months to 30 Sep 2023 \$000	Unaudited 6 months to 30 Sep 2022 \$000	Audited Year ended 31 Mar 2023 \$000
Revenue	21,408	51,422	90,260
Cost of sales	(19,329)	(34,941)	(56,327)
Gross Profit	2,079	16,481	33,933
Other operating income	-		8
Operating expenses	(12,988)	(12,671)	(25,860)
Operating (loss)/profit	(10,909)	3,810	8,081
Analysed as			
EBITDA before share-based payments	(7,094)	7,286	15,466
Share based payments	(286)	(970)	(1,650)
Depreciation	(2,506)	(1,768)	(3,973)
Amortisation	(1,023)	(738)	(1,762)
	(10,909)	3,810	8,081
Share of profit of associates and JVs	1,100	-	146
Finance income	165	-	8
Exchange loss on borrowings	(100)	-	247
Other finance cost	(340)	(299)	(620)
Total finance cost	(275)	(299)	(365)
(Loss)/Profit before taxation	(10,084)	3,511	7,862
Tax on (Loss)/profit	(152)	(147)	370
(Loss)/profit and total comprehensive income for the period attributable to equity holders of the parent	(10,236)	3,364	8,232
Profit per ordinary share			
- basic	(10.60) cents	3.80 cents	9.30 cents
- diluted	(10.60) cents	3.46 cents	8.30 cents



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER

Interim Results FY24

	Unaudited as at 30 Sep 2023	Unaudited as at 30 Sep 2022	Audited as at 31 Mar 2023
	\$000	\$000	\$000
ASSETS			
Non-current assets			
Property, plant and equipment	14,092	12,952	14,736
Intangible assets	13,443	9,746	10,341
Investments	4,709	3,819	4,300
Deferred tax assets	1,708	1,842	1,664
	33,952	28,359	31,041
Current assets			
Trade and other receivables	7,742	15,092	16,532
Contract assets	4,831	3,600	4,836
Cash and cash equivalents	16,783	10,818	11,839
	29,356	29,510	33,207
Total assets	63,308	57,869	64,248
LIABILITIES			
Current liabilities			
Trade and other payables	(12,828)	(17,338)	(19,746)
Contract liabilities	(571)	(521)	(693)
Borrowings	(1,445)	(741)	(1,408)
	(14,844)	(18,600)	(21,847)
Non-current liabilities			
Borrowings and other payables	(6,945)	(8,579)	(7,268)
Total liabilities	(21,789)	(27,179)	(29,115)
Net assets	41,519	30,690	35,133



CONSOLIDATED STATEMENT OF CASH FLOWS

Interim Results FY24

	30 Sep 2023 Unaudited 6 months to 30 Sep 2023 \$000	30 Sep 2022 Unaudited 6 months to 30 Sep 2022 \$000	31 Mar 2023 Audited Year ended 31 Mar 2023 \$000
Cash flows from operating activities			
Operating (loss)/profit for the period	(10,909)	3,810	8,081
Finance Income	165	-	8
Depreciation	2,506	1,768	3,973
Amortisation	1,023	738	1,762
Share based payments	286	970	1,650
Disposal of property, plant and equipment	(12)	-	
Changes in working capital:			
(Increases)/decreases in trade and other receivables	9,346	10,976	5,251
Increases/(decreases) in trade and other payables	(7,048)	(10,541)	(5,219)
Cash flow from operations	(4,643)	7,721	15,506
Tax (paid)/received	(196)	(147)	196
Net cash flow from operating activities	(4,839)	7,574	15,702
Investing Activities			
Purchase of intangible assets	(20)	(41)	(60)
Capitalised development costs	(1,512)	(904)	(2,163)
Purchase of subsidiaries (net of cash acquired)	(240)	-	-
Purchase of investments	(905)	339	-
Purchase of property, plant and equipment	(1,362)	(1,355)	(4,706)
Payment of deferred consideration	-	-	(1,300)
Net cash flow from investing activities	(4,039)	(1,961)	(8,229)
Cash flows from financing activities			
Repayment of borrowings	(123)	(219)	(477)
Repayment of principal under lease liabilities	(710)	(536)	(748)
Finance cost	(342)	(42)	(630)
Share options exercised	13	36	254
Share issue costs	-	-	-
Issue of Share Capital (net of costs)	14,984	4	5
Net cash flow from financing	13,822	(757)	(1,596)
Net Increase in cash and cash equivalents	4,944	4,856	5,877
Cash and cash equivalents at the beginning of the period	11,839	5,962	5,962
Cash and cash equivalents at the end of the period	16,783	10,818	11,839

THE BOARD



Gillian Wilmot, CBE
Chairman

Since 2019

Extensive board level leadership in private and public environments with industry experience across B2B, technology, advertising and communications. Strengths in value creation, operational insight and corporate governance.



Mickey Kalifa
Non-Executive

Since 2017

Chartered accountant and finance professional with nearly 30 years' experience across technology, media and gaming sectors. Currently CFO of digital agency Dept having previously held roles of CFO with M&C Saatchi plc. and Sportech plc.



Nathalie Schwarz
Non-Executive

Since January 2022

Brings 20 years of board-level international experience from roles in both publicly listed and privately owned companies, with a career spanning broadcasting, mobile and digital interactive platforms, including Group Commercial and Development Director at Channel 4 Television.



Stuart Green
CEO

Co-founder; CEO
since 2006

Over 30 years experience of executive management in the software industry. PhD in Computer Science. Co-founded and sold three software companies. Over 20 years AIM board director.



Phill Blundell
CFO

Since 2018

Senior finance professional and Chartered Accountant with over 20 years experience in software industry including CFO roles with DotDigital Group plc, Eagle Eye Solutions Group plc and Intelligent Environments plc.



Gordon Doran
CCO

Joined 2005; Chief
Commercial Officer
since 2009

Career in commercial roles with technology businesses in UK and USA. Almost 30 years experience leading sales and marketing teams. Based on West Coast USA.

MAJOR SHAREHOLDERS

Shareholder*	% of capital
Canaccord Genuity Group Inc.	12.44
Stuart Green (CEO)	11.84
Herald Investment Management Ltd	9.90
Invesco Ltd	5.18
Janus Henderson Investors	4.92
Stonehage Fleming Investment Management Ltd	4.91

* Based on an independent analysis of ZOO's share register as of 31 October 2023.

Issued share capital and total voting rights as of 31 October 2023 = 97,849,098 ordinary shares.



www.zoodigital.com