ZOO

ANNUAL REPORT 2024

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WHAT ZOO DOES

Globalising media content made smarter, easier, better.

ZOO Digital provides high-quality localisation, media processing and digital distribution services to major studios, leading streaming services and global broadcasters.

Using its ecosystem of proprietary tools and platforms, ZOO provides fast, reliable and cost-effective end-to-end services, enabling premium, original film and TV content to reach global audiences.

The company delivers globalisation services to media and entertainment companies in Hollywood including Warner Brother Discovery, Disney, NBCUniversal and Lionsgate.

ZOO is one of the few global, end-to-end localisation service providers. These are a select pool of premium vendors that can handle all streaming platforms and all languages to ensure the breadth and quality of localisation services that content owners now demand.

ZOO's localisation services include:

- Dubbing
- Audio description
- Scripting
- Subtitling
- Captioning
- Artwork localisation
- Compliance editing
- Metadata localisation
- Menu localisation
- Creative letter preparation

Media services include:

- Editing (audio and video)
- Mastering
- Audio mixing
- Transcoding
- Video packaging
- Video QC
- Media processing
- DVD/Blu-ray authoring
- iTunes Extras authoring

INDUSTRY OVERVIEW

This year in the entertainment industry

The year saw an unprecedented period of disruption, not only for ZOO, but for the wider film and TV entertainment industry.

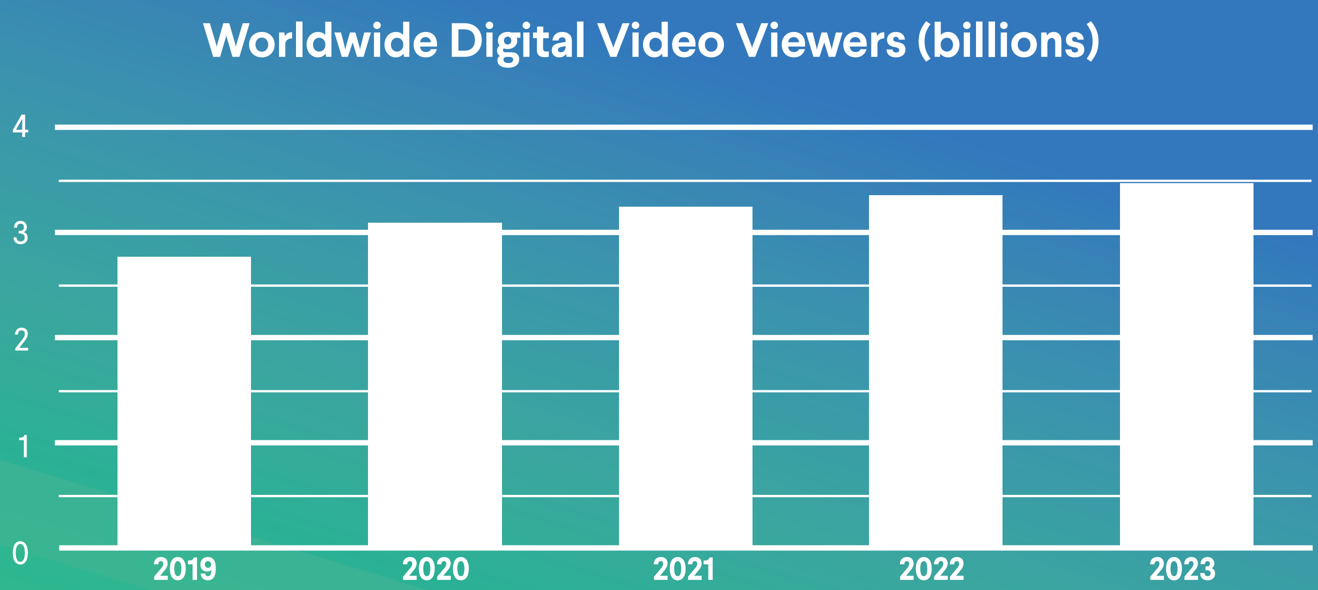
Industrial action in Hollywood

In May 2023 writers went on strike in Hollywood, followed by actors in July. This was the first joint industrial action in more than 60 years, and it brought film and TV production to a halt for six months.

In September 2023, the leadership of the Writers' Guild of America, which represents 11,500 screenwriters, voted to end its strike following resolution of the labour dispute, meaning that the preparation of new scripts could resume.

However, restarting production relied on actors returning to work, which was finally resolved in November 2023 when the leadership of the Screen Actors Guild – American Federation of Television and Radio Artists (SAG-AFTRA) agreed contract terms for the next three-year period for its 160,000 members.

This was the longest strike in the union's history and its repercussions have been far-reaching across the industry, not only in the US but in the UK and many other countries.



According to Statista, the number of global video viewers continues to rise, increasing by 3.1% in 2023 to almost 3.5 billion. As affordable mobile telephony and internet services reach more countries the number of people able to access digital video will continue to grow.

Market evolution

The hiatus has also been a symptom of the evolution of the major studios in making the transition to streaming.

Prior to streaming, the major media companies such as Paramount, Fox and Disney acted as wholesalers of content for TV channels, cinemas and retailers. In order to compete with Netflix and other major players in VOD rather than continuing to license content to them, most major media companies decided to launch their own streaming services.

Making streaming viable has involved several challenges as media companies have had to establish a new business model required to make multiple discrete entertainment products i.e., films and TV series.

Firstly, traditional studios have had to manage the change in revenue stream generated by subscription payments to focus on profitability. Secondly, for the first time they have had to deal directly with consumers to ensure mass market appeal i.e., offering diverse content to attract different viewers, demographics and preferences, etc.

This contrasts with early adopters such as Netflix, Amazon Prime and Hulu who have been able to build their business model and operations from the ground up based on the subscriptions.

01

Shifts in consumer demand

Previously, for traditional studios churn was low on Cable TV, however with streaming this has changed. Now, consumers need only commit to a subscription one month at a time. Consequently, with the ability to swap platforms easily, they are agile in how they spend their money. As a result, churn is much higher and the market is far more dynamic.

02

Studios strategic reviews

In the early months of 2023, all major US media corporations undertook strategic reviews, prompted by a rapidly shifting economic landscape for entertainment as consumers migrated away from network television.

Up until 2022, the traditional studios, new to the streaming market, regarded volumes of subscribers as the focus for driving revenues. They have since evolved their approaches to content acquisition, informed by better understanding of audience viewing preferences, to increase retention as it is this that drives monthly subscriptions and profitability. This was highlighted by Disney Plus, for example, which replaced its relatively new CEO, Robert Chapek after two years and reinstated his predecessor, Bob Iger towards the end of 2022. The latter put the production of many new TV and movie projects on hold last year to carry out a major review of the titles on the platform to assess their global appeal. Subsequently, Disney has refined its strategy, which included removing some titles from their platform and increasing investment in other genres.

03

Changing types of content

Another change in the market has been the rise in international content being distributed. Firstly, this has been driven by cost, as the buying rights of shows from the US are more expensive than that of other countries. Secondly it has been driven by the ability to tap into a far bigger pool of content from around the world.

04 The move to advertising

The move to advertising by all the major streaming services except for Apple TV+, marked a significant shift in the industry landscape. Initially, some streaming platforms prided themselves on offering ad-free experiences to subscribers for a premium subscription fee. However, more recently they have introduced advertising tiers to lower subscription costs, attract a wider audience and leverage the potential for additional advertising revenue streams. Indeed, through the first three months of 2024, 56 percent of new subscribers to a streaming service chose the lower-priced ad-tier, according to Antenna, a US subscription research firm . This was up from 39 percent a year earlier, the firm said.

The strategy has proven to be financially beneficial for both subscribers, who pay a lower fee and streaming service providers, who gain a higher average revenue per user (ARPU). Consequently, the industry transition towards incorporating adverts into streaming services reflects a strategic response to evolving consumer preferences and market dynamics.

05 Establishing in-territory partnerships

Many streaming providers have started to opt for in-territory partnerships for launching their services in specific countries. This strategy involves collaborating with established in-country streaming services to offer exclusive rights in exchange for a revenue share.

It allows media companies to leverage the success and infrastructure of local streaming services, while avoiding the need for significant upfront investments in infrastructure, marketing campaigns and operational setup. By doing so, they can achieve a lower-cost entry to the market, make a shorter-term investment and establish a strong in-territory relationship.

While partnering may result in lower immediate profits, it offers a strategic advantage in terms of market entry, flexibility and potential long-term growth opportunities.

THE SHORT-TERM IMPACT ON ZOO

Order volumes for new TV and movie content

Since FY22, the work that ZOO received from its customers has consisted predominantly of localisation and media services for newly created content. Consequently, the strike disruption has had a significant adverse impact on order volumes received during the period, not only by ZOO, but also by all its major competitors.

In FY24, where ZOO achieved sales of 40 million, this represented less than half of the sales from the previous year as a direct consequence of external factors, including industry disruption in Hollywood.

A slower recovery for the entertainment industry

The industry recovery following the strikes has proven to be slower than initially anticipated. Despite the strikes coming to an end in November 2023 and some productions resuming in December of the same year, as of August 2024, the industry has not yet fully returned to pre-strike levels.

This delay can be attributed in part to the heightened competition for resources as production companies strive to complete numerous projects within a condensed timeframe, leading to scheduling conflicts and logistical challenges. For example, scheduling a large cast and crew, with competition for access to essential sound stages for studio recording. Also, the high demand for talented crew members, coupled with job losses in the industry as individuals sought other employment opportunities, created a bottleneck in the production process.

Therefore, while there has been gradual improvement in recent months, a significant recovery is not expected to occur within the current calendar year. Industry experts predict that it may take until the end of 2025 for the industry to fully regain its pre-disruption momentum.

WHAT ARE THE OPPORTUNITIES FOR ZOO?

A select pool of end-to-end vendors

ZOO emerges better placed to grow market share as one of few end-to-end localisation and media service vendors. These are a select pool of premium service providers who can handle all streaming platforms and all languages to ensure the breadth and quality of localisation services that content owners now demand.

Having reduced their headcount following strategic reviews, global media companies no longer have the capacity to engage with a significant number of vendors. They are relying heavily on fewer, more capable, trusted vendors to localise content from more countries as well as to reach wider audiences in those countries.

At the same time, demand for content is growing but given the wide choice of content available via streaming, the bar for quality continues to rise. Further audiences can vote with their feet and choose which streaming services they subscribe to according to the choice and quality of localised content available. The quality of localisation is therefore more critical than ever.

The Company's success relies on its ongoing commitment to providing top-tier services. Despite the recent period of uncertainty and disruption, ZOO has demonstrated unwavering excellence in performance, as attested by its customers.

In November, ZOO was honoured as the **APAC Netflix Preferred Fulfilment Partner of the year**, showcasing exceptional achievements in the program, such as an impressive on-time delivery rate of **99.5%**.

What are the opportunities for ZOO? (cont)

Improved workflow

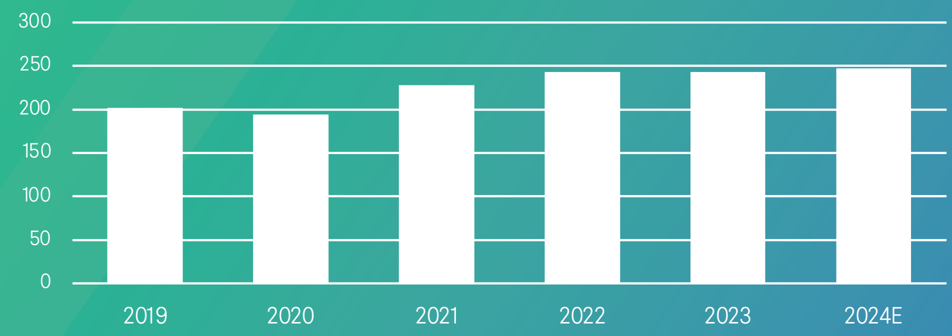
While studio reviews pose a challenge in the interim to the localisation workflow and all those involved in it, moving forward, it means that the studios will be far better informed in regard to the appeal of their content with their target audience, including the consumer data and analytics to drive those decisions.

For ZOO, this will mean a more consistent workflow of content to be localised based on consumer demand and profitability. Further, because studios are now dependent on fewer more capable vendors, they have recognised the need to extend notice of projects in the pipeline. For ZOO visibility is much improved compared to FY23 enabling us to resource and plan delivery better.

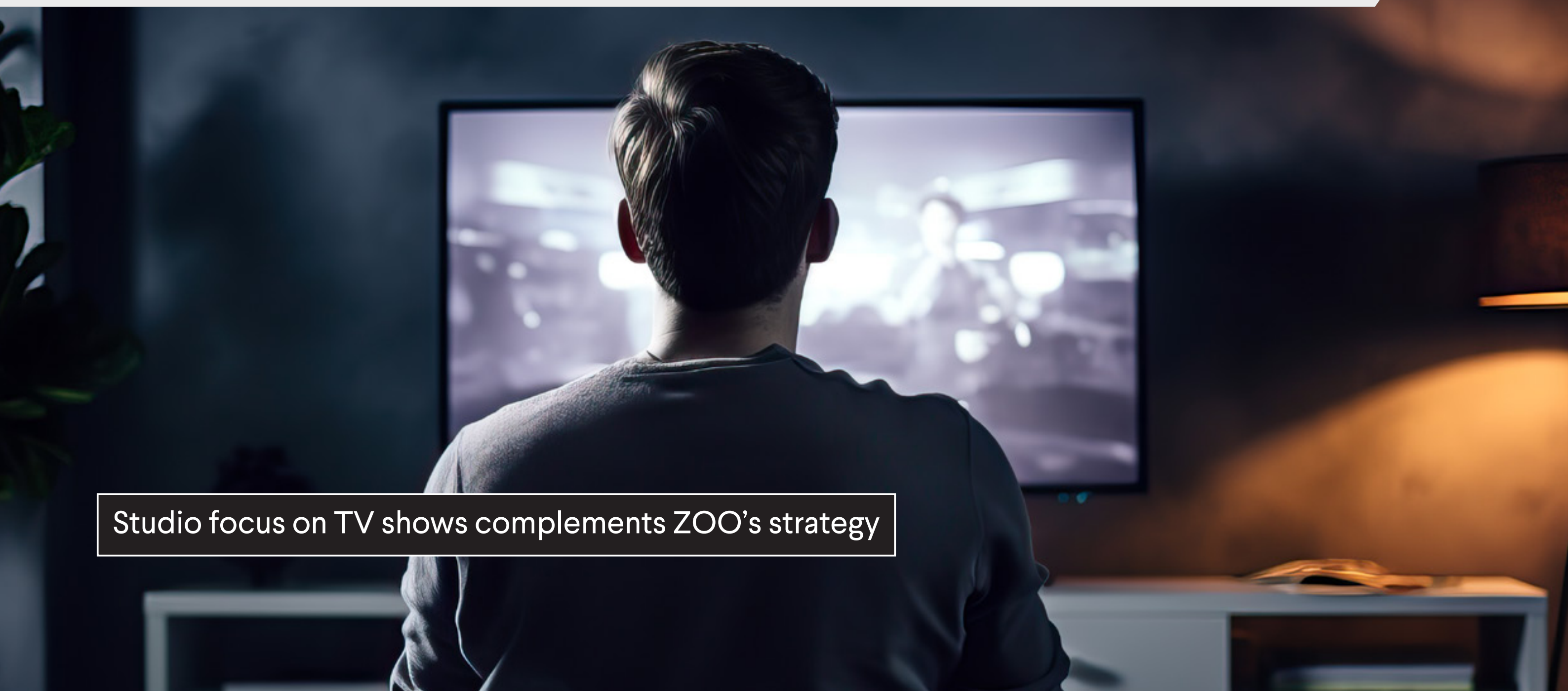
Content type

Through last year's strategic reviews, media companies are all viewing their content production and acquisition strategy differently. For example, some studios are now making fewer, costly feature films while increasing the number of episodic TV shows which can be produced at a much lower cost per minute.
This complements ZOO's own strategy and business model for which the localisation of episodic TV is more profitable than feature films.

Global Content Spend ($ billion)



In their research of January 2024 Ampere Analysis reported that global spend on entertainment content plateaued in 2023 as a result of strikes by the WGA and SAG-AFTRA but will return to growth of 2% per annum in 2024, reaching $247 billion in that year. Independent research by MoffatNathanson indicates that Hollywood content cash spend declined 8% in 2023 but will return to 2022 pre-strike levels of $137 billion in 2025.



ZOO'S STRATEGIC RESPONSE

Closer dialogue with customers to inform future plans

The strikes gave ZOO an opportunity to have extensive dialogue with existing customers and teams that have global influence, outlining its strategy and positioning, reminding them what ZOO brings to the table as a technology-enabled, premium, end-to-end localisation vendor with a global footprint.

Subsequently, having provided subtitling services in certain languages for one major studio for several years, ZOO won an RFP to provide them with global subtitling (i.e. in all languages), which is expected to result in a significant expansion of subtitling services for them. Following a successful RFP for another major studio, the Company was appointed for the first time as a primary vendor for the dubbing of specific languages. This work is expected to expand as it is usual for commissioning to begin slowly and gain momentum as the relationship develops.

Scaling back to reduce costs

As the hiatus in TV and film production continued during the year, ZOO remained close to its customers to gain intelligence which informed its decisions regarding costs.

As a result, the Company took a measured approach to scaling back its work force in more costly UK and US locations – **gradually cutting its workforce across both territories by 24.5%**, as the Hollywood strikes continued and the company was obliged to respond accordingly.

In the early days of the strike, the industry consensus was that the dispute would be short-lived with little disruption to the pipeline of productions as only Hollywood's writers had taken industrial action. Initially only near-live programming, such as late-night chat shows, were immediately affected. Consequently, the Company responded by cutting all discretionary spend and by not renewing the engagement of contract staff, otherwise keeping the workforce intact.

This approach was also to ensure that ZOO can respond to customers' needs and grow quickly when work resumes and capture market share, thereby delivering superior profitability in the medium to long-term.

As it became clear that the disruption would continue longer, and actors striking would impact the types of content ZOO works on, the company took the decision to make redundancies. As a result, both direct and indirect staff costs were materially reduced throughout the second half of FY24 compared to the first.

As part of this exercise, a rebalancing of staffing across locations was undertaken to provide adequate resources for growth regions and languages. A guiding principle has been to maintain industry-leading performance metrics, with monthly customer reports confirming that this has been achieved.

Accelerated expansion in India

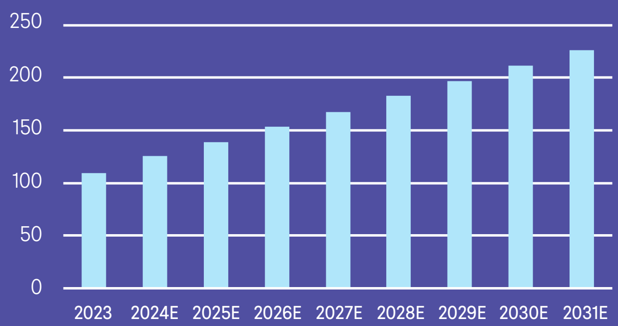
In November 2023, ZOO opened **Chennai**, a second facility in India. The production facility is spread across **11,000 square feet**, with over **10 dubbing rooms, multiple Atmos rooms, mixing rooms** and **screening rooms.**

The facility was already intended as a strategic hub for media services as well as dubbing services for Indian languages spoken in the south of the country. Firstly, the aim has been to add another hub as part of ZOO's strategy to provide follow-the-sun production services with seamless global support and availability from key locations around the world.

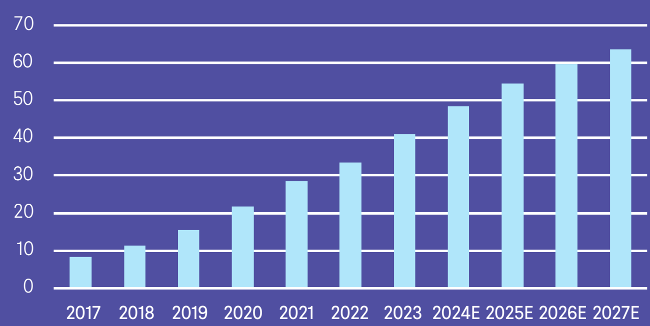
Secondly, the objective has been to expand resources for delivering media services. Where fulfilment does not need to take place in close geographical proximity to the client, ZOO is now able to process projects in Chennai where costs are lower than in the UK or US. As such, ZOO had already started to recruit to India through natural attrition elsewhere, during the hiatus in production this was accelerated.

Chennai, ZOO's second facility in India

SVOD Total Global Revenue 2023-2031 ($ billion)



AVOD Total Global Revenue 2017-2027 ($ billion)



A May 2024 report from MIDiA Research forecasts continuing growth in global revenues for SVOD services, where services are monetised through a subscription model, while data from Statista suggests a similar trend for worldwide AVOD revenues, where typically lower subscriptions are supplemented by advertising sales.

EXPANSION OF GLOBAL FOOTPRINT

ZOO made several other investments during FY24 including acquisitions and partnerships to expand its global footprint. This ongoing strategy is due, in part, to the fact that dubbing expertise is required in each language.

This can be achieved by establishing a modest operation in territory, supplemented by **ZOO's scalable technology-enabled approach.**

This ensures ZOO retains its agile model and competitive advantage while aligning with its customers' global strategies.

Further, the landscape in key territories such as France, Italy, Germany and Spain, where the dubbing industry is heavily unionised, demands that it is critical to establish a presence with dubbing studios in those countries.

Hence, global expansion has involved the acquisition and opening of hubs and facilities in key territories. Alongside this, it has made smaller strategic investments in partners in other locations where its presence is needed. ZOO's partnerships mean that the company may own a percentage of a studio to inform how a studio operates including the adoption of ZOO's technology and platforms. This enables ZOO to provide a local footprint capable of delivering to ZOO's Hollywood-certified standards; work with a pool of local talent in a scalable way and access to a point of contact with local dubbing specialists who can advise on how best to work with the industry in that area.

November
Investment in Ares Media, a partner studio in Turkey

Opening of ZOO's facility in Dubai to serve the MENA region.

2021

April
Opening of dubbing studio in Copenhagen, Denmark

March
Aquisition of Whatsub Pro, South Korea to provide ZOO's APAC hub

2022

November
Expansion of India operation through opening of Chennai facility

May
Investment in AM Group, a Spanish partner with studios in Madrid and Valencia

2023

June
Aquisition of a partner studio, LogoSound in Italy

June
Aquisition of a partner studio, ASR Audio in Germany

2024

ENHANCED VERSIONS OF ZOOSTUDIO

ZOO Digital Labs, the company's dedicated R&D team continued to develop ZOO's unique, technology-enabled offering including the ZOOdubs dubbing platform, ZOOsubs subtitling platform and ZOOstudio.

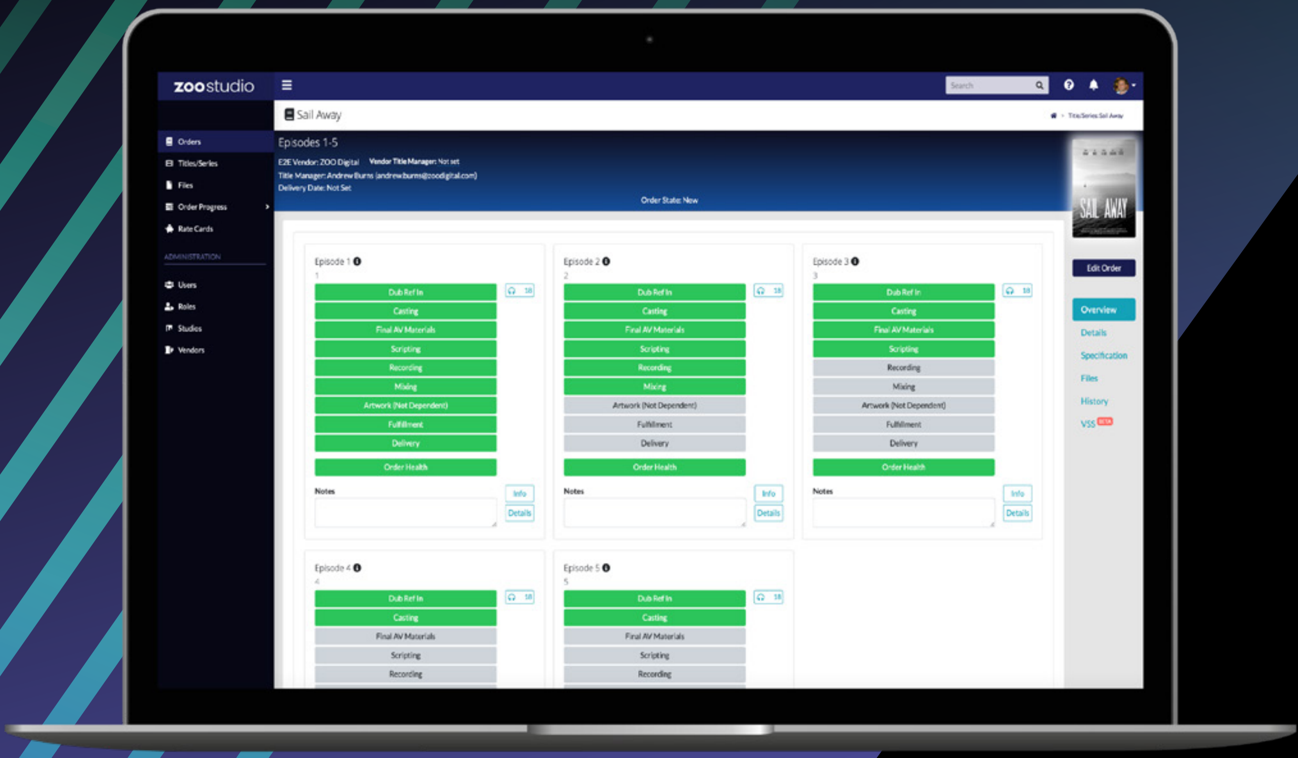
The latter, **ZOOstudio**, is ZOO's globalisation management platform, a vendor-agnostic, client ordering and asset management system optimised for global localisation and media services. Having been adopted by a first direct-to-consumer (D2C) streaming service from a major US media corporation in 2019, ZOOstudio is now key to its operations with engagement across multiple divisions and with several distinct sets of decision makers.

During FY24, ZOOstudio was adopted by a second D2C streaming service from a major US media corporation.

Designed to be used by ZOO's customers to help them manage all their vendor relationships, the adoption of ZOO's proprietary software means that ZOO and the customer are closely aligned – a key competitive advantage for the Company.

During the year, **ZOO Digital Labs** continued to develop ZOOstudio, making it a centralised hub of information. This involved integrating the platform with major studios' existing systems (financial, ordering, workflow management and asset repositories) and with studios' other vendor systems.

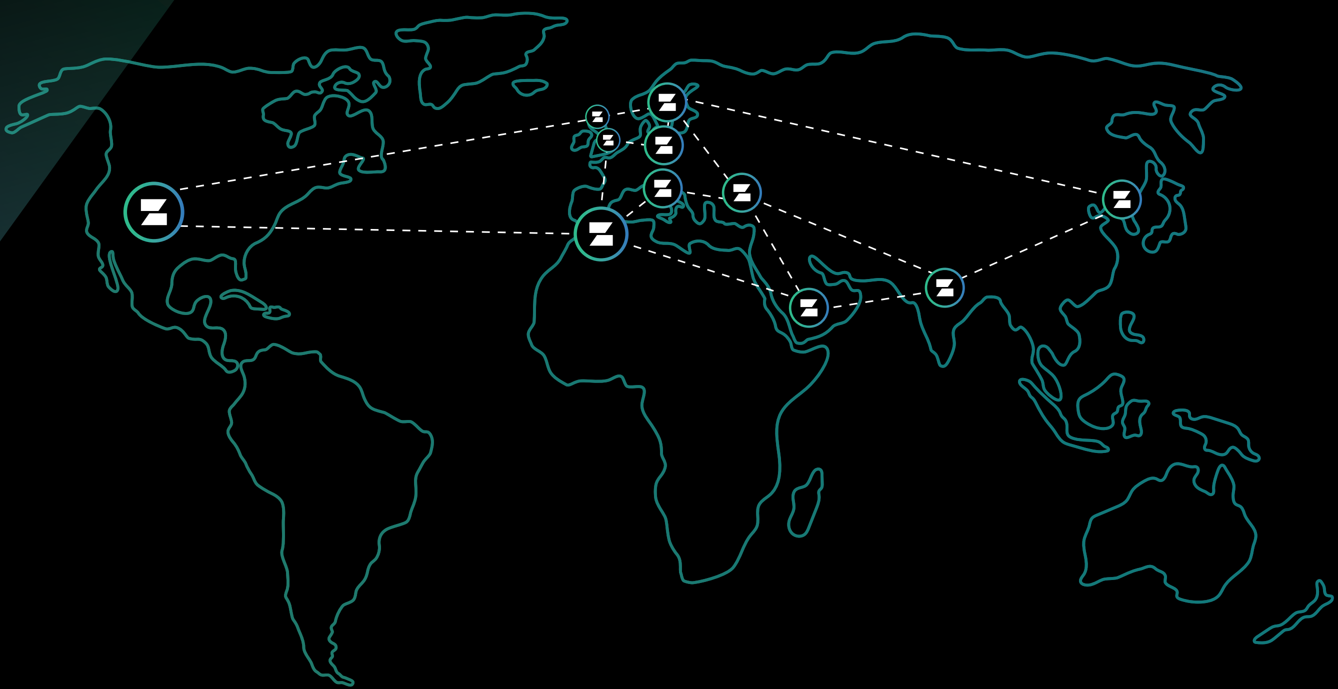
A second D2C service adopts ZOOstudio



ZOO'S GLOBAL FOOTPRINT

ZOO's localisation and media services operations are controlled by its owned-and-operated hubs in key locations in the Americas, Europe, Middle East and SE Asia. These include Los Angeles (US), London (UK), Chennai and Mumbai (India), Dubai (UAE), Seoul (South Korea), Berlin (Germany), Copenhagen (Denmark), Istanbul (Turkey), Madrid and Valencia (Spain) and Milan (Italy).

Every dubbing studio works with ZOO territory managers and a network of freelance talent based in each region across the world. All locations operate using ZOO's cloud software platforms, ensuring consistency and scalability.



ZOO's strategy

ZOO's strategy is to develop and employ innovative, proprietary cloud computing systems that deliver significant competitive advantage and clearly differentiate the company from other providers of similar services. ZOO's software enables the Company to collaborate with a worldwide network of thousands of freelance workers, and to significantly reduce the human capital requirements of service fulfilment, enabling the Company to scale its capacity efficiently with high operational gearing. Clients benefit from accelerated time to market, consistently high-quality standards and competitive prices.

ZOO'S FIVE PILLARS SUPPORTING ITS FUTURE

While the recent period of disruption has brought about significant change across the entertainment industry, the strategic imperatives that set ZOO apart from its competitors remain as relevant and important as ever. Through the period of recovery that lies ahead, the Company continues its focus on its strategic priorities or five pillars:

Innovation

ZOO's market-leading services are delivered using its proprietary technology.

Developed by ZOO Digital Labs, a team of in-house specialists, the software provides efficient and scalable solutions for the delivery of premium localisation and media services.

During FY24, the team continued to prioritise the enhancement of ZOOstudio – its globalisation management platform for use by ZOO's customers. Further integrations with major studios' existing systems (financial, ordering, workflow management and asset repositories) and integrations with their other vendors' systems, now make ZOOstudio a centralised hub of information.

This functionality enables the platform to become embedded in customer operations, thereby enhancing the strategic value that ZOO delivers to its clients.

Scalability

ZOO's cloud-based platforms provide the infrastructure necessary to scale capacity required for its clients in a cost-effective way. The platforms enable its global workforce to fulfil localisation and media services at scale across many languages.

These encompass a network of hubs in strategic locations; smaller, in-region partner studios, and an extensive pool of creative talent, including translators, script adapters for dubbing, voice actors and dubbing directors.

ZOO's targeted global strategy of establishing dubbing studios in key locations is designed to ensure that the Company can deliver its services across global languages and with high availability. Therefore, in FY23 it acquired facilities to create hubs for media services in Mumbai (India), Seoul (Korea) and opened a dubbing studio in Copenhagen (Denmark).

In FY24, the Company has invested in AM Group, a Spanish partner with dubbing studios in Madrid and Valencia. It also opened Chennai, a second facility in India to extend dubbing services for Indian languages spoken in the south of the country and expand resources for delivering its global media services offering. Post period end, the Company has acquired partner dubbing studios LogoSound in Italy and ASR Audio in Germany.

All of these locations hold high strategic importance for ZOO's major studio clients.

Collaboration

Partnerships with third parties enable ZOO to deliver capability in a cost-effective way.

The Company continues to partner in many countries with emerging markets. Here it forms relationships with smaller traditional dubbing studios and businesses where the management teams are willing to embrace ZOO's cloud-based platforms and Hollywood-approved practices.

In addition to their help with access to talent, this enables the Company to work closely with partners to inform strategic investment and acquisition decisions. Both ZOO Italy and ZOO Germany were former partners that have become wholly owned subsidiaries, and are now fully integrated into the Group.

The Company is helping to address the shortage of talent in the industry in certain disciplines and languages through various initiatives delivered through ZOO Academy.

This includes a partnership programme with universities and other educational establishments around the world, particularly in emerging markets. In the period, several new institutions partnered with ZOO, bringing the total number to 50 across Europe, Asia and the Americas. See page 17 for more detail.

Customer focus

ZOO's aim is to be the vendor of choice to the largest buyers of localisation and media services in the entertainment industry. Target companies are predominantly US-based organisations that produce original content and distribute to global audiences through streaming services and other channels.

A key strategy is to strengthen its relationship with clients through use of its ZOOstudio platform. This offers clients a way to manage the complex business of planning, procuring and tracking localisation and media services from all its providers. A major global streaming service adopted ZOOstudio in 2019 and is now key to its operations with engagement across multiple divisions and with several distinct sets of decision makers. During FY24, ZOOstudio was adopted by a second direct-to-consumer (D2C) streaming service from a major US media corporation.

The Company continues to have dialogue with other global strategic target clients regarding the use of ZOOstudio and the platform forms a key part of ZOO's response when it is invited to participate in tenders and requests for proposals (RFPs).

Talent

There remains a requirement for talent to support the production of premium subtitling and dubbing.

The establishment of hubs, first in Mumbai in the previous year, then in Chennai during the period, have enabled the expansion of dubbing services and the associated creative talent for the fulfillment of Indian languages for which demand continues to rise. As part of its investment in acquisitions and partnerships during the year, ZOO also welcomed dubbing studios and their teams of media localisation specialists in Spain, Italy and Germany.

THE ZOO TECHNOLOGY ECOSYSTEM

All our regional hubs, dubbing studios, partners and freelancers work together in the ZOO technology ecosystem.

This guarantees consistent security, process efficiency, production quality and rapid scalability across the world.

This is focused around the users and key stakeholders involved in the delivery process and designed to address some of the biggest challenges in global distribution.

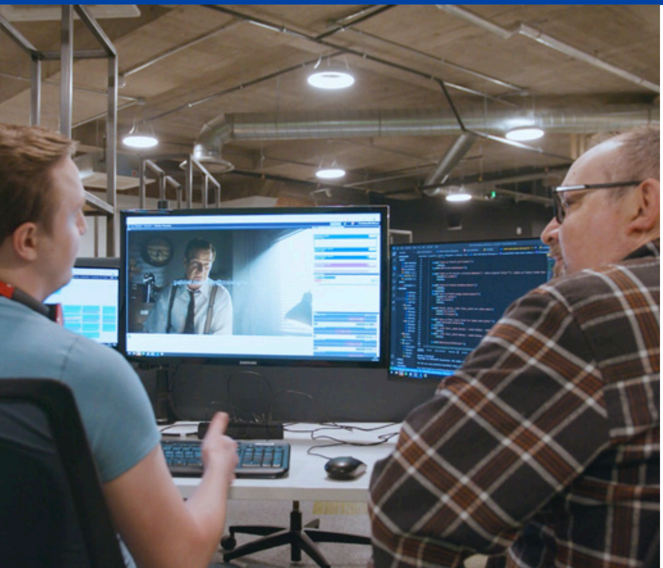
ZOO technology is built for security and scale – so new localisation or media servicing resource can be fired up in any in-demand territory to take pressure off existing facilities and develop additional capacity.

ZOO technology encompasses the suite of proprietary cloud platforms that support ZOO's end-to-end services including:

zoostudio	zoosubs	zoodubs	zoosign
ORDERING AND ASSET MANAGEMENT	SUBTITLING	DUBBING	CONTRACT MANAGEMENT

ZOO DIGITAL LABS

ZOO Digital Labs is ZOO's dedicated R&D team that creates the software platforms, tools and technologies that support its end-to-end services.



Whether it's leveraging the latest advancements in artificial intelligence or cloud computing, ZOO is dedicated to harnessing the power of technology to transform the delivery of globalisation services and drive meaningful change for its clients.

In a rapidly evolving landscape, the ZOO Digital Labs team constantly explores new methodologies, technologies and best practice to ensure that the Company stays at the forefront of innovation.

ZOO ACADEMY

Established in 2021, ZOO Academy is dedicated to nurturing, training, and empowering the next generation of audio-visual localisation and media services talent worldwide.

The Company provides practical skills, learning opportunities, and essential tools by collaborating with educational institutions and professionals worldwide.

The initiative was established to address the worldwide shortage in media localisation talent as streaming services reach wider global audiences and the demand for content continues to increase. As highlighted by Slator, Language Industry Intelligence, this talent shortage relates mainly to specific roles, such as voice-over actors and dubbing directors or subtitlers in new language combinations.

Progress, expansion and partnerships

One focus at ZOO Academy is to equip universities and educational organisations engaged in educating future audio-visual localisation talent with ZOO's cloud-based dubbing and subtitling platforms.

Through the ZOO Academy Partnership Program, these institutions gain free access to ZOOdubs and ZOOsubs, allowing students to refine their translation skills using ZOO's award-winning tools. This program now boasts 50 partners across 25 countries in Europe, Asia, and South America.

Recently, ZOO has provided a library of video materials of various genres to all its academic partners. This offers learners the opportunity to practice and sharpen their skills with real commercial content and state-of-the-art tools, marking a first for localisation in the academic sphere. The clips are segments of feature films and TV series that have been made available by customers who are supportive of the ZOO Academy initiative and eager to support the development of new industry talent.

ZOO Academy (cont)

Initiatives and impact

ZOO Academy also supports ground-breaking research in audio-visual translation conducted by esteemed researchers at prestigious universities, such as University College London and the University of Bristol. This research provides ZOO with valuable insights into translators' and content creators' workflows and audience perceptions of subtitles.

The initiative is part of ZOO's broader educational strategy, which prioritises collaboration, scalability, and professional development for both freelance talent and internal staff. ZOO is committed to building substantial additional capacity for translation and dubbing services, ensuring the talent necessary for authentic and culturally sensitive localisation. Its initiatives are designed to anticipate and respond to future growth.

To further professional development and attract localisation talent to the industry, ZOO Academy has launched an innovative new course titled 'Subtitling From a Template' in collaboration with AVT Masterclass, an organisation led by three distinguished researchers and academics in audio-visual translation. It is a carefully designed, self-paced online training course that teaches the theory and practice of the art of inter-lingual subtitling. Not only are learners guided through the Company's cutting-edge commercial subtitling platform, ZOOsubs, but they receive 'Insider Insights'. These are where learners hear from ZOO's trusted translators working in various languages globally.

Furthermore, there are specific languages that lack skilled and experienced translators. To address this issue, ZOO is actively working to attract more learners by offering courses in these languages, with Mandarin Chinese being the initial focus.

Internal training

Internally in ZOO, the Academy provides vital training for specific roles to ensure everyone in the same role works consistently and to the same exacting quality standards demanded by ZOO's premium, Hollywood clients. The ZOO Academy platform is harnessed for all internal training needs and the Academy acts as an internal centre of expertise to ensure that the training courses we develop are pedagogically sound.

Teams nominate trainers to collaborate with ZOO Academy, overseeing the curation of all training requirements. This method guarantees uniform training standards across all regions, available at any time. The training program offers avenues for continuous learning and professional development, enabling individuals to explore new roles within the organisation. Team members can engage in training in their own time, either independently or as part of a personalised professional development plan tailored to each team member.

Future goals

Looking ahead, from an educational standpoint, the future of ZOO Academy is promising. Beyond transitioning all existing internal training to the platform, the team is developing a range of compelling courses tailored to ZOO's evolving needs. These include specialised training in Subtitling for the Deaf and hard of Hearing (SDH), Audio Description (AD), and a comprehensive Management Training program. The Company's commitment to continuous improvement and innovation ensures that ZOO Academy will remain at the forefront of audio-visual localisation education, internally and externally, preparing the next generation of professionals with the skills and knowledge they need to excel in the industry.

ZOO AND THE ROLE OF AI IN MEDIA LOCALISATION

ZOO Digital is a premium localisation vendor known for its innovation in the industry. With its expertise, ZOO is well-positioned to take advantage of AI in various aspects of localisation and media services. Over the past two years, ZOO has been actively exploring new technologies to improve its services and offer added value as an end-to-end vendor. ZOO sees itself as a beneficiary of AI technology, rather than viewing AI as a threat.

Quality and timely delivery are key for ZOO's clients. The company is committed to developing AI responsibly with these priorities as its focus and within legal and ethical guidelines. Rather than removing human talent such as specialist media translators, actors, and directors, ZOO aims to use AI to enhance traditional processes. With its cloud-based systems, ZOO has an AI-ready architecture and infrastructure and is able to incorporate AI technologies seamlessly, allowing for testing and improvement while maintaining a reliable workflow. Consequently, the AI revolution presents an opportunity for ZOO to expand its capabilities and solidify its leadership position in the industry.

AI and the entertainment industry

A major factor in the union-studio dispute is how AI could change Hollywood and potentially diminish the roles of workers in the industry, raising concerns about the future of human creativity. The agreements with writers and actors include protections to ensure fair treatment and recognition for their creative work in films and TV shows. The contracts do not ban AI tools but establish guidelines to keep control in the hands of workers, preventing studios from replacing them. Writers can choose to use AI tools like ChatGPT, but they cannot be forced to. Companies must also disclose when AI-generated material is given to writers.

For now, these agreements offer temporary solutions to AI challenges and the dispute has the potential to set a precedent for the wider global entertainment industry, not just Hollywood.

AI and the localisation industry

Concerns about AI and provisions negotiated in the latest contracts affect dubbing artists just like they do screen actors. The industry is unionised with agreements in place to cover (with details varying by country) the pay and conditions of actors in several countries including the USA, UK, France, Germany, Spain, Italy and Japan.

Now that US actors' terms are agreed, unions in other countries are looking to do the same.

These agreements will set out what is acceptable in each place and will shape how AI is used in specific territories. The deals also cover adapting scripts for different languages and making dubbed soundtracks to ensure that the technology benefits everyone fairly and sustainably.

AI innovations and challenges in localisation

ZOO has investigated using ChatGPT and Large Language Models (LLMs) to see if these could help automate some of its services. In translation, it is important to understand the differences between literal, written translations – which ChatGPT performs well – and creating authentic dialogue adaptations. The latter involves considering things like culture, speaker motivation, ethnicity, and social dynamics. Simply using a transcript of spoken words will not capture the context needed for authentic adaptations.

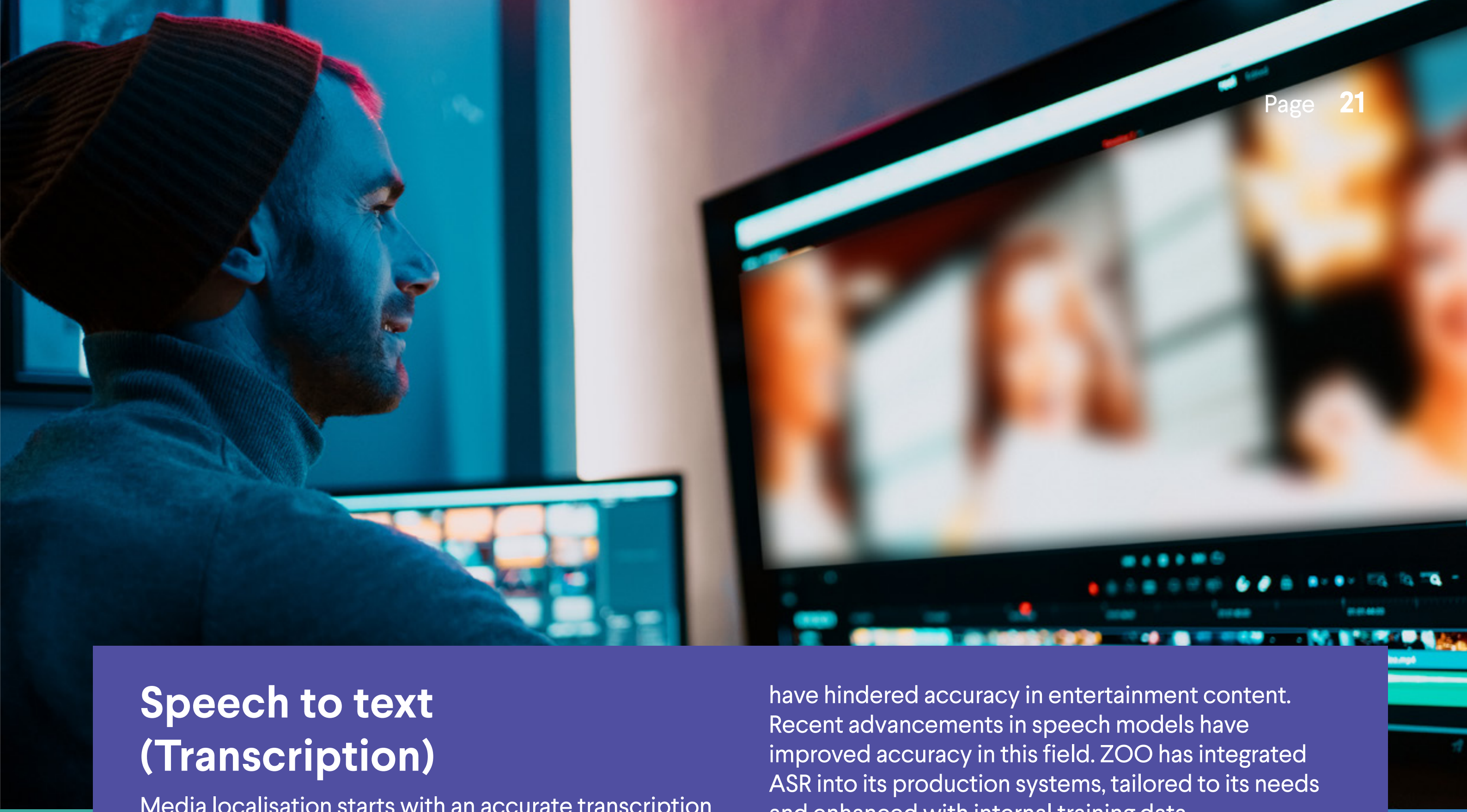
ZOO's clients are major players in streaming and premium entertainment, therefore they have the highest expectations for quality localisation and media services. While technologies like ChatGPT might work well for certain types of content such as some documentaries (where the translation can be literal), they are not currently viable for the premium entertainment content such as the scripted dramas ZOO deals with.

In summary, ZOO recognises the potential of AI to improve certain workstreams in its business, but this continues to be alongside traditional practices and the use of creative talent. Building on its existing deployment of AI, heritage as an innovator and trusted partner to the leading names in the industry, ZOO is well-placed to become a leader in the field.

ZOO's ongoing AI projects and initiatives

ZOO is actively engaged in exploiting AI wherever it can in its pipeline and processes as artificial assistance to make services more efficient, such as in the following areas:

- **Speech to text (Transcription)**
- **Text to speech (speech synthesis)**
- **Speech to speech (voice cloning)**
- **Picture manipulation**
- **Translation**
- **Separating dialogue from music and effects**
- **Conforming audio and subtitles**
- **Quality Control**
- **Workflow management**
- **Asset management**



Speech to text (Transcription)

Media localisation starts with an accurate transcription of the original content in its native language, known as the 'template.' This template is crucial for all subsequent language adaptations, as any errors could impact all subtitles and dubbing scripts

While Automated Speech Recognition (ASR) software has been used in other industries, challenges like regional languages, music, and overlapping speakers have hindered accuracy in entertainment content. Recent advancements in speech models have improved accuracy in this field. ZOO has integrated ASR into its production systems, tailored to its needs and enhanced with internal training data.

This has streamlined transcription workflows, leading to quicker project completion. Despite automation, a two-pass human quality control process ensures the output meets the premium standards ZOO's clients demand.

Text to speech (speech synthesis)

Text to speech (TTS) technology converts written text into spoken words, used in various applications like accessibility tools, language learning apps, virtual assistants, and navigation systems. TTS systems aim to create natural-sounding synthesised speech so that users can listen to content rather than reading it.

While TTS has been applied in entertainment for audio descriptions and potential voice-over dubbing in documentaries, creating character voices for scripted content remains challenging due to the need for expressive and authentically human performances. It is also crucial to obtain consent and compensate voice owners when using TTS commercially. ZOO will always be transparent in its use of TTS technology use and will collaborate with industry groups to follow ethical guidelines.

Speech to speech (voice cloning)

Voice cloning is the process of creating a digital replica of someone's voice by analysing their voice recordings for pitch, tone, and pronunciation and responsible use and regulation are crucial. Once trained, the system can generate new speech that sounds like the original speaker, even if they did not say those exact words. This technology can be used to recreate voices in situations where the original speaker is unavailable. While voice cloning has benefits, it also raises ethical concerns like privacy, consent and misuse.

ZOO is collaborating with industry groups to establish ethical standards for voice cloning in entertainment dubbing, ensuring explicit consent is always obtained. For example, in dubbing, a "pick-up" refers to re-recording small audio segments to correct mistakes, improve audio quality or to make late changes to the script. With the actor's consent, this can be achieved quickly and efficiently with voice cloning.

Picture manipulation

Traditional lip-synchronised dubbing involves voice artists matching their lines to the lip movements of actors speaking a different language. This requires carefully synchronised script adaptations. Writing dubbing scripts and voice acting are skilled jobs due to the way speech rhythms and patterns differ between languages.

AI-based software now automates this process by aligning dialogue with lip movements in videos, potentially making it faster and more efficient. While this technology can work well if someone is speaking to camera such as a newsreader, challenges arise with free head movements and occlusions in general entertainment. Legal considerations include obtaining consent and compensation from actors affected by the technology.

Provided that there is a legal and ethical framework in place and support from unions and acting guilds, ZOO aims to partner with software providers to offer these services, to augment its dubbing proposition. Picture manipulation still requires creative talent for script adaptation, voice acting, and surround-sound mixing, to meet the standards required in ZOO's market, so the technology can only be used to facilitate dubbing production rather than replace it. This innovation could be particularly valuable in non-traditional dubbing markets like the UK and USA, to help overcome consumer reluctance to watch dubbed content.

Translation

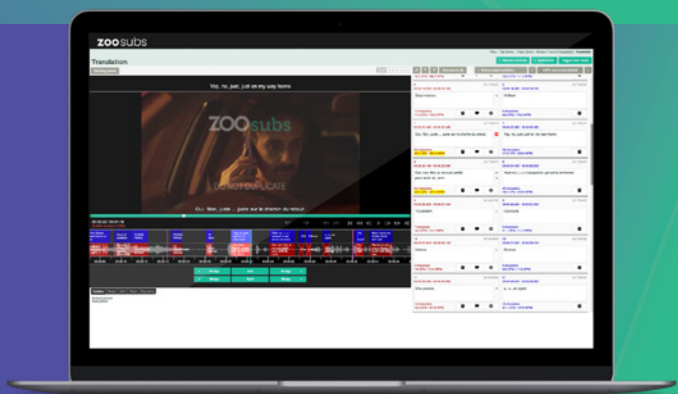
With advancements in LLMs like ChatGPT, AI technologies are becoming more prominent in the entertainment industry. As quality and accuracy are the priority for ZOO's clients, it is this that will drive the focus of its workflow platforms, automation, and processes. Integrating machine translation into workflows can enhance efficiency and cost-effectiveness, particularly for specific content genres. ZOO remains committed to evaluating and incorporating new technologies to improve its services by reducing errors and turnaround times. Consequently, machine translation has the potential to strengthen ZOO's proposition rather than replace it.

Separating dialogue from music and effects

In traditional lip-sync dubbing, a production company provides separate audio tracks for dialogue and music and effects (M&E). For foreign language dubs, new vocal recordings are combined with the M&E track. However, older or low-budget content may not have a separate M&E track, leading to voiceover dubbing. AI advancements now allow for automated separation of dialogue and non-dialogue in soundtracks. ZOO will use this technology to improve dubbing quality without requiring a new M&E track, potentially increasing demand for dubbing due to cost savings.

Conforming audio and Subtitles

Matching up audio and on-screen text is crucial when creating subtitles. ZOO's production systems already have a feature that automatically works out precise timing for each line, making sure audio and subtitles sync up correctly in all languages.



Workflow management

For over a decade ZOO has been developing and refining its workflow management systems, gathering valuable data on project performance across services and languages etc. It uses this data to train machine learning systems to predict outcomes, anticipate issues and enhance working practices. AI analyses historical data to forecast workflow trends, aiding in resource planning and scheduling. By optimising resource allocation based on workload and skills, ZOO boosts productivity and maximises its team efficiency.

Quality control

Quality control is a standalone service as well as a key part of what ZOO does for its clients across all services. ZOO's systems are designed to catch any issues early on, improving efficiency and reducing errors.

By using AI, ZOO can automate more processes, detect errors, and enhance content quality. AI algorithms can analyse media content including images, videos, and audio files to spot issues like compression artifacts or audio distortion. This helps catch problems early, boosting productivity and maintaining high quality. AI-based solutions can adjust parameters for optimal video quality and efficient compression, saving bandwidth and storage space. AI can also improve audio and video quality by reducing noise, enhancing clarity, and boosting resolution. Additionally, it can automatically enhance media assets by adjusting brightness, contrast, and colour balance.

Asset management

Asset management is a key part of ZOO's work in handling entertainment media. The Company deals with large volumes of digital assets each year, so managing them efficiently is crucial. AI can significantly enhance how ZOO handles these assets by automating tasks, organising and searching for content, and providing advanced analytics.

ZOO offers metadata generation, including content tagging, using AI algorithms like computer vision and NLP to analyse media files and create descriptive metadata. Its platforms already use advanced methods to identify duplicate assets and ensure content integrity. Additionally, AI can help automate content moderation tasks, such as flagging sensitive content like violence or nudity, to meet cultural and legal requirements.

Summary

In summary, AI is set to revolutionise the Media and Entertainment industry, including ZOO's services. While some roles may change or disappear as software takes over tasks, the demand for ZOO's premium entertainment content services is set to grow. In this regard, AI presents an opportunity for ZOO rather than a threat, as it can enhance service fulfilment economically.

Despite the impressive capabilities of AI tools, they still have limitations and rely on pre-existing patterns rather than true understanding. For premium Media and Entertainment applications, human involvement remains crucial. ZOO, as an industry innovator, is well-positioned to develop and integrate AI technologies effectively within its processes to enable its teams to meet customer needs for quality and faster turnaround times.

CHAIRMAN'S STATEMENT

The past year will be remembered as an extremely challenging period for the film and television entertainment industry and all those businesses that operate in this wider ecosystem. The first joint strike of Hollywood actors and writers in 60 years amounted to a black swan event that halted new productions overnight and is only now feeding through to a gradual recovery. This was compounded by a realignment of content budgets as media companies revise their business models to address the longer-term impact of streaming.

The industry disruption caused revenues to fall by 55% to $40.6 million leading to an operating loss of $19.1 million (FY23 profit of $8.1 million). While this performance is disappointing, it can be directly attributed to the perfect storm of industrial action and strategic realignments by key customers.

Against this uncertain backdrop, we took the necessary measures to restructure the organisation and reduce our cost base, while retaining the flexibility to take on orders as the market rebounds. The Group's cash position was further supported by the £12.5 million ($15.5 million) equity placing in May 2023 for the acquisition of a partner in Japan, which was subsequently postponed considering the industry disruption.

It is thanks to these efforts that ZOO is now well placed to capitalise on the market recovery and structural trends that sit in our favour. Indeed, the first quarter of FY25 has just recorded revenue growth of 35% over FY24Q4 which resulted in an EBITDA profit on a reduced cost base. The Board expects the industry recovery to continue gradually through 2024 and to reach former levels of output in late 2025, providing continued positive signs for the years ahead. The restoration of former levels of industry output will pave the way for the business to return to levels of performance achieved in FY23, which marked an extended period of growth in which Group revenues increased by a compound annual growth rate of over 34% to more than $90 million between FY16 and FY24.

More broadly, the transition to streaming marks a fundamental shift in how we all enjoy our favourite film and television programmes. As is often the case, this transformation has been accompanied by disruption as the studios adapt to the new consumption model. The industry is now moving to a more mature stage in the cycle as streaming services transition to profitable growth. This is likely to result in some consolidation and a greater focus on maximising returns on content spend, both of which should benefit ZOO as the recovery gathers pace.

The Board is confident that the investments we have made over the past few years give ZOO a competitive advantage and will enable the business to grow. ZOO is one of few companies in the world with the capability and scale to operate as an end-to-end vendor to major media groups, and we have built on this advantage by establishing local hubs in key markets. Furthermore, we have been appointed as a primary vendor for dubbing and a global vendor for subtitling by another major film and TV distributor as we continue to grow and diversify our customer base.

As with our investment decisions, we take a long-term approach to technology and recruitment. The recent advances in Generative Artificial Intelligence and Large Language Models have rightly brought the focus on their potential impact and, indeed, opportunities for businesses. As an innovator in its sector, ZOO has been actively working with AI technologies for many years and has developed tools to provide automated assistance to our established practices. The Board believes the Company will benefit from the advantages that AI can bring over the long term. We plan to publish a formal whitepaper in October 2024 on our approach in this field.

Meanwhile, ZOO Academy continues to go from strength to strength and is doing valuable work training the next generation of audiovisual localisation talent. The Academy has grown to 50 partners across 25 countries, plugging gaps in vital skills and languages required by the industry.

Our teams are fundamental in making life easier for the people who entertain the world. I would like to take this opportunity to express my gratitude to all my colleagues for their hard work and resilience over a testing period for the business, and indeed the wider industry.

While we do not expect the industry recovery to be straightforward, we remain confident in the structural market opportunity as ZOO plays an important role in helping media companies to adopt profitable, sustainable streaming models. This gives us confidence in ZOO's ability to return to strong growth over the long term.

Gillian Wilmot, CBE
Chairman

STRATEGIC REPORT

Introduction

ZOO's FY24 marks a period of unprecedented changes within the film and TV entertainment industry. Whilst the strikes by Hollywood writers and actors brought US productions to a standstill for months, the unrelenting shift of consumption away from linear and towards streaming on demand delivery has far-reaching implications. Like almost every participant in the wider entertainment ecosystem this disruption has had a detrimental impact on ZOO over the short term. However, the Company's strategy is aligned with the structural changes that are taking place and, as these adjustments conclude, the Board believes ZOO will secure a strong competitive position within a recovering industry that will return it to sustainable growth.

The Company continues to fulfil a pivotal and highly specialised need of film and TV content producers and distributors to transform original entertainment products so that they can be delivered on any platform and in any language. ZOO has achieved prominence through a combination of its ability to deliver first rate quality services to major entertainment brands, enabled through the deployment of its proprietary cloud technology. The Company is one of a small number of elite players in the sector referred to as 'End-to-End' (E2E) vendors, having the ability to operate as a 'one-stop shop', delivering the full complement of technical and creative services required. The E2E approach is a relatively new model of engagement in the industry yet one that is gaining traction rapidly due to the benefits it affords large buyers.

An important component of the Company's software capability is its ZOOstudio platform. This has been adopted by some major media companies to enable them to engage with ZOO and its peers in a way that simplifies workflows, enhances visibility, and streamlines operations, allowing customers to reduce their costs. ZOOstudio is a specialised and unique offering in the market that gives ZOO competitive advantage and provides strategic alignment with major customers.

In the early months of FY25 the Board has seen stabilisation followed by the early stages of recovery of the order book. While disruption continues, the situation is expected to improve and the industry to return to former levels towards the end of calendar 2025. In the meantime, cost reductions and restructuring previously implemented by the Board should result in more efficient operations going forward, leading in due course to margin enhancement.

Over the past few years, the Board has invested to strengthen its competitive position as a service provider both in terms of supporting efficient scale-up of its proposition as well as building its capability and capacity for dubbing in key languages. In May 2023 the Company completed an equity placing from which it successfully raised £12.5 million ($15.5 million) net of expenses specifically to pursue the acquisition of a partner in Japan. However, given the industry disruption that soon followed, the Board took the prudent decision to postpone this transaction pending improved visibility. The strengthened balance sheet resulting from this injection of capital subsequently proved to be beneficial through the protracted industry hiatus that followed. Whilst the planned acquisition in Japan continues to be on hold, the Board remains in regular dialogue with the vendor and in the meantime will continue to explore small opportunistic investments in territories that provide strategic value at an attractive price.

Market Overview

For contextualising the recent disruptions in Media and Entertainment (M&E) and how the industry may evolve in the future, it is worth reflecting on a comparable transformation that took place in the recorded music business. Music, like M&E, evolved over decades to exploit many channels of distribution (vinyl, 8-track, cassette tape, Mini-disc, CD, MP3, radio, etc.). The advent of streaming brought about a step change.

When compared with predecessor distribution formats, streaming music services such as Spotify represent a differentiated and attractive offer to consumers, giving access to an enormous catalogue of material in return for a monthly subscription. The rapid adoption of such services had repercussions on the wider music industry, causing publishers and artists alike to rethink their business models and monetisation strategies. This was a painful transition for many participants as well-established revenues, such as retail sales of Compact Discs, declined rapidly, yet today the industry is thriving. According to Spotify, the platform hosts about 11 million artists and creators, reflecting substantial growth in the music industry. This can be attributed to the rise of music streaming services and digital platforms that make it easier for new artists to distribute their music globally. There are more artists than ever before producing collectively more recorded music every year, with consumption at an all-time high.

The M&E industry is currently undergoing a comparable transition, and the period of ZOO's FY24 witnessed an inflection point for Direct-to-Consumer (D2C) services. Like the music business, over decades there have been many distribution formats and channels for M&E (cinema, linear TV, Video on Demand, VHS, Laserdisc, DVD, Blu-ray, etc.) and here too the advent of streaming has brought about a step change in consumption. Compared with relatively costly Pay TV packages, streaming offers consumers a convenient and cost-effective way to access large catalogues of on demand film and TV content.

For large M&E companies that have launched D2C services, the accelerating shift of consumption from linear to streaming, and the consequential rapid decline in traditional revenue sources, prompted a re-evaluation of business models during calendar 2023. In most cases this has included cost reductions to streamline operations. Many have also implemented changes in their content production and acquisition strategies to maximise return on investment in their catalogues.

The decline in traditional models of consumption has created market entry opportunities for 'new media' operators that can establish scalable and cost-effective distribution platforms without the need to maintain legacy broadcast TV infrastructure. Netflix, Amazon and Apple, with their global offerings, are all early movers in this market, alongside a slew of domestic operators especially in Asia, such as India's JioTV and Hotstar. There is also disruption from new content producers, with a burgeoning creator economy fuelling more programming delivered through new channels on YouTube and Free Advertising-supported Streaming Television (FAST) and increasing competition for consumer attention. We can expect this evolution of the M&E landscape to continue over the coming years.

Launching a D2C service turns an M&E company from a wholesaler of titles to a retailer of a service. General entertainment streaming services need diverse programming with broad appeal to attract subscribers, and regular new additions to retain them. Content strategies that worked well for a wholesale model may need to be modified for retail so that capital is deployed appropriately. A premium feature film might cost perhaps $200 million to produce, while a premium episodic drama series $2 million per episode, and an unscripted show perhaps $100,000 per episode. Therefore, with a budget of $200 million a studio could produce one 90-minute movie, or 10 scripted drama series each with 10 one-hour episodes per season, or 400 unscripted TV shows each having 10 episodes of 30 minutes per season. Content strategies that will yield greater volumes of content at a lower cost of production have the benefit of giving more diversity. This explains partly why the number of feature films being made is declining in some markets (for example, according to the BFI the number of feature films made in the UK prior to the strikes in Q1 2023 was 74, down from 105 a year before), while unscripted episodic content production has been growing (TTV News reported that production of unscripted programming, particularly reality TV formats, grew in 2022 and 2023, driven by platforms' demand for fresh content).

As a first mover in the market, having launched its streaming service in 2007, Netflix now reaches over 270 million subscribers, has a monthly churn rate of under 2% (lower than its major competitors for which the weighted average is 5.3%), and is cash generative. During 2023 D2C services from other leading studios were reconfigured to accelerate this same outcome. While some changes, such as reducing headcount, may be implemented relatively quickly, others, such as modifying strategies for content acquisition, may take months or even years to come to fruition. This explains in part the prolonged period over which the current recovery is expected to occur.

Recent research from MoffetNathanson indicates that although there was an 8% decline in 2023 of total Hollywood content cash spend because of the strikes, this is forecast to recover by 2025 to the level of the full year pre-strike period of 2022. The findings suggest that overall Hollywood content budgets over the long term will be undiminished and highlight that 'new media' companies (such as Netflix, Amazon and Apple) will account for a growing proportion of this spend.

According to PwC's Global Entertainment and Media Outlook, the shift in consumer preferences towards streaming services and their associated business models are driving companies to invest more in episodic content. This aligns with evolving consumption patterns and technological advancements, indicating a significant pivot towards producing more serialised TV content compared to previous years. This is beneficial to ZOO since most titles localised by the Company are episodic programmes; the average run time of each title processed since 2019 has been less than 40 minutes, with fewer than 15% of titles having a duration over 60 minutes.

In their quest to improve the return on investment in original programming, all leading streaming companies continue to pursue sourcing of programming from international producers. There are countless examples now of hugely successful international titles that have come to our screens, with Ampere Analysis reporting that over the past four years there has been a 24% rise in the proportion of consumers in English-speaking markets engaging with international TV shows and films. Such content may be less costly to acquire than equivalent English titles, and greatly expands the pool of potential programming accessible to streamers. The attraction of such content across worldwide markets emphasises the necessity for localisation as reported by Ampere Analysis: "the rise in international content consumption underscores the importance of adapting to regional preferences".

Consumers in many markets have choices for where they watch entertainment content, including services that are monetised by Subscription Video on Demand (SVOD), Advertising Video on Demand (AVOD) and FAST. This wide choice and competition have elevated consumer expectations of choice and quality, consequently the leading streaming providers seek to assemble catalogues of a high standard. This in turn leads to the need for high quality localisation since international audiences require sensitively and authentically adapted dialogue into many languages and cultures, thereby driving demand for premium localisation services as provided by ZOO. The KPIs tracked by ZOO's largest customer report a perfect score of 100% across 22 independent measures for each of the last three quarters, indicating that the Company is consistently achieving the highest quality standards across the industry.

Following their quest to reduce overheads through changes implemented in 2023, large buyers of media services and localisation are now working with fewer suppliers than previously, and choosing those that can provide a broad range of services and languages. For example, one major studio has reduced its pool of vendors to just five partners, of which ZOO is one. Consequently, providers such as ZOO that operate an E2E model and demonstrate excellent KPIs are increasingly favoured, while smaller and more niche vendors are becoming marginalised.

The industry disruption of FY24 had a damaging effect on ZOO's business in the short term. However, market trends and evolved operating practices of major customers point to an enhanced opportunity and favourable market dynamics for ZOO over the long term. Global industry content cash spend, which is a useful albeit crude indicator of market size, will return to growth; adapted content acquisition strategies will likely result in greater volumes of original content created, thereby increasing demand for ZOO's services; international appeal will be a key consideration for programme makers, and therefore accessibility to global audiences is key, necessitating multi-lingual localisation as supplied by ZOO; the drive for higher quality content will similarly create demand for high standards of localisation that ZOO is qualified to deliver; and the trend for operating E2E vendor engagements will concentrate spend on a small number of providers such as ZOO.

Strategy

The Company's strategy is built upon five pillars:

Innovation

ZOO's in-house R&D team, ZOO Digital Labs, develops proprietary software technology that provides a differentiator in the market and delivers competitive advantage. Despite the industry slow-down during FY24, the team maintained its productivity and delivered enhancements across several cloud platforms. This included integrations of ZOOstudio with internal systems of customers to deliver more efficient user experiences, and the development of a new platform – ZOOflux. This is an AI-enabled tool that provides significant productivity benefits to support the Company's workflows for creating accurate, high-quality scripts.

Scalability

This is focused on ZOO's ability to flex resources quickly and easily and provide high levels of availability to customers. During the period the Company made great strides in the implementation of its 'follow-the-sun' approach to the fulfilment of media services after establishing a new facility in Chennai in the south of India and the complete acquisition of the former Whatsub Pro business in South Korea. Together with existing operations in Los Angeles, Sheffield/London, Dubai and Mumbai, ZOO is now able to migrate urgent projects from one facility to another coinciding with normal business hours in different time zones to deliver cost-effective 'always on' services. In addition, further steps were taken to strengthen the Company's multi-lingual dubbing offering following investments in partners in Istanbul, Milan and Berlin. Due to the subdued demand for localisation during the period, the recruitment of additional freelancers, through which ZOO benefits from variable costs, was temporarily halted, resulting in a number largely unchanged over the period of 11,952 (FY23: 11,467).

Collaboration

ZOO continued to collaborate with partners to provide cost-effective access to specialised expertise. ZOO Academy, the Company's programme to support the development of new and existing industry talent, expanded its relationships with academic partners to 50 in number in the areas of subtitling and dubbing with the ZOOsubs and ZOOdubs cloud platforms used for teaching purposes. ZOO Academy expanded significantly the online training courses it offers across media services and localisation skillsets, most of which are targeted at ZOO's internal staff and collaborators, with one new major course – *Subtitling From a Template* – made available to the public. ZOO Digital Labs continues to collaborate with research partners, particularly to further its initiatives in the areas of AI and Machine Learning.

Customer Focus

The Company continues to focus primarily on major M&E industry producers and distributors. ZOO was successful in securing a subtitling and dubbing mandate from a leading US-based studio which the Board expects will begin to make a meaningful contribution during FY25. Despite atypically lower volumes of orders placed across the industry due to the disruption, ZOO has strengthened its relationship with some clients which places it in good stead to expand its share of their spend as the market reopens.

Talent

Operating in a specialised field where high quality and rapid time-to-market are demanded by its customers, the engagement of the right talent, which is critical to ZOO, is achieved through the selection of experienced practitioners and leaders in each of the Company's operating locations. The hiatus in orders led the Board to implement significant cost savings during the period, resulting in direct staff costs in the first quarter of FY25 being 30% below the prior year 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 new facility in Chennai provides the opportunity to expand certain service lines in this location as demand requires, resulting in lower operating costs and enhanced margins.

Review of Operations

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

Financial

- Revenue decreased 55% to $40.6 million (FY23: $90.3 million) due to the industry-wide disruption of 2023 and the hiatus in media production and orders that followed. Revenue is considered a KPI as it is the headline demonstration of services provided to customers, and of confidence of customers to utilise our services.
- EBITDA margin adjusted for share-based payments was (33.5)% (FY23: 17.1%) due to the abrupt decline in orders together with staff costs and overheads that was built to support revenues exceeding $100 million. EBITDA margin is a KPI (and an Alternative Performance Measure as described in note 11) and considered a key metric as this closely approximates to the cash generated from operations, considered to be a key indicator of the general health of the Group.
- OPEX as a % of revenue 61.2% (FY23: 28.7%). This is considered a KPI as this demonstrates the operational gearing of the business.
- Operating (Loss)/Profit margin (47.1)% (FY23: 9.0%). Operating profit is considered a KPI as this is a key measure of how value is added to the Group's net assets.

Operational

- Number of freelancers 11,952 (FY23: 11,467). This measure, which is the number of active freelance workers in ZOO's systems who are engaged directly, is a lead indicator on capacity within the business.
- Retained Sales 92.3% (FY23: 98.5%) fell slightly due to many customers having no new titles to publish because of the strikes. This measure, which represents the proportion of client revenues retained from one year to the next, provides a quality indication that helps to assess customer satisfaction.
- Employee engagement score 78% (FY23: 81%). This measures the overall score from the Group's employee engagement survey and gives an indication on how engaged staff are productive. Given the high level of redundancies in the period it is no surprise that the score has fallen, and it is a priority in FY25 to rebuild engagement.

The disruption of FY24 was triggered by an industry-specific event which was unexpected and unprecedented. Whilst its effect was always certain to be temporary, the duration of disruption was difficult to predict given the deep cost cutting and reorganisations that took place at major M&E companies, together with the protracted industrial disputes between film/TV studios and the unions representing writers and actors.

The impact of the industry disruption was felt by ZOO throughout the entirety of FY24. This began with customers pausing plans while they reconfigured their businesses for streaming, and led to strikes by writers and actors in Hollywood that lasted six months. During this time very little new content was produced, significantly reducing ZOO's order pipeline. Some productions resumed in the final weeks of 2023, but order flow remains at historically low levels due to an extended industry recovery period.

During the year, the Board implemented cost saving measures primarily through redundancies at its facilities in the UK and US, whilst being mindful of preserving sufficient capacity when orders return, resulting ultimately in year-on-year cost reductions of around 30%. By the end of the final quarter of FY24 some of ZOO's customers had provided their first guidance on future order flow for many months, giving visibility for the first half of FY25. This indicated that with the reduced cost base the first quarter of FY25 would be profitable at EBITDA level with sufficient capacity to support continued growth.

During FY24 media localisation and media services were both affected adversely as a direct consequence of the disruption. Since dubbing services are primarily performed on newly produced titles (rather than catalogue products), dubbing assignments declined to a greater degree during the period than subtitling and media services. Current indications are that some customers are proceeding more cautiously in their commissioning of dubbing, however, demand for the major European dubbing languages of French, Italian, German and Spanish remains. Consequently, the Board has continued with small opportune investments in partners to strengthen its market position ready for the scale up of orders.

ZOO introduced a TV mastering capability to complement its media services offering in FY22. Although orders here also declined due to the disruption, it has nonetheless proven to be a successful and strategic addition as customers are increasingly bundling work for TV and streaming distribution as part of the same order.

As the Company entered FY25 and following the end of strikes, with market conditions that increasingly favour ZOO and the cost reductions and restructuring now implemented, the Board believes that ZOO has built an efficient platform to capitalise on the industry recovery. Since the disruption began ZOO has retained all its customers which, in some cases, have reduced their vendor pools, has strengthened some relationships and added new customers. It has continued its global growth initiative by making investments in partners located in South Korea, Spain, Italy, Turkey and Germany, thereby expanding dubbing capacity and capability in the associated key languages. It has opened a new facility in Chennai which not only extends the Company's follow-the-sun programme for media services through access to cost-efficient resources but serves as a hub for dubbing of languages spoken in southern India. The reduction in overall headcount in the UK and USA, needed to realign costs with revenues in the short to medium term, has significantly lowered the break-even position which, combined with the new facility in India, results in improved efficiency by decreasing unit cost of production, thereby enhancing ZOO's operational gearing.

Proposed Task Force on 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 practise. 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 assesses 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.

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.

Artificial Intelligence

ZOO Digital is a premium localisation vendor known for its innovation in the industry. With its expertise, ZOO is well-positioned to take advantage of AI in various aspects of subtitling, dubbing and media services. Over the past two years, ZOO has been actively exploring new technologies to improve its services and offer added value as an E2E vendor.

Quality and timely delivery are the highest priority requirements of ZOO's clients. The Company is committed to developing AI responsibly with these priorities as its focus and within legal and ethical guidelines. Rather than removing human talent such as specialist media translators, actors, and directors, ZOO aims to use AI to enhance traditional processes. With its cloud-based systems, ZOO has an AI-ready architecture and infrastructure and can incorporate these technologies seamlessly, allowing for testing and improvement while maintaining a reliable workflow. Consequently, the AI revolution presents an opportunity for ZOO to expand its capabilities and solidify its leadership position in the industry.

ZOO has investigated using Large Language Models (LLMs) and tools such as ChatGPT to see if these could help automate some of its services. In localisation, it is important to understand the differences between creating literal, written translations – which ChatGPT performs well – and creating authentic dialogue adaptations. The latter involves considering factors like culture, speaker motivation, ethnicity, and social dynamics. Simply using a transcript of spoken words will not capture the context needed for authentic adaptations.

ZOO's clients are major players in streaming and premium entertainment and have the highest expectations for quality localisation and media services. While technologies like ChatGPT might work well for certain types of content where the translation can be literal, they are not currently viable for premium content such as the scripted dramas ZOO deals with. Indeed, in some cases commercial agreements stipulate that AI technologies, such as machine translation, may only be used at the customer's explicit request.

AI holds potential for ZOO's business, but this continues to be alongside traditional practices and the use of creative talent. ZOO's heritage as an innovator and trusted partner to the leading names in the industry means that it is well-placed to become a leader in the field.

Currently ZOO deploys AI as a supporting technology in its pipeline and processes to make services more efficient and has identified potential applications in several areas, including speech to text for transcription; text to speech (speech synthesis) and speech to speech (voice cloning) in specific circumstances; picture manipulation (where such is approved by the customer); machine translation to enhance media workflows; separating dialogue from music and effects to facilitate lip synchronised dubbing of catalogue content; automated conforming of audio and subtitles; quality control across several workflows; enhanced workflow management; and enhanced asset management.

The Company intends to publish a whitepaper providing a deep dive into the application of AI in its business in October 2024.

Outlook

We are beginning to benefit from the step-by-step recovery following the disruption of the strikes last year which effectively shut down the industry in which we operate. Most recently, in Q1 2025, our order book expanded by 35% over the prior quarter as work delayed from 2023 was eventually completed and we were profitable at EBITDA level as the improvement in revenue coupled with the cost reductions implemented in FY24 came through. With a stronger year-end cash position than previous market expectations combined with its renewed debt facilities, the Company has sufficient working capital for FY25.

Our major customers have not yet provided full order schedules for Q3 onwards; however, the Board expects further revenue growth and an EBITDA profit in H1 2025, putting us on track to meet market guidance for the full year.

Market analysts forecast recovery continuing until late 2025 as the strategic changes implemented by major media companies, which include those relating to content commissioning and acquisition, start to work through, at which point a return to former levels of content spend, both globally and in Hollywood, is anticipated.

The Board believes that the Company's technological capability, coupled with the industry-leading performance of its services, position it well to continue to play a leading role as an E2E vendor, and remains optimistic for the future prosperity of the Group.

A further update on trading will be provided at the AGM to be held on 26 September 2024.

Stuart Green

Chief Executive Officer

FINANCIAL REVIEW

Introduction

FY24 was a very challenging period for both ZOO and its wider industry, as reflected in this set of financial results. The writers' and actors' strikes resulted in a major reduction in new titles being made and completed, which has had a significant impact on ZOO. This was compounded by the difficulty in anticipating the duration of the strikes which resulted in overhead cost cutting being later than, with the benefit of hindsight, would have been the case. Fortunately, due to the strong cash position at the end of March 2023, followed by a fundraise in May 2023, ZOO had the cash reserves to weather the storm and remains in a good position to take advantage of the industry recovery in 2024 and 2025.

During the year, the Company continued its plan to acquire assets in strategic markets with investments in South Korea, Turkey, Italy and Germany. The total cost of these investments was $4.5 million and sets the business up to take advantage of dubbing opportunities in future years. The financial performance in the year was disappointing with revenues falling 55% to $40.6 million. This translated into an operating loss of $19.1 million (FY23 profit of $8.1 million) and contributing to Net Assets falling to $27.7 million (FY23: $35.1 million) and a net cash balance on 31 March 2024 of $5.3 million (FY23: $11.8 million).

Revenue

In the financial year ended 31 March 2024, total revenues declined 55% to $40.6 million (FY23: $90.3 million). This reflects the disruption caused by the actors' and writers' strikes that lasted six months and strategic re-evaluations by the global entertainment streaming providers. ZOO's customers have been concentrating on profitability over subscriber growth which has delayed international launches and, in some cases, prompted them to reconsider distribution strategies in certain markets.

Most of the Group's operations are in the United States, where revenues were down 57% at $31.2 million. The balance of work was performed in Europe and Asia which fell by 49% to $9.4 million.

Customer concentration reduced during the period with the revenue contribution from the Company's two largest clients falling to 58% of sales (FY23: 78%). This was primarily a consequence of a significant drop in orders from the largest US customer.

The Company reports two revenue segments: media production and software solutions. The media production segment is split into localisation and media services to give readers more transparency on margins.

Media localisation revenues decreased by 52% in the year to $27.2 million (FY23: $56.6 million), as a direct result of the strikes.

Media services revenues decreased by 63% to $11.9 million (FY23: $32.1 million) again because of the industry strikes and the lack of new content releases.

Software solutions, the segment that has been a reducing proportion of the business, decreased by 6% in the year to $1.5 million, however, licences paid by Group companies are expected to grow as our media localisation business recovers.

Segment contribution

The Company 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 Company's two key operating segments. This shows that overall gross profit fell by 84% to $5.5 million (FY23: $33.9 million). This represents a gross profit margin of 13%, down from 38% last year, driven by fall in revenue and a phased plan to cut capacity.

Media localisation contribution dropped in the year from $18.9 million to $6.2 million, a decrease of 67% driven by the revenue contraction in both subtitling and dubbing.

Media services contribution fell to $4.3 million down 78% on last year. This is again due to the revenue drop but without a corresponding reduction in staff costs. The Board is confident that the business will recover and achieve in due course similar margins to those in FY23 due to the industry returning to normal and significant cost cutting in the ZOO business.

Software solution segment contribution fell 5% points to 79% 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, increased by 3% in the year as a reduction in headcount was offset by higher wages and IT costs. Overall, operating expenses increased to $24.8 million, including share-based payments, depreciation and amortisation. The 4% decrease in operating expenses is explained by the reversal of the share based payments for the last two years being partly offset by higher depreciation on previously acquired fixed assets.

Non-operating income and costs and loss for the year

Share of (loss)/profit of associates and JVs decreased from a profit of $0.1 million to a loss of $0.9 million due to a full year contribution from Turkey and Spain, as well as a revaluation of South Korea when the Company acquired the remaining 49% of the entity's equity being offset by the impairment of the Korean acquisition. The impairment of the Korean acquisition has arisen due to the consideration being mainly in shares which were fixed at the point of agreement with the sellers and the share price rising significantly by the date the investment was contracted. For more details on the impairment reviews see note 17.

Finance costs were flat in the year at $0.6 million as the exchange loss on borrowings was offset by lower banking fees.

As a result of the decrease in revenues and a major drop in gross profit, the Company reported an operating loss of $19.1 million compared to a profit of $8.1 million in FY23.

Loss before tax was $20.5 million compared to a profit of $7.9 million last year for the reasons highlighted above.

The Group has reviewed the recent performance of its US subsidiary and the expected growth in profits over the next two years and has concluded that it is appropriate to reduce the deferred tax asset by $1.3 million in this year's results to reflect the unused tax losses in the US subsidiary over the next two years. This has resulted in a profit and loss debit of $1.3 million (FY23: credit of $0.2 million).

Statement of financial position

Non-current assets decreased by 4% in the period. The decrease is due to the investments in international assets in the period being offset by the reduction in the deferred tax asset, the impairment of investments in associates and the write back of the right of use asset relating to the Sheffield office due to the termination of the lease.

The capitalisation of research and development costs increased by 25% to $2.7 million as we accelerated the product roadmap to support customer requirements and upgraded our internal production systems. This also increased the amortisation charge resulting in the balance sheet asset increasing by 20% to $3.9 million.

Trade and other receivables decreased 30% to $11.5 million (FY23: $16.5 million) reflecting the weak sales performance in the second half of the year. This decrease was mirrored in trade and other payables as work performed by suppliers and freelancers dropped by 28%. Contract assets, which represent work in progress and sales accruals on customer projects, decreased by 47% to $2.6 million as the volume of projects straddling the year-end reduced.

Current borrowings were flat compared to last year at $1.4 million and represent the lease rental commitments over the next 12 months.

Cash and cash equivalents of $5.3 million at year end (FY23: $11.8 million) were down 55% because of the drop in profitability. However, despite challenging market conditions the cash balance throughout the period has remained robust and, together with its debt facilities, is believed to provide sufficient working capital for FY25.

Non-current liabilities decreased in the year due to the reduction in the "right to use" liability on our property lease in Los Angeles having one less year to run and the write back of the right of use liability on the Sheffield office.

Consolidated statement of cash flows

Net cash generated from operating activities was an outflow of $12.1 million, down from an inflow of $15.5 million in FY23. The decrease of $27.6 million is attributable to the operating loss. The outflow from operating activities was increased by a $9.0 million spend on investing activities, which was an increase of $0.8 million on FY23. The increase was due to the extra spend on R&D and investments in international assets partly offset by a 54% reduction in the purchase of property, plant and equipment.

In May 2023 the Group received $15.5 million gross through an equity raise, this offset most of the outflows from operating and investing activities and resulted in the Group having a net outflow of $6.4 million compared to inflow of $5.9 million in FY23.

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 $3 million invoice discounting facility from HSBC to August 2025, gives us the working capital headroom for the next phase of our recovery. The budget for FY25 and FY26 has been stress tested by our financial modelling. For this reason, we continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the Directors' Report on page 31.

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 79% of ZOO's revenues come from overseas clients. As with most small international businesses cash flow and exchange rate fluctuations management present a risk. The Group continues to focus closely 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 situation in the Ukraine is having a major impact 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.

Technology conservation

The Group continues with a patent protection policy, with 16 patents granted and a further three pending, having allowed some legacy patents which are no longer beneficial to lapse. These active patents are integral to the business in the protection of our unique technologies.

Operational risks

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

Cyber Risks

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

Artificial Intelligence

Third party software products and services have emerged that make use of Artificial Intelligence, which refers to the ability of a machine-based system to apply analysis and logic-based techniques to solve problems, perform tasks and improve as more data is analysed. This includes applications in which the Company provides services, including the creation of closed captions, inter-lingual subtitles, audio description and dubbing. Such technologies have the potential to displace the services currently offered by the Company. The Directors monitor emerging technologies, evaluate third party products where applicable and remain alert to any commercial implications they may have. The Group's internal Research and Development department has actively developed and enhanced such technologies over several years with some already incorporated into the Company's cloud platforms. As an innovator in its sector the Directors believe that the Group is well positioned to assess where AI technologies are viable 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 the majority of the Group's transactions are undertaken in US dollars, however, the Consolidated Statement of Financial Position can be affected by movements between pound sterling and the US dollar as the parent company and UK subsidiaries have some pound sterling debtors and creditors. Foreign currency risk is managed by matching payments and receipts in foreign currency to minimise exposure. Further information on the financial risks is given in note 28 to the accounts.

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

The Strategic Report was approved by order of the Board

Approved by:

Phillip Blundell
Director and Secretary
19 August 2024

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 2024. 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 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 23	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders following pre-close trading update
Apr 23	Deal roadshow for share placing	SG, PB	Multiple UK, Europe and US investor meetings to market a share placing completed in May 23 (Project Vivid)
Apr 23	Calls with equities research analysts	SG, PB	Provided updates to equities analysts following announcement of Project Vivid
May 23	Media calls	SG, PB	Calls with investment media following announcement of Project Vivid
May 23	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders following announcement of Project Vivid
May 23	Participation in Liberum "Meet the CEO" lunch	SG	Attendance of a Liberum hosted event for engagement with several institutional investors
May 23	Calls with equities research analysts	SG, PB	Provided updates to equities analysts following pre-close trading update
May 23	Investor newsletter	-	Investor e-newsletter including CEO video distributed to subscribers
Jun 23	Participation in Berenberg Discovery Conference	SG, PB	Presented to several institutional investors at a UK conference organised by Berenberg
Jun 23	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders
Jun 23	Attendance of UK Small Cap Awards	SG	Met with several institutional investors informally at a dinner and awards ceremony
Jul 23	Investor calls following trading update	SG, PB	Institutional investors, analysts, and PCBs via Zoom calls scheduled proactively to follow release of a trading update
Jul 23	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders following trading update
Jul 23	Media interview	SG	Call with the Wall Street Journal in relation to a thematic article
Jul 23	Fireside chat	GD, SG	Two live streamed events featuring Gordon Doran in a fireside chat with a Singer Capital Markets analyst; the recording was made available to investors after the event
Aug 23	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders following trading update
Aug 23	Preliminary results roadshow and media meetings	SG, PB	Institutional investors, analysts, and PCBs via in-person meetings and Zoom calls
Aug 23	Retail investor meeting	SG, PB	Open invitation to retail investors; virtual presentation and Q&A; recording made and published via website
Aug 23	Media interview	SG	Call with Investors Chronicle
Aug 23	Investor newsletter	-	Investor e-newsletter including CEO video distributed to subscribers
Sep 23	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 23	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 23	Attendance of UK Tech Awards	SG	Met with several institutional investors informally at a dinner and awards ceremony

Date	Description	Participants	Comments
Nov 23	Presentation at Hargreave Hale VCT AGM	SG	Presented on the topic of AI at this event
Nov 23	Interim results roadshow and media meetings	SG, PB	Institutional investors, analysts, and PCBs via in-person meetings and Zoom calls
Nov 23	Retail investor meeting	SG, PB	Open invitation to retail investors; virtual presentation and Q&A; recording made and published via website
Dec 23	Interim results roadshow and media meetings (continued)	SG, PB	Institutional investors, analysts, and PCBs via in-person meetings and Zoom calls
Dec 23	Ad hoc institutional investor meetings	SG, PB	Calls with institutional shareholders and non-holders in UK and US
Dec 23	Investor newsletter	-	Investor e-newsletter distributed to subscribers including video
Jan 24	Investor calls following trading update	SG, PB	Institutional investors, analysts, and PCBs via Zoom calls scheduled proactively to follow release of a trading update
Jan 24	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders following trading update
Feb 24	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders
Feb 24	Investor newsletter	-	Investor e-newsletter distributed to subscribers
Mar 24	Ad hoc institutional investor calls	SG, PB	Several ad hoc calls requested by institutional shareholders and non-holders
Mar 24	Media interview	SG	Call with Small Company Share Watch

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. 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.	Monthly staff briefings delivered to all locations by webcast. Invitation to staff to ask questions of management that are answered in the briefings. Operation of an employee communications platform to provide ad hoc news, industry developments and other information to all staff in an accessible way. Annual engagement survey. These have provided insights that have led to enhancement of management practices and staff incentives.

Stakeholder	Reason for engagement	How we engage
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	Seek feedback on services and software systems. Obtain fulfilment metrics employed by clients to measure performance. Obtain requests for new services and service enhancements. These have led to the group securing approved vendor status with several large media organisations.
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.	We optimise our systems to simplify the work of freelancers as much as possible, including in relation to administration of projects. We operate systems to ensure that supplier invoices are processed and paid promptly. These have led to a large, growing and supportive freelancer network.
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.

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 FY24 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 Board has initiated a diversity strategy and is measuring our performance for future benchmarking.

The current gender analysis is as follows:

	Female	Male	Total
Executive Directors	0	5	5
Senior Managers	8	22	30
Staff	187	293	480
Total	195	320	515
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.

The company launched its first diversity and inclusion survey in 2022 and published its results to the workforce. This was followed up with the company hosting its two Diversity, Inclusion, Equity and Belonging forums attended by people across the business to understand our employees' experiences and action plans.

A part of the company action plan was to form the DIEB (Diversity, Inclusion, Equity and Belonging) forum and through collaboration the company has developed several Employee Resource Groups (ERGs) hosted through the company's employee communication platform (ZOOconnect). These spaces have been designed for employees to share experiences, promote awareness, allyship and educate in all areas such as LGBTQ+, Neurodivergence, visible and non-visible disabilities and launching soon, marginalised religious groups and female leadership. These initiatives have created a platform (within the already successful ZOOconnect) that the people of ZOO can access to learn. The company is actively working with its DIEB champions to increase the number of ERG spaces over the next 12 months.

The company has founded a group of DIEB champions across the business who support and facilitate events and opportunities for all colleagues, driving a positive, inclusive and thus engaged workforce.

Through active collaboration with the DIEB champions the company has increased its promotion and celebration of international awareness days through its internal communication platform and will continue with this over the next 12 months. This has included educational pieces, sharing of employee stories and experiences, training and events. Past events have included ADHD month, Mental Health and Wellbeing, Black History Month, Dyslexia and Autism Awareness and Trans Day of Visibility.

The company will continue to focus our development and DE&I programs on growing the number of female and minorities represented in leadership roles. The company will continue to invest in female leadership development programmes over the next 12 months.

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.

With the board's support and guidance from our HR department, we have taken significant actions to enhance our diverse and inclusive culture, train and educate our employees, to maintain and increase our commitment as a great place to work.

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.

During FY24, 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.
- Heal the Bay Adopt-A-Beach - A programme that gives groups the opportunity to learn about and participate in the conversation of outdoor places in California.

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 FY25 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/.

- ***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	10	2	2	2	2
Nathalie Schwarz	11	11	2	2	2	2

In addition to the formal Board meeting in the January to March period the 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.

- ***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 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; Chair of the Remuneration Committee until Summer 2022 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.

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 was appointed CFO of digital agency Dept in January 2022 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. where he led a transformation in the company's financial strength and played a prominent role in driving Sportech's global expansion. 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 Dept Holding B.V.

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; Chair of the Remuneration Committee from Summer 2022 and member of the Audit Committee.

Background and suitability for the role: Nathalie brings 20 years of board-level international experience from her roles in both publicly listed and privately owned companies. She has 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. This includes as Group Commercial and Development Director at Channel 4 Television Corporation, overseeing the negotiation of its commercial partnership with UKTV. She also served as Group Strategy and Development Director at Capital Radio plc as the FTSE 250 company completed an £800 million merger to create the largest commercial radio analogue and digital group.

A qualified corporate finance lawyer, Nathalie began her career at leading global law firm Clifford Chance and has since served as Chair of Boards, Remuneration Committees and Nominations Committees. Her non-executive experience includes roles at Wilmington plc, Matomy Media plc, BigHand, Optionis and Amiad Water Systems plc.

Current external appointments: Vice Chair of the International Trade Association for the Broadcast and Media Industry (IABM)

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 24 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.

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.

  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. A staff recognition programme operates on an on-going basis by which any employee can nominate any of his/her colleagues for a contribution that is in-keeping with the core values. All nominees are recognised at company-wide staff briefings that in FY24 took place by webinar, presented by executive directors and senior managers. The core values are communicated to prospective employees in the group's recruitment programmes and are considered as part of the selection process.

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 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.

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

Component	Purpose and link to strategy	Operation	Maximum	Performance measure
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 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.

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.

- The Board approved the fundraise to expand our presence in Japan.
- To address the need to support our customers on a global basis the Board approved two strategic investments after the year-ending 31 March 23 that support our aim to be a global media localisation partner to the major US media corporations.

ADVISERS

Company Secretary and Registered Office
Phillip Blundell
ZOO Digital Group plc
Floor 2
Castle House
Angel Street
Sheffield
S3 8LN

Tel: 0114 241 3700
Company no. 03858881

Bankers
HSBC Plc
Grosvenor House
1 Wellington Street
Sheffield
S1 4NB

Nominated advisor and joint broker
Stifel Nicolaus Europe Limited
150 Cheapside,
London,
EC2V 6ET

Joint broker
Singer Capital Markets
1 Bartholomew Lane
London
EC2N 2AX

Auditor
Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds
LS1 4BN

Tax advisor
RSM UK Tax and Accounting Limited
25 Farringdon Street
London
EC4A 4AB

Registrar
Share Registrars Limited
Molex House
Millennium Centre
Crosby Way
Farnham
Surrey
GU9 7XX

Solicitors
DLA Piper UK LLP
Elshaw House
51 Carver Street
Sheffield
S1 4FT

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 2024.

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 25 to 29.

The audited financial statements for the year ended 31 March 2024 are set out on pages 63 to 106. 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. (2023: 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 2025, 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 2025 ("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 2025. 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 2024 and expected run-rate orders for the remainder of the forecast period. This forecast shows that in Q1 FY25 the business returns to EBITDA profitability and thereafter remains in a position of profit for the full forecast period. The cash position stabilises at the end of Q1 FY25 with approximate cash of $2 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 25% in the period from 1 October 2024 to 31 August 2025 without a significant reduction in the cost base and this results in cash being exhausted in July 2025. If revenues in Q3 FY25 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 clients invoices raised by ZOO Digital Production LLC. This facility is reviewed on an annual basis in August of each year. In the UK there is 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 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 2024 are disclosed in the Directors' Remuneration report. In accordance with the company's Articles of Association, Phillip Blundell and Gillian Wilmot 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 2024 and the year ended 31 March 2023 is summarised below.

SECR Metrics

		2024		2023
	Kwh	tco2	Kwh	tco2
Scope 1 natural gas	0		0	
Scope 2 electricity	625,434	128	617,960	118
Scope3 car mileage	n/a		n/a	
Total	625,434		617,960	118

Substantial shareholdings

At 31 July 2024, 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*	12.01%	11,755,472
Herald Investment Trust plc	9.89%	9,681,978
Stonehage Fleming IM Limited LLC	6.03%	5,906,739
Canaccord Genuity Group Inc.	5.36%	5,248,258
Liontrust AM	4.14%	4,066,659
Premier Miton Investors	3.37%	3,295,583

***Shareholdings of directors include any interests of a "connected person".

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 financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with UK-adopted international accounting standards. 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 and profit or loss of the company and group for that period.

- In preparing these 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;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom 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

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

The Directors Report was approved by order of the Board

Signed 19th August 2024

Phillip Blundell

Director and Secretary

REMUNERATION COMMITTEE REPORT

I am pleased to present the remuneration committee report for FY2024, which sets out the remuneration earned and paid to Directors in the year ended 31 March 2024.

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 51 to 53 provides details of the amounts earned in respect of the year ended 31 March 2024 and how Directors' Remuneration Policy has operated and will be subject to an advisory shareholder vote at the 2024 AGM.

Review of the year ended 31 March 2024

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 FY2025

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 2025:

- 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 2024 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 2024 is:

	Salary	**Bonus***	**Benefits**	**Sub total**	**Pension**	**2024 Total**	2023 Total
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	$000
Dr Stuart A Green	**330**	**-**	**-**	**330**	**8**	**338**	591
Gordon Doran	**413**	**-**	**30**	**443**	**-**	**443**	781
Phillip Blundell	**253**	**-**	**-**	**253**	**-**	**253**	381
Gillian Wilmot	**82**	**-**	**-**	**82**	**-**	**82**	71
Mickey Kalifa	**49**	**-**	**-**	**49**	**1**	**50**	47
Nathalie Schwarz	**49**	**-**	**-**	**49**	**1**	**50**	47
	1,176	**-**	**30**	**1,206**	**10**	**1,216**	1,918

* No bonus was payable to executive directors in respect of the year ended 31 March 2024. 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 2024. The pound sterling amounts are shown below:

	Salary £000	Bonus £000	Sub total £000	Pension £000	2024 Total £000	2023 Total £000
Dr Stuart A Green	264	-	264	6	270	485
Phillip Blundell	202	-	202	-	202	313
Gillian Wilmot	67	-	67	-	67	66
Mickey Kalifa	39	-	39	1	40	39
Nathalie Schwarz	39	-	39	1	40	39
	611	-	611	8	619	942

Gordon Doran is remunerated in US dollars.

Three directors (2023: 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:	2024	2023
	$000	$000
Emoluments	443	781

The highest paid director did not exercise any share options.

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 2023	Granted during the year	Exercised during the year	Surrendered during the year	31 March 2024	Exercise 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	**-**	**-**	**-**	**3,965,000**				

* 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 January 2023 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 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 ($42,000) (2023: $105,000).

The market price of the ordinary shares at 31 March 2024 was 45 cents (35.4p) and the range during the year was 247 cents (197.5p) (high) to 27 cents (21.75p) (low).

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 2024 had the following interests, including any interests of a "connected person", in the 1p ordinary shares of ZOO Digital Group plc:

	2024	2023
Name of director	**Beneficial**	Beneficial
Gillian Wilmot	**194,422**	31,517
Dr Stuart A Green	**11,755,472**	11,458,972
Phillip Blundell	**80,000**	80,000
Gordon Doran	**156,033**	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 2024 and 20 August 2024.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZOO DIGITAL GROUP PLC

Opinion

Our opinion on the financial statements is unmodified

'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 2024, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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 Policies).'

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 2024 and of the group's loss for the year 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
- the financial statements 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 and the parent company 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the key audit matters section of our report.

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.

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 and the parent Company'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.

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: $500,000, which represents 1.25% of the group's revenue.

Parent company: $275,000, which represents 1% of the parent company's total assets, parent company component materiality has been capped at an amount less than group materiality for group audit purposes.

Key audit matters were identified as:

- Improper revenue recognition (same as previous year)
- Going Concern (new this year)
- Impairment of goodwill and intangible assets (new this year)
- Carrying value of investments - Parent Company only (new this year)

Our auditor's report for the year ended 31 March 2023 did not include going concern as a key audit matter due to the profitability achieved in the prior year and the forecasted headroom throughout the prior year going concern assessment period.

Scoping was determined to ensure appropriate coverage of the significant risks as well as coverage of the key results in the financial statements.

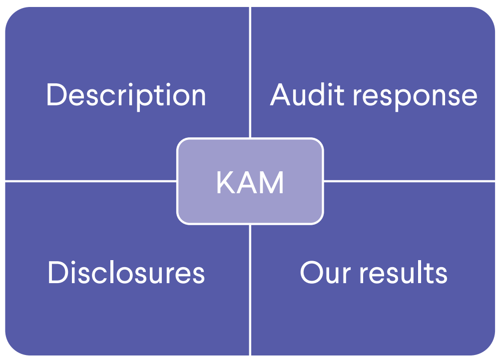
An audit of the financial information of three components were performed using component materiality being UK and US components. A combination of full scope audits (audits of the financial information of the component using component materiality) and analytical procedures at Group level were performed on the other components.

95% of the Group's revenue, 95% of the Group's loss before tax and 92% of the Group's total assets balance were subject to full-scope audit procedures.

All audit work was performed by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included those that 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.



In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit .

Key Audit Matter – Group and Parent Company	How our scope addressed the matter – Group and Parent Company
Going Concern We have identified the appropriateness of the use of the going concern assumption as one of the most significant assessed risks of material misstatement due to error, as a result of the judgement required to conclude whether there is a material uncertainty related to going concern. Significant judgement is applied in developing cashflow forecasts including relevant assumptions regarding macro-economic uncertainties such as inflationary pressures which may impact the Group's ability to pass on cost inflation to customers. The directors have concluded, based on the various scenarios developed, that the Group and the parent Company have sufficient resources available to meet their liabilities as they fall due and have concluded that there are no material uncertainties that may cast significant doubt over the Group's and the parent Company's ability to continue as a going concern. The financial statements are prepared on a going concern basis; however, we note both internal and external factors heighten the going concern risk for the Group. 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 August of each year. In the UK there is an overdraft facility with a limit of £250,000 ($345,000) in place with HSBC. Externally, demand from Zoo's major customer has been lower than historically. Current levels of inflation and interest rates are also impacting the Group resulting in higher costs than budgeted or experienced in previous years. As such we have determined that Going Concern represents a significant risk for the Group.	In responding to the key audit matter, we performed the following audit procedures: • Understanding and assessing the business processes and the design and implementation of relevant controls associated with the going concern assessment of the Group; • Obtaining management's going concern assessment, including management's base case and reverse stress test covering the period to at least 31 August 2025, and assessing their integrity and suitability as a basis for management to assess going concern; • Corroborating the mathematical accuracy of management's forecasts; • Evaluating the key assumptions within the cashflow forecasts, including the quantum and timing of cash outflows and inflows and determine whether these have been applied appropriately. We will also consider whether the assumptions are consistent with our understanding of the business, and with the expected wider uncertainties; • Assessing whether the forecasts used for going concern are consistent with those used in other areas of the audit, including the impairment review; • Assessing the accuracy of management's past forecasting by comparing management's forecasts for at least the last two financial periods to the actual results for those periods and considering the impact on the cashflow forecast; • Corroborating the existence of the group's loan facilities and related covenant requirements for the period covered by management's forecasts and testing the covenant compliance in the going concern period; • Comparing post year-end results achieved to those forecasted to determine if the business is trading in line with forecast; • Evaluating management's stress testing and sensitivity analysis to ensure that this appropriately considers the current and potential future impact of wider cost inflations and other external economic factors on the Group's financial performance; and • Assessing the adequacy of the going concern disclosures included within the Annual Report and Financial Statements.
• **Relevant disclosures in the Annual Report** The Group's accounting policies on the going concern assumption are shown in note 2, Summary of significant accounting policies.	**Key observations** • We have concluded that there is not a material uncertainty with regards to going concern and that management's assessment of going concern basis is appropriate. • The going concern disclosure included within the financial statements is sufficient and appropriate.

Key Audit Matter – Group	How our scope addressed the matter – Group

Impairment of goodwill and intangible assets We identified valuation of intangible assets, including goodwill as one of the most significant risks of material misstatement due to error. The carrying value of goodwill and other intangible assets at 31 March 2024 was $15,145k after an impairment charge of $0. There is an increased risk that the goodwill and intangible assets held by the Group is impaired as per International Accounting Standard ('IAS') 36 'Impairment of Assets'. This is due to the high level of estimation uncertainty in management's assessment of future performance and in determining appropriate operating cash flows, long-term growth rates and discount rate to apply in calculating the 'value in use' of each CGU. We identified this as a significant risk due to a material carrying value and significant levels of growth.	In responding to the key audit matter, we performed the following audit procedures: • Updating our understanding of systems and controls in place around the impairment of goodwill and the domain name and evaluating the design effectiveness of these; • Assessing and challenging management's impairment review, ensuring appropriate costs are included or excluded, that cashflows included in the model are appropriate when taking into consideration global macro factors such as the impact of inflation, and that the methodology used is in accordance with the requirements of IAS 36; • Challenging the implied growth rates included in the model by comparing the actual results to historical forecasting, evidencing accuracy; • Assessing whether the WACC (weighted average cost of capital) used by management is appropriate and engaged an auditor's experts to review the discount rate calculation; • Assess whether the forecasts used for the impairment review are consistent with those used in other areas of the audit, including going concern; • Performing sensitivity analysis on management's impairment model to understand the sensitivity of the model to reasonably possible changes in key assumptions; • Obtaining management's CGU assessment prepared by their expert and challenging the identification and treatment of CGUs in line with IAS 36; • Challenging management's allocation of assets to CGUs, including corporate assets, and assessing reasonableness; and • Assessing whether the disclosure included are appropriate and the accounting policy is in line with IAS 36.
• **Relevant disclosures in the Annual Report** The Group's accounting policy on goodwill and other intangibles is shown in note 2.5, Intangible assets.	**Key Observations** Based on our audit work, we did not identify any material misstatements in the valuation of goodwill and intangible assets as at 31 March 2024.

Key Audit Matter – Group	How our scope addressed the matter – Group
Improper revenue recognition We identified improper revenue recognition as one of the most significant assessed risks of material misstatement due to fraud. Revenue is the most significant item in the consolidated statement of comprehensive income ($40.6 million) and impacts a number of key performance indicators, and key strategic decisions set out in the annual report. Licence and service revenue is recognised throughout the Group as the fair value of consideration receivable in respect of the performance of contracts and the provision of services and is reported under International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers'. Revenue is recognised using the "output method" through assessing the progress towards satisfying the performance obligation. There is judgement in determining this for open projects at year-end. There is a significant risk that management may record revenue fictitiously, so we have pinpointed the significant risk to the outliers identified from revenue audit data analytics.	In responding to the key audit matter, we performed the following audit procedures: • Evaluating the revenue recognition accounting policies for consistency with IFRS 15; • Gaining an understanding of the processes and relevant controls and assessing the design and implementation effectiveness of key controls in the revenue recognition process; • Utilising data analytic techniques to identify unusual postings to revenue by interrogating the revenue population, including analysing revenue postings from inception to cash receipt, to identify unexpected ledger postings, including manual entries, which we then agreed to supporting documentation. We tested the operating effectiveness of controls over the bank reconciliation process to support this testing; • Testing a sample of revenue transactions to supporting documentation to corroborate the occurrence and accuracy of revenue. • Obtaining confirmation of key customers' transactions to the external portal to verify the occurrence of revenue in the year; • Obtaining and testing management's revenue recognition calculations with reference to significant contracts to assess whether IFRS 15 has been appropriately applied; • Testing licensing income by obtaining original contracts and recalculating the deferred income element, and release of revenue in the year; • Performing sample testing on post-year end credit notes to determine whether credit notes were raised relating to the prior year, and thus determining if a returns provision was required; and • Assessing transactions around the year end to confirm that these were recorded in the correct period.
Relevant disclosures in the Annual Report	**Key observations**
• Financial statements: Note 5, Revenue • Financial statements: Note 4, Segmental Reporting	Based on our audit work, we did not identify any material misstatements in the occurrence of revenue.

Key Audit Matter – Parent Company	How our scope addressed the matter – Parent Company
Carrying value of investments We identified the valuation of investments in subsidiaries for Zoo Digital Group plc as one of the most significant assessed risks of material misstatement due to error. There is an increased risk that the valuation of investments in subsidiaries and associates are impaired per IAS 36 because there are indicators of impairment based on the performance of subsidiaries being below historical levels as well as a challenging economic environment. As a result, the directors are required to test the investment balances for impairment.	In responding to the key audit matter, we performed the following audit procedures: • Assessed the integrity of the impairment models by testing the mechanical and mathematical accuracy; • Obtained and evaluated management's assessment of whether there are indicators of impairment in the investments held to assess compliance with IAS 36; • Obtaining and challenging the impairment review performed by management, testing key inputs and performing an independent sensitivity analysis; • Challenging the assumptions and calculations incorporated in the impairment review; • Assessing the reasonableness of the discount rate calculated by management's expert, including the use of our internal valuation experts; and • Assessing the disclosures prepared in the financial statements for appropriateness in accordance with IAS 36.
Relevant disclosures in the Annual Report	**Key Observations**
Parent company financial statements: Note 18 Investments	From our challenge of management regarding the cash flows and growth rates included in the impairment model resulted in a material change in the impairment charge recorded. Following the recording of the impairment charges, we did not identify any further material misstatement in the valuation of investments.

Our application of materiality

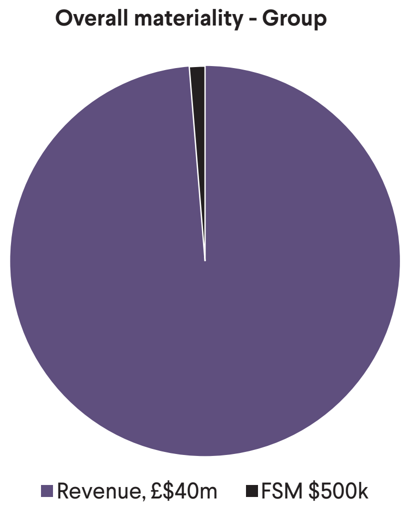
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

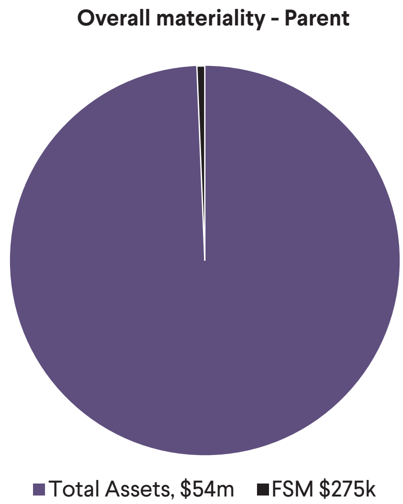
Materiality was determined as follows:

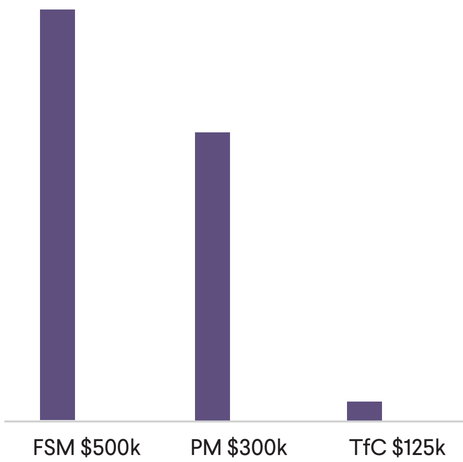
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	$500,000 (2023: $677,000), which is approximately 1.25% of the Group's revenue.	$275,000 (2023: $398,000), which represents 1% of total assets, parent company component materiality has been capped at an amount less than group materiality for group audit purposes.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • Revenue is a key performance indicator for the Group; • We determined a percentage of 1.25% to be appropriate based on the parent company being listed on AIM and the stability of revenue compared to loss before tax (0.75% in previous year). Materiality for the current year is lower than the level that we determined for the year ended 31 March 2023 to reflect the fall in the performance of the Group during the year, which has led to the Group's financial position also weakening and the decrease in the Group's revenue.	In determining materiality, we made the following significant judgements: • Total assets is considered the most appropriate performance measure to the stakeholders of the parent company based on there being no trade through the parent company with the parent company acting as a holding company, and therefore balance sheet benchmarks are most relevant. • The percentage of 1% was selected based on the risk profile of the company as a component within a listed entity Group. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2023 to reflect the fall in the Group's financial performance and the decrease in the parent company's total assets at the year end.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	$350,000, which is 70% of financial statement materiality.	$192,500, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: • The strength of the control environment based on our assessment of the design and implementation of controls; and • The effect of misstatements identified in previous audits.	In determining performance materiality, we made the following significant judgements: • The strength of the control environment based on our assessment of the design and implementation of controls; and • The effect of misstatements identified in previous audits.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions outside of the normal course of business.	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions outside of the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	

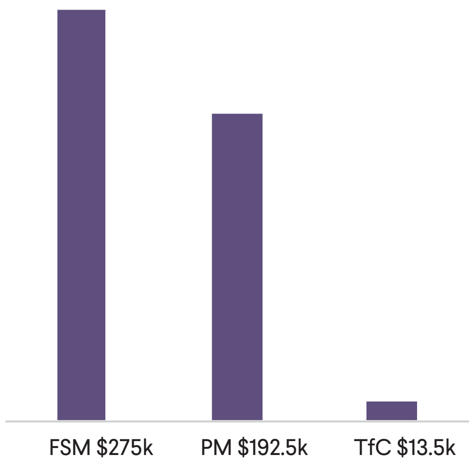
Materiality measure	Group	Parent company
Threshold for communication	$25,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	$13,750 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.









FSM: Financial statement materiality, PM: Performance materiality, TfC: Threshold for communication to the audit committee.

An overview of the scope of our audit
We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- We obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level; and
- We performed inquiries and observations on key areas of focus including revenue, going concern, impairment, employee remuneration and cash, to understand the controls.

Identifying significant components

- We evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined by reference to each component's contribution to the Group's total revenue, profit/(loss) before tax and total assets as well as considering qualitative factors, such as a component's specific nature or circumstances.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- We performed a full-scope audit of the financial information of three components, using component materiality. These procedures included a combination of tests of details and analytical procedures. Our procedures to address our key audit matter in respect of revenue recognition were performed at a component level.
- For the components that were not individually significant to the Group, we carried out analytical procedures.

Performance of our audit

- All audit procedures to support the Group audit opinion were performed by the Group engagement team.
- Our audit procedures were performed by a combination of remote and in person auditing. We attended the parent company's primary location in Sheffield to perform audit procedures.
- We performed the full-scope audits and analytical procedures across the components in line with the scope described.

Audit approach	No. of components	% coverage total assets	% coverage revenue	% coverage PBT/LBT
Full-scope audit	3 (2023: 3)	92 (2023: 92)	95 (2023: 95)	95 (2023: 90)
Analytical procedures	9 (2023: 7)	8 (2023: 8)	5 (2023: 5)	5 (2023: 10)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 themselves. 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.

- **Our opinion on other matters prescribed by the Companies Act 2006 is unmodified**
  In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year 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.

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
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 [set out on page 33], 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company, and the industry in which they operate. We determined that the most significant are applicable law and UK-adopted international accounting standards (for the Group), United Kingdom Generally Accepted Accounting Practice (for the Parent Company) and relevant tax regulations. We obtained an understanding of the UK and US legal and regulatory framework applicable to the Group and the parent company by discussing relevant frameworks with group management and component management, and corroborated our inquiries through a review of board minutes and papers provided to the Audit Committee.
- We enquired of management whether there were any circumstances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minutes and papers provided to the Audit Committee.
- To assess the potential risks of misstatement, we obtained an understanding of:
  - the Group's operations including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
  - the Group's control environment including the adequacy of procedures for authorisations and transactions.
- We assessed the susceptibility of the Group's and the parent Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - Journal entries that were posted by senior finance personnel;
  - Material transactions crediting expenditure on the statement of profit or loss;
  - Material transactions crediting the statement of profit or loss in the final month;
  - Material post-close journal entries;
  - Potential management bias in determining accounting estimates, especially in relation to their assessment of the valuation of goodwill and other intangible assets; and
  - Transactions with related parties.
- Audit procedures performed by the engagement team included:
  - evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - journal entry testing, in particular those journals determined to be in respect of our principal risks documented above; and
  - challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the Group and the parent company operate; and
  - understanding of the legal and regulatory requirements specific to the Group and the parent company.

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.

Victoria McLoughlin

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
19 August 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024

	Note	2024 $000	2023 $000
Revenue	5	**40,629**	90,260
Cost of sales		**(35,172)**	(56,327)
Gross Profit		**5,457**	33,933
Other income	6	**256**	8
Administrative expenses	8	**(24,831)**	(25,860)
Operating (loss)/profit		**(19,118)**	8,081
Analysed as:			
EBITDA before share based payments	11	**(13,578)**	15,466
Share based payments	8	**1,729**	(1,650)
Depreciation and impairment	8	**(4,998)**	(3,973)
Amortisation	8	**(2,271)**	(1,762)
		(19,118)	8,081
Share of (loss)/profit of associates and JVs	18	**(869)**	146
Finance income	7	**206**	8
Exchange gain/(loss) on borrowings	7	**(100)**	247
Finance cost	7	**(566)**	(620)
Total finance costs		**(460)**	(365)
(Loss)/profit before taxation		**(20,447)**	7,862
Tax on (loss)/profit	12	**(1,480)**	370
(Loss)/profit for the year		**(21,927)**	8,232
Other comprehensive income			
Currency translation differences		**(153)**	-
Total comprehensive (loss)/profit for the year		**(22,080)**	8,232

(Loss)/profit and total comprehensive (loss)/profit for the year is all attributable to the owners of the Parent Company

Profit/(loss) per share	**14**		
basic		**(22.60) cents**	9.30 cents
diluted		**(22.60) cents**	8.60 cents

The notes on pages 69 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

	Note	2024 $000	2023 $000
ASSETS			
Non-current assets			
Intangible assets	17	**15,115**	**10,341**
Property, plant and equipment	15	**11,189**	**14,736**
Equity accounted investments	18	**3,097**	**4,300**
Deferred income tax assets	19	**336**	**1,664**
		29,737	**31,041**
Current assets			
Trade and other receivables	20	**11,485**	**16,532**
Contract assets	26	**2,569**	**4,836**
Cash and cash equivalents	21	**5,315**	**11,839**
		19,369	**33,207**
Total assets		**49,106**	**64,248**
LIABILITIES			
Current liabilities			
Trade and other payables	25	**(15,171)**	**(19,746)**
Contract liabilities	26	**(536)**	**(693)**
Borrowings	24	**(1,422)**	**(1,408)**
		(17,129)	**(21,847)**
Non-current liabilities			
Borrowings	24	**(4,326)**	**(6,968)**
Other payables	25	**-**	**(300)**
		(4,326)	**(7,268)**
Total liabilities		**(21,455)**	**(29,115)**
Net assets		**27,651**	**35,133**
EQUITY			
Equity attributable to equity holders of the parent			
Called up share capital	23	**1,284**	**1,179**
Share premium reserve	23	**70,683**	**55,797**
Foreign exchange translation reserve	23	**(152)**	**(992)**
Share option reserve	23	**2,685**	**4,391**
Capital redemption reserve	23	**6,753**	**6,753**
Interest in own shares	23	**(63)**	**(49)**
Other reserves	23	**12,320**	**12,320**
Merger reserve	23	**1,326**	**-**
Accumulated losses	23	**(67,185)**	**(44,266)**
Attributable to equity holders		**27,651**	**35,133**

The notes on pages 69 to 106 are an integral part of these consolidated financial statements.

The financial statements on pages 63 to 106 were approved and authorised for issue by the board of directors on 19 August 2024 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 2024

	Note	2024 $000	2023 $000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**1,646**	4,342
Intangible assets	17	**2,287**	2,291
Investments in associated undertakings	18	**3,072**	4,198
Investment in subsidiary undertakings	18	**7,963**	13,449
Amounts due from subsidiary undertakings	20	**49,928**	38,546
		64,896	62,826
Current assets			
Trade and other receivables	20	**519**	665
Cash and cash equivalents	21	**307**	7
		826	672
Current liabilities			
Trade and other payables	25	**(17,114)**	(20,369)
Borrowings	24	**(9,824)**	(9,892)
		(26,938)	(30,261)
Total assets less current liabilities		**38,784**	33,237
Non-current liabilities			
Borrowings	24	**(196)**	(2,178)
Other payables	25	**-**	(300)
		(196)	(2,478)
Net assets		**38,588**	30,759
EQUITY			
Called up share capital	23	**1,284**	1,179
Share premium reserve	23	**70,683**	55,797
Foreign exchange translation reserve	23	**(13)**	(13)
Share option reserve	23	**2,685**	4,391
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**	-
Accumulated losses	23	**(54,722)**	(47,940)
Total equity		**38,588**	30,759

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.

The loss for the parent company for the year was $6,782,000 (2023: profit of $1,112,000).

The notes on pages 69 to 106 are an integral part of these consolidated financial statements.

The financial statements on pages 73 to 106 were approved and authorised for issue by the board of directors on 19 August 2024 and were signed on its behalf.

Stuart A Green
Chief Executive Officer

Phillip Blundell
Chief Finance Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Ordinary shares	Share premium reserve	Foreign exchange translation reserve	Converted loan note reserve	Share option reserve	Capital redemption reserve	Merger reserve	Other reserves	Accumulated losses	Interest in own shares	Total equity attributable to the owners of the Parent
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 April 2022	1,174	55,665	(992)	5,471	2,619	6,753	-	12,320	(57,969)	(49)	24,992
Issue of Share Capital	5	-	-	-	-	-	-	-	-	-	5
Share options exercised	-	132	-	-	122	-	-	-	-	-	254
Share based payments	-	-	-	-	1,650	-	-	-	-	-	1,650
Transfer of converted loan note reserve	-	-	-	(5,471)	--	-	-	-	5,471	-	-
Transactions with owners	5	132	-	-	1,772	-	-	-	-	-	1,909
Profit for the year	-	-	-	-	-	-	-	-	8,232	-	8,232
Total comprehensive income for the year	-	-	-	-	-	-	-	-	8,232	-	8,232
Balance at 31 March 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 loss 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**

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Ordinary shares	Share premium reserve	Foreign exchange trans-lation reserve	Convert-ed loan note reserve	Share option reserve	Capital redemp-tion reserve	Merger reserve	Other reserves	Accu-mulated losses	Interest in own shares	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Restated balance at 1 April 2022	1,174	55,665	(13)	5,471	2,619	6,753	-	10,596	(54,523)	(4)	27,738
Issue of share capital	5	-	-	-	-	-	-	-	-	-	5
Share options exercised	-	132	-	-	122	-	-	-	-	-	254
Share based payments	-	-	-	-	1,650	-	-	-	-	-	1,650
Transfer of converted loan note reserve	-	-	-	(5,471)	-	-	-	-	5,471	-	-
Transactions with owners	5	132	-	-	1,772	-	-	-	-	-	1,909
Profit for the year	-	-	-	-	-	-	-	-	1,112	-	1,112
Total comprehensive income for the year	-	-	-	-	-	-	-	-	1,112	-	1,112
Balance at 31 March 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)**
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**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	Note	2024 $000	2023 $000
Cash flows from operating activities			
Operating (loss)/profit for the year		**(19,118)**	8,081
Other income		**-**	8
Depreciation and impairment	15	**4,999**	3,973
Amortisation and impairment	17	**2,271**	1,762
Share based payments		**(1,729)**	1,650
Disposal of property, plant and equipment		**(256)**	-
Changes in working capital:			
Increases in trade and other receivables		**7,704**	5,251
Decrease in trade and other payables		**(5,963)**	(5,219)
Cash flow from operations		**(12,092)**	15,506
Tax received		**152**	196
Net cash (outflow)/inflow from operating activities		**(11,940)**	15,702
Investing activities			
Purchase of intangible assets	17	**(28)**	(60)
Capitalised development costs	17	**(2,714)**	(2,163)
Purchase of investments		**(1,262)**	-
Business combinations (net of cash acquired)	32	**(1,157)**	-
Purchase of property, plant and equipment	15, 20	**(2,180)**	(4,706)
Sale of property, plant and equipment		**(1)**	-
Payment of deferred consideration		**-**	(1,300)
Finance income		**206**	-
Net cash outflow from investing activities		**(7,136)**	(8,229)
Cash flows from financing activities			
Repayment of borrowings		**(101)**	(477)
Repayment of principal under lease liabilities		**(1,435)**	(748)
Finance cost		**(832)**	(630)
Share options exercised		**23**	254
Issue of share capital		**15,702**	5
Transaction costs for issue of share capital		**(718)**	-
Net cash inflow/(outflow) from financing		**12,639**	(1,596)
Net (decrease)/increase in cash and cash equivalents		**(6,437)**	5,877
Cash and cash equivalents at the beginning of the year		**11,839**	5,962
Exchange (loss)/gain on cash and cash equivalents		**(87)**	-
Cash and cash equivalents at the end of the year	21	**5,315**	11,839

The notes on pages 69 to 106 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

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.

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

The company has used a true and fair override in respect of the non-amortisation of goodwill.

- 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
- 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 directors have prepared trading and cash flow forecasts for the group for the period to 31 August 2025 which show a return to growth in profitability and cash generation. 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 considered the consequences if the sales volume is less than the level forecast and they are confident that, in this eventuality, alternative steps could be taken to ensure that the group has access to sufficient funding to continue to operate. 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 31 August 2025. Further detail can be found in the Directors' Report on page 47.

The directors believe the assumptions used in preparing the trading and cash flow forecasts to be realistic, and consequently that the group will continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

2.1.1 Standards and interpretations in issue at 31 March 2024 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**
Amendments to IAS 21 to clarify lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7 for the classification and measurement of financial instruments	1 January 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	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 of IFRS S1 and IFRS 18 which are both predominantly disclosure-only standards. 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 these are 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 2024 was 0.794 (2023: 0.813).

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

In the parent, company law requires goodwill to be written off over a finite period. Non-amortisation, in accordance with International Financial Reporting Standards, is a departure from the requirements of company law for the overriding purpose of giving a true and fair view. If this departure from company law had not been made, the profit for the financial year would have reduced by amortisation of goodwill. However, the amount of amortisation cannot reasonably be quantified other than by reference to an arbitrary assumed period for amortisation.

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.

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.

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
- 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 17% (2023:16%). 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 29, 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.

Details of the acquisitions are provided in note 32.

4. Segmental reporting

Operating segments

At 31 March 2024, 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	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000
Total revenue	**32,475**	65,911	**13,673**	38,297	**1,475**	1,567	**47,623**	105,775
Inter-segment revenue	**(5,230)**	(9,333)	**(1,764)**	(6,182)	**-**	-	**(6,994)**	(15,515)
Revenue	**27,245**	56,578	**11,909**	32,115	**1,475**	1,567	**40,629**	90,260
Segment contribution	**6,241**	18,853	**4,290**	19,547	**1,161**	1,316	**11,692**	39,716
Non-productive cost of sales *							**(6,235)**	(5,783)
Gross profit							**5,457**	33,933
Unallocated corporate expense and income							**(24,575)**	(25,852)
Operating (loss)/profit							**(19,118)**	8,081
Finance income							**206**	8
Finance cost							**(666)**	(373)
Profit share of profits of associates and JVs							**(869)**	146
(Loss)/profit before taxation							**(20,447)**	7,862
Tax on (loss)/profit							**(1,480)**	370
(Loss)/profit for the year							**(21,927)**	8,232

* 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.

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**	
	2024	2023	**2024**	2023	**2024**	2023
	$000	$000	**$000**	$000	**$000**	$000
United Kingdom (domicile)	**8,474**	16,990	**23,805**	27,080	**19,800**	19,677
India	**2,133**	2,052	**5,070**	3,710	**2,924**	1,644
Korea	**52**	-	**951**	-	**333**	-
Germany	**-**	-	**135**	-	**20**	-
Italy	**26**	-	**130**	-	**88**	-
US	**29,944**	71,218	**19,015**	33,458	**6,236**	9,720
	40,629	90,260	**49,106**	64,248	**29,401**	31,041

At 31 March 2024, contract assets amounted to $2.6m (2023: $4.8m) and contract liabilities amounted to $0.5m (2023: $0.7m). Revenue for the year ended 31 March 2024 includes $0.4m (2023: $0.5m) 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 26.

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:

	2024	2023
	$000	**$000**
Service revenue (recognised over time)	**39,154**	88,693
Licence revenue (recognised over time)	**1,475**	1,567
	40,629	90,260

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

	For the year ended 31 March 2024		
	Service	Licensing	**Total**
	$'000	$'000	**$'000**
United Kingdom	5,496	62	**5,558**
USA	29,809	1,413	**31,222**
Europe	312	-	**312**
India	1,983	-	**1,983**
Other countries	1,554	-	**1,554**
	39,154	1,475	**40,629**

	For the year ended 31 March 2023		
	Service	Licensing	Total
	$'000	$'000	$'000
United Kingdom	10,261	9	10,270
USA	70,438	1,558	71,996
Europe	288	-	288
Singapore	4,621	-	4,621
Other countries	3,085	-	3,085
	88,693	1,567	90,260

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

	For the year ended 31 March 2024		
	Service	Licensing	Total
	$'000	$'000	$'000
Services transferred over time	39,154	1,475	40,629

	For the year ended 31 March 2023		
	Service	Licensing	Total
	$'000	$'000	$'000
Services transferred over time	88,693	1,567	90,260

Major clients

The group has two major customers contributing 45% and 13% (2023: 74% and 4%) of the group's revenue respectively. The debtor receivable balance as at 31 March 2024 for the two largest clients was $4m (2023: $9m). The revenues are as follows:

	2024	2023
	$000	$000
Largest two clients	**23,705**	70,669
Other clients	**16,924**	19,591
	40,629	90,260

6. Other income

	2024	2023
	$'000	$'000
Investment income	**-**	8
Loss on disposal of assets	**256**	-
Other income	**256**	8

7. Finance income and costs

	2024	2023
Finance income	**$'000**	$'000
Interest received	**206**	8
Finance costs		
Interest on borrowings	**32**	29
Interest on lease liabilities	**534**	591
	566	620
Exchange loss on borrowings	**100**	(247)
Finance costs	**666**	373

8. Operating (loss)/profit

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

	2024	2023
	$000	**$000**
Other exchange losses/(gains)	75	51
Staff costs (indirect)	12,044	12,439
Capitalised staff costs	(2,714)	(2,163)
Share based payment	(1,729)	1,650
Depreciation	4,998	3,973
Amortisation of other intangible assets	2,271	1,762
Research and non-capitalised development costs	513	602
Auditor's remuneration	238	212

9. Auditor's remuneration

	2024	2023
	$000	$000
Fees payable to the company's auditor for the audit of the company's financial statements	**208**	194
For audit services:		
Fees payable to the company's auditor and its associates for other services:		
The audit of subsidiary financial statements	**30**	18
	238	212

10. Employees including directors

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

	Group		**Company**	
	2024	2023	**2024**	2023
	No.	No.	**No.**	No.
Product design and service delivery	**509**	499	**142**	150
Sales and marketing	**14**	16	**7**	9
Administration	**46**	43	**18**	18
	569	558	**167**	177

Their aggregate remuneration comprised:

	Group		**Company**	
	2024	2023	**2024**	2023
	$'000	$000	**$'000**	$000
Wages and salaries	**30,026**	31,031	**2,145**	3,684
Social security costs	**1,998**	2,030	**284**	287
Other pension costs	**520**	444	**141**	118
Share based payments	**(1,729)**	1,650	**(1,729)**	268
	30,815	35,155	**841**	4,357

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

Compensation of key management personnel (including directors)

	Group 2024	2023
	$000	$'000
Short-term employee benefits	**1,487**	2,426
Cost of defined benefit scheme pensions	**10**	10
Share based payments	**(129)**	280
	1,368	2,716

This includes all directors listed on pages 40 and 41 and senior management.

Directors' remuneration for the year to 31 March 2024 is:

	Salary	Bonus	Benefits	Pension	2024 Total	2023 Total
	$000	**$000**	**$000**	**$000**	**$000**	$000
Dr Stuart A Green	**33w**	**-**	**-**	**8**	**338**	591
Gordon Doran	**413**	**-**	**30**	**-**	**443**	781
Phillip Blundell	**253**	**-**	**-**	**-**	**253**	381
Mickey Kalifa	**49**	**-**	**-**	**1**	**50**	47
Gillian Wilmot	**82**	**-**	**-**	**-**	**82**	71
Nathalie Schwartz	**49**	**-**	**-**	**1**	**50**	47
	1,176	**-**	**30**	**10**	**1,216**	1,918

Three directors (2023: 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:	**2024**	2023
	$000	$000
Emoluments	**443**	781

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

	2024	2023
	$000	$000
Current tax:		
UK corporation tax		
- Research and development tax credit	**-**	(446)
Foreign tax	**152**	112
Adjustments in respect of prior periods (foreign tax)	**-**	142
Total current tax	**152**	(192)
Total deferred tax – Origination and reversal of timing differences	**1,328**	(178)
Tax debited/(credited)	**1,480**	(370)

Corporation tax is calculated at 25% (2023: 19%) of the estimated assessable profit for the year.

Tax charge for the year

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

	2024	2023
	$000	$000
Profit/(loss) before tax	**(20,461)**	7,862
Tax calculated at standard rate of corporation tax of 25% (2023: 19%)	**(5,112)**	1,494
Disallowable items	**(100)**	59
Impairment expense for joint ventures and associates	**500**	-
Research and development tax credit (see below)	**-**	(446)
Foreign tax	**-**	770
Other movements	**20**	142
Previously unrecognised tax losses now recouped to reduce current tax expense	**-**	(2,245)
Derecognition of tax losses no longer considered recoverable	**1,328**	-
Unrecognised tax losses	**4,847**	-
Recognition of deferred tax losses	**4,844**	(2,245)
Tax credited	**1,480**	(370)

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 UK corporation tax rate was 25% throughout the year.

Tax losses carried forward

The group has tax losses carried forward of approximately $32.6m (2023: $31.5m), of which $0.5m (2023: $1.9m) 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 19.

13. Dividends

There were no dividends paid or proposed.

14. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit/(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	
	2024	2023
	$000	$000
(Loss)/profit for the financial year	**(21,927)**	8,232

	2024	*Restated 2023
	Number of shares	Number of shares
Weighted average number of shares for basic & diluted profit per share		
Basic	**97,220,638**	88,835,890
Effect of dilutive potential ordinary shares:		
Share options	**2,635,664**	6,883,886
Diluted	**99,856,302**	95,719,776

	2024	Restated 2023
	Cents	Cents
Basic	**(22.60)**	9.30
Diluted	**(22.60)**	8.60

*2023 has been restarted as the effect of dilutive potential ordinary stakes exceeded the total number of options outstanding. Please refer to the details in the accounting policies note 3.1 "Share-based payments".

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.

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 2022	937	9,178	2,853	7,323	363	20,654
Additions	328	686	838	3,446	94	5,392
Disposals	(503)	-	(545)	(2,404)	(108)	(3,560)
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)
Closing cost at 31 March 2024	**924**	**8,168**	**4,029**	**9,893**	**464**	**23,478**
Accumulated depreciation						
Opening balance at 1 April 2022	777	1,218	754	4,422	166	7,337
Depreciation	182	1,335	595	1,776	85	3,973
On disposal	(503)	-	(545)	(2,404)	(108)	(3,560)
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
On disposal	-	(444)	-	(16)	-	(460)
Closing balance at 31 March 2024	**695**	**3,580**	**1,557**	**6,208**	**249**	**12,289**
Opening carrying value at 1 April 2023	306	7,311	2,342	4,571	206	14,736
Closing carrying value at 31 March 2024	**229**	**4,588**	**2,472**	**3,685**	**215**	**11,189**

The Group has leases for offices in London, California, Chennai and Mumbai. The Group also had leases for some IT equipment, but these were paid in full during the year to 31 March 2024. Each lease is reflected on the balance sheet as a right-of-use-asset and a lease liability.

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 2023	1,841	2,953	1,876	118	6,788
Additions	81	-	(1)	-	80
Disposals	-	(2,145)	-	-	(2,145)
Closing cost at 31 March 2024	**1,922**	**808**	**1,875**	**118**	**4,723**
Accumulated depreciation					
Opening balance at 1 April 2023	466	1,102	835	43	2,446
Depreciation	393	150	494	38	1,075
On disposals	-	(444)	-	-	(444)
Closing balance at 31 March 2024	**859**	**808**	**1,329**	**81**	**3,077**
Opening carrying value at 1 April 2023	1,375	1,851	1,041	75	4,342
Closing carrying value at 31 March 2024	**1,063**	**-**	**546**	**37**	**1,646**

Details of these leases are provided in note 16.

16. Leases

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

	Group		Company	
	2024	2023	**2024**	2023
	$000	$000	**$000**	$000
Current	**1,422**	1,408	**125**	191
Non-current	**4,083**	6,968	**193**	2,178
	5,505	8,376	**318**	2,369

The Group has leases for offices in London, California, Chennai and Mumbai. The Group also had leases for some IT equipment, but these were paid in full during the year to 31 March 2024. 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.

During the year the Group had a lease for its office in Sheffield. However, following the bankruptcy of the lessor the lease was cancelled in November 2023 and a right to occupy on a short term basis replaced it. The Group is currently in negotiation to replace this lease with the new owners of the office. As a result of the lease being broken, the right of use asset and lease liability were derecognised in November 2023, with the net position being taken as a profit to the Consolidated Income Statements.

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

accounts

Right-of-use-asset	No of right-of-use assets	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Office building	10	0.1-4.6 years	2.6 years	-	-	-	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 31 March 2024 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 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**
31 March 2023							
Lease payments	1,941	1,887	1,804	1,784	1,535	1,177	**10,128**
Finance charges	(533)	(436)	(331)	(220)	(109)	(123)	**(1,752)**
Net present values	1,408	1,451	1,473	1,564	1,426	1,054	**8,376**

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 $14,000 for leases of low value assets. (2023: $14,000).

At 31 March 2024 the total commitment was $15,000 (2023: $29,000). 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 2024 was $2.0 million (2023 $1.9 million).

Group

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

At 31 March 2024	Production equipment $000	Leasehold improvements $000	Computer hardware $000	Office equipment, fixtures & fittings $000	Total $000
Cost - capitalised leases	-	8,167	-	-	8,167
Accumulated depreciation	-	(3,581)	-	-	(3,581)
Net book value	**-**	**4,586**	**-**	**-**	**4,586**

At 31 March 2023	Production equipment	Leasehold improvements	Computer hardware	Office equipment, fixtures & fittings	Total
	$000	$000	$000	$000	$000
Cost - capitalised leases	168	9,864	1,229	-	11,261
Accumulated depreciation	(140)	(2,553)	(1,083)	-	(3,776)
Net book value	**28**	**7,311**	**146**	**-**	**7,485**

Company

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

At 31 March 2024	Leasehold Im-provements	Computer hardware	Total
	$000	$000	$000
Cost - capitalised leases	-	-	-
Accumulated depreciation	-	-	-
Net book value	**-**	**-**	**-**

At 31 March 2023	Leasehold Im-provements	Computer hardware	Total
	$000	$000	$000
Cost - capitalised leases	2,953	-	2,953
Accumulated depreciation	(1,102)	-	(1,102)
Net book value	1,851	-	1,851

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 2022	18,158	1,424	15,258	793	835	36,468
Additions	-	-	2,163	28	32	2,223
Disposals	-	-	-	-	(598)	(598)
Exchange differences	10	-	-		--	10
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)
Closing cost at 31 March 2024	**22,476**	**1,424**	**20,135**	**842**	**271**	**45,148**

Accumulated amortisation and impairments						
Opening balance at 1 April 2022	12,620	–	12,640	592	746	26,598
Amortisation	–	142	1,516	32	72	1,762
Disposals	–	–	–	–	(598)	(598)
Opening balance at 1 April 2023	12,620	142	14,156	624	220	27,762
Amortisation	–	142	2,073	34	22	2.271
Closing balance at 31 March 2024	**12,620**	**284**	**16,229**	**658**	**242**	**30,033**
Opening carrying value at 1 April 2023	5,548	1,282	3,265	197	49	10,341
Closing carrying value at 31 March 2024	**9,856**	**1,140**	**3,906**	**184**	**29**	**15,115**

Development costs are internally generated software development costs. All other intangible assets are acquired externally.

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

No patent applications were derecognised during the year (2023: nil).

No intangible assets were impaired during the year (2023: nil).

Company	**Goodwill**	**Computer software**	**Total**
	$000	**$000**	**$000**
Cost			
Opening cost at 1 April 2023	10,960	17	10,977
Additions	–	–	–
Closing cost at 31 March 2024	**10,960**	**17**	**10,977**
Accumulated amortisation/ impairment			
Opening balance at 1 April 2023	8,679	7	8,686
Amortisation	–	4	289
Closing balance at 31 March 2024	**8,679**	**11**	**8,975**
Opening carrying value at 1 April 2023	2,281	10	2,291
Closing carrying value at 31 March 2024	**2,281**	**6**	**2,287**

Impairment tests for goodwill

Goodwill is subject to annual impairment testing, or more frequently if there are indications that goodwill might be impaired. Goodwill is allocated to the group's cash generating units (CGUs) identified according to the group of cash-generating assets to which the goodwill attracted on acquisition. The aggregation of assets for identifying the cash generating units has not changed since the prior year.

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 17% (2023: 16%). The carrying amount of goodwill is allocated as follows:

Software solutions		Media production		Vista India		Group	
2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
$000	$000	**$000**	$000	**$000**	$000	**$000**	$000
2,281	2,281	**6,016**	1,733	**1,559**	1,548	**9,856**	5,562

Within the company the goodwill is the software solutions portion.

Following the impairment tests, goodwill was considered not to be impaired in either the group or the company.

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) and 0% per annum (software) for the next 3 years.The Indian cashflows are calculated with a specific forecast normalisation in year one, and a 2% increase annually at EBITDA level for the next 4 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.

	Software solutions	Media production	India
Discount rate	17%	17%	17%
Growth rate	3%	3%	3%

The risks associated with each CGU are considered to be similar, therefore it is appropriate to use the same discount rate for each. In particular, the borrowing rates and equity risk premia for India have fallen in the current year to substantially align with the US and UK, which has helped to align these rates. The overall discount rates have increased significantly from the prior year, which is predominantly a factor of an increased small capitalisation premium which derives from the Group's reduced share price, and hence market capitalisation, year on year.

Management has based the growth rate of 3% 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 17% is what management consider to be its cost of obtaining funds.

If sector growth assumption rates were applied at 3% and a discount rate of 26.4% was applied, the software solutions segment and the media production segment would require no impairment.

If sector growth assumption rates were applied at 0% and a discount rate of 26.4% was applied, the software solutions segment and the media production segment would require no impairment.

If sector growth assumption rates were applied at 0% and a discount rate of 30% was applied, the software solutions segment and the media production segment would require no impairment.

If sector growth assumption rates were applied at 3% and a discount rate of 30% was applied, the India segment would require no impairment.

If sector growth assumption rates were applied at 0% and a discount rate of 30% was applied, the India segment would require no impairment.

18. Investments

Parent company – shares in group undertakings

	$000
Cost	
At 1 April 2023	15,546
Additions	4,555
At 31 March 2024	20,101
Amounts written off	
At 1 April 2023	(2,097)
Impairment expense	(10,041)
At 31 March 2024	(12,138)
Carrying amount	
At 31 March 2024	7,963
At 31 March 2023	13,449

The additions in the year related to the purchase of the additional 49% of Whatsub Pro along with subsidiaries in Italy and Germany.

Investments in joint ventures and associates

Group

	2024			2023		
	Joint ventures	Associates	Total	Joint ventures	Associates	Total
	$000	$000	$000	$000	$000	$000
At 1 April	909	3,391	4,300	906	3,248	4,154
Additions	1,262	17	1,279	–	–	–
Transfer to subsidiary	(570)	–	(570)	–	–	–
Impairment	–	(1,930)	(1,930)	–	–	–
Share of profits for the year	(5)	23	18	3	143	146
At 31 March	1,596	1,501	3,097	909	3,391	4,300

Included within the Income Statement are the following:

	2024	2023
	$000	$000
Share of profits for the year	**18**	146
Impairment of investment in Vista India DM Inc	**(1,930)**	–
Profit on step acquisition of Korea (see note 33)	**1,043**	–
Total credit to the Income Statement	**(869)**	146

Company

	2024			2023		
	Joint ventures	Associates	Total	Joint ventures	Associates	Total
	$000	$000	$000	$000	$000	$000
At 1 April	909	3,289	4,198	906	3,146	4,052
Additions	1,461	94	1,555	-	-	-
Impairment	-	(1,930)	(1,930)			
Share of profits for the year	(5)	23	18	3	143	146
On Korea acquisition	(769)	-	(769)			
At 31 March	1,596	1,476	3,072	909	3,289	4,198

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 nominal value 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	
	2024	**2023**	**2024**	**2023**
	$000	**$000**	**$000**	**$000**
Deferred tax assets comprise:				
Vista India Digitek	**98**	34	**-**	-
Vista Tanweer	**36**	40	**-**	-
Business combinations	**(285)**	(321)	**-**	-
Unused tax losses	**716**	2,177	**-**	-
Right-of-use assets	**1,147**	1,828		
Lease liabilities	**(1,376)**	(2,094)		
As at 31 March	**336**	1,664	**-**	-

This is the first year of applying the amendments to IAS 12 which requires recognition of deferred tax assets and liabilities relating to IFRS 16 leases. An adjustment has been made to recognise a deferred tax asset on the present value of lease liabilities and a deferred tax liability on the value of right of use assets. The adjustment has been made retrospectively in 2023.

Analysed as:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$000	**$000**	**$000**	**$000**
Deferred tax assets	**1,997**	4,079	**-**	-
Deferred tax liabilities (offset)	**(1,661)**	(2,415)	**-**	-
Total deferred tax asset recognised	**336**	1,664	**-**	-

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$000	**$000**	**$000**	**$000**
At 31 March	**1,664**	1,490	**-**	-
On Vista acquisition	**-**	(4)	**-**	-
Charged to the statement of comprehensive income	**(1,328)**	178	**-**	-
At 31 March	**336**	1,664	**-**	-

Tax losses carried forward

The group has tax losses carried forward of approximately $32.6m (2023: $31.5m), of which $0.5m (2023: $1.9m) 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 uncertainly of the ability to offset future profits.

20. Trade and other receivables

	Group		Company	
	2024	2023	**2024**	2023
	$000	**$000**	**$000**	**$000**
Trade receivables	**9,105**	13,307	**-**	72
Less: allowance for impairment of trade receivables	**(191)**	-	**-**	-
Trade receivables - net	**8,914**	13,307	**-**	72
Amounts owed by subsidiary undertakings	**-**	-	**49,995**	38,600
VAT	**-**	-	**7**	18
Other debtors	**732**	910	**55**	47
Prepayments	**1,839**	2,315	**390**	474
	11,485	16,532	**50,447**	39,211
Less non-current portion: amounts owed by subsidiary undertakings	**-**	-	**(49,928)**	(38,546)
Current portion	**11,485**	16,532	**519**	665

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 2024, trade receivables of $2,277,000 (2023: $709,000) were overdue. The ageing analysis of these trade receivables is as follows:

	Group	
	2024	2023
	$000	$000
Less than 3 months	**1,662**	415
3 to 6 months	**387**	240
7 to 12 months	**40**	54
Over 12 months	**188**	-
	2,277	709

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 2024 that were overdue (31 March 2023: 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. (2023: Nil).

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	5,166	3,328	275	336
Expected credit loss	5	7	1	3

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	
	2024	2023	**2024**	2023
	$000	$000	**$000**	$000
Pound sterling	**587**	894	**150**	462
US Dollar	**9,152**	14,230	**50,287**	38,701
Hong Kong dollar	**4**	6	**-**	-
Japanese Yen	**(26)**	90	**-**	-
UAE dirham	**10**	48	**10**	48
Indian rupee	**1,247**	746	**-**	-
South Korean won	**378**			
Euro	**133**	518	**-**	-
	11,485	16,532	**50,447**	39,211

Allowance for impairment of trade receivables:

	Group	
	2024	2023
	$000	**$000**
At 1 April	**-**	29
Allowance for receivables impairment	**191**	-
Receivables written off in the year	**-**	(29)
At 31 March	**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 $2,634,000 (2023: $5,392,000) of which $449,000 (2023: $686,000) was acquired by means of a lease. In addition, the derecognition of the Sheffield office lease (detailed in note 16) has resulted in a profit to the Consolidated Statement of Comprehensive Income of $256,000.

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	
	2024	2023	**2024**	2023
	$000	$000	**$000**	$000
Cash on hand and balances with banks	**5,315**	11,839	**307**	7

The fair values of the cash and cash equivalents are considered to be their book value.

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 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**

The inception of new leases in the year with value $449,000 represents a major non-cash transaction.

	Long-term borrowings	Short-term borrowings	Embedded derivative	Lease liability	Total
	$000	$000	$000	$'000	$000
1 April 2022	–	–	–	9,143	9,143
Cash-flows					
- Repayment	–	–	–	(1,453)	(1,453)
Non-cash					
- Additions	–	–	–	686	-
31 March 2023	**-**	**-**	**-**	**8,376**	**8,376**

23. Share capital and reserves for Group and Company

Called up share capital

	2024	2023
	$000	$000
Allotted, called-up and fully paid		
97,856,924 (2023: 89,285,291) ordinary shares of 1p each	**1,284**	1,179

Reconciliation of the number of ordinary shares outstanding:		
Opening balance	**89,285,291**	88,335,079
Shares issued	**27,391**	185,545
Korea Acquisition	**550,000**	-
Fundraise	**7,914,242**	-
Share options exercised	**80,000**	764,667
Closing balance	**97,856,924**	89,285,291

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.
Converted loan note reserve	Represents the gain recognised on conversion of historic loan notes. *
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.

***In the prior year the Directors reviewed the converted loan note reserve and concluded that the losses within here represent realised retained profits to which the Group and Company have unconditional entitlement. As such, the reserve was transferred to offset against accumulated losses.

24. Borrowings

	Group		Company	
	2024	2023	**2024**	2023
	$000	$000	**$000**	$000
Non-current				
Other Loans	**243**	-	**-**	-
Lease liabilities	**4,083**	6,968	**196**	2,178
	4,326	6,968	**196**	2,178
Current				
Amounts owed to subsidiary undertakings	**-**	-	**9,701**	9,701
Lease liabilities	**1,422**	1,408	**123**	191
Borrowings	**1,422**	1,408	**9,824**	9,892
Total borrowings	**5,748**	8,376	**10,020**	12,070

The group has renewed on 1 June 2024 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 August 2025.

The UK banking partner, HSBC, continues to provide an overdraft facility of £250,000. The principal outstanding at 31 March 2024 was nil (2023: 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.

Lease liabilities

Lease liabilities are payable as follows:

At 31 March 2024 Group only	Future minimum lease payments	Interest	Present value of minimum lease payments
	$000	$000	$000
Less than one year	1,801	(379)	1,422
Between one and five years	4,582	(499)	4,083
	6,383	(878)	5,505

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	
	2024	2023	**2024**	2023
Current	**$000**	$000	**$000**	$000
Trade creditors	**4,957**	5,412	**330**	434
Amounts owed to subsidiary undertaking	**-**	-	**13,789**	16,285
Social security and other taxes	**624**	1,001	**299**	335
Deferred consideration	**1,431**	300	**1,216**	300
Accrued expenses	**8,159**	13,033	**1,480**	3,015
	15,171	19,746	**17,114**	20,369

Non Current	**$000**	$000	**$000**	$000
Deferred consideration	**-**	300	**-**	300
	-	300	**-**	300

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 and ASR Audio (Germany).

26. Contracts with customers

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

	Group	
	2024	2023
	$000	$000
Current contract assets	**2,569**	4,836
Current contract liabilities	**(536)**	(693)

	Group
	$000
Contract liabilities as at 1 April 2023	693
New contract liabilities	1,771
Revenue recognised in the year:	
– That was included in the contract liability balance as at 31 March 2023	(428)
– Relating to new contract liabilities in the year	(1,500)
Contract liabilities as at 31 March 2024	**536**

Of the existing contracts that were unsatisfied or partially unsatisfied at 31 March 2024, revenue is expected to be recognised in the financial year to 31 March 2025.

27. Commitments for Group and Company

Capital commitments

The group had no capital commitments at 31 March 2024.

Operating commitments

For FY23 & FY24 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.

28. Related parties

Subsidiaries

The parent company has investments in the following subsidiary undertakings:

Subsidiary under-takings	Country of incorporation	Registered Office	Principal activity	Holding	%
ZOO Digital Limited	UK	2nd 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	2nd Floor, Castle House, Angel Street Sheffield S3 8LN	Employee share scheme	2 ordinary shares	100
ZOO Digital Production Limited	UK	2nd Floor, Castle House, Angel Street Sheffield S3 8LN	Dormant	100 ordinary shares	100
ZOOtech Limited	UK	2nd Floor, Castle House, Angel Street Sheffield S3 8LN	Dormant	95,714 ordinary shares	100
Vista India Digitek Private Limited	India	5th Floor, Front wing, Modi House, C10 Dalia Estate, Mumbai	Media production	1333 ordinary shares	100
Vista Tanweer Studios Private Limited	India	5th 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	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 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 $132,635 at 31 March 24, payable on 45 day terms and purchased services from them of $167,598 in the year. ZOO Digital Limited (subsidiary) was owed $6,614 from Ares Media at 31 March 24 and invoiced total sales of $28,470 in the year.

The Company owns 35% in Vista India DM Inc. . ZOO Digital Production LLC (subsidiary) was owed $11,488 from Vista Inc at 31 March 2024 and invoiced total sales of $235,835 in the year.

The Company owns 30% in AM Escudero. ZOO Digital Production LLC (subsidiary) owed AM Studios $18,081 at 31 March 2024, payable on 45 day terms and purchased services from them of $112,849 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:

	2024		2023	
	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	**3,586,478**	**1.06**	4,111,145	0.96
Granted during the year	**-**	**-**	–	-
Exercised during the year	**(45,000)**	**0.23**	(524,667)	0.27
Surrendered during the year	**-**	**-**	–	-
Outstanding at the end of the year	**3,541,478**	**1.07**	3,586,478	1.06
Exercisable at the end of the year	**2,236,478**	**0.66**	2,467,530	0.86

The underlying weighted average exercise price for the shares under option at 31 March 2024 was 78p (2023:70p).

ZOO Digital Group plc Unapproved				
Outstanding at the beginning of the year	**6,525,673**	**0.71**	6,765,673	0.69
Granted during the year	**-**	**-**	–	-
Exercised during the year	**(35,000)**	**0.24**	(240,000)	0.25
Surrendered during the year	**-**	**-**	–	-
Outstanding at the end of the year	**6,490,673**	**0.71**	6,525,673	0.71
Exercisable at the end of the year	**4,915,674**	**0.38**	5,342,122	0.52

The underlying weighted average exercise price for the shares under option at 31 March 2024 was 50p (2023:42p).

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 10,032,151 outstanding options (2023: 10,112,151 options), 7,152,152 were exercisable (2023: 7,809,652).

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	**19 Jan 2025**	**0.23**	0.1500
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 Unapproved	3%	350,000	**19 Jan 2025**	**0.23**	0.1500
ZOO Digital Group plc Unapproved	3%	103,500	**17 Sept 2025**	**0.23**	0.1500
ZOO Digital Group plc Unapproved	57.5%	3,282,000	**2 Aug 2027***	**0.20**	0.1525
ZOO Digital Group plc Unapproved	57.5%	30,000	**5 Oct 2027**	**0.49**	0.3800
ZOO Digital Group plc Unapproved	49%	155,000	**2 Jul 2028**	**1.33**	1.01
ZOO Digital Group plc Unapproved	31%	200,000	**30 June 2029**	**0.80**	0.63
ZOO Digital Group plc Unapproved	47%	795,173	**13 May 2030****	**0.89**	0.73
ZOO Digital Group plc Unapproved	75%	1,575,000	**25 Jan 2032*****	**1.76**	1.30
Outstanding at the end of the year		**10,032,151**			

*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.

***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.

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

Share based payments have had the following impact on the group's profit for the year:	**2024**	2023
	$000	$000
Total expense recognised from share option transactions	**(1,729)**	1,650

The credit arises from an expected failure to meet non-market performance conditions, which are further detailed in note 3.1.

Share based payment reserve appears in the statement of financial position under:	**2024**	2023
	$000	$000
Share option reserve	**2,685**	4,391

On 2 April 2024 a further tranche of share options were granted to certain key employees. The key terms on these are:

- 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 estimated fair value of the options are $380,000. This fair value will be spread over the 3 years to 2 April 2027, adjusted for whether the vesting criteria are successfully met.

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

	2024 $000	2023 $000
Financial assets		
Trade and other receivables excluding pre-payments and VAT (note 20)	**9,646**	14,217
Contract assets	**2,569**	4,836
Cash and cash equivalents	**5,315**	11,839
Total	**17,530**	30,892

	2024 $000	2023 $000
Financial liabilities		
Lease liabilities (note 25)	**5,748**	8,376
Contract liabilities	**536**	693
Trade and other payables excluding payroll taxes (note 25)	**14,547**	19,066
Total	**20,831**	28,135

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:

	Assets		Liabilities	
	2024 $000	2023 $000	2024 $000	2023 $000
US Dollars (USD)	**16,994**	**32,708**	**15,714**	**20,518**
Pound Sterling (GBP)	**743**	**1,042**	**2,913**	**6,744**
Euros (EUR)	**1,045**	**518**	**998**	**1,041**
Indian Rupees (INR)	**1,631**	**2,127**	**1,283**	**-**
South Korean Won (KRW)	**618**	**552**	**264**	**-**
Turkish Lira (TRY)	**732**	**360**	**-**	**-**
Other currencies	**46**	**190**	**-**	**-**
	21,797	**37,497**	**21,172**	**28,303**

During the year ended 31 March 2024 there was similar volatility in the pound sterling/US dollar rate as in the previous year with the rate peaking at 0.8283 and falling to a low of 0.76345, with an average rate of 0.7958. If the US dollar had remained at its highest level throughout the full year the group would have shown a post-tax loss of $15.1m (2023: Profit $11.9m), if US dollar had been at its lowest level throughout the full year the group would have shown a post-tax loss of $14.3m (2023: Profit $14.5m) and if the US dollar had remained at the average rate throughout the year the group would have shown a post-tax loss of $14.7m (2023: $13.5m).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 2024 was 0.792 (2023: 0.813).

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 2025. 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 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.

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 2024.

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 2024	**$000**	**$000**	**$000**	**$000**
Borrowings	**-**	**-**	**243**	**-**
Lease liabilities	**1,422**	**1,340**	**2,743**	**-**
Trade and other payables	**15,171**	**-**	**-**	**-**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2023	**$000**	**$000**	**$000**	**$000**
Borrowings				
Lease liabilities	1,408	1,451	4,463	1,054
Trade and other payables	19,746	300	-	-

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.

	2024	2023
	$000	$000
Total borrowings	**5,748**	8,376
Less cash and cash equivalents	**(5,315)**	(11,839)
Net (cash)/debt	**433**	(3,463)
Total equity	**27,651**	35,133
Total capital	**28,084**	31,670
Gearing ratio	**2%**	(11%)

32. Business combinations

During the year the Group made three business combinations:

1. To complete the step acquisition of Whatsub Pro in South Korea ("Korea") on 11 April 2023, converting this from a 51% owned joint venture to a wholly-owned subsidiary.
2. Purchase the trade and assets of Logosound SRL ("Italy") on 14 November 2023, placing this trade into a newly incorporated Italian company, ZOO Digital Italy SRL.
3. Purchase the entire share capital of ASR Audio Networks GmbH, a German company ("Germany"), on 20 December 2023.

The commercial rationale for all acquisitions was to continue the geographical expansion of the Group's offerings through the provision of local specialists and studios in all key language markets. These local studios will mostly trade only with the Zoo Group, with any existing commercial contracts typically terminating following the acquisition.

The existence of certain trading factors immediately before the acquisitions, notably the physical premises, employees, and existing processes, as well as end customers (which typically include Zoo itself) mean that each acquisition meets the test of a business as defined in IFRS 3 'Business Combinations'. Hn due to the absence of separable contracts in each acquisition, with the goodwill in each company being predominantly explained by the benefits to the Group in achieving new markets and being able to provide a more competitive global service on its existing contracts with customers.

Korea

The following assets have been recognised on acquisition:

	Book value $000	Adjustments $000	Fair value $000
Intangible assets	**6**	-	6
Property, plant and equipment	**449**	-	449
Right-of-use-assets	**100**	-	100
Investments	**178**	-	178
Trade and other receivables	**152**	-	152
Cash and cash equivalents	**203**	-	203
Trade and other payables	**(78)**	-	(78)
Borrowings	**(244)**	-	(244)
Lease liabilities	**(100)**	-	(100)
Total identifiable net assets			666
Goodwill			2,463
Total consideration transferred			3,129

The consideration was satisfied by:	200
Cash	
Issue of shares	1,333
Derecognition of 51% associate investment	1,596
	3,129

On acquisition, the associate was revalued to fair value with gains of $1,043,000 recognised in the Consolidated Income Statement.

Italy

The following assets have been recognised on acquisition:

	Book value $000	Adjustments $000	Fair value $000
Property, plant and equipment	**87**	**-**	87
Total identifiable net assets			87
Goodwill			676
Total consideration transferred			763
The consideration was satisfied by:			578
Cash			
Deferred consideration			215
Legal fees incurred by acquiree			(30)
			763

The deferred consideration payable represents €200,000 and is was paid in July 2024. This consideration has not been discounted as the time-value is immaterial for this period.

Germany

The following assets have been recognised on acquisition:

	Book value	Adjustments	Fair value
	$000	**$000**	**$000**
Property, plant and equipment	**21**	**-**	**21**
Trade and other receivables	**61**	**-**	**61**
Cash and cash equivalents	**4**	**-**	**4**
Trade and other payables	**(23)**	-	(23)
Total identifiable net assets			63
Goodwill			1,169
Total consideration transferred			1,232
The consideration was satisfied by:			616
Cash			
Deferred consideration			616
			1,232

The deferred consideration payable represents €562,500 and is payable in June 2024. This consideration has not been discounted as the time-value is immaterial for this period

Net cashflow arising on acquisition

The following cashflows are recognised on acquisition of the three subsidiaries:

	Korea	Italy	Germany	Total
	$000	**$000**	**$000**	**$000**
Cash consideration	200	578	616	1,394
Less cash and cash equivalents acquired	(203)	-	(4)	(207)
	(3)	**578**	612	1,187

Contribution to Group results

The following contribution to the Consolidated Income Statement has been made by the acquired businesses since acquisition:

	Korea	Italy	Germany	Total
	$000	**$000**	**$000**	**$000**
Revenue	52	26	-	78
Loss after tax	22	(196)	(45)	(219)

33. Events after the reporting period end

Subsequent to the year end two events have taken place.

Acquisition of ADC

On 11 May 2024 the Group completed the acquisition of the trade and assets of ADC Group S.p.A., which reflects a dubbing studio in Italy. This was an office and facilities, but as no employees or customer contracts were included the Directors view it as an asset acquisition as opposed to a business combination. The total consideration paid for the asset was €230,000.

Issue of share options

New share options were issued on 2 April 2024, the terms and estimated fair value of which are disclosed in note 29.

GROUP DIRECTORY

Head Office

ZOO Digital Group plc
Castle House
Angel Street
Sheffield
S3 8LN
United Kingdom
T: +44 (0)114 241 3700

F: +44 (0)114 241 3701

ZOO Digital Limited
Castle House
Angel Street
Sheffield
S3 8LN
United Kingdom
T: +44 (0)114 241 3700

F: +44 (0)114 241 3701

ZOO Digital Production LLC
2201 Park Place
Suite 100
El Segundo
CA 90245
USA
T: +1 310 220 3939

F: +1 310 220 3958

ZOO Employee Share Trust Limited

Castle House
Angel Street
Sheffield
S3 8LN
United Kingdom
T: +44 (0)114 241 3700

F: +44 (0)114 241 3701

ZOO Digital Inc.

2201 Park Place
Suite 100
El Segundo
CA 90245
USA
T: +1 310 220 3939

F: +1 310 220 3958

Vista India Digitek Private Limited

501, 5th Floor
Modi House of Link Road, C-10
Dalia Estate, Andheri West Mumbai
Mumbai City MH 400053
India

Vista Tanweer Studios Private Limited
Gala 5-C, 5th Floor
Modi House, Plot No. C-10
Veera Desai Road
Andheri (West) MH 400058
India

www.zoodigital.com