ZOO Digital Group plc
Unaudited Interim Results
for the six months ended
30 September 2020

Chairman and Chief Executive's Statement

Overview

The first half of FY21 was a period of rapid transition to our cloud-based platforms and off-premise voice recording, accelerated by the requirement for remote working. Whilst traditional studios were significantly impacted following the outbreak of COVID-19 as lockdowns were implemented and new productions were suspended, ZOO experienced a considerable increase in workflow, particularly in dubbing, due to our cloud-based offering and our ability to undertake projects remotely. This influx of work has greatly benefitted the Group, as we were able to demonstrate the capability of our technology and secure new clients, whilst also strengthening our relationships with existing customers.

Revenue grew by 15% to $16.4 million (H1 FY20: $14.2 million). In order to benefit from the structural changes within our market, we have chosen to invest in headcount now to facilitate future growth, resulting in slightly reduced gross profit of $5.2 million (H1 FY20: $5.8 million) and adjusted EBITDA of $1.3 million (FY20: $1.8 million). Operating expenses were down slightly at $5.3 million (FY20: $5.5 million) due to travel restrictions, and at the period end we had a cash balance of $2.1 million compared to $0.6 million in the prior year period.

The accelerating shift to cloud-based solutions during H1 FY21 signalled that the significant investment across our platforms and technology in prior periods is paying off. As a result of the original content we received at the beginning of H1 when we were asked to dub a significant number of urgent titles that traditional vendors were unable to process due to lockdowns, our dubbing sales increased 480% year-on-year. The majority of dubbing services commissioned in the industry are in relation to new original titles, the creation of which is currently on hold. Consequently, global demand for dubbing will be suppressed until it is safe to resume new productions.

COVID-19 caused a negative effect on subtitling which was down 34%, again due to the temporary curtailment of production.

While new productions are on hold, we have seen a shift in focus by customers to prepare back catalogue titles for digital distribution which typically has a reduced requirement for localisation and an increased requirement for digital packaging. As a result, digital packaging was a major growth area during the latter part of the period, and for the six months overall was up 33% year-on-year.

In a period when most traditional media localisation vendors have been in decline, we are encouraged by the record-breaking orders we have already received for digital packaging in the third quarter both in size and quantity, which is a testament to our end-to-end strategy and gives us confidence in our full year performance and continued momentum into the new financial year.

Our long-term view is that localisation demand will increase over time, alongside the growth in global consumer video markets. According to Slator, in 2019 media localisation (excluding digital packaging) was a $2.4 billion market, of which 70% was dubbing and 30% subtitling, and prior to COVID-19, media localisation was the second fastest growing localisation vertical in percentage and USD terms.

The acceleration of industry changes due to the pandemic has reinforced ZOO's position in the market and strength of its offering. The launch of direct-to-consumer Over-The-Top (OTT) services from some of the world's major media companies such as Disney, Apple, Warner Media, NBCUniversal and ViacomCBS is particularly favourable to ZOO, demonstrating a requirement for the specific services we offer and for engagements where an end-to-end proposition is both attractive and cost effective. The initial consumer response to these platforms has been positive, highlighted by their on-going expansion into different territories. As demand for OTT video increases (as has been the case during lockdown) so too will the opportunity for ZOO.

These robust results are not only a reflection of our business model but also testament to our colleagues who have responded brilliantly to the challenges of their changing working environment, particularly the increased workload, and have continued servicing our customers with the utmost professionalism. I would like to thank them for their continued hard work and dedication.

Operations

ZOO's mission is to provide services for fast and cost-effective localisation and digital distribution of media content through the power of our world-class cloud technology. We continually strive to enhance our offering to service the requirements of our customers and we are pleased with the progress made during the period. Our end-to-end vendor model combined with our unique cloud-based technology and service proposition enabled us to adapt seamlessly to the needs of our customers and we delivered clear progress against our strategy during the period, invoicing 30% more client accounts compared with the prior year period.

ZOOsubs: Our subtitling production and management platform, ZOOsubs, has served all major Hollywood studios in H1. We have secured new engagements and entered into enhanced relationships with existing customers which we expect will deliver growth in the periods ahead. The impacts of COVID-19 leading to the hiatus of new title production have led to a 34% reduction year-on-year in subtitling in the period. Although we are now working on a much greater volume and proportion of back catalogue products where subtitles are equally important, such titles have typically already been localised into at least the major languages resulting in lower average billing for subtitling services per project. We expect to see an uplift in the second half following the signing of new clients and into FY22 with the resumption of new productions.

ZOOdubs: Services delivered through our cloud-based platform for entertainment dubbing, supporting voiceover, lip-sync and audio description, grew 480% year-on-year in the period. The system allows the end-to-end process of dubbing to be undertaken without necessitating voice talent and directors to travel or to be co-located. As a result, our dubbing services were unaffected by lockdown and social distancing measures at a time when traditional suppliers were required to suspend operations. During the period immediately following the UK lockdown we were engaged by multiple customers, some existing and some new, to assist them in completing projects that were already in progress. Many projects were reassigned to us from other vendors. This provided us with an opportunity to demonstrate our capability and the quality of our dubbing services, particularly with a number of significant buyers that engaged with us for the first time. We believe that we will benefit over the long term as these customers turn to us to provide services when new productions resume.

ZOOstudio: Our ZOOstudio platform provides the capability to manage requirements for production and delivery of assets for OTT distribution. Last year ZOOstudio was adopted by a major media company to manage its localisation operations for OTT production, and during H1 the system was deployed more widely across multiple operating groups of this customer. The platform is a key component of our end-to-end strategy for media localisation and digital packaging and integrates ZOO more closely with the operating groups of our customers, delivering a frictionless exchange of orders and fulfilment and strengthening our role as a de facto primary vendor across multiple service lines.

Digital packaging: We have seen an increased requirement for our digital packaging offering during the period due to customers shifting focus to back catalogue titles, resulting in year-on-year revenue growth of 33%. This is because when compared to new original productions there is typically a greater proportion of such work required to adapt and repurpose entertainment content developed for one platform (such as broadcast TV) to streaming video on demand. Digital Packaging embraces a large number of separate service lines which require broad levels of expertise, equipment and systems. There is a limited number of vendors with this capability and fewer still who can offer an end-to-end service including multilingual media localisation. We expect to see continued momentum in this segment for the remainder of the year and already have a strong order book for Q3, significantly greater than at the same point in the prior year. To cope with the increasing demand, we have expanded our digital packaging department through the recruitment of new staff in the UK and US and have upgraded our IT infrastructure to support a significantly greater throughput of projects.

The Group has further refined its growth strategy and continues to make significant progress against five pillars: innovation, scalability, collaboration, building long-term client partnerships and talent.

Innovation: creating value-adding software technology is at the heart of what we do. By making localisation and distribution services more efficient, scalable and collaborative, we have positioned ourselves favourably against our peers.

Investment during the year included broadening our ZOOstudio capability through the inclusion of additional functionalities. ZOOstudio is our overarching localisation management platform that offers a single, centralised system for scenario planning, ordering, tracking and managing all of the components required to create and deploy localised content packages. We have added functionality to support the particularly demanding requirements of working with back-catalogue titles, enabling pre-existing materials (such as subtitles previously created) to be evaluated and tracked, thereby providing visibility and simplifying substantially the management of such projects by our customers. We have also enhanced the financial analysis capabilities of the platform to enable accurate tracking of costs and scenario modelling.

Our dubbing platform, ZOOdubs, continues to be a major focus of our R&D efforts where we continue to broaden its capabilities to support additional use cases. During the period we provided the capability to support collaborative recording sessions featuring multiple voice actors, whether co-located or situated in different places. We also implemented enhancements to support the particular requirements of dubbing for videogames.

We have continued to invest in the research and development of advanced capabilities that we expect will provide ZOO with a significant competitive advantage in the future, primarily through multiple applications of machine learning technologies. Here we collaborate with academic partners and centres of excellence, particularly in the fields of speech and language. We have been awarded further funding from InnovateUK to support a project that we expect will provide us with an industry-leading capability related to preparing children's voices for dubbing.

Scalability: Our freelance network of qualified and experienced specialists in media localisation is integral to the successful running of our business. We continue to expand our network of freelance screen translators, voice actors, script adapters, dubbing directors and audio mixing engineers, and our current active pool of freelancers has increased to 8,272 individuals (from 6,556 at the same point in the prior year) across more than 80 languages.

Collaboration: in order to scale and extend our geographical reach without incurring significant costs, particularly in emerging markets, ZOO collaborates with local qualified partners to extend our presence in key territories.

Our ZOO-Enabled Dubbing Studio (ZEDS) programme, which launched in 2018, has continued to develop, and we now have relationships with highly reputable independent dubbing studios across all of the key languages currently required by our customers. Experienced, trusted and carefully selected, ZEDS are home to some of the most creative talent content owners want. ZOO is training each one to use ZOOdubs to record and manage the dubbing process.

Build long-term client partnerships: we continually strive to be selected as the preferred vendor of localisation and digital packaging services for all of the leading content producers and global OTT service providers, with the aim of generating recurring revenue. Our relationship with the major OTT platform for which we became a preferred vendor last year has led to a significant increase in projects, whilst our preferred fulfilment partner (NPFP) status with Netflix has allowed us to secure new contracts for subtitling and digital packaging of licenced content, as well as strengthening relationships with existing customers. We expect that our engagements with new customers of dubbing services during the period following lockdown will lead to new revenue streams when content production in the industry resumes. Our client retention KPI for the past 12 months was 98% (H1 FY20: 89%).

It is expected that recently and soon-to-be launched streaming platforms from major media companies will extend their services from an initial domestic US focus to international. This will require localisation and digital packaging services for which preferred vendors will be appointed. We believe that our end-to-end offering and track record of delivering such services to other leading OTT platforms will put us in good stead to secure further preferred relationships in the period ahead.

Talent: the period marks an important development of our strategic plan as we look to enhance the Company's position as a recognised and reputable provider of premium dubbing services across multiple languages. This includes the engagement of established industry professionals to key functions, which is exemplified by the recent appointment of Emmy® Award-winning re-recording mixer Dave Concors as Head of Sound. With more than 30 years' experience working on both feature films and episodic content, Dave will use his wealth of industry knowledge to develop dubbing services at ZOO.

In addition, we have established a new talent management function internally with a remit to identify experienced candidates to become advocates for ZOO across key territories, using their extensive networks of contacts to bring exceptional talent to our ecosystem.

During the period we expanded our London office to provide further capacity and enable us to service European clients more efficiently.

A number of our major competitors, having been unable to operate during lockdown, have announced their own 'remote dubbing' capabilities. We believe that this change in the stance of our competitors endorses the strategy we have adopted and is helping customers to recognise that cloud dubbing represents the future of the industry. We believe that our technology-first approach, first mover advantage and ongoing investment will enable us to grow market share and become a market leader.

People

We continued to invest in people during the period, with headcount reaching 265 employees at the end of September compared with 206 in the same period in the prior year. New hires have been across the business, particularly in our production team, and are both a reflection of the increased work flow we are seeing and the need for additional resources to manage the future demand. We have been able to attract proven, quality individuals as our competitors have continued to struggle in this environment, with most large vendors reducing headcount in the period.

Brexit

The Board has considered the consequence that Brexit may have on the business and does not anticipate any significant impact on its operations as a result of the UK leaving the European Union.

Outlook

Trading in the first few weeks of the third quarter has been strong, with revenue growth expected to be over 20% half-on-half, positioning us well to meet full year expectations.

The demand for our digital packaging solutions continues to be strong, with orders for delivery in Q3 significantly ahead of any other quarter in our history. With our market-leading end-to-end solution we continue to be a major beneficiary of the shift in industry prioritisation.

The Group continues to assess international expansion opportunities with the aim of providing greater capacity in high growth regions.

As we look ahead, we are confident that our strategy, along with our technology and people, will help us achieve our growth ambitions. Our solid pipeline of new business, including orders on hand at the beginning of Q3 – substantially greater than at the same point in the prior year – provides us with reassurance that there is significant demand for our offering. We are well placed to take advantage of the changing market landscape and are excited about the growth prospects of the Group.

Gillian Wilmot
Chairman

Dr Stuart A Green
Chief Executive Officer

Financial Review

Revenues of $16.4 million were 15% ahead of the same period last year (H1 FY20: $14.2 million). This is explained by the increase in dubbing services and continued strength in Digital Packaging. Off a low base, dubbing sales increased 6-fold as a number of studios commissioned us to complete projects using our cloud-based dubbing platform. Digital Packaging sales were up 33% as customers continued to value our expertise in preparing back catalogue assets for release on video streaming platforms.

Gross profit decreased from $5.8 million to $5.1 million this year, due to significant investment in our direct staff over the past 12 months to support the anticipated increase in orders from our customers. This investment has exceeded $1 million and will translate into increased profits over the next six months.

Operating expenses have decreased to $5.3 million (H1 FY20: $5.5 million) which is due to a reduction in travel and marketing expenses directly attributable to the COVID-19 lockdown. Our investment in R&D has accelerated in the period as we have accommodated increased customer requests and built out our market leading platforms, resulting in a 42% increase on the same period last year at $0.6 million.

EBITDA before share-based payments has fallen to $1.3 million compared to $1.8 million last year as a consequence of the reduction in gross profit being only partly offset by the reduction in operating expenses. This also explains the operating loss of $0.1 million for the period, down from a profit of $0.4 million in FY20.

The loss for the period of $0.7 million (H1 FY20: profit of $0.4 million), is partly due to the operating loss and partly due to the adverse exchange rate between the US Dollar and Sterling that has resulted in an increase in the value of the Company's unsecured convertible loan notes of $0.3 million. In FY20 the exchange rate was favourable and showed a reduction in their value of $0.3 million. This negative movement of $0.6 million is a non-cash item.

The cash balance at 30 September was $2.1 million (H1 FY20: $0.6 million) an increase of $0.9 million in the six-month period. The cash inflow is explained by an operating surplus of $1.3 million and a favourable working capital movement of $2.1 million partially offset by investment in R&D of $0.6m, a net investment in equipment of $1.6 million and finance costs, including repayment of borrowings, of $0.3 million.

The Group has borrowing commitments of $1.4 million (H1 FY20 $0.9 million). The increase of $0.5 million has been used to purchase additional storage equipment to support the greatly increased volume of digital assets we are processing on behalf of clients. The only other borrowing that the Group has is the unsecured convertible loan notes of £2.6 million ($3.5 million) which mature in October 2021 with a conversion price of 48p. The Group has sufficient cash and unused credit facilities to meet its ongoing commitments.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the six months ended 30 September 2020

	6 months to 30 Sep 2020 $000	6 months to 30 Sep 2019 $000	Year ended 31 Mar 2020 $000
Revenue	**16,393**	14,242	29,793
Cost of sales	**(11,277)**	(8,452)	(19,705)
Gross Profit	**5,116**	5,790	10,088
Other operating income	**110**	115	252
Operating expenses	**(5,306)**	(5,461)	(10,896)
Operating (loss)/profit	**(80)**	444	(556)
Analysed as			
EBITDA before share-based payments	**1,291**	1,810	2,138
Share based payments	**(57)**	(142)	(257)
Depreciation	**(705)**	(755)	(1,369)
Amortisation and impairment	**(609)**	(469)	(1,068)
	(80)	444	(556)
Exchange (loss)/gain on borrowings	**(284)**	297	197
Fair value movement on embedded derivative	**-**	-	986
Finance cost	**(346)**	(367)	(674)
Total finance cost	**(630)**	(70)	509
(Loss)/profit before taxation	**(710)**	374	(47)
Tax on (loss)/profit	**(15)**	(13)	363
(Loss)/profit and total comprehensive income for the period attributable to equity holders of the parent	**(725)**	361	316
Profit/(loss) per ordinary share			
- basic	**(0.97) cents**	0.48 cents	0.42 cents
- diluted	**(0.97) cents**	0.45 cents	0.39 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
as at 30 September 2020

	As at 30 Sep 2020 $000	As at 30 Sep 2019 $000	As at 31 Mar 2020 $000
ASSETS			
Non-current assets			
Property, plant and equipment	**4,650**	4,463	3,633
Intangible assets	**6,693**	6,585	6,692
Deferred income tax assets	**486**	486	486
	11,829	11,534	10,811
Current assets			
Trade and other receivables	**9,180**	8,227	9,323
Cash and cash equivalents	**2,073**	607	1,218
	11,253	8,834	10,541
Total assets	**23,082**	20,368	21,352
LIABILITIES			
Current liabilities			
Trade and other payables	**(10,047)**	(5,729)	(8,049)
Borrowings	**(1,598)**	(1,364)	(4,391)
Separable embedded derivative	**-**	-	(978)
	(11,645)	(7,093)	(13,418)
Non-current liabilities			
Borrowings	**(5,810)**	(6,107)	(2,637)
Separable embedded derivative	**(978)**	(1,965)	-
	(6,788)	(8,072)	(2,637)
Total liabilities	**(18,433)**	(15,165)	(16,055)
Net assets	**4,649**	5,203	5,297
EQUITY			
Equity attributable to equity holders of the parent			
Called up share capital	**1,011**	1,011	1,010
Share premium reserve	**41,022**	41,018	41,003
Other reserves	**12,320**	12,320	12,320
Share option reserve	**1,432**	1,227	1,375
Capital redemption reserve	**6,753**	6,753	6,753
Convertible loan note reserve	**42**	42	42
Foreign exchange translation reserve	**(992)**	(992)	(992)
Accumulated losses	**(56,893)**	(56,123)	(56,168)
	4,695	5,256	5,343
Interest in own shares	**(46)**	(53)	(46)
Attributable to equity holders	**4,649**	5,203	5,297

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the six months ended 30 September 2020

	Ordinary shares	Share premium reserve	Foreign exchange translation reserve	Convertible loan note reserve	Share option reserve	Capital redemption reserve	Other reserves	Accumu-lated losses	Interest in own shares	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 April 2019	1,010	41,003	(992)	42	1,085	6,753	12,320	(56,484)	(53)	4,684
Issue of share capital	1	15								16
Share-based payments					142					142
Transactions with owners	1	15	-	-	142	-	-	-	-	158
Profit for the period								361		361
Total comprehensive income for the period	-	-	-	-	-	-	-	361	-	361
Balance at 30 September 2019	1,011	41,018	(992)	42	1,227	6,753	12,320	(56,123)	(53)	5,203
Share-based payments					148					148
Foreign exchange translation									7	7
Issue of share capital	(1)	(15)								(16)
Transactions with owners	(1)	(15)	-	-	148	-	-	-	7	139
Loss for the period								(45)		(45)
Total comprehensive income for the period	-	-	-	-	-	-	-	(45)	-	(45)
Balance at 31 March 2020	1,010	41,003	(992)	42	1,375	6,753	12,320	(56,168)	(46)	5,297
Share-based payments					57					57
Issue of share capital	1	19								20
Transactions with owners	1	19	-	-	57	-	-	-	-	77
Loss for the period								(725)		(725)
Total comprehensive income for the period	-	-	-	-	-	-	-	(725)	-	(725)
Balance at 30 September 2020	1,011	41,022	(992)	42	1,432	6,753	12,320	(56,893)	(46)	4,649

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
for the six months ended 30 September 2020

	6 months to 30 Sep 2020 $000	6 months to 30 Sep 2019 $000	Year ended 31 Mar 2020 $000
Cash flows from operating activities			
Operating (loss)/profit for the period	**(80)**	444	(556)
Depreciation	**705**	755	532
Amortisation and impairment	**609**	469	1,068
Share based payments	**57**	142	290
Changes in working capital:			
Decreases/(increases) in trade and other receivables	**143**	(124)	(1,220)
Increases/(decreases) in trade and other payables	**1,998**	(1,460)	860
Cash flow from operations	**3,432**	226	974
Tax (paid)/received	**(15)**	(13)	363
Net cash flow from operating activities	**3,417**	213	1,337
Investing Activities			
Purchase of intangible assets	**-**	-	(235)
Capitalised development costs	**(610)**	(430)	(901)
Purchase of property, plant and equipment	**(1,588)**	(123)	(509)
Net cash flow from investing activities	**(2,198)**	(553)	(1,645)
Cash flows from financing activities			
Repayment of borrowings	**(1,083)**	(532)	(246)
Proceeds from borrowings	**1,042**	-	500
Finance cost	**(343)**	(365)	(556)
Share and convertible loan issue costs	**19**	-	-
Issue of Share Capital (net of costs of issue)	**1**	16	-
Net cash flow from financing	**(364)**	(881)	(302)
Net increase/(decrease) in cash and cash equivalents	**855**	(1,221)	(610)
Cash and cash equivalents at the beginning of the period	**1,218**	1,828	1,828
Cash and cash equivalents at the end of the period	**2,073**	607	1,218

NOTES

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 and packaging markets and continue with on-going research and development in those areas. The Group has operations in both the UK and US.

The Company is a public limited company which is listed on the Alternative Investment Market and is incorporated and domiciled in the UK. The address of the registered office is 7th Floor, City Gate, 8 St Mary's Gate, Sheffield. The registered number of the Company is 3858881.

This condensed consolidated financial information is presented in US dollars, the currency of the primary economic environment in which the Company operates.

The interim accounts were approved by the board of directors on 9 November 2020.

This consolidated interim financial information has not been audited.

Basis of preparation

The consolidated financial statements of ZOO Digital Group plc and its subsidiary undertakings for the period ended 31 March 2021 will be prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

This Interim Report has been prepared in accordance with UK AIM listing rules which require it to be presented and prepared in a form consistent with that which will be adopted in the annual accounts having regard to the accounting standards applicable to such accounts. It has not been prepared in accordance with IAS 34 "Interim Financial Reporting".

The policies applied are consistent with those set out in the annual report for the year ended 31 March 2020, and have been consistently applied, unless stated otherwise.

This condensed consolidated financial information is for the six months ended 30 September 2020. It has been prepared with regard to the requirements of IFRS. It does not constitute statutory accounts as defined in S343 of the Companies Act 2006. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2020 which contained an unqualified audit report and have been filed with the Registrar of Companies. They did not contain statements under s498 of the Companies Act 2006.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2020 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 April 2020 and will be adopted in the 2021 financial statements. There are no standards impacting the Group that will be required to be adopted in the annual financial statements for the year ended 31 March 2021.

Basis of Consolidation

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.

Segment reporting

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

	Localisation		**Digital Packaging**		**Software Licensing**		**Total**	
	FY21 H1	FY20 H1	**FY21 H1**	FY20 H1	**FY21 H1**	FY20 H1	**FY21 H1**	FY20 H1
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000
Revenue	**9,940**	9,057	**5,522**	4,166	**931**	1,019	**16,393**	14,242
Segment contribution	**1,549**	2,798	**3,620**	2,751	**895**	974	**6,064**	6,523
Unallocated cost of sales							**(948)**	(733)

Gross profit							**5,116**	5,790
	16%	*31%*	*66%*	*66%*	*96%*	*96%*	*31%*	*41%*

Foreign currency translation

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 Company's functional and presentation currency.

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 income statement.

Group companies

The results and financial positions of all Group entities that use 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 period 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 and all resulting exchange rate differences are recognised in other comprehensive income with the foreign exchange translation reserve.

Earnings per share

Earnings per share is calculated based upon the profit or loss on ordinary activities after tax for each period divided by the weighted average number of shares in issue during the period.

Weighted average number of shares for basic & diluted profit per share	**30 Sep 2020**	30 Sep 2019	31 Mar 2020
	No. of shares	No. of shares	No. of shares
Edvlf#	**74,547,389**	74,512,271	74,487,534
Gloxwhg#	**81,244,707**	81,084,168	81,216,774

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Where the Group has recorded a loss, diluted earnings per share is equal to basic earnings per share.

Further Copies

Copies of the Interim Report for the six months ended 30 September 2020 will be available, free of charge, for a period of one month from the registered office of the Company at 7th Floor, City Gate, 8 St Mary's Gate, Sheffield, S1 4LW or from the Group's website: www.zoodigital.com.

COMPANY INFORMATION

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3858881

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Chairman

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