

Zinc Media Group plc (“Zinc Media” or the “Company”)

Trading and COVID-19 Update

Zinc Media Group plc (AIM: ZIN), the TV and multimedia content producer, is pleased to announce continued good progress on its transformation plan and better than previously forecast revenues since lockdown.

In May the Group announced:

- £2m of TV production had been paused due to Covid;
- £2.5m of new production won during lockdown (April/May); and
- £6m of new business opportunities were highly advanced with clients

The Group today reports:

- It is resuming previously paused production faster than forecast
- It has won a further £2.7m of new business since the last update on 21st May
- It has implemented a programme of permanent cost reductions which will generate annualised savings of £0.7m per annum compared to pre-Covid levels which, when combined with the ongoing improvements in television margins currently of 4.7%, further positions the Group to be profitable from 2021 and cash generative in the second half of 2021
- It has closed the loss making CSR business, which accounts for a substantial amount of the Group's losses
- It is increasingly likely revenues in July to December 2020 will be better than forecast on 21st May
- It has launched a new branded content division which provides timely opportunities in bigger, more resilient markets as well as being synergistic with the TV business and providing opportunity for efficiencies through shared resources
- Cash is currently £3.7m and the completion of a capital reduction process will enable the Group to pursue the possibility of a government backed loan to help fund the Group's transformation plan

The Group's transformation plan remains on track with good progress being made on all the strategic KPIs underpinning the plan.

Resumption of production and new business won

Across the Group there are more than 20 programmes in pre-production or production. These include the resumption of a major new series for the Smithsonian Channel, *The curious life and death of...*, the ongoing series *Police Code Zero: Officer Under Attack* for Channel 5, *Britain's Lost Masterpieces* for BBC4 and *Grand Tours of Scotland's Lochs* for BBC Scotland. It now expects £1.5m of the £2m of paused production to resume by August. Previously this revenue would have been recognised in the financial period ending June 2020.

Further to this, the £2.5m of new business won during lockdown is progressing well with 80% delivered or in production and the remainder due to start production by August.

£2.7m of additional new business has been won since May including 2 series for Channel 5, which begin filming overseas and in the UK this week. Other programmes include *Inside the Zoo* an eight part access documentary following the 200 staff at Edinburgh Zoo as they care for 3000 animals. This is for BBC Scotland from Tern TV. US cable Broadcaster A&E have invested in a co-production with ITV and France TV on a feature length documentary for the 20th anniversary of 9/11 in 2021.

In addition, the Group's pipeline continues to rebuild with £5m of new business opportunities highly advanced with clients. The vast majority of ideas and pitches can be filmed under social distancing guidelines.

Transformation of Zinc Communicate

Further progress is being made in the transformation of the Group's content production division Zinc Communicate:

- The loss making CSR business, which accounted for a substantial amount of the Group's losses in the 12 months to June 20 is being closed;
- The publishing business is re-building sales faster than previously forecast with revenues for June at over 90% of pre-Covid levels; and
- Zinc has launched a new branded content business which will create programmes and content for advertisers and brands, and support the Group's traditional TV business with potential new revenue models.

The branded content business will leverage all the experience within Zinc's TV businesses to deliver high quality, brand-funded, unscripted film and audio content across television and digital platforms. In times of economic contraction brands and advertisers look to make their spend go further, and brand-led content, content marketing, and advertiser funded programmes are coming to the fore again.

Cost savings and cash management

Costs continue to be managed by reduction in hours and furloughing, with costs in June 20% lower than pre-Covid levels. Previously the Group reported costs in April and May that were 31% lower than pre-Covid levels. Non-executive Directors took no pay between April and June and senior management, including the CEO, took pay cuts of up to 40% during the same period. A programme of permanent cost savings of £0.7m per annum compared to pre-Covid levels will be effective from August as the Group continues its restructuring programme.

The Group's cash balance at 20 July was £3.7m, and along with a new overdraft facility that has been agreed in principle, is currently providing sufficient working capital. The Group is continuing to pursue Government backed finance, including CBIL loans, to provide sufficient working capital to continue with the transformation plan at the current pace, towards profitability from 2021.

In February shareholders approved a capital reduction. This process, which requires court approval and was delayed by Covid-19, is now expected to conclude in August. This will result in the Group having distributable profits, which is an eligibility criterion for government backed loans.

The Group will report its interim results for the six month period ending 30 June 2020 in September.

Mark Browning, Chief Executive Officer, commented:

"The progress since the 21st May has been encouraging. With TV production activity resuming and stronger sales in June in our new Zinc Communicate division we are in a better position than we had anticipated two months ago. I would like to thank all our staff and freelancers who have been so resilient through lockdown. There remain significant challenges ahead, and forecasting is exceptionally challenging, but we continue to win new business, improve our margins, attract new talent, and reduce our costs. The changes and improvements we said we would make in our transformation plan are firmly on track."

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Notes to Editors

Zinc Media Group plc is a leading British based TV and content creation company and operates 6 TV labels and a content division called Zinc Communicate.

The six award winning and critically acclaimed television production labels include: Blakeway, Brook Lapping, Films of Record, Blakeway North, Reef Television and Tern Television, whose brands produce television and radio programmes for both UK and international broadcasters.

The Zinc Communicate division comprises all the Groups content making divisions outside its TV labels. This includes the former Ten Alps Communication division now known as Zinc Communicate – Publishing which also houses a new video marketing division, and Zinc Communicate – Branded Content which produces content for brands, advertisers, agencies and media owners.

For further information on Zinc Media please visit: <http://www.zincmedia.com/>