22 April 2022

Zinc Media Group plc

("Zinc", "Zinc Media", the "Company" or the "Group")

Results for the year ended 31 December 2021
and
Notice of Annual General Meeting

Zinc Media Group plc today announces its audited results for the year ended 31 December 2021.

Headlines

The Group is pleased to report significant progress in 2021, including the following highlights:

- Revenues for the year to 31 December 2021 ("FY21") of £17.5m (18 months ended 31 December 2020: £30.6m), with H2 2021 revenues increasing by 50% to £10.5m (H1 2021: £7.0m).
- Adjusted EBITDA[1] loss for the year of £0.6m (18 months ended 31 December 2020: £0.8m loss), with H2 2021 Adjusted EBITDA[1] profit of £0.5m (H1 2021 : £1.1m loss).
- The Group generated Free Cash Flow[2] of £0.5m in H2 2021.
- The balance sheet has remained strong with cash of £5.6m at the end of the year, and £4.2m as of 14 April 2022. There was a net cash outflow of £1.2m during the year (18 months ended 31 December 2020: net inflow of £3.6m).
- As of 14 April the Group has booked £13m of revenue which is expected to deliver in 2022, an increase of £4m since February.
- The Group has a healthy pipeline of potential new business for 2022 totalling £35m which could deliver in 2022, of which £8m is at a highly advanced stage. Within the highly advanced opportunities is a potential multi-million pound commission for a global streamer for which the Group has already received £0.4m of funding.
- TV production gross margins increased by a further 7.6% to 37.2% in the 12 months to December 2021. This is 12.5% higher than when the current management joined the Group in FY19 and equates to a £2m improvement in profitability based on pre-Covid-19 revenues.
- The Group delivered a number of significant programme successes during the year, which included:
  - a multi-million pound 52-episode returning series with Channel 5
  - the Group's first major new series for the Discovery Group
  - the Group's first Advertiser funded TV series
  - the Group's first Advertiser funded podcast series
  - the Group's first audio commission from Amazon Audible
  - the Group's first funded development for one of the world's biggest SVoD (subscription video on demand) platforms; and
  - the launch of new TV label Supercollider which won new business from Red Bull and Lego

[1] Adjusted EBITDA defined as EBITDA before share based payment charge, loss on disposal of fixed assets and exceptional items

[2] Free Cash Flow defined as operating cashflow less capex

- The Group has continued to diversify its revenue base. Five new businesses have been launched during 2020 and 2021 to propel the Group into new content creation areas which collectively have generated £5m, or 29%, of Group revenue in the year.
- Zinc Communicate accounted for 17% of Group revenue in the year, almost double the proportion in FY20.
- The biggest TV division, in London and Manchester, made a profit at the Adjusted EBITDA level for the first time since 2017.

Mark Browning, CEO of Zinc Media Group, said:

"We are very encouraged by the Group's performance this year which positions it well for sustained growth and profitability in the years ahead. Revenue is growing again, our margin performance is outstanding, we are diversifying into new content markets, the business was cash generative in H2 2021 and our pipeline shows the largest amount of advanced business in the last three years. Our balance sheet is strong, which will allow us to make further investments for long term growth. Our teams throughout the UK have worked exceptionally hard to achieve these results and we can look forward to future years with confidence and ambition."

Copies of the annual report and accounts

The annual report and accounts is available on the company's website at www.zincmedia.com and a hard copy will be posted to those shareholders registered to receive one.

Notice of annual general meeting

Accompanying the accounts is notice of the Company's 2022 annual general meeting (the "AGM"), which will take place at 10.00am on 26 May 2022 at Singer Capital Markets' offices at 1 Bartholomew Lane, London, EC2N 2AX.

For those shareholders intending to attend the AGM please be mindful of any UK Government Covid-19 guidance in place prior to the meeting. If circumstances should change materially before the date of the meeting, the Company may adapt the proposed arrangements, working in accordance with UK Government guidelines and mindful of public health concerns. If there are material changes, the Company will provide updates as early as possible before the date of the meeting through a Regulatory Information Service and the Company's website at www.zincmedia.com/investors. Shareholders are advised to check the Company's website regularly for updates.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation.

For further information, please contact:

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About Zinc Media Group

Zinc Media Group plc is a leading television and content creation group.

The award-winning and critically acclaimed television labels comprise Blakeway, Brook Lapping, Films of Record, Red Sauce, Supercollider, Rex and Tern Television and produce programmes across a wide range of factual genres for UK and international channels.

Zinc Communicate specialises in developing cross-platform content for brands, businesses and partners. For further information on Zinc Media please visit www.zincmedia.com

CHAIRMAN'S STATEMENT

2021 was a tale of two halves. The first half saw the country in lockdown between January and April, with the consequential negative impact on TV production businesses heavily reliant on accessing people to film. As a result, the Group's H1 performance reflects these difficult trading conditions. However, in contrast to the first lockdown period in 2020 the Group continued to invest in business development and new hires in H1 2021, trusting that this would deliver growth and profitability in H2 2021 and 2022. This decision has been vindicated in the Group's H2 results which delivered Adjusted EBITDA of £0.5m and Free Cash Flow of £0.5m, demonstrating the excellent progress made under the new management team.

Margin improvement has been a critical driver of success, with TV production gross margins now up 12.5% from FY19 levels, exemplifying the transformation plan executed during the Covid-19 pandemic over the last two years. Revenue diversification has continued with the success of new businesses launched in the last 18 months, which collectively delivered £5m of revenue from new markets and buyers. This includes the live action and events production business Supercollider and the branded entertainment and corporate video businesses in the new commercial content division Zinc Communicate.

There were many notable breakthroughs in 2021 as the Group moved into podcasting, brand funded entertainment, live action television and video marketing. The Group also won its largest ever television commission and secured new TV clients including Sky and Dave, and in audio Amazon Audible. The Group starts 2022 in a strong position with £13m booked for delivery in the year and a strong pipeline.

The Board would like to thank the management team, the employees and freelancers for their professional and dedicated work, as well as our shareholders for their support in what has been a year of progress amid difficult conditions.

CEO'S REPORT

Performance and strategy

In the second half of 2021 the Group delivered a healthy Adjusted EBITDA profit of £0.5m (H1 2021: £1.1m loss) and was cash generative. The continuing focus on improving gross margins over the last 18 months was a significant driver of this strong performance and demonstrates the profitability and cash generation which the Group can achieve once revenues start to accelerate and the Group scales further.

At the start of 2021, the Group updated its strategic plan focusing on five strategic priorities:

- Revenue growth and diversification;
- Gross margin growth;
- Cash generation and cash management;
- Performance culture; and
- Shareholder engagement

Strong progress has been made on each of these areas during the year.

Revenue growth and diversification

Despite being heavily impacted by Covid-19 in 2021 the television businesses, which are based in London, Manchester, Glasgow, Aberdeen and Belfast, delivered revenues of £14.6m, representing 83% of the Group's turnover. Returning series are the bedrock of successful television businesses and the Group had 13 returning series in 2021 which accounted for £5.5m of television turnover in 2021. The Group starts 2022 with 9 returning series.

Zinc Communicate demonstrated good growth in 2021 and has the potential to grow substantially in 2022 and beyond. This business is the Group's commercial content production division and currently operates in four

areas: branded entertainment, corporate video, digital publishing and audio and podcasting. Revenues from Zinc Communicate were £2.9m in 2021, up 59% on 2020 on an annualised basis. Three of these four business were launched in 2021 and all have the potential for rapid acceleration in the years ahead. Gross margins in Zinc Communicate are typically double those in television.

Revenue diversification is progressing well across the Group. Diversification within television saw the Group break into the UK multi-channel networks for the first time in 2021, with new business coming from Dave (part of UKTV), Sky Arts and Discovery. Prior to the implementation of the transformation plan in 2020 this was largely untapped by Zinc. The Group launched several new businesses in 2021 which included Red Sauce and Supercollider within the Television division, and branded entertainment, corporate video and podcasting in Zinc Communicate. Collectively these new businesses accounted for £5m of revenue in 2021, accounting for 29% of the Group's turnover. These all represent new markets for Zinc, and have the potential for accelerated growth in 2022 and beyond.

Gross margin growth

London & Manchester television production gross margins grew strongly in the year, seeing an increase of 7.6% to 37.2% (FY20: 29.6%, FY19: 24.7%). Improvement has been driven by investments in post-production technology, re-organisation of staff resource, enhancing financial controls in production management and the alignment of incentivisation schemes. Gross margin is now at the higher end of industry norms, and the target remains 33%-35% on an on-going basis.

Cash generation and cash management

Progress in cash management was also made during the year, with the Group becoming cash generative in H2. Despite a net cash outflow of £1.2m over the year (18 months ended 31 December 2020: net inflow of £3.6m), the balance sheet has remained strong: cash balances have remained buoyant throughout the year, ending 31 December 2021 at £5.6m (2020: £6.8m), providing the platform for the Group to invest and enable growth in 2022 and beyond.

Performance culture

The performance culture continues to drive success within the Group. All employees are set clear personal objectives and provided with regular feedback on performance. All business winning roles and business delivery roles are rewarded on delivery of agreed gross margins, and members of the Senior Management Team ("SMT") are incentivised on the EBITDA performance of their respective divisions. A culture of high performance is supported by employee initiatives which invest in personal development, training, and learning and development. Zinc Care was launched in 2021 which implemented wellbeing seminars and coaching events to provide personal and professional development.

Shareholder engagement

The Group invested further in improving shareholder engagement during the year. Alongside regular trading updates, the CEO and CFO present to all shareholders and interested parties at least twice a year using the Investor Meets Company platform. In addition, the Group held a capital markets day in July 2021 and has recently held another in February 2022. These are held at Zinc headquarters in London, providing a chance for investors to meet the executive team and Chairman along with members of the SMT, and they provide market insights and showcase the creative work from around the Group. The Group appointed Investor Focus Communications (IFC) as its investor relations and financial PR advisor in December 2021. They will be leading the Group's investor engagement strategy during the coming year. Other shareholder conversations take place throughout the year and news is regularly posted on the Group's website and on the Group's social media feeds. Links to these can be found at www.zincmedia.com.

Programme highlights

2021 was packed with programme and editorial highlights including many 'firsts' for the Group.

In television, the PSBs (Public Service Broadcasters) – the BBC, ITV, Channel 4 and Channel 5 - represent the largest market for Zinc and the Group produces for all these channels.

Ian Wright: Home Truths for BBC One attracted very high levels of press and discussion, and is another world-class piece of reputational television. *Blitz Spirit with Lucy Worsley*, a follow-up to the BAFTA Award winning *Suffragettes with Lucy Worsley,* transmitted on BBC One in February 2021. *The Hunt for Gaddafi's Billions*, a feature-length documentary for BBC, VPRO, ZDF/Arte and other broadcasters transmitted on BBC FOUR and was nominated in the category of best current affairs at the International Emmy Awards. Norma Percy's series *Trump Takes on the World* was a three-part series for the BBC, Arte France and other international broadcasters which transmitted on BBC One to great acclaim.

On ITV *9/11: Life Under Attack* anchored ITV's coverage of the 20th anniversary of the Twin Towers attack and has been nominated for an RTS award. The Group produced several series for Channel 4 including the returning series *Emergency Helicopter Medics* from Tern TV for More4, and *50 Years of Mr Men with Matt Lucas* for Channel 4. Excellent progress was made with Channel 5 during 2021, with Tern TV producing *Thatcher vs The Miners* and Red Sauce winning the Group's largest ever series commission for *Bargain Loving Brits in the Sun.*

Productions made outside London ("MoL") are important for the PSBs and Zinc is well placed to address this need, with substantive long term production centres in Manchester, Glasgow, Belfast and Aberdeen. Zinc's proportion of MoL TV production revenues in 2021 was 71%, up from 58% in 2020, driven by the success of Red Sauce in Manchester and Tern TV in Scotland and Northern Ireland.

The Group made good progress moving into new markets in the UK multichannel networks. Zinc won its first major new series for the Discovery Group: *Spooked: Scotland*, a 10-part series from Tern TV. Red Sauce picked up a new 'blue light' series for Dave titled *Special Ops: Crime Squad UK* which is a potential returning series, and Zinc Communicate won the Group's first Advertiser Funded Programme (AFP), a series broadcast on Sky Arts, funded by Adobe, titled *My Greatest Shot* and produced by Tern TV in Scotland.

Additionally, the Group made significant progress in diversifying into content for brands and agencies. The Group's newest TV label Supercollider won its first production, *Human Pinball* for Red Bull, a stunt action film with YouTube freerunning star Pasha. This premium television production was released on social media and Red Bull's own channels. Supercollider followed this up by producing social media content for The Lego Group to launch their Lego Stuntz range of toys.

Zinc Communicate launched into the potentially lucrative market of podcasting, which builds organically from Zinc's heritage in radio production. The audio and podcasting business won its first commission for Amazon Audible, as well as its first commercial podcasts.

Market and outlook

The content market is improving from the Covid-19 inflicted decline. Prior to the pandemic, the television production market in the UK was worth £4.7bn, with Factual television, Zinc's core competence, accounting for £1bn[3]. The television commissioning market can broadly be split in to four buyers: UK PSBs including Nations and Regions, UK multi-channel networks (e.g. UKTV, Sky), international channels and SVoD (Subscription Video on Demand e.g. Netflix).

The PSBs remain the single largest buyers of original UK production and Zinc consistently wins commissions from all the UK PSBs. Given the size of this market there is a significant opportunity for Zinc to grow its share, with even modest growth in market share expected to translate into significant improvements in profitability. As a result of the many new hires made during the last 12 months the Group anticipates steady growth from the UK PSBs in the years ahead, with a particular focus on winning new commissions from the BBC, Channel 4 and Channel 5.

Zinc has broken into new TV markets in 2021. This includes the growing market occupied by the UK multi-channel networks with new clients including Dave and Sky. The international commissioning market has been impacted by Covid-19 for longer than the UK. Prior to Covid-19 Zinc was able to generate approximately 30%

[3] Source: Ofcom, PACT census, Oliver and Ohlbaum

of its television revenues from this market, and as the world comes out of the pandemic the Group is optimistic it will see revenues from this market recover.

The final market for original unscripted production is the SVoD market. While the number of hours commissioned from UK indies remains small by comparison with the UK PSBs this is a growing market and Zinc is making good progress winning client funded developments from potential new customers.

In addition to broadcast television production the Group's commercial content production division Zinc Communicate is successfully diversifying revenues into new content rich markets. These include branded entertainment, audio and podcasting and corporate video. The Group has successfully launched new businesses in these markets and anticipates accelerated growth from these businesses in 2022 and beyond.

As at 14 April the pipeline for the Group is over £35m of potential new business which could deliver in 2022, of which £8m is highly advanced with buyers. Strong pipeline conversion has been a challenge during the pandemic with buyers hesitant to commit significant spend while crews and partners have themselves been impacted by Covid-19 delays. However, the Group has every expectation of accelerating the conversion of this strong pipeline as confidence returns to the market, and fully expects to see a faster conversion of new business in the year ahead.

The size of the opportunity for the Group is significant. H2's results provide evidence that the Group can generate healthy EBITDA and cash as it scales. Growth will come from pursuing organic and acquisitive opportunities. We believe the management, board, shareholders and employees are aligned on this approach, and we are optimistic that growth will accelerate in 2022 and beyond.

CFO'S REPORT

Income statement

During FY20, the Group's accounting reference date was changed from 30 June to 31 December and as a result the prior period figures for FY20 in this report relate to an eighteen-month period.

Once the worst impacts of Covid-19 were behind us the Group saw a significant upturn: revenues in the second half of the year versus the first half increased by 50% to £10.5m, and the Group generated Adjusted EBITDA[4] of £0.5m (H1 2021: £1.1m loss).

Revenue from continuing operations for the year was £17.5m (FY20 18 month period: £30.6m). Adjusted EBITDA from continuing operations was a £0.6m loss in the year (FY20 18 month period: £0.8m loss).

Five new businesses were launched in the last 18 months, which collectively generated £5m, or 29%, of Group revenue in the year. The new businesses within Zinc Communicate helped propel its revenues to 17% of Group revenue in the year, almost double the proportion in FY20. This is in line with the strategy to continue to build the television businesses whilst diversifying revenue.

Tern TV continued to perform well in the year with revenues of £6.7m. London & Manchester TV generated £7.9m of revenue and made a profit at Adjusted EBITDA level for the first time since 2017. This is particularly encouraging given the investment made in new roles during the year as this division felt the impact of the pandemic more acutely than other parts of the business owing to its dependence on more expensive and international programmes.

Total gross margin increased during the period from 30.1% to 38.5%. The increase in margin was driven primarily by London and Manchester TV where production gross margins increased from 29.6% to 37.2% due to the previous year's investment in post-production equipment, changes in production management and improvements in financial management.

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[4] Adjusted EBITDA defined as EBITDA before share based payment charge, loss on disposal of fixed assets and exceptional items

Earnings per share

Basic and diluted loss per share from continuing operations in the period was 15.80p (18 months ended 31 December 2020: loss per share of 66.38p). These measures were calculated on the losses for the period from continuing operations attributable to Zinc Media Group shareholders of £2.5m (18 months ended 31 December 2020: loss of £4.3m) divided by the weighted average number of shares in issue during the period being 16,095,991 (18 months ended 31 December 2020: 6,507,620).

The Board does not recommend the payment of a final dividend (18 months ended 31 December 2020: £nil).

Statement of Financial Position

Assets

Cash at the end of December 2021 was £5.6m, having decreased by £1.2m during the period as a result of a combination of outflows from operating activities, capital expenditure, property leases and the servicing of the long-term debt.

Equity and Liabilities

Equity has reduced from £6.0m to £3.7m principally driven by the loss in the year.

Total liabilities have remained static. The Group had an outstanding balance on long-term debt of £3.4m at the year end (2020: £3.4m). The Directors believe the Group has strong shareholder support, evidenced by shareholders investing £7.5m in new equity in recent years and the long-term debt holders, who are also major shareholders with 44% of the Group's shares, extending the repayment date of the Group's long-term debt from December 2022 to December 2024.

Cash Flows

The Group is pleased to report that free cash flow of £0.5m was generated from operations in the second half of the year (H1 2021: £1.1m outflow).

Across the full year the Group experienced a modest cash outflow from operating activities of £0.2m (FY20 18 month period: £0.7m outflow) due to an increase in working capital of £0.4m offsetting a cash outflow of £0.6m.

Working capital has been closely managed, and together with much reduced capital expenditure of £0.3m - following the previous period's £1.0m capital expenditure, mostly comprising investment in production equipment to drive increased gross margins in TV - the cash position of the Group has remained buoyant and the Group ended the year with £5.6m (2020: £6.8m).

Post Balance Sheet Events

Post year-end, the long-term debt holders agreed to extend the term of the debt by two years, such that the repayment of the debt is now due on 31 December 2024.

Key Performance Indicators (KPIs)

In monitoring the performance of the business, the executive management team uses the following KPIs:

- TV production gross margins
- Revenue growth
- Revenue diversification
- Pipeline and order book growth
- Adjusted EBITDA

- Cash generation
- Audience and market response to programming content (viewing ratings, industry awards etc.)

These KPIs have been reported within the CEO’s Report and CFO’s Report.

Consolidated income statement for the year ended 31 December 2021

	Notes	**12 months ended 31 December 2021 £'000**	18 months ended 31 December 2020 £'000
Continuing operations			
Revenue	4	**17,491**	30,552
Cost of sales	5	**(10,759)**	(21,359)
Gross profit		**6,732**	9,193
Operating expenses	5	**(9,097)**	(12,865)
Operating loss		**(2,365)**	(3,672)
Depreciation & amortisation	5	**1,486**	2,246
Share based payment charge	7	**122**	22
Loss on disposal of fixed assets		**4**	22
Exceptional items	8	**141**	589
Adjusted EBITDA		**(612)**	(793)
Finance costs	9	**(241)**	(460)
Finance income	9	**-**	2
Loss before tax		**(2,606)**	(4,130)
Taxation credit/(charge)	10	**86**	(157)
Loss for the period from continuing operations		**(2,520)**	(4,287)
Loss from discontinued operations	11	**-**	(624)
Loss for the period		**(2,520)**	(4,911)
Attributable to:			
Equity holders		**(2,544)**	(4,944)
Non-controlling interest		**24**	33
Retained loss for the period		**(2,520)**	(4,911)
Earnings per share			
From continuing operations:			
Basic	12	**(15.80)p**	(66.38)p
Diluted	12	**(15.80)p**	(66.38)p
From discontinued operations:			
Basic	12	**(0.00)p**	(9.59)p
Diluted	12	**(0.00)p**	(9.59)p

Adjusted EBITDA is defined as EBITDA before share based payment charge, loss on disposal of fixed assets and exceptional items. The loss for the period attributable to equity holders from continuing operations is £2,544k (18 months ended 31 December 2020: £4,320k) and the loss to equity holders from discontinued operations is £nil (18 months ended 31 December 2020: £624k).

The accompanying principal accounting policies and notes form part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2021

	12 months ended 31 December 2021 £'000	18 months ended 31 December 2020 £'000
Loss for the year and total comprehensive income for the period	**(2,520)**	(4,911)
Attributable to:		
Equity holders	**(2,544)**	(4,944)
Non-controlling interest	**24**	33
	(2,520)	(4,911)

Consolidated statement of financial position as at 31 December 2021

	Note	**2021** **£'000**	2020 £'000
Assets			
Non-current			
Goodwill and intangible assets	13	**3,800**	4,505
Property, plant and equipment	14	**904**	934
Right-of-use assets	19	**1,159**	1,277
		5,863	6,716
Current assets			
Inventories	15	**226**	184
Trade and other receivables	16	**3,887**	4,279
Cash and cash equivalents	17	**5,608**	6,805
		9,721	11,268
Total assets		**15,584**	17,984
Equity			
Called up share capital	24	**20**	20
Share premium account	24	**4,785**	4,654
Share based payment reserve		**277**	155
Merger reserve	24	**27**	27
Retained earnings	24	**(1,386)**	1,158
Total equity attributable to equity holders of the parent		**3,723**	6,014
Non-controlling interests		**24**	12
Total equity		**3,747**	6,026
Liabilities			
Non-current			
Borrowings	20	**-**	3,426
Lease liabilities	19	**735**	1,066
Deferred tax	22	**190**	277
Provisions	23	**250**	75
		1,175	4,844
Current			
Trade and other payables	18	**6,799**	6,771
Current tax liabilities		**4**	6
Borrowings	20	**3,428**	-
Lease liabilities	19	**431**	337
		10,662	7,114
Total equity and liabilities		**15,584**	17,984

The consolidated financial statements were authorised for issue and approved by the Board on 21 April 2022 and are signed on its behalf by Will Sawyer.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Company registration number: SC075133

Consolidated statement of cash flows for the year ended 31 December 2021

	Note	12 months ended 31 December 2021 £'000	18 months ended 31 December 2020 £'000
Cash flows from operating activities			
Loss for the year before tax from continuing operations		**(2,606)**	(4,130)
Loss for the year before tax from discontinued operations		**-**	(624)
		(2,606)	(4,754)
Adjustments for:			
Depreciation	5	**782**	1,278
Amortisation and impairment of intangibles	5	**704**	1,039
Finance costs	9	**241**	460
Finance income	9	**-**	(2)
Share based payment charge	7	**122**	22
Loss on remeasurement of deferred contingent consideration	8	**-**	41
Contingent consideration deemed remuneration	8	**-**	160
Consideration paid in shares		**131**	-
Loss on disposal of assets		**4**	22
		(623)	(1,734)
(Increase) / decrease in inventories		**(42)**	52
(Increase) / decrease in trade and other receivables		**392**	2,579
Increase / (decrease) in trade and other payables		**28**	(1,565)
Cash (used in) / generated in operations		**(245)**	(668)
Finance costs paid		**-**	(69)
Finance income		**-**	2
Interest on lease		**-**	(89)
Tax paid		**-**	-
Net cash flows (used in) / generated in operating activities		**(245)**	(824)
Investing activities			
Payment of contingent consideration on acquisition of subsidiary		**-**	(750)
Purchase of property, plant and equipment	14	**(273)**	(988)
Purchase of intangible assets		**-**	(108)
Net cash flows used in investing activities		**(273)**	(1,846)
Financing activities			
Issue of ordinary share capital (net of issue costs)		**-**	7,094
Principal elements of lease payments		**(432)**	(698)
Interest paid		**(241)**	(172)
Net cash flows generated from / (used in) from financing activities		**(673)**	6,224
Net (decrease) / increase in cash and cash equivalents		**(1,191)**	3,554
Translation differences		**(6)**	38
Cash and cash equivalents at beginning of year/period	17	**6,805**	3,213
Cash and cash equivalents at year/period end	17	**5,608**	6,805

Consolidated statement of changes in equity for the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Merger reserve £'000	Preference shares £'000	Retained earnings £'000	Total equity attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 July 2019	**5,928**	**30,509**	**133**	**875**	**839**	**(35,625)**	**2,659**	**8**	**2,667**
Loss and total comprehensive income for the period	-	-	-	-	-	(4,944)	(4,944)	33	(4,911)
Equity-settled share-based payments	-	-	22	-	-	-	22	-	22
Shares issued in placing	13	7,487	-	-	-	-	7,500	-	7,500
Consideration paid in shares	1	489	-	65	-	60	615	-	615
Shares issued in lieu of fees	-	48	-	-	-	-	48	-	48
Shares issued in debt conversion	1	427	-	-	-	-	428	-	428
Conversion of preference shares	8	923	-	-	(839)	-	92	-	92
Expenses of issue of shares	-	(406)	-	-	-	-	(406)	-	(406)
Capital reduction	(5,931)	(34,823)	-	(913)	-	41,667	-	-	-
Dividends paid	-	-	-	-	-	-	-	(29)	(29)
Total transactions with owners of the Company	(5,908)	(25,855)	22	(848)	(839)	36,783	3,355	4	3,359
Balance at 31 December 2020	**20**	**4,654**	**155**	**27**	**-**	**1,158**	**6,014**	**12**	**6,026**
Balance at 1 January 2021	**20**	**4,654**	**155**	**27**	**-**	**1,158**	**6,014**	**12**	**6,026**
Loss and total comprehensive income for the period	-	-	-	-	-	(2,544)	(2,544)	24	(2,520)
Equity-settled share-based payments	-	-	122	-	-	-	122	-	122
Consideration paid in shares	-	131	-	-	-	-	131	-	131
Dividends paid	-	-	-	-	-	-	-	(12)	(12)
Total transactions with owners of the Company	-	131	122	-	-	(2,544)	(2,291)	12	(2,279)
Balance at 31 December 2021	**20**	**4,785**	**277**	**27**	**-**	**(1,386)**	**3,723**	**24**	**3,747**

Notes to the preliminary financial information

1. GENERAL INFORMATION

Zinc Media Group plc and its subsidiaries (the Group) produce high quality television and cross-platform content.

Zinc Media Group plc is the Group's ultimate parent and is a public listed company incorporated in Scotland. The address of its registered office is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN. Its shares are traded on the AIM Market of the London Stock Exchange plc (LSE:ZIN).

The financial statements are presented in Sterling (£), rounded to the nearest thousand.

2. BASIS OF PREPARATION

This preliminary financial information does not constitute statutory accounts within the meaning of S434 of the Companies Act 2006 for the financial year ended 31 December 2021 or the 18 month period ending 31 December 2020.

The financial statements of the Group for the financial year ended 31 December 2021 have been prepared in accordance with UK-adopted-International Accounting Standards. The financial statements have been prepared primarily under the historical cost convention, with the exception of contingent consideration measured at fair value. Areas where other bases are applied are identified in the accounting policies below.

The Group's accounting policies have been applied consistently throughout the Group to all the periods presented, unless otherwise stated.

The preliminary financial information for the periods ended 31 December 2021 and 2020 has been extracted from the audited statutory accounts for the year ended 31 December 2021 and prepared on the same basis as the accounting policies adopted in those accounts. The statutory accounts for the year ended 31 December 2021 have yet to be delivered to the Registrar of Companies and have been prepared in accordance with UK-adopted-International Accounting Standards.

Statutory accounts for the year ended 31 December 2021 will be delivered to the Registrar of Companies and sent to Shareholders shortly.

The audit report on the statutory financial statements for the year ended 31 December 2021 is unqualified and does not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and does not contain any statement under Section 498(2) or (3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2020 been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 498(2) and (3) of the Companies Act 2006.

2.1) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of signing of the financial statements. The Group is dependent for its working capital requirements on cash generated from operations, cash holdings, long-term debt and from equity markets.

The Directors believe the Group has sufficient cash resources. As at 31 December 2021 the cash holdings of the Group were £5.6m and net cash was £2.2m. The Group also has an overdraft facility of £0.6m available.

The Directors believe the Group has strong shareholder support, evidenced by shareholders investing £7.5m in new equity in recent years and the long-term debt holders, who are also major shareholders with 44% of the Group's shares, post year end having agreed to extending the repayment date of the Group's long-term debt from December 2022 to December 2024.

Management have prepared forecasts and scenarios under which cashflows may vary and believe there are sufficient mitigating actions that can be employed to enable the Group to operate within its current level of financing for a period of at least 12 months from the date of signing of the financial statements.

There are several factors which could materially affect the Group's cashflows, including the impact of any further Covid-19 related restrictions, the underlying performance of the business and uncertainty regarding the timing of receipts from customers. The Directors have prepared scenario plans. The main variable is the run rate of new business, particularly in relation to commissions of television programmes. Whilst the sales pipeline is healthy the timing of new sales is hard to predict and the scenarios include revenues being 25% down on pre-Covid levels of 2019. The Directors have reviewed management's forecasts and scenarios under which cashflows may vary and remain confident that the Group will have sufficient cash resources for a period of at least 12 months from issuing the financial statements in these scenarios.

In light of the forecasts, the support provided by the loan providers who are also significant shareholders, along with mitigating measures available to be used if needed, the Directors believe that the going concern basis upon which the financial statements have been prepared is reasonable.

2.2) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests (NCI) represents the share of non-wholly owned subsidiaries' net assets that are not directly attributable to the shareholders of the Group.

2.3) Adoption of new and revised standards

New standards, interpretations and amendments effective from 1 January 2021

In the current period, the following standards and interpretations have been adopted which were effective for periods commencing on or after 1 January 2021:
- Amendment to IFRS 16 Leases Covid-19 - Related Rent Concessions (effective 30 June 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (effective 1 January 2021)
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021)

The adoption of these amendments has not had a material impact on the financial statements.

New standards and interpretations that have not been early adopted

None of the new standards, amendments and interpretations, which are effective for periods beginning after 1 January 2022 and which have not been adopted early, are expected to have a significant effect on the consolidated financial statements of the Group.

3) ACCOUNTING POLICIES

3.1) Revenue

The Group recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group follow these steps:

1. Identify the contract with the customer

2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met.

Where productions are in progress at the year end and where the revenue amounts invoiced exceed the value of work done the excess is shown as contract liabilities; where the revenue recognised exceed revenue invoiced the amounts are classified as contract assets. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. Where it is anticipated that a production will make a loss, the anticipated loss is provided for in full.

The accounting policies specific to the Group's key operating revenue categories are outlined below:

TV – production revenue

Production revenue from contracts with broadcasters comprises work carried out to produce and deliver television programmes and broadcaster licence fees. These are combined performance obligations because the production and licence are indistinct, and the licence is not the primary or dominant component of the combined performance obligation. The Group considers the combined performance obligation to be satisfied over time as it does not create an asset with an alternative use at contract inception and the Group has an enforceable right to payment for performance completed to date.

The Group recognises revenue over time by measuring the progress towards complete satisfaction of the performance obligation, in line with transferring control of goods or services promised to a customer. The Group transfers control of the programme over time, and costs are incurred in line with performance completed. The percentage of completion is calculated as the ratio of the contract costs incurred up until the end of the period to the total estimated programme cost.

TV – distribution revenue

Distribution revenue comprises sums receivable from the exploitation of programmes in which the company owns rights and is received as advances and royalties.

Advances are fixed sums receivable at the beginning of exploitation that are not dependent on the sales performance of the programme. They are recognised when all the following criteria have been met:

i) an agreement has been executed by both parties; and
ii) the programme has been delivered; and
iii) the licence period has begun.

Royalty revenue is dependent on the sales performance of the programme and is recognised when royalty amounts are confirmed.

Zinc Communicate

The three types of revenue, which comprise distinct performance obligations, are:

1. Publishing: advertising revenue is recognised on the date publications are dispatched to customers which is when control transfers.

2. Online: revenue is recognised at the point of delivery or fulfilment for single/discrete services which is when control transfers.

3. Content production: recognition of revenue is by reference to stage of completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided, which is done on the same basis as TV production revenue.

3.2) Government grants

Grants received as part of Government assistance to retain employees during the Covid-19 pandemic have been recognised in the Consolidated Statement of Comprehensive Income in the same period that the related employee cost has been recognised.

3.3) Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold premises	over the term of the lease
Office equipment	10%-20% on cost
Computer equipment	20%-33% on cost
Motor vehicles	25% on cost

Useful economic lives are reviewed annually. Depreciation is charged on all additions to, or disposals of, depreciating assets in the year of purchase or disposal. Any impairment in values is charged to the income statement.

3.4) Intangible assets

Business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Goodwill arising on acquisitions is attributable to operational synergies and earnings potential expected to be realised over the longer term.

The intangible assets other than goodwill are in respect of the customer relationships, brand and distribution catalogue acquired in respect of the acquisition of Reef Television and Tern Television Productions and in each case, are amortised over the expected life of the earnings associated with the asset acquired.

Brands, Customer relationships, Distribution catalogue	Over 7 years
Software	Over 2 years

The distribution catalogue intangible asset arises on the acquisition of Tern Television Productions. It is amortised over 5 years and as at 31 December 2021 the remaining useful life was 2.5 years.

Brands and customer relationships relate to the acquisition of Reef Television and Tern Television Productions. They are amortised over a period of 7 years and as at 31 December 2021 there were 0.5 more years of useful life remaining for Reef Television and 2.5 years remaining for Tern Television Productions.

The software relates to a finance system that was purchased in 2020 and is used across the group.

3.5) Leased assets

For any new contracts 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; and

- The Group has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- 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.

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 incentives 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, 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 remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or income statement if the right-of-use 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 these are recognised as an expense in the income statement on a straight-line basis over the lease term.

3.6) Inventories

Inventories in TV comprise of costs on productions that are incomplete at the year-end less any amounts recognised as cost of sales.

Inventories in Zinc Communicate comprise:

- Cumulative costs incurred in relation to unpublished titles or events, less provision for future losses, and are valued based on direct costs plus attributable overheads based on a normal level of activity. No element of profit is included in the valuation of inventories.
- Inventories comprise costs of unsold publishing stock and costs on projects that are incomplete at the year-end less any amounts recognised as cost of sales.

3.7) Impairment of assets

For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Goodwill is allocated to those cash generating units that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows. Goodwill and other individual assets or cash-generating units are tested for impairment annually or whenever events / changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying

amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

3.8) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of less than three months.

3.9) Current and deferred taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax is not recognised in respect of:

- the initial recognition of goodwill that is not tax deductible; and
- the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates and laws that are expected to apply to their respective year of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

3.10) Financial instruments

Recognition of financial instruments

Financial assets and liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Initial and subsequent measurement of financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the company with maturities of less than three months.

Trade and other receivables

Trade receivables are initially measured at fair value. Other receivables are initially measured at fair value plus transaction costs. Receivables are subsequently measured at amortised cost using the effective interest rate method.

Impairment of trade receivables

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Loan notes

Loan notes are initially recognised at fair value, adjusted for transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Finance charges, including premiums payable on settlement and direct issue costs, are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Contingent consideration

The acquisition-date fair value of any contingent consideration is recognised as part of the consideration transferred by the Group in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill. Other changes resulting from events after the acquisition date are recognised in profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off').

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised, and the consideration paid is recognised in profit or loss.

3.11) Employee benefits

Equity settled share-based payments

Where employees are rewarded using equity settled share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to reserves.

If vesting periods apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current year. No adjustment is made to any expense recognised in prior years if share options that have vested are not exercised.

Retirement benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

3.12) Provisions

Provisions are recognised when: the group has a present legal or constructive obligation as result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognised as interest expense.

3.13) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

3.14) Significant judgements and estimates

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. 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. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Revenue recognition

The main judgements regarding revenue recognition relate to TV production revenue. The Group considers the production and licence elements to be a combined performance obligation to be satisfied and recognised over time. This is explained in note 3.1.

Impairment of goodwill and intangible assets

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate to calculate the present value of these cash flows. Actual outcomes could vary. See note 13 for details of how these judgements are made.

Deferred tax asset on losses

Judgements are made to determine deferred tax assets on losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date. See note 22 for details of the deferred tax asset recognised at 31 December 2021.

3.15) Segmental reporting

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group. The activities undertaken by the TV segment include the production of television and radio content. The Zinc Communicate unit includes publishing and content production.

Each of these operating segments is managed separately as each service line requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm’s length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

4) SEGMENTAL INFORMATION AND REVENUE

Segmental information

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who categorise the Group's two service lines as two operating segments: Television and Zinc Communicate. These operating segments are monitored, and strategic decisions are made on the basis of adjusted segment operating results.

	Television		Zinc Communicate		Central and plc		Total	
	Year ended 31 December	18 Months ended 31 December	**Year ended 31 December**	18 Months ended 31 December	**Year ended 31 December**	18 Months ended 31 December	**Year ended 31 December**	18 Months ended 31 December
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Continuing Operations	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Revenue	**14,565**	27,790	**2,926**	2,759	**-**	3	**17,491**	30,552
Adjusted EBITDA*	**932**	1,633	**(241)**	(287)	**(1,303)**	(2,139)	**(612)**	(793)
Depreciation	**(582)**	(1,107)	**(48)**	(7)	**(151)**	(158)	**(782)**	(1,272)
Amortisation	**(650)**	(974)	**-**	-	**(54)**	-	**(704)**	(974)
Share based payment charge	**-**	-	**-**	-	**(122)**	(22)	**(122)**	(22)
Loss on disposal of fixed assets	**(4)**	(22)	**-**	-	**-**	-	**(4)**	(22)
Exceptional items	**(2)**	(176)	**(51)**	(19)	**(88)**	(394)	**(141)**	(589)
Operating (loss)	**(307)**	(646)	**(340)**	(313)	**(1,718)**	(2,713)	**(2,365)**	(3,672)
Finance costs	**(12)**	(26)	**-**	-	**(229)**	(434)	**(241)**	(460)
Finance income	**-**	2	**-**	-	**-**	-	**-**	2
Loss before tax	**(319)**	(670)	**(340)**	(313)	**(1,947)**	(3,147)	**(2,606)**	(4,130)
Taxation credit/(charge)	**4**	-	**-**	-	**82**	(157)	**86**	(157)
Loss for the year	**(315)**	(670)	**(340)**	(313)	**(1,865)**	(3,304)	**(2,520)**	(4,287)
Segment Assets	**12,571**	11,872	**2,151**	1,109	**862**	4,946	15,584	17,927
Segment Liabilities	**(15,294)**	(6,432)	**(1,207)**	(839)	**4,664**	(4,658)	(11,837)	(11,929)
Other Segment Items:								
Expenditure on intangible assets	**-**	-	**-**	-	**-**	108	**-**	108
Expenditure on tangible assets	**236**	126	**6**	-	**31**	862	**273**	988

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, share based payment charges, loss on disposal of fixed assets and exceptional items

Items included under 'Central and Plc' do not constitute an operating segment and relate mainly to Group activities based in the United Kingdom. Central and plc costs relate to Directors, support functions and costs resulting from being listed.

The internal reporting of the Group's performance does not require that costs and/or Statement of Financial Position information is gathered based on the geographical streams

The Group's principal operations are in the United Kingdom. Its revenue from external customers in the United Kingdom for the year was £16.0m (18 months ended 31 December 2020: £23.3m), and the total revenue from external customers in other countries was £1.5m (2020: £7.2m). There were two customers that accounted for more than 10% of Group revenue in the year: one customer accounted for £3.8m or 22% of Group revenue and the other customer accounted for £3.1m or 17% of Group revenue (2020: one customer accounted for £8.8m revenue).

Non-current assets are all located in the Group's country of domicile.

Revenue

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2021	2020
	£'000	£'000
Receivables, which are included in 'Trade and other receivables'	**2,060**	2,160
Contract assets	**1,502**	1,755
Contract liabilities	**(1,068)**	(1,275)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on contracts with customers. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for TV production related contracts, for which revenue is recognised on the percentage stage of completion of the production.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows.

	2021	
	Contract assets	Contract liabilities
	£'000	£'000
Opening balance 1 January 2021	1,755	(1,275)
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	1,275
Increases due to cash received, excluding amounts recognised as revenue during the period	-	(1,068)
Transfers from contract assets recognised at the beginning of the period to receivables	(1,755)	-
Increases as a result of changes in the measure of progress	1,502	-
Closing balance 31 December 2021	**1,502**	**(1,068)**

Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and chosen to not disclose information relating to performance obligations for contracts that had an original expected duration of one year or less, or where the right to consideration from a customer is an amount that corresponds directly with the value of the completed performance obligations.

5) EXPENSES BY NATURE

Costs from continuing operations consist of:

	2021 £'000	2020 £'000
Cost of sales		
Production costs	**7,660**	15,541
Salary costs	**1,803**	4,828
Royalties and distribution costs	**1,296**	990
Total cost of sales	**10,759**	21,359
Operating expenses		
Salary costs	**6,402**	6,927
Leases on premises	**6**	-
Other administrative expenses	**1,199**	3,654
Foreign exchange loss	**4**	38
Depreciation	**782**	1,206
Amortisation	**704**	1,040
Total operating expenses	**9,097**	12,865

Furlough income in the year totalled £71k (2020: £396k), this is included in salary costs in both operating expenses and cost of sales.

Included in other administrative expenses is the auditor, tax and share option advisors' remuneration, including expenses for audit and non-audit services, as follows:

	2021 £'000	2020 £'000
Statutory audit services		
Annual audit of the company and the consolidated accounts	**107**	123
Other professional services		
Tax advisory services	**18**	20
Payroll services	**-**	4
Other services	**14**	4
Total	**32**	28

6) STAFF COSTS

Staff costs from continuing operations, including directors, consist of:

	2021 £'000	2020 £'000
Wages & salaries	**6,888**	9,970
Social security & other costs	**778**	1,142
Pension costs	**509**	496
Share based payment charge	**122**	22
Consideration paid in shares	**30**	147
Total	**8,327**	11,777

The average number of employees (including directors) employed by the Group for continuing operations during the year was:

	2021	2020
Zinc Television	**115**	121
Zinc Communicate	**45**	39
Central and Plc	**8**	8
Total	**168**	168

The directors consider that the key management comprises the directors of the company, and their emoluments are set out below:

Directors' emoluments

	Salaries and fees £'000	Benefits in kind £'000	Bonus £'000	Shares £'000	Pension £'000	**2021 Total £'000**	2020 Total £'000
Executive Directors							
Mark Browning	270	-	162	-	27	**459**	688
Will Sawyer	150	-	81	-	15	**246**	328
Non-Executive Directors							
Christopher Satterthwaite (Chairman)	50	-	-	30	-	**80**	108
Nicholas Taylor	18	-	-	-	12	**30**	41
Andrew Garard	30	-	-	-	-	**30**	33
	518	-	243	30	54	**845**	1,198

The Remuneration Committee has benchmarked the Executive Directors' remuneration packages against the market during the year.

Key management personnel compensation

	2021 £'000	**2020** £'000
Short term employee benefits (includes employers NICs)	870	1,229
Post-employment benefits	54	76
Shares (includes employers NICs)	34	147
Share-based payments charge	101	118
Total	1,059	1,570

The amount for share based payments charge (see note 7) which relates to the Directors was £101k (2020: £118k).

7) SHARE BASED PAYMENTS

The charge for share based payments arises from the following schemes:

	2021	2020
	£'000	£'000
EMI share option scheme	**74**	(8)
Unapproved share option scheme	**48**	30
Total	**122**	22

The share based payment charge for options granted since February 2020 are calculated using a Stochastic model and options previously granted have been valued using the Black Scholes model.

Share options held by directors are disclosed in the Directors' Report.

Share Option Schemes

Under the terms of the EMI and unapproved share option schemes, the Board may offer options to purchase ordinary share options to employees and other individuals. Share options granted under the Group's schemes are normally exercisable for a ten-year period. The vesting period is from the date of grant up to three years. Some of the EMI share options and unapproved share options have market criteria that mean they only vest if the share price is at a minimum level at that point.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

Unapproved share option scheme

	2021		2020	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**173,201**	**2.527**	28,000	3.800
Transferred from EMI scheme	**2,000**	**3.750**	171,201	0.001
Granted	**711,345**	**0.001**	-	-
Lapsed during the year	**-**	**-**	(26,000)	3.781
Outstanding at the end of the year	**886,546**	**0.014**	173,201	2.527
Exercisable at the end of the year	**-**	**-**	-	-

EMI Share option scheme

	2021		2020	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**566,144**	**0.784**	259,233	2.350
Granted during the year	**539,960**	**0.683**	540,144	0.001
Lapsed during the year	**(7,000)**	**3.921**	(233,233)	2.196
Transferred to unapproved scheme	**(2,000)**	**3.750**	-	-
Outstanding at the end of the year	**1,097,104**	**0.390**	566,144	0.784
Exercisable at the end of the year	**-**	-	-	-

The options outstanding as at 31 December 2021 have the following exercise prices and expire in the following financial years:

Expiry	**Exercise Price £**	**2021 No.**	2020 No.
December 2026	**3.75**	**6,000**	10,000
November 2027	**4.15**	**5,000**	12,000
April 2028	**3.75**	**4,000**	2,000
November 2028	**2.00**	**6,000**	4,000
February 2030	**0.0013**	**711,345**	711, 345
June 2031	**0.0013**	**711,345**	-
June 2031	**0.6695**	**337,449**	-
February 2030	**0.7060**	**202,511**	-
		1,983,650	739,345

No options were exercised during the year (2020: Nil).

Options are forfeited at the discretion of the Board if the employee leaves the Group before the options vest. The Share Option Plan provides for the grant of both tax-approved Enterprise Management Incentives (EMI) options and unapproved options. The model used to calculate a share option charge involves using several estimates and judgements to establish the appropriate inputs, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

Options issued in November 2021

The Group issued 202,511 share options to the Managing Director of Zinc Television on the 8th of November 2021 under the Company's EMI Share Option Plan.

The options are exercisable at 70.6 pence per share on or after the third anniversary of their grant. Half the options will vest if the share price is at least £1.0590 for a period of 30 consecutive dealing days ending on or after 7th of November 2024. The remaining half of the Options will vest unconditionally on the third anniversary of the grant date, being 7 November 2024.

The inputs into the option pricing model for the options granted in June 2021 are as follows:

Scheme	EMI
Weighted average share exercise price	**70.60 pence**
Weighted average expected volatility – tranche 1	**57.82%**
Weighted average expected volatility – tranche 2	**68.37%**
Average expected life (years) – tranche 1	**4.12 years**
Average expected life (years) – tranche 2	**6.5 years**
Weighted average risk-free interest rate – tranche 1	**0.56%**
Weighted average risk-free interest rate – tranche 2	**0.60%**
Expected dividend yield	**0%**

The expected volatility was calculated over a period of five years immediately prior to the date of the grant. The risk-free interest rate has been calculated using the gilt rates over a period of five years from the date of grant.

Options issued in June 2021

The Group issued 474,230 share options to the Chief Executive Officer, Mark Browning, and 237,115 to the Chief Financial Officer, Will Sawyer and 337,449 to senior staff on the 10th of June 2021. Mark Browning and Will Sawyer's awards have been made under an Unapproved Share Option Scheme. The remaining awards issued have been made under the Company's EMI Share Option Plan.

Mark Browning and Will Sawyer's unapproved option awards are exercisable at 0.125 pence per share on or after the third anniversary of their grant. Half of the options granted to each director will vest if the share price is at least £0.60 for a period of 30 consecutive dealing days ending on or after 9th of June 2024, and the other half will vest if the share price is at least £0.90 for a period of 30 consecutive dealing days ending on or after 9th of June 2024.

The EMI Option awards awarded to other members of staff were granted under the condition that half of the options granted will vest if the share price is at least £1.00425 for a period of 30 consecutive dealing days ending on or after 9th of June 2024, and the other half will vest non-conditionally on the third anniversary of the grant date, being 9th June 2024.

The inputs into the option pricing model for the options granted in June 2021 are as follows:

Scheme	EMI	Unapproved
Weighted average share exercise price	**66.95 pence**	**0.125 pence**
Weighted average expected volatility – tranche 1	**67.85%**	**67.85%**
Weighted average expected volatility – tranche 2	**78.09%**	**78.09%**
Average expected life (years) – tranche 1	**4.06 years**	**3.75 years**
Average expected life (years) – tranche 2	**6.5 years**	**4.02 years**
Weighted average risk-free interest rate – tranche 1	**0.33%**	**0.33%**
Weighted average risk-free interest rate – tranche 2	**0.33%**	**0.50%**
Expected dividend yield	**0%**	**0.%**

The expected volatility was calculated over a period of five years immediately prior to the date of the grant. The risk-free interest rate has been calculated using the gilt rates over a period of five years from the date of grant.

8) EXCEPTIONAL ITEMS

Exceptional items are presented separately as, due to their nature or for the infrequency of the events giving rise to them, this allows shareholders to understand better the elements of financial performance for the year, to facilitate comparison with prior years and to assess better the trends of financial performance.

	2021 £'000	2020 £'000
Change in fair value of contingent consideration in respect of Tern Television	**-**	(41)
Reorganisation and restructuring costs	**(81)**	(388)
Contingent consideration treated as remuneration	**-**	(160)
Other exceptional items (consultancy costs)	**(60)**	-
Total	**(141)**	(589)

Reorganisation and restructuring costs

Management made changes to operational roles across the Group to improve efficiency and decision making. The non-recurring element of the costs have been presented as exceptional to enable a more refined evaluation of financial performance.

9) FINANCE COSTS

Finance Costs	**2021 £'000**	2020 £'000
Interest payable on borrowings	**(176)**	(303)
Interest payable on lease liabilities	**(65)**	(88)
Interest on unwinding of present value of contingent consideration	**-**	(69)
Finance Costs	**(241)**	(460)
Finance Income		
Interest received	**-**	2
Net finance costs	**(241)**	(458)

10) INCOME TAX EXPENSE

Taxation Charge

	2021 £'000	2020 £'000
Current tax expense:		
Current tax expense	**4**	8
Charge in respect of prior periods	**-**	-
	4	8
Deferred tax		
Deferred tax asset write-off	**-**	265
Origination and reversal of temporary differences	**(126)**	(183)
Effect of change in UK corporation tax rate	**42**	46
Adjustments in respect of prior periods	**(6)**	21
	(90)	149
Total income tax charge / (credit)	**(86)**	157

Reconciliation of taxation expense:

	2021 £'000	2020 £'000
Loss before tax from continuing operations	**(2,606)**	(4,447)
Loss before tax from discontinued operations	**-**	(624)
Loss before tax	**(2,606)**	(5,071)
Taxation expense at UK corporation tax rate of 19% (2020: 19%)	**(495)**	(964)
Other non-taxable income/non-deductible expenses	**54**	216
Tax losses not recognised	**311**	573
Group relief (claimed)/surrendered	**4**	-
Temporary timing differences	**-**	-
Effect of changes in UK corporation tax rates	**42**	46
Deferred tax asset write-off	**-**	265
Charge in respect of prior periods	**(2)**	21
Total income tax expense	**(86)**	157

Factors that may affect future tax charges

The March 2021 budget announced that the rate of 19% will continue to apply until the financial year beginning 1 April 2023, at which point the rate will be changed to 25%. This will increase the company's future tax charge accordingly and immaterially increase the deferred tax liability.

11) DISCONTINUED OPERATIONS

The CSR business was closed in the 2020 period and the associated close down costs are disclosed as exceptional items in this period.

The CSR division had a negative impact on the Group's overall profitability in the period ending 31 December 2020 from the loss of the TFL sponsorship contract for The Children's Traffic Club and following a strategic and market review of the highly specialised niche market of CSR and STEM education the Group decided to withdraw from this market in early 2020 and wind down all the loss-making contracts in the CSR business.

	Year ended 31 Dec 2021	18 months ended 31 Dec 2020
	£'000	£'000
Revenue	**-**	628
Expenses	**-**	(1,061)
Adjusted EBITDA* loss	**-**	(433)
Exceptional items	**-**	(119)
Amortisation and depreciation	**-**	(72)
Loss before tax from discontinued operations	**-**	(624)
Income tax	**-**	-
Loss after tax from discontinued operations	**-**	(624)

* Adjusted EBITDA defined as EBITDA before share based payment charge, loss on disposal of fixed assets and exceptional items

The cash flows relating to discontinued operations have all been included within 'Net cash flows used in operating activities' as amounts related to other activities are not material to the financial statements.

12) EARNINGS PER SHARE

Basic loss per share (EPS) for the period is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

When the Group makes a profit from continuing operations, diluted EPS equals the profit attributable to the Company's ordinary shareholders divided by the diluted weighted average number of issued ordinary shares. When the Group makes a loss from continuing operations, diluted EPS equals the loss attributable to the Company's ordinary shareholders divided by the basic (undiluted) weighted average number of issued ordinary shares. This ensures that EPS on losses is shown in full and not diluted by unexercised share options or awards.

	2021	2020
	Number of Shares	Number of Shares
Weighted average number of shares used in basic and diluted earnings per share calculation	**16,095,991**	6,507,620
Potentially dilutive effect of share options	**1,117,890**	416,485
	£'000	£'000
Loss for the year from continuing operations attributable to shareholders	**(2,544)**	(4,320)
Loss for the year from discontinued operations attributable to shareholders	**-**	(624)
Continuing operations		
Basic Loss per share (pence)	(15.80)p	(66.38)p
Diluted Loss per share (pence)	(15.80)p	(66.38)p
Discontinued operations		
Basic Loss per share (pence)	(0.00)p	(9.59)p
Diluted Loss per share (pence)	(0.00)p	(9.59)p

13) INTANGIBLE ASSETS

	Goodwill £'000	Brands £'000	Customer Relationships £'000	Software £'000	Distribution Catalogue £'000	Total £000
Cost						
At 30 June 2019	29,394	4,497	3,419	122	443	37,875
Additions	-	-	-	108	-	108
At 31 December 2020	29,394	4,497	3,419	230	443	37,983
Other changes*	(20,441)	(3,818)	(116)	-	-	(24,375)
At 31 December 2021	**8,953**	**679**	**3,303**	**230**	**443**	**13,608**
Amortisation and impairment						
At 30 June 2019	(26,339)	(4,143)	(1,748)	(61)	(148)	(32,439)
Charge for the period	-	(146)	(696)	(65)	(133)	(1,040)
At 31 December 2020	(26,339)	(4,289)	(2,444)	(126)	(281)	(33,479)
Charge for the year	-	(97)	(464)	(54)	(89)	(704)
Other changes*	20,441	3,818	116	-	-	24,375
At 31 December 2021	**(5,898)**	**(568)**	**(2,792)**	**(180)**	**(370)**	**(9,808)**
Net Book Value						
At 31 December 2021	**3,055**	**111**	**511**	**50**	**73**	**3,800**
At 31 December 2020	3,055	209	975	104	162	4,505

* The goodwill, brands and customer relationship intangibles have been de-recognised as they were previously fully amortised or impaired.

The current year amortisation charge includes £nil (2020: £61,000) from the Group's discontinued operations which is disclosed in note 11.

Impairment Tests for Goodwill

Goodwill by cash generating unit is:

	2021 £'000	2020 £'000
London & Manchester TV CGU	**1,444**	1,444
Tern TV CGU	**1,611**	1,611
Total	**3,055**	3,055

Goodwill is not amortised but tested annually for impairment with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and forecasts in new business.

The Group assessed whether the carrying value of goodwill was supported by the discounted cash flow forecasts of each operating segment based on financial forecasts approved by management, taking into account both past performance and expectations for future market developments. Management has used a perpetuity model (5-year Group forecast and GDP growth rate in perpetuity). Management estimates the discount rate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to media businesses.

The 2022 business unit forecasts are based on the budget set for the year. In TV expected revenue and net margin improvements have been forecast in 2023 and in the following years a growth rate of 2 per cent has been used. Management believe the 2 per cent growth rate does not exceed the growth rate of the industry and is a cautious assumption, which may be significantly lower than the growth rate management would expect to achieve.

In evaluating the recoverable amount, we employ the discounted cash flow methodology, which is based on making assumptions and judgements on forecasts, margins, discount rates and working capital needs. These estimates will differ from actuals in the future and could therefore lead to material

changes to the recoverable amounts. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to EBITDA growth, which take account of the businesses' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the unit's historical performance and any other circumstances particular to the unit, such as business strategy and client mix.

The two cash generating units operate in a similar media landscape and the pre-tax discount rate applied across to the segments for period ended 31 December 2021 was 10 per cent (2020: 9.3 per cent). A sensitivity analysis of an increase in the discount rate by 1.6 per cent is shown below.

London & Manchester TV and Tern TV CGUs

Changes in assumptions can have a significant effect on the recoverable amount and therefore the value of the impairment recognised.

Assumption	Judgement	Sensitivity
Discount Rate	As indicated above the rate used is 10 per cent.	An increase in the discount rate to 11.6 per cent (2019 year rate) will result in no impairment charge.
Growth Rate	An average rate of 2 per cent has been used for financial year 2024 onwards.	If a zero per cent average growth rate was applied for 2024 onwards there would be no impairment in either CGU.
New Business	London & Manchester TV's and Tern CGU revenue for 2022 is forecast to be in line with pre-Covid 2019 revenue and from 2023 is expected to slightly exceed pre-Covid levels.	If there is a shortfall in revenue of 20%, there would be no impairment charge.

Sensitivity analysis using reasonable variations in the assumptions shows no indication of impairment.

14) PROPERTY, PLANT AND EQUIPMENT

	Short leasehold land and buildings £'000	Motor vehicles £'000	Office and computer equipment £'000	Total £'000
Cost				
At 30 June 2019	312	111	2,666	3,089
Additions	365	-	623	988
Disposals and retirements	(13)	(76)	(32)	(121)
Transfers	-	-	(23)	(23)
At 31 December 2020	664	35	3,234	3,933
Additions	-	-	273	273
Disposals and retirements	(240)	(22)	(1,893)	(2,155)
At 31 December 2021	**424**	**13**	**1,614**	**2,051**
Depreciation				
At 30 June 2019	(291)	(70)	(2,359)	(2,720)
Charge for the period	(67)	(19)	(248)	(334)
Disposals and retirements	-	54	-	54
Transfers	-	-	1	1
At 31 December 2020	(358)	(35)	(2,606)	(2,999)
Charge for the period	(69)	-	(219)	(288)
Disposals and retirements	240	22	1,878	2,140
At 31 December 2021	**(187)**	**(13)**	**(947)**	**(1,147)**
Net Book Value				
At 31 December 2021	**237**	**-**	**667**	**904**
At 31 December 2020	306	-	628	934

15) INVENTORIES

	31 Dec 2021 £'000	31 Dec 2020 £'000
Work in progress - Zinc Communicate	**62**	67
Work in progress - TV	**164**	117
Total Inventories	**226**	184

16) TRADE AND OTHER RECEIVABLES

	31 Dec 2021 £'000	31 Dec 2020 £'000
Current		
Trade receivables	**2,609**	2,628
Less provision for impairment	**(549)**	(468)
Net trade receivables	**2,060**	2,160
Prepayments	**325**	364
Contract assets	**1,502**	1,755
Total	**3,887**	4,279

The carrying amount of trade and other receivables approximates to their fair value. The creation and release of provision for impaired receivables have been included in administration expenses in the income statement.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset above. The Group does not hold any collateral as security for trade receivables. The Group is not subject to any significant concentrations of credit risk.

There is no expected credit loss in relation to contract assets recognised because the measure of expected credit losses was not material to the financial statements.

Impairment of financial assets

The group's credit risk management practices and how they relate to the recognition and measurement of expected credit losses are set out below.

Definition of default

The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is significantly more than the associated credit terms past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Write-off policy

Receivables are written off by the group when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration.

Impairment of trade receivables and contract assets

The group calculates lifetime expected credit losses for trade receivables using a portfolio approach. Receivables are grouped based on the credit terms offered and the type of product sold. The probability of default is determined at the year-end based on the aging of the receivables, historical data about default rates on the same basis. That data is adjusted if the group determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

As noted below, a loss allowance of £549,000 (2020: £320,000) has been recognised for trade receivables in the Zinc Communicate division based on the expected credit loss percentages for trade receivables that are aged more than 30 days to over a year past due and reflecting future conditions. The loss allowance relates to the Building Control Communications sub-divisions within Zinc Communicate, which has been assessed separately to other Zinc Communicate sub-divisions because it has a different debt collection profile due to its focus selling low value / high volume adverts for publications.

In relation to the Television division, the directors do not believe there are any other forward-looking factors to consider in calculating the loss allowance provision as at 31 December 2021. No expected loss provision has been recognised as the directors expect any loss to be immaterial.

No expected credit loss is expected for contract assets (18 month period ending 31 December 2020: £nill).

Television

Trade receivables:	Aging 0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-365 days	Over 365 days	Total 2021
Gross carrying amount (£'000)	346	31	229	163	-	-	-	**769**
Loss allowance provision (£'000)	-	-	-	-	-	-	-	**-**

The expected credit loss in this division is immaterial.

Zinc Communicate – Publishing “Building Control Communications” division

Trade receivables:	Aging 0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-365 days	Over 365 days	Total 2021
Expected loss rate (%)	21%	24%	27%	30%	34%	38%	86%	**46%**
Gross carrying amount (£’000)	119	174	114	66	67	314	337	**1,191**
Loss allowance provision (£’000)	25	42	31	20	23	119	289	**549**

Zinc Communicate – All other divisions

Trade receivables:	Aging 0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-365 days	Over 365 days	Total 2021
Gross carrying amount (£’000)	507	85	46	9	0	2	2	**651**
Loss allowance provision (£’000)	-	-	-	-	-	-	-	**-**

The expected credit loss in this division is immaterial.

17) CASH AND CASH EQUIVALENTS

	31 Dec 2021 £’000	31 Dec 2020 £’000
Total Cash and cash equivalents	**5,608**	6,805

The Group’s credit risk exposure in connection with the cash and cash equivalents held with financial institutions is managed by holding funds in a high credit worthy financial institution (Moody’s A1- stable).

18) TRADE AND OTHER PAYABLES

	31 Dec 2021 £'000	31 Dec 2020 £'000
Current		
Trade payables	**764**	568
Other payables	**133**	58
Other taxes and social security	**1,348**	985
Accruals	**3,486**	3,885
Contract liabilities	**1,068**	1,275
Total	**6,799**	6,771

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. The Group’s payables are unsecured.

19) LEASES UNDER IFRS 16

Right-of-use assets

	Short leasehold land and buildings £'000	Office and computer equipment £'000	Total £'000
Balance as at 1 July 2019	399	49	448
Additions	1,469	305	1,774
Depreciation	(795)	(150)	(945)
Balance as at 31 December 2020	1,073	204	1,277
Additions	373	-	373
Depreciation	(407)	(82)	(489)
Balance as at 31 December 2021	**1,039**	**122**	**1,161**

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

	31 Dec 2021 £'000	31 Dec 2020 £'000
Current	**431**	337
Non-current	**735**	1,066
Total lease liabilities	**1,166**	1,403

20) BORROWINGS AND OTHER FINANCIAL LIABILITIES

	31 Dec 2021 £'000	31 Dec 2020 £'000
Current		
Lease liabilities	**431**	337
Debt facility – unsecured borrowings	**2,450**	-
Loan notes – unsecured borrowings	**978**	-
Sub total	**3,859**	337
Non-current		
Debt facility – unsecured borrowings	**-**	2,455
Loan notes – unsecured borrowings	**-**	971
Lease liabilities	**735**	1,066
Sub total	**735**	4,492
Total	**4,594**	4,829

Maturity of Financial Liabilities

The maturity of borrowings (analysed by remaining contractual maturity) is as follows:

	31 Dec 2021	31 Dec 2020
	£'000	£'000
Repayable within one year and on demand:		
Lease liabilities	**475**	337
Trade and other payables	**897**	616
Accrued expenses	**3,486**	3,885
Debt facility - unsecured	**2,531**	-
Loan notes - unsecured	**1,189**	-
	8,578	4,838
Repayable between one and two years:		
Lease liabilities	**413**	475
Debt facility - unsecured	**-**	2,646
Loan notes - unsecured	**-**	1,124
	413	4,245
Repayable between two and five years:		
Lease liabilities	**282**	591
Total	**9,273**	9,674

Debt Facility

Loans totalling £2.45m (2020: £2.46m) are held by Herald Investment Trust Plcand The John Booth Charitable Foundation ("JBCF"), all of whom are a related party through shareholding. During the year the interest on the facility was based on monthly LIBOR plus a margin of 4%. The debt facility is unsecured and at year end was repayable in full on 31 December 2022. Post year end Herald Investment Trust plcthe JBCF agreed to extend the repayment date to 31 December 2024, and the interest is based on monthly SONIA plus a margin of 4%, subject to a floor of RPI, from April 2022. There are no financial covenants in force in respect of this debt facility.

Loan notes – unsecured

The unsecured loan notes of £0.98m (2020: £0.97m) relates to short-term loan notes issued to Herald Investment Trust plc, a related party through shareholding. Interest during the year was at a fixed rate of 8%. At year end the interest was accrued and was repayable along with the principal on 31 December 2022. Post year end Herald agreed to extend the repayment date to 31 December 2024, with the interest rate remaining unchanged. There are no financial covenants in place in respect of this debt.

Finance leases

Net obligations under finance leases are secured on related property, plant and equipment and are included within lease liabilities.

Overdraft

The Group has an overdraft facility of £600k, which is secured over the assets of subsidiary companies. During the year the Group has not drawn upon the overdraft facility in place. The interest rate on the overdraft is 5.3% per annum over the Bank of England rate.

Change in liabilities arising from financing activities

	31 Dec 2020 £'000	**Cash flows £'000**	**Non-cash changes £'000**	**31 Dec 2021 £'000**
Borrowings – debt facility	2,455	(105)	100	**2,450**
Borrowings – loan notes	971	(71)	78	**978**
Lease liabilities	1,403	(497)	260	**1,166**
Total liabilities from financing activities	4,829	(673)	438	**4,594**

21) FINANCIAL INSTRUMENTS

The Group's financial instruments comprise borrowings, cash and liquid resources and various items, such as trade and other receivables and trade and other payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The principal financial risk faced by the Group is liquidity/funding. The policies and strategies for managing this risk is summarised as follows:

Risk	Potential impact	How it is managed
Liquidity	The Group's debt servicing requirements and investment strategies, along with the diverse nature of the Group's operations, means that liquidity management is recognised as an important area of focus. Liquidity issues could have a negative reputational impact, particularly with suppliers.	The Group's treasury function is principally concerned with internal funding requirements, debt servicing requirements and funding of new investment strategies. Internal funding and debt servicing requirements are monitored on a continuing basis through the Group's management reporting and forecasting. The Group also maintains a continuing dialogue with the Group's lenders as part of its information covenants. The requirements are maintained through a combination of retained earnings, asset sales or capital markets. An overdraft of £0.6m is in place to help fund potential working capital fluctuations. New investment strategies are to be funded through existing working capital or where possible capital markets.

Capital management policy and risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the borrowings disclosed in note 20, cash and cash equivalents and equity attributable to the owners of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The Group's Board reviews the capital structure on an on-going basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group seeks a conservative gearing ratio (the proportion of net debt to equity). The Board considers at each review the appropriateness of the current ratio considering the above. The Board is currently satisfied with the Group's gearing ratio.

The gearing ratio at the year-end is as follows:

	31 Dec 2021 £'000	31 Dec 2020 £'000
Borrowings (debt facility and loan notes)	**(3,428)**	(3,426)
Cash and cash equivalents	**5,608**	6,805
Net Cash	**2,180**	3,379
Total equity	**3,775**	6,114
Net cash to equity ratio	-58%	-55%

The Group's gearing ratio has remained relatively static due to cash reducing proportionately in line with losses.

Financial instruments by category

	31 Dec 2021 £'000	31 Dec 2020 £'000
Categories of financial assets and liabilities		
Financial assets – measured at amortised cost		
Trade and other receivables	**3,566**	3,904
Cash and cash equivalents	**5,608**	6,805
Financial liabilities - other financial liabilities at amortised cost		
Trade and other payables	**(4,383)**	(4,501)
Borrowings	**(3,428)**	(3,426)
Lease liabilities	**(1,166)**	(1,403)

The fair values of the Group's cash and short-term deposits and those of other financial assets equate to their carrying amounts. The Group's receivables and cash and cash equivalents are all classified as financial assets and carried at amortised cost. The amounts are presented net of provisions for doubtful receivables and allowances for impairment are made where appropriate. Trade and other payables and loan borrowings are all classified as financial liabilities measured at amortised cost.

22) DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2020:19%) for UK differences. The movements in deferred tax assets and liabilities during the year are shown below.

	Losses carried forward £'000	Intangible assets £'000	Total £'000
At 31 December 2020	-	(280)	(280)
Recognised in the income statement	-	90	90
At 31 December 2021	**-**	**(190)**	**(190)**

Deferred tax assets estimated at £4.8 million (2020: £4.5 million) in respect of losses carried forward have not been recognised due to uncertainties as to when income will arise against which such losses will be utilised.

23) PROVISIONS

	31 Dec 2021 £'000	31 Dec 2020 £'000
Provisions	**250**	75

A dilapidations provision has been recognised in the period in relation to the costs associated with restoring a rented property back to its previous condition.

Movement in provisions

	£'000
At 31 December 2020	75
Increase in provision in the year	175
At 31 December 2021	**250**

24) SHARE CAPITAL AND RESERVES

	31 Dec 21	31 Dec 20
Ordinary shares with a nominal value of:	**0.125p**	0.125p
Authorised:		
Number	**Unlimited**	Unlimited
Issued and fully paid:		
Number	**16,200,919**	15,963,039
Nominal value (£'000)	**20**	20

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

The movements in share capital and reserves in the year are made up as follows:

	31 Dec 2021				31 Dec 2020			
Ordinary shares	**Number of Shares**	**Share Capital £'000**	**Share Premium £'000**	**Merger Reserve £'000**	Number of Shares	Share Capital £'000	Share Premium £'000	Merger Reserve £'000
At start of year	**15,963,039**	**20**	**4,654**	**27**	1,419,113,435	5,928	30,509	875
Share placing and subscription for cash	**-**	**-**	**-**	**-**	10,555,555	13	7,487	-
Consideration paid in shares	**237,880**	**0.3**	**131**	**-**	42,385,832	1	489	65
Shares issued in lieu of fees	**-**	**-**	**-**	**-**	5,176,190	-	48	-
Expenses of issue of shares	**-**	**-**	**-**	**-**	-	-	(406)	-
Shares issued in debt conversion	**-**	**-**	**-**	**-**	651,054	1	427	-
Shares issued in preference share conversion	**-**	**-**	**-**	**-**	24,675,435	8	923	-
Capital Reduction	**-**	**-**	**-**	**-**	-	(5,931)	(34,823)	(913)
Share consolidation	**-**	**-**	**-**	**-**	(1,486,594,462)	-	-	-
At end of year	**16,200,919**	**20**	**4,785**	**27**	15,963,039	20	4,654	27

Consideration paid in shares

On the 11 June 2021 the Group issued a total of 237,880 new ordinary shares to Directors in lieu of payment of director fees, of which 44,809 shares were issued at a price of 66.95p per share and 193,071 shares at a price of 52.5p per share.

Nature and purpose of the individual reserves

Below is a description of the nature and purpose of the individual reserves:

- Share capital represents the nominal value of shares issued;
- Share premium includes the amounts over the nominal value in respect of share issues. In addition, costs in respect of share issues are debited to this account;
- Merger reserve is used where more than 90 per cent of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, which attracting

merger relief under the Companies Act 1985 and, from 1 October 2009, the Companies Act 2006;

- Share based payment reserve arises on recognition of the share-based payment charge in accordance with IFRS2 'Share Based Payment Transactions';

- Retained earnings include the realised gains and losses made by the Group and the Company; and

25) RELATED PARTY TRANSACTIONS

Herald Investment Trust plc and John Booth Charitable Foundation

The Company is the borrower of unsecured debt and loan notes with Herald Investment Trust plc and John Booth Charitable Foundation requiring a bullet repayment on 31 December 2024. The total amount outstanding at 31 December 2021 including accrued interest is £3.43m (2020: £3.43m). Interest accrued on the debt amounted to £0.04m (2020: £0.04m).

26) POST BALANCE SHEET EVENTS

Post year end the long-term debt holders agreed to extend the term of the debt by two years, such that the repayment of the debt is now due on 31 December 2024, and the interest rate on the debt was amended as follows from April 2022: the debt facility interest basis was amended from LIBOR to SONIA and the monthly interest rate is subject to an RPI floor.

27) GUARANTEE IN RELATION TO SUBSIDIARY AUDIT EXEMPTION

On 19 April 2022, the Directors of the Company provided guarantees in respect of its trading subsidiary companies in accordance with section 479C of the Companies Act 2006. As a result, the following subsidiary entities of the Company are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006:

Blakeway Productions Limited (02908076)
Zinc Television London Limited (formerly Brook Lapping Productions Limited) (02800925)
Zinc Communicate CSR Limited (formerly Zinc Communicate Limited) (06271341)
Films of Record Limited (01446899)
Reef Television Limited (03500852)
Zinc Television Regions Limited (formerly Ten Alps TV Limited) (02888301)
Zinc Communicate Productions Limited (formerly Ten Alps Communications Limited) (03136090)
Tern Television Productions Limited (SC109131)

Cautionary note regarding forward-looking statements

This press release may contain certain forward-looking information. The words "expect", "anticipate", believe", "estimate", "may", "will", "should", "intend", "forecast", "plan", and similar expressions are used to identify forward looking information.

The forward-looking statements contained in this press release are based on management's beliefs, estimates and opinions on the date the statements are made in light of management's experience, current conditions and expected future development in the areas in which the Company is currently active and other factors management believes are appropriate in the circumstances. The Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless required by applicable law.

Readers are cautioned not to place undue reliance on forward-looking information. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties that contribute to the possibility that the predicted outcome will not occur, including some of which are beyond the Company's control. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could vary or differ materially from those anticipated in such statements.

Inside Information

The information contained within this announcement constitutes inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) no. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR") and is disclosed in accordance with the Company's obligations under Article 17 of MAR. On the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.