27 September 2021

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

Unaudited interim results for the six months ended 30 June 2021

Zinc Media Group plc, the TV and multimedia content producer, announces its unaudited interim results for the six months to 30 June 2021.

Outlook

- Following a strong period of new business conversion, with a healthy pipeline and an anticipated improvement in market conditions in the second half of the year, the Board currently expects the Group to be profitable in H2 2021. This signifies an important milestone for the Group and follows the successful delivery, despite considerable disruption caused by Covid-19, of the Group’s transformation plan set out in September 2019.

- The Group has booked £16.6m of revenue which is expected to be delivered in FY 2021, representing an increase of £4.4m or 36% since the announcement on 23 April 2021.

- Since the last trading update the Group has achieved a number of significant successes, delivering against the core strategic objectives set out in January 2021:

  - The Group’s first major new series for the Discovery Group: *Spooked: Scotland* is a new 10 part series from Tern TV;

  - A multi-million pound 52-episode series with Channel 5, the largest ever single order for the Group, from the new label Red Sauce;

  - The Group’s first Advertiser Funded series for a major broadcaster from the branded content division in Zinc Communicate which launched last year;

  - The recently re-positioned Zinc Communicate has seen revenue grow by 161% to £0.9m of Group turnover in H1 2021 (H1 2020: £0.4m);

  - The Group’s first commercial podcasts for brands, and production of the Group’s first audio commission from Amazon Audible that is due to be delivered in H2 2021; and

  - Successful completion of the Group’s first production for Red Bull from new label Supercollider that launched in H1 2021.

- The Group’s pipeline stands at £48m, of which £12m is highly advanced. A significant amount of this is expected to be confirmed in the coming months, which will further improve anticipated 2021 and 2022 trading performance.

- Pre-booked revenues for next year now stand at £4.8m, which is over £1m ahead of the same point in 2020 heading into this financial year.

- Since period end the Group has announced the appointment of Tanya Shaw as Managing Director of Zinc Television, who was formerly Managing Director of Shine TV.

Financial Headlines

Financial performance in the period was materially affected by government imposed Covid-19 restrictions which resulted in delayed productions and commissioning.

- H1 2021 revenue of £7.0m was broadly flat year-on-year (H1 2020: £7.1m). This figure would have been higher had it not seen £1.4m of revenue slipping out of H1 into H2 because of Covid-19 related production delays.

- The Group generated an Adjusted EBITDA* loss of £1.1m (H1 2020: loss of £0.5m) which was higher than the prior period due to continuing investment in talent and the Group's capabilities and a reduction in the utilisation of the furlough scheme. The benefits of this continued investment are being seen in the improved performance in H2.

- Cash at 30 June 2021 remained buoyant at £5.5m (June 20: £3.4m), and post period end has remained between £5.2m and £6.2m.

- Margin improvements continue to drive the Group's turnaround with London and Manchester television gross margins on productions now tracking at over 7% up on FY 2019, equating to a £1m improvement in profitability based on FY 2019 pre-Covid revenues.

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

Operational Highlights

Programmes delivered or transmitted in the period include:

- *Ian Wright: Home Truths* for BBC ONE that 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 several other broadcasters transmitted on BBC FOUR, which has been nominated in the category of best current affairs at the International Emmy Awards;

- Norma Percy's latest series *Trump Takes on the World*, a three-part series for the BBC and ARTE France and other international broadcasters, transmitted on BBC ONE to great acclaim; and

- *50 Years of Mr Men with Matt Lucas*, a one-off special, transmitted on Channel 4.

Titles transmitted since period end include:

- *Pinball* with YouTube star Pasha for new client Red Bull had its worldwide launch in September; and

- *9/11: Life Under Attack* for ITV and co-production partners in the USA and France aired on the ITV main channel in September to mark the 20th anniversary of the Twin Towers attack.

Programmes currently in production include:

- The Group's first advertiser funded programme (AFP);

- The Group's first ever commission from Dave (part of UKTV) for an access series titled *Special Ops: Crime Squad UK*;

- The Group's first major new series for Discovery Networks;

- The Group's largest ever series commission from Channel 5;

- Long-running returning series *Beechgrove* for the BBC and *Emergency Helicopter Medics* for Channel 4; and

- The Group's first audio podcast series for Amazon Audible.

A copy of the interim results will be made available on the Company's website, zincmedia.com.

For further information, please contact:

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Chairman's statement

The rigorous pursuit of the transformation plan set out by the CEO in 2019 is delivering the expected results. The Group is winning business from an exciting list of new clients, diversifying revenues, increasing margins, winning awards and innovating creatively. The Covid-19 crisis has been well managed, with the Group showing resilience and performing in line with the market, and better than many of its peers. H1 revenue delivery was materially impacted by the lockdown between January and April due to postponement of production and delivery of shows, but this is to be expected in a Group that is dependent upon human interaction.

New business momentum is clearly building, with many notable firsts now delivering from a broader list of clients than ever before and with more coming through the pipeline. The Group's first Advertiser Funded Programme ("AFP") is a breakthrough moment for our new branded content business in the new Zinc Communicate, along with the first commercially commissioned podcasts for brands, which follow on from the Group's first commission from Amazon Audible announced at the start of the reporting period. Winning our first commission with the Discovery group delivers on our revenue diversification strategy, and the significant new commission from Channel 5 vindicates the critical strategic decisions made by management in 2020 which saw the launch of the new television label Red Sauce.

The Group is led by a highly experienced senior team, well versed in successful media turnarounds. They are delivering the transformation of Zinc Media Group amidst the most challenging environment ever experienced in the media sector. The pipeline includes a number of significant projects, which, with continued focus and a recovering market, have every expectation of converting in the months ahead.

It is quite possible that Covid-19 will create further twists and turns on the Group's path to sustainable profit and cash generation, and while timing of programme production remains difficult to forecast, it is increasingly clear that the Group has a clear pathway to delivering this objective. Pre-booked revenues for 2022 are £4.8m, which is over £1m ahead of the same point in 2020 heading into this financial year. The Group is ambitious for growth, and the senior management and board are actively exploring opportunities to scale the Group in the near term.

The Board would like to thank the management team for successfully navigating the Group through the most difficult period in its 20-year history, the employees and freelancers for their professional and dedicated work, and our shareholders for their continued support.

Christopher Satterthwaite

Chairman

CEO'S REPORT

STRATEGY, CURRENT TRADING AND MARKET OUTLOOK

At the start of 2021 I laid out 5 new strategic priorities aimed at accelerating growth as the television production market recovers post Covid-19. They comprise:

1. Revenue Growth and Diversification

Following the completion of the transformation plan which delivered significantly improved margins, closed loss-making businesses, prioritised revenue growth and diversification and improved efficiencies in the Group, the priority is to drive revenues back up to pre-Covid-19 levels and beyond. The changes delivered through the transformation plan mean that Group profitability can be achieved on a lower revenue base than was previously possible, and, as revenue recovers to pre-Covid-19 levels (circa £25-£30m) there is a clear pathway to sustainable profitability and cash generation.

All the new revenue generating initiatives launched as part of the transformation plan began delivering revenue in H1 2021 and will build in H2 2021 and into 2022.

- The new popular factual TV label Red Sauce, launched during the height of the Covid-19 lockdown, has now booked over £4m of revenue which will be recognised across FY 2021 and FY 2022. It has a strong pipeline of business and the Group is confident that further commissions for 2022 will convert in the coming months.

- The new live action and brand activation label Supercollider has delivered its first piece of production for Red Bull, titled *Pinball*. This film works with *YouTube* star Pasha for a stunt-based film released on Red Bull's channels and across social media platforms. Supercollider is now in pre-production for its second commission from another new client.

- The new branded content division, launched in the spring of 2020, has won its first Advertiser Funded Programme, details of which are yet to be announced. This win illustrates the combined commercial firepower of the new Group. The opportunity was sourced by Zinc Communicate, developed and created in Tern TV and jointly pitched by both divisions. It will be produced by Tern TV in Glasgow. This is a piece of business that is now possible because all divisions in the Group are working in partnership.

- The video marketing division is also building momentum. It is now working with six new revenue generating partners (up from three announced on 23 April 2021) and producing short-form corporate films.

- The Group has developed its existing radio businesses and moved into podcasting. It is now winning new business with commissions from brands and content owners. It has successfully produced and published podcasts in medical science and history for the Wellcome Trust and a Lions Tour podcast for London Pride in partnership with The Evening Standard.

- In aggregate the new businesses, launched as part of the transformation plan, have generated revenues of over £6m since their inception. This is previously untapped revenue and evidence of the successful delivery of the revenue diversification strategy.

- Since period end the Group has announced the appointment of BAFTA-award winning Tanya Shaw as Managing Director of Zinc Television. She was formerly Managing Director of Shine TV for six years, a role in which she oversaw a variety of factual series, including the global hit *MasterChef*, and helped grow *Hunted* and *The Island with Bear Grylls* into returning series. At Zinc, she will be responsible for the TV labels based in London and Manchester and accelerating growth of premium unscripted content, both domestically and globally, across the Group.

2. TV gross margin improvement

TV gross production margins for London and Manchester TV have increased in H1 2021 to 30.8% from 24.7% in FY 2019, and are currently tracking at over 32%. Gross production margins across all the businesses in H1 2021 were 35.2%. The Group has delivered well on this critical component of the transformation plan and managed to maintain these improvements despite the higher production costs associated with Covid-19 workflows. Margins remain a critical strategic priority and the Group is prioritising high margin business as it looks to scale in the year ahead.

3. Cash management and generation

Cash management remains robust across the Group. Cash at the end of June 2021 was £5.5m. The Group has sufficient cash to fund working capital for the expected new commissions and is continuing to invest in new talent for future growth.

4. Performance culture

The Group has undergone significant change in order to make it easier for clients and customers to engage with Zinc, for duplication to be removed, and to enable creativity, communication and a collaborative culture to flourish. Significant emphasis in H1 2021 was placed on further developing the performance culture across the Group. Performance management is at the heart of the Group and staff have strategic performance objectives which are aligned to the wider ambitions of the Group. Other initiatives in H1 2021 included: unconscious bias training, staff mental health training, parent and home learning support seminars, wellbeing support seminars, an employee assistance programme and updated policies in the form of a new staff handbook covering all areas of the business including health and safety and compliance.

5. Shareholder communication

A successful working partnership between staff, management and shareholders will underpin the Group's growth going forward. Consistent communication lies at the heart of this. Shareholder communication in H1 included meetings with institutional investors, two presentations via the Investor Meet Company platform, and a post period end screening event and tour of Zinc's HQ in London. Further opportunities for current and potential future investors are planned for H2.

Impact of Covid-19 and market outlook

There is a growing sense that the worst of the Covid-19 crisis is behind us and the content market is recovering. Productions do remain vulnerable to postponement due to Covid-19 and this will continue to present risk to revenue recognition throughout H2 2021 and into 2022 as Zinc reports revenue on the basis of production activity. Every effort is made to keep productions on schedule, but this issue will continue to make forecasting difficult. There is a backlog of production in the wider market which is impacting the ability of all producers to resource some productions, particularly in the area of production management where there is a current shortage of available talent.

Aside from the operational and financial challenges associated with Covid-19, which are likely to continue into 2022, the content market is recovering and the Group is seeing more activity and opportunity than at any time since March 2020.

The strategic changes within the BBC and the consultation on the future ownership of Channel 4 present both risk and opportunities for the Group. The reduction of commissioning from BBC Four will negatively impact some of the London TV labels, particularly in specialist factual, but the return to linear television and the move to increase commissioning within BBC Three presents opportunity. The Government's ambition to change the ownership model for Channel 4 presents some uncertainty, particularly in relation to the channel's future commitment to Nations and Regions commissioning, where Tern TV is particularly strong. However, the Group's revenue diversification strategy means the wider Group is less reliant on a small number of UK broadcasters, and the number of new clients the Group is working with significantly mitigates some of the structural risks within the UK PSB television market.

The new Zinc Communicate continues to develop in line with management's expectations. It presents an opportunity for scale and higher margin revenues, and the Group is pleased to report new business wins and revenue growth in this division.

Outlook

With the Group currently expecting to be profitable in H2 2021 the medium and long term outlook is increasingly positive. The underlying TV business is returning to growth, the margin improvements demonstrate that profitability and cash generation can be achieved from these divisions from a lower base of revenues than was required historically, and all the new business initiatives are generating revenues in previously untapped markets.

The Group's pipeline now stands at £48m in total, with £12m at a highly advanced stage, and £11m in engaged conversations with clients.

Critically the Group now has pre-booked revenue for 2022 of £4.8m. This is over £1m ahead of the same point last year. Pre-booked revenues and a strong pipeline provide the best visibility yet that the Group can deliver profit and cash generation in 2022.

The Group is actively pursuing new opportunities to accelerate revenue growth. It is considering new hires, and new talent, and is hopeful of adding additional revenue generating opportunities to its pipeline in H2 2021.

With the underlying TV businesses becoming profitable, the newly launched businesses growing steadily, new revenue generating talent looking to join in H2 2021, the market recovery and the risk of Covid-19 subsiding, the future for the Group is stronger than it has been for many years.

DIVISIONAL BUSINESS OVERVIEW

Tern Television – Factual television produced from the Nations

Tern Television continues to perform well across its sites in Glasgow, Aberdeen and Belfast.

The division has a very clear strategy and compelling market proposition. It successfully serves the BBC network, BBC Scotland, Channel 4 and More 4 by creating high rating returning factual series at competitive price points from the Nations of Scotland and Northern Ireland. It is now successfully diversifying into other broadcasters with Discovery and Channel 5 new to the division in H1 2021. Returning commissions include: Channel 4's *Emergency Helicopter Medics, BBC's Crime Files and Grand Tours* from Tern Glasgow, BBC's *Critical Incident* from Tern Belfast and *Beechgrove* from Tern Aberdeen. Revenues in H1 2021 were lower than anticipated due to lockdown extending longer in Scotland than other parts of the UK and the division being reliant on a number of access driven documentaries.

Tern remains in a strong position to benefit from the BBC and Channel 4's out of London commissioning strategy, providing these remain priorities for the broadcasters.

Red Sauce – popular factual and daytime television produced from London and Manchester

Red Sauce has launched strongly in its first year, securing over £4m of new business which will be recognised across FY 2021 and FY 2022. This volume of work demonstrates the confidence the commissioning market has in this label's ability to deliver television at speed and scale from the English regions. In H1 2021 the division secured the Group's first ever commission from *Dave* (part of UKTV) for a 10 part series titled *Special Ops: Crime Squad UK*. This programme features exclusive access to some of the UK's most talented and successful police officers assembled as elite teams to tackle some of the UK's most challenging criminals. Following the period end Red Sauce has picked up the Group's biggest ever commission from Channel 5, for 52 episodes of *Bargain Loving Brits*. Previously the channel only commissioned this series in batches of 6 or 8. This new commission is a considerable achievement for the new label and for the Manchester production community. The division has a strong pipeline and anticipates further commissions and growth in 2022.

Blakeway London – specialist factual television

Blakeway produces television in the areas of history, arts, music and science. Programmes delivered or transmitted in the reporting period include: *Blitz Spirit with Lucy Worsley* for BBC ONE, the second series of *History of Britain with Tony Robinson* and *1939: Hollywood's Golden Year*, both for Channel 5.

Brook Lapping – current affairs and investigations

Brook Lapping, now more closely defined as the Group's Current Affairs and Investigations label, has continued to perform strongly.

The Hunt for Gaddafi's Billions, a feature-length documentary for BBC, VPRO, ZDF/Arte, SVT, DR, NRK, TSR and several other broadcasters aired in March to great critical acclaim. It won the Banff Festival Rockie award and has since been nominated in the category of best current affairs at the International Emmy Awards on September 28th.

Norma Percy's latest series *Trump takes on the World*, a three-part series for the BBC, ARTE France and other international broadcasters, aired in January 2021. Following its success the next Norma Percy projects are in advanced development.

9/11 – Life Under Attack which, in addition to funding from ITV, secured significant investment from the History Channel US and France 3, aired in the UK on 7th September to mark the 20th anniversary of the Twin Towers attack. This commission further demonstrates that Brook Lapping is regarded by ITV as a go-to destination for its landmark documentaries.

Films of Record – access and observational documentaries

BBC ONE aired *Ian Wright's Home Truths*, a documentary exploring domestic abuse, in March 2021. This documentary attracted unprecedentedly high levels of press and discussion across print, radio, television and online, and is another world class piece of reputational television from Zinc Media Group.

Supercollider – live action television for brands and broadcasters

Supercollider is the Group's most recent television label, led by award winning director Mike Christie. Mike's work spans specialist factual, live event television, sport and music. Supercollider is a genre-blending label, which brings Zinc TV's premium factual reputation together with Zinc Communicate's brand and media owner relationships. Its first commission *Pinball*, with YouTube star Pasha for Red Bull, had its worldwide launch on September 14th. Supercollider is already in production on its second live action programme for another new brand. It is also in advanced discussion about a feature documentary with a significant US film director.

Zinc Communicate: CSR, Publishing, Video Marketing and Branded Content

Zinc Communicate has continued to evolve successfully in H1 2021. It is now operating as one single entity under one new Managing Director who was appointed in the reporting period. This business division produces televisual and digital publishing content for brands, partners, trade associations, rights holders and media owners.

Zinc Communicate – Publishing

The publishing business is the heritage division within the new Zinc Communicate. It has performed steadily throughout the Covid pandemic. Revenues in H1 2021 were subdued due to the Covid lockdown, with the publication of some productions being delayed into H2 2021. The biggest challenge to this business is the recruitment and retention of high performing telesales people, and in line with other sectors of the UK economy and TV production, recruitment is challenging as the economy emerges from the Covid-19 pandemic. This division continues to work successfully with the Royal Institute of British Architects (RIBA) under a contract which was renewed in 2020 and runs until 2023.

Zinc Communicate – Video Marketing

This is a new venture launched in 2020. It produces B2B video marketing and communication for partners and associations. The Group forecast to work with 7 partners for 2021, and 6 are now contracted for this financial year. Sales were slower than anticipated in H1 2021 but the run rate of sales has doubled so far in H2.

Zinc Communicate – Branded content

The branded content business won its first advertiser funded commission in H1 2021. This is a breakthrough moment for this new division and demonstrates the benefit of harnessing the cross-selling opportunities within the Group. The opportunity was sourced by Zinc Communicate, developed and created in Tern TV and jointly pitched by both divisions. It will be produced by Tern TV in Glasgow. This division is picking up new business in the area of commercial podcasts and has produced a series titled *Going Viral: Vax and the Facts* for the Wellcome Trust, a new series titled *Lawrence Dallaglio's Lions Podcast* with London Pride in partnership with The Evening Standard. This successful push into podcasting comes on the back of the Group's first commission from Amazon Audible in H1 and builds on the heritage radio businesses within the Group.

Mark Browning, Chief Executive Officer

CFO'S REPORT

INCOME STATEMENT

Group revenues in the reporting period were £7.0m (H1 2020: £7.1m). An additional £1.4m of revenue, which was due to be delivered in H1 2021, was delayed due to the Covid-19 lockdown but is expected to be delivered in H2 2021. Programmes that relied on access suffered the biggest delays as individuals and/or institutions were reluctant to allow production until the vaccine programme was suitably advanced. These programmes included *Emergency Helicopter Medics* for Channel 4 and *Critical Incident* for BBC1, which involve access to the emergency services and to confined spaces with vulnerable people.

As a result of launching new businesses within Zinc Communicate, revenue has grown by 161% to £0.9m (H1 2020: £0.4m) within this division, representing 13% of Group revenues in H1 2021 (H1 2020: 5%).

Tern TV continued to perform well, booking £2.8m of revenue (H1 2020: £2.6m). Its resilient performance is rooted in well established relationships within the BBC network, BBC Scotland, Channel 4 and More 4, and in long running returning series.

London and Manchester's television labels generated £3.3m (H1 2020: £4.2m) of revenue but were hit harder by the pandemic than other parts of the Group due to their dependence on more expensive programmes, which commissioners found challenging to obtain budget approval for as a result of reduced advertising revenues during lockdown. The new labels Red Sauce and Supercollider are gaining traction in the market, and revenue from new commissions will be recognised in future periods.

During the period, the Group's aggregate gross margin reduced by 0.8% from 34.4% in H1 2020 to 33.6% in H1 2021. This was predominantly due to a reduction in high margin distribution revenues related to programmes produced in prior periods, which fluctuate from one period to another. It is demonstrable that across the 18 month period to December 2020 the aggregate gross margin was 30.1% and this has increased by 3.5% during the six months to June 2021.

Operating costs rose by £0.5m compared to H1 2020 due to non-recurring cost reductions which were realised as a result of the first Covid-19 lockdown, through the furlough scheme and salary reductions.

The Group's adjusted EBITDA (being earnings before interest, tax, depreciation, amortisation, share based payment charges, loss on disposal of fixed assets and exceptional items) from continuing operations for H1 2021 was a loss of £1.1m (H1 2020: loss of £0.5m) due to the impact of Covid-19 on revenues.

Dividend

No dividend is proposed. The Board considers the Group's investment plans, financial position and business performance in determining when to pay a dividend.

STATEMENT OF FINANCIAL POSITION

Assets

Total assets of the Group have decreased by £2.6m in the six month period ended 30 June 2021. This is mainly due to cash reducing by £1.3m to £5.5m resulting from £1.1m of operating outflows driven by the four month Covid-19 lockdown between January and April 2021.

During the period working capital remained flat as cash was managed tightly. The reduction in trade and other payables offset the reduction in trade and other receivables as production activity was lower in May/June than November/December.

Equity and Liabilities

The £2.6m reduction in equity and liabilities results from the loss for the period of £2.0m and a £0.8m reduction in trade and other payables.

The Group had an outstanding balance on long-term debt of £3.4m as at 30 June 2021 which has remained the same as the beginning of the period, held by two of the Company's shareholders and with no financial covenants relating to the debt.

Uncertainties due to Covid-19

The biggest potential risk to the Group remains the impact of Covid-19 on the commissioning and production of TV programmes, which is largely dependent on the extent and duration of social distancing measures and the impact on the advertising market and wider economy. The Group is able to produce programmes in a Covid-safe way, albeit some programmes are dependent on events taking place, organisations granting access to production crews and people congregating for filming. In recent months the Group has been able to film the majority of what it has expected to and has significant positive momentum on a number of potential commissions that gives it confidence for the remainder of 2021 and for 2022.

The Group's cash balance and forecasts continue to be monitored and managed carefully. At 30 June 2021 the Group had £5.5m of cash and since this date has remained at least £5.2m. Along with a £0.6m overdraft facility, the Board believes there is sufficient working capital to realise the growth ambitions of the Group.

Will Sawyer

Chief Financial Officer

Zinc Media Group plc consolidated income statement
For the six months ended 30 June 2021

	Note	**Unaudited Half Year to 30 June 2021 £'000**	Unaudited Half Year to 30 June 2020 £'000	Audited 18 Months to 31 December 2020 £'000
Continuing operations				
Revenue	3	**6,975**	7,144	30,552
Cost of sales		**(4,628)**	(4,687)	(21,359)
Gross Profit		**2,347**	2,457	9,193
Operating expenses		**(3,444)**	(2,969)	(9,986)
Adjusted EBITDA		**(1,097)**	(512)	(793)
Depreciation & amortisation		**(727)**	(743)	(2,246)
Share based payment (charge)/credit		**(40)**	17	(22)
Profit/(loss) on disposal of tangible assets		**1**	(43)	(22)
Exceptional items	4	**(85)**	(266)	(589)
Operating loss		**(1,948)**	(1,547)	(3,672)
Finance costs		**(121)**	(170)	(460)
Finance income		**-**	-	2
Loss before tax		**(2,069)**	(1,717)	(4,130)
Taxation credit/(charge)		**61**	50	(157)
Loss for the period from continuing operations		**(2,008)**	(1,667)	(4,287)
Loss from discontinued operations	5	**-**	(419)	(624)
Loss for the period		**(2,008)**	(2,086)	(4,911)
Attributable to:				
Equity holders		(2,016)	(2,086)	(4,944)
Non-controlling interest		8	-	33
Retained loss for the period		**(2,008)**	(2,086)	(4,911)
Earnings per share				
From continuing operations:				
Basic Loss per Share	6	**(12.61)p**	(24.80)p	(66.38)p
Diluted Loss per Share	6	**(12.61)p**	(24.80)p	(66.38)p

Zinc Media Group plc consolidated statement of financial position
As at 30 June 2021

	Note	**Unaudited 30 June 2021 £'000**	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Assets				
Non-current				
Goodwill and intangible assets	7	**4,153**	4,726	4,505
Property, plant and equipment	8	**842**	1,000	934
Right-of-use assets	10	**1,269**	1,512	1,277
		6,264	7,238	6,716
Current assets				
Inventories		**154**	308	184
Trade and other receivables	9	**3,505**	4,767	4,279
Cash and cash equivalents		**5,460**	3,379	6,805
		9,119	8,454	11,268
Total assets		**15,383**	15,692	17,984
Equity and liabilities				
Shareholders' equity				
Called up share capital	12	**20**	5,941	20
Share premium account		**4,785**	34,824	4,654
Merger reserve		**27**	940	27
Share Based payment reserve		**195**	95	155
Retained earnings		**(858)**	(38,697)	1,158
Total equity attributable to equity holders of the parent		**4,169**	3,103	6,014
Non-controlling interests		**18**	18	12
Total Equity		**4,187**	3,121	6,026
Liabilities				
Non-current				
Borrowings		**3,433**	3,693	3,426
Deferred tax		**218**	7	277
Provisions		**101**	75	75
Lease liabilities	10	**931**	1,260	1,066
		4,683	5,035	4,844
Current liabilities				
Trade and other payables	11	**5,987**	6,382	6,771
Contingent consideration		**-**	865	-
Current tax liabilities		**10**	3	6
Lease liabilities	10	**516**	286	337
		6,513	7,536	7,114
Total equity and liabilities		**15,383**	15,692	17,984

Zinc Media Group plc consolidated statement of cash flows
For the six months ended 30 June 2021

	Unaudited Half year to 30 June 2021 £'000	Unaudited Half year to 30 June 2020 £'000	Audited 18 Months to 31 December 2020 £'000
Cash flows from operating activities			
Loss for the period before tax	**(2,069)**	(2,146)	(4,754)
Adjustments for:			
Depreciation	**375**	448	1,278
Amortisation and impairment of intangibles	**352**	356	1,039
Finance costs	**121**	133	460
Finance income	**-**	-	(2)
Share based payment charge	**40**	(17)	22
(Gain)/loss on measurement of deferred contingent consideration	**-**	(13)	41
Contingent consideration deemed remuneration	**-**	59	160
(Gain)/Loss on disposal of tangible assets	**(1)**	43	22
Issue of ordinary share capital in lieu of director fees	**131**	-	-
	(1,051)	(1,137)	(1,734)
Decrease/(increase) in inventories	**30**	(93)	52
Decrease/(increase) in trade and other receivables	**774**	1,634	2,579
(Decrease)/increase in trade and other payables	**(784)**	(1,355)	(1,565)
Cash (used in)/generated from operations	**(1,031)**	(951)	(668)
Finance costs paid	**-**	(27)	(69)
Interest on leases	**(33)**	-	(89)
Finance income	**-**	-	2
Net cash flows (used in)/generated from operating activities	**(1,064)**	(978)	(824)
Investing activities			
Payment of contingent consideration	**-**	-	(750)
Purchase of property, plant and equipment	**(42)**	(848)	(988)
Purchase of intangible assets	**-**		(108)
Net cash flows used in investing activities	**(42)**	(848)	(1,846)
Financing activities			
Issue of ordinary share capital (net of issue costs)	**-**	3,272	7,094
Borrowings repaid	**(83)**	(162)	(172)
Capital element of finance lease payments	**(160)**	(277)	(698)
Net cash flows generated from/(used in) financing activities	**(243)**	2,833	6,224
Net (decrease)/increase in cash and cash equivalents	**(1,349)**	1,007	3,554
Translation differences	**4**	(10)	38
Cash and cash equivalents at beginning of period	**6,805**	2,382	3,213
Cash and cash equivalents at end of period	**5,460**	3,379	6,805

Zinc Media Group plc consolidated statement of changes in equity
For the six months ended 30 June 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**
Total comprehensive income for the year	-	-	-	-	-	(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
Share issue 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 2020	**5,928**	**30,598**	**112**	**940**	**767**	**(36,611)**	**1,734**	**18**	**1,752**
Total comprehensive income for the year	-	-	-	-	-	(2,086)	(2,086)	-	(2,086)
Equity-settled share-based payments	-	-	(17)	-	-	-	(17)	-	(17)
Shares issued in placing	5	3,267	-	-	-	-	3,272	-	3,272
Conversion of preference shares	8	852	-	-	(767)	-	93	-	93
Shares issued in debt conversion	-	77				-	77	-	77
Directors' remuneration paid in shares	-	30	-	-	-	-	30	-	30
Total transactions with owners of the Company	13	4,226	(17)	-	(767)	(2,086)	1,369	-	1,369
Balance at 30 June 2020	**5,941**	**34,824**	**95**	**940**	**-**	**(38,697)**	**3,103**	**18**	**3,121**

	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 January 2021	**20**	**4,654**	**155**	**27**	**-**	**1,158**	**6,014**	**12**	**6,026**
Total comprehensive income for the year	-	-	-	-	-	(2,016)	(2,016)	8	(2,008)
Equity-settled share-based payments	-	-	40	-	-	-	40	-	40
Directors' remuneration paid in shares	0	131	-	-	-	-	131	-	131
Dividends paid	-	-	-	-	-	-	-	(2)	(2)
Total transactions with owners of the Company	0	131	40	-	-	(2,016)	(1,845)	6	(1,839)
Balance at 30 June 2021	**20**	**4,785**	**195**	**27**	**-**	**(858)**	**4,169**	**18**	**4,187**

Notes to the consolidated financial statements

1) GENERAL INFORMATION

The Company is a public limited company incorporated in the United Kingdom. The address of its registered office is 7 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN.

The Company is listed on the London Stock Exchange's AIM Market.

2) BASIS OF PREPARATION

The interim results for the six months ended 30 June 2021 have been prepared on the basis of the accounting policies expected to be used in the 2021 Zinc Media Group plc Annual Report and Accounts and in accordance with the recognition and measurement requirements of UK adopted International Accounting Standards (IAS) but does not include all the disclosures that would be required under IAS and should be read in conjunction with the accounts for the 18 month period ended 31 December 2020.

The same accounting policies, presentation and methods of computation are followed in these interim condensed set of financial statements as have been applied in the Group's latest annual audited financial statements.

The interim results, which were approved by the Directors on 24 September 2021, are unaudited. The interim results do not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006.

Comparative figures for the 18 months ended 31 December 2020 have been extracted from the statutory accounts for the Group for that period, which carried an unqualified audit report, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter, did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

3) SEGMENTAL INFORMATION

The operations of the group are managed in two principal business divisions: Zinc TV and Zinc Communicate. These divisions are the basis upon which the management reports its primary segmental information. The activities undertaken by the TV segment include the production of television. The Zinc Communicate unit includes publishing, radio and content production. 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.

Revenues by Business Division (continuing operations)	**Unaudited Half Year to 30 Jun 2021 £'000's**	Unaudited Half Year to 30 Jun 2020 £'000's	Audited 18 Months to 31 Dec 2020 £'000's
Zinc TV	**6,054**	6,791	27,790
Zinc Communicate	**921**	353	2,759
Central and Plc	**-**	-	3
Total	**6,975**	7,144	30,552

4) EXCEPTIONAL ITEMS

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

	Unaudited Half Year to 30 Jun 2021 £'000's	Unaudited Half Year to 30 Jun 2020 £'000's	Audited 18 Months to 31 Dec 2020 £'000's
Change in fair value of contingent consideration in respect of Tern Television	**-**	13	(41)
Reorganisation and restructuring costs	**(85)**	(220)	(388)
Contingent consideration treated as remuneration	**-**	(59)	(160)
Total	**(85)**	(266)	(589)

5) DISCONTINUED OPERATIONS

The CSR division has had a negative impact on the Group's overall profitability since the loss of the TFL sponsorship contract for The Children's Traffic Club in 2019. 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.

	Unaudited Half Year to 30 Jun 2021 £'000's	Unaudited Half Year to 30 Jun 2020 £'000's	Audited 18 Months to 31 Dec 2020 £'000's
Revenue	**-**	160	628
Expenses	**-**	(424)	(1,061)
Adjusted EBITDA loss	**-**	(264)	(433)
Exceptional items	**-**	(104)	(119)
Amortisation and depreciation	**-**	(61)	(72)
Loss before tax from discontinued operations	**-**	(429)	(624)
Income tax	**-**	10	-
Loss after tax from discontinued operations	**-**	(419)	(624)

The CSR business was closed in the 18 month period to December 2020 and the associated close down costs were disclosed as exceptional items in that period.

6) EARNINGS PER SHARE

Basic loss per share (EPS) for the period equals the loss after tax from continuing operations attributable to the Company's ordinary shareholders divided by the weighted average number of issued ordinary shares.

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.

	Unaudited Half Year to 30 Jun 2021 £'000	Unaudited Half Year to 30 Jun 2020 £'000	Audited 18 Months to 31 Dec 2020 £'000
Weighted average number of shares used in basic and diluted earnings per share calculation	**15,989,252**	6,721,224	6,507,620
Potentially dilutive effect of share options	**788,342**	193,559	416,485
Continuing operations			
Basic Loss per Share	(12.61)p	(24.80)p	(66.38)p
Diluted Loss per Share	(12.61)p	(24.80)p	(66.38)p

7) GOODWILL AND INTANGIBLE ASSETS

	Goodwill £000	**Brands £000**	**Customer Relationships £000**	**Software £000**	**Distribution Catalogue £000**	**Total £000**
Net Book Value						
At 30 June 2021	**3,055**	**161**	**743**	**77**	**117**	**4,153**
At 30 June 2020	3,055	257	1,207	-	207	4,726
At 31 December 2020	3,055	209	975	104	162	4,505

8) PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £000's	**Office and computer equipment £000's**	**Total £000's**
Net book value			
As at 30 June 2021	**274**	**568**	**842**
As at 30 June 2020	788	212	1,000
As at 31 December 2020	306	628	934

9) TRADE AND OTHER RECEIVABLES

	Unaudited 30 Jun 2021 £'000	Unaudited 30 Jun 2020 £'000	Audited 31 Dec 2020 £'000
Current			
Trade receivables	**2,507**	3,187	2,628
Less provision for impairment	**(487)**	(134)	(468)
Net trade receivables	**2,020**	3,053	2,160
Other receivables	**-**	328	-
Prepayments	**497**	400	364
Accrued income	**988**	986	1,755
Total	**3,505**	4,767	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.

10) LEASES AND RIGHT OF USE ASSETS

The Group has leases for office space and equipment. With the exception of some short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-us asset and a lease liability. The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

	No. of right-of-use assets leased	**Range of remaining term (years)**	**Average remaining lease term (years)**
Short leasehold land and buildings	5	<1 to 5	2.5
Office and computer equipment	7	<1 to 2	1.6

Right-of-use assets

Additional information on the right-of-use assets by class of assets is as follows:

	Short leasehold land and buildings £'000	**Office and computer equipment £'000**	**Total £'000**
Balance as at 30 June 2020	1,254	258	1,512
Depreciation	(181)	(54)	(235)
Balance as at 31 December 2020	1,073	204	1,277
Additions	204	-	204
Depreciation	(166)	(46)	(212)
Balance as at 30 June 2021	**1,111**	**158**	**1,269**

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned, which is property, plant & equipment.

Lease liabilities

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

	Unaudited 30 Jun 2021 £000's	Unaudited 30 Jun 2020 £000's	Audited 31 Dec 2020 £'000
Current	**516**	286	337
Non-current	**931**	1,260	1,066
	1,447	1,546	1,403

Additional information on the lease liabilities are as follows:

	Short leasehold land and buildings £'000	**Office and computer equipment £'000**	**Total £'000**
Balance as at 30 June 2020	1,282	264	1,546
Interest expense	25	9	34
Lease payments	(116)	(61)	(177)
Balance as at 31 December 2020	1,191	212	1,403
Additions	204	-	204
Interest expense	23	10	33
Lease payments	(138)	(55)	(193)
Balance as at 30 June 2021	**1,280**	**167**	**1,447**

11) TRADE AND OTHER PAYABLES

	Unaudited 30 Jun 2021 £'000	Unaudited 30 Jun 2020 £'000	Audited 31 Dec 2020 £'000
Current			
Trade payables	**945**	517	568
Other payables	**657**	66	58
Other taxes and social security	**296**	766	985
Accruals	**2,989**	3,149	3,885
Contract liabilities	**1,100**	1,884	1,275
Total	**5,987**	6,382	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.

12) SHARE CAPITAL

	Unaudited Half Year to 30 Jun 21		Unaudited Half Year to 30 Jun 20		Audited 18 Months To 31 Dec 2020	
	Number of Shares	**Share Capital £'000**	**Number of Shares**	**Share Capital £'000**	**Number of Shares**	**Share Capital £'000**
Ordinary Shares						
At start of period	**15,963,039**	**20**	1,489,573,609	3.7	1,419,113,435	5,928
Shares issued	237,880	0	4,963,768	6.2	83,444,066	(5,908)
Share consolidation (1 for 500)	**-**	**-**	(1,486,594,462)	-	(1,486,594,462)	
At end of period	**16,200,919**	**20**	**7,942,915**	**9.9**	**15,963,039**	**20**
Deferred Shares						
At start of period	**-**	**-**	276,666,012	5,506	276,666,012	5,506
Deferred shares arising on preference share conversion	**-**	**-**	332,049	6.6	-	-
Capital reduction	**-**	**-**	-	-	(276,666,012)	(5,506)
At end of period	**-**	**-**	**276,998,061**	**5,513**	**-**	**-**
D Deferred Shares						
At start of period	**-**	**-**	419,397,339	418	419,397,339	418
Capital reduction	-	-	-	-	(419,397,339)	(418)
At end of period	-	-	419,397,339	418	-	-
Total called up share capital	**16,200,919**	**20**	**704,338,315**	**5,941**	**15,963,039**	**20**
Preference shares						
At start of period	**-**	**-**	767,354	767	767,354	767
Conversion of preference shares to ordinary shares	**-**	**-**	(767,354)	(767)	(767,354)	(767)
At end of period	**-**	**-**	**-**	**-**	**-**	**-**

12) SHARE CAPITAL CONTINUED

Issue of 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.