18 September 2020

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Zinc Media Group plc, the TV and multimedia content producer, today announces its unaudited interim results for the six months to 30 June 2020. In November 2019 the Group's accounting reference date was changed from 30 June to 31 December and as a result this report also contains the Group's unaudited results for the twelve months to 30 June 2020.

Headlines

The vast majority of phase one of the transformation plan, which was announced in September 2019, will be completed by the end of September 2020. The Group is now confident that it can deliver profit and be cash generative in the second half of 2021 even if revenue doesn't fully recover to pre-Covid-19 levels in 2021.

The business has been transformed internally to enable profitability. Key areas of recent progress on the four strategic priorities of the transformation plan include:

Strategic priority	Progress
1. Improvements in London and Manchester gross TV Margins	TV gross margins are now on course to increase by 6% compared to 2018/19, an equivalent of £0.7m of retained margin on like-for-like revenues.
2. Revenue growth and diversification	A new popular factual TV label has been created for 2021 operating from both London and the Regions with a new Creative Director in post with revenue growth anticipated in 2021. Two new Zinc Communicate production divisions have been created to produce televisual content for new buyers including brands, agencies, media owners and rights holders, and to exploit the B2B video marketing and corporate communication space. New hires are in post and expected to deliver revenue growth in 2021. TV revenue diversification continues with two new television channels now in paid development production with the Group, with more in the pipeline.
3. Cultural and creative renewal	London television is now culturally, creatively and commercially operating as one division producing a broad range of factual content under four distinct labels. Tern TV is increasingly integrated into the wider Group with management committed to a long term future with Zinc.
4. Investment in operational excellence	Investment in post-production facilities has been completed, with resulting improvement in gross margins; the relocation of the London businesses into a new creative HQ on a significantly reduced cost base has been completed and investment has been made in Group functions including finance and HR.

In our drive to achieve profitability and cash generation during 2021, the Group has restructured two loss-making divisions, in total accounting for £0.64m or over 80% of the losses in the year to June 2020 and which were also loss making in the prior year 2018/19:

- The loss-making Zinc Communicate CSR division has been closed which accounted for 2% of Group revenue in the year to June 2020 but 50% of the Group's losses
- The Manchester based TV business Blakeway North has been restructured which accounted for 8% of Group revenues in the year to June 2020 and 35% of Group losses

The restructure of the two divisions is part of a programme of permanent cost reductions which will generate annualised savings of £0.7m per annum compared to pre-Covid levels.

Financial Headlines

- For the 6 months to June 2020 the Group generated revenue of £7.30m (H2 19: £14.77m) and a loss of £0.78m at Adjusted EBITDA* level (H2 19: profit of £0.12m). In the year to June 2020 revenue was £21.5m (FY 19: £24.6m) and an Adjusted EBITDA loss of £0.76m (FY 19: profit of £0.13m). The reductions are principally due to delayed productions resulting from the Covid-19 lockdown in place from mid-March. Pleasingly the majority of this revenue will be delivered in the 6 months to December 2020, subject to no further Covid related delays. Pre-Covid, revenues were on course to be almost £14m for the 6 months to June 2020 and £28m for the 12 months to June 2020.
- To help mitigate the impact of Covid-19 the Group immediately implemented a short-term cost reduction plan. In April-June £0.7m of savings were generated from a combination of furloughing staff, staff being on reduced hours, non-executive Directors taking no pay and senior management, including the CEO and CFO, taking pay cuts of up to 40%. As a result of these savings the Covid-driven Adjusted EBITDA loss was halved.
- The Group has accelerated the planned program of permanent cost reductions which will generate annualised savings of £0.7m per annum compared to pre-Covid levels. Closures include the CSR business and restructure of Blakeway North, both of which have been loss making.
- All six divisions are currently forecasting to be profitable in 2021, based on current revenue projections and the revised cost base following the savings program, compared to only two achieving divisional profitability in 2018/19.
- The Group has made significant structural changes to ensure the long term financial stability of the business. Between February and September 2020 the Company completed a balance sheet restructure that included:
    - Conversion of all preference shares to equity
    - Part conversion of the long-term debt and extension of the term of the remaining debt from December 2020 to December 2022
    - A share consolidation at a ratio of 500:1
    - A capital reduction which means the Group now has positive distributable reserves
- Cash at the end of June 2020 was £3.4m. An overdraft facility of £0.6m has been put in place post period end. The move to new headquarters in March 2020 has aided short-term cashflow due to the initial rent free period.

* Adjusted EBITDA defined as EBITDA before share based payment charges and exceptional items.

Operational Highlights

- Programmes delivered or transmitted in the period include:
    - *The Station: Trouble on the tracks* transmitted on ITV in their 9pm slot and achieved strong ratings.
    - *Psychosis and Me*, with Hollywood actor David Harewood, transmitted on BBC TWO and secured a Bafta nomination for best single documentary
    - *Highland Road Rescue* won its slot on peak BBC ONE

- *King Tutankhamun in Colour* was a three-way co-production between National Geographic, BBC and France TV
- *Wild Tales from the Farm* has delivered and has aired on Love Nature (a new client) and formed part of the launch of Sky Nature channel
- *Critical Incident*, a co-production between two Group companies, was produced during the period and illustrates the wider opportunity the Group has in aligning its geographical labels to win new commissions

- Titles currently in production include:
  - *Emergency Rescue: Air, Land & Sea*, a ten part documentary series for More 4 following the work of mountain and maritime rescue services aross the UK shot over 18 months
  - *The Blitz with Lucy Worsely*, a follow-up to the BAFTA Award winning *Suffragettes with Lucy Worsely*
  - *The Curious Life and Death Of…*, a six-part potential returning series for the Smithsonian Channel in the USA
  - Norma Percy's latest series *Trump vs the World*, a three-part series for the BBC and Arte France and other international broadcasters, due to transmit in January 2021
  - *9/11 – We Have Some Planes*, which in addition to funding from ITV has now secured significant investment from a co-producing broadcaster in the USA and France 2 and is expected to air in the run-up to the 20th anniversary of 9/11 in 2021.
  - *The Hunt for Gaddafi's Billions*, a feature-length documentary for BBC, VPRO, ZDF/Arte, SVT, DR, TSR and several other broadcasters is nearing completion and will air later in the year.
- Since lockdown began in March the Group has won £6.0m of new business in total, including recommissions for the BBC of *Beechgrove Garden*, *Britain's Lost Masterpieces* and *The People's News*, plus recommissions from Channel 5 of *History of Britain with Tony Robinson*, *Bargain Loving Brits in the Sun* and *The World's Funniest Ads with Jason Manford*. There are four multi-million pound returning series currently in commissioned development with National Geographic and a commissioned development has been secured for the next series for producer Norma Percy with the BBC.

For further information, please contact:

Zinc Media Group plc **+44 (0) 20 7878 2311**
Christopher Satterthwaite, Chairman
Mark Browning, Chief Executive Officer
Will Sawyer, Chief Financial Officer
www.zincmedia.com

N+1 Singer (NOMAD and Broker to Zinc Media Group plc) **+44 (0) 20 7496 3000**
Mark Taylor
Ben Farrow

CEO'S REPORT

STRATEGY AND OUTLOOK

In September 2019 the new CEO and CFO announced a far-ranging transformation plan for Zinc Media Group across two phases. The first phase was supported in January 2020 with £3.5m of new investment following a placing of new ordinary shares with existing and new investors. Despite the Covid-19 crisis, and the cessation of production for much of April to June, the vast majority of phase one of the transformation plan has been completed. These significant changes mean the Group is now confident that it can deliver profit and be cash generative in the second half of 2021, even if revenue doesn't fully recover to pre-Covid-19 levels in 2021.

Phase two of the transformation plan, which will focus on creating a significantly enlarged media content production business with diversified revenues, will be built on the spine of the newly transformed core TV business and delivered through a mixture of targeted M&A activity alongside the newly aligned current strategic priorities.

Phase one of the transformation plan focussed on four strategic priorities:

1. The improvement of London and Manchester TV gross margins

In FY 2019 gross margins for London and Manchester TV were 24.7%. Initially the Group targeted an improvement of 3% through investment in improved post production technology. In March 2020 it reported that margins had improved by 4.1%. It is now forecasting that TV production margins will improve by 6% in 2021 which will add £0.7m of retained margin in the Group in the results for FY 2021 compared to FY 2019, based on flat revenues. Gross margins on the new workflow, underpinned by investment in new technology, changes in production management and improvements in financial reporting are currently tracking at over 30%.

2. Revenue Growth and Diversification

In H1 2019 the Group reported revenue growth of 44% vs H1 2018. Prior to Covid-19 the Group was forecasting revenues for the year to June 2020 to increase by a further 13% to £27.8m. As a result of Covid, revenues for the 6 months to June 2020 were down 51% on the same period in 2019 to £7.30m. The majority of this revenue will now be delivered in the 6 months to December 2020, subject to no further Covid-related delays.

Despite Covid-19 the planned revenue diversification has progressed well. The Group has secured new commissions with new TV channels in both the UK and USA, and with new commissioning departments within established TV broadcasters. These include CNN, A&E and the Smithsonian channel in the USA and with UKTV, and new commissioning departments in Channel 4.

With the improvements in TV gross margins now in place, if the market recovers to deliver revenues in line with FY2018/19 then the Group is confident its TV divisions will be profitable and cash generative in 2021.

£3.7m of revenue is already booked for 2021 and another £6.4m is highly advanced.

3. Cultural and Creative Renewal

The Group has undergone significant change in order to make it easier for clients and customers to engage with the company, for duplication to be removed, and for creativity and communication to flourish. The Group is now organised in two parts: Zinc TV and Zinc Communicate.

Zinc TV delivers programmes under established and trusted labels. The London television team now operates as one single television division, under a single Managing Director, where previously there were four, and as one unified creative team. Externally, ideas are presented and delivered under four labels to help customers and clients understand the factual specialisms the Group delivers: Specialist Factual (Blakeway), Popular Factual (Red Sauce which replaces Reef and Blakeway North operating from London and the Regions), Current Affairs & Investigations (Brook Lapping) and Access and Observational Documentaries (Films of Record). Tern TV delivers the Group's outstanding Nations factual television from Glasgow, Belfast and Aberdeen.

All other content the Group makes is now delivered through the new Zinc Communicate division, which is also under single management, where previously it was not. This includes the former Ten Alps Communications

division, now called Zinc Communicate Publishing, and also new production divisions selling televisual content to buyers outside the traditional commissioners in TV broadcasters. This includes a new brand and advertiser led division selling production and content solutions to brands, agencies, media owners and rights holders. This content is both short and long form, and may appear digitally, socially or on traditional television in the form of advertiser funded programmes (AFP). In addition, a new division sells televisual production in the form of corporate films. Both of these divisions will use the same production workflows and post production infrastructure as the Zinc TV business which will enable the Group to realise synergies and scale more easily.

The Group now has significantly improved commercial confidence. Pipelines are in place for all divisions, cost tracking and margin management is vastly improved, and financial transparency is enhanced. Cross divisional communication is vastly improved and there is a single senior management team representing all divisions in the Group. In addition, new performance related compensation is in place for a significant proportion of employees, with a focus on margin management and profit, where previously such schemes were either not in place or reward was based on revenue not margin.

4. Investment in operational excellence

Following the fundraise in January investment was made in a number of areas within the Group to drive improved performance and long-term profitability. These investments in operational excellence include:

- The relocation of the London businesses into a new creative HQ, saving the Group £0.1m p.a.
- Investment of £0.5m in post-production facilities, enabling audio finishing and 4k production along with improved gross TV margins
- Investment in HR to drive continual improvements in performance, retain high performing talent, and deliver the required change management programme; this was a very timely investment given the hugely complex and demanding challenges associated with Covid-19
- Investment in improved financial practices, including the delivery of in-house payroll, new pipeline management and better management information to improve decision making.

COVID impact and market outlook

Broadcasters' commissioning budgets have been reduced as a result of Covid-19, with drama and sport initially the most impacted. UK PSBs initially reported publicly that production commissioning budgets will be reduced by up to 25% but reductions of over 30% on some tariffs have been requested. Channel 4 has publicly reported significant headwinds in advertising revenues with the correlating reductions in commissioning budgets. As of September some UK PSBs, noteably Channel 4, have been noticeably more optimistic, citing more positive news from advertisers, and most have experienced very strong audience growth in the last six months. There is unquestionably considerable uncertainty in the market and it is very difficult to forecast what this will mean for Zinc's individual labels. Tern TV , which was the Group's most profitable division in the year to June 2020 has traditionally booked good revenues from both Channel 4 and BBC Scotland. Both channels are experiending reduced commissioning budgets but Tern remains well placed to pick up commissions through its strong Nations base, trusted relationships and the potential for a number of returning series in 2021. The BBC is going through significant change under a new Director General and newly created role of Chief Content Officer and has publicly stated that it will likely spread itself less thinly. London TV has a well diversified client base. 24% of London revenue came from BBC channels in the year ending June 2020 and under 5% from Channel 4. The international multi-channel networks appear to be more resilient to Covid-19, which presents opportunity for the Zinc London labels where 34% of revenues come from non-UK buyers. SVoD brands have seen subscriptions increase since the Covid outbreak and continue to present opportunity, albeit they commission many less hours than the UK PSB's.

Despite the reduction in TV commissioning budgets, unscripted factual television is likely to be more resilient than other genres and will help meet demand in television schedules.

The creation of the new Zinc Communicate and the addition of a new division with specialism in brand and advertiser funded content presents opportunity for the Group. In times of economic slow down brands and advertisers reduce their spend on traditional television advertising, but they rarely stop spending. Instead they look to make their smaller budgets work harder. Brand funded content, content marketing and advertiser funded programmes on television tend to come to the fore during recessions. The Group hopes to report new business wins in this new division before the end of 2020.

Outlook

Unsurprisingly the Covid-19 pandemic has made delivery of the Group transformation plan significantly harder and has forced the acceleration of cost reductions throughout the business. It has distorted the TV commissioning market and made forecasting future performance very difficult. However, the increasingly diversified client base of the Group, the closure and restructure of loss making divisions, and the improvement in gross margins does gives Zinc the best possible opportunity to navigate the economic crisis caused by the pandemic. The Group remains on track to deliver phase one of the transformation plan by the end of 2020 with the ensuing profitability and cash generation in the second half of 2021, even if the revenue doesn't fully recover to pre-Covid-19 levels in 2021. Discussions will now commence regarding phase two of the plan as the Group looks to add scale to the core business now in place.

The building blocks have been put in place for a profitable and scaleable group, including a strong leadership team with a credible strategy that is substantially implemented and already bearing fruit, albeit a bright future which may be thrown off course in the short term by Covid related circumstances beyond its control.

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.

Returning commissions include: *Darren McGarvey's Class Wars Scotland* for BBC Scotland, BBC TWO's *The Secret Life of Sewage* and C4's *Emergency Helicopter Medics* from Tern Glasgow; *Beechgrove Garden* from Tern Aberdeen and *Britain's Lost Masterpieces* from Tern Belfast. During the pandemic the company continued to win work, most notably for the new archive format, *The People's News*, which was re-commissioned for BBC Scotland and had a first run for BBC Northern Ireland. However, a number of titles were put on hold during lock down and with C4 being hit hard by a loss of advertising revenue commissioning was slower than normal.

Tern remains in a strong position to benefit from the BBC and Channel 4's out of London commissioning offering good opportunities for co-productions across the Zinc group using Tern NI / Reef's *Critical Incident* for the BBC as a template.

Blakeway North – Factual television produced from the Regions

As stated in the 2019 annual report, Blakeway North, our regional based TV label in Manchester, has been a drag on the Group's overall financial performance for a number of years. In the last financial year, despite some notable new commissions, it delivered 8% of the Group's revenue but accounted for 35% of the Group's losses. This itself followed a loss of £240k on similar revenues in FY 2019 prior to the arrival of the new CEO. After a thorough review of the market opportunity in the North West, and in anticipation of tough trading conditions post Covid, the Group began restructuring this division in the second half of 2020.

Zinc has traditionally produced popular factual television under two separate companies; Blakeway North in Manchester and Reef in London. Both pitch and make programmes for the UK PSB market. Market feedback suggests Zinc has too many labels offering similar television. As a result of the Covid 19 commercial pressures, market feedback and natural churn in production personnel we are putting popular factual under a new single label which will operate from both London and the Regions, with new creative talent. This label will be called Red Sauce, and will make popular factual television.

It remains a strategic priority for Zinc to be a strong Nations and Regions producer in UK PSB television. To this end the Group is carrying out a strategic review of market and talent opportunities in the Nations and Regions which will conclude before the end of 2020. This will be the basis for the decision on which region to base Red Sauce TV in.

Blakeway London – Specialist Factual television

Blakeway has continued to prosper in the first six months of the year, despite the severe challenges presented by Covid-19 to development and production. The appointment of a new Creative Director, Jago Lee, previously of Antenna Productions, has delivered a push for new buyers, and the development of new genres. The continued work of the rest of the Exec team in this area has also borne fruit. Now more clearly defined as the Group's specialist factual label, greater clarity has emerged for both the in-house teams and buyers.

In the premium area the label has recently delivered *King Tutankhamun in Colour* as a three-way co-production between National Geographic, BBC and France TV – produced from Bristol. Development is under-way on follow-up shows. *Wild Tales from the Farm* has delivered and aired on Love Nature (a new client) and Sky Nature.

In the domestic sphere, Blakeway has continued to pitch and win business across the specialist factual genre. *Becoming Matisse* and *Peter Sellers: A State of Comic Ecstasy* transmitted on BBC TWO to great acclaim and follow-ups to both are under consideration. Also *The Sound of Music TV*, a three-part series for BBC FOUR is nearing completion.

Two Channel Five historical series have also been broadcast and *History of Britain with Tony Robinson* has been recommissioned for a second series.

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 is nearing completion and will air later in the year.

Full production continues on Norma Percy's latest series *Trump vs the World*, a three-part series for the BBC and ARTE France and other international broadcasters, due to transmit in January 2021. In the meantime, a commissioned development has been secured for the next series in this genre. *Castro vs the World*, a two part series for BBC and Arte France amoungst others transmited in the summer of 2020.

The company has also secured its first Channel Four Current Affairs programme for some time, a one-off special for the Dispatches brand, and has several others in commissioned development with the broadcaster. Discussions are also underway regarding several BBC ONE specials.

Production continues on *9/11 – We Have Some Planes* which, in addition to funding from ITV, has now secured significant investment from a US broadcaster and France 2. This is expected to air in the run-up to the 20th anniversary of 9/11 in 2021.

Brook Lapping has also completed its first Channel Five current affairs programme – *Why Are Our Politicians So Crap?* with Jeremy Paxman, which garnered a great deal of publicity and excellent ratings.

The Blitz with Lucy Worsely, a follow-up to the BAFTA Award winning *Suffragettes with Lucy Worsely*, has recommenced production after a pause during Covid-19 lockdown and production is nearing completion of *The Curious Life and Death Of…* a six-part potentially returning series for the Smithsonian Channel in the US.

Reef – Popular Factual and Daytime formats

Reef has continued to produce popular factual and daytime content, and maintained productions throughout the Covid-19 period. In recent months growth has slowed, largely as a result of the loss of the label's Executive Producer to a commissioning role at the BBC. A new, more senior Creative Director has been announced in September and, supported by other hires in the Regions, will drive the Group's ambition in popular factual through the new label Red Sauce, which will replace Reef going forward.

The ‘blue-light’ genre has continued to be fruitful territory in the last six months. *Police Code Zero* has now delivered 5 of 10 episodes for Channel Five of a second series and has rated well in its first few transmissions in September.

Critical Incident, produced as a co-production with Tern’s Northern Ireland office, is completing delivery for BBC Daytime and will also transmit later this year.

Development has continued for all the major broadcasters, including UKTV, with a wide variety of projects awaiting consideration at controller level.

Films of Record – Access and Observational Documentaries

In this period the Films of Record label has been revived as an observational and authored documentary label, in line with its long track record in the genre.

Psychosis and Me, with Hollywood actor David Harewood, transmitted on BBC TWO and secured a BAFTA nomination for best single documentary. A similar style programme for BBC ONE, presented by Ian Wright, has also been greenlit.

Access continues to be a key target for the label. National Geographic has committed a significant amount to the development of a possible returning access series based in the US.

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

As reported in the Group’s 2019 annual report, Zinc Communicate CSR has been a drag on the Group’s overall profitability since the loss of the lucrative TFL sponsorship contract for *The Children’s Traffic Club.* 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 within Zinc Communicate. A number of posts were made redundant including that of the Managing Director.

The CSR division accounted for 2% of Group revenue in the year to June 2020 but 50% of the Group’s losses, making a loss of £380k. This followed losses in FY 2019 on revenues of £1.5m.

A small number of profitable contracts have been retained elsewhere in the Group. These include the production and publication of the magazine *Young Performer* for Stage by Stage and an ongoing contract with HS2.

The Group will retain the brand label Zinc Communicate which will now accommodate all the Group’s non-TV commissioned production.

Zinc Communicate – Publishing

Formerly reported as Ten Alps Communications, this division has successfully transitioned away from its dependency on the LABC, creating a new building control product and successfully partnering with 60 local authority building control departments. This division also successfully pitched and won a competitive tender in December 2019 to retain its contract with RIBA under a multi-year contract.

Zinc Communicate – Video Marketing

This is a new venture into the market for B2B video marketing and communication. New business development and sales resource is now in place. The Covid-19 outbreak delayed the launch of this new product but it is hoped we will start to see new clients partner with Zinc on this venture, which will benefit from using the same production and post production workflows as television.

Zinc Communicate – Branded content

Brands and advertisers are reducing their spend on traditional advertising, including television, but are looking to maintain their connection and engagement with audiences through direct conversations on social and OTT platforms. Zinc has created a new business winning role to work with agencies, publishers, media owners,

rights holders and brands direct to produce their content solutions. The new Director of Branded Content started on the 1st July.

Mark Browning, Chief Executive Officer

CHAIRMAN'S STATEMENT

The transformation plan laid out in September 2019 required significant commercial, creative and cultural change across the Group. The fact that the management team has maintained, and in some cases accelerated, this plan through the Covid-19 lockdown puts the Group in the best possible position to navigate the severe economic challenges facing the television production sector, and means the Group will emerge from the crisis in far better shape than when it entered it.

The Group has shown good resilience. It has well established relationships in the market. It is trusted by broadcasters and commissioners, both editorially and commercially. The Group has consistently delivered strong revenues, and with the changes delivered through this first phase of the transformation plan, it can now deliver revenues profitably moving forward.

Creatively the Group is best in class. *Cuba: Castro vs the World,* which recently aired on the BBC demonstrates the world class access the Group has to the biggest leaders on the world stage. This, alongside the recent ITV hit *Trouble on the Tracks* and the ratings success of *Beechgrove Garden* for BBC Scotland demonstrates the outstanding range of factual television produced by the Group across the Nations and Regions.

The six months to June 2020 has been the most challenging time in the Group's history. I would like to thank all the staff, freelance community and fellow Directors for the significant amount of hard work and personal sacrifice required to navigate the six months to June 2020. The Covid induced economic crisis will present considerable challenges for a sustained period ahead, but I am very pleased that we have the management team, staff and shareholder support to navigate these tough times and emerge stronger and more profitable when the storm subsides.

Christopher Satterthwaite

Chairman

FINANCIAL REVIEW

INCOME STATEMENT

In November 2019 the Group's accounting reference date was changed from 30 June to 31 December and as a result this report contains the Group's unaudited results for both the six months and twelve months to 30 June 2020. This financial review is based on the twelve month period.

Revenue in the 12 months ended 30 June 2020 was £21.5m (FY 19: £24.6m). The decrease in revenue of £3.1m in the period was due to much of the Group's television production being paused between March and June as a result of Covid-19. The majority of this revenue will deliver in the 6 months to December 2020, subject to further Covid related delays. Pre-Covid the Group was confident of delivering significant growth, and revenues were on course to be above £28m for the year to June. As a reference point, in the calendar year to December 2019 the Group generated revenues of £28.9m.

In the year to June 2020 London and Manchester TV accounted for £11.4m (53%) of the revenue and £2.2m of the decrease year on year. During March to June 2020, productions that incurred significant delays included *The Blitz with Lucy Worsely* for the BBC and *The Curious Life and Death Of…* for Smithsonian in the US.

Tern TV accounted for £8.0m (37%) of the full year revenue, an increase of £0.4m on the prior year despite also suffering delays to productions caused by Covid-19. Tern's paused productions included *Emergency Helicopter Medics* for Channel 4 and *Saving Faces* for UKTV which are difficult to film under Covid restrictions.

Since lockdown began in March the Group has won £6.0m of new business in total, including recommissions for the BBC of *Beechgrove Garden*, *Britain's Lost Masterpieces* and *The People's News*, plus recommissions from Channel 5 of *History of Britain with Tony Robinson*, *Bargain Loving Brits in the Sun* and *The World's Funniest Ads with Jason Manford*.

In the 12 months to 30 June 2020, the Group's aggregate gross margin increased by 0.6% from 28.0% to 28.6%. This was predominantly due to the increased production margins in London and Manchester TV which were up 3.6%. This was partially offset by the CSR division within Zinc Communicate losing a high margin contract with *Transport for London*, which also led to the business switching to a higher variable cost base as the business contracted.

The underlying gross margins on productions for London and Manchester TV are increasing due to investment in people and technology, and further benefit will be realised in future reporting periods as all productions will be on the new workflow. In the 12 months to 30 June 2020 many productions, particularly in the first half of the year, were delivered on the old workflow and have lower margins than productions on the new workflow.

Operating costs rose by £0.1m compared to the 12 months to 30 June 2020 due to investment in "operational excellence" including finance, HR and the Board. There were also some one-off non-recurring credits in FY 2019. The operational investments are yielding better management information, a more incentivised workforce and improved decision making, which will ultimately improve the performance of the Group.

The Group's adjusted EBITDA for the 12 months to 30 June 2020 was a loss of £0.76m (FY 19: profit of £0.13m). Adjusted EBITDA is reported before exceptional items of £0.56m, which consists predominantly of restructuring costs related to the CSR and Blakeway North businesses, and contingent consideration treated as a remuneration charge in respect of the Tern Television earnout.

The operating loss was £2.9m (FY 2019: loss of £2.5m), which included depreciation that relates to leases reclassified to right-of-use assets as a result of the application of IFRS 16 in the period, which broadly offsets the rent reduction within operating expenses. Finance costs remained broadly in line with the prior year.

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 £0.4m. This is mainly due to the amortisation of intangible assets. There is a £1.8m reduction in debtors and accrued income in the period as a result of lower activity across the Group due to Covid-19 which is offset by an increase in property, plant and equipment (PPE) of £2.1m.

The increase in PPE is explained by a £0.4m transition adjustment relating to the implementation of IFRS 16 as of 1 July 2019 (see note 3). Three leases for office space were signed during the year, resulting in a £1.4m addition to Right-of-use (ROU) assets. In addition to new office leases, the Group also incurred office fit out additions of £0.5m and £0.5m of edit suite and post-production equipment additions which were acquired to help achieve the transformation plan objective of improving gross margins in television production.

In the12 months to 30 June 2020 working capital reduced by £0.4m. The main movements have been a fundraise of £3.3m (net of issue costs), offset by operating outflows driven by the Covid pandemic, investment in post production kit to drive gross margins and the fit out of a new London HQ. In addition, £0.2m of borrowings were repaid and £0.4m was paid to the ex-Tern shareholders as part of their earn out, following a strong trading performance by Tern in the year ended 30 June 2019.

Equity and Liabilities

Equity increased by £0.5m during the 12 months to 30 June 2020. The majority of this movement was a result of the capital raise on 12 February of £3.5m and the loss for the period of £3.1m. The remainder of the movement in equity is a result of the following issue of share capital:

- 25% of Tern's earnout was settled through the issue of ordinary shares;
- Conversion of all remaining Herald Investment Trust plc preference shares and accrued dividends into ordinary shares;
- Conversion of £77k of long-term debt owing to John Booth into New Ordinary Shares; and
- An ordinary share issue to a Director in lieu of fees.

Refer to the share capital note 12 for further details.

Finance lease liabilities have increased by £1.5m. £0.4m relates to the transition adjustment for implementation of IFRS16 as of 1 July 2019 (see note 3). The remainder relates to additions during the period of three new office leases and editing / post-production equipment which was acquired via finance leases, less the interest and repayments during the full year.

Uncertainties due to Covid-19

The biggest potential risk to the Group is the impact of Covid 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. In recent months the Group has taken mitigating actions, including short-term cost savings such as utilising the government's furlough scheme and reducing staff hours and pay, accelerating the planned programme of permanent cost reductions and transitioning the pipelines of new business to produce programmes in a Covid-safe way. The Group has assumed that production will gradually return to pre-Covid levels by the middle of 2021. If a material downturn in the commissioning market continues into 2021 the Group will review its cost base accordingly.

The Group's cash balance and forecasts continue to be monitored and managed carefully. At 30 June the Group had £3.4m and its cash balance has remained at least £2.3m since. Along with a new £0.6m overdraft facility there is currently sufficient working capital. The Group explored the possibility of a Government backed CBIL loan but did not meet the eligibility criteria. The Group completed a reduction in capital in early September which resulted in the Group having distributable profits, which is an eligibility criterion for a CBIL. However the Group did not qualify as at 31 December 2019 which is when the criterion is measured. The Group will continue to explore options to provide sufficient working capital to continue with the transformation plan towards profitability and cash generation from 2021.

Comparative information

The Group has adopted IFRS 16 'Leases' for the first time on the 1 July 2019. As a result, the Group has changed its accounting policy for recognition of operating leases as detailed in note 3. The Group used the modified retrospective approach to transition which means the comparative figures have not been restated and continues to be reported under IAS 17. As at 1 July 2019 the asset and liability opening balances were adjusted to recognise the right of use assets and corresponding lease liabilities.

Will Sawyer

Chief Financial Officer

Zinc Media Group plc consolidated income statement
For the six months ended 30 June 2020

	Note	**Unaudited Half Year to 30 June 2020 £'000**	Unaudited Half Year to 30 June 2019 £'000	Unaudited 12 months to 30 June 2020 £'000	Audited 12 months to 30 June 2019 £'000
Continuing operations					
Revenue	4	**7,304**	14,769	21,455	24,633
Cost of sales		**(4,804)**	(11,097)	(15,313)	(17,725)
Gross Profit		**2,500**	3,672	6,142	6,908
Operating expenses		**(3,276)**	(3,557)	(6,900)	(6,781)
Adjusted EBITDA		**(776)**	115	(758)	127
Depreciation & amortisation		**(804)**	(481)	(1,572)	(889)
Share based payment credit/(charge)		**17**	(4)	38	(27)
Loss on disposal of tangible assets		**(43)**	-	(43)	-
Exceptional items	5	**(370)**	(1,572)	(564)	(1,744)
Operating loss		**(1,976)**	(1,942)	(2,899)	(2,533)
Finance costs		**(170)**	(207)	(332)	(327)
Finance income		**-**	1	-	1
Loss before tax		**(2,146)**	(2,148)	(3,231)	(2,859)
Taxation credit		**60**	116	121	127
Loss for the period		**(2,086)**	(2,032)	(3,110)	(2,732)
Continuing operations attributable to:					
Equity holders		(2,086)	(2,040)	(3,132)	(2,740)
Non-controlling interest		-	8	22	8
Retained loss for the period		**(2,086)**	(2,032)	(3,110)	(2,732)
Earnings per share					
From continuing operations:					
Basic Loss per Share	6	**(31.04)p**	(71.88)p	(65.14)p	(97.89)p
Diluted Loss per Share	6	**(31.04)p**	(71.88)p	(65.14)p	(97.89)p

Zinc Media Group plc consolidated statement of financial position
As at 30 June 2020

	Note	**Unaudited 30 June 2020 £'000**	Audited 30 June 2019 £'000
Assets			
Non-current			
Goodwill and intangible assets	7	**4,726**	5,436
Property, plant and equipment	8	**1,000**	369
Right-of-use assets	10	**1,512**	-
		7,238	5,805
Current assets			
Inventories		**308**	236
Trade and other receivables	9	**4,767**	6,858
Cash and cash equivalents		**3,379**	3,213
		8,454	10,307
Total assets		**15,692**	16,112
Equity and liabilities			
Shareholders' equity			
Called up share capital	12	**5,941**	5,928
Share premium account		**34,824**	30,509
Merger reserve		**940**	875
Share Based payment reserve		**95**	133
Preference shares	12	**-**	839
Retained earnings		**(38,697)**	(35,625)
Total equity attributable to equity holders of the parent		**3,103**	2,659
Non-controlling interests		**18**	8
Total Equity		**3,121**	2,667
Liabilities			
Non-current			
Borrowings		**3,693**	3,743
Contingent consideration		**-**	595
Other non-current liabilities		**75**	-
Deferred tax		**7**	128
Lease liabilities	10	**1,260**	20
		5,035	4,486
Current liabilities			
Trade and other payables	11	**6,382**	8,423
Contingent consideration		**865**	500
Current tax liabilities		**3**	4
Lease liabilities	10	**286**	32
		7,536	8,959
Total equity and liabilities		**15,692**	16,112

Zinc Media Group plc consolidated statement of cash flows
For the six months ended 30 June 2020

	Unaudited Half year to 30 June 2020 £'000	Unaudited Half year to 30 June 2019 £'000	Unaudited 12 months to 30 June 2020 £'000	Audited 12 months to 30 June 2019 £'000
Cash flows from operating activities				
Loss for the period before tax	**(2,146)**	(2,148)	(3,231)	(2,859)
Adjustments for:				
Depreciation	**448**	95	861	178
Amortisation and impairment of intangibles	**356**	1,371	711	1,696
Finance costs	**133**	207	295	327
Finance income	**-**	(1)	-	(1)
Share based payment charge	**(17)**	4	(38)	27
(Gain)/loss on remeasurement of deferred contingent consideration	**(13)**	138	41	138
Contingent consideration deemed remuneration	**59**	182	160	286
Loss on disposal of tangible assets	**43**	-	43	-
Reorganisation and restructuring costs	**106**	-	141	-
	(1,031)	(152)	(1,017)	(208)
(Increase)/decrease in inventories	**(93)**	153	(72)	97
Decrease/(increase) in trade and other receivables	**1,634**	(1,806)	2,118	(1,634)
(Decrease)/increase in trade and other payables	**(1,461)**	2,997	(2,079)	2,275
Cash (used in)/generated from operations	**(951)**	1,192	(1,050)	530
Finance costs paid	**(27)**	(2)	(37)	(4)
Finance income	**-**	1	-	1
Tax paid	**-**	(1)	-	(87)
Net cash flows (used in)/generated from operating activities	**(978)**	1,190	(1,087)	440
Investing activities				
Payment of contingent consideration	**-**	-	(375)	(563)
Purchase of property, plant and equipment	**(848)**	(105)	(906)	(192)
Net cash flows used in investing activities	**(848)**	(105)	(1,281)	(755)
Financing activities				
Issue of ordinary share capital (net of issue costs)	**3,272**	-	3,272	-
Borrowings repaid	**(162)**	-	(162)	-
Capital element of finance lease payments	**(277)**	5	(589)	(4)
Dividends paid to non-controlling interests	**-**	-	12	-
Net cash flows generated from/(used in) financing activities	**2,833**	5	2,533	(4)
Net increase / (decrease) in cash and cash equivalents	**1,007**	1,090	165	(319)
Translation differences	**(10)**	3	1	(13)
Cash and cash equivalents at beginning of period	**2,382**	2,120	3,213	3,545
Cash and cash equivalents at end of period	**3,379**	3,213	3,379	3,213

Zinc Media Group plc consolidated statement of changes in equity
For the six months ended 30 June 2020

	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 as at 1 July 2018	**5,928**	**30,414**	**106**	**777**	**934**	**(32,974)**	**5,185**	**-**	**5,185**
Loss and total comprehensive income for the year	-	-	-	-	-	(2,740)	(2,740)	8	(2,732)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(2,740)**	**(2,740)**	**8**	**(2,732)**
Equity-settled share-based payments	-	-	27	-	-	-	27	-	27
Issue of shares on acquisition	-	-	-	98	-	89	187	-	187
Conversion of preference shares	-	95	-	-	(95)	-	-	-	-
Total transactions with owners of the Company	**-**	**95**	**27**	**98**	**(95)**	**(2,651)**	**(2,526)**	**8**	**(2,518)**
Balance at 30 June 2019	**5,928**	**30,509**	**133**	**875**	**839**	**(35,625)**	**2,659**	**8**	**2,667**
Balance as at 1 July 2019	**5,928**	**30,509**	**133**	**875**	**839**	**(35,625)**	**2,659**	**8**	**2,667**
Loss for the Period	-	-	-	-	-	(3,132)	(3,132)	22	(3,110)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(3,132)**	**(3,132)**	**22**	**(3,110)**
Equity-settled share-based payments	-	-	(38)	-	-	-	(38)	-	(38)
Shares issued in placing	5	3,267	-	-	-	-	3,272	-	3,272
Shares issued in preference share conversion	8	923	-	-	(839)	-	92	-	92
Shares issued in debt conversion	0	77	-	-	-	-	77	-	77
Director remuneration paid in shares	0	30	-	-	-	-	30	-	30
Deferred consideration paid in shares	0	18	-	65	-	60	143	-	143
Dividends paid	-	-	-	-	-	-	-	(12)	(12)
Total transactions with owners of the Company	**13**	**4,315**	**(38)**	**65**	**(839)**	**60**	**3,577**	**(12)**	**3,565**
Balance at 30 June 2020	**5,941**	**34,824**	**95**	**940**	**-**	**(38,697)**	**3,103**	**18**	**3,121**
Balance at 1 January 2019	**5,928**	**30,509**	**129**	**875**	**839**	**(33,585)**	**4,695**	**-**	**4,695**
Loss and total comprehensive income for the period	-	-	-	-	-	(2,040)	(2,040)	8	(2,032)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(2,040)**	**(2,040)**	**8**	**(2,032)**
Equity-settled share-based payments	-	-	4	-	-	-	4	-	4
Total transactions with owners of the Company	**-**	**-**	**4**	**-**	**-**	**(2,040)**	**(2,036)**	**8**	**(2,028)**
Balance at 30 June 2019	**5,928**	**30,509**	**133**	**875**	**839**	**(35,625)**	**2,659**	**8**	**2,667**

	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 2020	**5,928**	**30,598**	**112**	**940**	**767**	**(36,611)**	**1,734**	**18**	**1,752**
Loss and total comprehensive income for the period	-	-	-	-	-	(2,086)	(2,086)	-	(2,086)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(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
Shares issued in preference share conversion	8	852	-	-	(767)	-	93	-	93
Shares issued in debt conversion	-	77	-	-	-	-	77	-	77
Director 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**

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 2020 have been prepared on the basis of the accounting policies expected to be used in the 2020 Zinc Media Group plc Annual Report and Accounts and in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union ('EU') ('IFRS'). The interim results do not include all the information and disclosures required in financial statements prepared in accordance with IFRS and should be read in conjunction with the accounts for the year ended 30 June 2019.

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, with the exception of the changes in accounting policies detailed in note 3.

The interim results, which were approved by the Directors on 17 September 2020, 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 year ended 30 June 2019 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) CHANGES IN ACCOUNTING POLICIES

IFRS 16

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The right-of-use assets are presented within the same line item as that within which the corresponding underlying assets would be presented if they were owned – for the Group this is property, plant and equipment.

The total expense recognised in the Income Statement over the life of the lease will be unaffected by the new standard. However, IFRS 16 will result in the timing of lease expenses recognition being accelerated for leases which would be currently accounted for as operating leases. Further, the expense will move from EBITDA to outside EBITDA.

Approach to transition

The new Standard has been applied using the modified retrospective approach. As at 1 July 2019 the asset and liability opening balances were adjusted to recognise the right of use assets and corresponding lease liabilities. Prior periods have not been restated.

As part of the Group's adoption of IFRS16 and application of the modified retrospective approach to transition, the Group also elected to use the following practical expedients:

- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- for leases of low-value assets the Group has not recognised right-of-use assets but has accounted for the lease expense on a straight-line basis over the remaining lease term;
- not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 July 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as leases under IAS 17 and IFRIC 4.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 4.2%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

IFRS 16 Financial impact

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. Within the income statement, rent expense will now be replaced by depreciation and interest expense. This will result in a decrease to operating expenses and an increase to finance costs. Further, EBITDA will improve in the current year because of IFRS16 changes, however the comparative year will not as it is not being restated.

3) CHANGES IN ACCOUNTING POLICIES CONTINUED

The Group has chosen to use the table below to set out the balance sheet adjustments recognised at the date of initial application of IFRS 16.

	As previously reported at 30 June 2019	Impact of IFRS 16	As restated at 1 July 2019
	£'000	**£'000**	**£'000**
Non-current assets			
Property, plant and equipment	49	399	448
Total impact on assets	**49**	**399**	**448**
Current liabilities			
Lease liabilities	(32)	(364)	(396)
Non-current liabilities			
Lease liabilities	(20)	(35)	(55)
Total impact on liabilities	**(52)**	**(399)**	**(451)**

The right-of-use assets of £399,000 recognised at 1 July 2019 all relate to leases of office space.

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

	£'000
Total operating lease commitments disclosed at 30 June 2019	**427**
Recognition exemptions:	
- Leases of low value assets	(22)
Operating lease liabilities before discounting	405
Discounted using incremental borrowing rate	(6)
Total lease liabilities recognised under IFRS 16 transition at 1 July 2019	**399**

Significant judgements and estimates

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

4) SEGMENTAL INFORMATION

The operations of the group are managed in two principle business divisions; Zinc TV and Zinc Communicate. These divisions are the basis upon which the management reports its primary segmental information.

Revenues by Business Division	**Unaudited Half Year to 30 Jun 2020 £'000's**	Unaudited Half Year to 30 Jun 2019 £'000's	Unaudited 12 months to 30 Jun 2020 £'000's	Audited 12 months to 30 Jun 2019 £'000's
Zinc TV	**6,791**	13,128	19,416	21,230
Zinc Communicate*	**513**	1,641	2,039	3,403
Total	**7,304**	14,769	21,455	24,633

* In comparative years this category was split between three categories: Communications, Publishing and Central & plc. Operationally, Communications and Publishing are now combined and management determined it is appropriate to report their information together. Revenue previously recognised as Central & plc relates to communications services and is now disclosed as Zinc Communicate revenue.

5) 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 2020 £'000's	Unaudited Half Year to 30 Jun 2019 £'000's	Unaudited 12 months to 30 June 2020 £'000's	Audited 12 months to 30 June 2019 £'000's
Impairment of carrying value of goodwill in respect of Zinc Communicate	**-**	(985)	-	(985)
Change in fair value of contingent consideration in respect of Tern Television	**13**	(138)	(41)	(138)
Reorganisation and restructuring costs	**(324)**	(313)	(363)	(313)
Contingent consideration treated as remuneration	**(59)**	(182)	(160)	(286)
Other exceptional items	**-**	46	-	(22)
Total	**(370)**	(1,572)	(564)	(1,744)

6) EARNINGS PER SHARE

Basic loss per share (EPS) for the period / year 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.

On 13 February 2020 the Company consolidated its ordinary share capital such that each 500 Ordinary Shares of 0.00025p were consolidated into one New Ordinary Share of 0.125p. For presentation purposes, the half year to June 2020 and year to June 2020 weighted average number of shares have been calculated as if the shares had been consolidated for the whole period.

	Unaudited Half Year to 30 Jun 2020 £'000	Unaudited Half Year to 30 Jun 2019 £'000	Unaudited 12 months to 30 Jun 2020 £'000	Audited 12 months to 30 Jun 2019 £'000
Weighted average number of shares used in basic and diluted earnings per share calculation	**6,721,224**	2,838,227	4,807,823	2,799,182
Potentially dilutive effect of share options	**193,559**	349	115,301	4,028
Continuing operations				
Basic Loss per Share	(31.04)p	(71.88)p	(65.14)p	(97.89)p
Diluted Loss per Share	(31.04)p	(71.88)p	(65.14)p	(97.89)p

7) GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Brands	Customer Relationships	Multimedia Products & Websites	Distribution Catalogue	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 July 2019	29,394	4,497	3,419	122	443	37,875
Other changes*	(20,441)	(3,818)	(116)	-	-	(24,375)
At 30 June 2020	**8,953**	**679**	**3,303**	**122**	**443**	**13,500**
Amortisation						
At 1 July 2018	(25,354)	(4,046)	(1,284)	-	(59)	(30,743)
Charge for 6 months to December 2018	-	(49)	(232)	-	(44)	(325)
Charge for 6 months to June 2019	-	(49)	(232)	(61)	(44)	(386)
Impairment charge	(985)	-	-	-	-	(985)
At 30 June 2019	(26,339)	(4,144)	(1,748)	(61)	(147)	(32,439)
Charge for 6 months to December 2019	-	(48)	(232)	(30)	(44)	(354)
Charge for 6 months to June 2020	-	(48)	(232)	(31)	(45)	(356)
Other changes*	20,441	3,818	116	-	-	24,375
At 30 June 2020	**(5,898)**	**(422)**	**(2,096)**	**(122)**	**(236)**	**(8,774)**
Net Book Value						-
At 30 June 2020	**3,055**	**257**	**1,207**	**-**	**207**	**4,726**
At 30 June 2019	3,055	353	1,671	61	296	5,436

*The goodwill, brands and customer relationship intangibles have been de-recognised as they were previously fully amortised or impaired. This occurred in the 6 months to December 2019.

8) PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £000's	Motor vehicles £000's	Office and computer equipment £000's	Total £000's
As at 30 June 2020	**788**	**-**	**212**	**1,000**
As at 30 June 2019	21	41	307	369

9) TRADE AND OTHER RECEIVABLES

	Unaudited 30 Jun 2020 £'000	Audited 30 Jun 2019 £'000
Current		
Trade receivables	**3,187**	3,628
Less provision for impairment	**(134)**	(126)
Net trade receivables	**3,053**	3,502
Other receivables	**328**	136
Prepayments	**400**	891
Accrued income	**986**	2,329
Total	**4,767**	6,858

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 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	7	<1 to 5	2
Office and computer equipment	8	<1 to 3	2

10) LEASES AND RIGHT OF USE ASSETS CONTINUED

Right-of-use assets

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

	Land and buildings	Office and computer equipment	Total
	£'000	£'000	£'000
Balance as at 1 July 2019 - initial adoption of IFRS 16	399	49	448
Additions	1,435	305	1,740
Depreciation	(580)	(96)	(676)
Balance as at 30 June 2020	**1,254**	**258**	**1,512**

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	Audited
	30 Jun 2020	30 Jun 2019
	£000's	£000's
Current	**286**	32
Non-current	**1,260**	20
	1,546	52

Additional information on the lease liabilities are as follows:

	Land and buildings	Office and computer equipment	Total
	£'000	£'000	£'000
Balance as at 1 July 2019 - initial adoption of IFRS 16	399	52	451
Additions	1,318	305	1,623
Interest expense	33	21	54
Lease payments	(467)	(115)	(582)
Balance as at 30 June 2020	**1,283**	**263**	**1,546**

11) TRADE AND OTHER PAYABLES

	Unaudited 30 Jun 2020 £'000	Audited 30 Jun 2019 £'000
Current		
Trade payables	**517**	1,997
Other payables	**66**	83
Other taxes and social security	**766**	1,010
Accruals	**3,149**	3,523
Contract liabilities	**1,884**	1,810
Total	**6,382**	8,423

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 20		Unaudited Half Year To 30 Jun 19		Unaudited 12 months to 30 Jun 20		Audited 12 months to 30 Jun 19	
	Number of Shares	Share Capital £'000	Number of Shares	Share Capital £'000	Number of Shares	Share Capital £'000	Number of Shares	Share Capital £'000
Ordinary Shares								
At start of period	**1,489,573,609**	**3.7**	1,419,113,435	3.5	1,419,113,435	3.5	1,359,586,281	3.4
Shares issued	**4,963,768**	**6.2**	-	-	75,423,942	6.4	59,527,154	0.1
Share consolidation (1 for 500)	**(1,486,594,462)**	**-**	-	-	(1,486,594,462)	-	-	-
At end of period	**7,942,915**	**9.9**	1,419,113,435	3.5	7,942,915	9.9	1,419,113,435	3.5
Deferred Shares								
At start of period	**276,666,012**	**5,506**	276,666,012	5,506	276,666,012	5,506	276,666,012	5,506
Deferred shares arising on preference share conversion	**332,049**	**6.6**	-	-	332,049	6.6	-	-
At end of period	**276,998,061**	**5,513**	276,666,012	5,506	276,998,061	5,513	276,666,012	5,506
D Deferred Shares								
At start and end of period	**419,397,339**	**418**	419,397,339	418	419,397,339	418	419,397,339	418
Total called up share capital	**704,338,315**	**5,941**	2,115,176,786	5,928	704,338,315	5,941	2,115,176,786	5,928
Preference shares								
At start of period	**767,354**	**767**	838,633	839	838,633	839	933,887	934
Conversion of preference shares to ordinary shares	**(767,354)**	**(767)**	-	-	(838,633)	(839)	(95,254)	(95)
At end of period	**-**	**-**	838,633	839	-	-	838,633	839

12) SHARE CAPITAL CONTINUED

Capital fundraise and balance sheet restructure

On 12 February 2020 the Company announced that it had raised £3.5 million (before expenses) by way of a placing of 3,888,889 New Ordinary Shares (the "Placing Shares"). The proceeds of the Placing are being used to fund various elements of the Company's transformational plan, launched in September 2019, and for general working capital purposes.

Alongside the placing, the Company consolidated its ordinary share capital such that each 500 Ordinary Shares of 0.00025p have been consolidated into one New Ordinary Share of 0.125p (the "Share Consolidation"). The issued share capital of the Company has altered by (i) the Share Consolidation (ii) the issue and allotment of the Placing Shares and (iii) the issue and allotment of the Conversion Shares.

Additionally, in order to simplify the Group's capital structure, the Company carried out the following:

(i) Converted all remaining preference shares and accrued dividends held by Herald, amounting to £852,000, into New Ordinary Shares. As a result no preference shares remain on the Company's balance sheet; and

(ii) Extended the long-term debt held with the Herald and the John Booth Charitable Foundation and the term of the unsecured loan notes held with Herald from December 2020 to December 2022; and

(iii) Converted £77,000 of long-term debt owing to John Booth into New Ordinary Shares.

Issue of shares

On the 19 February 2020 the Group issued 33,333 new ordinary shares at a price 0.90p per share to a Director in lieu of payment of director fees.

13) POST BALANCE SHEET EVENTS

Balance sheet restructure

The Company received shareholder approval on the 12th February 2020 to carry out a capital reduction which was completed on the 2nd September 2020 as follows:

(i) The amount standing to the credit of the Company's share premium account, the Deferred Shares and D Deferred Shares have been cancelled; and

(ii) The amount of £0.9m, being the entire amount standing to the credit of the Company's merger reserve, has been capitalised by issuing capital reduction shares and thereafter such capital reduction shares were immediately cancelled.

The capital reduction will create realised profits that will eliminate the current deficit on the Company's retained loss account. As a result, any positive distributable reserves generated by the Company from this point should be available for the Board to use in offsetting future losses or for the purposes of paying dividends in the future, subject to the continuing satisfactory financial performance of the Group.

Tern Television Earn Out

Following a strong trading performance by Tern Television Productions Limited ("Tern Television") in the year ended 30 June 2020, the third-year earnings target was achieved. The third-year earnout payment, payable to the vendors of Tern Television in accordance with the terms of the share purchase agreement, is £0.5m, of which £375,000 will be settled in cash and £125,000 settled in shares. Over the three year earn out period the minimum earnout targets were exceeded, resulting in an overachievement amount payable of £365,000, which will be settled in shares. All amounts are expected to be settled by November 2020.