RNS Number : 0899G
Zinc Media Group PLC
30 September 2024

30 September 2024

Zinc Media Group plc

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

Interim results for the six months ended 30 June 2024

Zinc Media Group plc (AIM: ZIN), the award-winning television and content production group, is pleased to announce its unaudited interim results for the six months to 30 June 2024 ("H1 2024").

Commenting on the results, Mark Browning, Chief Executive, said: "Since the Group's trading update on 8 July 2024, we have experienced a significant uplift in new business, £5m of which will be recognised in FY24 with a high level of pre-bookings for FY25. Our revenue mix in FY24 is delivering higher gross margins than prior year and we are achieving efficiency savings faster than anticipated. This currently underpins our confidence of delivering to full year EBITDA expectations of £2.1m[1]. The uplift in production and commissioning of new business we are seeing in H2 mirrors the wider UK production market being heavily weighted to second half performance.

The fundamentals of Zinc are excellent. We have an increasingly diversified client base, high levels of repeat business, healthy gross margins, and produce content across a range of price points within our markets. We are particularly pleased with the level of recommissions, reflecting recognition of the quality of our work, the trusted relationships we have with our clients and our strong reputation in the industry. We are on course for significant profit growth this year and are well placed to benefit from future consolidation of the UK production sector."

Headlines

- As at 25 September 2024, revenue won and expected to be booked in FY24 is in line with the prior year (after adjustment for Zinc Communicate which was loss making and discontinued in the first half) at £33m, with a further £5m that could be recognised in FY24 in highly advanced discussions.
- In addition, the Group has successfully met its targeted annualised efficiency savings of £0.5m.
- The Group has good visibility of further revenue and profit growth in FY25 with £11m of revenue already secured for FY25. This is in line with prior year.

Financial Highlights

- Group revenue of £14.1m (H1 2023[2]: £17.7m) from continuing operations was lower than prior year, in line with the wider market which is seeing production weighted to the second half of the year.
  - While H1 reported revenue is down compared to prior year, it represents growth of 31% compared to H1 2022 as the Group delivers long term growth.
- Gross margins of 41% were in line with H1 2023, and up on the prior full year (FY23: 39%).
- Adjusted EBITDA[3] loss of £0.9m (H1 2023: profit of £0.6m) reflects the H2 revenue weighting.
- Cash of £4.1m at 30 June 2024 (December 2023: £4.9m) remains robust and provides the Group with sufficient working capital.
- Net cash of £0.6m (December 2023: £1.5m).

Operational Highlights

- Following a strategic review, the Group decided to wind down the loss-making Video Marketing and Brand Content division which sat within Zinc Communicate and to focus its content production strategy for brands and businesses via Supercollider and The Edge, which continues to perform well.
- The Group was crowned "Production Company of the Year" for the second year running at the prestigious New York Festival Film and Television Awards.

- The Group produced a number of highly acclaimed documentaries that led the news agenda and got the nation talking including:
    - *Putin vs the West: At War*: The 3-part series for the BBC, which is available on iPlayer, documents the days leading up to Russia's invasion of Ukraine, with exclusive access to the key protagonists.
    - *Rob & Rylan's Grand Tour*: This new series for the BBC launched to considerable critical acclaim and delivered the highest viewing figures for BBC Two so far this year.
    - *Chasing Glory* chronicled the pursuit of gold medals by six of the world's most recognisable athletes in the run up to the Paris Olympics and was exclusive to Discovery+, who held the main UK broadcast rights to the Olympics.
    - *Martin Compston's Norwegian Fling*: The *Line of Duty* star took an epic road-trip across Norway for the BBC.
    - *The Pilgrimage of Gilbert & George*: This series for Sky Arts explored the extraordinary journey of art icons Gilbert & George.
    - *Sunday Morning Live*: The backbone of BBC One's Sunday morning schedule continues to be produced by Tern TV.
- Post period end, the Group has won several new and recommissioned contracts, further strengthening the Group's forward bookings and visibility into FY25, including:
    - *Bargain Loving Brits in the Sun:* The series has been recommissioned for an impressive 80-episode series, with filming due to begin in Q4 and continuing into early FY25.
    - *Rob & Rylan's Passage to India:* This new series follows the highly acclaimed *Rob & Rylan's Grand Tour*.
    - The Group's newest label, Atomic Television, which launched in January 2023, won its second commission with a new substantial multi-million pound series for a major global streaming platform.
    - In addition, Zinc has been commissioned by a global music label to produce a major new biopic on one of the biggest pop bands of the 20th century.

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

1. The Board considers consensus Adjusted EBITDA expectations for FY2024 to be £2.1m.
2. Prior period comparators are stated excluding discontinued operations.
3. Adjusted EBITDA is defined as EBITDA before Adjusting Items comprising share based payment charges, profit/loss on disposal of fixed assets, reorganisation and restructuring costs, acquisition costs and change in fair value of contingent consideration.

For further information, please contact:

Zinc Media Group plc	**+44 (0) 20 7878 2311**
Mark Browning, CEO / Will Sawyer, CFO	
www.zincmedia.com	
Singer Capital Markets (Nominated Adviser and Broker)	**+44 (0) 20 7496 3000**
James Moat / Sam Butcher	

CHAIRMAN'S STATEMENT

Zinc is currently on course for a year of record EBITDA profits, and it will do this against the backdrop of a challenging television commissioning market and well documented economic headwinds in H1 affecting both the UK and international markets. This will be an excellent performance.

In H1, UK and US broadcasters have been slow to put commissions into production and in some cases, they have delayed delivery. Where Zinc produces content for brands and businesses, notably within Zinc Communicate and The Edge, the headwinds in the UK economy and the war in the Middle East have suppressed H1 performance. The net result for the Group is that revenue has moved into the second half of the year to give an unusually high weighting in the second half.

Zinc's fundamentals are excellent. It has a highly diversified revenue mix with 60% of revenue coming from television

Zinc's fundamentals are excellent. It has a highly diversified revenue mix with 60% of revenue coming from television commissions and 40% from production for brands and businesses. In television it's diversified across UK PSBs (Public Service Broadcasters), multi-channel networks, international broadcasters and global streamers. It has a product to suit all price brackets, whether that's high-volume, low-cost daytime television or high cost global premium factual. It's also highly diversified within production for brands and businesses with the additional geographical diversification in the Middle East. Revenue quality is excellent with 80% of revenue from returning clients. Strong gross margins at 41% and long-established client relationships reinforce the fundamentals of the Group.

Creatively, H1 saw Zinc maintain its position at the top of the commissioning league table with a creative vision to tell stories about life, on screen. The year started with the highly acclaimed *Putin vs The West* for the BBC, which was closely followed by *Rob and Rylan's Grand Tour*, demonstrating the breadth of Zinc's unscripted production. The Group continues to pick up new clients, including the global streamer Discovery+ which broadcast *Chasing Glory* in the run up to the Paris Olympics. Sky Arts broadcast two Zinc programmes in H1: *Jake Chapman's Accelerate or Die!* and *The Pilgrimage of Gilbert and George*, which both came from Zinc's Supercollider label. Add to this our returning series *Sunday Morning Live* for BBC One and Channel 5's *Bargain Loving Brits* and it's clear Zinc's television business is in rude health. Much of the content produced by The Edge and Zinc Communicate is confidential to those clients we work with, but their list is no less impressive.

Notwithstanding the well documented slowdown in television commissioning, wider inflationary pressures, the ongoing war in Gaza affecting confidence in the Middle East and the macro issues affecting the UK AIM markets, the future of Zinc Media Group is looking very good. With the excellent progress made since the summer, and the cost actions taken, the Group is on course for another record year of profitability.

The Board would like to thank the management team, employees and freelancers for their professional and dedicated work, and our shareholders for their continued support.

Christopher Satterthwaite

Chairman

CEO'S REPORT

CURRENT TRADING, STRATEGY AND MARKET OUTLOOK

Zinc is trading well and following a series of new commissions totalling £8m which were commissioned in the last four weeks the Group remains on track to deliver EBITDA in line with market expectations for the full year.

The recent run of large new business wins exemplifies the challenge with half year reporting within a television production business of this size. Whilst trading in the first six months of the year is down compared to prior year it is up 31% compared to H1 2022 demonstrating the Company's long-term growth.

Equally, the commissions won during the year have a higher margin mix, due to a number of large low margin commissions won in the prior year. This gives strong confidence over profitability growth in the second half of the year and FY25 as they are produced.

Following a difficult year of trading for the Group's brand and content marketing business within Zinc Communicate in FY23, which continued into FY24, we made the decision in H1 to discontinue with this venture. The business had been growing revenue year on year since 2021 but had not managed to reach the required scale to contribute profit into the wider group. This venture is reported under "discontinued operations" and revenue and profit comparisons have been adjusted for this to be on a like-for-like basis.

At the beginning of this year we targeted annualised efficiency savings of £0.5m. In H1 operating expenses have reduced by £0.2m, and the Group will deliver the full annualised savings within Adjusted EBITDA from continuing operations by year end. Following the closure of the loss-making element in Zinc Communicate, and good progress on the targeted savings programme, the only material risk for FY24 is unexpected delays to existing commissions, and were these to materialise, there would be a corresponding improvement to visibility for FY25.

All Zinc's businesses unite behind a reputation as a trusted partner delivering the highest quality content to a range of international and blue-chip clients in either television production or production for brands and businesses. All benefit from a shared platform that offers a wide array of resources, including post-production facilities, broadcast technology, financial management, human resources support, public relations, marketing expertise and IT assistance. This enables end to end production and allows Zinc to capture all available margin. In addition it provides our businesses and customers with specialist expertise and governance which is a requirement for large global broadcasters and corporate clients, and gives us the opportunity to scale and respond to new opportunities as they occur. Additionally, some of the services available through Zinc's platform are now being made accessible to third-party production companies as a means of generating revenue.

The first six months of 2024 have seen a number of creative highlights across all companies united in an editorial vision to tell stories about life, on screen. H1 2024 saw the launch of the Group's newest hit format, *Rob and Rylan's Grand Tour*. This series brought Rob Rinder and Rylan Clark together for the first time, as they recreated the original Grand Tour across Italy. The series delivered the highest viewing figures on BBC Two so far this year and received critical acclaim in both The Telegraph and The Times. As announced on 26 September this format has been commissioned for a second series and has begun production. The new series of *Putin vs The West* for the BBC launched in January, accompanied by a screening hosted at Kings College in London. The team behind this programme have been commissioned for a new project. Zinc continues to pick up new clients as well as high levels of repeat business. Warner Bros Discovery commissioned *Chasing Glory* for Discovery+ to accompany their exclusive UK rights to the Paris Olympics, and this series chronicled the pursuit of gold by six of the world's most recognisable athletes in the run up to the Paris Olympics. Zinc further expanded the number of clients it works with by producing two programmes of note for Sky Arts. *Jake Chapman's Accelerate or Die!* and *The Pilgrimage of Gilbert and George* both aired in H1. *Sunday Morning Live*, the scheduling backbone to Sunday Morning's on BBC One, returned for a new series produced by Tern TV in Northern Ireland.

Despite the challenging television commissioning market and delays to Middle East business for The Edge caused by the war in Gaza, the demand for high quality television and content for brands and businesses remains strong. Zinc has a small market share in all its verticals, leaving plenty of headroom for growth. With a strong orderbook and

Zinc has a small market share in all its verticals, leaving plenty of headroom for growth. With a strong orderbook and pipeline, as well as the savings realised in the period, the Group is confident in its EBITDA performance for the full year. In addition, the outlook for 2025 is very strong with £11m of revenue already won and expected to be recognised in FY25. With a healthy pipeline, the Group therefore remains confident of delivering further organic growth and profitability in the periods ahead.

Mark Browning

Chief Executive Officer

CFO'S REPORT

INCOME STATEMENT

Group revenues from continuing operations in the reporting period were down by 20% year-on-year at £14.1m (H1 2023: £17.7m). TV revenues reduced by 25% to £8.2m (H1 2023: £11.0m), driven by delays to filming on two productions, *Top Gun: The Next Generation* and *Paid in Full: The Battle for Payback*, for reasons outside of the Group's control, which has moved recognition of £1.2m of revenue from H1 to H2 2024 and 2025. In addition, a challenging TV market has led to a slowdown in commissioning which has had an estimated £0.9m impact in H1. Content Production revenue reduced by 12% to £5.9m (H1 2023: £6.7m) due to the instability in the Middle East affecting some international business.

Gross margins in the period were 41% (H1 2023: 41%). Despite downward pricing and upward cost pressures, gross margins have been maintained at the same levels as H1 2023 and are higher than in the full year 2023 (FY23: 39%). This has been achieved by an increased focus on using in-house production kit and post-production facilities which have benefited from investment over the last year.

The Group's focus on its cost as part of the Group's efficiency and synergy programme has resulted in operating expenses reducing by £0.2m to £7.6m. This includes a £0.1m year-on-year reduction in occupancy costs as a result of re-locating The Edge to the Group's London headquarters.

The loss before tax from continuing operations in the period of £2.2m (H1 2023: £1.2m) is mainly driven by the Adjusted EBITDA loss coupled with costs relating to the acquisition of The Edge in FY22 (amortisation, unwinding of discounted deferred consideration) plus depreciation and finance costs. Amortisation relating to acquisitions remained flat at £0.2m whilst deprecation fell by £0.3m to £0.5m, driven by property efficiency savings, and finance costs reduced by £0.1m to £0.5m due to a reduction in the unwinding of discounted deferred consideration. The loss from the discontinued operations of Video Marketing and Brand Content was £0.4m (H1 2023: £0.4m).

Much improved profitability is anticipated in H2 2024 as further savings are realised as part of the Group's efficiency and synergy programme, and as television production is typically weighted to the summer and autumn months. This is supported by the Group's pipeline.

Earnings per share

Basic and diluted loss per share from continuing operations in the period was 10.13p (H1 2023: 5.57p).

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

Cash at the end of June 2024 was £4.1m, having decreased by £0.8m during the period.

The Group used cash of £0.3m in the year (H1 2023: cash generated of £3.5m) in its operations, mainly driven by the loss in the period offset by a decrease in working capital due to tight working capital management. Cash used in investing and financing activities was £0.5m, a £0.4m reduction year-on-year, as capital expenditure was kept to a minimum.

minimum.

The Group had an outstanding balance on long-term debt of £3.5m as at 30 June 2024 which has remained unchanged (2023: £3.5m). The Directors believe the Group has strong shareholder support. The long-term debt holders are also major shareholders who own 41% of the Group's shares, and the debt has no financial covenants.

As at 25 September the Group's cash position was £4.2m.

Equity and Liabilities

The £2.6m decrease in equity and liabilities results from the loss for the period of £2.6m.

The Group had an outstanding balance on long-term debt of £3.5m as at 30 June 2024 which has remained unchanged (2023: £3.5m). The Directors believe the Group has strong shareholder support. The long-term debt holders are also major shareholders who own 41% of the Group's shares, and the debt has no financial covenants.

Will Sawyer

Chief Financial Officer

Zinc Media Group plc consolidated income statement
For the six months ended 30 June 2024

	Note	**Unaudited Half Year to 30 June 2024 £'000**	Restated* Unaudited Half Year to 30 June 2023 £'000	Restated* Audited Year to 31 December 2023 £'000
Revenue	3	**14,084**	17,685	38,851
Cost of sales		**(8,294)**	(10,480)	(23,746)
Gross Profit		**5,790**	7,205	15,105
Operating expenses		**(7,566)**	(7,795)	(15,853)
Operating loss		**(1,776)**	(590)	(748)
Analysed as:				
Adjusted EBITDA		**(922)**	562	1,446
Depreciation		**(502)**	(756)	(1,470)
Amortisation		**(232)**	(231)	(462)
Adjusting Items	4	**(120)**	(165)	(262)
Operating Loss		**(1,776)**	(590)	(748)
Finance costs		**(460)**	(584)	(776)
Finance income		**15**	2	9
Loss before tax		**(2,221)**	(1,172)	(1,515)
Taxation (debit)/credit		**-**	(35)	(8)
Loss for the period from continuing operations		**(2,221)**	(1,207)	(1,523)
Loss for the period from discontinued operations	5	**(380)**	(409)	(448)
Loss for the year		**(2,601)**	(1,616)	(1,971)
Attributable to:				
Equity holders		(2,607)	(1,623)	(1,990)
Non-controlling interest		6	7	19
Retained loss for the period		**(2,601)**	(1,616)	(1,971)
Earnings per share				
From continuing operations:				
Basic Loss per Share	6	**(10.13)p**	(5.57)p	(7.01)p
Diluted Loss per Share	6	**(10.13)p**	(5.57)p	(7.01)p
From discontinued operations:				
Basic Loss per Share	6	**(1.73)p**	(1.88)p	(2.04)p
Diluted Loss per Share	6	**(1.73)p**	(1.88)p	(2.04)p

* The prior period figures have been restated to account for the discontinued operations of the Video Marketing and Brand Content division of Zinc Communicate.

Zinc Media Group plc consolidated statement of financial position
As at 30 June 2024

	Note	**Unaudited 30 June 2024 £'000**	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Assets				
Non-current assets				
Goodwill and intangible assets	7	**7,009**	7,451	7,221
Property, plant and equipment	8	**856**	1,126	1,016
Right-of-use assets	10	**222**	707	443
		8,087	9,284	8,680
Current assets				
Inventories		**71**	299	63
Trade and other receivables	9	**9,485**	11,350	10,649
Cash and cash equivalents		**4,070**	5,777	4,948
		13,625	17,426	15,660
Total assets		**21,713**	26,710	24,340
Equity and liabilities				
Shareholders' equity				
Called up share capital	13	**28**	27	28
Share premium account		**9,546**	9,546	9,546
Share based payment reserve		**625**	566	547
Merger reserve		**1,163**	558	1,163
Retained earnings		**(8,115)**	(5,276)	(5,508)
Total equity attributable to equity holders of the parent		**3,247**	5,421	5,776
Non-controlling interests		**27**	23	21
Total Equity		**3,274**	5,444	5,797
Liabilities				
Non-current				
Borrowings		**-**	3,480	-
Provisions	12	**276**	371	276
Lease liabilities	10	**29**	164	57
Trade and other payables		**1,940**	2,643	1,940
		2,245	6,658	2,273
Current				
Trade and other payables	11	**12,515**	13,908	12,282
Current tax liabilities		**77**	237	165
Lease liabilities	10	**140**	463	360
Borrowings		**3,462**	-	3,463
		16,194	14,608	16,270
Total liabilities		**18,439**	21,266	18,543
Total equity and liabilities		**21,713**	26,710	24,340

Zinc Media Group plc consolidated statement of cash flows
For the six months ended 30 June 2024

	Unaudited Half year to 30 June 2024 £'000	Unaudited Half year to 30 June 2023 £'000	Audited Year to 31 December 2023 £'000
Cash flows from operating activities			
Loss for the period before tax from continuing operations	**(2,221)**	(1,172)	(1,515)
Loss for the period before tax from discontinued operations	**(380)**	(409)	(448)
	(2,601)	(1,581)	(1,963)
Adjustments for:			
Depreciation	**502**	760	1,478
Amortisation and impairment of intangibles	**232**	231	462
Finance costs	**158**	584	385
Finance income	**(15)**	(2)	(9)
Share based payment charge	**78**	101	195
Gain on disposal of assets	**-**	(14)	(29)
Adjustment to property leases	**-**	(129)	-

Fees paid in shares	**-**	-	30
Remeasurement of contingent consideration payable	**-**	-	118
	(1,646)	(50)	667
(Increase)/decrease in inventories	**(8)**	(225)	10
Decrease/(increase) in trade and other receivables	**1,164**	(720)	(58)
Increase in trade and other payables	**145**	4,082	2,876
Cash generated from / (used in) operations	**(345)**	3,087	3,495
Finance income	**15**	2	9
Finance cost	**(159)**	(23)	(411)
Net cash flows (used in)/generated from operating activities	**489**	3,066	3,093
Investing activities			
Purchase of property, plant and equipment	**(122)**	(322)	(505)
Disposal of property, plant and equipment	**-**	14	13
Purchase of intangible assets	**(20)**	(12)	(12)
Net cash flows used in investing activities	**(142)**	(320)	(504)
Financing activities			
Borrowings repaid	**-**	(203)	-
Principal elements of lease payments	**(248)**	(400)	(905)
Contingent acquisition consideration paid	**-**	-	(327)
Dividends paid to NCI	**-**	-	(14)
Net cash flows generated used in financing activities	**(248)**	(603)	(1,246)
Net increase/(decrease) in cash and cash equivalents	**(879)**	2,143	1,343
Translation differences	**1**	2	(27)
Cash and cash equivalents at beginning of period	**4,948**	3,632	3,632
Cash and cash equivalents at end of period	**4,070**	5,777	4,948

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity attributable to equity holders o the parent £'000
Balance at 1 January 2023	**27**	**9,546**	**457**	**566**	**(3,653)**	**6,943**
Loss and total comprehensive expense for the period	-	-	-	-	(1,990)	(1,990)
Equity-settled share-based payments	-	-	90	-	105	195
Consideration paid in shares	1	-	-	597	-	598
Directors remuneration paid in shares	-	-	-	-	30	30
Dividends paid	-	-	-	-	-	-
Total transactions with owners of the Company	1	-	90	597	(1,855)	(1,167)
Balance at 31 December 2023	**28**	**9,546**	**547**	**1,163**	**(5,508)**	**5,776**
Balance at 1 January 2023	**27**	**9,546**	**457**	**566**	**(3,653)**	**6,943**
Total comprehensive expense for the year	-	-	-	-	(1,623)	(1,623)
Equity-settled share-based payments	-	-	101	-	-	101
Total transactions with owners of the Company	-	-	101	-	(1,623)	(1,522)
Balance at 30 June 2023	**27**	**9,546**	**558**	**566**	**(5,276)**	**5,421**
Balance at 1 January 2024	**28**	**9,546**	**547**	**1,163**	**(5,508)**	**5,776**
Total comprehensive expense for the year	-	-	-	-	(2,607)	(2,607)
Equity-settled share-based payments	-	-	78	-	-	78
Total transactions with owners of the Company	-	-	78	-	(2,607)	(2,529)
Balance at 30 June 2024	**28**	**9,546**	**625**	**1,163**	**(8,115)**	**3,247**

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 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN. Its shares are traded on the AIM Market of the London Stock Exchange plc (LSE:ZIN).

2) BASIS OF PREPARATION

The interim results for the six months ended 30 June 2024 have been prepared on the basis of the accounting policies expected to be used in the 2024 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 do not include all the disclosures that would be required under IAS and should be read in conjunction with the accounts for the period ended 31 December 2023.

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 27 September 2024, 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 12 months ended 31 December 2023 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 that generate revenue: Television and Content production. These divisions are the basis upon which the management reports its primary segmental information. The activities undertaken by the Television segment include the production of television. The Content Production segment includes brand and corporate film production and publishing.

Revenues by Business Division (continuing operations)	**Unaudited Half Year to 30 Jun 2024 £'000**	Restated Unaudited Half Year to 30 Jun 2023 £'000	Restated Audited Year to 31 Dec 2023 £'000
Television	**8,232**	**11,004**	24,122
Content production	**5,852**	**6,681**	14,729
Total	**14,084**	**17,685**	38,851

4) ADJUSTING ITEMS

Adjusting 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 2024 £'000	Unaudited Half Year to 30 Jun 2023 £'000	Audited Year to 31 Dec 2023 £'000
Reorganisation and restructuring costs	**(42)**	(39)	(121)
Acquisition costs	**-**	-	(80)
Share based payment charge	**(78)**	(101)	(195)
Profit on disposal of assets	**-**	14	29
Tax arising on share options paid by company	**-**	**-**	(267)
Change in fair value of contingent consideration in respect of The Edge	**-**	**-**	372
Other exceptional items	**-**	(39)	-

Total	**(120)**	(165)	(262)

5) DISCONTINUED OPERATIONS

The Video Marketing and Brand Content division of Zinc Communicate has had a negative impact on the Group's overall profitability and, following a strategic and market review, the Group decided to wind down this division. The market has been challenging, particularly for sub-scale businesses, and the Group decided to focus its corporate and brand production within The Edge, which is larger and more established. Some staff moved from Zinc Communicate's Video Marketing and Brand Content division to produce corporate and brand films in The Edge.

	Unaudited Half Year to 30 Jun 2024 £'000	Unaudited Half Year to 30 Jun 2023 £'000	Audited Year to 31 Dec 2023 £'000
Revenue	**285**	387	1,374
Expenses	**(536)**	(792)	(1,814)
Adjusted EBITDA loss	**(251)**	(405)	(440)
Adjusting items	**(125)**	-	-
Amortisation and depreciation	**(4)**	(4)	(8)
Loss before tax from discontinued operations	**(380)**	(409)	(448)
Income tax	**-**	-	-
Loss after tax from discontinued operations	**(380)**	(409)	(448)

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 2024 £'000	Restated Unaudited Half Year to 30 Jun 2023 £'000	Restated Audited Year to 31 Dec 2023 £'000
Weighted average number of shares used in basic and diluted earnings per share calculation	**21,985,965**	21,806,834	21,985,965
Potentially dilutive effect of share options	**1,223,052**	1,549,458	1,269,782
Continuing operations			
Basic Loss per Share	(10.13)p	(5.57)p	(7.01)p
Diluted Loss per Share	(10.13)p	(5.57)p	(7.01)p
Discontinued Operations			
Basic Loss per Share	(1.73)p	(1.88)p	(2.04)p
Diluted Loss per Share	(1.73)p	(1.88)p	(2.04)p

7) GOODWILL AND INTANGIBLE ASSETS

	Goodwill	**Brands**	**Customer Relationships**	**Software**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Net Book Value					

At 30 June 2024	**4,558**	**1,204**	**1,222**	**25**	**7,009**
At 30 June 2023	4,558	1,376	1,482	35	7,451
At 31 December 2023	4,558	1,290	1,351	22	7,221

8) PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £000	**Motor Vehicles £000**	**Office and computer equipment £000**	**Total £000**
Net book value				
As at 30 June 2024	**106**	**4**	**746**	**856**
As at 30 June 2023	146	6	974	1,126
As at 31 December 2023	107	5	904	1,016

9) TRADE AND OTHER RECEIVABLES

	Unaudited 30 Jun 2024 £'000	Unaudited 30 Jun 2023 £'000	Audited 31 Dec 2023 £'000
Current			
Trade receivables	**5,251**	7,520	6,453
Less provision for impairment	**(254)**	(270)	(237)
Net trade receivables	**4,997**	7,250	6,216
Prepayments	**686**	566	574
Other receivables	**1,096**	787	883
Deferred tax	-	41	-
Contract assets	**2,706**	2,706	2,976
Total	**9,485**	11,350	10,649

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 operating 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

Right-of-use assets

	Short leasehold land and buildings £'000	**Office and computer equipment £'000**	**Total £'000**
Balance as at 30 June 2023	688	19	707
Additions	166	-	166
Depreciation	(411)	(19)	(430)
Balance as at 31 December 2023	443	-	443
Additions	-	-	-
Depreciation	(221)	-	(221)
Balance as at 30 June 2024	**222**	-	**222**

Lease liabilities

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

	Unaudited 30 Jun 2024 £000	Unaudited 30 Jun 2023 £000	Audited 31 Dec 2023 £'000
Current	**140**	463	360
Non-current	**29**	164	57
	169	627	417

11) TRADE AND OTHER PAYABLES

	Unaudited 30 Jun 2024 £'000	Unaudited 30 Jun 2023 £'000	Audited 31 Dec 2023 £'000
Current			
Trade payables	**1,469**	1,892	1,150
Other payables	**269**	40	130
Other taxes and social security	**498**	1,275	1,479
Accruals	**3,087**	3,949	4,646
Contract liabilities	**6,643**	5,907	4,485
Contingent consideration payable	**549**	845	392
Total	**12,515**	13,908	12,282
Non-Current			
Contingent consideration payable	**1,940**	2,643	1,940
Total	**14,455**	16,551	14,222

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

12) PROVISIONS

	30 Jun 2024 £'000	30 Jun 2023 £'000	31 Dec 2023 £'000
Provisions	**276**	371	276

Movement in provisions

	£'000
At 30 June 2023	371
Net decrease in provision in the period	(95)
At 31 December 2023	**276**
Net increase in provision in the period	**-**
At 30 June 2024	**276**

The provisions relate to dilapidations on property leases.

13) SHARE CAPITAL

	Unaudited Half Year to 30 Jun 24		**Unaudited Half Year to 30 Jun 23**		**Audited Year To 31 Dec 23**	
	Number of Shares	**Share Capital £'000**	**Number of Shares**	**Share Capital £'000**	**Number of Shares**	**Share Capital £'000**
Ordinary Shares						

At start of period	**22,765,327**	**28**	21,806,834	27	21,806,834	27
Consideration paid in shares	**-**	**-**	-	-	654,637	1
Shares issued in lieu of fees	**-**	**-**	-	-	33,783	-
Shares issued to directors	**-**	**-**	-	-	270,073	-
At end of period	**22,765,327**	**28**	21,806,834	27	22,765,327	28
Total called up share capital	**22,765,327**	**28**	21,806,834	27	22,765,327	28

14) POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

END

IR PPUCGBUPCGAM